**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**WASHINGTON, D.C. 20549**

# FORM 8-K

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

**Date of Report (Date of earliest event reported): December 29, 2022**

# DISC MEDICINE, INC.

**(Exact name of registrant as specified in its charter)**

| **Delaware** | 001-39438 | **85-1612845** |
|---|---|---|
| **(State or other jurisdiction of incorporation)** | **(Commission File Number)** | **(IRS Employer Identification No.)** |
| **321 Arsenal Street, Suite 101, Watertown, MA 02472** | | **02472** |
| **(Address of principal executive offices)** | | **(Zip Code)** |

**Registrant's telephone number, including area code: (617) 674-9274**

**Gemini Therapeutics, Inc.**
**297 Boston Post Road #248**
**Wayland, MA 01778**
**(Former Name or Former Address, if Changed Since Last Report)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

| **Title of each class** | **Trading Symbol** | **Name of each exchange on which registered** |
|---|---|---|
| Common Stock, par value $0.0001 per share | IRON | The Nasdaq Global Market |

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

Emerging growth company ☒

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

*This Current Report on Form 8-K and the exhibits attached hereto contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, express or implied statements regarding: future product development plans and projected timelines for the initiation and completion of preclinical and clinical trials and other activities; the potential for the results of ongoing preclinical or clinical trials and the efficacy of Disc Medicine's product candidates; future product development and regulatory strategies, including with respect to specific indications; Disc Medicine's plans for Gemini's assets; Disc Medicine's plans for its hematology portfolio; interactions with regulatory authorities; and Disc Medicine's financial position. The use of words such as, but not limited to, "believe," "expect," "estimate," "project," "intend," "future," "potential," "continue," "may," "might," "plan," "will," "should," "seek," "anticipate," or "could" or the negative of these terms and other similar words or expressions that are intended to identify forward-looking statements. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on Disc Medicine's current beliefs, expectations and assumptions regarding the future of Disc Medicine's business, future plans and strategies, clinical results and other future conditions. New risks and uncertainties may emerge from time to time, and it is not possible to predict all risks and uncertainties. No representations or warranties (expressed or implied) are made about the accuracy of any such forward-looking statements.*

*Disc Medicine may not actually achieve the plans, intentions or expectations disclosed in these forward-looking statements, and investors should not place undue reliance on these forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements as a result of a number of material risks and uncertainties including but not limited to: (i) the outcome of any legal proceedings that may be instituted against the parties and others related to the merger agreement; (ii) unanticipated difficulties or expenditures relating to the merger, the response of business partners and competitors to the announcement or completion of the merger, and/or potential difficulties in employee retention as a result of the announcement or completion of the merger; (iii) Disc Medicine's listing on the Nasdaq Global Market and operating as a public company; (iv) the adequacy of Disc Medicine's capital to support its future operations and its ability to successfully initiate and complete clinical trials; (v) the nature, strategy and focus of Disc Medicine; (vi) the difficulty in predicting the time and cost of development of Disc Medicine's product candidates; (vii) Disc Medicine's plans to research, develop and commercialize its current and future product candidates; (viii) the timing of initiation of Disc Medicine's planned preclinical studies and clinical trials; (ix) the timing of the availability of data from Disc Medicine's clinical trials; (x) the timing of any planned investigational new drug application or new drug application; (xi) the risk of cessation or delay of any ongoing or planned clinical trials of Disc Medicine or its collaborators; (xii) the clinical utility, potential benefits and market acceptance of Disc Medicine's product candidates; (xiii) Disc Medicine's commercialization, marketing and manufacturing capabilities and strategy; (xiv) Disc Medicine's ability to identify additional product candidates with significant commercial potential and to expand its pipeline in hematological diseases; (xv) the risk that Disc Medicine may not realize the intended benefits of its drug discovery platform; (xvi) developments and projections relating to Disc Medicine's competitors and its industry; (xvii) the impact of government laws and regulations; (xviii) the impact of public health epidemics affecting countries or regions in which Disc Medicine has operations or does business, such as the COVID-19 pandemic, (xix) the timing and anticipated results of Disc Medicine's preclinical studies and clinical trials and the risk that the results of Disc Medicine's preclinical studies and clinical trials may not be predictive of future results in connection with future studies or clinical trials and may not support further development and marketing approval; (xx) the timing and outcome of Disc Medicine's planned interactions with regulatory authorities; (xxi) findings from investigational review boards at clinical trial sites and publication review bodies; (xxii) Disc Medicine's ability to protect its intellectual property position; (xxiii) Disc Medicine's estimates regarding future revenue, expenses, capital requirements and need for additional financing; (xxiv) the other risks and uncertainties described in the "Risk Factors" section of the definitive proxy statement/prospectus dated December 2, 2022 and filed with the SEC under Rule 424(b), attached hereto as Exhibit 99.2 and other documents filed by Disc Medicine from time to time with the SEC, as well as discussions of potential risks, uncertainties, and other important factors in Disc Medicine's subsequent filings with the Securities and Exchange Commission; and (xxv) the post-closing integration of Disc Medicine and Gemini. Any forward-looking statement speaks only as of the date on which it was made. None of Disc Medicine, nor its affiliates, advisors or representatives, undertake any obligation to publicly update or revise any forward-looking statement, whether as result of new information, future events or otherwise, except as required by law.*

**Item 1.01. Entry into a Material Definitive Agreement.**

As a result of the Merger (as defined in Item 2.01 of this Current Report on Form 8-K), the following agreements of Disc Medicine Opco, Inc. (formerly Disc Medicine, Inc.) ("***Disc***") effectively became the agreements of Disc Medicine, Inc. (formerly Gemini Therapeutics, Inc.) (the "***Company***").

***Registration Rights Agreement***

On December 28, 2022, Disc and the certain holders of Disc capital stock (the "***Disc Investors***") entered into a Registration Rights Agreement (the "***Registration Rights Agreement***"), pursuant to which Disc (i) agreed to register, or cause the Company to register, for resale shares of common stock of the Company issued to the Disc Investors pursuant to the Merger Agreement (as defined in Item 2.01 of this Current Report on Form 8-K) (the "***Registrable Securities***") and (ii) granted certain other registration rights to the Disc Investors.

In particular, the Registration Rights Agreement provides for the following registration rights:

- *Shelf registration rights*. No later than 45 calendar days following the completion of the Merger, the Company is required to file with the U.S. Securities and Exchange Commission (the "***SEC***"), a shelf registration statement registering the resale of the Registrable Securities, and use its commercially reasonable efforts to have such registration statement declared effective by the SEC as promptly as possible.

- *Expenses and indemnification*. The fees, costs and expenses of registrations pursuant to the registration rights granted to the Disc Investors under the Registration Rights Agreement will be borne by the Company. The Registration Rights Agreement contains customary cross-indemnification provisions, under which the Company is obligated to indemnify holders of Registrable Securities in the event of material misstatements or omissions in the registration statement attributable to the Company, and holders of Registrable Securities are obligated to indemnify the Company for material misstatements or omissions attributable to them.

Securities of the Company shall cease to be Registrable Securities upon the earliest to occur of (i) a registration statement with respect to the sale of such Registrable Securities is declared effective by the SEC under the Securities Act and such Registrable Securities have been disposed of by the Disc Investor in accordance with such effective registration statement, (ii) such Registrable Securities have been previously sold in accordance with Rule 144, (iii) such securities become eligible for resale without volume or manner-of-sale restrictions pursuant to Rule 144 and without the requirement for the Company to be in compliance with the current public information requirement under Rule 144, as determined by counsel to the Company pursuant to a written opinion letter to such effect, addressed, delivered and acceptable to the Company's transfer agent and the affected Disc Investors, and (iv) five years after the date of the Registration Rights Agreement.

The foregoing description of the Registration Rights Agreement does not purport to be complete and is qualified in its entirety by the full text of the form of Registration Rights Agreement, a copy of which is attached hereto as Exhibit 10.1 and is incorporated herein by reference.

***Contingent Value Rights Agreement***

On December 29, 2022, prior to the effective time of the Merger, the Company entered into a Contingent Value Rights Agreement (the "***CVR Agreement***") with a rights agent ("***Rights Agent***") pursuant to which the Company's pre-Merger common stockholders received one contingent value right (each, a "***CVR***") for each outstanding share of Company common stock held by such stockholder on December 29, 2022. Each CVR represents the contractual right to receive payments, in the form of shares of stock of the Company, upon the actual receipt by the Company or its affiliates of certain proceeds derived from consideration paid to the Company as a result of the disposition of the Company's pre-Merger legacy assets, net of certain expenses and other deductions. Any payments under the CVR Agreement will be in the form of shares of the Company, determined on the basis of a volume weighted average for the five (5) trading days prior to the date of issuance.

The contingent payments under the CVR Agreement, if they become payable, will become payable to the Rights Agent for subsequent distribution to the holders of the CVRs. In the event that no such proceeds are received, holders of the CVRs will not receive any payment pursuant to the CVR Agreement. There can be no assurance that any payment of any Company shares will be made or that any holders of CVRs will receive any amounts with respect thereto.

The right to the contingent payments contemplated by the CVR Agreement is a contractual right only and will not be transferable, except in the limited circumstances specified in the CVR Agreement. The CVRs are not evidenced by a certificate or any other instrument and will not be registered with the SEC. The CVRs do not have any voting or dividend rights and do not represent any equity or ownership interest in the Company or any of its affiliates. No interest will accrue on any amounts payable in respect of the CVRs.

The foregoing description of the CVR Agreement does not purport to be complete and is qualified in its entirety by the full text of the form of CVR Agreement, which is attached hereto as Exhibit 10.2 and incorporated herein by reference.

***Indemnification Agreements***

In connection with the Merger, on December 29, 2022, the Company entered into indemnification agreements with each of its directors and executive officers. Each indemnification agreement provides for indemnification and advancements by the Company of certain expenses and costs relating to claims, suits or proceedings arising from each individual's service to the Company as an officer or director, as applicable, to the maximum extent permitted by applicable law.

The foregoing description of the indemnification agreements is qualified in its entirety by the full text of the forms of indemnification agreement, which are attached hereto as Exhibits 10.3 and 10.4 and incorporated herein by reference.

***Roche Agreements***

In connection with Disc's May 2021 license agreement with F. Hoffmann-La Roche Ltd. and Hoffmann-La Roche Inc. (together, "***Roche***") and pursuant to an addendum to that agreement executed in December 2021, Disc agreed to issue or cause to be issued in a private placement to Roche or its affiliates, immediately following the closing of the Merger and for no additional consideration, shares of common stock estimated to be approximately 2.85% of the Company's issued and outstanding capitalization immediately following the closing of the Merger. On December 29, 2022, the Company entered into a Common Stock Issuance Agreement with Roche (the "***Roche Stock Issuance Agreement***"). Pursuant to the Roche Stock Issuance Agreement, the Company issued 482,313 shares of common stock of the Company (the "***Roche Stock***") for no additional consideration.

The Roche Stock has not been registered under the Securities Act of 1933, as amended (the "***Securities Act***") and was issued and sold in reliance upon the exemption from registration contained in Section 4(a)(2) of the Securities Act and Rule 506(b) of Regulation D promulgated thereunder. Roche acquired the Roche Stock for investment for its own account. The Roche Stock Issuance Agreement includes customary covenants, representations and warranty provisions for agreements of its kind. Neither this Current Report on Form 8-K nor any of its exhibits is an offer to sell or the solicitation of an offer to buy any securities described in this Current Report on Form 8-K.

The foregoing description of the Roche Stock Issuance Agreement is qualified in its entirety by the full text of the Roche Stock Issuance Agreement, which is attached hereto as Exhibit 10.5 and incorporated herein by reference.

***Employment Agreements***

To the extent required by Item 1.01 of Form 8-K, the information set forth under Item 5.02 of this Current Report on Form 8-K regarding the executive employment agreements is hereby incorporated by reference.

**Item 2.01. Completion of Acquisition or Disposition of Assets.**

On December 29, 2022, the Company completed its business combination with Disc in accordance with the terms of the Agreement and Plan of Merger and Reorganization, dated as of August 9, 2022 (the "***Merger Agreement***"), by and among the Company, Disc and Gemstone Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of the Company ("***Merger Sub***"), pursuant to which, among other matters, Merger Sub merged with and into Disc, with Disc continuing as a wholly owned subsidiary of the Company and the surviving corporation of the merger (the "***Merger***"). Effective at 5:00 p.m. eastern time on December 29, 2022, the Company effected a 1-for-10 reverse stock split of its common stock (the "***Reverse Stock Split***") and implemented a reduction in the number of authorized shares of common stock to 100,000,000 (the "***Common Stock Reduction***"), effective at 5:01 p.m. eastern time, the Company completed the Merger, and effective at 5:02 p.m. eastern time, the Company changed its name to "Disc Medicine, Inc." (the "***Name Change***"). Following the completion of the Merger, the business conducted by the Company became primarily the business conducted by Disc, which is a clinical-stage biopharmaceutical company focused on the discovery, development, and commercialization of novel treatments for patients suffering from serious hematologic diseases. Unless noted otherwise, all references to share and per share amounts in this Current Report on Form 8-K reflect the Reverse Stock Split.

Under the terms of the Merger Agreement, immediately prior to the effective time of the Merger, each share of Disc's preferred stock was converted into a share of Disc's common stock. At the closing of the Merger, the Company issued an aggregate of approximately 12,533,557 shares of its common stock to Disc stockholders, based on an exchange ratio of 0.1096 shares of the Company's common stock for each share of Disc common stock outstanding immediately prior to the Merger, including those shares of common stock issued upon conversion of the Disc preferred stock, resulting in approximately 16,923,285 shares of the Company's common stock being issued and outstanding immediately following the effective time of the Merger. The exchange ratio was determined through arm's-length negotiations between the Company and Disc. The Company also assumed all of the outstanding and unexercised stock options to purchase shares of Disc capital stock. The assumed options continue to be governed by the terms of Disc's 2017 Stock Option and Grant Plan (the "***Disc 2017 Plan***"). Upon the closing of the Merger, the Company also assumed the Disc 2017 Plan.

The issuance of the shares of the Company's common stock issued to the former stockholders of Disc, other than shares of the Company's common stock issued in exchange for shares of Disc common stock sold in the pre-closing financing, was registered with the SEC on the Company's Registration Statement on Form S-4, as amended (File No. 333-267276) (the "***Registration Statement***").

The shares of the Company's common stock listed on The Nasdaq Global Market, previously trading through the close of business on Thursday, December 29, 2022 under the ticker symbol "GMTX," will commence trading on The Nasdaq Global Market, on a post-Reverse Stock Split adjusted basis, under the ticker symbol "IRON," on December 30, 2022. The Company's common stock is represented by a new CUSIP number, 254604 101.

The foregoing description of the Merger Agreement contained herein does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement, which was filed as Exhibit 2.1 on the Report on Form 8-K filed by the Company on August 10, 2022, and is incorporated herein by reference.

**Item 3.02. Unregistered Sales of Equity Securities.**

To the extent required by Item 3.02 of Form 8-K, the information set forth under Item 1.01 of this Current Report on Form 8-K regarding the Roche Stock Issuance Agreement is hereby incorporated by reference.

**Item 3.03. Material Modification to Rights of Security Holders.**

The Company convened and adjourned its special meeting of stockholders on December 28, 2022 (the "***Special Meeting***"). At the Special Meeting, the Company's stockholders approved an amendment to the amended and restated certificate of incorporation of the Company (the "***Stock Amendment***") to effect the Reverse Stock Split and the Common Stock Reduction.

On December 28, 2022, the Company filed the Stock Amendment with the Secretary of State of the State of Delaware to effect the Reverse Stock Split effective as of 5:00 p.m. on December 29, 2022. As a result of the Reverse Stock Split, the number of issued and outstanding shares of the Company's common stock immediately prior to the Reverse Stock Split was reduced to a smaller number of shares, such that every 10 shares of the Company's common stock held by a stockholder immediately prior to the Reverse Stock Split, including shares of the Company's common stock issued to former Disc stockholders in connection with the Merger, were combined and reclassified into one share of the Company's common stock. Immediately following the Reverse Stock Split, there were approximately 16,923,285 shares of the Company's common stock outstanding.

No fractional shares were issued in connection with the Reverse Stock Split. Any fractional shares resulting from the Reverse Stock Split were rounded down to the nearest whole number, and each stockholder who would otherwise be entitled to a fraction of a share of common stock upon the Reverse Stock Split (after aggregating all fractions of a share to which such stockholder would otherwise be entitled) is, in lieu thereof, entitled to receive a cash payment determined by multiplying the last reported sale price of the Company's common stock at 4:00 p.m., Eastern Time, end of regular trading hours on The Nasdaq Global Market on the last day prior to the effective time of the Merger, by the fraction of a share of the Company's common stock to which each stockholder would otherwise be entitled.

On December 29, 2022, the Company filed a certificate of amendment (the "***Name Change Amendment***") to the Company's certificate of incorporation with the Secretary of State of the State of Delaware to change the name of the Company to "Disc Medicine, Inc." effective as of 5:02 p.m. on December 29, 2022.

The foregoing descriptions of the Stock Amendment and the Name Change Amendment are not complete and are subject to and qualified in their entirety by reference to the Stock Amendment and the Name Change Amendment, copies of which are attached hereto as Exhibit 3.1 and Exhibit 3.2, respectively, and are incorporated herein by reference.

**Item 5.01. Changes in Control of Registrant.**

The information set forth in Item 2.01 of this Current Report on Form 8-K regarding the Merger and the information set forth in Item 5.02 of this Current Report on Form 8-K regarding the Company's board of directors and executive officers following the Merger are incorporated by reference into this Item 5.01.

**Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

**Directors**

In accordance with the Merger Agreement, immediately prior to and effective upon the closing of the Merger, Carl Gordon, Ph.D., CFA, David Lubner, Tuyen Ong, M.D., MRCOphth., Jason Rhodes and Jim Tananbaum, M.D. resigned from the Company's board of directors and committees of the board of directors on which they respectively served, which resignations were not the result of any disagreements with the Company relating to the Company's operations, policies or practices.

The Merger Agreement provides that at or immediately after the closing of the Merger, the size of the Company's board of directors will be fixed at nine members consisting of one member designated by the Company, who is Georges Gemayel, Ph.D., and eight members designated by Disc. In accordance with the Merger Agreement, at the closing of the Merger on December 29, 2022, the board of directors and its committees were reconstituted, with Mona Ashiya, Kevin Bitterman and Jay Backstrom appointed as Class I directors, whose terms expire at the Company's 2023 annual meeting, Georges Gemayel, Mark Chin and Liam Ratcliff appointed as Class II directors, whose terms expire at the Company's 2024 annual meeting, and Donald Nicholson, William White and John Quisel appointed as Class III directors, whose terms expire at the Company's 2025 annual meeting. Donald Nicholson, Ph.D. was appointed as the executive chairman of the board. In addition, William White, Liam Ratcliffe and Mark Chin were appointed to the audit committee of the board, and William White was appointed the chair of the audit committee. Donald Nicholson, Mona Ashiya and Kevin Bitterman were appointed to the compensation committee of the board, and Donald Nicholson was appointed the chair of the compensation committee. Kevin Bitterman, Mona Ashiya, Donald Nicholson and Liam Ratcliffe were appointed to the nominating and corporate governance committee of the board, and Kevin Bitterman was appointed the chair of the nominating and corporate governance committee.

Other than pursuant to the Merger Agreement, there were no arrangements or understandings between the Company's newly appointed directors and any person pursuant to which they were elected. None of the Company's newly appointed directors has a direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

**Georges Gemayel, Ph.D.** served as the Company's Interim President and Chief Executive Officer from February 2022 to December 2022, Executive Chairperson of the Company's board from November 2021 to December 2022 and Chairperson of the Company's board from May 2021 to December 2022. Dr. Gemayel has over 30 years of experience in the pharmaceutical industry, including management and executive positions in the U.S., Europe and the Middle East. Dr. Gemayel currently serves on the board of directors of Supernus Pharmaceuticals, Inc., and is the chair of the boards of Dynacure, Enterome SA, and GlycoEra. Previously, Dr. Gemayel served as Executive Chair of FoldRx Pharmaceuticals and of Syndexa Pharmaceuticals, as Chair of Oxthera AB, Dimension Therapeutics, Orphazyme A/S, and Epitherapeutics and as Director of Prosensa, Raptor Pharmaceuticals, NPS Pharma, Momenta Pharmaceuticals and Adolor. From 2008 to 2009, Dr. Gemayel was President and Chief Executive Officer of Altus Pharmaceuticals Inc., a publicly traded pharmaceutical company. From 2003 to 2008, he was Executive Vice President at Genzyme Corporation where he was responsible for the company's global therapeutics, transplant, renal and biosurgery businesses. From 1998 to 2003, he held progressively senior roles at Hoffmann Ltd. and Roche Labs, most recently as Vice President, National Specialty Care, responsible for its U.S. business for dermatology, oncology, transplantation, hepatitis and HIV. Dr. Gemayel completed his doctorate in pharmacy at St. Joseph University in Beirut, Lebanon, and earned a Ph.D. in pharmacology at University in Paris, France.

**John Quisel, J.D. Ph.D.** has served as Disc's Chief Executive Officer and as a member of Disc's board of directors since February 2020. Previously, from October 2006 through February 2020, Dr. Quisel served in various positions at Acceleron Pharma Inc., a biopharmaceutical company, most recently as Chief Business Officer. Prior to joining Acceleron, Dr. Quisel worked as an associate at the law firms of Ropes & Gray and Foley Hoag. Dr. Quisel holds a BS from Harvard University, an MS from Stanford University, a Ph.D. from the Massachusetts Institute of Technology, and a J.D. from Harvard Law School. Dr. Quisel is qualified to serve as a member of the combined company's board because of his significant scientific industry and management experience, including the experience gained from prior service as a Chief Business Officer. Dr. Quisel's age as of August 9, 2022 was 51.

**Donald Nicholson, Ph.D.** has served as Executive Chairman of Disc's board of directors since April 2019. Dr. Nicholson is the former chief executive officer of Nimbus Therapeutics, LLC, or Nimbus, a biotechnology company, serving from August 2014 to October 2018. Prior to joining Nimbus, Dr. Nicholson held various strategic, leadership and operational roles in diverse therapeutic areas, including respiratory, inflammation, immunology, bone, endocrine, urology, infectious disease and neurosciences at Merck from April 1998 to July 2013. Dr. Nicholson has co-authored more than 150 publications in peer-reviewed scientific and medical journals and is internationally recognized for his contributions to the field of apoptotic cell death. He also serves as a member on the board of directors of Generation Bio (Nasdaq: GBIO), Kymera Therapeutics (Nasdaq: KYMR), Jnana Therapeutics and NodThera. Dr. Nicholson received his Ph.D. and an Honors B.Sc. degree in Biochemistry from the University of Western Ontario, and trained as a Medical Research Council postdoctoral fellow at the University of Munich in Germany. Dr. Nicholson is qualified to serve as a member of the combined company's board of directors due to his extensive experience in leadership positions throughout the life sciences industry and his strong scientific background. Dr. Nicholson's age as of August 9, 2022 was 65.

**Mona Ashiya, Ph.D.** has served as a member of Disc's board of directors since September 2021. Dr. Ashiya is currently a Partner at OrbiMed Advisors LLC, an investment firm, where she has been employed since October 2010. She currently serves on the board of directors of Sierra Oncology, Inc. (Nasdaq: SRRA) and several private companies. Dr. Ashiya also previously served on the board of directors of Prevail Therapeutics Inc. Dr. Ashiya received her B.A. from the University of California, Berkeley and her Ph.D. in Cellular, Molecular and Developmental Biology from the University of Pittsburgh. Dr. Ashiya is qualified to serve on the combined company's board of directors based on her roles on public and private boards of directors as well as her extensive experience in investing in healthcare companies. Dr. Ashiya's age as of August 9, 2022 was 53.

**Jay Backstrom, M.D., M.P.H.** has served as a member of Disc's board of directors since December 2021. Dr. Backstrom has served as Executive Vice President, Research and Development at Acceleron Pharma Inc. since December 2019. Dr. Backstrom previously served as Chief Medical Officer of Celgene Corporation from April 2016 until November 2019. Prior to that he served as Senior Vice President, Clinical R&D and Regulatory Affairs at Celgene where he was responsible for the late stage clinical and regulatory programs across the Hematology & Oncology portfolio. Dr. Backstrom joined Celgene in March 2008 as Vice President, Clinical R&D after serving as Vice President, Global Medical Affairs and Safety for Pharmion from 2002 to 2008. Prior to joining Pharmion, Dr. Backstrom was with Marion Merrell Dow and its successor companies including Hoechst Marion Roussel. Dr. Backstrom received his M.D. from Temple University School of Medicine. He did his post graduate training in Internal Medicine at Temple University Hospital and earned a Masters degree in Public Health from Saint Louis University School of Public Health. Dr. Backstrom is qualified to serve on the combined company's board of directors due to his extensive clinical development background. Dr. Backstom's age as of August 9, 2022 was 68.

**Kevin Bitterman, Ph.D.** has served as a member of Disc's board of directors since November 2017. Dr. Bitterman currently serves as a partner at venture firm Atlas Venture, or Atlas, a venture capital firm, where he has been employed since June 2017 and where he focuses on investments in life science companies. Prior to joining Atlas, Dr. Bitterman was a partner at Polaris Partners, an investment firm, as a member of the healthcare team from July 2004 to June 2017. Dr. Bitterman was also the founding CEO at Editas Medicine Inc., a pharmaceutical company, Visterra Inc., a biotechnology company, and Morphic Rock, LLC, a biotechnology company. Dr. Bitterman currently serves on the board of directors of Akero Therapeutics, Inc. (Nasdaq: AKRO) and, during the past five years, previously served on the board of directors of, Editas Medicine, Inc. (Nasdaq: EDIT) and Kala Pharmaceuticals, Inc. (Nasdaq: KALA), as well as on the board of directors of several private companies. Dr. Bitterman also serves as board chair of the New England Venture Capital Association. Dr. Bitterman received a B.A. in biology from Rutgers College and a Ph.D. in genetics from Harvard Medical School. Dr. Bitterman is qualified to serve on the combined company's board of directors due to his extensive experience investing in, guiding, and leading start-up and early phase companies, as well as his experience as a director of other companies. Dr. Bitterman's age as of August 9, 2022 was 45.

**Mark Chin, MS, MBA** has served as a member of Disc's board of directors since September 2021. Mr. Chin has served as managing director at Arix Bioscience PLC, a biotechnology-focused venture capital firm, since July 2021. From August 2016 to April 2020, Mr. Chin served as an investment director at Arix Bioscience. Prior to Arix Bioscience, he was a principal at Longitude Capital, a healthcare venture capital firm, from September 2012 to August 2016, where he focused on investments in both private and public biotechnology and medical technology companies. Prior to Longitude Capital, Mr. Chin was a consultant at the Boston Consulting Group, a global management consulting firm, from January 2011 to September 2012, where he managed strategy and corporate development projects for pharmaceutical and biotechnology companies, and prior to Boston Consulting Group, he worked in corporate development at Gilead Sciences, a biotechnology company, and in market planning at Genentech, a biotechnology company. Mr. Chin currently serves as a member of the boards of directors of Harpoon Therapeutics, Inc. (Nasdaq: HARP), Imara Inc. (Nasdaq: IMRA), and Iterum Therapeutics plc (Nasdaq: ITRM) and a number of private biotechnology companies. Mr. Chin received a BS from the University of California at San Diego, an MS from the University of Pennsylvania, and an MBA from The Wharton School at the University of Pennsylvania. Disc believes Mr. Chin is qualified to serve on the combined company's board of directors based on his extensive experience investing in, guiding, and leading start-up and early phase companies, as well as his experience as a director of other companies. Mr. Chin's age as of August 9, 2022 was 45.

**Liam Ratcliffe, MD, Ph.D.** has served as a member of Disc's board of directors since September 2019. Dr. Ratcliffe has served as Head of Biotechnology at Access Industries, a privately held industrial group, since April 2019. Previously, he spent 10 years at New Leaf Venture Partners, a venture capital firm, from September 2008 through March 2019, culminating his career there as Managing Director, where he focused on investing in therapeutic and therapeutic platform companies. Prior to joining New Leaf Venture Partners, Dr. Ratcliffe was Worldwide Head of Clinical Research and Development at Pfizer, where he spent 12 years of his career. Dr. Ratcliffe currently serves as a member of the boards of directors of Arvinas Inc. (Nasdaq: ARVN) since October 2015, Passage Bio Inc. (Nasdaq: PASG) since September 2019, Recludix Pharma, Inc. since December 2019, and Eliem Therapeutics Inc. (Nasdaq: ELYM) since October 2019. Previously, he served as a board member at Edge Therapeutics, Inc. (now PDS Biotechnology Corp., Nasdaq: PDSB) from October 2015 to November 2018, Unum Therapeutics Inc. (formerly listed on Nasdaq) from March 2018 to April 2019, Deciphera Pharmaceuticals Inc. (Nasdaq: DCPH) from September 2017 to March 2019, Aptinyx Inc. (Nasdaq: APTX) from June 2018 to April 2019, and RallyBio Corporation (Nasdaq: RLYB) from April 2018 to March 2019. Dr. Ratcliffe received a MBChB and a Ph.D. in immunology from University of Cape Town and an MBA from the University of Michigan. Dr. Ratcliffe is qualified to serve on the combined company's board of directors because of his extensive clinical development and venture capital experience in the life sciences industry. Dr. Ratcliffe's age as of August 9, 2022 was 59.

**William White, MPP, J.D.,** has served as a member of Disc's board of directors since December 2020. Mr. White has served as the Executive Vice President, Chief Financial Officer and Head of Corporate Development and Treasurer at Akero Therapeutics, Inc. (Nasdaq: AKRO), a biotechnology company, since April 2019. Previously, Mr. White served as a Managing Director and Head of US Life Sciences Investment Banking at Deutsche Bank, a financial service provider, from September 2017 until March 2019. Prior to that position, Mr. White was a Managing Director in Healthcare Investment Banking at Citigroup from May 2006 until September 2017. Previously, he served as an associate and later as a Vice President in Healthcare Investment Banking at Goldman, Sachs & Co. from November 2000 to March 2006. Mr. White received an AB from Princeton University, an MPP from Harvard University and a J.D. from Columbia University. Mr. White is qualified to serve on the combined company's board of directors because of his extensive financial and investment experience in the life sciences industry. Mr. White's age as of August 9, 2022 was 49.

**Executive Officers**

On December 29, 2022, the board appointed John Quisel, J.D. Ph.D., as the Company's Chief Executive Officer and principal executive officer, Joanne Bryce, C.P.A as the Company's Chief Financial Officer, principal financial officer and principal accounting officer and William Savage, MD, Ph.D., will serve as Chief Medical Officer, each to serve at the discretion of the board.

There are no family relationships among any of the Company's newly appointed principal officers. None of the Company's newly appointed principal officers has a direct or indirect material interest in any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

**John Quisel, J.D. Ph.D.** Dr. Quisel's biographical information is disclosed in the section above under the heading "*Directors*."

Effective as of the closing of the Merger, Disc entered into an employment agreement with Dr. Quisel (the "***Quisel Employment Agreement***"), to serve as Disc's Chief Executive Officer. The employment agreement provides for Dr. Quisel's at-will employment and an annual base salary of $562,000, an annual bonus with a target amount equal to 50% of his base salary, as well as his ability to participate in the Company's employee benefit plans generally. The Quisel Employment Agreement provides that if his employment is terminated either (i) by the Company without Cause or (ii) by Dr. Quisel for Good Reason (each as defined therein), within three months before or twelve months after a Change in Control (as defined in the therein) (the "***Change in Control Period***") then Dr. Quisel will be entitled to receive, subject to signing a release, (i) a lump sum payment of (a) eighteen months of base salary (b) the target bonus for the then-current fiscal year, and (c) any earned but unpaid bonus for the fiscal year of the termination, (ii) COBRA health continuation for eighteen months, and (iii) 100% acceleration of all outstanding and unvested stock-based awards subject to time-based vesting. The Quisel Employment Agreement also provides that if his employment is terminated either (i) by the Company without Cause or (ii) by Dr. Quisel for Good Reason, outside the Change in Control Period, then Dr. Quisel will be entitled to receive, subject to signing a release, (i) a lump sum payment of (a) twelve months of base salary, (b) a pro rata share of the target bonus for the then-current fiscal year and (c) any earned but unpaid bonus for the fiscal year of the termination, (ii) COBRA health continuation for twelve months, and (iii) 25% acceleration of all outstanding and unvested stock-based awards subject to time-based vesting. The Quisel Employment Agreement contains a Section 280G partial clawback, in which Dr. Quisel is entitled to receive the greater of (a) the best net after-tax amount of any payments that are subject to the excise tax imposed by Section 4999 of the Code, calculated in a manner consistent with Section 280G of the Code, and (b) the amount of parachute payments he would be entitled to receive if they were reduced to an amount equal to one dollar less than the amount at which Dr. Quisel becomes subject to excise tax imposed by Section 4999 of the Code.

**Joanne Bryce, CPA** has served as Disc's Chief Financial Officer since September 2021. Previously, she served as a part-time consultant for Disc acting as Disc's Chief Financial Officer from November 2017 to September 2021. Ms. Bryce was previously the Chief Financial Officer of Arkuda Therapeutics, a biotechnology company, having served from February 2018 to September 2021. Additionally, she previously served as a consultant to Dyne Therapeutics, a muscle disease company, acting as head of finance, from January 2018 to March 2020, and was also previously Chief Financial Officer of Quartet Medicine, a biotechnology company, from November 2016 to November 2018. Prior to Quartet, Ms. Bryce held Chief Financial Officer roles at a number of technology companies, including Speedy Packets from October 2014 to November 2016 and WiTricity from September 2008 to June 2014. Ms. Bryce's age as of August 9, 2022 was 56.

Effective as of the closing of the Merger, Disc entered into an employment agreement with Ms. Bryce (the "***Bryce Employment Agreement***"), to serve as Disc's Chief Financial Officer. The employment agreement provides for Ms. Bryce's at-will employment and an annual base salary of $419,000, an annual bonus with a target amount equal to 40% of her base salary, as well as her ability to participate in the Company's employee benefit plans generally. The Bryce Employment Agreement provides that if her employment is terminated either (i) by the Company without Cause or (ii) by Ms. Bryce for Good Reason (each as defined in therein), within the Change in Control Period then Ms. Bryce will be entitled to receive, subject to signing a release, (i) a lump sum payment of (a) twelve months of base salary (b) the target bonus for the then-current fiscal year, and (c) any earned but unpaid bonus for the fiscal year of the termination, (ii) COBRA health continuation for twelve months, and (iii) 100% acceleration of all outstanding and unvested stock-based awards subject to time-based vesting. The Bryce Employment Agreement also provides that if her employment is terminated either (i) by the Company without Cause or (ii) by Ms. Bryce for Good Reason, outside the Change in Control Period, then Ms. Bryce will be entitled to receive, subject to signing a release, (i) a lump sum payment of (a) nine months of base salary and (b) any earned but unpaid bonus for the fiscal year of the termination and (ii) COBRA health continuation for nine months. The Bryce Employment Agreement contains a Section 280G partial clawback, in which Ms. Bryce is entitled to receive the greater of (a) the best net after-tax amount of any payments that are subject to the excise tax imposed by Section 4999 of the Code, calculated in a manner consistent with Section 280G of the Code, and (b) the amount of parachute payments he would be entitled to receive if they were reduced to an amount equal to one dollar less than the amount at which Ms. Bryce becomes subject to excise tax imposed by Section 4999 of the Code.

**William Savage, MD, Ph.D.** has served as Disc's Chief Medical Officer since August 2021 and was previously Disc's Vice President, Head of Clinical Development from August 2020 to August 2021. Previously, he served as Senior Medical Director at Magenta Therapeutics, a biotechnology company, from July 2019 to July 2020. Prior to Magenta Therapeutics, he was the Global Clinical Development Lead in Hematology at Shire plc and Takeda Pharmaceutical Company, following its acquisition of Shire, both pharmaceutical companies, from January 2017 to July 2019. Dr. Savage was also an Assistant Professor of Pathology at Harvard Medical School/Brigham and Women's Hospital from July 2012 to January 2017. He started his career at Johns Hopkins University School of Medicine, where he was Associate Medical Director, Transfusion Medicine. Dr. Savage holds a BA from Columbia University, an MD with honors in research from Weill Cornell Medical College and a Ph.D. from the Johns Hopkins Bloomberg School of Public Health. Dr. Savage's age as of August 9, 2022 was 48.

Effective as of the closing of the Merger, Disc entered into an employment agreement with Dr. Savage (the "***Savage Employment Agreement***"), to serve as Disc's Chief Medical Officer. The employment agreement provides for Dr. Savage's at-will employment and an annual base salary of $458,000, an annual bonus with a target amount equal to 40% of his base salary, as well as his ability to participate in the Company's employee benefit plans generally. The Savage Employment Agreement provides that if her employment is terminated either (i) by the Company without Cause or (ii) by Dr. Savage for Good Reason (each as defined in therein), within the Change in Control Period then Dr. Savage will be entitled to receive, subject to signing a release, (i) a lump sum payment of (a) twelve months of base salary (b) the target bonus for the then-current fiscal year, and (c) any earned but unpaid bonus for the fiscal year of the termination, (ii) COBRA health continuation for twelve months, and (iii) 100% acceleration of all outstanding and unvested stock-based awards subject to time-based vesting. The Savage Employment Agreement also provides that if his employment is terminated either (i) by the Company without Cause or (ii) by Dr. Savage for Good Reason, outside the Change in Control Period, then Dr. Savage will be entitled to receive, subject to signing a release, (i) a lump sum payment of (a) nine months of base salary and (b) any earned but unpaid bonus for the fiscal year of the termination and (ii) COBRA health continuation for nine months. The Savage Employment Agreement contains a Section 280G partial clawback, in which Dr. Savage is entitled to receive the greater of (a) the best net after-tax amount of any payments that are subject to the excise tax imposed by Section 4999 of the Code, calculated in a manner consistent with Section 280G of the Code, and (b) the amount of parachute payments he would be entitled to receive if they were reduced to an amount equal to one dollar less than the amount at which Dr. Savage becomes subject to excise tax imposed by Section 4999 of the Code.

The above descriptions of the employment related agreements for Dr. Quisel, Ms. Bryce and Dr. Savage do not purport to be complete and are subject to and qualified in their entirety by reference to the copies of the employment related agreements for Dr. Quisel, Ms. Bryce and Dr. Savage included as Exhibits 10.6, 10.7, and 10.8 to this Current Report on Form 8-K, which are incorporated herein by reference.

Information regarding transactions between the Company and the newly appointed directors and executive officers is included in the Registration Statement and is incorporated herein by reference.

**Compensatory Plans**

The Company assumed, effective as of the closing of the Merger, the Disc 2017 Plan, filed as Exhibit 10.9 to this Current Report on Form 8-K and incorporated herein by reference, as well as the outstanding awards granted thereunder, the award agreements evidencing the grants of such awards and the remaining shares available under the Disc 2017 Plan, including any awards granted to the Company's named executive officers, in each case subject to applicable adjustments in the manner set forth in the Merger Agreement to such awards.

**Departure of Officers**

On December 29, 2022, immediately prior to and effective upon the closing of the Merger, Georges Gemayel, Ph.D., the Company's Interim President and Chief Executive Officer, ceased to be an officer of the Company, but is remaining a director of the Company.

On December 29, 2022, immediately prior to and effective upon the closing of the Merger, Brian Piekos, the Company's Chief Financial Officer and Chief Business Officer, ceased to be an officer of the Company.

In connection with his termination of employment, Mr. Piekos is entitled to receive certain severance payments and benefits under the terms of his separation agreement with the Company, dated as of December 29, 2022. In addition, he is entitled to receive a retention bonus and certain restricted stock units over the Company's common stock granted to him accelerated in full at the closing of the Merger. For additional information regarding these payments and benefits, please refer to the Registration Statement, which is incorporated by reference in all respects.

**Item 5.03. Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.**

To the extent required by Item 5.03 of Form 8-K, the information contained in Item 2.01 and Item 3.03 of this Current Report on Form 8-K is incorporated by reference herein.

Commencing on December 30, 2022, the Company expects the trading symbol for its Common Stock, which is currently listed on Nasdaq, to change from "GMTX" to "IRON." The change in trading symbol is related solely to the Name Change.

**Item 5.05. Amendments to the Registrant's Code of Ethics, or Waiver of a Provision of the Code of Ethics.**

In connection with the Merger, the Board adopted a new code of business conduct and ethics (the "***Code of Conduct***"). The Code of Conduct superseded the Company's existing code of business conduct and ethics previously adopted by the Board (the "***Pre-Merger Code***"). The Code of Conduct applies to all directors, officers, employees and consultants of the Company.

The provisions of the Code of Conduct are intended to reflect current best practices and enhance the Company's personnel's understanding of the Company's standards of ethical business practices, promote awareness of ethical issues that may be encountered in carrying out an employee's or director's responsibilities, and improve clarity as to how to address ethical issues that may arise. The newly adopted Code of Conduct did not result in any explicit or implicit waiver of any provision of the Pre-Merger Code. The foregoing description of the Code of Conduct does not purport to be complete and is qualified in its entirety by reference to the full text of the Code of Conduct, a copy of which is attached hereto as Exhibit 14.1 and incorporated herein by reference.

**Item 7.01. Regulation FD Disclosure.**

On December 29, 2022, the Company issued a press release announcing, among other things, the closing of the Merger. A copy of the press release is attached as Exhibit 99.1 hereto and incorporated herein by reference.

**Item 8.01. Other Events.**

The Company's Risk Factors, the Company's Business Section and Disc's Management's Discussion and Analysis of Financial Condition and Results of Operations of Disc Medicine, Inc. as of and for the years ended December 31, 2021 and 2020 and as of September 30, 2022 and for the three and nine month periods ended September 30, 2022 and 2021 are filed herewith and attached hereto as Exhibits 99.2, 99.3, and 99.4 respectively, and incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits.**

(a) Financial Statements of Businesses Acquired.

The audited financial statements of Disc as of December 31, 2021 and 2020 and for the years then ended required by Item 9.01(a) are filed herewith as Exhibit 99.5 to this Current Report on Form 8-K and are incorporated herein by reference.

The unaudited condensed interim financial statements of Disc as of September 30, 2022 and for the nine months ended September 30, 2022 and 2021 are filed herewith as Exhibit 99.6 to this Current Report on Form 8-K and are incorporated herein by reference.

(b) Pro Forma Financial Information.

The pro forma financial information required by Item 9.01(b) are filed herewith as Exhibit 99.7 to this Current Report on Form 8-K and is incorporated herein by reference.

(d) Exhibits

| Exhibit No. | Description |
|---|---|
| 3.1* | Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Company, dated December 28, 2022 |
| 3.2* | Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the Company, dated December 29, 2022 |
| 10.1* | Form of Registration Rights Agreement |
| 10.2* | Form of Contingent Value Rights Agreement |
| 10.3* | Form of Indemnification Agreement for Directors of Disc Medicine, Inc. |
| 10.4* | Form of Indemnification Agreement for Officers of Disc Medicine, Inc. |
| 10.5* | Common Stock Issuance Agreement, dated as of December 29, 2022, by and between Disc Medicine Opco, Inc., F. Hoffmann-La Roche Ltd. and Hoffmann-La Roche Inc. |
| 10.6* | Employment Agreement, dated as of December 29, 2022, by and between Disc Medicine, Inc. and John Quisel, J.D. Ph.D. |
| 10.7* | Employment Agreement, dated as of December 29, 2022, by and between Disc Medicine, Inc. and Joanne Bryce |
| 10.8* | Employment Agreement, dated as of December 29, 2022, by and between Disc Medicine, Inc. and William Savage, MD, Ph.D. |

| | |
|---|---|
| 10.9* | 2017 Stock Option and Grant Plan of Disc Medicine, Inc., and form of award agreements thereunder. |
| 10.10* | Notice of Termination, Separation Agreement and Release, dated as of December 29, 2022, by and between Gemini Therapeutics, Inc. and Brian Piekos. |
| 14.1* | Code of Business Conduct and Ethics of Disc Medicine, Inc. |
| 23.1* | Consent of Ernst & Young LLP, independent registered public accounting firm of Disc Medicine, Inc. |
| 99.1* | Press release issued on December 29, 2022 |
| 99.2* | Risk Factors of Disc Medicine, Inc. |
| 99.3* | Business Section of Disc Medicine, Inc. |
| 99.4* | Disc Medicine, Inc.'s Management's Discussion and Analysis of Financial Condition and Results of Operations as of September 30, 2022 and for the nine month period ended September 30, 2022 and 2021, and for the years ended December 31, 2022 and 2021 |
| 99.5* | Audited financial statements of Disc Medicine Opco, Inc. (formerly Disc Medicine, Inc.) for the years ended December 31, 2021 and 2020 |
| 99.6* | Unaudited condensed consolidated financial statements of Disc Medicine Opco, Inc. (formerly Disc Medicine, Inc.) as of September 30, 2022 and for each of the nine months ended September 30, 2022 and 2021 |
| 99.7* | Selected historical and unaudited pro forma condensed combined financial information as of September 20, 2022 and for the nine months ended September 30, 2022 and the year ended December 31, 2021 |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document). |

* Filed herewith

**SIGNATURE**

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

DISC MEDICINE, INC.

Date: December 29, 2022

By: /s/ John Quisel
Name: John Quisel, J.D. Ph.D.
Title: Chief Executive Officer

**Exhibit 3.1**

**CERTIFICATE OF AMENDMENT TO THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF GEMINI THERAPEUTICS, INC.**

(Pursuant to Section 242 of the
General Corporation Law of the State of Delaware)

Gemini Therapeutics, Inc. (the "Corporation"), a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the "General Corporation Law"),

**DOES HEREBY CERTIFY:**

1. Resolutions were duly adopted by the Board of Directors of the Corporation pursuant to Section 242 of the General Corporation Law proposing this Amendment of the Corporation's Amended and Restated Certificate of Incorporation and declaring the advisability of this Amendment of the Amended and Restated Certificate of Incorporation, as amended, and authorizing the appropriate officers of the Corporation to solicit the consent of the stockholders therefor, which resolutions setting forth the proposed amendments are as follows:

RESOLVED, that the first paragraph of Article IV of the Amended and Restated Certificate of Incorporation of the Corporation, as amended, be and hereby is deleted in its entirety and the following paragraphs are inserted in lieu thereof:

"The total number of shares of capital stock which the Corporation shall have authority to issue is One Hundred and Ten Million (110,000,000) of which (i) One Hundred Million (100,000,000) shares shall be a class designated as common stock, par value $0.0001 per share (the "Common Stock"), and (ii) Ten Million (10,000,000) shares shall be a class designated as undesignated preferred stock, par value $0.0001 per share (the "Undesignated Preferred Stock")."

RESOLVED, that Section C of Article IV of the Amended and Restated Certificate of Incorporation of the Corporation, as amended, be and hereby is deleted in its entirety and the following paragraphs are inserted in lieu thereof:

"C. Reverse Stock Split

Effective immediately upon the filing of this Certificate of Amendment to the Amended and Restated Certificate of Incorporation, as amended (the "Effective Time"), a one-for-ten reverse stock split of the Corporation's common stock, par value $0.0001 per share (the "Common Stock"), shall become effective, pursuant to which each ten shares of Common Stock outstanding and held of record by each stockholder of the Corporation (including treasury shares) immediately prior to the Effective Time shall be reclassified and combined into one validly issued, fully paid and nonassessable share of Common Stock automatically and without any action by the holder thereof upon the Effective Time and shall represent one share of Common Stock from and after the Effective Time (such reclassification and combination of shares, the "Reverse Stock Split"). The par value of the Common Stock following the Reverse Stock Split shall remain at $0.0001 per share. No fractional shares of Common Stock shall be issued as a result of the Reverse Stock Split and, in lieu thereof, upon surrender after the Effective Time of a certificate which formerly represented shares of Common Stock that were issued and outstanding immediately prior to the Effective Time, any person who would otherwise be entitled to a fractional share of Common Stock as a result of the Reverse Stock Split, following the Effective Time, shall be entitled to receive a cash payment equal to the fraction of a share of Common Stock to which such holder would otherwise be entitled multiplied by the fair value per share of the Common Stock immediately prior to the Effective Time as determined by the Board of Directors of the Corporation.

Each stock certificate that, immediately prior to the Effective Time, represented shares of Common Stock that were issued and outstanding immediately prior to the Effective Time shall, from and after the Effective Time, automatically and without the necessity of presenting the same for exchange, represent that number of whole shares of Common Stock after the Effective Time into which the shares formerly represented by such certificate have been reclassified (as well as the right to receive cash in lieu of fractional shares of Common Stock after the Effective Time); provided, however, that each person of record holding a certificate that represented shares of Common Stock that were issued and outstanding immediately prior to the Effective Time shall receive, upon surrender of such certificate, a new certificate evidencing and representing the number of whole shares of Common Stock after the Effective Time into which the shares of Common Stock formerly represented by such certificate shall have been reclassified."

2. This Certificate of Amendment to the Amended and Restated Certificate of Incorporation has been duly adopted by the stockholders of the Corporation in accordance with the provisions of Section 242 of the General Corporation Law.

3. This Certificate of Amendment of the Amended and Restated Certificate of Incorporation shall be effective as of 5:00 p.m. as of December 29, 2022.

[Remainder of page intentionally blank]

**IN WITNESS WHEREOF**, this Corporation has caused this Certificate of Amendment to the Amended and Restated Certificate of Incorporation to be signed by its Interim President and Chief Executive Officer this 28th day of December, 2022.

/s/ Georges Gemayel
Georges Gemayel
Interim President and Chief Executive Officer

**Exhibit 3.2**

**CERTIFICATE OF AMENDMENT TO THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF GEMINI THERAPEUTICS, INC.**

(Pursuant to Section 242 of the
General Corporation Law of the State of Delaware)

Gemini Therapeutics, Inc. (the "Corporation"), a corporation organized and existing under and by virtue of the provisions of the General Corporation Law of the State of Delaware (the "General Corporation Law"),

**DOES HEREBY CERTIFY:**

1. A resolution was duly adopted by the Board of Directors of the Corporation pursuant to Section 242 of the General Corporation Law proposing this Amendment of the Corporation's Amended and Restated Certificate of Incorporation and declaring the advisability of this Amendment of the Amended and Restated Certificate of Incorporation, which resolution setting forth the proposed amendment is as follows:

RESOLVED, that Article I of the Amended and Restated Certificate of Incorporation of the Corporation, as amended, be and hereby is deleted in its entirety and the following is inserted in lieu thereof:

"The name of the Corporation is Disc Medicine, Inc."

2. This Certificate of Amendment of the Amended and Restated Certificate of Incorporation shall be effective as of 5:02 p.m. as of December 29, 2022.

[Remainder of page intentionally blank]

**IN WITNESS WHEREOF**, this Corporation has caused this Certificate of Amendment to the Amended and Restated Certificate of Incorporation to be signed by its Interim President and Chief Executive Officer this 29th day of December, 2022.

/s/ Georges Gemayel
Georges Gemayel
Interim President and Chief Executive Officer

**Exhibit 10.1**

**REGISTRATION RIGHTS AGREEMENT**

This Registration Rights Agreement (this "Agreement") is made and entered into as of December 28, 2022, between Disc Medicine Opco, Inc. (f/k/a Disc Medicine, Inc.) a Delaware corporation, and each of the several purchasers signatory hereto (each such purchaser, a "Purchaser" and, collectively, the "Purchasers").

WHEREAS, the Company is party to that certain Agreement and Plan of Merger and Reorganization by and among the Company, Gemstone Merger Sub, Inc., Gemini Therapeutics, Inc. ("Gem"), dated as of August 9, 2022 (the "Merger Agreement"), pursuant to which the Company will become a wholly-owned subsidiary of Gem (the "Merger");

WHEREAS, following the Merger (as defined in the Merger Agreement), Gem will change its name to Disc Medicine, Inc. ("TopCo");

WHEREAS, the Company and the Purchasers are parties to a Subscription Agreement, dated as of the date hereof (the "Purchase Agreement"), pursuant to which the Purchasers, severally and not jointly, are purchasing shares of Common Stock of the Company (the "Purchased Shares"); and

WHEREAS, in connection with the consummation of the transactions contemplated by the Purchase Agreement, and pursuant to the terms of the Purchase Agreement, the parties desire to enter into this Agreement in order to grant certain rights to the Purchasers as set forth below.

NOW, THEREFORE, in consideration of the covenants and promises set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

The Company and each Purchaser hereby agree as follows:

1. Definitions.

Capitalized terms used and not otherwise defined herein that are defined in the Purchase Agreement shall have the meanings given such terms in the Purchase Agreement. As used in this Agreement, the following terms shall have the following meanings:

"Advice" shall have the meaning set forth in Section 6(c).

"Company" means Disc Medicine Opco, Inc. (f/k/a Disc Medicine, Inc.) for all periods prior to closing of the Merger and TopCo for all periods after completion of the Merger.

"Effectiveness Date" means, with respect to the Initial Registration Statement required to be filed hereunder, the 90th calendar day following the date hereof (or, in the event of a "full review" by the Commission, the 120th calendar day following the date hereof) and with respect to any additional Registration Statements that may be required pursuant to Sections 2(b) and 2(c) or Section 3(c), the 60th calendar day following the date on which an additional Registration Statement is required to be filed hereunder (or, in the event of a "full review" by the Commission, the 90th calendar day following the date thereof); provided, however, that in the event the Company is notified by the Commission (orally or in writing) that one or more of the above Registration Statements will not be reviewed or is no longer subject to further review and comments, the Effectiveness Date as to such Registration Statement shall be the fifth Trading Day following the date on which the Company is so notified if such date precedes the dates otherwise required above, provided, further, if such Effectiveness Date falls on a day that is not a Trading Day, then the Effectiveness Date shall be the next succeeding Trading Day.

"Effectiveness Period" shall have the meaning set forth in Section 2(a).

"Filing Date" means, with respect to the Initial Registration Statement required hereunder, the 45th calendar day following the date hereof and, with respect to any additional Registration Statements that may be required pursuant to Sections 2(b) and 2(c) or Section 3(c), the earliest practical date on which the Company is permitted by SEC Guidance to file such additional Registration Statement related to the Registrable Securities.

"Holder" or "Holders" means the holder or holders, as the case may be, from time to time of Registrable Securities.

"Indemnified Party" shall have the meaning set forth in Section 5(c).

"Indemnifying Party" shall have the meaning set forth in Section 5(c).

"Initial Registration Statement" means the initial Registration Statement filed pursuant to this Agreement.

"Losses" shall have the meaning set forth in Section 5(a).

"Plan of Distribution" shall have the meaning set forth in Section 2(a).

"Prospectus" means the prospectus included in a Registration Statement (including, without limitation, a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated by the Commission pursuant to the Securities Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"Registrable Securities" means, as of any date of determination, (a) all shares of Gem common stock issued to the Purchasers at the closing of the Merger in respect of the Purchased Shares (the "Purchase Agreement Shares"), (b) all shares of Gem issued at the closing of the Merger to the Purchasers in respect of all other shares of capital stock of the Company held by Purchaser as of immediately prior to the Effective Time (as defined in the Merger Agreement), and (c) all shares of Gem held by Purchaser as of immediately prior to the Effective Time, (d) any securities issued or then issuable upon any stock split, dividend or other distribution, recapitalization or similar event with respect to the foregoing; provided, however, that any such Registrable Securities shall cease to be Registrable Securities (and the Company shall not be required to maintain the effectiveness of any, or file another, Registration Statement hereunder with respect thereto) upon the earliest to occur of (i) a Registration Statement with respect to the sale of such Registrable Securities is declared effective by the Commission under the Securities Act and such Registrable Securities have been disposed of by the Holder in accordance with such effective Registration Statement, (ii) such Registrable Securities have been previously sold in accordance with Rule 144, (iii) such securities become eligible for resale without volume or manner-of-sale restrictions pursuant to Rule 144 and without the requirement for the Company to be in compliance with the current public information requirement under Rule 144, as determined by counsel to the Company pursuant to a written opinion letter to such effect, addressed, delivered and acceptable to the Company's transfer agent and the affected Holders, and (iv) five years after the date of this Agreement.

"Registration Statement" means any registration statement required to be filed hereunder pursuant to Section 2(a) and any additional registration statements contemplated by Section 2(c) or Section 3(c), including (in each case) the Prospectus, amendments and supplements to any such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in any such registration statement.

"Rule 415" means Rule 415 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"Rule 424" means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"SEC Guidance" means (i) any publicly-available written or oral guidance of the Commission staff, or any comments, requirements or requests of the Commission staff; provided, that any such oral guidance, comments, requirements or requests are reduced to writing by the Commission and (ii) the Securities Act.

"Selling Stockholder Questionnaire" shall have the meaning set forth in Section 3(a).

"Trading Day" means any day on which the Gem Common Stock is traded on a National Exchange.

2. Shelf Registration.

(a) On or prior to each Filing Date, the Company shall (or shall cause TopCo to) prepare and file with the Commission a Registration Statement covering the resale of all of the Registrable Securities that are not then registered on an effective Registration Statement for an offering to be made on a continuous basis pursuant to Rule 415. Each Registration Statement filed hereunder shall be on Form S-3 (except if the Company is not then eligible to register for resale the Registrable Securities on Form S-3, in which case such registration shall be on another appropriate form in accordance herewith, subject to the provisions of Section 2(d)) and shall contain (unless otherwise directed by at least 85% in interest of the Holders) disclosure substantially in the form of the "Plan of Distribution" attached hereto as Annex A and substantially in the form of the "Selling Stockholder" section attached hereto as Annex B. Subject to the terms of this Agreement, the Company shall use its reasonable best efforts to cause a Registration Statement filed under this Agreement (including, without limitation, under Section 3(c)) to be declared effective under the Securities Act as promptly as possible after the filing thereof, but in any event no later than the applicable Effectiveness Date, and shall use its reasonable best efforts to keep such Registration Statement continuously effective under the Securities Act until the earlier of (a) the date that all Registrable Securities covered by such Registration Statement (i) have been sold, thereunder or pursuant to Rule 144, or (ii) may be sold without volume or manner-of-sale restrictions pursuant to Rule 144 and without the requirement for the Company to be in compliance with the current public information requirement under Rule 144, as determined by the counsel to the Company pursuant to a written opinion letter to such effect, addressed and acceptable to the Company's transfer agent and the affected Holders and (b) five years after the date of this Agreement (the "Effectiveness Period"). The Company shall telephonically request effectiveness of a Registration Statement as of 5:00 p.m. (New York City time) on a Trading Day. The Company shall promptly notify the Holders via facsimile or by e-mail of the effectiveness of a Registration Statement on the same Trading Day that the Company telephonically confirms effectiveness with the Commission, which shall be the date requested for effectiveness of such Registration Statement. The Company shall, by 9:30 a.m. (New York City time) on the Trading Day after the effective date of such Registration Statement, file a final Prospectus with the Commission as required by Rule 424.

(b) Notwithstanding the registration obligations set forth in Section 2(a), if the Commission informs the Company that all of the Registrable Securities cannot, as a result of the application of Rule 415, be registered for resale as a secondary offering on a single registration statement, the Company agrees to promptly inform each of the Holders thereof and use its reasonable best efforts to file amendments to the Initial Registration Statement as required by the Commission, covering the maximum number of Registrable Securities permitted to be registered by the Commission, on Form S-3 or such other form available to register for resale the Registrable Securities as a secondary offering; with respect to filing on Form S-3 or other appropriate form; provided, however, that prior to filing such amendment, the Company shall be obligated to use commercially reasonable efforts to advocate with the Commission for the registration of all of the Registrable Securities in accordance with the SEC Guidance, including without limitation, Compliance and Disclosure Interpretation 612.09.

(c) Notwithstanding any other provision of this Agreement, if the Commission or any SEC Guidance sets forth a limitation on the number of Registrable Securities permitted to be registered on a particular Registration Statement as a secondary offering (and notwithstanding that the Company used reasonable efforts to advocate with the Commission for the registration of all or a greater portion of Registrable Securities), unless otherwise directed in writing by a Holder as to its Registrable Securities, the total number of Registrable Securities to be registered on such Registration Statement will be reduced as follows:

a. First, the Company shall reduce or eliminate any securities to be included other than Registrable Securities;
b. Second, the Company shall reduce Registrable Securities represented by Shares other than the Purchase Agreement Shares (applied, in the case that some of such Shares may be registered, to the Holders on a pro rata basis based on the total number of such unregistered Shares held by such Holders); and
c. Third, the Company shall reduce Registrable Securities represented by the Purchase Agreement Shares (applied, in the case that some Purchase Agreement Shares may be registered, to the Holders on a pro rata basis based on the total number of unregistered Purchase Agreement Shares held by such Holders)

In the event of a cutback hereunder, the Company shall give the Holder at least five (5) Trading Days prior written notice along with the calculations as to such Holder's allotment. In the event the Company amends the Initial Registration Statement in accordance with the foregoing, the Company will use its commercially reasonable efforts to file with the Commission, as promptly as allowed by the Commission or SEC Guidance provided to the Company or to registrants of securities in general, one or more registration statements on Form S-3 or such other form available to register for resale those Registrable Securities that were not registered for resale on the Initial Registration Statement, as amended.

(d) If Form S-3 is not available for the registration of the resale of Registrable Securities hereunder, the Company shall (i) register the resale of the Registrable Securities on another appropriate form and (ii) undertake to register the Registrable Securities on Form S-3 as soon as such form is available, provided that the Company shall maintain the effectiveness of the Registration Statement then in effect until such time as a Registration Statement on Form S-3 covering the Registrable Securities has been declared effective by the Commission.

(e) Notwithstanding anything to the contrary contained herein, in no event shall the Company be permitted to name any Holder or affiliate of a Holder as an underwriter in any Registration Statement without the prior written consent of such Holder.

3. Registration Procedures.

In connection with the Company's registration obligations hereunder, the Company shall:

(a) Not less than five (5) Trading Days prior to the filing of each Registration Statement and not less than one (1) Trading Day prior to the filing of any related Prospectus or any amendment or supplement thereto (including any document that would be incorporated or deemed to be incorporated therein by reference), the Company shall (i) furnish to each Holder copies of all such documents proposed to be filed, which documents (other than those incorporated or deemed to be incorporated by reference) will be subject to the review of such Holders, and (ii) use commercially reasonable efforts to cause its officers and directors, counsel and independent registered public accountants to respond to such inquiries as shall be necessary, in the reasonable opinion of respective counsel to each Holder, to conduct a reasonable investigation within the meaning of the Securities Act. The Company shall not file a Registration Statement or any such Prospectus or any amendments or supplements thereto to which the Required Holders (as defined below) shall reasonably object in good faith, provided that, the Company is notified of such objection in writing no later than five (5) Trading Days after the Holders have been so furnished copies of a Registration Statement or one (1) Trading Day after the Holders have been so furnished copies of any related Prospectus or amendments or supplements thereto. Each Holder agrees to furnish to the Company a completed questionnaire in the form attached to this Agreement as Annex C (a "Selling Stockholder Questionnaire") on a date that is not less than two (2) Trading Days prior to the Filing Date or by the end of the fourth ($4^{th}$) Trading Day following the date on which such Holder receives draft materials in accordance with this Section. The Company shall not be required to include any Registrable Securities in the Registration Statement for any Holder that has not provided such Selling Stockholder Questionnaire.

(b) (i) Prepare and file with the Commission such amendments, including post-effective amendments, to a Registration Statement and the Prospectus used in connection therewith as may be necessary to keep a Registration Statement continuously effective as to the applicable Registrable Securities for the Effectiveness Period and prepare and file with the Commission such additional Registration Statements in order to register for resale under the Securities Act all of the Registrable Securities, (ii) cause the related Prospectus to be amended or supplemented by any required Prospectus supplement (subject to the terms of this Agreement), and, as so supplemented or amended, to be filed pursuant to Rule 424, (iii) respond as promptly as reasonably possible to any comments received from the Commission with respect to a Registration Statement or any amendment thereto and provide as promptly as reasonably possible to the Holders true and complete copies of all correspondence from and to the Commission relating to a Registration Statement (provided that, the Company shall excise any information contained therein that would constitute material non-public information regarding the Company or any of its subsidiaries), and (iv) comply in all material respects with the applicable provisions of the Securities Act and the Exchange Act with respect to the disposition of all Registrable Securities covered by a Registration Statement during the applicable period in accordance (subject to the terms of this Agreement) with the intended methods of disposition by the Holders thereof set forth in such Registration Statement as so amended or in such Prospectus as so supplemented.

(c) If during the Effectiveness Period, the number of Registrable Securities at any time exceeds 100% of the number of shares of Common Stock then registered in a Registration Statement, then the Company shall, subject to Sections 2(b) and 2(c), if applicable, file as soon as reasonably practicable, but in any case prior to the applicable Filing Date, an additional Registration Statement covering the resale by the Holders of not less than the number of such Registrable Securities.

(d) Notify the Holders of Registrable Securities to be sold (which notice shall, pursuant to clauses (iii) through (vi) hereof, be accompanied by an instruction to suspend the use of the Prospectus until the requisite changes have been made) as promptly as reasonably possible (and, in the case of (i)(A) below, not less than one (1) Trading Day prior to such filing) and (if requested by any such Person) confirm such notice in writing no later than one (1) Trading Day following the day (i)(A) when a Prospectus or any Prospectus supplement or post-effective amendment to a Registration Statement is proposed to be filed, (B) when the Commission notifies the Company whether there will be a "review" of such Registration Statement and whenever the Commission comments in writing on such Registration Statement, and (C) with respect to a Registration Statement or any post-effective amendment, when the same has become effective, (ii) of any request by the Commission or any other federal or state governmental authority for amendments or supplements to a Registration Statement or Prospectus or for additional information, (iii) of the issuance by the Commission or any other federal or state governmental authority of any stop order suspending the effectiveness of a Registration Statement covering any or all of the Registrable Securities or the initiation of any Proceedings for that purpose, (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any action, suit, proceeding, inquiry or investigation before or brought by any Governmental Entity (a "Proceeding) for such purpose, (v) of the occurrence of any event or passage of time that makes the financial statements included in a Registration Statement ineligible for inclusion therein or any statement made in a Registration Statement or Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires any revisions to a Registration Statement, Prospectus or other documents so that, in the case of a Registration Statement or the Prospectus, as the case may be, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (vi) of the occurrence or existence of any pending corporate development with respect to the Company that the Company believes may be material and that, in the determination of the Company, makes it not in the best interest of the Company to allow continued availability of a Registration Statement or Prospectus; provided, however, that in no event shall any such notice contain any information that would constitute material, non-public information regarding the Company or any of its subsidiaries.

(e) Use its commercially reasonable efforts to avoid the issuance of, or, if issued, obtain the withdrawal of (i) any order stopping or suspending the effectiveness of a Registration Statement, or (ii) any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment.

(f) If requested by a Holder, furnish to each Holder, without charge, at least one conformed copy of each such Registration Statement and each amendment thereto, including financial statements and schedules, all documents incorporated or deemed to be incorporated therein by reference to the extent requested by such Person, and all exhibits to the extent requested by such Person (including those previously furnished or incorporated by reference) promptly after the filing of such documents with the Commission, provided that any such item that is available on the EDGAR system (or successor thereto) need not be furnished in physical form.

(g) Subject to the terms of this Agreement, the Company hereby consents to the use of such Prospectus and each amendment or supplement thereto by each of the selling Holders in connection with the offering and sale of the Registrable Securities covered by such Prospectus and any amendment or supplement thereto, except after the giving of any notice pursuant to Section 3(d).

(h) Prior to any resale of Registrable Securities by a Holder, use its commercially reasonable efforts to register or qualify or cooperate with the selling Holders in connection with the registration or qualification (or exemption from the registration or qualification) of such Registrable Securities for the resale by the Holder under the securities or Blue Sky laws of such jurisdictions within the United States as any Holder reasonably requests in writing, to keep each registration or qualification (or exemption therefrom) effective during the Effectiveness Period and to do any and all other acts or things reasonably necessary to enable the disposition in such jurisdictions of the Registrable Securities covered by each Registration Statement, provided that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified, subject the Company to any material tax in any such jurisdiction where it is not then so subject or file a general consent to service of process in any such jurisdiction.

(i) If requested by a Holder, cooperate with such Holder to facilitate the timely preparation and delivery of certificates or book entry statements, as applicable, representing Registrable Securities to be delivered to a transferee pursuant to a Registration Statement, which certificates shall be free, to the extent permitted by the Purchase Agreement, of all restrictive legends, and to enable such Registrable Securities to be in such denominations and registered in such names as any such Holder may reasonably request; provided that Holder furnishes to Company a completed Holder Representation Letter in substantially the form attached hereto as Annex D and such other customary representations as may be required in connection therewith.

(j) Upon the occurrence of any event contemplated by Section 3(d), as promptly as reasonably possible under the circumstances taking into account the Company's good faith assessment of any adverse consequences to the Company and its stockholders of the premature disclosure of such event, prepare a supplement or amendment, including a post-effective amendment, to a Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, neither a Registration Statement nor such Prospectus will contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Holders in accordance with clauses (iii) through (vi) of Section 3(d) above to suspend the use of any Prospectus until the requisite changes to such Prospectus have been made, then the Holders shall suspend use of such Prospectus; provided that the Company shall only be entitled to exercise its right under this Section 3(j) to suspend the availability of a Registration Statement and Prospectus for a period not to exceed 60 calendar days (which need not be consecutive days) in any 12-month period. The Company will use its reasonable best efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable.

(k) Otherwise use commercially reasonable efforts to comply with all applicable rules and regulations of the Commission under the Securities Act and the Exchange Act, including, without limitation, Rule 172 under the Securities Act, file any final Prospectus, including any supplement or amendment thereof, with the Commission pursuant to Rule 424 under the Securities Act, promptly inform the Holders in writing if, at any time during the Effectiveness Period, the Company does not satisfy the conditions specified in Rule 172 and, as a result thereof, the Holders are required to deliver a Prospectus in connection with any disposition of Registrable Securities and take such other actions as may be reasonably necessary to facilitate the registration of the Registrable Securities hereunder.

(l) The Company shall use its commercially reasonable efforts to maintain eligibility for use of Form S-3 (or any successor form thereto) for the registration of the resale of the Registrable Securities once eligible to use such form.

(m) The Company may require each selling Holder to furnish to the Company a certified statement as to the number of shares of Common Stock beneficially owned by such Holder and, if required by the Commission, the natural persons thereof that have voting and dispositive control over the shares.

(n) The Company shall use its reasonable best efforts to cause (i) all Shares to be listed on each securities exchange or market, if any, on which the shares of Gem Common Stock have been listed.

(o) The Company shall, at its sole expense, upon appropriate notice from a Holder stating that Registrable Securities have been sold or transferred pursuant to an effective Registration Statement, timely prepare and deliver certificates or evidence of book-entry positions representing the Registrable Securities to be delivered to a transferee pursuant to such Registration Statement, which certificates or book-entry positions shall be free of any restrictive legends and in such denominations and registered in such names as the undersigned may request. Further, the Company shall use its commercially reasonable efforts, at its sole expense, to cause its legal counsel to (a) issue to the transfer agent and maintain a “blanket” legal opinion instructing the transfer agent that, in connection with a sale or transfer of “restricted securities” (i.e., securities issued pursuant to an exemption from the registration requirements of Section 5 of the Securities Act), the resale or transfer of which restricted securities has been registered pursuant to an effective Registration Statement by the holder thereof named in such Registration Statement, upon receipt of an appropriate broker representation letter and other such documentation as the Company’s counsel deems necessary and appropriate and after confirming compliance with relevant prospectus delivery requirements, is authorized to remove any applicable restrictive legend in connection with such sale or transfer and (b) if the Registrable Securities are not registered pursuant to an effective Registration Statement, issue to the transfer agent a legal opinion to facilitate the sale or transfer of the Registrable Securities and removal of any restrictive legends pursuant to any exemption from the registration requirements of Section 5 of the Securities Act that may be available to the undersigned, upon request; provided, that in the case of a request to remove such restrictive legends in connection with a sale or transfer of Registrable Securities pursuant to clause (a) or (b) above, the Company shall use its commercially reasonable efforts to cause the Company’s transfer agent to remove any such applicable restrictive legends in connection with such sale or transfer within two Business Days of such request. The Company shall be responsible for the fees of its transfer agent, its legal counsel and all DTC fees associated with any such request.

4. Registration Expenses. All fees and expenses incident to the performance of or compliance with, this Agreement by the Company shall be borne by the Company whether or not any Registrable Securities are sold pursuant to a Registration Statement. The fees and expenses referred to in the foregoing sentence shall include, without limitation, (i) all registration and filing fees (including, without limitation, fees and expenses of the Company's counsel and independent registered public accountants) (A) with respect to filings made with the Commission, (B) with respect to filings required to be made with any National Exchange on which the Common Stock is then listed for trading, and (C) in compliance with applicable state securities or Blue Sky laws reasonably agreed to by the Company in writing (including, without limitation, fees and disbursements of counsel for the Company in connection with Blue Sky qualifications or exemptions of the Registrable Securities), (ii) printing expenses (including, without limitation, expenses of printing certificates for Registrable Securities), (iii) messenger, telephone and delivery expenses, (iv) fees and disbursements of counsel for the Company, (v) Securities Act liability insurance, if the Company so desires such insurance, (vi) fees and expenses of all other Persons retained by the Company in connection with the consummation of the transactions contemplated by this Agreement, and (vii) the reasonable fees and expenses, not to exceed $35,000, of one counsel for the selling Holders selected by the Holders of a majority of the Registrable Securities to be registered. In addition, the Company shall be responsible for all of its internal expenses incurred in connection with the consummation of the transactions contemplated by this Agreement (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit and the fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange as required hereunder. In no event shall the Company be responsible for any underwriting, broker or similar fees or commissions of any Holder or, except to the extent provided for in the Purchase Agreement or this Agreement, any legal fees or other costs of the Holders.

5. Indemnification.

(a) Indemnification by the Company. The Company shall, notwithstanding any termination of this Agreement, indemnify and hold harmless each Holder and its affiliates, the officers, directors, members, partners, agents, brokers (including brokers who offer and sell Registrable Securities as principal as a result of a pledge or any failure to perform under a margin call of Common Stock), investment advisors and employees (and any other Persons with a functionally equivalent role of a Person holding such titles, notwithstanding a lack of such title or any other title) of each of them, each Person who controls any such Holder (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act) and the officers, directors, members, stockholders, partners, agents and employees (and any other Persons with a functionally equivalent role of a Person holding such titles, notwithstanding a lack of such title or any other title) of each such controlling Person, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, liabilities, costs (including, without limitation, reasonable and documented attorneys' fees) and expenses (collectively, "Losses"), as incurred, arising out of or based solely upon (1) any untrue or alleged untrue statement of a material fact contained in a Registration Statement, any Prospectus or any form of prospectus or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or supplement thereto, in light of the circumstances under which they were made) not misleading or (2) any violation or alleged violation by the Company of the Securities Act, the Exchange Act or any state securities law, or any rule or regulation thereunder, in connection with the performance of its obligations under this Agreement, except to the extent, but only to the extent, that (i) such untrue statements or omissions are based solely upon information regarding such Holder furnished in writing to the Company by such Holder expressly for use therein, or to the extent that such information relates to such Holder or such Holder's proposed method of distribution of Registrable Securities and was reviewed and expressly approved in writing by such Holder expressly for use in a Registration Statement, such Prospectus or in any amendment or supplement thereto (it being understood that the Holder has approved Annex A hereto for this purpose) or (ii) in the case of an occurrence of an event of the type specified in Section 3(d)(iii)-(vi), the use by such Holder of an outdated, defective or otherwise unavailable Prospectus after the Company has notified such Holder in writing that the Prospectus is outdated, defective or otherwise unavailable for use by such Holder and prior to the receipt by such Holder of the Advice contemplated in Section 6(c). The Company shall notify the Holders promptly of the institution, threat or assertion of any Proceeding arising from or in connection with the transactions contemplated by this Agreement of which the Company is aware. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such indemnified person and shall survive the transfer of any Registrable Securities by any of the Holders in accordance with Section 6(f).

(b) Indemnification by Holders. Each Holder shall, severally and not jointly, indemnify and hold harmless the Company, its directors, officers, agents and employees, each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, agents or employees of such controlling Persons, to the fullest extent permitted by applicable law, from and against all Losses, as incurred, to the extent arising out of or based solely upon any untrue or alleged untrue statement of a material fact contained in any Registration Statement, any Prospectus, or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or relating to any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein (in the case of any Prospectus or supplement thereto, in the light of the circumstances under which they were made) not misleading to the extent, but only to the extent, that such untrue statement or omission is contained in any information so furnished in writing by such Holder to the Company expressly for inclusion in such Registration Statement or such Prospectus, including information provided in the Selling Stockholder Questionnaire or regarding the proposed method of distribution of Registrable Securities that was reviewed and expressly approved in writing by such Holder expressly for use in a Registration Statement (it being understood that the Holder has approved Annex A hereto for this purpose), such Prospectus or in any amendment or supplement thereto. In no event shall the liability of a selling Holder be greater in amount than the dollar amount of the proceeds (net of all expenses paid by such Holder in connection with any claim relating to this Section 5 and the amount of any damages such Holder has otherwise been required to pay by reason of such untrue statement or omission) received by such Holder upon the sale of the Registrable Securities included in the Registration Statement giving rise to such indemnification obligation.

(c) Conduct of Indemnification Proceedings. If any Proceeding shall be brought or asserted against any Person entitled to indemnity hereunder (an "Indemnified Party"), such Indemnified Party shall promptly notify the Person from whom indemnity is sought (the "Indemnifying Party") in writing, and the Indemnifying Party shall have the right to assume the defense thereof, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all reasonable fees and expenses incurred in connection with defense thereof, provided that the failure of any Indemnified Party to give such notice shall not relieve the Indemnifying Party of its obligations or liabilities pursuant to this Agreement, except (and only) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) that such failure shall have materially and adversely prejudiced the Indemnifying Party.

An Indemnified Party shall have the right to employ separate counsel in any such Proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Parties unless: (1) the Indemnifying Party has agreed in writing to pay such fees and expenses, (2) the Indemnifying Party shall have failed promptly to assume the defense of such Proceeding and to employ counsel reasonably satisfactory to such Indemnified Party in any such Proceeding, or (3) the named parties to any such Proceeding (including any impleaded parties) include both such Indemnified Party and the Indemnifying Party, and counsel to the Indemnified Party shall reasonably believe that a material conflict of interest is likely to exist if the same counsel were to represent such Indemnified Party and the Indemnifying Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense thereof and the reasonable fees and expenses of no more than one separate counsel shall be at the expense of the Indemnifying Party). The Indemnifying Party shall not be liable for any settlement of any such Proceeding effected without its written consent, which consent shall not be unreasonably withheld or delayed. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement of any pending Proceeding in respect of which any Indemnified Party is a party, unless such settlement includes an unconditional release of such Indemnified Party from all liability on claims that are the subject matter of such Proceeding.

Subject to the terms of this Agreement, all reasonable and documented fees and expenses of the Indemnified Party (including reasonable and documented fees and expenses to the extent incurred in connection with investigating or preparing to defend such Proceeding in a manner not inconsistent with this Section) shall be paid to the Indemnified Party, as incurred, within ten Trading Days of written notice thereof to the Indemnifying Party, provided that the Indemnified Party shall promptly reimburse the Indemnifying Party for that portion of such fees and expenses applicable to such actions for which such Indemnified Party is finally determined by a court of competent jurisdiction (which determination is not subject to appeal or further review) not to be entitled to indemnification hereunder.

(d) Contribution. If the indemnification under Section 5(a) or 5(b) is unavailable to an Indemnified Party or insufficient to hold an Indemnified Party harmless for any Losses, then each Indemnifying Party shall contribute to the amount paid or payable by such Indemnified Party, in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party and Indemnified Party in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of such Indemnifying Party and Indemnified Party shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission of a material fact, has been taken or made by, or relates to information supplied by, such Indemnifying Party or Indemnified Party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action, statement or omission. The amount paid or payable by a party as a result of any Losses shall be deemed to include, subject to the limitations set forth in this Agreement, any reasonable attorneys' or other fees or expenses incurred by such party in connection with any Proceeding to the extent such party would have been indemnified for such fees or expenses if the indemnification provided for in this Section was available to such party in accordance with its terms.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 5(d) were determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to in the immediately preceding paragraph. In no event shall the contribution obligation of a Holder of Registrable Securities be greater in amount than the dollar amount of the proceeds (net of all expenses paid by such Holder in connection with any claim relating to this Section 5 and the amount of any damages such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission) received by it upon the sale of the Registrable Securities giving rise to such contribution obligation.

The indemnity and contribution agreements contained in this Section are in addition to any liability that the Indemnifying Parties may have to the Indemnified Parties.

6. Miscellaneous.

(a) Remedies. In the event of a breach by the Company or by a Holder of any of their respective obligations under this Agreement, each Holder or the Company, as the case may be, in addition to being entitled to exercise all rights granted by law and under this Agreement, including recovery of damages, shall be entitled to specific performance of its rights under this Agreement. Each of the Company and each Holder agrees that monetary damages would not provide adequate compensation for any losses incurred by reason of a breach by it of any of the provisions of this Agreement and hereby further agrees that, in the event of any action for specific performance in respect of such breach, it shall not assert or shall waive the defense that a remedy at law would be adequate.

(b) No Piggyback on Registrations; Prohibition on Filing Other Registration Statements. Neither the Company nor any of its security holders (other than the Holders in such capacity pursuant hereto) may include securities of the Company in any Registration Statements other than the Registrable Securities. The Company shall not file any other registration statements until all Registrable Securities are registered pursuant to a Registration Statement that is declared effective by the Commission, provided that this Section 6(b) shall not prohibit the Company from filing amendments to registration statements filed prior to the date of this Agreement so long as no new securities are registered on any such existing registration statements, nor preparing and filing with the Commission a registration statements on Form S-8 relating to its equity incentive plans.

(c) Discontinued Disposition. By its acquisition of Registrable Securities, each Holder agrees that, upon receipt of a notice from the Company of the occurrence of any event of the kind described in Section 3(d)(iii) through (vi), such Holder will forthwith discontinue disposition of such Registrable Securities under a Registration Statement until it is advised in writing (the "Advice") by the Company that the use of the applicable Prospectus (as it may have been supplemented or amended) may be resumed. The Company will use its commercially reasonable efforts to ensure that the use of the Prospectus may be resumed as promptly as is practicable.

(d) Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, unless the same shall be in writing and signed by the Company and the Required Holders, provided that, if any amendment, modification or waiver disproportionately and adversely impacts a Holder (or group of Holders), the consent of such disproportionately impacted Holder (or group of Holders) shall be required. If a Registration Statement does not register all of the Registrable Securities pursuant to a waiver or amendment done in compliance with the previous sentence, then the number of Registrable Securities to be registered for each Holder shall be reduced pro rata among all Holders and each Holder shall have the right to designate which of its Registrable Securities shall be omitted from such Registration Statement. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of a Holder or some Holders and that does not directly or indirectly affect the rights of other Holders may be given only by such Holder or Holders of all of the Registrable Securities to which such waiver or consent relates; provided, however, that the provisions of this sentence may not be amended, modified, or supplemented except in accordance with the provisions of the first sentence of this Section 6(d). No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of this Agreement unless the same consideration also is offered to all of the parties to this Agreement. As used herein, "Required Holders" means Holders of 50.1% or more of the then outstanding Registrable Securities (for purposes of clarification, this includes any securities issuable upon conversion or exercise of any Registrable Security).

(e) Notices. Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be delivered as set forth in the Purchase Agreement.

(f) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. The Company may not assign (except by merger) its rights or obligations hereunder without the prior written consent of all of the Holders of the then outstanding Registrable Securities. Each Holder may assign their respective rights hereunder in the manner and to the Persons as permitted under Section 9.04 of the Purchase Agreement.

(g) No Inconsistent Agreements. Neither the Company nor any of its subsidiaries has entered, as of the date hereof, nor shall the Company or any of its subsidiaries, on or after the date of this Agreement, enter into any agreement with respect to its securities, that would have the effect of impairing the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. Neither the Company nor any of its subsidiaries has previously entered into any agreement granting any registration rights with respect to any of its securities to any Person that have not been satisfied in full.

(h) Execution and Counterparts. This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page was an original thereof.

(i) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be determined in accordance with the provisions of the Purchase Agreement.

(j) Cumulative Remedies. The remedies provided herein are cumulative and not exclusive of any other remedies provided by law.

(k) Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(l) Headings. The headings in this Agreement are for convenience only, do not constitute a part of the Agreement and shall not be deemed to limit or affect any of the provisions hereof.

(m) Independent Nature of Holders' Obligations and Rights. The obligations of each Holder hereunder are several and not joint with the obligations of any other Holder hereunder, and no Holder shall be responsible in any way for the performance of the obligations of any other Holder hereunder. Nothing contained herein or in any other agreement or document delivered at any closing, and no action taken by any Holder pursuant hereto or thereto, shall be deemed to constitute the Holders as a partnership, an association, a joint venture or any other kind of group or entity, or create a presumption that the Holders are in any way acting in concert or as a group or entity with respect to such obligations or the transactions contemplated by this Agreement or any other matters, and the Company acknowledges that the Holders are not acting in concert or as a group, and the Company shall not assert any such claim, with respect to such obligations or transactions. Each Holder shall be entitled to protect and enforce its rights, including without limitation the rights arising out of this Agreement, and it shall not be necessary for any other Holder to be joined as an additional party in any proceeding for such purpose. The use of a single agreement with respect to the obligations of the Company contained was solely in the control of the Company, not the action or decision of any Holder, and was done solely for the convenience of the Company and not because it was required or requested to do so by any Holder. It is expressly understood and agreed that each provision contained in this Agreement is between the Company and a Holder, solely, and not between the Company and the Holders collectively and not between and among Holders.

**********

*(Signature Pages Follow)*

IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

**DISC MEDICINE OPCO, INC.**

By: _____
Name:
Title:

[SIGNATURE PAGE OF HOLDERS FOLLOWS]

Name of Holder: _____

*Signature of Authorized Signatory of Holder*: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

[SIGNATURE PAGES CONTINUE]

**Annex A**

Plan of Distribution

Each Selling Stockholder (the "Selling Stockholders") of the securities and any of their pledgees, assignees and successors-in-interest may, from time to time, sell any or all of their securities covered hereby on the principal Trading Market or any other stock exchange, market or trading facility on which the securities are traded or in private transactions. These sales may be at fixed or negotiated prices. A Selling Stockholder may use any one or more of the following methods when selling securities:

- ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;
- block trades in which the broker-dealer will attempt to sell the securities as agent but may position and resell a portion of the block as principal to facilitate the transaction;
- purchases by a broker-dealer as principal and resale by the broker-dealer for its account;
- an exchange distribution in accordance with the rules of the applicable exchange;
- privately negotiated transactions;
- settlement of short sales;
- in transactions through broker-dealers that agree with the Selling Stockholders to sell a specified number of such securities at a stipulated price per security;
- through the writing or settlement of options or other hedging transactions, whether through an options exchange or otherwise;
- a combination of any such methods of sale; or
- any other method permitted pursuant to applicable law.

The Selling Stockholders may also sell securities under Rule 144 or any other exemption from registration under the Securities Act of 1933, as amended (the "Securities Act"), if available, rather than under this prospectus.

Broker-dealers engaged by the Selling Stockholders may arrange for other brokers-dealers to participate in sales. Broker-dealers may receive commissions or discounts from the Selling Stockholders (or, if any broker-dealer acts as agent for the purchaser of securities, from the purchaser) in amounts to be negotiated, but, except as set forth in a supplement to this Prospectus, in the case of an agency transaction not in excess of a customary brokerage commission in compliance with FINRA Rule 2121; and in the case of a principal transaction a markup or markdown in compliance with FINRA Rule 2121.

In connection with the sale of the securities or interests therein, the Selling Stockholders may enter into hedging transactions with broker-dealers or other financial institutions, which may in turn engage in short sales of the securities in the course of hedging the positions they assume. The Selling Stockholders may also sell securities short and deliver these securities to close out their short positions, or loan or pledge the securities to broker-dealers that in turn may sell these securities. The Selling Stockholders may also enter into option or other transactions with broker-dealers or other financial institutions or create one or more derivative securities that require the delivery to such broker-dealer or other financial institution of securities offered by this prospectus, which securities such broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

The Selling Stockholders and any broker-dealers or agents that are involved in selling the securities may be deemed to be "underwriters" within the meaning of the Securities Act in connection with such sales. In such event, any commissions received by such broker-dealers or agents and any profit on the resale of the securities purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act. Each Selling Stockholder has informed the Company that it does not have any written or oral agreement or understanding, directly or indirectly, with any person to distribute the securities.

The Company is required to pay certain fees and expenses incurred by the Company incident to the registration of the securities. The Company has agreed to indemnify the Selling Stockholders against certain losses, claims, damages and liabilities, including liabilities under the Securities Act.

We agreed to keep this prospectus effective until the earlier of (i) the date on which the securities may be resold by the Selling Stockholders without registration and without regard to any volume or manner-of-sale limitations by reason of Rule 144, and without the requirement for the Company to be in compliance with the current public information under Rule 144 under the Securities Act or any other rule of similar effect, or (ii) all of the securities have been sold pursuant to this prospectus or Rule 144 under the Securities Act or any other rule of similar effect. The resale securities will be sold only through registered or licensed brokers or dealers if required under applicable state securities laws. In addition, in certain states, the resale securities covered hereby may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

Under applicable rules and regulations under the Exchange Act, any person engaged in the distribution of the resale securities may not simultaneously engage in market making activities with respect to the common stock for the applicable restricted period, as defined in Regulation M, prior to the commencement of the distribution. In addition, the Selling Stockholders will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, including Regulation M, which may limit the timing of purchases and sales of the common stock by the Selling Stockholders or any other person. We will make copies of this prospectus available to the Selling Stockholders and have informed them of the need to deliver a copy of this prospectus to each purchaser at or prior to the time of the sale (including by compliance with Rule 172 under the Securities Act).

## SELLING STOCKHOLDERS

For additional information regarding the issuances of those shares of common stock being registered for resale in this registration statement, see "Private Placement of Shares of Common Stock" and "Business Combination of [•] and [•]" above. We are registering the shares of common stock in order to permit the selling stockholders to offer the shares for resale from time to time.

The table below lists the selling stockholders and other information regarding the beneficial ownership of the shares of common stock by each of the selling stockholders. The second column lists the number of shares of common stock beneficially owned by each selling stockholder, based on its ownership of the shares of common stock, as of _____, 2022.

The third column lists the shares of common stock being offered by this prospectus by the selling stockholders.

The fourth column reflects the number of shares of common stock beneficially owned by each selling stockholder, assuming the sale of all of the shares offered by the selling stockholders pursuant to this prospectus.

The selling stockholders may sell all, some or none of their shares in this offering. See "Plan of Distribution."

| Name of Selling Stockholder | Number of shares of Common Stock Owned Prior to Offering | Maximum Number of shares of Common Stock to be Sold Pursuant to this Prospectus | Number of shares of Common Stock Owned After Offering |
|---|---|---|---|
| | | | |

**Annex C**

**Selling Stockholder Notice and Questionnaire**

The undersigned owner of Registrable Securities (as such term is defined in the Registration Rights Agreement) of Disc Medicine, Inc., a Delaware corporation (the "Company"), understands that the Company has filed or intends to file with the Securities and Exchange Commission (the "Commission") a Registration Statement for the registration and resale under Rule 415 of the Securities Act of 1933, as amended (the "Securities Act"), of the Registrable Securities, in accordance with the terms of the Registration Rights Agreement dated as of December 28, 2022 to which the Company and the undersigned are parties (the "Registration Rights Agreement"). A copy of the Registration Rights Agreement is available from the Company upon request at the address set forth below. All capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Registration Rights Agreement.

Certain legal consequences arise from being named as a selling stockholder in the Registration Statement and the related prospectus. Accordingly, holders and beneficial owners of Registrable Securities are advised to consult their own securities law counsel regarding the consequences of being named or not being named as a selling stockholder in the Registration Statement and the related prospectus.

**NOTICE**

The undersigned beneficial owner (the "Selling Stockholder") of Registrable Securities hereby elects to include the Registrable Securities owned by it in the Registration Statement.

---

The undersigned hereby provides the following information to the Company and represents and warrants that such information is accurate:

**QUESTIONNAIRE**

**1. Name.**

(a) Full Legal Name of Selling Stockholder

---

(b) Full Legal Name of Registered Holder (if not the same as (a) above) through which Registrable Securities are held:

---

(c) Full Legal Name of Natural Control Person (which means a natural person who directly or indirectly alone or with others has power to vote or dispose of the securities covered by this Questionnaire):

---

**2. Address for Notices to Selling Stockholder:**

Telephone: _____

Fax: _____

---

Contact Person: _____

**3. Broker-Dealer Status:**

(a) Are you a broker-dealer?

Yes ☐ No ☐

(b) If "yes" to Section 3(a), did you receive your Registrable Securities as compensation for investment banking services to the Company?

Yes ☐ No ☐

Note: If "no" to Section 3(b), the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

(c) Are you an affiliate of a broker-dealer?

Yes ☐ No ☐

(d) If you are an affiliate of a broker-dealer, do you certify that you purchased the Registrable Securities in the ordinary course of business, and at the time of the purchase of the Registrable Securities to be resold, you had no agreements or understandings, directly or indirectly, with any person to distribute the Registrable Securities?

Yes ☐ No ☐

Note: If "no" to Section 3(d), the Commission's staff has indicated that you should be identified as an underwriter in the Registration Statement.

**4. Ownership of Securities of the Company Owned by the Selling Stockholder.**

*Except as set forth below in this Item 4, the undersigned is not the beneficial or registered owner of any securities of the Company other than the securities issuable pursuant to the Purchase Agreement.*

(a) Type and Amount of other Company securities owned by the Selling Stockholder (including beneficially owned, as applicable):

_____

_____

**5. Relationships with the Company:**

*Except as set forth below, neither the undersigned nor any of its affiliates, officers, directors or principal equity holders (owners of 5% of more of the equity securities of the undersigned) has held any position or office or has had any other material relationship with the Company (or its predecessors or affiliates) during the past three years.*

State any exceptions here:

_____

_____

_____

The undersigned agrees to promptly notify the Company of any material inaccuracies or changes in the information provided herein that may occur subsequent to the date hereof at any time while the Registration Statement remains effective; provided, that the undersigned shall not be required to notify the Company of any changes to the number of securities held or owned by the undersigned or its affiliates.

By signing below, the undersigned consents to the disclosure of the information contained herein in its answers to Items 1 through 5 and the inclusion of such information in the Registration Statement and the related prospectus and any amendments or supplements thereto. The undersigned understands that such information will be relied upon by the Company in connection with the preparation or amendment of the Registration Statement and the related prospectus and any amendments or supplements thereto.

IN WITNESS WHEREOF the undersigned, by authority duly given, has caused this Notice and Questionnaire to be executed and delivered either in person or by its duly authorized agent.

Date: _____

Beneficial Owner: _____

By: _____
Name:
Title:

**PLEASE FAX A COPY (OR EMAIL A .PDF COPY) OF THE COMPLETED AND EXECUTED NOTICE AND QUESTIONNAIRE TO:**

HOLDER REPRESENTATION LETTER

_____ __, 20__

Disc Medicine, Inc.

Goodwin Procter LLP
100 Northern Ave.
Boston, MA 02110

To Whom It May Concern:

The undersigned (the "Holder") hereby requests that the federal securities law restrictive legend be removed from the book entries representing _____ of shares (the "Shares") of common stock, par value $0.0001 per share (the "Common Stock"), of Disc Medicine, Inc. (the "Company"). In connection with the legend removal, Holder hereby represents to, and agrees with, you as follows:

1. The Shares are owned of record and beneficially by Holder.

2. Holder agrees that, if the Shares are not eligible to be sold pursuant to Rule 144 promulgated under the Securities Act of 1933, as amended (the "Securities Act"), any offer, sale or transfer of, or other transaction involving, the Shares will only be made (i) pursuant to the Company's Registration Statement (the "Registration Statement") filed pursuant to the Securities Act, in a transaction contemplated in the "Plan of Distribution" section of the prospectus included in the Registration Statement and in accordance with the terms and conditions set forth in the Registration Rights Agreement, dated December 28, 2022, by and among Disc Medicine, Inc. and Purchasers (the "RRA"), including, but not limited to, the restrictions upon sales that may be imposed as set forth in the RRA or (ii) to an exemption from the registration requirements of the Securities Act subject to receipt of a legal opinion from Goodwin Procter LLP or other counsel acceptable to the Company that such offer, sale or transfer is exempt from the registration requirements of the Securities Act;

3. Holder agrees, for the benefit of the Company and Goodwin Procter LLP, that it will (i) not offer and sell, or cause or permit to be offered or sold, any Shares in violation of federal and state securities laws, including, without limitation, prospectus delivery requirements of the Securities Act and (ii) immediately stop selling or transferring Shares pursuant to the Registration Statement upon receipt of written notice from the Company that the Registration Statement may not be used to effect offers, sales or other transfers of the Shares;

4. Holder (or, in the case of individuals, Holder's employer) has in place internal policies and procedures to monitor and ensure that no offer, sale or transfer of, or other transaction involving, the Shares is made in violation of the foregoing restrictions, and Holder will monitor all transactions involving the Shares for the purpose of ensuring that they comply with all federal and state securities laws;

5. Holder agrees that, in the event the Company in the future reasonably determines that the Shares should be evidenced by a certificate bearing appropriate restrictive transfer legends (and/or a book-entry including a notation of restricted security status) because the Registration Statement is not available for the resale of the Shares and the Shares are not eligible to be sold pursuant to Rule 144 promulgated under the Securities Act, the undersigned will take all reasonable action to cause all Shares it then owns or controls to be delivered promptly to the Company's transfer agent in exchange for one or more stock certificates or warrant certificates bearing restrictive legends (and/or book-entries including a notation of restricted security status) deemed appropriate by the Company;

6. Holder acknowledges that the Shares shall remain "restricted securities" as that term is defined for purposes of the Securities Act notwithstanding the removal of their federal securities law restrictive legend, and Holder agrees that it will inform its brokers of the fact that such securities are "restricted securities" before any offer, sale or transfer of, or other transaction involving, the Shares. In addition, Holder shall notify the Company of all brokers in whose name, or on whose behalf, any of the Shares are being held on behalf of Holder; and

7. Holder is familiar with the requirements for effecting resales or transfers of, or other transactions involving, the Shares in compliance with federal and state securities laws and acknowledges and agrees that the Company and Goodwin Procter LLP (together, the "Indemnified Parties") are relying on Holder's representations and agreements in this letter. Holder will indemnify and hold harmless the Indemnified Parties against any and all loss, damage, claim, liability and expense arising out of or resulting from the breach of any such representation or agreement.

Very truly yours,

[HOLDER]

By: _____
Name:
Title:

**Exhibit 10.2**

CONTINGENT VALUE RIGHTS AGREEMENT

BETWEEN

GEMINI THERAPEUTICS, INC.

and

CONTINENTAL STOCK TRANSFER AND TRUST COMPANY

Dated as of December 29, 2022

**CONTINGENT VALUE RIGHTS AGREEMENT**

**THIS CONTINGENT VALUE RIGHTS AGREEMENT** (this "Agreement"), dated as of December 29, 2022 is entered into by and among Gemini Therapeutics, Inc. a Delaware corporation ("Gem"), and Continental Stock Transfer and Trust Company, as initial Rights Agent (as defined herein).

**PREAMBLE**

WHEREAS, Gem, Gemstone Merger Sub, Inc., a Delaware corporation and wholly-owned subsidiary of Gem ("Merger Sub"), and Disc Medicine, Inc., a Delaware corporation (the "Company"), have entered into an Agreement and Plan of Merger and Reorganization, dated as of August 9, 2022 (the "Merger Agreement"), pursuant to which Merger Sub will merge with and into the Company (the "Merger"), with the Company surviving the Merger as a wholly-owned subsidiary of Gem (the "Surviving Corporation");

WHEREAS, pursuant to the Merger Agreement, and in accordance with the terms and conditions thereof, Gem has agreed to provide to the Holders (as defined herein), who shall initially be Persons who are stockholders of Gem as of immediately prior to the Effective Time, contingent value rights as hereinafter described, by way of a dividend or distribution consistent with the Merger Agreement; and

WHEREAS, the parties have done all things necessary to make the contingent value rights, when issued pursuant to the Merger Agreement and hereunder, the valid obligations of Gem and to make this Agreement a valid and binding agreement of Gem, in accordance with its terms.

NOW, THEREFORE, in consideration of the premises and the consummation of the transactions referred to above, it is mutually covenanted and agreed, for the proportionate benefit of all Holders, as follows:

**ARTICLE 1**
**DEFINITIONS**

Section 1.1 *Definitions*.

Capitalized terms used but not otherwise defined herein have the meanings ascribed thereto in the Merger Agreement. The following terms have the meanings ascribed to them as follows:

"Acting Holders" means, at the time of determination, Holders of at least 25% of the outstanding CVRs as set forth on the CVR Register.

"Assignee" has the meaning set forth in Section 7.5

"Calendar Quarter" means the successive periods of three (3) consecutive calendar months ending on March 31, June 30, September 30 or December 31, for so long as this Agreement is in effect; provided, however that (a) the first Calendar Quarter shall commence on the date of this Agreement and shall end on the first December 31 thereafter, and (b) the last Calendar Quarter shall commence on the first day after the full Calendar Quarter immediately preceding the effective date of the termination or expiration of this Agreement and shall end on the effective date of the termination or expiration of this Agreement.

"CVR" means a contingent contractual right of Holders to receive CVR Payments pursuant to the Merger Agreement and this Agreement.

"CVR Payment" means a number of shares of Gem Common Stock equal to (i) the CVR Proceeds for an applicable Calendar Quarter, divided by (ii) the volume weighted average of their closing market prices for the five (5) trading days ending the day prior to the date of issuance pursuant to this Agreement.

"CVR Period" means the period beginning immediately following the Effective Time and ending on the tenth anniversary of the Closing Date.

"CVR Proceeds" means the amount of Gross Proceeds received by Gem during an applicable Calendar Quarter, less the applicable accrued and reasonably documented Permitted Deductions, in each case as calculated in accordance with GAAP using the policies, methodologies, processes and procedures used to prepare Gem's most recent year-end financial statements prior to the commencement of such Calendar Quarter.

"CVR Register" has the meaning set forth in Section 2.3(b).

"Disposition" means the sale, license, transfer, disposition or other monetizing event of any Potentially Transferable Asset (including any such sale or disposition or monetizing event of equity securities in any Subsidiary established by Gem during the Disposition Period to hold any right, title or interest in or to any Potentially Transferable Asset), in each case during the Disposition Period.

"Disposition Period" means the period beginning on the execution date of the Merger Agreement and ending on the date that is twelve-months after the Closing Date.

"Gross Proceeds" means, without duplication, any and all consideration of any kind that is paid to Gem, or is received by, Gem or any of its Affiliates during the CVR Period in respect of a Disposition. The value of any securities (whether debt or equity) or other non-cash property constituting Gross Proceeds shall be determined as follows: (A) the value of securities for which there is an established public market shall be equal to the volume weighted average of their closing market prices for the five (5) trading days ending the day prior to the date of payment to, or receipt by, Gem or its relevant Affiliate, and (B) the value of securities that have no established public market and the value of consideration that consists of other non-cash property, shall be the fair market value thereof as of the date of payment to, or receipt by, Gem or its relevant Affiliate.

"Holder" means, at the relevant time, a Person in whose name CVRs are registered in the CVR Register.

"Loss" has the meaning set forth in Section 3.2(g).

"Majority of Holders" means, at any time, the registered Holder or Holders of more than 50% of the total number of CVRs registered at such time, as set forth on the CVR Register.

"Notice" has the meaning set forth in Section 7.1.

"Officer's Certificate" means a certificate signed by the chief executive officer and the chief financial officer of Gem, in their respective official capacities.

"Permitted Deductions" means the following costs or expenses, without duplication:

(a) any applicable Tax (including any unreimbursed applicable value added or sales taxes) imposed on Gross Proceeds and payable by Gem, the Company or any of their respective Affiliates (regardless of whether the due date for such Taxes arises during or after the Disposition Period) to any tax authority and, without duplication, any income or other similar Taxes payable by Gem, the Company or any of their respective Affiliates that would not have been incurred by Gem, the Company or any of their respective Affiliates but for the Gross Proceeds; provided that, for purposes of calculating income Taxes incurred by Gem, the Company or any of their respective Affiliates in respect of the Gross Proceeds, any such income Taxes shall be computed after taking into account any net operating loss carryforwards or other Tax attributes (including Tax credits) of Gem, the Company or any of their respective Affiliates as of the Closing Date that are available to offset such gain after taking into account any limits of the usability of such attributes, including under Section 382 of the Code (as defined herein) as reasonably determined by a nationally recognized tax advisor (and for the sake of clarity such income taxes shall be calculated without taking into account any net operating losses or other Tax attributes generated by Gem, the Company or any of their respective Affiliates after the Closing Date);

(b) any reasonable and documented out-of-pocket expenses incurred by Gem or any of its Affiliates in respect of its performance of this Agreement following the Closing Date or in respect of its performance of any agreement in connection with any Potentially Transferable Asset, including any costs related to the prosecution, maintenance or enforcement by Gem or any of its Subsidiaries of the intellectual property rights of any such Potentially Transferable Asset (but excluding any costs related to a breach of this Agreement, including costs incurred in litigation in respect of the same);

(c) any reasonable and documented out-of-pocket expenses incurred or accrued by Gem or any of its Affiliates in connection with the negotiation, entry into and closing of any Disposition of any Potentially Transferable Asset, including any brokerage fee, finder's fee, opinion fee, success fee, transaction fee, service fee or other fee, commission or expense owed to any broker, finder, investment bank, auditor, accountant, counsel, advisor or other third party acting on behalf of Gem or its Affiliates in relation thereto;

(d) any Losses incurred and paid by Gem or any of its Affiliates arising out of any third party claims, demands, actions or other proceedings relating to or in connection with any Disposition, including Losses actually incurred or paid (or reasonably expected to be actually incurred or paid) in connection with indemnification obligations of Gem or any of its Affiliates set forth in any Sale Agreement;

(e) any Liabilities borne by Gem or any of its Affiliates pursuant to Contracts related to Potentially Transferable Assets, including costs arising from the termination thereof (in each case only to the extent not included in the calculation of Gem Net Cash (as defined in the Merger Agreement); and

(f) any Liabilities which Gem reasonably and in good faith determines (with the approval of the Special Committee) should have been, but were not, deducted from "Gem Net Cash" (as defined in the Merger Agreement) pursuant to clause (B) of such definition, in connection with the Closing of the Merger, to the extent that deduction of such Liabilities would have resulted in a change in the Exchange Ratio under the Merger Agreement were such amounts properly deducted (including after giving effect to the Higher Gem Net Cash Amount and the Lower Gem Net Cash Amount);

provided that (a) no Permitted Deductions shall be deducted until the aggregate amount of Permitted Deductions exceeds the CVR Expenditure Amount and (b) no Permitted Deductions shall be deducted if they are otherwise deducted from the calculation of Gem Net Cash (as defined in the Merger Agreement).

"Permitted Transfer" means a Transfer of one or more CVRs (i) upon death of a Holder by will or intestacy; (ii) by instrument to an *inter vivos* or testamentary trust in which the CVRs are to be passed to beneficiaries upon the death of the trustee; (iii) made pursuant to a court order of a court of competent jurisdiction (such as in connection with divorce, bankruptcy or liquidation); (iv) if the Holder is a partnership or limited liability company, a distribution by the transferring partnership or limited liability company to its partners or members, as applicable (v) made by operation of law (including a consolidation or merger) or without consideration in connection with the dissolution, liquidation or termination of any corporation, limited liability company, partnership or other entity; (vi) in the case of CVRs payable to a nominee, from a nominee to a beneficial owner (and, if applicable, through an intermediary) or from such nominee to another nominee for the same beneficial owner, in each case as permitted by The Depository Trust Company ("DTC"); (vii) to Gem or its Affiliates; or (viii) as provided in Section 2.6.

"Person" shall mean any individual, partnership, joint venture, limited liability company, firm, corporation, unincorporated association or organization, trust or other entity, and shall include any successor (by merger or otherwise) of any such Person.

"Potentially Transferrable Asset" means any and all assets, tangible and intangible, including, without limitation, patents, patent applications, know-how, trade secrets and other intellectual property rights, data, documentation, agreements and licenses, inventory related to drug products and raw materials, and biological materials, which Gem or any of its Subsidiaries owned or had rights to, as of immediately prior to the Effective Time.

"Rights Agent" means the Rights Agent named in the first paragraph of this Agreement, until a successor Rights Agent shall have been appointed pursuant to Article 3 of this Agreement, and thereafter "Rights Agent" will mean such successor Rights Agent.

"Sale Agreement" has the meaning set forth in Section 4.2.

"Special Committee" has the meaning set forth in Section 4.2.

"Transfer" means transfer, pledge, hypothecation, encumbrance, assignment or other disposition (whether by sale, merger, consolidation, liquidation, dissolution, dividend, distribution or otherwise), the offer to make such a transfer or other disposition, and each Contract, arrangement or understanding, whether or not in writing, to effect any of the foregoing.

## ARTICLE 2
## CONTINGENT VALUE RIGHTS

Section 2.1 *Holders of CVRs; Appointment of Rights Agent*.

(a) The CVRs shall be issued and distributed by Gem in the form of a dividend, in connection with the Merger, to the Persons who as of immediately prior to the Effective Time are stockholders of record of Gem or have the right to receive Gem Common Stock as of immediately prior to the Effective Time, as contemplated by the Merger Agreement.

(b) Gem hereby appoints the Rights Agent to act as rights agent for Gem in accordance with the express terms and conditions set forth in this Agreement, and the Rights Agent hereby accepts such appointment.

Section 2.2 *Non-transferable*.

A Holder may not at any time Transfer CVRs, other than pursuant to a Permitted Transfer. Any attempted Transfer that is not a Permitted Transfer, in whole or in part, will be void *ab initio* and of no effect. The CVRs will not be listed on any quotation system or traded on any securities exchange.

Section 2.3 *No Certificate; Registration; Registration of Transfer; Change of Address*.

(a) Holders' rights and obligations in respect of CVRs derive solely from this Agreement; CVRs will not be evidenced by a certificate or other instrument.

(b) The Rights Agent will maintain an up-to-date register (the "CVR Register") for the purposes of (i) identifying the Holders of CVRs, (ii) determining Holders' entitlement to CVRs and (iii) registering the CVRs and Permitted Transfers thereof. The CVR Register will initially show one position for the Rights Agent representing all of the CVRs provided to the holders of shares of Gem Common Stock held immediately prior to Closing. Gem and the Rights Agent may require evidence of payment of a sum sufficient to cover any stamp, documentary, registration, or other tax or governmental charge that is imposed in connection with (and would not have been imposed in connection with (and would have been imposed but for)) any such registration of transfer (or evidence that such taxes and charges are not applicable).

(c) Subject to the restriction on transferability set forth in Section 2.2, every request made to Transfer CVRs must be in writing and accompanied by a written instrument of Transfer reasonably acceptable to the Rights Agent, together with the signature guarantee of a guarantor institution which is a participant in a signature guarantee program approved by the Securities Transfer Association (a "signature guarantee") and other requested documentation in a form reasonably satisfactory to the Rights Agent, duly executed and properly completed, by the Holder or Holders thereof, or by the duly appointed legal representative, personal representative or survivor of such Holder or Holders, setting forth in reasonable detail the circumstances relating to the Transfer. Upon receipt of such written notice, the Rights Agent will, subject to its reasonable determination in accordance with its own internal procedures, that the Transfer instrument is in proper form and the Transfer, is a Permitted Transfer and otherwise complies on its face with the other terms and conditions of this Agreement, register the Transfer of the applicable CVRs in the CVR Register. All Transfers of CVRs registered in the CVR Register will be the valid obligations of Gem, evidencing the same right, and entitling the transferee to the same benefits and rights under this Agreement, as those held by the transferor. No transfer of CVRs shall be valid until registered in the CVR Register and any transfer not duly registered in the CVR Register shall be void. Gem shall not be responsible for any costs and expenses related to any transfer or assignment of the CVRs (including the cost of any transfer tax).

(d) A Holder may make a written request to the Rights Agent to change such Holder's address of record in the CVR Register. Such written request must be duly executed by such Holder. Upon receipt of such written notice, the Rights Agent shall promptly record the change of address in the CVR Register.

Section 2.4 *Payment Procedures*.

(a) No later than forty-five (45) days following the end of each Calendar Quarter following the Closing, Gem shall (i) deliver to the Rights Agent, a certificate (each, a "CVR Certificate") certifying to and specifying in reasonable detail, for such Calendar Quarter, the aggregate amount of (A) the CVR Proceeds received by Gem or its Affiliates during such fiscal quarter (or, in the case of the first delivery of a CVR Certificate hereunder, all CVR Proceeds received through the end of such Calendar Quarter); (B) the Permitted Deductions reflected in such CVR Proceeds; and (C) the CVR Payment payable to Holders, if any, in respect of such CVR Proceeds and (ii) deliver to the Rights Agent, or as the Rights Agent directs, the aggregate CVR Payment (if any). With respect to each Holder, the Rights Agent shall deliver, or cause to be delivered, a number of shares equal to the product determined by multiplying (i) the quotient determined by dividing (A) the number of shares representing the aggregate CVR Payment by (B) the total number of CVRs registered in the CVR Register at such time, by (ii) the number of CVRs registered to such Holder in the CVR Register at such time. For the avoidance of doubt Gem shall have no further liability in respect of the relevant CVR Payment upon delivery of such CVR Payment in accordance with this Section 2.4(a) and the satisfaction of each of Gem's obligations set forth in this Section 2.4(a).

(b) The parties hereto agree to treat the distribution of the CVRs as constituting a nontaxable stock distribution under Section 305 of the U.S. Internal Revenue Code of 1986, as amended (the "***Code***") and the receipt of CVR Payments as a nontaxable exercise of the right to receive stock under the CVRs. The parties hereto will not take any position to the contrary on any Tax Return or for other Tax purposes except as required by a change in or clarification to applicable Law after the date hereof.

(c) Gem and the Rights Agent will be entitled to deduct and withhold, or cause to be deducted and withheld, from any CVR Payment otherwise payable pursuant to this Agreement, such amounts as it is required to deduct and withhold with respect to the making of such payment under any provision of applicable Law relating to Taxes. To the extent that amounts are so deducted and withheld, such deducted and withheld amounts will be treated for all purposes of this Agreement as having been paid to the Holder in respect of which such deduction and withholding was made. The Rights Agent shall request from each Holder an IRS Form W-9 or applicable IRS Form W-8 at such time or times as is necessary to permit any payment under this Agreement to be made without U.S. federal backup withholding. Prior to making any such Tax deductions or withholdings or causing any such Tax deductions or withholdings to be made with respect to any Holder, the Rights Agent will, to the extent reasonably practicable, provide notice to the Holder of such potential Tax deduction or withholding and a reasonable opportunity for the Holder to provide any necessary Tax forms in order to avoid or reduce such withholding amounts; *provided* that the time period for payment of a CVR Payment by the Rights Agent set forth in Section 2.4(a) will be extended by a period equal to any delay caused by the Holder providing such forms, *provided*, *further*, that in no event shall such period be extended for more than ten (10) Business Days, unless otherwise requested by the Holder for the purpose of delivering such forms and agreed to by the Rights Agent.

(d) Any portion of a CVR Payment that remains undistributed to the Holders six (6) months after the end of the applicable Calendar Quarter (including by means of invalid addresses on the CVR Register) will be delivered by the Rights Agent to Gem or a person nominated in writing by Gem (with written notice thereof from Gem to the Rights Agent), and any Holder will thereafter look only to Gem for payment of such CVR Payment (which shall be without interest).

Section 2.5 *No Voting, Dividends or Interest*.

(a) CVRs will not have any voting or dividend rights, and interest will not accrue on any amounts payable in respect of CVRs.

(b) CVRs will not represent any equity or ownership interests in Gem or any of its Subsidiaries or in the Surviving Corporation. The sole right of the Holders to receive property hereunder is the right to receive CVR Payments, if any, in accordance with the terms hereof. It is hereby acknowledged and agreed that a CVR shall not constitute a security of Gem or any of its Subsidiaries or of the Surviving Corporation.

(c) By voting in favor of the adoption of the Merger Agreement, the approval of the principal terms of the Merger, and the consummation of the Merger or participating in the Merger and receiving the benefits thereof, including the right to receive CVRs and any consideration payable in connection with the CVRs, each Holder hereby acknowledges and agrees that the CVRs and the possibility of any payment hereunder with respect thereto are highly speculative and subject to numerous factors outside of Gem's control, and there is no assurance that Holders will receive any payments under this Agreement or in connection with the CVRs. Each Holder acknowledges that it is highly possible that no Disposition will occur prior to the expiration of the Disposition Period and that there will not be any Gross Proceeds that may be the subject of a CVR Payment. It is further acknowledged and agreed that neither Gem nor its Affiliates owe, by virtue of their obligations under this Agreement, a fiduciary duty or any implied duties to the Holders and the parties hereto intend solely the express provisions of this Agreement to govern their contractual relationship with respect to the CVRs. It is acknowledged and agreed that this Section 2.5(b) is an essential and material term of this Agreement.

Section 2.6 *Ability to Abandon CVR*.

A Holder may at any time, at such Holder's option, abandon all of such Holder's remaining rights represented by CVRs by transferring such CVR to Gem or a person nominated in writing by Gem (with written notice thereof from Gem to the Rights Agent) without consideration in compensation therefor, and such rights will be cancelled, with the Rights Agent being promptly notified in writing by Gem of such transfer and cancellation. Nothing in this Agreement is intended to prohibit Gem or its Affiliates from offering to acquire or acquiring CVRs, in private transactions or otherwise, for consideration in its sole discretion.

## ARTICLE 3
## THE RIGHTS AGENT

Section 3.1 *Certain Duties and Responsibilities*.

(a) The Rights Agent will not have any liability for any actions taken or not taken in connection with this Agreement, except to the extent such liability arises as a result of the willful misconduct, bad faith or gross negligence of the Rights Agent (in each case as determined by a final non-appealable judgment of court of competent jurisdiction). Notwithstanding anything in this Agreement to the contrary, any liability of the Rights Agent under this Agreement will be limited to the amount of annual fees paid by Gem to the Rights Agent during the twelve (12) months immediately preceding the event for which recovery from the Rights Agent is being sought. Anything to the contrary notwithstanding, in no event will the Rights Agent be liable for special, punitive, indirect, incidental or consequential loss or damages of any kind whatsoever (including, without limitation, lost profits), even if the Rights Agent has been advised of the likelihood of such loss or damages, and regardless of the form of action.

(b) The Rights Agent shall not have any duty or responsibility in the case of the receipt of any written demand from any Holder with respect to any action or default by any person or entity, including, without limiting the generality of the foregoing, any duty or responsibility to initiate or attempt to initiate any proceedings at law or otherwise or to make any demand upon Gem or the Company. The Rights Agent may (but shall not be required to) enforce all rights of action under this Agreement and any related claim, action, suit, audit, investigation or proceeding instituted by the Rights Agent may be brought in its name as the Rights Agent and any recovery in connection therewith will be for the proportionate benefit of all the Holders, as their respective rights or interests may appear on the CVR Register.

Section 3.2 *Certain Rights of Rights Agent*.

(a) The Rights Agent undertakes to perform such duties and only such duties as are specifically set forth in this Agreement, and no implied covenants or obligations will be read into this Agreement against the Rights Agent.

(b) The Rights Agent may rely and will be protected by Gem in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order or other paper or document believed by it in the absence of bad faith to be genuine and to have been signed or presented by or on behalf of Gem.

(c) Whenever the Rights Agent deems it desirable that a matter be proved or established prior to taking or omitting any action hereunder, the Rights Agent may (i) rely upon an Officer's Certificate and (ii) incur no liability and be held harmless by Gem for or in respect of any action taken or omitted to be taken by it under the provisions of this Agreement in reliance upon such Officer's Certificate.

(d) The Rights Agent may engage and consult with counsel of its selection, and the advice or opinion of such counsel will, in the absence of bad faith, gross negligence or willful misconduct (in each case, as determined by a final, non-appealable judgment of a court of competent jurisdiction) on the part of the Rights Agent, be full and complete authorization and protection in respect of any action taken or not taken by the Rights Agent in reliance thereon.

(e) Any permissive rights of the Rights Agent hereunder will not be construed as a duty.

(f) The Rights Agent will not be required to give any note or surety in respect of the execution of its powers or otherwise under this Agreement.

(g) Gem agrees to indemnify the Rights Agent for, and to hold the Rights Agent harmless from and against, any loss, liability, damage, judgment, fine, penalty, cost or expense (each, a "Loss") suffered or incurred by the Rights Agent and arising out of or in connection with the Rights Agent's performance of its obligations under this Agreement, including the reasonable and documented costs and expenses of defending the Rights Agent against any claims, charges, demands, actions or suits arising out of or in connection in connection with the execution, acceptance, administration, exercise and performance of its duties under this Agreement, including the costs and expenses of defending against any claim of liability arising therefrom, directly or indirectly, or enforcing its rights hereunder, except to the extent such Loss has been determined by a final non-appealable decision of a court of competent jurisdiction to have resulted from the Rights Agent's gross negligence, bad faith or willful misconduct.

(h) In addition to the indemnification provided under Section 3.2(g), Gem agrees (i) to pay the fees of the Rights Agent in connection with the Rights Agent's performance of its obligations hereunder, as agreed upon in writing by the Rights Agent and Gem on or prior to the date of this Agreement, and (ii) to reimburse the Rights Agent for all reasonable and documented out-of-pocket expenses and other disbursements incurred in the preparation, delivery, negotiation, amendment, administration and execution of this Agreement and the exercise and performance of its duties hereunder, including all Taxes (other than income, receipt, franchise or similar Taxes) and governmental charges, incurred by the Rights Agent in the performance of its obligations under this Agreement, except that Gem will have no obligation to pay the fees of the Rights Agent or reimburse the Rights Agent for the fees of counsel in connection with any lawsuit initiated by the Rights Agent on behalf of itself or the Holders, except in the case of any suit enforcing the provisions of Section 2.4(a), Section 2.4(b) or Section 3.2(g), if Gem is found by a court of competent jurisdiction to be liable to the Rights Agent or the Holders, as applicable in such suit.

(i) No provision of this Agreement shall require the Rights Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder or in the exercise of any of its rights or powers if it believes that repayment of such funds or adequate indemnification against such risk or liability is not reasonably assured to it.

(j) The Rights Agent will not be deemed to have knowledge of any event of which it was supposed to receive notice hereunder but has not received written notice of such event, and the Rights Agent will not incur any liability for failing to take action in connection therewith, in each case, unless and until it has received such notice in writing.

(k) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty hereunder either itself or by or through its attorney or agents and the Rights Agent shall not be answerable or accountable for any act, default, neglect or misconduct of any such attorney or agents or for any loss to Gem or the Company resulting from any such act, default, neglect or misconduct, absent gross negligence, bad faith or willful misconduct (each as determined by a final non-appealable judgment of a court of competent jurisdiction) in the selection and continued employment thereof.

(l) Gem shall perform, acknowledge and deliver or cause to be performed, acknowledged and delivered all such further and other acts, documents, instruments and assurances as may be reasonably required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.

(m) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement (except its countersignature thereof) or be required to verify the same, and all such statements and recitals are and shall be deemed to have been made by Gem only.

(n) The Rights Agent shall act hereunder solely as agent for Gem and shall not assume any obligations or relationship of agency or trust with any of the owners or holders of the CVRs. The Rights Agent shall not have any duty or responsibility in the case of the receipt of any written demand from any Holders with respect to any action or default by Gem, including, without limiting the generality of the foregoing, any duty or responsibility to initiate or attempt to initiate any proceedings at law or otherwise or to make any demand upon Gem.

(o) The Rights Agent may rely on and be fully authorized and protected in acting or failing to act upon (a) any guaranty of signature by an "eligible guarantor institution" that is a member or participant in the Securities Transfer Agents Medallion Program or other comparable "signature guarantee program" or insurance program in addition to, or in substitution for, the foregoing; or (b) any law, act, regulation or any interpretation of the same even though such law, act, or regulation may thereafter have been altered, changed, amended or repealed.

(p) The Rights Agent shall not be liable or responsible for any failure of Gem to comply with any of its obligations relating to any registration statement filed with the Securities and Exchange Commission or this Agreement, including without limitation obligations under applicable regulation or law.

(q) The obligations of Gem and the rights of the Rights Agent under this Section 3.2, Section 3.1 and Section 2.4 shall survive the expiration of the CVRs and the termination of this Agreement and the resignation, replacement or removal of the Rights Agent.

Section 3.3 *Resignation and Removal; Appointment of Successor*.

(a) The Rights Agent may resign at any time by written notice to Gem. Any such resignation notice shall specify the date on which such resignation will take effect (which shall be at least thirty (30) days following the date that such resignation notice is delivered), and such resignation will be effective on the earlier of (x) the date so specified and (y) the appointment of a successor Rights Agent.

(b) Gem will have the right to remove the Rights Agent at any time by written notice to the Rights Agent, specifying the date on which such removal will take effect. Such notice will be given at least thirty (30) days prior to the date so specified (or, if earlier, the appointment of the successor Rights Agent).

(c) If the Rights Agent resigns, is removed or becomes incapable of acting, Gem will promptly appoint a qualified successor Rights Agent. Notwithstanding the foregoing, if Gem fails to make such appointment within a period of thirty (30) days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent, then the incumbent Rights Agent may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. The successor Rights Agent so appointed will, upon its acceptance of such appointment in accordance with this Section 3.3(c) and Section 3.4, become the Rights Agent for all purposes hereunder.

(d) Gem will give notice to the Holders of each resignation or removal of the Rights Agent and each appointment of a successor Rights Agent in accordance with Section 7.2. Each notice will include the name and address of the successor Rights Agent. If Gem fails to send such notice within ten (10) Business Days after acceptance of appointment by a successor Rights Agent, the successor Rights Agent will cause the notice to be mailed at the expense of Gem.

(e) Notwithstanding anything to the contrary in this Section 3.3, unless consented to in writing by the Acting Holders, Gem will not appoint as a successor Rights Agent any Person that is not a stock transfer agent of national reputation or the corporate trust department of a commercial bank.

(f) The Rights Agent will reasonably cooperate with Gem and any successor Rights Agent in connection with the transition of the duties and responsibilities of the Rights Agent to the successor Rights Agent, including the transfer of all relevant data, including the CVR Register, to the successor Rights Agent, but such predecessor Rights Agent shall not be required to make any additional expenditure or assume any additional liability in connection with the foregoing.

Section 3.4 *Acceptance of Appointment by Successor*.

Every successor Rights Agent appointed hereunder will, at or prior to such appointment, execute, acknowledge and deliver to Gem and to the resigning or removed Rights Agent an instrument accepting such appointment and a counterpart of this Agreement, and such successor Rights Agent, without any further act, deed or conveyance, will become vested with all the rights, powers, trusts and duties of the Rights Agent; *provided* that upon the request of Gem or the successor Rights Agent, such resigning or removed Rights Agent will execute and deliver an instrument transferring to such successor Rights Agent all the rights, powers and trusts of such resigning or removed Rights Agent.

## ARTICLE 4
## COVENANTS

Section 4.1 *List of Holders*.

Gem will furnish or cause to be furnished to the Rights Agent, in such form as Gem receives from Gem's transfer agent (or other agent performing similar services for Gem), the names and addresses of the Holders within fifteen (15) Business Days following the Closing Date.

Section 4.2 *CVR Committee; Efforts*.

(a) The Gem Board has delegated, to a special committee of the Gem Board comprised exclusively of Georges Gemayel (the "Special Committee") the sole responsibility, authority and discretion during the Disposition Period with respect to (i) managing the Potentially Transferable Assets, and (ii) conducting any sale or transfer process (including engagement of advisors) with respect to a Disposition during the Disposition Period. The Special Committee shall also be empowered with the authority to authorize and direct any officer of Gem to negotiate, execute and deliver a definitive written agreement with respect to a Disposition (a "Sale Agreement") in the name and on behalf of Gem, as well as to identify and retain advisers and consultants.

(b) The delegation of responsibility and authority to the Special Committee set forth in Section 4.2(a) shall not be revoked or modified at any time during the Disposition Period. The Special Committee and the Gem Board shall not have any liability to the Holders for any actions taken or not taken in connection with the matters set forth herein. No provision of this Agreement shall require the Special Committee or any members thereof to expend or risk its, his or her own funds or otherwise incur any financial liability in the performance of any duties hereunder or in the exercise of any rights or powers.

(c) The Holders shall be intended third-party beneficiaries of the provisions of this Agreement and shall be entitled to specifically enforce the terms hereof; provided, that under no circumstances shall the rights of Holders as third-party beneficiaries pursuant to this Section 4 be enforceable by such Holders or any other Person acting for or on their behalf other than the Special Committee. The Special Committee has the sole power and authority to act on behalf of the Holders in enforcing any of their rights hereunder.

(d) During the Disposition Period, Gem will, and will cause its Subsidiaries to, use commercially reasonable efforts (i) to utilize the CVR Expenditure Amount to maintain the Potentially Transferable Assets unless otherwise approved by the Special Committee, and (ii) effectuate a Disposition of the Potentially Transferable Assets, at the direction of the Special Committee, including the negotiation and execution of a Sale Agreement and completion of the transactions contemplated thereby. Further, Gem will not take any actions for the primary purpose of frustrating the payment of CVR Proceeds.

(e) Subject to the foregoing clause (d), (i) the Holders acknowledge that Gem has a fiduciary obligation to operate its business in the best interests of its stockholders, and any potential obligation to pay CVR Proceeds will not create any express or implied obligation to operate its business in any particular manner in order to maximize such CVR Proceeds, (ii) except as expressly set forth in this Agreement, the Holders are not relying on any representation of Gem or any other Person with regard to any Disposition or other action involving the Potentially Transferrable Assets following the Closing, and neither Gem nor any other Person has provided, or can provide, any assurance to the Holders that any CVR Proceeds will in fact be earned and paid, and (iii) none of Gem or any of its Subsidiaries, officers or directors shall have any obligation or liability whatsoever to any Person relating to or in connection with any action, or failure to act, with respect to the sale of Potentially Transferable Assets. Gem and its Affiliates will not be required to expend any out-of-pocket amounts in excess of the CVR Expenditure Amount during the Disposition Period, but, for clarity, any amounts which are or will become payable upon consummation of the Disposition and/or the payment of CVR Proceeds and which constitute Permitted Deductions shall be disregarded for purposes of the first clause of this sentence.

(f) Following the Disposition Period, Gem shall be permitted to take any action in respect of the Potentially Transferable Assets in order to satisfy any wind-down and termination Liabilities of the Potentially Transferable Assets.

Section 4.3 *Prohibited Actions*. Unless approved by written consent or resolution by the Special Committee, prior to the end of the Disposition Period, (a) Gem shall not grant any lien, security interest, pledge or similar interest in, or otherwise sell or Transfer, any Potentially Transferable Assets or any CVR Proceeds, and (b) Gem shall not, and shall not permit its Affiliates to, grant, assign, transfer or otherwise convey any Potentially Transferable Assets (including any option to obtain rights) to any third party.

*Section 4.4 Books and Records.*Until the end of the CVR Period, Gem shall, and shall cause its Affiliates to, keep true, complete and accurate records in sufficient detail to support the applicable CVR Payments payable hereunder in accordance with the terms specified in this Agreement.

*Section 4.5 Audits.* Gem agrees to maintain, for at least two years after the last possible CVR Payment, all books and records relevant to the calculation of the Permitted Deductions. Subject to reasonable advance written notice from the Acting Holders and prior execution and delivery by it and an independent accounting firm of national reputation chosen by the Acting Holders (the "Accountant") of a reasonable and customary confidentiality/nonuse agreement, which confidentiality/nonuse agreement shall not prohibit the Acting Holders from communicating any such information with the Holders who have a need to know such information, provided that any such recipients are subject to confidentiality obligations with respect thereto, Gem shall permit the Acting Holders and the Accountant, acting as agent of the Acting Holders, to have access during normal business hours to the books and records of Gem as may be reasonably necessary to audit the calculation of the CVR Payment and the Permitted Deductions. Notwithstanding anything in this Agreement to the contrary, in no event shall Gem be required to provide any tax returns or any other tax information it deems confidential to the Acting Holders or any other party pursuant to this Agreement.

## ARTICLE 5
## AMENDMENTS

Section 5.1 *Amendments Without Consent of Holders or Rights Agent*.

(a) Gem, at any time and from time to time, may (without the consent of any Person, other than the Rights Agent, with such consent not to be unreasonably withheld, conditioned or delayed) enter into one or more amendments to this Agreement for any of the following purposes, without the consent of any of the Holders,

(i) to evidence the appointment of another Person as a successor Rights Agent and the assumption by any successor Rights Agent of the covenants and obligations of the Rights Agent herein in accordance with the provisions hereof;

(ii) subject to Section 6.1, to evidence the succession of another person to Gem and the assumption of any such successor of the covenants of Gem outlined herein in a transaction contemplated by Section 6.1;

(iii) as may be necessary or appropriate to ensure that CVRs are not subject to registration under the U.S. Securities Act of 1933, as amended, or the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations made thereunder, or any applicable state securities or "blue sky" laws;

(iv) as may be necessary or appropriate to ensure that Gem is not required to produce a prospectus or an admission document in order to comply with applicable Law;

(v) to cancel CVRs (i) in the event that any Holder has abandoned its rights in accordance with Section 2.6, or (ii) following a transfer of such CVRs to Gem or its Affiliates in accordance with Section 2.2 or Section 2.3; or

(vi) as may be necessary or appropriate to ensure that Gem complies with applicable Law.

(b) Promptly after the execution by Gem of any amendment pursuant to this Section 5.1, Gem will (or will cause the Rights Agent to) notify the Holders in general terms of the substance of such amendment in accordance with Section 7.2.

Section 5.2 *Effect of Amendments*.

Upon the execution of any amendment under this Article 5, this Agreement will be modified in accordance therewith, such amendment will form a part of this Agreement for all purposes and every Holder will be bound thereby. Upon the delivery of a certificate from an appropriate officer of Gem which states that the proposed supplement or amendment is in compliance with the terms of this Section 5, the Rights Agent shall execute such supplement or amendment. Notwithstanding anything in this Agreement to the contrary, the Rights Agent shall not be required to execute any supplement or amendment to this Agreement that it has determined would adversely affect its own rights, duties, obligations or immunities under this Agreement. No supplement or amendment to this Agreement shall be effective unless duly executed by the Rights Agent.

**ARTICLE 6**
**CONSOLIDATION, MERGER, SALE OR CONVEYANCE**

Section 6.1 *Gem May Not Consolidate, Etc*. Gem shall not consolidate with or merge into any other Person or convey, transfer or lease its properties and assets substantially as an entirety to any Person or transfer all or substantially all of its business to any Person, unless:

(a) the Person formed by such consolidation or into which Gem is merged, the Person that acquires the properties and assets of Gem substantially as an entirety or the Person that acquires by conveyance or transfer, or that leases, the Gem substantially as an entirety (the "Surviving Person") shall expressly assume payment of amounts on all CVRs and the performance of every duty and covenant of this Agreement on the part of Gem to be performed or observed; and

(b) Gem has delivered to the Rights Agent an Officer's Certificate, stating that such consolidation, merger, conveyance, transfer or lease complies with this Article 6 and that all conditions precedent herein provided for relating to such transaction have been complied with.

Section 6.2 *Successor Substituted*.

Upon any consolidation of or merger by Gem with or into any other Person, or any conveyance, transfer or lease of the properties and assets substantially as an entirety to any Person in accordance with Section 6.1, the Surviving Person shall succeed to, and be substituted for, and may exercise every right and power of, and shall assume all of the obligations of Gem under this Agreement with the same effect as if the Surviving Person had been named as Gem herein.

**ARTICLE 7**
**MISCELLANEOUS**

Section 7.1 *Notices to Rights Agent and to Gem*.

All notices, requests and other communications (each, a "Notice") to any party hereunder shall be in writing. Such Notice shall be deemed given (a) on the date of delivery, if delivered in person, by Fedex or other internationally recognized overnight courier service or, (except with respect to any Person other than the Rights Agent), by e-mail (upon confirmation of receipt) prior to 5:00 p.m. in the time zone of the receiving party or on the next Business Day, if delivered after 5:00 p.m. in the time zone of the receiving party or (b) on the first Business Day following the date of dispatch, if delivered by FedEx or by other internationally recognized overnight courier service (upon proof of delivery), addressed as follows:

if to the Rights Agent, to:

Continental Stock Transfer and Trust Company
1 State Street, 30th Floor
New York NY 10004
Attn: Compliance

if to Gem, to:

Gemini Therapeutics, Inc.
297 Boston Post Road #248
Wayland, MA 01778
Attention: CEO

or such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other parties hereto.

Section 7.2 *Notice to Holders*.

All Notices required to be given to the Holders will be given (unless otherwise herein expressly provided) in writing and mailed, first-class postage prepaid, to each Holder at such Holder's address as set forth in the CVR Register, not later than the latest date, and not earlier than the earliest date, prescribed for the sending of such Notice, if any, and will be deemed given on the date of mailing. In any case where notice to the Holders is given by mail, neither the failure to mail such Notice, nor any defect in any Notice so mailed, to any particular Holder will affect the sufficiency of such Notice with respect to other Holders.

Section 7.3 *Entire Agreement*.

As between Gem and the Rights Agent, this Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement, notwithstanding the reference to any other agreement herein, and supersedes all prior agreements and understandings, both written and oral, among or between any of the parties with respect to the subject matter of this Agreement.

Section 7.4 *Merger or Consolidation or Change of Name of Rights Agent*.

Any Person into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated, or Person resulting from any merger or consolidation to which the Rights Agent or any successor Rights Agent shall be a party, or any Person succeeding to the stock transfer or other shareholder services business of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto, provided that such Person would be eligible for appointment as a successor Rights Agent under the provisions of Section 3.3. The purchase of the Rights Agent's assets employed in the performance of transfer agent activities shall be deemed a merger or consolidation for purposes of this Section 7.4.

Section 7.5 *Successors and Assigns*.

This Agreement will be binding upon, and will be enforceable by and inure solely to the benefit of, the Holders, Gem and the Rights Agent and their respective successors and assigns. Except for assignments pursuant to Section 7.4, the Rights Agent may not assign this Agreement without Gem's prior written consent. Gem or an Assignee may not otherwise assign this Agreement without the prior consent of the Majority of Holders. Any attempted assignment of this Agreement in violation of this Section 7.5 will be void *ab initio* and of no effect.

Section 7.6 *Benefits of Agreement; Action by Acting Holders*.

Nothing in this Agreement, express or implied, will give to any Person (other than Gem, the Rights Agent, the Holders and their respective permitted successors and assigns hereunder) any benefit or any legal or equitable right, remedy or claim under this Agreement or under any covenant or provision herein contained, all such covenants and provisions being for the sole benefit of Gem, the Rights Agent, the Holders and their permitted successors and assigns. The Holders will have no rights hereunder except as are expressly set forth herein. Except for the rights of the Rights Agent set forth herein, the Acting Holders and/or Acting Holders, in accordance with this agreement and as the case may be, will have the sole right, on behalf of all Holders, by virtue of or under any provision of this Agreement, to institute any action or proceeding at law or in equity with respect to this Agreement, and no individual Holder or other group of Holders will be entitled to exercise such rights.

Section 7.7 *Governing Law*.

This Agreement will be governed by, and construed in accordance with, the laws of the State of New York without regard to the conflicts of law rules of such state; provided, that, the CVRs will be governed by, and construed in accordance with, the laws of the State of Delaware without regard to the conflicts of law rules of such state.

Section 7.8 *Jurisdiction*.

In any action or proceeding between any of the parties hereto arising out of or relating to this Agreement or any of the transactions contemplated hereby, each of the parties hereto: (a) irrevocably and unconditionally consents and submits to the exclusive jurisdiction and venue of the Chancery Court of the State of Delaware, County of New Castle, or, if under applicable Law exclusive jurisdiction is vested in the Federal courts, the United States District Court for the District of Delaware (and appellate courts thereof); (b) agrees that all claims in respect of such action or proceeding shall be heard and determined exclusively in accordance with clause (a) of this Section 7.8; (c) waives any objection to laying venue in any such action or proceeding in such courts; (d) waives any objection that such courts are an inconvenient forum or do not have jurisdiction over any Party; and (e) agrees that service of process upon such Party in any such action or proceeding shall be effective if notice is given in accordance with Section 7.1 or Section 7.2 of this Agreement.

Section 7.9 *WAIVER OF JURY TRIAL*.

**EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (II) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATION OF THIS WAIVER, (III) EACH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (IV) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 7.9.**

Section 7.10 *Severability Clause*.

In the event that any provision of this Agreement, or the application of any such provision to any Person or set of circumstances, is for any reason determined to be invalid, unlawful, void or unenforceable to any extent, the remainder of this Agreement, and the application of such provision to Persons or circumstances other than those as to which it is determined to be invalid, unlawful, void or unenforceable, will not be impaired or otherwise affected and will continue to be valid and enforceable to the fullest extent permitted by applicable Law. Upon such a determination, the parties hereto will negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible; provided, however, that if an excluded provision shall affect the rights, immunities, liabilities, duties or obligations of the Rights Agent, the Rights Agent shall be entitled to resign immediately upon written notice to Gem.

Section 7.11 *Counterparts; Effectiveness*.

This Agreement may be signed in any number of counterparts, each of which will be deemed an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement or any counterpart may be executed and delivered by facsimile copies or delivered by electronic communications by portable document format (.pdf), each of which shall be deemed an original. This Agreement will become effective when each party hereto will have received a counterpart hereof signed by the other party hereto. Until and unless each party has received a counterpart hereof signed by the other party hereto, this Agreement will have no effect and no party will have any right or obligation hereunder (whether by virtue of any oral or written agreement or any other communication).

Section 7.12 *Termination*.

This Agreement will automatically terminate and be of no further force or effect and, except as provided in Section 3.2, the parties hereto will have no further liability hereunder, and the CVRs will expire without any consideration or compensation therefor, upon the expiration of the CVR Period. The termination of this Agreement will not affect or limit the right of Holders to receive the CVR Payments under Section 2.4 to the extent earned prior to the termination of this Agreement, and the provisions applicable thereto will survive the expiration or termination of this Agreement.

Section 7.13 *Force Majeure*.

Notwithstanding anything to the contrary contained herein, none of the Rights Agent, Gem or any of its Subsidiaries (except as it relates to the obligations of the Company under Article 3) will be liable for any delays or failures in performance resulting from acts beyond its reasonable control including acts of God, pandemics (including COVID-19), terrorist acts, shortage of supply, breakdowns or malfunctions, interruptions or malfunctions of computer facilities, or loss of data due to power failures or mechanical difficulties with information storage or retrieval systems, labor difficulties, war or civil unrest.

Section 7.14 *Construction*.

(a) For purposes of this Agreement, whenever the context requires: singular terms will include the plural, and vice versa; the masculine gender will include the feminine and neuter genders; the feminine gender will include the masculine and neuter genders; and the neuter gender will include the masculine and feminine genders.

(b) As used in this Agreement, the words "include" and "including," and variations thereof, will not be deemed to be terms of limitation, but rather will be deemed to be followed by the words "without limitation."

(c) The headings contained in this Agreement are for convenience of reference only, will not be deemed to be a part of this Agreement and will not be referred to in connection with the construction or interpretation of this Agreement.

(d) Any reference in this Agreement to a date or time shall be deemed to be such date or time in New York City, United States, unless otherwise specified. The parties hereto and Gem have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and Gem and no presumption or burden of proof shall arise favoring or disfavoring any Person by virtue of the authorship of any provision of this Agreement.

(e) All references herein to "$" are to United States Dollars.

[*Remainder of page intentionally left blank*]

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be executed as of the day and year first above written.

Gemini Therapeutics, Inc.

By:
Name:
Title:

Continental Stock Transfer and Trust Company

By:
Name:
Title:

**Exhibit 10.3**

**DISC MEDICINE, INC.**

**FORM OF DIRECTOR INDEMNIFICATION AGREEMENT**

This Indemnification Agreement ("Agreement") is made as of [ ] by and between Disc Medicine, Inc., a Delaware corporation, together with its subsidiary, (the "Company"), and [Director] ("Indemnitee").

RECITALS

WHEREAS, the Company desires to attract and retain the services of highly qualified individuals, such as Indemnitee, to serve the Company;

WHEREAS, in order to induce Indemnitee to provide or continue to provide services to the Company, the Company wishes to provide for the indemnification of, and advancement of expenses to, Indemnitee to the maximum extent permitted by law;

WHEREAS, the Third Amended and Restated Certificate of Incorporation (as amended and in effect from time to time, the "Charter") and the Amended and Restated Bylaws (as amended and in effect from time to time, the "Bylaws") of the Company require indemnification of the officers and directors of the Company, and Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware (the "DGCL");

WHEREAS, the Charter, the Bylaws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification;

WHEREAS, the Board of Directors of the Company (the "Board") has determined that the increased difficulty in attracting and retaining highly qualified persons such as Indemnitee is detrimental to the best interests of the Company's stockholders;

WHEREAS, it is reasonable and prudent for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law, regardless of any amendment or revocation of the Charter or the Bylaws, so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified;

WHEREAS, this Agreement is a supplement to and in furtherance of the indemnification provided in the Charter, the Bylaws and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder; and

[WHEREAS, Indemnitee has certain rights to indemnification and/or insurance provided by [Name of Fund/Sponsor] which Indemnitee and [Name of Fund/Sponsor] intend to be secondary to the primary obligation of the Company to indemnify Indemnitee as provided in this Agreement, with the Company's acknowledgment and agreement to the foregoing being a material condition to Indemnitee's willingness to serve or continue to serve on the Board.]

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnitee agrees to [continue to] serve as a director of the Company. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by law), in which event the Company shall have no obligation under this Agreement to continue Indemnitee in such position. This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee.

Section 2. Definitions.

As used in this Agreement:

(a) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended, as in effect on the date of this Agreement; provided, however, that no Person who is a director or officer of the Company shall be deemed an Affiliate or an Associate of any other director or officer of the Company solely as a result of his or her position as director or officer of the Company.

(b) A Person shall be deemed the "Beneficial Owner" of, and shall be deemed to "Beneficially Own" and have "Beneficial Ownership" of, any securities:

(i) which such Person or any of such Person's Affiliates or Associates, directly or indirectly, Beneficially Owns (as determined pursuant to Rule 13d-3 of the Rules under the Exchange Act, as in effect on the date of this Agreement);

(ii) which such Person or any of such Person's Affiliates or Associates, directly or indirectly, has: (A) the legal, equitable or contractual right or obligation to acquire (whether directly or indirectly and whether exercisable immediately or only after the passage of time, compliance with regulatory requirements, satisfaction of one or more conditions (whether or not within the control of such Person) or otherwise) upon the exercise of any conversion rights, exchange rights, rights, warrants or options, or otherwise; (B) the right to vote pursuant to any agreement, arrangement or understanding (whether or not in writing); or (C) the right to dispose of pursuant to any agreement, arrangement or understanding (whether or not in writing) (other than customary arrangements with and between underwriters and selling group members with respect to a *bona fid*e public offering of securities);

(iii) which are Beneficially Owned, directly or indirectly, by any other Person (or any Affiliate or Associate thereof) with which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding (whether or not in writing) (other than customary agreements with and between underwriters and selling group members with respect to a *bona fide* public offering of securities) for the purpose of acquiring, holding, voting or disposing of any securities of the Company; or

(iv) that are the subject of a derivative transaction entered into by such Person or any of such Person's Affiliates or Associates, including, for these purposes, any derivative security acquired by such Person or any of such Person's Affiliates or Associates that gives such Person or any of such Person's Affiliates or Associates the economic equivalent of ownership of an amount of securities due to the fact that the value of the derivative security is explicitly determined by reference to the price or value of such securities, or that provides such Person or any of such Person's Affiliates or Associates an opportunity, directly or indirectly, to profit or to share in any profit derived from any change in the value of such securities, in any case without regard to whether (A) such derivative security conveys any voting rights in such securities to such Person or any of such Person's Affiliates or Associates; (B) the derivative security is required to be, or capable of being, settled through delivery of such securities; or (C) such Person or any of such Person's Affiliates or Associates may have entered into other transactions that hedge the economic effect of such derivative security;

Notwithstanding the foregoing, no Person engaged in business as an underwriter of securities shall be deemed the Beneficial Owner of any securities acquired through such Person's participation as an underwriter in good faith in a firm commitment underwriting.

(c) A "Change in Control" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(i) Acquisition of Stock by Third Party. Any Person is or becomes the Beneficial Owner (as defined above), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the combined voting power of the Company's then outstanding securities unless the change in relative Beneficial Ownership of the Company's securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors, provided that a Change of Control shall be deemed to have occurred if subsequent to such reduction such Person becomes the Beneficial Owner, directly or indirectly, of any additional securities of the Company conferring upon such Person any additional voting power;

(ii) Change in Board of Directors. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person who has entered into an agreement with the Company to effect a transaction described in Sections 2(c)(i), 2(c)(iii) or 2(c)(iv)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Board;

(iii) Corporate Transactions. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or successor entity) more than 50% of the combined voting power of the voting securities of the surviving or successor entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving or successor entity;

(iv) Liquidation. The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale, lease, exchange or other transfer by the Company, in one or a series of related transactions, of all or substantially all of the Company's assets; and

(v) Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended, whether or not the Company is then subject to such reporting requirement.

(d) "Corporate Status" describes the status of a person as a current or former director of the Company or current or former director, manager, partner, officer, employee, agent or trustee of any other Enterprise which such person is or was serving at the request of the Company.

(e) "Enforcement Expenses" shall include all reasonable attorneys' fees, court costs, transcript costs, fees of experts, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other out-of-pocket disbursements or expenses of the types customarily incurred in connection with an action to enforce indemnification or advancement rights, or an appeal from such action. Expenses, however, shall not include fees, salaries, wages or benefits owed to Indemnitee.

(f) "Enterprise" shall mean any corporation (other than the Company), partnership, joint venture, trust, employee benefit plan, limited liability company, or other legal entity of which Indemnitee is or was serving at the request of the Company as a director, manager, partner, officer, employee, agent or trustee.

(g) "Expenses" shall include all reasonable attorneys' fees, court costs, transcript costs, fees of experts, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other out-of-pocket disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding or an appeal resulting from a Proceeding. Expenses, however, shall not include amounts paid in settlement by Indemnitee, the amount of judgments or fines against Indemnitee or fees, salaries, wages or benefits owed to Indemnitee.

(h) "Independent Counsel" means a law firm, or a partner (or, if applicable, member or shareholder) of such a law firm, that is experienced in matters of Delaware corporation law and neither presently is, nor in the past five (5) years has been, retained to represent: (i) the Company, any subsidiary of the Company, any Enterprise or Indemnitee in any matter material to any such party; or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

(i) "Person" shall mean (i) an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, a business trust, a government or political subdivision, any unincorporated organization, or any other association or entity including any successor (by merger or otherwise) thereof or thereto, and (ii) a "group" as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

(j) The term "Proceeding" shall include any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative, regulatory or investigative nature, and whether formal or informal, in which Indemnitee was, is or will be involved as a party or otherwise by reason of the fact that Indemnitee is or was a director of the Company or is or was serving at the request of the Company as a director, manager, partner, officer, employee, agent or trustee of any Enterprise or by reason of any action taken by Indemnitee or of any action taken on his or her part while acting as a director of the Company or while serving at the request of the Company as a director, manager, partner, officer, employee, agent or trustee of any Enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement or advancement of expenses can be provided under this Agreement; provided, however, that the term "Proceeding" shall not include any action, suit or arbitration, or part thereof, initiated by Indemnitee to enforce Indemnitee's rights under this Agreement as provided for in Section 12(a) of this Agreement.

Section 3. Indemnity in Third-Party Proceedings. The Company shall indemnify Indemnitee to the extent set forth in this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee shall be indemnified against all Expenses, judgments, fines, penalties, excise taxes, and amounts paid in settlement actually and reasonably incurred by Indemnitee or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify Indemnitee to the extent set forth in this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 4 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that the Delaware Court of Chancery (the "Delaware Court") shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification for such expenses as the Delaware Court shall deem proper.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement and except as provided in Section 7, to the extent that Indemnitee is a party to or a participant in any Proceeding and is successful in such Proceeding or in defense of any claim, issue or matter therein, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or her in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on his or her behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 6. Reimbursement for Expenses of a Witness or in Response to a Subpoena. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee, by reason of his or her Corporate Status, (i) is a witness in any Proceeding to which Indemnitee is not a party and is not threatened to be made a party or (ii) receives a subpoena with respect to any Proceeding to which Indemnitee is not a party and is not threatened to be made a party, the Company shall reimburse Indemnitee for all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection therewith.

Section 7. Exclusions. Notwithstanding any provision in this Agreement to the contrary, the Company shall not be obligated under this Agreement:

(a) to indemnify for amounts otherwise indemnifiable hereunder (or for which advancement is provided hereunder) if and to the extent that Indemnitee has otherwise actually received such amounts under any insurance policy, contract, agreement or otherwise; [provided that the foregoing shall not affect the rights of Indemnitee or the Fund Indemnitors as set forth in Section 13(c)];

(b) to indemnify for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of state statutory law or common law[, or from the purchase or sale by Indemnitee of such securities in violation of Section 306 of the Sarbanes-Oxley Act of 2002 ("SOX")];

(c) to indemnify with respect to any Proceeding, or part thereof, brought by Indemnitee against the Company, any legal entity which it controls, any director or officer thereof or any third party, unless (i) the Board has consented to the initiation of such Proceeding or part thereof and (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law; provided, however, that this Section 7(d) shall not apply to (A) counterclaims or affirmative defenses asserted by Indemnitee in an action brought against Indemnitee or (B) any action brought by Indemnitee for indemnification or advancement from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company in the suit for which indemnification or advancement is being sought as described in Section 12; or

(d) to provide any indemnification or advancement of expenses that is prohibited by applicable law (as such law exists at the time payment would otherwise be required pursuant to this Agreement).

Section 8. Advancement of Expenses. Subject to Section 9(b), the Company shall advance, the Expenses incurred by Indemnitee in connection with any Proceeding, and such advancement shall be made as incurred within thirty (30) days after the receipt by the Company of a statement or statements requesting such advances (including any invoices received by Indemnitee, which such invoices may be redacted as necessary to avoid the waiver of any privilege accorded by applicable law) from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnitee's (i) ability to repay the expenses, (ii) ultimate entitlement to indemnification under the other provisions of this Agreement, and (iii) entitlement to and availability of insurance coverage, including advancement, payment or reimbursement of defense costs, expenses or covered loss under the provisions of any applicable insurance policy (including, without limitation, whether such advancement, payment or reimbursement is withheld, conditioned or delayed by the insurer(s)). Indemnitee shall qualify for advances upon the execution and delivery to the Company of this Agreement which shall constitute an undertaking providing that Indemnitee undertakes to the fullest extent required by law to repay the advance if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnitee is not entitled to be indemnified by the Company. No other form of undertaking shall be required. The right to advances under this paragraph shall in all events continue until final disposition of any Proceeding, including any appeal therein. Nothing in this Section 8 shall limit Indemnitee's right to advancement pursuant to Section 12(e) of this Agreement.

Section 9. Procedure for Notification and Defense of Claim.

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request therefor specifying the basis for the claim, the amounts for which Indemnitee is seeking payment under this Agreement, and all documentation related thereto as reasonably requested by the Company.

(b) In the event that the Company shall be obligated hereunder to provide indemnification for or make any advancement of Expenses with respect to any Proceeding, the Company shall be entitled to assume the defense of such Proceeding, or any claim, issue or matter therein, with counsel approved by Indemnitee (which approval shall not be unreasonably withheld or delayed) upon the delivery to Indemnitee of written notice of the Company's election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees or expenses of separate counsel subsequently employed by or on behalf of Indemnitee with respect to the same Proceeding; provided that (i) Indemnitee shall have the right to employ separate counsel in any such Proceeding at Indemnitee's expense and (ii) if (A) the employment of separate counsel by Indemnitee has been previously authorized by the Company, (B) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of such defense, (C) the Company shall not continue to retain such counsel to defend such Proceeding, or (D) a Change in Control shall have occurred, then the fees and expenses actually and reasonably incurred by Indemnitee with respect to his or her separate counsel shall be Expenses hereunder.

(c) In the event that the Company does not assume the defense in a Proceeding pursuant to paragraph (b) above, then the Company will be entitled to participate in the Proceeding at its own expense.

(d) The Company shall not be liable to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any Proceeding effected without its prior written consent (which consent shall not be unreasonably withheld or delayed). Without limiting the generality of the foregoing, the fact that an insurer under an applicable insurance policy delays or is unwilling to consent to such settlement or is or may be in breach of its obligations under such policy, or the fact that directors' and officers' liability insurance is otherwise unavailable or not maintained by the Company, may not be taken into account by the Company in determining whether to provide its consent. The Company shall not, without the prior written consent of Indemnitee (which consent shall not be unreasonably withheld or delayed), enter into any settlement which (i) includes an admission of fault of Indemnitee, any non-monetary remedy imposed on Indemnitee or any monetary damages for which Indemnitee is not wholly and actually indemnified hereunder or (ii) with respect to any Proceeding with respect to which Indemnitee may be or is made a party or may be otherwise entitled to seek indemnification hereunder, does not include the full release of Indemnitee from all liability in respect of such Proceeding.

Section 10. Procedure Upon Application for Indemnification.

(a) Upon written request by Indemnitee for indemnification pursuant to Section 9(a), a determination, if such determination is required by applicable law, with respect to Indemnitee's entitlement to indemnification hereunder shall be made in the specific case by one of the following methods: (x) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board; or (y) if a Change in Control shall not have occurred: (i) by a majority vote of the disinterested directors, even though less than a quorum; (ii) by a committee of disinterested directors designated by a majority vote of the disinterested directors, even though less than a quorum; or (iii) if there are no disinterested directors or if the disinterested directors so direct, by Independent Counsel in a written opinion to the Board. For purposes hereof, disinterested directors are those members of the Board who are not parties to the action, suit or proceeding in respect of which indemnification is sought. In the case that such determination is made by Independent Counsel, a copy of Independent Counsel's written opinion shall be delivered to Indemnitee and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within thirty (30) days after such determination. Indemnitee shall cooperate with the Independent Counsel or the Company, as applicable, in making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such counsel or the Company, upon reasonable advance request, any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. The Company shall likewise cooperate with Indemnitee and Independent Counsel, if applicable, in making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such counsel and Indemnitee, upon reasonable advance request, any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to the Company and reasonably necessary to such determination. Any out-of-pocket costs or expenses (including reasonable attorneys' fees and disbursements) actually and reasonably incurred by Indemnitee in so cooperating with the Independent Counsel or the Company shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(b) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 10(a), the Independent Counsel shall be selected by the Board if a Change in Control shall not have occurred or, if a Change in Control shall have occurred, by Indemnitee. Indemnitee or the Company, as the case may be, may, within ten (10) days after written notice of such selection, deliver to the Company or Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Delaware Court has determined that such objection is without merit. If, within twenty (20) days after the later of (i) submission by Indemnitee of a written request for indemnification pursuant to Section 9(a), and (ii) the final disposition of the Proceeding, including any appeal therein, no Independent Counsel shall have been selected without objection, either Indemnitee or the Company may petition the Delaware Court for resolution of any objection which shall have been made by Indemnitee or the Company to the selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the court or by such other person as the court shall designate. The person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 10(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 12(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(c) Notwithstanding anything to the contrary contained in this Agreement, the determination of entitlement to indemnification under this Agreement shall be made without regard to the Indemnitee's entitlement to and availability of insurance coverage, including advancement, payment or reimbursement of defense costs, expenses or covered loss under the provisions of any applicable insurance policy (including, without limitation, whether such advancement, payment or reimbursement is withheld, conditioned or delayed by the insurer(s)).

Section 11. Presumptions and Effect of Certain Proceedings.

(a) To the extent permitted by applicable law, in making a determination with respect to entitlement to indemnification hereunder, it shall be presumed that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 9(a) of this Agreement, and the Company shall have the burden of proof and the burden of persuasion by clear and convincing evidence to overcome that presumption in connection with the making of any determination contrary to that presumption

(b) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of guilty, nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his or her conduct was unlawful.

(c) Indemnitee shall be deemed to have acted in good faith if Indemnitee's actions based on the records or books of account of the Company or any other Enterprise, including financial statements, or on information supplied to Indemnitee by the directors, officers, agents or employees of the Company or any other Enterprise in the course of their duties, or on the advice of legal counsel for the Company or any other Enterprise or on information or records given or reports made to the Company or any other Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Company or any other Enterprise. The provisions of this Section 11(c) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement. In addition, the knowledge and/or actions, or failure to act, of any director, manager, partner, officer, employee, agent or trustee of the Company, any subsidiary of the Company, or any Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. Whether or not the foregoing provisions of this Section 11(c) are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

Section 12. Remedies of Indemnitee.

(a) Subject to Section 12(f), in the event that (i) a determination is made pursuant to Section 10 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 8 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 10(a) of this Agreement within sixty (60) days after receipt by the Company of the request for indemnification for which a determination is to be made other than by Independent Counsel, (iv) payment of indemnification or reimbursement of expenses is not made pursuant to Section 5 or 6 or the last sentence of Section 10(a) of this Agreement within thirty (30) days after receipt by the Company of a written request therefor (including any invoices received by Indemnitee, which such invoices may be redacted as necessary to avoid the waiver of any privilege accorded by applicable law) or (v) payment of indemnification pursuant to Section 3 or 4 of this Agreement is not made within thirty (30) days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication by the Delaware Court of his or her entitlement to such indemnification or advancement. Alternatively, Indemnitee, at his or her option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 12(a); provided, however, that the foregoing time limitation shall not apply in respect of a proceeding brought by Indemnitee to enforce his or her rights under Section 5 of this Agreement. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 10(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 12 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 12, the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement, as the case may be.

(c) If a determination shall have been made pursuant to Section 10(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 12, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 12 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(e) The Company shall indemnify Indemnitee to the fullest extent permitted by law against any and all Enforcement Expenses and, if requested by Indemnitee, shall (within thirty (30) days after receipt by the Company of a written request therefor) advance, to the extent not prohibited by law, such Enforcement Expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advancement from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company in the suit for which indemnification or advancement is being sought. Such written request for advancement shall include invoices received by Indemnitee in connection with such Enforcement Expenses but, in the case of invoices in connection with legal services, any references to legal work performed or to expenditures made that would cause Indemnitee to waive any privilege accorded by applicable law need not be included with the invoice.

(f) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding, including any appeal therein.

Section 13. Non-exclusivity; Survival of Rights; Insurance; Primacy of Indemnification; Subrogation.

(a) The rights of indemnification and to receive advancement as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Charter, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement than would be afforded currently under the Charter, Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, managers, partners, officers, employees, agents or trustees of the Company or of any other Enterprise, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, manager, partner, officer, employee, agent or trustee under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such claim to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. Upon request of Indemnitee, the Company shall also promptly provide to Indemnitee: (i) copies of all of the Company's potentially applicable directors' and officers' liability insurance policies, (ii) copies of such notices delivered to the applicable insurers, and (iii) copies of all subsequent communications and correspondence between the Company and such insurers regarding the Proceeding.

(c) The Company hereby acknowledges that Indemnitee has certain rights to indemnification, advancement of expenses and/or insurance provided by [Name of Fund/Sponsor] and certain of its affiliates (collectively, the "Fund Indemnitors"). The Company hereby agrees (i) that it is the indemnitor of first resort (*i.e.*, its obligations to Indemnitee are primary and any obligation of the Fund Indemnitors to advance expenses or to provide indemnification for the same expenses or liabilities incurred by Indemnitee are secondary), (ii) that it shall be required to advance the full amount of expenses incurred by Indemnitee and shall be liable for the full amount of all Expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by the terms of this Agreement and the Charter and/or Bylaws (or any other agreement between the Company and Indemnitee), without regard to any rights Indemnitee may have against the Fund Indemnitors, and (iii) that it irrevocably waives, relinquishes and releases the Fund Indemnitors from any and all claims against the Fund Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Fund Indemnitors on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing and the Fund Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Company and Indemnitee agree that the Fund Indemnitors are express third party beneficiaries of the terms of this Section 13(c).]

(d) Except as provided in paragraph (c) above, in the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee (other than against the Fund Indemnitors), who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(e) Except as provided in paragraph (c) above, the Company's obligation to provide indemnification or advancement hereunder to Indemnitee who is or was serving at the request of the Company as a director, manager, partner, officer, employee, agent or trustee of any other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement from such other Enterprise.

Section 14. Duration of Agreement. This Agreement shall continue until and terminate upon the later of: (a) ten (10) years after the date that Indemnitee shall have ceased to serve as a director of the Company or (b) one (1) year after the final termination of any Proceeding, including any appeal, then pending in respect of which Indemnitee is granted rights of indemnification or advancement hereunder and of any proceeding commenced by Indemnitee pursuant to Section 12 of this Agreement relating thereto. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and his or her heirs, executors and administrators. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

Section 15. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 16. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to [serve or continue to serve] as a director of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of the Charter, the Bylaws and applicable law, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 17. Modification and Waiver. No supplement, modification or amendment, or waiver of any provision, of this Agreement shall be binding unless executed in writing by the parties thereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver. No supplement, modification or amendment of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee prior to such supplement, modification or amendment.

Section 18. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification, reimbursement or advancement as provided hereunder. The failure of Indemnitee to so notify the Company or any delay in notification shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise, unless, and then only to the extent that, the Company did not otherwise learn of the Proceeding and such delay is materially prejudicial to the Company's ability to defend such Proceeding or matter; and, provided, further, that notice will be deemed to have been given without any action on the part of Indemnitee in the event the Company is a party to the same Proceeding.

Section 19. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (iii) mailed by reputable overnight courier and receipted for by the party to whom said notice or other communication shall have been directed or (iv) sent by facsimile transmission, with receipt of oral confirmation that such transmission has been received:

(a) If to Indemnitee, at such address as Indemnitee shall provide to the Company.

(b) If to the Company to:

Disc Medicine, Inc.
321 Arsenal Street, Suite 101
Watertown, MA 02472
Attention: President

or to any other address as may have been furnished to Indemnitee by the Company.

Section 20. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any Proceeding in such proportion as is deemed fair and reasonable in light of all of the circumstances in order to reflect (i) the relative benefits received by the Company and Indemnitee in connection with the event(s) and/or transaction(s) giving rise to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transactions.

Section 21. Internal Revenue Code Section 409A. The Company intends for this Agreement to comply with the Indemnification exception under Section 1.409A-1(b)(10) of the regulations promulgated under the Internal Revenue Code of 1986, as amended (the "Code"), which provides that indemnification of, or the purchase of an insurance policy providing for payments of, all or part of the expenses incurred or damages paid or payable by Indemnitee with respect to a bona fide claim against Indemnitee or the Company do not provide for a deferral of compensation, subject to Section 409A of the Code, where such claim is based on actions or failures to act by Indemnitee in his or her capacity as a service provider of the Company. The parties intend that this Agreement be interpreted and construed with such intent.

Section 22. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 12(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court, and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) consent to service of process at the address set forth in Section 19 of this Agreement with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 23. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

Section 24. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 25. Monetary Damages Insufficient/Specific Enforcement. The Company and Indemnitee agree that a monetary remedy for breach of this Agreement may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm (having agreed that actual and irreparable harm will result in not forcing the Company to specifically perform its obligations pursuant to this Agreement) and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which he may be entitled. The Company and Indemnitee further agree that Indemnitee shall be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of Indemnitee by the Court, and the Company hereby waives any such requirement of a bond or undertaking.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

DISC MEDICINE, INC.

By: _____
Name:
Title:

_____
[Name of Indemnitee]

**Exhibit 10.4**

**DISC MEDICINE, INC.**
**FORM OF OFFICER INDEMNIFICATION AGREEMENT**

This Indemnification Agreement ("Agreement") is made as of _____ by and between Disc Medicine, Inc., a Delaware corporation, together with its subsidiaries, (the "Company"), and _____ ("Indemnitee").

RECITALS

WHEREAS, the Company desires to attract and retain the services of highly qualified individuals, such as Indemnitee, to serve the Company;

WHEREAS, in order to induce Indemnitee to provide or continue to provide services to the Company, the Company wishes to provide for the indemnification of, and advancement of expenses to, Indemnitee to the maximum extent permitted by law;

WHEREAS, the Third Amended and Restated Certificate of Incorporation (as amended and in effect from time to time, the "Charter") and the Amended and Restated Bylaws (as amended and in effect from time to time, the "Bylaws") of the Company require indemnification of the officers and directors of the Company, and Indemnitee may also be entitled to indemnification pursuant to the General Corporation Law of the State of Delaware (the "DGCL");

WHEREAS, the Charter, the Bylaws and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification;

WHEREAS, the Board of Directors of the Company (the "Board") has determined that the increased difficulty in attracting and retaining highly qualified persons such as Indemnitee is detrimental to the best interests of the Company's stockholders;

WHEREAS, it is reasonable and prudent for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law, regardless of any amendment or revocation of the Charter or the Bylaws, so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified; and

WHEREAS, this Agreement is a supplement to and in furtherance of the indemnification provided in the Charter, the Bylaws and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

Section 1. Services to the Company. Indemnitee agrees to [continue to] serve as [a director and][1] an officer of the Company. Indemnitee may at any time and for any reason resign from [any] such position (subject to any other contractual obligation or any obligation imposed by law), in which event the Company shall have no obligation under this Agreement to continue Indemnitee in such position. This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee.

Section 2. Definitions.

As used in this Agreement:

(a) "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended, as in effect on the date of this Agreement; provided, however, that no Person who is a director or officer of the Company shall be deemed an Affiliate or an Associate of any other director or officer of the Company solely as a result of his or her position as director or officer of the Company.

(b) A Person shall be deemed the "Beneficial Owner" of, and shall be deemed to "Beneficially Own" and have "Beneficial Ownership" of, any securities:

(i) which such Person or any of such Person's Affiliates or Associates, directly or indirectly, Beneficially Owns (as determined pursuant to Rule 13d-3 of the Rules under the Exchange Act, as in effect on the date of this Agreement);

(ii) which such Person or any of such Person's Affiliates or Associates, directly or indirectly, has: (A) the legal, equitable or contractual right or obligation to acquire (whether directly or indirectly and whether exercisable immediately or only after the passage of time, compliance with regulatory requirements, satisfaction of one or more conditions (whether or not within the control of such Person) or otherwise) upon the exercise of any conversion rights, exchange rights, rights, warrants or options, or otherwise; (B) the right to vote pursuant to any agreement, arrangement or understanding (whether or not in writing); or (C) the right to dispose of pursuant to any agreement, arrangement or understanding (whether or not in writing) (other than customary arrangements with and between underwriters and selling group members with respect to a bona fide public offering of securities);

(iii) which are Beneficially Owned, directly or indirectly, by any other Person (or any Affiliate or Associate thereof) with which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding (whether or not in writing) (other than customary agreements with and between underwriters and selling group members with respect to a bona fide public offering of securities) for the purpose of acquiring, holding, voting or disposing of any securities of the Company; or

[1] Bracketed and highlighted language to be used for directors also serving as officers of the company

(iv) that are the subject of a derivative transaction entered into by such Person or any of such Person's Affiliates or Associates, including, for these purposes, any derivative security acquired by such Person or any of such Person's Affiliates or Associates that gives such Person or any of such Person's Affiliates or Associates the economic equivalent of ownership of an amount of securities due to the fact that the value of the derivative security is explicitly determined by reference to the price or value of such securities, or that provides such Person or any of such Person's Affiliates or Associates an opportunity, directly or indirectly, to profit or to share in any profit derived from any change in the value of such securities, in any case without regard to whether (A) such derivative security conveys any voting rights in such securities to such Person or any of such Person's Affiliates or Associates; (B) the derivative security is required to be, or capable of being, settled through delivery of such securities; or (C) such Person or any of such Person's Affiliates or Associates may have entered into other transactions that hedge the economic effect of such derivative security;

Notwithstanding the foregoing, no Person engaged in business as an underwriter of securities shall be deemed the Beneficial Owner of any securities acquired through such Person's participation as an underwriter in good faith in a firm commitment underwriting.

(c) [A "Change in Control" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events*:*

(i) Acquisition of Stock by Third Party. Any Person is or becomes the Beneficial Owner (as defined above), directly or indirectly, of securities of the Company representing fifty percent (50%)[2] or more of the combined voting power of the Company's then outstanding securities unless the change in relative Beneficial Ownership of the Company's securities by any Person results solely from a reduction in the aggregate number of outstanding shares of securities entitled to vote generally in the election of directors, provided that a Change of Control shall be deemed to have occurred if subsequent to such reduction such Person becomes the Beneficial Owner, directly or indirectly, of any additional securities of the Company conferring upon such Person any additional voting power;

(ii) Change in Board of Directors. During any period of two (2) consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a Person who has entered into an agreement with the Company to effect a transaction described in Sections 2(c)(i), 2(c)(iii) or 2(c)(iv)) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the members of the Board;

(iii) Corporate Transactions. The effective date of a merger or consolidation of the Company with any other entity, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or successor entity) more than 50% of the combined voting power of the voting securities of the surviving or successor entity outstanding immediately after such merger or consolidation and with the power to elect at least a majority of the board of directors or other governing body of such surviving or successor entity;

(iv) Liquidation. The approval by the stockholders of the Company of a complete liquidation of the Company or an agreement for the sale, lease, exchange or other transfer by the Company, in one or a series of related transactions, of all or substantially all of the Company's assets; and

(v) Other Events. There occurs any other event of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A (or a response to any similar item on any similar schedule or form) promulgated under the Securities Exchange Act of 1934, as amended, whether or not the Company is then subject to such reporting requirement.][3]

(d) "Corporate Status" describes the status of a person as a current or former [director or] officer of the Company or current or former director, manager, partner, officer, employee, agent or trustee of any other Enterprise which such person is or was serving at the request of the Company.

(e) "Enforcement Expenses" shall include all reasonable attorneys' fees, court costs, transcript costs, fees of experts, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other out-of-pocket disbursements or expenses of the types customarily incurred in connection with an action to enforce indemnification or advancement rights, or an appeal from such action. Expenses, however, shall not include fees, salaries, wages or benefits owed to Indemnitee.

(f) "Enterprise" shall mean any corporation (other than the Company), partnership, joint venture, trust, employee benefit plan, limited liability company, or other legal entity of which Indemnitee is or was serving at the request of the Company as a director, manager, partner, officer, employee, agent or trustee.

(g) "Expenses" shall include all reasonable attorneys' fees, court costs, transcript costs, fees of experts, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other out-of-pocket disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding or an appeal resulting from a Proceeding. Expenses, however, shall not include amounts paid in settlement by Indemnitee, the amount of judgments or fines against Indemnitee or fees, salaries, wages or benefits owed to Indemnitee.

(h) "Independent Counsel" means a law firm, or a partner (or, if applicable, member or shareholder) of such a law firm, that is experienced in matters of Delaware corporation law and neither presently is, nor in the past five (5) years has been, retained to represent: (i) the Company, any subsidiary of the Company, any Enterprise or Indemnitee in any matter material to any such party; or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any Person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement. The Company agrees to pay the reasonable fees and expenses of the Independent Counsel referred to above and to fully indemnify such counsel against any and all expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

[3] For CEO Director version only

(i) "Person" shall mean (i) an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, a business trust, a government or political subdivision, any unincorporated organization, or any other association or entity including any successor (by merger or otherwise) thereof or thereto, and (ii) a "group" as that term is used for purposes of Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

(j) The term "Proceeding" shall include any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil, criminal, administrative, regulatory or investigative nature, and whether formal or informal, in which Indemnitee was, is or will be involved as a party or otherwise by reason of the fact that Indemnitee is or was [a director or] an officer of the Company or is or was serving at the request of the Company as a director, manager, partner, officer, employee, agent or trustee of any Enterprise or by reason of any action taken by Indemnitee or of any action taken on his or her part while acting as [a director or] an officer of the Company or while serving at the request of the Company as a director, manager, partner, officer, employee, agent or trustee of any Enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement or advancement of expenses can be provided under this Agreement; provided, however, that the term "Proceeding" shall not include any action, suit or arbitration, or part thereof, initiated by Indemnitee to enforce Indemnitee's rights under this Agreement as provided for in Section 12(a) of this Agreement.

Section 3. Indemnity in Third-Party Proceedings. The Company shall indemnify Indemnitee to the extent set forth in this Section 3 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee shall be indemnified against all Expenses, judgments, fines, penalties, excise taxes, and amounts paid in settlement actually and reasonably incurred by Indemnitee or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal proceeding, had no reasonable cause to believe that his or her conduct was unlawful.

Section 4. Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify Indemnitee to the extent set forth in this Section 4 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on his or her behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 4 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that the Delaware Court of Chancery (the "Delaware Court") shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification for such expenses as the Delaware Court shall deem proper.

Section 5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement and except as provided in Section 7, to the extent that Indemnitee is a party to or a participant in any Proceeding and is successful in such Proceeding or in defense of any claim, issue or matter therein, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or her in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on his or her behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 6. Reimbursement for Expenses of a Witness or in Response to a Subpoena. Notwithstanding any other provision of this Agreement, to the extent that Indemnitee, by reason of his or her Corporate Status, (i) is a witness in any Proceeding to which Indemnitee is not a party and is not threatened to be made a party or (ii) receives a subpoena with respect to any Proceeding to which Indemnitee is not a party and is not threatened to be made a party, the Company shall reimburse Indemnitee for all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection therewith.

Section 7. Exclusions. Notwithstanding any provision in this Agreement to the contrary, the Company shall not be obligated under this Agreement:

(a) to indemnify for amounts otherwise indemnifiable hereunder (or for which advancement is provided hereunder) if and to the extent that Indemnitee has otherwise actually received such amounts under any insurance policy, contract, agreement or otherwise;

(b) to indemnify for an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of state statutory law or common law, or from the purchase or sale by Indemnitee of such securities in violation of Section 306 of the Sarbanes-Oxley Act of 2002 ("SOX");

(c) to indemnify for any reimbursement of, or payment to, the Company by Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by Indemnitee from the sale of securities of the Company pursuant to Section 304 of SOX or any formal policy of the Company adopted by the Board (or a committee thereof), or any other remuneration paid to Indemnitee if it shall be determined by a final judgment or other final adjudication that such remuneration was in violation of law;

(d) to indemnify with respect to any Proceeding, or part thereof, brought by Indemnitee against the Company, any legal entity which it controls, any director or officer thereof or any third party, unless (i) the Board has consented to the initiation of such Proceeding or part thereof and (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law; provided, however, that this Section 7(d) shall not apply to (A) counterclaims or affirmative defenses asserted by Indemnitee in an action brought against Indemnitee or (B) any action brought by Indemnitee for indemnification or advancement from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company in the suit for which indemnification or advancement is being sought as described in Section 12; or

(e) to provide any indemnification or advancement of expenses that is prohibited by applicable law (as such law exists at the time payment would otherwise be required pursuant to this Agreement).

Section 8. Advancement of Expenses. Subject to Section 9(b), the Company shall advance the Expenses incurred by Indemnitee in connection with any Proceeding, and such advancement shall be made within thirty (30) days] after the receipt by the Company of a statement or statements requesting such advances (including any invoices received by Indemnitee, which such invoices may be redacted as necessary to avoid the waiver of any privilege accorded by applicable law) from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnitee's (i) ability to repay the expenses, (ii) ultimate entitlement to indemnification under the other provisions of this Agreement, and (iii) entitlement to and availability of insurance coverage, including advancement, payment or reimbursement of defense costs, expenses or covered loss under the provisions of any applicable insurance policy (including, without limitation, whether such advancement, payment or reimbursement is withheld, conditioned or delayed by the insurer(s)). Indemnitee shall qualify for advances upon the execution and delivery to the Company of this Agreement which shall constitute an undertaking providing that Indemnitee undertakes to the fullest extent required by law to repay the advance if and to the extent that it is ultimately determined by a court of competent jurisdiction in a final judgment, not subject to appeal, that Indemnitee is not entitled to be indemnified by the Company. No other form of undertaking shall be required. The right to advances under this paragraph shall in all events continue until final disposition of any Proceeding, including any appeal therein. Nothing in this Section 8 shall limit Indemnitee's right to advancement pursuant to Section 12(e) of this Agreement.

Section 9. Procedure for Notification and Defense of Claim.

(a) To obtain indemnification under this Agreement, Indemnitee shall submit to the Company a written request therefor specifying the basis for the claim, the amounts for which Indemnitee is seeking payment under this Agreement, and all documentation related thereto as reasonably requested by the Company.

(b) In the event that the Company shall be obligated hereunder to provide indemnification for or make any advancement of Expenses with respect to any Proceeding, the Company shall be entitled to assume the defense of such Proceeding, or any claim, issue or matter therein, with counsel approved by Indemnitee (which approval shall not be unreasonably withheld or delayed) upon the delivery to Indemnitee of written notice of the Company's election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company will not be liable to Indemnitee under this Agreement for any fees or expenses of separate counsel subsequently employed by or on behalf of Indemnitee with respect to the same Proceeding; provided that (i) Indemnitee shall have the right to employ separate counsel in any such Proceeding at Indemnitee's expense and (ii) if (A) the employment of separate counsel by Indemnitee has been previously authorized by the Company, (B) Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and Indemnitee in the conduct of such defense, (C) the Company shall not continue to retain such counsel to defend such Proceeding, or (D) a Change in Control shall have occurred, then the fees and expenses actually and reasonably incurred by Indemnitee with respect to his or her separate counsel shall be Expenses hereunder.

(c) In the event that the Company does not assume the defense in a Proceeding pursuant to paragraph (b) above, then the Company will be entitled to participate in the Proceeding at its own expense.

(d) The Company shall not be liable to indemnify Indemnitee under this Agreement for any amounts paid in settlement of any Proceeding effected without its prior written consent (which consent shall not be unreasonably withheld or delayed). Without limiting the generality of the foregoing, the fact that an insurer under an applicable insurance policy delays or is unwilling to consent to such settlement or is or may be in breach of its obligations under such policy, or the fact that directors' and officers' liability insurance is otherwise unavailable or not maintained by the Company, may not be taken into account by the Company in determining whether to provide its consent. The Company shall not, without the prior written consent of Indemnitee (which consent shall not be unreasonably withheld or delayed), enter into any settlement which (i) includes an admission of fault of Indemnitee, any non-monetary remedy imposed on Indemnitee or any monetary damages for which Indemnitee is not wholly and actually indemnified hereunder or (ii) with respect to any Proceeding with respect to which Indemnitee may be or is made a party or may be otherwise entitled to seek indemnification hereunder, does not include the full release of Indemnitee from all liability in respect of such Proceeding.

Section 10. Procedure Upon Application for Indemnification.

(a) Upon written request by Indemnitee for indemnification pursuant to Section 9(a), a determination, if such determination is required by applicable law, with respect to Indemnitee's entitlement to indemnification hereunder shall be made in the specific case by one of the following methods: [(x) if a Change in Control shall have occurred and indemnification is being requested by Indemnitee hereunder in his or her capacity as a director of the Company, by Independent Counsel in a written opinion to the Board; or (y) in any other case,][4] (i) by a majority vote of the disinterested directors, even though less than a quorum; (ii) by a committee of disinterested directors designated by a majority vote of the disinterested directors, even though less than a quorum; or (iii) if there are no disinterested directors or if the disinterested directors so direct, by Independent Counsel in a written opinion to the Board. For purposes hereof, disinterested directors are those members of the Board who are not parties to the action, suit or proceeding in respect of which indemnification is sought. In the case that such determination is made by Independent Counsel, a copy of Independent Counsel's written opinion shall be delivered to Indemnitee and, if it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within thirty (30) days after such determination. Indemnitee shall cooperate with the Independent Counsel or the Company, as applicable, in making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such counsel or the Company, upon reasonable advance request, any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. The Company shall likewise cooperate with Indemnitee and Independent Counsel, if applicable, in making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such counsel and Indemnitee, upon reasonable advance request, any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to the Company and reasonably necessary to such determination. Any out-of-pocket costs or expenses (including reasonable attorneys' fees and disbursements) actually and reasonably incurred by Indemnitee in so cooperating with the Independent Counsel or the Company shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(b) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 10(a), the Independent Counsel shall be selected by the Board[; provided that, if a Change in Control shall have occurred and indemnification is being requested by Indemnitee hereunder in his or her capacity as a director of the Company, the Independent Counsel shall be selected by Indemnitee]. Indemnitee [or the Company, as the case may be,] may, within ten (10) days after written notice of such selection, deliver to the Company [or Indemnitee, as the case may be,] a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the Person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Delaware Court has determined that such objection is without merit. If, within twenty (20) days after the later of (i) submission by Indemnitee of a written request for indemnification pursuant to Section 9(a), and (ii) the final disposition of the Proceeding, including any appeal therein, no Independent Counsel shall have been selected without objection, either Indemnitee or the Company may petition the Delaware Court for resolution of any objection which shall have been made by Indemnitee or the Company to the selection of Independent Counsel and/or for the appointment as Independent Counsel of a Person selected by the court or by such other Person as the court shall designate. The Person with respect to whom all objections are so resolved or the Person so appointed shall act as Independent Counsel under Section 10(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 12(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

[4] Bracketed provision for CEO Director only

(c) Notwithstanding anything to the contrary contained in this Agreement, the determination of entitlement to indemnification under this Agreement shall be made without regard to the Indemnitee's entitlement to and availability of insurance coverage, including advancement, payment or reimbursement of defense costs, expenses or covered loss under the provisions of any applicable insurance policy (including, without limitation, whether such advancement, payment or reimbursement is withheld, conditioned or delayed by the insurer(s)).

Section 11. Presumptions and Effect of Certain Proceedings.

(a) To the extent permitted by applicable law, in making a determination with respect to entitlement to indemnification hereunder, it shall be presumed that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 9(a) of this Agreement, and the Company shall have the burden of proof and the burden of persuasion by clear and convincing evidence to overcome that presumption in connection with the making of any determination contrary to that presumption.

(b) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of guilty, nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his or her conduct was unlawful.

(c) Indemnitee shall be deemed to have acted in good faith if Indemnitee's actions based on the records or books of account of the Company or any other Enterprise, including financial statements, or on information supplied to Indemnitee by the directors, officers, agents or employees of the Company or any other Enterprise in the course of their duties, or on the advice of legal counsel for the Company or any other Enterprise or on information or records given or reports made to the Company or any other Enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Company or any other Enterprise. The provisions of this Section 11(c) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed to have met the applicable standard of conduct set forth in this Agreement. In addition, the knowledge and/or actions, or failure to act, of any director, manager, partner, officer, employee, agent or trustee of the Company, any subsidiary of the Company, or any Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement. Whether or not the foregoing provisions of this Section 11(c) are satisfied, it shall in any event be presumed that Indemnitee has at all times acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of the Company. Anyone seeking to overcome this presumption shall have the burden of proof and the burden of persuasion by clear and convincing evidence.

Section 12. Remedies of Indemnitee.

(a) Subject to Section 12(f), in the event that (i) a determination is made pursuant to Section 10 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 8 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 10(a) of this Agreement within sixty (60) days after receipt by the Company of the request for indemnification for which a determination is to be made other than by Independent Counsel, (iv) payment of indemnification or reimbursement of expenses is not made pursuant to Section 5 or 6 or the last sentence of Section 10(a) of this Agreement within thirty (30) days after receipt by the Company of a written request therefor (including any invoices received by Indemnitee, which such invoices may be redacted as necessary to avoid the waiver of any privilege accorded by applicable law) or (v) payment of indemnification pursuant to Section 3 or 4 of this Agreement is not made within thirty (30) days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication by the Delaware Court of his or her entitlement to such indemnification or advancement. Alternatively, Indemnitee, at his or her option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 12(a); provided, however, that the foregoing time limitation shall not apply in respect of a proceeding brought by Indemnitee to enforce his or her rights under Section 5 of this Agreement. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 10(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 12 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 12, the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement, as the case may be.

(c) If a determination shall have been made pursuant to Section 10(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 12, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 12 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(e) The Company shall indemnify Indemnitee to the fullest extent permitted by law against any and all Enforcement Expenses and, if requested by Indemnitee, shall (within thirty (30) days after receipt by the Company of a written request therefor) advance, to the extent not prohibited by law, such Enforcement Expenses to Indemnitee, which are incurred by Indemnitee in connection with any action brought by Indemnitee for indemnification or advancement from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company in the suit for which indemnification or advancement is being sought. Such written request for advancement shall include invoices received by Indemnitee in connection with such Enforcement Expenses but, in the case of invoices in connection with legal services, any references to legal work performed or to expenditures made that would cause Indemnitee to waive any privilege accorded by applicable law need not be included with the invoice.

(f) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding, including any appeal therein.

Section 13. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification and to receive advancement as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled under applicable law, the Charter, the Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his or her Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement than would be afforded currently under the Charter, Bylaws and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, managers, partners, officers, employees, agents or trustees of the Company or of any other Enterprise, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, manager, partner, officer, employee, agent or trustee under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such claim to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. Upon request of Indemnitee, the Company shall also promptly provide to Indemnitee: (i) copies of all of the Company's potentially applicable directors' and officers' liability insurance policies, (ii) copies of such notices delivered to the applicable insurers, and (iii) copies of all subsequent communications and correspondence between the Company and such insurers regarding the Proceeding.

(c) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company's obligation to provide indemnification or advancement hereunder to Indemnitee who is or was serving at the request of the Company as a director, manager, partner, officer, employee, agent or trustee of any other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement from such other Enterprise.

Section 14. Duration of Agreement. This Agreement shall continue until and terminate upon the later of: (a) ten (10) years after the date that Indemnitee shall have ceased to serve as [both a director and] an officer of the Company or (b) one (1) year after the final termination of any Proceeding, including any appeal, then pending in respect of which Indemnitee is granted rights of indemnification or advancement hereunder and of any proceeding commenced by Indemnitee pursuant to Section 12 of this Agreement relating thereto. This Agreement shall be binding upon the Company and its successors and assigns and shall inure to the benefit of Indemnitee and his or her heirs, executors and administrators. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

Section 15. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 16. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee [to serve or continue to serve] as [a director and] an officer of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as [a director and] an officer of the Company.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, however, that this Agreement is a supplement to and in furtherance of the Charter, the Bylaws and applicable law, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 17. Modification and Waiver. No supplement, modification or amendment, or waiver of any provision, of this Agreement shall be binding unless executed in writing by the parties thereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver. No supplement, modification or amendment of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee prior to such supplement, modification or amendment.

Section 18. Notice by Indemnitee. Indemnitee agrees promptly to notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification, reimbursement or advancement as provided hereunder. The failure of Indemnitee to so notify the Company or any delay in notification shall not relieve the Company of any obligation which it may have to Indemnitee under this Agreement or otherwise, unless, and then only to the extent that, the Company did not otherwise learn of the Proceeding and such delay is materially prejudicial to the Company's ability to defend such Proceeding or matter; and, provided, further, that notice will be deemed to have been given without any action on the part of Indemnitee in the event the Company is a party to the same Proceeding.

Section 19. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (i) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (ii) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (iii) mailed by reputable overnight courier and receipted for by the party to whom said notice or other communication shall have been directed or (iv) sent by facsimile transmission, with receipt of oral confirmation that such transmission has been received:

(a) If to Indemnitee, at such address as Indemnitee shall provide to the Company.

(b) If to the Company to:

Disc Medicine, Inc.
321 Arsenal Street, Suite 101
Watertown, MA 02472
Attention: President

or to any other address as may have been furnished to Indemnitee by the Company.

Section 20. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any Proceeding in such proportion as is deemed fair and reasonable in light of all of the circumstances in order to reflect (i) the relative benefits received by the Company and Indemnitee in connection with the event(s) and/or transaction(s) giving rise to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transactions.

Section 21. Internal Revenue Code Section 409A. The Company intends for this Agreement to comply with the Indemnification exception under Section 1.409A-1(b)(10) of the regulations promulgated under the Internal Revenue Code of 1986, as amended (the "Code"), which provides that indemnification of, or the purchase of an insurance policy providing for payments of, all or part of the expenses incurred or damages paid or payable by Indemnitee with respect to a bona fide claim against Indemnitee or the Company do not provide for a deferral of compensation, subject to Section 409A of the Code, where such claim is based on actions or failures to act by Indemnitee in his or her capacity as a service provider of the Company. The parties intend that this Agreement be interpreted and construed with such intent.

Section 22. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 12(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court, and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) consent to service of process at the address set forth in Section 19 of this Agreement with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 23. Headings. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

Section 24. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 25. Monetary Damages Insufficient/Specific Enforcement. The Company and Indemnitee agree that a monetary remedy for breach of this Agreement may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm (having agreed that actual and irreparable harm will result in not forcing the Company to specifically perform its obligations pursuant to this Agreement) and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which he may be entitled. The Company and Indemnitee further agree that Indemnitee shall be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of Indemnitee by the Court, and the Company hereby waives any such requirement of a bond or undertaking.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

**DISC MEDICINE, INC.**

By: _____

Name:
Title:

_____

[Name of Indemnitee]

**Exhibit 10.5**

**DISC MEDICINE, INC.**

**COMMON STOCK ISSUANCE AGREEMENT**

This Common Stock Issuance Agreement (this "Agreement") is made as of December 29, 2022, by and between Disc Medicine, Inc., a Delaware corporation with an office and place of business at 321 Arsenal Street, Suite 101, Watertown, MA 02472 (the "Company"), F. Hoffmann-La Roche Ltd, with an office and place of business at Grenzacherstrasse 124, 4070 Basel, Switzerland ("Roche Basel") and Hoffmann-La Roche Inc., with an office and place of business at 150 Clove Road, Suite 8, Little Falls, New Jersey 07424, U.S.A. ("Roche US"; Roche Basel and Roche Financetogether referred to as "Roche").

1. **Issuance of Stock.** Subject to the terms and conditions of this Agreement, simultaneously with the execution and delivery of this Agreement by the parties or on such other date as the Company and Roche shall agree (the "Issuance Date"), the Company will issue to Roche Finance Ltd, a Swiss company ("Roche Finance"), 482,313 shares of the Company's Common Stock (the "Shares") in consideration of the license granted by Roche to the Company under that certain License Agreement, dated May 7, 2021, by and among the parties hereto, and that certain Addendum to License Agreement dated December 7, 2021, by and among the parties hereto, as further amended from time to time (collectively, the "License Agreement"). On the Issuance Date, the Company will enter the Shares in Roche Finance's name as of such date in the books and records of the Company or, if applicable, a duly authorized transfer agent of the Company. The Company will deliver to Roche, upon request, a notice of issuance with respect to the Shares as soon as practicable following such date. As used elsewhere herein, the term "Shares" refers to all of the Shares issued hereunder and all securities received in connection with the Shares pursuant to stock dividends or splits, all securities received in replacement of the Shares in a recapitalization, merger, reorganization, exchange or the like, and all new, substituted or additional securities or other property to which Roche is entitled by reason of Roche's ownership of the Shares.

2. **Consideration.** As consideration for the mutual promises and covenants set forth in this Agreement, Roche has granted to Company a license to use certain intellectual property pursuant to the License Agreement. The Company and Roche expressly acknowledge and agree that the Shares are being issued in accordance with, and subject to, the License Agreement, which is incorporated herein in full by reference.

3. **Limitations on Transfer.** Roche shall not assign, encumber or dispose of any interest in the Shares except to the extent permitted by, and in compliance with, applicable laws, and the provisions below.

(a) Before any proposed sale, pledge, or transfer of any Shares, unless there is in effect a registration statement under the Securities Act covering the proposed transaction Roche (together with any future holder of the Shares, hereinafter referred to as the "Holder") shall give notice to the Company of Holder's intention to effect such sale, pledge, or transfer. The notice shall describe the manner and circumstances of the proposed sale, pledge, or transfer in sufficient detail and, if reasonably requested by the Company, shall be accompanied at Holder's expense by either (i) a written opinion of legal counsel who shall, and whose legal opinion shall, be reasonably satisfactory to the Company, addressed to the Company, to the effect that the proposed transaction may be effected without registration under the Securities Act of 1933, as amended from time to time (the "Securities Act"); (ii) a "no action" letter from the Securities and Exchange Commission to the effect that the proposed sale, pledge, or transfer of such Shares without registration will not result in a recommendation by the staff of the Securities and Exchange Commission that action be taken with respect thereto; or (iii) any other evidence reasonably satisfactory to counsel to the Company to the effect that the proposed sale, pledge, or transfer of the Shares may be effected without registration under the Securities Act, whereupon Holder shall be entitled to sell, pledge, or transfer such Shares in accordance with the terms of the notice given by the Holder to the Company. The Company will not require such a notice, legal opinion or "no action" letter (x) in any transaction in compliance with Rule 144; or (y) in any transaction in which such Holder distributes any Shares to its affiliate for no consideration; provided that with respect to transfers under the foregoing clauses, each transferee agrees in writing to be subject to the terms of this Section 3.

(b) **"Market Stand-off" Agreement.** Holder hereby agrees that it will comply with the restrictions set forth in Section 10.11 of the License Agreement.

4. **Investment and Taxation Representations.** In connection with the issuance of the Shares, Roche represents to the Company the following:

(a) Roche 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 Shares. Roche is acquiring the Shares for investment for Roche'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 or under any applicable provision of state law. Roche does not have any present intention to transfer the Shares to any other person or entity.

(b) Roche understands that the Shares have 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 Roche's investment intent as expressed herein.

(c) Roche acknowledges and 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. Roche further acknowledges and understands that the Company is under no obligation to register the securities.

(d) Roche is familiar with the provisions of Rule 144, promulgated under the Securities Act, which, in substance, permits limited public resale of "restricted securities" acquired, directly or indirectly, from the issuer of the securities (or from an affiliate of such issuer), in a non-public offering subject to the satisfaction of certain conditions. Roche understands that the Company provides no assurances as to whether it will be able to resell any or all of the Shares pursuant to Rule 144, which rule requires, among other things, that the Company be subject to the reporting requirements of the Exchange Act, that resales of securities take place only after the holder of the Shares has held the Shares for certain specified time periods, and under certain circumstances, that resales of securities be limited in volume and take place only pursuant to brokered transactions. Notwithstanding this Section 4(d), Roche acknowledges and agrees to the restrictions set forth in Section 4(e) below.

(e) Roche understands that in the event all of the applicable requirements of Rule 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 Rule 144 is 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 Rule 144 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.

(f) Roche represents that Roche is not subject to any of the "Bad Actor" disqualifications described in Rule 506(d)(1)(i) to (viii) under the Securities Act. Roche also agrees to notify the Company if Roche becomes subject to such disqualifications after the date hereof.

(g) Roche understands that it may suffer adverse tax consequences as a result of Roche's acquisition or disposition of the Shares. Roche represents that it has consulted any tax consultants Roche deems advisable in connection with the acquisition or disposition of the Shares and that Roche is not relying on the Company for any tax advice.

5. **Restrictive Legends and Stop-Transfer Orders.**

(a) **Legends.** Any stock certificate or, in the case of uncertificated securities, any notice of issuance, for the Shares, shall bear the following legends (as well as any legends required by the Company or applicable state and federal corporate and securities laws):

(i) "THE SECURITIES REFERENCED HEREIN HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. NO SUCH SALE OR DISTRIBUTION MAY BE EFFECTED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO OR AN OPINION OF COUNSEL IN A FORM SATISFACTORY TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE SECURITIES ACT OF 1933."

(ii) "THE SECURITIES REFERENCED HEREIN MAY BE TRANSFERRED ONLY IN ACCORDANCE WITH THE TERMS OF THE COMMON STOCK ISSUANCE AGREEMENT BETWEEN THE COMPANY AND THE STOCKHOLDER OR ITS AFFILIATES, A COPY OF WHICH IS ON FILE WITH AND MAY BE OBTAINED FROM THE SECRETARY OF THE COMPANY AT NO CHARGE."

(b) **Stop-Transfer Notices.** Roche 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.

(d) **Required Notices.** Roche acknowledges that the Shares are issued and shall be held subject to all the provisions of this Agreement, the Company's Certificate of Incorporation (as may be amended from time to time) and the Bylaws (as may be amended from time to time) copies of which are on file at the principal office of the Company. A statement of all of the rights, preferences, privileges and restrictions granted to or imposed upon the respective classes and/or series of shares of stock of the Company and upon the holders thereof may be obtained by any stockholder upon request and without charge, at the principal office of the Company, and the Company will furnish any stockholder, upon request and without charge, a copy of such statement. Roche acknowledges that the provisions of this Section 5 shall constitute the notices required by Sections 151(f) and 202(a) of the Delaware General Corporation Law and Roche hereby expressly waives the requirement of Section 151(f) of the Delaware General Corporation Law that it receive the written notice provided for in Sections 151(f) and 202(a) of the Delaware General Corporation Law within a reasonable time after the issuance of the Shares.

6. **Miscellaneous.**

(a) **Governing Law.** The validity, interpretation, construction and performance of this Agreement, and all acts and transactions pursuant hereto and the rights and obligations of the parties hereto shall be governed, construed and interpreted in accordance with the laws of the state of Delaware, without giving effect to principles of conflicts of law.

(b) **Entire Agreement.** This Agreement and the License Agreement sets forth the entire agreement and understanding of the parties relating to the subject matter herein and supersedes all prior or contemporaneous discussions, understandings and agreements, whether oral or written, between them relating to the subject matter hereof.

(c) **Amendments and Waivers.** No modification of or amendment to this Agreement, nor any waiver of any rights under this Agreement, shall be effective unless in writing signed by the parties to this Agreement. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance.

(d) **Successors and Assigns.** Except as otherwise provided in this Agreement, this Agreement, and the rights and obligations of the parties hereunder, will be binding upon and inure to the benefit of their respective successors, assigns, heirs, executors, administrators and legal representatives. The Company may assign any of its rights and obligations under this Agreement. No other party to this Agreement may assign, whether voluntarily or by operation of law, any of its rights and obligations under this Agreement, except with the prior written consent of the Company.

(e) **Notices.** Any notice, demand or request required or permitted to be given under this Agreement shall be in writing and shall be deemed sufficient when delivered personally or by overnight courier or sent by email, or 48 hours after being deposited in the U.S. mail as certified or registered mail with postage prepaid, addressed to the party to be notified at such party's address as provided in the License Agreement, as subsequently modified by written notice, or if no address is specified, at the most recent address set forth in the Company's books and records.

(f) **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.

(g) **Construction.** This Agreement is the result of negotiations between and has been reviewed by each of the parties hereto and their respective counsel, if any; accordingly, this Agreement shall be deemed to be the product of all of the parties hereto, and no ambiguity shall be construed in favor of or against any one of the parties hereto.

(h) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, and all of which together shall constitute one and the same agreement. Execution of a facsimile or scanned copy will have the same force and effect as execution of an original, and a facsimile or scanned signature will be deemed an original and valid signature.

(i) **Electronic Delivery.** The Company may, in its sole discretion, decide to deliver any documents related to this Agreement or any notices required by applicable law or the Company's Certificate of Incorporation or Bylaws by email or any other electronic means. Roche hereby consents to (i) conduct business electronically, (ii) receive such documents and notices by such electronic delivery at the addresses indicated on the signature pages hereto and (iii) sign documents electronically and agrees to participate through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

[*Signature Page Follows*]

The parties have executed this Common Stock Issuance Agreement as of the date first set forth above.

**COMPANY:**

**DISC MEDICINE, INC.**

By: /s/John Quisel
Name: John Quisel
Title: President & CEO

**F. HOFFMANN-LA ROCHE LTD**

By: /s/Vikas Kabra
Name: Vikas Kabra
Title: Authorized Signatory

By: /s/Barbara Schroeder de Castro Lopes
Name: Barbara Schroeder de Castro Lopes
Title: Authorized Signatory

**HOFFMANN-LA ROCHE INC.**

By: /s/Gerald Bohm
Name: Gerald Bohm
Title: Authorized Signatory

Address: F. Hoffmann-La Roche Ltd
Grenzacherstrasse 124
4070 Basel
Switzerland
Attn: Legal Department
E-mail: and
and

Hoffmann-La Roche Inc.
150 Clove Road, Suite 8
Little Falls
New Jersey 07424, U.S.A.
Attn: Corporate Secretary
E-mail:

**Exhibit 10.6**

**DISC MEDICINE, INC.**

**EMPLOYMENT AGREEMENT**

This Employment Agreement ("Agreement") is made between Disc Medicine, Inc., (the "Company"), and John D. Quisel, J.D., Ph.D. (the "You") and is effective as of the closing of the proposed business combination among the Company, Disc Medicine Opco, Inc. (formerly Disc Medicine, Inc.) and Gemstone Merger Sub, Inc. pursuant to that certain Agreement and Plan of Merger, dated as of August 9, 2022 (the "Effective Date"). Except with respect to the Restrictive Covenants Agreements and the Equity Documents (each as defined below), this Agreement supersedes in all respects all prior agreements between you and Disc Medicine, Inc., predecessor in interest to the Company regarding the subject matter herein, including without limitation the Employment Agreement between you and the Disc Medicine, Inc. dated October 30, 2019 (the "Prior Agreement").

WHEREAS, the Company desires to continue to employ you and you desire to continue to be employed by the Company on the new terms and conditions contained herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Employment.

(a) Term. The Company shall employ you and you shall be employed by the Company pursuant to this Agreement commencing as of the Effective Date and continuing until such employment is terminated in accordance with the provisions hereof (the "Term"). Your employment with the Company will continue to be "at will," meaning that your employment may be terminated by the Company or you at any time and for any reason subject to the terms of this Agreement.

(b) Position and Duties. You shall serve as the Chief Executive Officer ("CEO") of the Company and shall report directly to the Board of Directors (including any committee thereof, the "Board"). You shall have supervision and control over, and responsibility for, the day-to-day business and affairs of the Company, and you shall have such other powers and duties as may from time to time be prescribed by the Board which are consistent with your position as CEO. In addition, the Company shall cause you to be nominated for election to the Board and to be recommended to the stockholders for election to the Board as long as you remain the CEO of the Company. You shall devote your full working time and efforts to the business and affairs of the Company. Notwithstanding the foregoing, you may serve on other boards of directors, with the approval of the Board, which approval shall not unreasonably be withheld by the Board, or engage in religious, charitable or other community activities as long as such services and activities are disclosed to the Board and do not interfere with your performance of your duties to the Company. To the extent applicable, you shall be deemed to have resigned from all officer and board member positions that you hold with the Company or any of its respective subsidiaries and affiliates upon the termination of your employment for any reason. You shall execute any documents in reasonable form as may be requested to confirm or effectuate any such resignations.

2. Compensation and Related Matters.

(a) Base Salary. Your initial base salary shall be paid at the rate of $562,000 per year. Your base salary shall be subject to periodic review and increase (but not decrease, except for an across-the-board reduction of no greater than 10% based on the Company's financial performance similarly affecting all or substantially all senior management employees of the Company) by the Board or the Compensation Committee of the Board (the "Compensation Committee"). The base salary in effect at any given time is referred to herein as "Base Salary." The Base Salary shall be payable in a manner that is consistent with the Company's usual payroll practices for executive officers.

(b) Incentive Compensation. You shall be eligible to receive cash incentive compensation as determined by the Board or the Compensation Committee from time to time. Your target annual incentive compensation shall be fifty percent (50%) of your Base Salary. The target annual incentive compensation in effect at any given time is referred to herein as "Target Bonus." The actual amount of your annual incentive compensation, if any, shall be determined in the sole discretion of the Board or the Compensation Committee, subject to the terms of any applicable incentive compensation plan that may be in effect from time to time (the "Bonus"). Except as otherwise provided herein, to earn incentive compensation, you must be employed by the Company on the day such incentive compensation is paid. The incentive compensation for each fiscal year will be paid no later than two and a half months following such fiscal year.

(c) Expenses. You shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by you during the Term in performing services hereunder, in accordance with the policies and procedures then in effect and established by the Company for its executive officers.

(d) Other Benefits. You shall be eligible to participate in or receive benefits under the Company's employee benefit plans in effect from time to time, subject to the terms of such plans.

(e) Paid Time Off. You shall be entitled to take paid time off in accordance with the Company's applicable paid time off policy for executives, as may be in effect from time to time. You shall also be entitled to all paid holidays given by the Company to its employees.

(f) Equity. The equity awards held by you shall continue to be governed by the terms and conditions of the Company's applicable equity incentive plan(s) and the applicable award agreement(s) governing the terms of such equity awards held by you (collectively, the "Equity Documents"); provided, however, and notwithstanding anything to the contrary in the Equity Documents, Section 5(d) of this Agreement shall apply in the event of termination by the Company without Cause or by you for Good Reason, in either event outside of the Change of Control Period, and Section 6(a)(ii) of this Agreement shall apply in the event of a termination by the Company without Cause or by you for Good Reason in either event within the Change in Control Period (as such terms are defined below).

3. Termination. Your employment hereunder may be terminated without any breach of this Agreement under the following circumstances:

(a) Death. Your employment hereunder shall terminate upon your death.

(b) Disability. The Company may terminate your employment due to your "Disability" if you are unable to perform the essential functions of your then existing position or positions under this Agreement with or without reasonable accommodation for a period of 180 days (which need not be consecutive) in any 12-month period. If any question shall arise as to whether during any period you are disabled so as to be unable to perform the essential functions of your then existing position or positions with or without reasonable accommodation, you may, and at the request of the Company shall, submit to the Company a certification in reasonable detail by a physician selected by the Company who is board certified in the specialty relevant to your medical condition to whom you or your guardian has no reasonable objection as to whether you are disabled or how long such disability is expected to continue, and such certification shall for the purposes of this Agreement be conclusive of the issue. You shall cooperate with any reasonable request of the physician in connection with such certification. If such question shall arise and you shall fail to submit such certification, the Company's reasonable determination of such issue shall be binding on you. Nothing in this Section 3(b) shall be construed to waive your rights, if any, under existing law including, without limitation, the Family and Medical Leave Act of 1993, 29 U.S.C. §2601 *et seq*. and the Americans with Disabilities Act, 42 U.S.C. §12101 *et seq.*

(c) Termination by Company for Cause. The Company may terminate your employment hereunder for Cause. For purposes of this Agreement, "Cause" shall mean any of the following:

(i) conduct by you constituting a material act of intentional misconduct in connection with the performance of your duties, including, without limitation, (A) willful failure or willful refusal to perform material responsibilities that have been lawfully requested by the Board ; (B) intentional dishonesty to the Board with respect to any material matter; or (C) intentional misappropriation of funds or property of the Company or any of its subsidiaries or affiliates other than the occasional, customary and *de minimis* use of Company property for personal purposes;

(ii) the commission by you of (A) any felony or (B) a misdemeanor involving moral turpitude, deceit, dishonesty or fraud;

(iii) any intentional misconduct by you, regardless of whether or not in the course of your employment, that results in material injury or material reputational harm to the Company or any of its subsidiaries or affiliates if you were to continue to be employed in the same position;

(iv) your continued willful non-performance by you of your duties hereunder (other than by reason of your physical or mental illness, incapacity or Disability) which has continued for more than 30 days following written notice of such non-performance from the Board;

(v) a material breach by you of any of the provisions contained in Section 8 of this Agreement or the Restrictive Covenants Agreement and, if such breach is curable, has continued for more than 30 days following written notice of such material breach (as defined below); or

(vi) your willful failure to reasonably cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, after being reasonably instructed by the Company to cooperate, or the willful destruction or failure to preserve documents or other materials known to be relevant to such investigation or the willful inducement of others to fail to cooperate or to produce documents or other materials in connection with such investigation.

(d) Termination by the Company without Cause. The Company may terminate your employment hereunder at any time without Cause. Any termination by the Company of your employment under this Agreement which does not constitute a termination for Cause under Section 3(c) and does not result from the death or Disability of you under Section 3(a) or (b) shall be deemed a termination without Cause.

(e) Termination by You. You may terminate employment hereunder at any time for any reason, including but not limited to, Good Reason. For purposes of this Agreement, "Good Reason" shall mean that you have completed all steps of the Good Reason Process (hereinafter defined) following the occurrence of any of the following events without your written consent (each, a "Good Reason Condition"):

(i) a material diminution in your responsibilities, authority or duties;

(ii) a material diminution in your Base Salary except for across-the-board salary reductions of no greater than 10% based on the Company's financial performance similarly affecting all or substantially all senior management employees of the Company;

(iii) a material change of at least thirty (30) miles of the location of the physical Company office to which you report (which to avoid doubt does not include any home office you may have);

(iv) a breach by the Company of the material terms of this Agreement or any other written agreement between the Company and you; or

(v) requiring you to report to someone other than the Board.

The "Good Reason Process" consists of the following steps:

(i) you reasonably determine in good faith that a Good Reason Condition has occurred;

(ii) you notify the Company in writing of the first occurrence of the Good Reason Condition within 60 days of the first occurrence of such condition;

(iii) you cooperate in good faith with the Company's efforts, for a period of not less than 30 days following such notice (the "Cure Period"), to remedy the Good Reason Condition;

(iv) notwithstanding such Cure Period, the Good Reason Condition continues to exist; and

(v) you terminate employment within 60 days after the end of the Cure Period.

If the Company cures the Good Reason Condition during the Cure Period, Good Reason shall be deemed not to have occurred.

If your employment with the Company is terminated for any reason, the Company shall pay or provide to you (or your authorized representative or estate) (i) any Base Salary earned through the Date of Termination; (ii) unpaid expense reimbursements (subject to, and in accordance with, Section 2(c) of this Agreement); (iii) your accrued but unused vacation days or PTO; (iv) any vested benefits you may have under any employee benefit plan of the Company through the Date of Termination, which vested benefits shall be paid and/or provided in accordance with the terms of such employee benefit plans; and (v) if your employment is terminated by the Company because of your death or Disability, a lump sum payment of any earned, but unpaid Bonus for the fiscal year prior to the fiscal year your employment is terminated because of your death or Disability (collectively, the "Accrued Obligations"). The earned but unpaid Bonus in subsection (v) will be paid at the same time as the Company pays bonuses to similarly situated executives, but in no event later than the end of the taxable year in which the Date of Termination occurs.

4. Notice and Date of Termination.

(a) Notice of Termination. Except for termination as specified in Section 3(a), any termination of your employment by the Company or any such termination by you shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon.

(b) Date of Termination. "Date of Termination" shall mean: (i) if your employment is terminated by death, the date of death; (ii) if your employment is terminated on account of Disability under Section 3(b) or by the Company for Cause under Section 3(c), the date on which Notice of Termination is given; (iii) if your employment is terminated by the Company without Cause under Section 3(d), the date on which a Notice of Termination is given or the date otherwise specified by the Company in the Notice of Termination; (iv) if your employment is terminated by you under Section 3(e) other than for Good Reason, 14 days after the date on which a Notice of Termination is given, and (v) if your employment is terminated by you under Section 3(e) for Good Reason, the date on which a Notice of Termination is given after the end of the Cure Period. Notwithstanding the foregoing, in the event that you give a Notice of Termination to the Company, the Company may unilaterally accelerate the Date of Termination and such acceleration shall not result in a termination by the Company for purposes of this Agreement. However, the Company will continue paying you your Base Salary until the original Date of Termination.

5. Severance Pay and Benefits Upon Termination by the Company without Cause or by You for Good Reason Outside the Change in Control Period. If your employment is terminated by the Company without Cause as provided in Section 3(d), or you terminate employment for Good Reason as provided in Section 3(e), each outside of the Change in Control Period (as defined below), then, in addition to the Accrued Obligations, and subject to (i) your signing a separation agreement and release in a form and manner reasonably satisfactory to the Company, which shall include, without limitation, a general release of claims against the Company and all related persons and entities, a reaffirmation of all of your Continuing Obligations (as defined below), and shall provide that if you materially breach any of the Continuing Obligations, and if such breach is curable, which has continued for more than 30 days following written notice of such breach, all payments of the Severance Amount shall immediately cease (the "Separation Agreement and Release"), and (ii) the Separation Agreement and Release becoming irrevocable, all within 60 days after the Date of Termination (or such shorter period as set forth in the Separation Agreement and Release), which shall include a seven (7) business day revocation period:

(a) the Company shall pay you an amount equal to twelve (12) months of your Base Salary (the "Severance Amount"); provided in the event you are entitled to any payments pursuant to the Restrictive Covenants Agreement, as a condition of such receipt of the Severance Amount, you shall acknowledge and agree in the Separation Agreement and Release that such Severance Amount will be in lieu of any garden leave pay under the Restrictive Covenants Agreement;

(b) a lump sum payment of: (i) a pro-rata share of your Target Bonus for the then-current fiscal year (based on the Date of Termination); and (ii) any earned, but unpaid Bonus for the fiscal year prior to the fiscal year of your Date of Termination with such earned, but unpaid Bonus to be paid at the same time as the Company pays bonuses to similarly situated executives, but in no event later than the end of the taxable year in which the Date of Termination occurs;

(c) subject to your copayment of premium amounts at the applicable active employees' rate and your proper election to receive benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company shall pay to the group health plan provider, the COBRA provider or you a monthly payment equal to the monthly employer contribution that the Company would have made to provide health insurance to you if you had remained employed by the Company until the earliest of (A) the twelve (12) month anniversary of the Date of Termination; (B) your eligibility for group medical plan benefits under any other employer's group medical plan; or (C) the cessation of your continuation rights under COBRA; provided, however, if the Company determines that it cannot pay such amounts to the group health plan provider or the COBRA provider (if applicable) without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then the Company shall convert such payments to payroll payments directly to you for the time period specified above. Such payments shall be subject to tax-related deductions and withholdings and paid on the Company's regular payroll dates; and

(d) notwithstanding anything to the contrary in any applicable option agreement or other stock-based award agreement, twenty-five percent (25%) of all then-unvested time-based and other stock-based awards subject to time-based vesting held by you (the "Time-Based Equity Awards") shall immediately accelerate and become fully exercisable or nonforfeitable as of the later of (i) the Date of Termination or (ii) the effective date of the Separation Agreement and Release (the "Accelerated Vesting Date"); *provided* that any termination or forfeiture of the unvested portion of such Time-Based Equity Awards that would otherwise occur on the Date of Termination in the absence of this Agreement will be delayed until the effective date of the Separation Agreement and Release and will only occur if the vesting pursuant to this subsection does not occur due to the absence of the Separation Agreement and Release becoming fully effective within the time period set forth therein. Notwithstanding the foregoing, no additional vesting of the Time-Based Equity Awards shall occur during the period between your Date of Termination and the Accelerated Vesting Date.

The amounts payable under Sections 5(a) and (c), to the extent taxable, shall be paid out in substantially equal installments in accordance with the Company's payroll practice over twelve (12) months commencing within 60 days after the Date of Termination, and the amount payable under Section 5(b)(i), to the extent taxable, shall be paid within 60 days of the Date of Termination; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, the Severance Amount, to the extent it qualifies as "non-qualified deferred compensation" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), shall begin to be paid in the second calendar year by the last day of such 60-day period; provided, further, that the initial payment shall include a catch-up payment to cover amounts retroactive to the day immediately following the Date of Termination. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2).

6. Severance Pay and Benefits Upon Termination by the Company without Cause or by You for Good Reason within the Change in Control Period. The provisions of this Section 6 shall apply in lieu of, and expressly supersede, the provisions of Section 5 if (i) your employment is terminated either (a) by the Company without Cause as provided in Section 3(d), or (b) by you for Good Reason as provided in Section 3(e), and (ii) the Date of Termination is within 3 months prior to, or within 12 months after, the occurrence of the first event constituting a Change in Control (as defined below) (such period, the "Change in Control Period"). These provisions of Section 6 shall terminate and be of no further force or effect after a Change in Control Period.

(a) If your employment is terminated by the Company without Cause as provided in Section 3(d) or you terminate employment for Good Reason as provided in Section 3(e) and in each case the Date of Termination occurs during the Change in Control Period, then, in addition to the Accrued Obligations, and subject to the signing of the Separation Agreement and Release by you and the Separation Agreement and Release becoming fully effective, all within the time frame set forth in the Separation Agreement and Release but in no event more than 60 days after the Date of Termination:

(i) the Company shall pay you a lump sum in cash in an amount equal to the sum of (A) eighteen (18) months of your then current Base Salary (or your Base Salary in effect immediately prior to the Change in Control, if higher), (B) your Target Bonus for the then-current fiscal year; and (C) any earned, but unpaid Bonus for the fiscal year prior to the fiscal year of your Date of Termination, (the "Change in Control Payment") provided that, if applicable and as a condition of such receipt of the Change in Control Payment, you shall acknowledge and agree in the Separation Agreement and Release that such Change in Control Payment will be in lieu of any garden leave pay under the Restrictive Covenants Agreements; and

(ii) notwithstanding anything to the contrary in any applicable option agreement or other stock-based award agreement, all time-based stock options and other stock-based awards subject to time-based vesting held by you (the "Time-Based Equity Awards") shall immediately accelerate and become fully exercisable or nonforfeitable as of the later of (i) the Date of Termination or (ii) the effective date of the Separation Agreement and Release (the "Accelerated Vesting Date"); *provided* that any termination or forfeiture of the unvested portion of such Time-Based Equity Awards that would otherwise occur on the Date of Termination in the absence of this Agreement will be delayed until the effective date of the Separation Agreement and Release and will only occur if the vesting pursuant to this subsection does not occur due to the absence of the Separation Agreement and Release becoming fully effective within the time period set forth therein. Notwithstanding the foregoing, no additional vesting of the Time-Based Equity Awards shall occur during the period between your Date of Termination and the Accelerated Vesting Date; and

(iii) subject to your copayment of premium amounts at the applicable active employees' rate and your proper election to receive benefits under COBRA, the Company shall pay to the group health plan provider, the COBRA provider or you a monthly payment equal to the monthly employer contribution that the Company would have made to provide health insurance to you if you had remained employed by the Company until the earliest of (A) the 18-month anniversary of the Date of Termination; (B) your eligibility for group medical plan benefits under any other employer's group medical plan; or (C) the cessation of your continuation rights under COBRA; provided, however, if the Company determines that it cannot pay such amounts to the group health plan provider or the COBRA provider (if applicable) without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then the Company shall convert such payments to payroll payments directly to you for the time period specified above. Such payments shall be subject to tax-related deductions and withholdings and paid on the Company's regular payroll dates.

The amounts payable under this Section 6(a) (other than 6(a)(i)(C)), to the extent taxable, shall be paid or commence to be paid within 60 days after the Date of Termination; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, such payments to the extent they qualify as "non-qualified deferred compensation" within the meaning of Section 409A of the Code, shall be paid or commence to be paid in the second calendar year by the last day of such 60-day period. The amount payable under Section 6(a)(i)(C) shall be paid at the same time as the Company pays bonuses to similarly situated executives, but in no event later than the end of the taxable year in which the Date of Termination occurs.

(b) Additional Limitation.

(i) Anything in this Agreement to the contrary notwithstanding, in the event that the amount of any compensation, payment or distribution by the Company to or for the benefit of you, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, calculated in a manner consistent with Section 280G of the Code, and the applicable regulations thereunder (the "Aggregate Payments"), would be subject to the excise tax imposed by Section 4999 of the Code, then the Aggregate Payments shall be reduced (but not below zero) so that the sum of all of the Aggregate Payments shall be $1.00 less than the amount at which you became the subject to the excise tax imposed by Section 4999 of the Code; provided that such reduction shall only occur if it would result in you receiving a higher After Tax Amount (as defined below) than you would receive if the Aggregate Payments were not subject to such reduction. In such event, the Aggregate Payments shall be reduced in the following order, in each case, in reverse chronological order beginning with the Aggregate Payments that are to be paid the furthest in time from consummation of the transaction that is subject to Section 280G of the Code: (1) cash payments not subject to Section 409A of the Code; (2) cash payments subject to Section 409A of the Code; (3) equity-based payments and acceleration; and (4) non-cash forms of benefits; provided that in the case of all the foregoing Aggregate Payments all amounts or payments that are not subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c) shall be reduced before any amounts that are subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c).

(ii) For purposes of this Section 6(b), the "After Tax Amount" means the amount of the Aggregate Payments less all federal, state, and local income, excise and employment taxes imposed on you as a result of your receipt of the Aggregate Payments. For purposes of determining the After Tax Amount, you shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in each applicable state and locality, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

(iii) The determination as to whether a reduction in the Aggregate Payments shall be made pursuant to Section 6(b)(i) shall be made by a nationally recognized accounting firm selected by the Company (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and you within 15 business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Company or you. Any determination by the Accounting Firm shall be binding upon the Company and you.

(iv) Definitions. For the purposes of this Section 6, a "Change in Control" shall be deemed to have occurred upon the occurrence of any one of the following events: (a) the sale or transfer of all or substantially all of the assets of the Company (i.e., >50% of the value) on a consolidated basis to one or more unrelated persons or entities, (b) a merger, reorganization or consolidation pursuant to which the holders of the Company's outstanding voting power and outstanding stock immediately prior to such transaction do not own a majority of the outstanding voting power or fair market value of the stock or other equity interests of the resulting or successor entity (or its ultimate parent, if applicable) immediately upon completion of such transaction, (c) the sale of all or substantially all of the stock of the Company to an unrelated person, entity or group thereof acting in concert, (d) any other transaction in which the owners of the Company's outstanding voting power immediately prior to such transaction do not own at least a majority of the outstanding voting power of the Company or any successor entity immediately upon completion of the transaction other than as a result of the acquisition of securities directly from the Company, or (e) the date a majority of the members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election provided that with respect to any of the clauses (a) through (e) any capital raising transaction of the Company (including the Company's IPO) shall not be treated as a "Change in Control." Notwithstanding any other provision of this Agreement (other than the foregoing proviso), "Change in Control" shall be interpreted, administered and applied in a manner consistent and in compliance with a "change in control event" as set forth in Treasury Regulation Section 1.409A-3(i)(5) ("Change in Control Event").

7. Section 409A.

(a) Anything in this Agreement to the contrary notwithstanding, if at the time of your separation from service within the meaning of Section 409A of the Code, the Company determines that you are a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that you become entitled to under this Agreement or otherwise on account of your separation from service would be considered deferred compensation otherwise subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after your separation from service, or (B) your death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule.

(b) All in-kind benefits provided and expenses eligible for reimbursement under this Agreement shall be provided by the Company or incurred by you during the time periods set forth in this Agreement. All reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. The amount of in-kind benefits provided or reimbursable expenses incurred in one taxable year shall not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year (except for any lifetime or other aggregate limitation applicable to medical expenses). Such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(c) To the extent that any payment or benefit described in this Agreement constitutes "non-qualified deferred compensation" under Section 409A of the Code, and to the extent that such payment or benefit is payable upon your termination of employment, then such payments or benefits shall be payable only upon your "separation from service." The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(d) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. Each payment pursuant to this Agreement or the Restrictive Covenants Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(e) The Company makes no representation or warranty and shall have no liability to you or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

8. Continuing Obligations.

(a) Restrictive Covenants Agreements. The Disc Medicine, Inc. Employee Confidentiality, Assignment, Nonsolicitation and Noncompetition Agreement effective as of November 1, 2019 and the First Amendment to Offer Letter and Disc Medicine, Inc. Employee Confidentiality, Assignment, Nonsolicitation and Noncompetition Agreement dated January 29, 2020 (the "Restrictive Covenants Agreements"), between the Company and you, attached hereto as Exhibit A, continue to be in full force and effect. For purposes of this Agreement, the obligations in this Section 8 and those that arise in the Restrictive Covenants Agreements shall collectively be referred to as the "Continuing Obligations."

(b) Third-Party Agreements and Rights. You hereby confirm that you are not bound by the terms of any agreement with any previous employer or other party which restricts in any way your use or disclosure of information, other than confidentiality restrictions (if any), or your engagement in any business. You represent to the Company that your execution of this Agreement, your employment with the Company and the performance of your proposed duties for the Company will not violate any obligations you may have to any such previous employer or other party. In your work for the Company, you will not disclose or make use of any information in violation of any agreements with or rights of any such previous employer or other party, and you will not bring to the premises of the Company any copies or other tangible embodiments of non-public information belonging to or obtained from any such previous employment or other party.

(c) Litigation and Regulatory Cooperation. During and after your employment, you shall reasonably cooperate fully with the Company in (i) the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while you were employed by the Company, and (ii) the investigation, whether internal or external, of any matters about which the Company believes you may have knowledge or information. Your full reasonable cooperation in connection with such claims, actions or investigations shall include, but not be limited to, being available to meet with counsel to answer questions or to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after your employment, you also shall reasonably cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while you were employed by the Company. The Company shall reimburse you for any reasonable out-of-pocket expenses incurred in connection with your performance of obligations pursuant to this Section 8(c). The Company agrees that if you have provided fifteen (15) hours of cooperation to the Company after your Date of Termination, the Company shall pay you an hourly rate of $450 for any additional hours of cooperation, over the initial fifteen (15) hours, except for your testimony pursuant to a lawfully issued summons or subpoena. The Company further agrees that it will pay/reimburse your reasonable out-of-pocket expenses and fees within thirty (30) days of your submission of receipts and invoices to the Company.

(d) Relief. You agree that it may be difficult to measure any damages caused to the Company which might result from any breach by you of the Continuing Obligations, and that in any event money damages may be an inadequate remedy for any such breach. Accordingly, you agree that if you breach, or propose to breach, any portion of the Continuing Obligations, the Company shall be entitled, in addition to all other remedies that it may have, to seek an injunction or other appropriate equitable relief to restrain any such breach without showing or proving any actual damage to the Company.

(e) Protected Disclosures and Other Protected Action. Nothing in this Agreement shall be interpreted or applied to prohibit you from making any good faith report to any governmental agency or other governmental entity (a "Government Agency") concerning any act or omission that you reasonably believe constitutes a possible violation of federal or state law or making other disclosures that are protected under the anti-retaliation or whistleblower provisions of applicable federal or state law or regulation. In addition, nothing contained in this Agreement limits your ability to communicate with any Government Agency or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including your ability to provide documents or other information, without notice to the Company. In addition, for the avoidance of doubt, pursuant to the federal Defend Trade Secrets Act of 2016, you shall not be held criminally or civilly liable under any federal or state trade secret law or under this Agreement or the Restrictive Covenants Agreement for the disclosure of a trade secret that (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

9. Arbitration of Disputes.

(a) Arbitration Generally. Any controversy or claim arising out of or relating to this Agreement or the breach thereof or otherwise arising out of your employment or the termination of that employment (including, without limitation, any claims of unlawful employment discrimination or retaliation, whether based on race, religion, national origin, sex, gender, age, disability, sexual orientation, or any other protected class under applicable law, including without limitation Massachusetts General Laws Chapter 151B) shall, to the fullest extent permitted by law, be settled by arbitration in any forum and form agreed upon by the parties or, in the absence of such an agreement, under the auspices of JAMS in Boston, Massachusetts in accordance with the JAMS Employment Arbitration Rules, including, but not limited to, the rules and procedures applicable to the selection of arbitrators. You understand that you may only bring such claims in your individual capacity, and not as a plaintiff or class member in any purported class proceeding or any purported representative proceeding. You further understand that, by signing this Agreement, the Company and you are giving up any right they may have to a jury trial on all claims they may have against each other. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. This Section 9 shall be specifically enforceable. Notwithstanding the foregoing, this Section 9 shall not preclude either party from pursuing a court action for the sole purpose of obtaining a temporary restraining order or a preliminary injunction in circumstances in which such relief is appropriate, including without limitation relief sought under the Restrictive Covenants Agreement; provided that any other relief shall be pursued through an arbitration proceeding pursuant to this Section 9.

(b) Arbitration Fees and Costs. You shall be required to pay an arbitration fee to initiate any arbitration equal to what you would be charged as a first appearance fee in court. The Company shall pay the remaining fees and costs of the arbitrator. Each party shall pay its own costs and attorneys' fees, if any. If, however, any party prevails on a statutory or contractual claim that entitles the prevailing party to attorneys' fees (including pursuant to this Agreement), the arbitrator will award attorneys' fees to the prevailing party to the extent permitted by law.

10. Consent to Jurisdiction. To the extent that any court action is permitted consistent with or to enforce Section 9 of this Agreement, the parties hereby consent to the jurisdiction of the state and federal courts of the Commonwealth of Massachusetts. Accordingly, with respect to any such court action, you (a) submit to the exclusive personal jurisdiction of such courts; (b) consent to service of process; and (c) waive any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction or service of process.

11. Indemnification. The "Indemnification Agreement" between the Company and you, dated December 29, 2022 (the "Indemnification Agreement") is hereby incorporated by reference.

12. No Mitigation. The Company agrees that if your employment by the Company is terminated during the term of this Agreement, you are not required to seek other employment or to attempt in any way to reduce any amounts payable to you by the Company pursuant to Sections 5 or 6 hereof. Further, the amount of any payment provided for in this Agreement shall not be reduced by any compensation earned by you.

13. Integration. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties concerning such subject matter, including the Prior Agreement, provided that the Restrictive Covenants Agreement, the Indemnification Agreement and the Equity Documents remain in full force and effect.

14. Withholding; Tax Effect. All payments made by the Company to you under this Agreement shall be net of any tax or other amounts required to be withheld by the Company under applicable law. Nothing in this Agreement shall be construed to require the Company to make any payments to compensate you for any adverse tax effect associated with any payments or benefits or for any deduction or withholding from any payment or benefit.

15. Assignment. Neither you nor the Company may make any assignment of this Agreement or any interest in it, by operation of law or otherwise, without the prior written consent of the other; provided, however, that the Company may assign its rights and obligations under this Agreement (including the Restrictive Covenants Agreement) without your consent to any affiliate or to any person or entity with whom the Company shall hereafter effect a reorganization, consolidate with, or merge into or to whom it transfers all or substantially all of its properties or assets, but only on the condition that it assigns both its rights and obligations. This Agreement shall inure to the benefit of and be binding upon you and the Company, and each of yours and the Company's respective successors, executors, administrators, heirs, personal representatives, and permitted assigns. In the event of your death prior to the completion by the Company of any payments due to you under Sections 5 or 6 of this Agreement, the Company shall continue such payments to the beneficiary you designated in writing to the Company prior to your death, or to your estate, heirs, executors or personal representatives if you failed to make such designation.

16. Enforceability. If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

17. Survival. The provisions of this Agreement shall survive the termination of this Agreement and/or the termination of your employment to the extent necessary to effectuate the terms contained herein.

18. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

19. Notices. Any notices, requests, demands and other communications provided for by this Agreement shall be sufficient if in writing and delivered in person or sent by a nationally recognized overnight courier service or by registered or certified mail, postage prepaid, return receipt requested, to you at the last address you have on file in writing with the Company or, in the case of the Company, at its main offices, attention of the Board.

20. Amendment. This Agreement may be amended or modified only by a written instrument signed by you and by a duly authorized representative of the Company.

21. Effect on Other Plans and Agreements. An election by you to resign for Good Reason under the provisions of this Agreement shall not be deemed a voluntary termination of employment by you for the purpose of interpreting the provisions of any of the Company's benefit plans, programs or policies. Nothing in this Agreement shall be construed to limit the rights of you under the Company's benefit plans, programs or policies except as otherwise provided in Section 8 hereof, and except that you shall have no rights to any severance benefits under any Company severance pay plan, offer letter or otherwise. In the event that you are a party to an agreement with the Company providing for payments or benefits under such plan or agreement and under this Agreement, the terms of this Agreement shall govern and you may receive payment under this Agreement only and not both. Further, Section 5 and Section 6 of this Agreement are mutually exclusive and in no event shall you be entitled to payments or benefits pursuant to both Section 5 and Section 6 of this Agreement.

22. Governing Law. This is a Massachusetts contract and shall be construed under and be governed in all respects by the laws of the Commonwealth of Massachusetts, without giving effect to the conflict of laws principles thereof. With respect to any disputes concerning federal law, such disputes shall be determined in accordance with the law as it would be interpreted and applied by the United States Court of Appeals for the First Circuit.

23. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the Effective Date.

**DISC MEDICINE, INC.**

By: /s/Donald Nicholson, Ph.D.

Its: Executive Chairman

**EXECUTIVE**
/s/John D. Quisel, J.D., Ph.D.

John D. Quisel, J.D., Ph.D.

**Exhibit A**

**Restrictive Covenants Agreements**

**Exhibit 10.7**

**DISC MEDICINE, INC.**

**EMPLOYMENT AGREEMENT**

This Employment Agreement ("Agreement") is made between Disc Medicine, Inc. (formerly Gemini Therapeutics, Inc.), (the "Company"), and Joanne Bryce, CPA (the "You") and is effective as of the closing of the proposed business combination among the Company, Disc Medicine Opco, Inc. (formerly Disc Medicine, Inc.) and Gemstone Merger Sub, Inc. pursuant to that certain Agreement and Plan of Merger, dated as of August 9, 2022 (the "Effective Date"). Except with respect to the Restrictive Covenants Agreement and the Equity Documents (each as defined below), this Agreement supersedes in all respects all prior agreements between you and Disc Medicine, Inc., predecessor in interest to the Company, regarding the subject matter herein, including without limitation the offer letter between you and Disc Medicine, Inc. dated September 14, 2021 (the "Prior Agreement").

WHEREAS, the Company desires to continue to employ you and you desire to continue to be employed by the Company on the new terms and conditions contained herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Employment.

(a) Term. The Company shall employ you and you shall be employed by the Company pursuant to this Agreement commencing as of the Effective Date and continuing until such employment is terminated in accordance with the provisions hereof (the "Term"). Your employment with the Company will continue to be "at will," meaning that your employment may be terminated by the Company or you at any time and for any reason subject to the terms of this Agreement.

(b) Position and Duties. You shall serve as the Chief Financial Officer of the Company and shall report directly to the Chief Executive Officer ("CEO"). You shall have such powers and duties as may from time to time be prescribed by the CEO or other duly authorized executive which are consistent with your position as General Counsel. You shall devote your full working time and efforts to the business and affairs of the Company. Notwithstanding the foregoing, you may serve on other boards of directors, with the approval of the Board of Directors of the Company (including any committee thereof, the "Board"), which approval shall not unreasonably be withheld by the Board, or engage in religious, charitable or other community activities as long as such services and activities are disclosed to the Board and do not interfere with your performance of your duties to the Company. To the extent applicable, you shall be deemed to have resigned from all officer and, if applicable, board member positions that you hold with the Company or any of its respective subsidiaries and affiliates upon the termination of your employment for any reason. You shall execute any documents in reasonable form as may be requested to confirm or effectuate any such resignations.

2. Compensation and Related Matters.

(a) Base Salary. Your initial base salary shall be paid at the rate of $419,000 per year. Your base salary shall be subject to periodic review and increase (but not decrease, except for an across-the-board reduction of no greater than 10% based on the Company's financial performance similarly affecting all or substantially all senior management employees of the Company) by the Board or the Compensation Committee of the Board (the "Compensation Committee"). The base salary in effect at any given time is referred to herein as "Base Salary." The Base Salary shall be payable in a manner that is consistent with the Company's usual payroll practices for executive officers.

(b) Incentive Compensation. You shall be eligible to receive cash incentive compensation as determined by the Board or the Compensation Committee from time to time. Your target annual incentive compensation shall be forty percent (40%) of your Base Salary. The target annual incentive compensation in effect at any given time is referred to herein as "Target Bonus." The actual amount of your annual incentive compensation, if any, shall be determined in the sole discretion of the Board or the Compensation Committee, subject to the terms of any applicable incentive compensation plan that may be in effect from time to time (the "Bonus"). Except as otherwise provided herein, to earn incentive compensation, you must be employed by the Company on the day such incentive compensation is paid. The incentive compensation for each fiscal year will be paid no later than two and a half months following such fiscal year.

(c) Expenses. You shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by you during the Term in performing services hereunder, in accordance with the policies and procedures then in effect and established by the Company for its executive officers.

(d) Other Benefits. You shall be eligible to participate in or receive benefits under the Company's employee benefit plans in effect from time to time, subject to the terms of such plans.

(e) Paid Time Off. You shall be entitled to take paid time off in accordance with the Company's applicable paid time off policy for executives, as may be in effect from time to time. You shall also be entitled to all paid holidays given by the Company to its employees.

(f) Equity. The equity awards held by you shall continue to be governed by the terms and conditions of the Company's applicable equity incentive plan(s) and the applicable award agreement(s) governing the terms of such equity awards held by you (collectively, the "Equity Documents"); provided, however, and notwithstanding anything to the contrary in the Equity Documents, Section 6(a)(ii) of this Agreement shall apply in the event of a termination by the Company without Cause or by you for Good Reason in either event within the Change in Control Period (as such terms are defined below).

3. Termination. Your employment hereunder may be terminated without any breach of this Agreement under the following circumstances:

(a) Death. Your employment hereunder shall terminate upon your death.

(b) Disability. The Company may terminate your employment due to your "Disability" if you are unable to perform the essential functions of your then existing position or positions under this Agreement with or without reasonable accommodation for a period of 180 days (which need not be consecutive) in any 12-month period. If any question shall arise as to whether during any period you are disabled so as to be unable to perform the essential functions of your then existing position or positions with or without reasonable accommodation, you may, and at the request of the Company shall, submit to the Company a certification in reasonable detail by a physician selected by the Company who is board certified in the specialty relevant to your medical condition to whom you or your guardian has no reasonable objection as to whether you are disabled or how long such disability is expected to continue, and such certification shall for the purposes of this Agreement be conclusive of the issue. You shall cooperate with any reasonable request of the physician in connection with such certification. If such question shall arise and you shall fail to submit such certification, the Company's reasonable determination of such issue shall be binding on you. Nothing in this Section 3(b) shall be construed to waive your rights, if any, under existing law including, without limitation, the Family and Medical Leave Act of 1993, 29 U.S.C. §2601 *et seq*. and the Americans with Disabilities Act, 42 U.S.C. §12101 *et seq.*

(c) Termination by Company for Cause. The Company may terminate your employment hereunder for Cause. For purposes of this Agreement, "Cause" shall mean any of the following:

(i) conduct by you constituting a material act of intentional misconduct in connection with the performance of your duties, including, without limitation, (A) willful failure or willful refusal to perform material responsibilities that have been lawfully requested by the CEO; (B) intentional dishonesty to the CEO with respect to any material matter; or (C) intentional misappropriation of funds or property of the Company or any of its subsidiaries or affiliates other than the occasional, customary and *de minimis* use of Company property for personal purposes;

(ii) the commission by you of (A) any felony or (B) a misdemeanor involving moral turpitude, deceit, dishonesty or fraud;

(iii) any intentional misconduct by you, regardless of whether or not in the course of your employment, that results in material injury or material reputational harm to the Company or any of its subsidiaries or affiliates if you were to continue to be employed in the same position;

(iv) your continued willful non-performance by you of your duties hereunder (other than by reason of your physical or mental illness, incapacity or Disability) which has continued for more than 30 days following written notice of such non-performance from the CEO;

(v) a material breach by you of any of the provisions contained in Section 8 of this Agreement or the Restrictive Covenants Agreement and, if such breach is curable, has continued for more than 30 days following written notice of such material breach (as defined below); or

(vi) your willful failure to reasonably cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, after being reasonably instructed by the Company to cooperate, or the willful destruction or failure to preserve documents or other materials known to be relevant to such investigation or the willful inducement of others to fail to cooperate or to produce documents or other materials in connection with such investigation.

(d) Termination by the Company without Cause. The Company may terminate your employment hereunder at any time without Cause. Any termination by the Company of your employment under this Agreement which does not constitute a termination for Cause under Section 3(c) and does not result from the death or Disability of you under Section 3(a) or (b) shall be deemed a termination without Cause.

(e) Termination by You. You may terminate employment hereunder at any time for any reason, including but not limited to, Good Reason. For purposes of this Agreement, "Good Reason" shall mean that you have completed all steps of the Good Reason Process (hereinafter defined) following the occurrence of any of the following events without your written consent (each, a "Good Reason Condition"):

(i) a material diminution in your responsibilities, authority or duties

(ii) a material diminution in your Base Salary except for across-the-board salary reductions of no greater than 10% based on the Company's financial performance similarly affecting all or substantially all senior management employees of the Company;

(iii) a material change of at least thirty (30) miles of the location of the physical Company office to which you report (which to avoid doubt does not include any home office you may have); or

(iv) a breach by the Company of the material terms of this Agreement or any other written agreement between the Company and you.

The "Good Reason Process" consists of the following steps:

(i) you reasonably determine in good faith that a Good Reason Condition has occurred;

(ii) you notify the Company in writing of the first occurrence of the Good Reason Condition within 60 days of the first occurrence of such condition;

(iii) you cooperate in good faith with the Company's efforts, for a period of not less than 30 days following such notice (the "Cure Period"), to remedy the Good Reason Condition;

(iv) notwithstanding such Cure Period, the Good Reason Condition continues to exist; and

(v) you terminate employment within 60 days after the end of the Cure Period.

If the Company cures the Good Reason Condition during the Cure Period, Good Reason shall be deemed not to have occurred.

If your employment with the Company is terminated for any reason, the Company shall pay or provide to you (or your authorized representative or estate) (i) any Base Salary earned through the Date of Termination; (ii) unpaid expense reimbursements (subject to, and in accordance with, Section 2(c) of this Agreement); (iii) your accrued but unused vacation days or PTO; (iv) any vested benefits you may have under any employee benefit plan of the Company through the Date of Termination, which vested benefits shall be paid and/or provided in accordance with the terms of such employee benefit plans; and (v) if your employment is terminated by the Company because of your death or Disability, a lump sum payment of any earned, but unpaid Bonus for the fiscal year prior to the fiscal year your employment is terminated because of your death or Disability (collectively, the "Accrued Obligations"). The earned but unpaid Bonus in subsection (v) will be paid at the same time as the Company pays bonuses to similarly situated executives, but in no event later than the end of the taxable year in which the Date of Termination occurs.

4. Notice and Date of Termination.

(a) Notice of Termination. Except for termination as specified in Section 3(a), any termination of your employment by the Company or any such termination by you shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon.

(b) Date of Termination. "Date of Termination" shall mean: (i) if your employment is terminated by death, the date of death; (ii) if your employment is terminated on account of Disability under Section 3(b) or by the Company for Cause under Section 3(c), the date on which Notice of Termination is given; (iii) if your employment is terminated by the Company without Cause under Section 3(d), the date on which a Notice of Termination is given or the date otherwise specified by the Company in the Notice of Termination; (iv) if your employment is terminated by you under Section 3(e) other than for Good Reason, 14 days after the date on which a Notice of Termination is given, and (v) if your employment is terminated by you under Section 3(e) for Good Reason, the date on which a Notice of Termination is given after the end of the Cure Period. Notwithstanding the foregoing, in the event that you give a Notice of Termination to the Company, the Company may unilaterally accelerate the Date of Termination and such acceleration shall not result in a termination by the Company for purposes of this Agreement. However, the Company will continue paying you your Base Salary until the original Date of Termination.

5. Severance Pay and Benefits Upon Termination by the Company without Cause or by You for Good Reason Outside the Change in Control Period. If your employment is terminated by the Company without Cause as provided in Section 3(d), or you terminate employment for Good Reason as provided in Section 3(e), each outside of the Change in Control Period (as defined below), then, in addition to the Accrued Obligations, and subject to (i) your signing a separation agreement and release in a form and manner reasonably satisfactory to the Company, which shall include, without limitation, a general release of claims against the Company and all related persons and entities, a reaffirmation of all of your Continuing Obligations (as defined below), and shall provide that if you materially breach any of the Continuing Obligations, and if such breach is curable, which has continued for more than 30 days following written notice of such breach, all payments of the Severance Amount shall immediately cease (the "Separation Agreement and Release"), and (ii) the Separation Agreement and Release becoming irrevocable, all within 60 days after the Date of Termination (or such shorter period as set forth in the Separation Agreement and Release), which shall include a seven (7) business day revocation period:

(a) the Company shall pay you an amount equal to nine (9) months of your Base Salary (the "Severance Amount"); provided in the event you are entitled to any payments pursuant to the Restrictive Covenants Agreement, as a condition of such receipt of the Severance Amount, you shall acknowledge and agree in the Separation Agreement and Release that such Severance Amount will be in lieu of any garden leave pay under the Restrictive Covenants Agreement;

(b) a lump sum payment of any earned, but unpaid Bonus for the fiscal year prior to the fiscal year of your Date of Termination, to be paid at the same time as the Company pays bonuses to similarly situated executives, but in no event later than the end of the taxable year in which the Date of Termination occurs; and

(c) subject to your copayment of premium amounts at the applicable active employees' rate and your proper election to receive benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company shall pay to the group health plan provider, the COBRA provider or you a monthly payment equal to the monthly employer contribution that the Company would have made to provide health insurance to you if you had remained employed by the Company until the earliest of (A) the nine (9) month anniversary of the Date of Termination; (B) your eligibility for group medical plan benefits under any other employer's group medical plan; or (C) the cessation of your continuation rights under COBRA; provided, however, if the Company determines that it cannot pay such amounts to the group health plan provider or the COBRA provider (if applicable) without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then the Company shall convert such payments to payroll payments directly to you for the time period specified above. Such payments shall be subject to tax-related deductions and withholdings and paid on the Company's regular payroll dates.

The amounts payable under Sections 5(a) and (c), to the extent taxable, shall be paid out in substantially equal installments in accordance with the Company's payroll practice over nine (9) months commencing within 60 days after the Date of Termination; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, the Severance Amount, to the extent it qualifies as "non-qualified deferred compensation" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), shall begin to be paid in the second calendar year by the last day of such 60-day period; provided, further, that the initial payment shall include a catch-up payment to cover amounts retroactive to the day immediately following the Date of Termination. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2).

6. Severance Pay and Benefits Upon Termination by the Company without Cause or by You for Good Reason within the Change in Control Period. The provisions of this Section 6 shall apply in lieu of, and expressly supersede, the provisions of Section 5 if (i) your employment is terminated either (a) by the Company without Cause as provided in Section 3(d), or (b) by you for Good Reason as provided in Section 3(e), and (ii) the Date of Termination is within 3 months prior to, or within 12 months after, the occurrence of the first event constituting a Change in Control (as defined below) (such period, the "Change in Control Period"). These provisions of Section 6 shall terminate and be of no further force or effect after a Change in Control Period.

(a) If your employment is terminated by the Company without Cause as provided in Section 3(d) or you terminate employment for Good Reason as provided in Section 3(e) and in each case the Date of Termination occurs during the Change in Control Period, then, in addition to the Accrued Obligations, and subject to the signing of the Separation Agreement and Release by you and the Separation Agreement and Release becoming fully effective, all within the time frame set forth in the Separation Agreement and Release but in no event more than 60 days after the Date of Termination:

(i) the Company shall pay you a lump sum in cash in an amount equal to the sum of (A) twelve (12) months of your then current Base Salary (or your Base Salary in effect immediately prior to the Change in Control, if higher), (B) your Target Bonus for the then-current fiscal year; and (C) any earned, but unpaid Bonus for the fiscal year prior to the fiscal year of your Date of Termination, (the "Change in Control Payment") provided that, if applicable and as a condition of such receipt of the Change in Control Payment, you shall acknowledge and agree in the Separation Agreement and Release that such Change in Control Payment will be in lieu of any garden leave pay under the Restrictive Covenants Agreement; and

(ii) notwithstanding anything to the contrary in any applicable option agreement or other stock-based award agreement, all time-based stock options and other stock-based awards subject to time-based vesting held by you (the "Time-Based Equity Awards") shall immediately accelerate and become fully exercisable or nonforfeitable as of the later of (i) the Date of Termination or (ii) the effective date of the Separation Agreement and Release (the "Accelerated Vesting Date"); *provided* that any termination or forfeiture of the unvested portion of such Time-Based Equity Awards that would otherwise occur on the Date of Termination in the absence of this Agreement will be delayed until the effective date of the Separation Agreement and Release and will only occur if the vesting pursuant to this subsection does not occur due to the absence of the Separation Agreement and Release becoming fully effective within the time period set forth therein. Notwithstanding the foregoing, no additional vesting of the Time-Based Equity Awards shall occur during the period between your Date of Termination and the Accelerated Vesting Date; and

(iii) subject to your copayment of premium amounts at the applicable active employees' rate and your proper election to receive benefits under COBRA, the Company shall pay to the group health plan provider, the COBRA provider or you a monthly payment equal to the monthly employer contribution that the Company would have made to provide health insurance to you if you had remained employed by the Company until the earliest of (A) the 12-month anniversary of the Date of Termination; (B) your eligibility for group medical plan benefits under any other employer's group medical plan; or (C) the cessation of your continuation rights under COBRA; provided, however, if the Company determines that it cannot pay such amounts to the group health plan provider or the COBRA provider (if applicable) without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then the Company shall convert such payments to payroll payments directly to you for the time period specified above. Such payments shall be subject to tax-related deductions and withholdings and paid on the Company's regular payroll dates.

The amounts payable under this Section 6(a) (other than 6(a)(i)(C)), to the extent taxable, shall be paid or commence to be paid within 60 days after the Date of Termination; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, such payments to the extent they qualify as "non-qualified deferred compensation" within the meaning of Section 409A of the Code, shall be paid or commence to be paid in the second calendar year by the last day of such 60-day period. The amount payable under Section 6(a)(i)(C) shall be paid at the same time as the Company pays bonuses to similarly situated executives, but in no event later than the end of the taxable year in which the Date of Termination occurs.

(b) Additional Limitation.

(i) Anything in this Agreement to the contrary notwithstanding, in the event that the amount of any compensation, payment or distribution by the Company to or for the benefit of you, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, calculated in a manner consistent with Section 280G of the Code, and the applicable regulations thereunder (the "Aggregate Payments"), would be subject to the excise tax imposed by Section 4999 of the Code, then the Aggregate Payments shall be reduced (but not below zero) so that the sum of all of the Aggregate Payments shall be $1.00 less than the amount at which you became the subject to the excise tax imposed by Section 4999 of the Code; provided that such reduction shall only occur if it would result in you receiving a higher After Tax Amount (as defined below) than you would receive if the Aggregate Payments were not subject to such reduction. In such event, the Aggregate Payments shall be reduced in the following order, in each case, in reverse chronological order beginning with the Aggregate Payments that are to be paid the furthest in time from consummation of the transaction that is subject to Section 280G of the Code: (1) cash payments not subject to Section 409A of the Code; (2) cash payments subject to Section 409A of the Code; (3) equity-based payments and acceleration; and (4) non-cash forms of benefits; provided that in the case of all the foregoing Aggregate Payments all amounts or payments that are not subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c) shall be reduced before any amounts that are subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c).

(ii) For purposes of this Section 6(b), the "After Tax Amount" means the amount of the Aggregate Payments less all federal, state, and local income, excise and employment taxes imposed on you as a result of your receipt of the Aggregate Payments. For purposes of determining the After Tax Amount, you shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in each applicable state and locality, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

(iii) The determination as to whether a reduction in the Aggregate Payments shall be made pursuant to Section 6(b)(i) shall be made by a nationally recognized accounting firm selected by the Company (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and you within 15 business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Company or you. Any determination by the Accounting Firm shall be binding upon the Company and you.

(iv) Definitions. For the purposes of this Section 6, a "Change in Control" shall be deemed to have occurred upon the occurrence of any one of the following events: (a) the sale or transfer of all or substantially all of the assets of the Company (i.e., >50% of the value) on a consolidated basis to one or more unrelated persons or entities, (b) a merger, reorganization or consolidation pursuant to which the holders of the Company's outstanding voting power and outstanding stock immediately prior to such transaction do not own a majority of the outstanding voting power or fair market value of the stock or other equity interests of the resulting or successor entity (or its ultimate parent, if applicable) immediately upon completion of such transaction, (c) the sale of all or substantially all of the stock of the Company to an unrelated person, entity or group thereof acting in concert, (d) any other transaction in which the owners of the Company's outstanding voting power immediately prior to such transaction do not own at least a majority of the outstanding voting power of the Company or any successor entity immediately upon completion of the transaction other than as a result of the acquisition of securities directly from the Company, or (e) the date a majority of the members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election provided that with respect to any of the clauses (a) through (e) any capital raising transaction of the Company (including the Company's IPO) shall not be treated as a "Change in Control." Notwithstanding any other provision of this Agreement (other than the foregoing proviso), "Change in Control" shall be interpreted, administered and applied in a manner consistent and in compliance with a "change in control event" as set forth in Treasury Regulation Section 1.409A-3(i)(5) ("Change in Control Event").

7. Section 409A.

(a) Anything in this Agreement to the contrary notwithstanding, if at the time of your separation from service within the meaning of Section 409A of the Code, the Company determines that you are a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that you become entitled to under this Agreement or otherwise on account of your separation from service would be considered deferred compensation otherwise subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after your separation from service, or (B) your death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule.

(b) All in-kind benefits provided and expenses eligible for reimbursement under this Agreement shall be provided by the Company or incurred by you during the time periods set forth in this Agreement. All reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. The amount of in-kind benefits provided or reimbursable expenses incurred in one taxable year shall not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year (except for any lifetime or other aggregate limitation applicable to medical expenses). Such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(c) To the extent that any payment or benefit described in this Agreement constitutes "non-qualified deferred compensation" under Section 409A of the Code, and to the extent that such payment or benefit is payable upon your termination of employment, then such payments or benefits shall be payable only upon your "separation from service." The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(d) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. Each payment pursuant to this Agreement or the Restrictive Covenants Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(e) The Company makes no representation or warranty and shall have no liability to you or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

8. Continuing Obligations.

(a) Restrictive Covenants Agreement. The Disc Medicine, Inc. Employee Confidentiality, Assignment, Nonsolicitation and Noncompetition Agreement effective as of September 14, 2021 (the "Restrictive Covenants Agreement"), between Disc Medicine, Inc. and you, attached hereto as Exhibit A, continue to be in full force and effect. For purposes of this Agreement, the obligations in this Section 8 and those that arise in the Restrictive Covenants Agreement shall collectively be referred to as the "Continuing Obligations."

(b) Third-Party Agreements and Rights. You hereby confirm that you are not bound by the terms of any agreement with any previous employer or other party which restricts in any way your use or disclosure of information, other than confidentiality restrictions (if any), or your engagement in any business. You represent to the Company that your execution of this Agreement, your employment with the Company and the performance of your proposed duties for the Company will not violate any obligations you may have to any such previous employer or other party. In your work for the Company, you will not disclose or make use of any information in violation of any agreements with or rights of any such previous employer or other party, and you will not bring to the premises of the Company any copies or other tangible embodiments of non-public information belonging to or obtained from any such previous employment or other party.

(c) Litigation and Regulatory Cooperation. During and after your employment, you shall reasonably cooperate fully with the Company in (i) the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while you were employed by the Company, and (ii) the investigation, whether internal or external, of any matters about which the Company believes you may have knowledge or information. Your full reasonable cooperation in connection with such claims, actions or investigations shall include, but not be limited to, being available to meet with counsel to answer questions or to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after your employment, you also shall reasonably cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while you were employed by the Company. The Company shall reimburse you for any reasonable out-of-pocket expenses incurred in connection with your performance of obligations pursuant to this Section 8(c). The Company agrees that if you have provided fifteen (15) hours of cooperation to the Company after your Date of Termination, the Company shall pay you an hourly rate of $400 for any additional hours of cooperation, over the initial fifteen (15) hours, except for your testimony pursuant to a lawfully issued summons or subpoena. The Company further agrees that it will pay/reimburse your reasonable out-of-pocket expenses and fees within thirty (30) days of your submission of receipts and invoices to the Company.

(d) Relief. You agree that it may be difficult to measure any damages caused to the Company which might result from any breach by you of the Continuing Obligations, and that in any event money damages may be an inadequate remedy for any such breach. Accordingly, you agree that if you breach, or propose to breach, any portion of the Continuing Obligations, the Company shall be entitled, in addition to all other remedies that it may have, to seek an injunction or other appropriate equitable relief to restrain any such breach without showing or proving any actual damage to the Company.

(e) Protected Disclosures and Other Protected Action. Nothing in this Agreement shall be interpreted or applied to prohibit you from making any good faith report to any governmental agency or other governmental entity (a "Government Agency") concerning any act or omission that you reasonably believe constitutes a possible violation of federal or state law or making other disclosures that are protected under the anti-retaliation or whistleblower provisions of applicable federal or state law or regulation. In addition, nothing contained in this Agreement limits your ability to communicate with any Government Agency or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including your ability to provide documents or other information, without notice to the Company. In addition, for the avoidance of doubt, pursuant to the federal Defend Trade Secrets Act of 2016, you shall not be held criminally or civilly liable under any federal or state trade secret law or under this Agreement or the Restrictive Covenants Agreement for the disclosure of a trade secret that (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

9. Arbitration of Disputes.

(a) Arbitration Generally. Any controversy or claim arising out of or relating to this Agreement or the breach thereof or otherwise arising out of your employment or the termination of that employment (including, without limitation, any claims of unlawful employment discrimination or retaliation, whether based on race, religion, national origin, sex, gender, age, disability, sexual orientation, or any other protected class under applicable law, including without limitation Massachusetts General Laws Chapter 151B) shall, to the fullest extent permitted by law, be settled by arbitration in any forum and form agreed upon by the parties or, in the absence of such an agreement, under the auspices of JAMS in Boston, Massachusetts in accordance with the JAMS Employment Arbitration Rules, including, but not limited to, the rules and procedures applicable to the selection of arbitrators. You understand that you may only bring such claims in your individual capacity, and not as a plaintiff or class member in any purported class proceeding or any purported representative proceeding. You further understand that, by signing this Agreement, the Company and you are giving up any right they may have to a jury trial on all claims they may have against each other. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. This Section 9 shall be specifically enforceable. Notwithstanding the foregoing, this Section 9 shall not preclude either party from pursuing a court action for the sole purpose of obtaining a temporary restraining order or a preliminary injunction in circumstances in which such relief is appropriate, including without limitation relief sought under the Restrictive Covenants Agreement; provided that any other relief shall be pursued through an arbitration proceeding pursuant to this Section 9.

(b) Arbitration Fees and Costs. You shall be required to pay an arbitration fee to initiate any arbitration equal to what you would be charged as a first appearance fee in court. The Company shall pay the remaining fees and costs of the arbitrator. Each party shall pay its own costs and attorneys' fees, if any. If, however, any party prevails on a statutory or contractual claim that entitles the prevailing party to attorneys' fees (including pursuant to this Agreement), the arbitrator will award attorneys' fees to the prevailing party to the extent permitted by law.

10. Consent to Jurisdiction. To the extent that any court action is permitted consistent with or to enforce Section 9 of this Agreement, the parties hereby consent to the jurisdiction of the state and federal courts of the Commonwealth of Massachusetts. Accordingly, with respect to any such court action, you (a) submit to the exclusive personal jurisdiction of such courts; (b) consent to service of process; and (c) waive any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction or service of process.

11. Indemnification. The "Indemnification Agreement" between the Company and you, dated December 29, 2022 (the "Indemnification Agreement") is hereby incorporated by reference.

12. No Mitigation. The Company agrees that if your employment by the Company is terminated during the term of this Agreement, you are not required to seek other employment or to attempt in any way to reduce any amounts payable to you by the Company pursuant to Sections 5 or 6 hereof. Further, the amount of any payment provided for in this Agreement shall not be reduced by any compensation earned by you.

13. Integration. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties concerning such subject matter, including the Prior Agreement, provided that the Restrictive Covenants Agreement, the Indemnification Agreement and the Equity Documents remain in full force and effect.

14. Withholding; Tax Effect. All payments made by the Company to you under this Agreement shall be net of any tax or other amounts required to be withheld by the Company under applicable law. Nothing in this Agreement shall be construed to require the Company to make any payments to compensate you for any adverse tax effect associated with any payments or benefits or for any deduction or withholding from any payment or benefit.

15. Assignment. Neither you nor the Company may make any assignment of this Agreement or any interest in it, by operation of law or otherwise, without the prior written consent of the other; provided, however, that the Company may assign its rights and obligations under this Agreement (including the Restrictive Covenants Agreement) without your consent to any affiliate or to any person or entity with whom the Company shall hereafter effect a reorganization, consolidate with, or merge into or to whom it transfers all or substantially all of its properties or assets, but only on the condition that it assigns both its rights and obligations. This Agreement shall inure to the benefit of and be binding upon you and the Company, and each of yours and the Company's respective successors, executors, administrators, heirs, personal representatives, and permitted assigns. In the event of your death prior to the completion by the Company of any payments due to you under Sections 5 or 6 of this Agreement, the Company shall continue such payments to the beneficiary you designated in writing to the Company prior to your death, or to your estate, heirs, executors or personal representatives if you failed to make such designation.

16. Enforceability. If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

17. Survival. The provisions of this Agreement shall survive the termination of this Agreement and/or the termination of your employment to the extent necessary to effectuate the terms contained herein.

18. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

19. Notices. Any notices, requests, demands and other communications provided for by this Agreement shall be sufficient if in writing and delivered in person or sent by a nationally recognized overnight courier service or by registered or certified mail, postage prepaid, return receipt requested, to you at the last address you have on file in writing with the Company or, in the case of the Company, at its main offices, attention of the Board.

20. Amendment. This Agreement may be amended or modified only by a written instrument signed by you and by a duly authorized representative of the Company.

21. Effect on Other Plans and Agreements. An election by you to resign for Good Reason under the provisions of this Agreement shall not be deemed a voluntary termination of employment by you for the purpose of interpreting the provisions of any of the Company's benefit plans, programs or policies. Nothing in this Agreement shall be construed to limit the rights of you under the Company's benefit plans, programs or policies except as otherwise provided in Section 8 hereof, and except that you shall have no rights to any severance benefits under any Company severance pay plan, offer letter or otherwise. In the event that you are a party to an agreement with the Company providing for payments or benefits under such plan or agreement and under this Agreement, the terms of this Agreement shall govern and you may receive payment under this Agreement only and not both. Further, Section 5 and Section 6 of this Agreement are mutually exclusive and in no event shall you be entitled to payments or benefits pursuant to both Section 5 and Section 6 of this Agreement.

22. Governing Law. This is a Massachusetts contract and shall be construed under and be governed in all respects by the laws of the Commonwealth of Massachusetts, without giving effect to the conflict of laws principles thereof. With respect to any disputes concerning federal law, such disputes shall be determined in accordance with the law as it would be interpreted and applied by the United States Court of Appeals for the First Circuit.

23. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the Effective Date.

**DISC MEDICINE, INC.**

By: /s/John D. Quisel, J.D., Ph.D.

Its: Chief Executive Officer

**EXECUTIVE**

/s/Joanne Bryce, CPA

Joanne Bryce, CPA

**Exhibit A**

**Restrictive Covenants Agreement**

**Exhibit 10.8**

**DISC MEDICINE, INC.**

**EMPLOYMENT AGREEMENT**

This Employment Agreement ("Agreement") is made between Disc Medicine, Inc. (formerly Gemini Therapeutics, Inc.), (the "Company"), and William Savage, MD, Ph.D. (the "You") and is effective as of the closing of the proposed business combination among the Company, Disc Medicine Opco, Inc. (formerly Disc Medicine, Inc.) and Gemstone Merger Sub, Inc. pursuant to that certain Agreement and Plan of Merger, dated as of August 9, 2022 (the "Effective Date"). Except with respect to the Restrictive Covenants Agreement and the Equity Documents (each as defined below), this Agreement supersedes in all respects all prior agreements between you and Disc Medicine, Inc., predecessor in interest to the Company, regarding the subject matter herein, including without limitation the offer letter between you and Disc Medicine, Inc. dated June 28, 2020, as amended on July 1, 2021 (the "Prior Agreement").

WHEREAS, the Company desires to continue to employ you and you desire to continue to be employed by the Company on the new terms and conditions contained herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Employment.

(a) Term. The Company shall employ you and you shall be employed by the Company pursuant to this Agreement commencing as of the Effective Date and continuing until such employment is terminated in accordance with the provisions hereof (the "Term"). Your employment with the Company will continue to be "at will," meaning that your employment may be terminated by the Company or you at any time and for any reason subject to the terms of this Agreement.

(b) Position and Duties. You shall serve as the Chief Medical Officer of the Company and shall report directly to the Chief Executive Officer ("CEO"). You shall have such powers and duties as may from time to time be prescribed by the CEO or other duly authorized executive which are consistent with your position as General Counsel. You shall devote your full working time and efforts to the business and affairs of the Company. Notwithstanding the foregoing, you may serve on other boards of directors, with the approval of the Board of Directors of the Company (including any committee thereof, the "Board"), which approval shall not unreasonably be withheld by the Board, or engage in religious, charitable or other community activities as long as such services and activities are disclosed to the Board and do not interfere with your performance of your duties to the Company. To the extent applicable, you shall be deemed to have resigned from all officer and, if applicable, board member positions that you hold with the Company or any of its respective subsidiaries and affiliates upon the termination of your employment for any reason. You shall execute any documents in reasonable form as may be requested to confirm or effectuate any such resignations.

2. Compensation and Related Matters.

(a) Base Salary. Your initial base salary shall be paid at the rate of $458,000 per year. Your base salary shall be subject to periodic review and increase (but not decrease, except for an across-the-board reduction of no greater than 10% based on the Company's financial performance similarly affecting all or substantially all senior management employees of the Company) by the Board or the Compensation Committee of the Board (the "Compensation Committee"). The base salary in effect at any given time is referred to herein as "Base Salary." The Base Salary shall be payable in a manner that is consistent with the Company's usual payroll practices for executive officers.

(b) Incentive Compensation. You shall be eligible to receive cash incentive compensation as determined by the Board or the Compensation Committee from time to time. Your target annual incentive compensation shall be forty percent (40%) of your Base Salary. The target annual incentive compensation in effect at any given time is referred to herein as "Target Bonus." The actual amount of your annual incentive compensation, if any, shall be determined in the sole discretion of the Board or the Compensation Committee, subject to the terms of any applicable incentive compensation plan that may be in effect from time to time (the "Bonus"). Except as otherwise provided herein, to earn incentive compensation, you must be employed by the Company on the day such incentive compensation is paid. The incentive compensation for each fiscal year will be paid no later than two and a half months following such fiscal year.

(c) Expenses. You shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by you during the Term in performing services hereunder, in accordance with the policies and procedures then in effect and established by the Company for its executive officers.

(d) Other Benefits. You shall be eligible to participate in or receive benefits under the Company's employee benefit plans in effect from time to time, subject to the terms of such plans.

(e) Paid Time Off. You shall be entitled to take paid time off in accordance with the Company's applicable paid time off policy for executives, as may be in effect from time to time. You shall also be entitled to all paid holidays given by the Company to its employees.

(f) Equity. The equity awards held by you shall continue to be governed by the terms and conditions of the Company's applicable equity incentive plan(s) and the applicable award agreement(s) governing the terms of such equity awards held by you (collectively, the "Equity Documents"); provided, however, and notwithstanding anything to the contrary in the Equity Documents, Section 6(a)(ii) of this Agreement shall apply in the event of a termination by the Company without Cause or by you for Good Reason in either event within the Change in Control Period (as such terms are defined below).

3. Termination. Your employment hereunder may be terminated without any breach of this Agreement under the following circumstances:

(a) Death. Your employment hereunder shall terminate upon your death.

(b) Disability. The Company may terminate your employment due to your "Disability" if you are unable to perform the essential functions of your then existing position or positions under this Agreement with or without reasonable accommodation for a period of 180 days (which need not be consecutive) in any 12-month period. If any question shall arise as to whether during any period you are disabled so as to be unable to perform the essential functions of your then existing position or positions with or without reasonable accommodation, you may, and at the request of the Company shall, submit to the Company a certification in reasonable detail by a physician selected by the Company who is board certified in the specialty relevant to your medical condition to whom you or your guardian has no reasonable objection as to whether you are disabled or how long such disability is expected to continue, and such certification shall for the purposes of this Agreement be conclusive of the issue. You shall cooperate with any reasonable request of the physician in connection with such certification. If such question shall arise and you shall fail to submit such certification, the Company's reasonable determination of such issue shall be binding on you. Nothing in this Section 3(b) shall be construed to waive your rights, if any, under existing law including, without limitation, the Family and Medical Leave Act of 1993, 29 U.S.C. §2601 *et seq*. and the Americans with Disabilities Act, 42 U.S.C. §12101 *et seq.*

(c) Termination by Company for Cause. The Company may terminate your employment hereunder for Cause. For purposes of this Agreement, "Cause" shall mean any of the following:

(i) conduct by you constituting a material act of intentional misconduct in connection with the performance of your duties, including, without limitation, (A) willful failure or willful refusal to perform material responsibilities that have been lawfully requested by the CEO; (B) intentional dishonesty to the CEO with respect to any material matter; or (C) intentional misappropriation of funds or property of the Company or any of its subsidiaries or affiliates other than the occasional, customary and *de minimis* use of Company property for personal purposes;

(ii) the commission by you of (A) any felony or (B) a misdemeanor involving moral turpitude, deceit, dishonesty or fraud;

(iii) any intentional misconduct by you, regardless of whether or not in the course of your employment, that results in material injury or material reputational harm to the Company or any of its subsidiaries or affiliates if you were to continue to be employed in the same position;

(iv) your continued willful non-performance by you of your duties hereunder (other than by reason of your physical or mental illness, incapacity or Disability) which has continued for more than 30 days following written notice of such non-performance from the CEO;

(v) a material breach by you of any of the provisions contained in Section 8 of this Agreement or the Restrictive Covenants Agreement and, if such breach is curable, has continued for more than 30 days following written notice of such material breach (as defined below); or

(vi) your willful failure to reasonably cooperate with a bona fide internal investigation or an investigation by regulatory or law enforcement authorities, after being reasonably instructed by the Company to cooperate, or the willful destruction or failure to preserve documents or other materials known to be relevant to such investigation or the willful inducement of others to fail to cooperate or to produce documents or other materials in connection with such investigation.

(d) Termination by the Company without Cause. The Company may terminate your employment hereunder at any time without Cause. Any termination by the Company of your employment under this Agreement which does not constitute a termination for Cause under Section 3(c) and does not result from the death or Disability of you under Section 3(a) or (b) shall be deemed a termination without Cause.

(e) Termination by You. You may terminate employment hereunder at any time for any reason, including but not limited to, Good Reason. For purposes of this Agreement, "Good Reason" shall mean that you have completed all steps of the Good Reason Process (hereinafter defined) following the occurrence of any of the following events without your written consent (each, a "Good Reason Condition"):

(i) a material diminution in your responsibilities, authority or duties

(ii) a material diminution in your Base Salary except for across-the-board salary reductions of no greater than 10% based on the Company's financial performance similarly affecting all or substantially all senior management employees of the Company;

(iii) a material change of at least thirty (30) miles of the location of the physical Company office to which you report (which to avoid doubt does not include any home office you may have); or

(iv) a breach by the Company of the material terms of this Agreement or any other written agreement between the Company and you.

The "Good Reason Process" consists of the following steps:

(i) you reasonably determine in good faith that a Good Reason Condition has occurred;

(ii) you notify the Company in writing of the first occurrence of the Good Reason Condition within 60 days of the first occurrence of such condition;

(iii) you cooperate in good faith with the Company's efforts, for a period of not less than 30 days following such notice (the "Cure Period"), to remedy the Good Reason Condition;

(iv) notwithstanding such Cure Period, the Good Reason Condition continues to exist; and

(v) you terminate employment within 60 days after the end of the Cure Period.

If the Company cures the Good Reason Condition during the Cure Period, Good Reason shall be deemed not to have occurred.

If your employment with the Company is terminated for any reason, the Company shall pay or provide to you (or your authorized representative or estate) (i) any Base Salary earned through the Date of Termination; (ii) unpaid expense reimbursements (subject to, and in accordance with, Section 2(c) of this Agreement); (iii) your accrued but unused vacation days or PTO; (iv) any vested benefits you may have under any employee benefit plan of the Company through the Date of Termination, which vested benefits shall be paid and/or provided in accordance with the terms of such employee benefit plans; and (v) if your employment is terminated by the Company because of your death or Disability, a lump sum payment of any earned, but unpaid Bonus for the fiscal year prior to the fiscal year your employment is terminated because of your death or Disability (collectively, the "Accrued Obligations"). The earned but unpaid Bonus in subsection (v) will be paid at the same time as the Company pays bonuses to similarly situated executives, but in no event later than the end of the taxable year in which the Date of Termination occurs.

4. Notice and Date of Termination.

(a) Notice of Termination. Except for termination as specified in Section 3(a), any termination of your employment by the Company or any such termination by you shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon.

(b) Date of Termination. "Date of Termination" shall mean: (i) if your employment is terminated by death, the date of death; (ii) if your employment is terminated on account of Disability under Section 3(b) or by the Company for Cause under Section 3(c), the date on which Notice of Termination is given; (iii) if your employment is terminated by the Company without Cause under Section 3(d), the date on which a Notice of Termination is given or the date otherwise specified by the Company in the Notice of Termination; (iv) if your employment is terminated by you under Section 3(e) other than for Good Reason, 14 days after the date on which a Notice of Termination is given, and (v) if your employment is terminated by you under Section 3(e) for Good Reason, the date on which a Notice of Termination is given after the end of the Cure Period. Notwithstanding the foregoing, in the event that you give a Notice of Termination to the Company, the Company may unilaterally accelerate the Date of Termination and such acceleration shall not result in a termination by the Company for purposes of this Agreement. However, the Company will continue paying you your Base Salary until the original Date of Termination.

5. Severance Pay and Benefits Upon Termination by the Company without Cause or by You for Good Reason Outside the Change in Control Period. If your employment is terminated by the Company without Cause as provided in Section 3(d), or you terminate employment for Good Reason as provided in Section 3(e), each outside of the Change in Control Period (as defined below), then, in addition to the Accrued Obligations, and subject to (i) your signing a separation agreement and release in a form and manner reasonably satisfactory to the Company, which shall include, without limitation, a general release of claims against the Company and all related persons and entities, a reaffirmation of all of your Continuing Obligations (as defined below), and shall provide that if you materially breach any of the Continuing Obligations, and if such breach is curable, which has continued for more than 30 days following written notice of such breach, all payments of the Severance Amount shall immediately cease (the "Separation Agreement and Release"), and (ii) the Separation Agreement and Release becoming irrevocable, all within 60 days after the Date of Termination (or such shorter period as set forth in the Separation Agreement and Release), which shall include a seven (7) business day revocation period:

(a) the Company shall pay you an amount equal to nine (9) months of your Base Salary (the "Severance Amount"); provided in the event you are entitled to any payments pursuant to the Restrictive Covenants Agreement, as a condition of such receipt of the Severance Amount, you shall acknowledge and agree in the Separation Agreement and Release that such Severance Amount will be in lieu of any garden leave pay under the Restrictive Covenants Agreement;

(b) a lump sum payment of any earned, but unpaid Bonus for the fiscal year prior to the fiscal year of your Date of Termination, to be paid at the same time as the Company pays bonuses to similarly situated executives, but in no event later than the end of the taxable year in which the Date of Termination occurs; and

(c) subject to your copayment of premium amounts at the applicable active employees' rate and your proper election to receive benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"), the Company shall pay to the group health plan provider, the COBRA provider or you a monthly payment equal to the monthly employer contribution that the Company would have made to provide health insurance to you if you had remained employed by the Company until the earliest of (A) the nine (9) month anniversary of the Date of Termination; (B) your eligibility for group medical plan benefits under any other employer's group medical plan; or (C) the cessation of your continuation rights under COBRA; provided, however, if the Company determines that it cannot pay such amounts to the group health plan provider or the COBRA provider (if applicable) without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then the Company shall convert such payments to payroll payments directly to you for the time period specified above. Such payments shall be subject to tax-related deductions and withholdings and paid on the Company's regular payroll dates.

The amounts payable under Sections 5(a) and (c), to the extent taxable, shall be paid out in substantially equal installments in accordance with the Company's payroll practice over nine (9) months commencing within 60 days after the Date of Termination; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, the Severance Amount, to the extent it qualifies as "non-qualified deferred compensation" within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), shall begin to be paid in the second calendar year by the last day of such 60-day period; provided, further, that the initial payment shall include a catch-up payment to cover amounts retroactive to the day immediately following the Date of Termination. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2).

6. Severance Pay and Benefits Upon Termination by the Company without Cause or by You for Good Reason within the Change in Control Period. The provisions of this Section 6 shall apply in lieu of, and expressly supersede, the provisions of Section 5 if (i) your employment is terminated either (a) by the Company without Cause as provided in Section 3(d), or (b) by you for Good Reason as provided in Section 3(e), and (ii) the Date of Termination is within 3 months prior to, or within 12 months after, the occurrence of the first event constituting a Change in Control (as defined below) (such period, the "Change in Control Period"). These provisions of Section 6 shall terminate and be of no further force or effect after a Change in Control Period.

(a) If your employment is terminated by the Company without Cause as provided in Section 3(d) or you terminate employment for Good Reason as provided in Section 3(e) and in each case the Date of Termination occurs during the Change in Control Period, then, in addition to the Accrued Obligations, and subject to the signing of the Separation Agreement and Release by you and the Separation Agreement and Release becoming fully effective, all within the time frame set forth in the Separation Agreement and Release but in no event more than 60 days after the Date of Termination:

(i) the Company shall pay you a lump sum in cash in an amount equal to the sum of (A) twelve (12) months of your then current Base Salary (or your Base Salary in effect immediately prior to the Change in Control, if higher), (B) your Target Bonus for the then-current fiscal year; and (C) any earned, but unpaid Bonus for the fiscal year prior to the fiscal year of your Date of Termination, (the "Change in Control Payment") provided that, if applicable and as a condition of such receipt of the Change in Control Payment, you shall acknowledge and agree in the Separation Agreement and Release that such Change in Control Payment will be in lieu of any garden leave pay under the Restrictive Covenants Agreement; and

(ii) notwithstanding anything to the contrary in any applicable option agreement or other stock-based award agreement, all time-based stock options and other stock-based awards subject to time-based vesting held by you (the "Time-Based Equity Awards") shall immediately accelerate and become fully exercisable or nonforfeitable as of the later of (i) the Date of Termination or (ii) the effective date of the Separation Agreement and Release (the "Accelerated Vesting Date"); *provided* that any termination or forfeiture of the unvested portion of such Time-Based Equity Awards that would otherwise occur on the Date of Termination in the absence of this Agreement will be delayed until the effective date of the Separation Agreement and Release and will only occur if the vesting pursuant to this subsection does not occur due to the absence of the Separation Agreement and Release becoming fully effective within the time period set forth therein. Notwithstanding the foregoing, no additional vesting of the Time-Based Equity Awards shall occur during the period between your Date of Termination and the Accelerated Vesting Date; and

(iii) subject to your copayment of premium amounts at the applicable active employees' rate and your proper election to receive benefits under COBRA, the Company shall pay to the group health plan provider, the COBRA provider or you a monthly payment equal to the monthly employer contribution that the Company would have made to provide health insurance to you if you had remained employed by the Company until the earliest of (A) the 12-month anniversary of the Date of Termination; (B) your eligibility for group medical plan benefits under any other employer's group medical plan; or (C) the cessation of your continuation rights under COBRA; provided, however, if the Company determines that it cannot pay such amounts to the group health plan provider or the COBRA provider (if applicable) without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then the Company shall convert such payments to payroll payments directly to you for the time period specified above. Such payments shall be subject to tax-related deductions and withholdings and paid on the Company's regular payroll dates.

The amounts payable under this Section 6(a) (other than 6(a)(i)(C)), to the extent taxable, shall be paid or commence to be paid within 60 days after the Date of Termination; provided, however, that if the 60-day period begins in one calendar year and ends in a second calendar year, such payments to the extent they qualify as "non-qualified deferred compensation" within the meaning of Section 409A of the Code, shall be paid or commence to be paid in the second calendar year by the last day of such 60-day period. The amount payable under Section 6(a)(i)(C) shall be paid at the same time as the Company pays bonuses to similarly situated executives, but in no event later than the end of the taxable year in which the Date of Termination occurs.

(b) Additional Limitation.

(i) Anything in this Agreement to the contrary notwithstanding, in the event that the amount of any compensation, payment or distribution by the Company to or for the benefit of you, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, calculated in a manner consistent with Section 280G of the Code, and the applicable regulations thereunder (the "Aggregate Payments"), would be subject to the excise tax imposed by Section 4999 of the Code, then the Aggregate Payments shall be reduced (but not below zero) so that the sum of all of the Aggregate Payments shall be $1.00 less than the amount at which you became the subject to the excise tax imposed by Section 4999 of the Code; provided that such reduction shall only occur if it would result in you receiving a higher After Tax Amount (as defined below) than you would receive if the Aggregate Payments were not subject to such reduction. In such event, the Aggregate Payments shall be reduced in the following order, in each case, in reverse chronological order beginning with the Aggregate Payments that are to be paid the furthest in time from consummation of the transaction that is subject to Section 280G of the Code: (1) cash payments not subject to Section 409A of the Code; (2) cash payments subject to Section 409A of the Code; (3) equity-based payments and acceleration; and (4) non-cash forms of benefits; provided that in the case of all the foregoing Aggregate Payments all amounts or payments that are not subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c) shall be reduced before any amounts that are subject to calculation under Treas. Reg. §1.280G-1, Q&A-24(b) or (c).

(ii) For purposes of this Section 6(b), the "After Tax Amount" means the amount of the Aggregate Payments less all federal, state, and local income, excise and employment taxes imposed on you as a result of your receipt of the Aggregate Payments. For purposes of determining the After Tax Amount, you shall be deemed to pay federal income taxes at the highest marginal rate of federal income taxation applicable to individuals for the calendar year in which the determination is to be made, and state and local income taxes at the highest marginal rates of individual taxation in each applicable state and locality, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes.

(iii) The determination as to whether a reduction in the Aggregate Payments shall be made pursuant to Section 6(b)(i) shall be made by a nationally recognized accounting firm selected by the Company (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and you within 15 business days of the Date of Termination, if applicable, or at such earlier time as is reasonably requested by the Company or you. Any determination by the Accounting Firm shall be binding upon the Company and you.

(iv) Definitions. For the purposes of this Section 6, a "Change in Control" shall be deemed to have occurred upon the occurrence of any one of the following events: (a) the sale or transfer of all or substantially all of the assets of the Company (i.e., >50% of the value) on a consolidated basis to one or more unrelated persons or entities, (b) a merger, reorganization or consolidation pursuant to which the holders of the Company's outstanding voting power and outstanding stock immediately prior to such transaction do not own a majority of the outstanding voting power or fair market value of the stock or other equity interests of the resulting or successor entity (or its ultimate parent, if applicable) immediately upon completion of such transaction, (c) the sale of all or substantially all of the stock of the Company to an unrelated person, entity or group thereof acting in concert, (d) any other transaction in which the owners of the Company's outstanding voting power immediately prior to such transaction do not own at least a majority of the outstanding voting power of the Company or any successor entity immediately upon completion of the transaction other than as a result of the acquisition of securities directly from the Company, or (e) the date a majority of the members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Board before the date of the appointment or election provided that with respect to any of the clauses (a) through (e) any capital raising transaction of the Company (including the Company's IPO) shall not be treated as a "Change in Control." Notwithstanding any other provision of this Agreement (other than the foregoing proviso), "Change in Control" shall be interpreted, administered and applied in a manner consistent and in compliance with a "change in control event" as set forth in Treasury Regulation Section 1.409A-3(i)(5) ("Change in Control Event").

7. Section 409A.

(a) Anything in this Agreement to the contrary notwithstanding, if at the time of your separation from service within the meaning of Section 409A of the Code, the Company determines that you are a "specified employee" within the meaning of Section 409A(a)(2)(B)(i) of the Code, then to the extent any payment or benefit that you become entitled to under this Agreement or otherwise on account of your separation from service would be considered deferred compensation otherwise subject to the 20 percent additional tax imposed pursuant to Section 409A(a) of the Code as a result of the application of Section 409A(a)(2)(B)(i) of the Code, such payment shall not be payable and such benefit shall not be provided until the date that is the earlier of (A) six months and one day after your separation from service, or (B) your death. If any such delayed cash payment is otherwise payable on an installment basis, the first payment shall include a catch-up payment covering amounts that would otherwise have been paid during the six-month period but for the application of this provision, and the balance of the installments shall be payable in accordance with their original schedule.

(b) All in-kind benefits provided and expenses eligible for reimbursement under this Agreement shall be provided by the Company or incurred by you during the time periods set forth in this Agreement. All reimbursements shall be paid as soon as administratively practicable, but in no event shall any reimbursement be paid after the last day of the taxable year following the taxable year in which the expense was incurred. The amount of in-kind benefits provided or reimbursable expenses incurred in one taxable year shall not affect the in-kind benefits to be provided or the expenses eligible for reimbursement in any other taxable year (except for any lifetime or other aggregate limitation applicable to medical expenses). Such right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

(c) To the extent that any payment or benefit described in this Agreement constitutes "non-qualified deferred compensation" under Section 409A of the Code, and to the extent that such payment or benefit is payable upon your termination of employment, then such payments or benefits shall be payable only upon your "separation from service." The determination of whether and when a separation from service has occurred shall be made in accordance with the presumptions set forth in Treasury Regulation Section 1.409A-1(h).

(d) The parties intend that this Agreement will be administered in accordance with Section 409A of the Code. To the extent that any provision of this Agreement is ambiguous as to its compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder comply with Section 409A of the Code. Each payment pursuant to this Agreement or the Restrictive Covenants Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A-2(b)(2). The parties agree that this Agreement may be amended, as reasonably requested by either party, and as may be necessary to fully comply with Section 409A of the Code and all related rules and regulations in order to preserve the payments and benefits provided hereunder without additional cost to either party.

(e) The Company makes no representation or warranty and shall have no liability to you or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

8. Continuing Obligations.

(a) Restrictive Covenants Agreement. The Disc Medicine, Inc. Employee Confidentiality, Assignment, Nonsolicitation and Noncompetition Agreement effective as of June 28, 2020 (the "Restrictive Covenants Agreement"), between Disc Medicine, Inc. and you, attached hereto as Exhibit A, continue to be in full force and effect. For purposes of this Agreement, the obligations in this Section 8 and those that arise in the Restrictive Covenants Agreement shall collectively be referred to as the "Continuing Obligations."

(b) Third-Party Agreements and Rights. You hereby confirm that you are not bound by the terms of any agreement with any previous employer or other party which restricts in any way your use or disclosure of information, other than confidentiality restrictions (if any), or your engagement in any business. You represent to the Company that your execution of this Agreement, your employment with the Company and the performance of your proposed duties for the Company will not violate any obligations you may have to any such previous employer or other party. In your work for the Company, you will not disclose or make use of any information in violation of any agreements with or rights of any such previous employer or other party, and you will not bring to the premises of the Company any copies or other tangible embodiments of non-public information belonging to or obtained from any such previous employment or other party.

(c) Litigation and Regulatory Cooperation. During and after your employment, you shall reasonably cooperate fully with the Company in (i) the defense or prosecution of any claims or actions now in existence or which may be brought in the future against or on behalf of the Company which relate to events or occurrences that transpired while you were employed by the Company, and (ii) the investigation, whether internal or external, of any matters about which the Company believes you may have knowledge or information. Your full reasonable cooperation in connection with such claims, actions or investigations shall include, but not be limited to, being available to meet with counsel to answer questions or to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. During and after your employment, you also shall reasonably cooperate fully with the Company in connection with any investigation or review of any federal, state or local regulatory authority as any such investigation or review relates to events or occurrences that transpired while you were employed by the Company. The Company shall reimburse you for any reasonable out-of-pocket expenses incurred in connection with your performance of obligations pursuant to this Section 8(c). The Company agrees that if you have provided fifteen (15) hours of cooperation to the Company after your Date of Termination, the Company shall pay you an hourly rate of $400 for any additional hours of cooperation, over the initial fifteen (15) hours, except for your testimony pursuant to a lawfully issued summons or subpoena. The Company further agrees that it will pay/reimburse your reasonable out-of-pocket expenses and fees within thirty (30) days of your submission of receipts and invoices to the Company.

(d) Relief. You agree that it may be difficult to measure any damages caused to the Company which might result from any breach by you of the Continuing Obligations, and that in any event money damages may be an inadequate remedy for any such breach. Accordingly, you agree that if you breach, or propose to breach, any portion of the Continuing Obligations, the Company shall be entitled, in addition to all other remedies that it may have, to seek an injunction or other appropriate equitable relief to restrain any such breach without showing or proving any actual damage to the Company.

(e) Protected Disclosures and Other Protected Action. Nothing in this Agreement shall be interpreted or applied to prohibit you from making any good faith report to any governmental agency or other governmental entity (a "Government Agency") concerning any act or omission that you reasonably believe constitutes a possible violation of federal or state law or making other disclosures that are protected under the anti-retaliation or whistleblower provisions of applicable federal or state law or regulation. In addition, nothing contained in this Agreement limits your ability to communicate with any Government Agency or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including your ability to provide documents or other information, without notice to the Company. In addition, for the avoidance of doubt, pursuant to the federal Defend Trade Secrets Act of 2016, you shall not be held criminally or civilly liable under any federal or state trade secret law or under this Agreement or the Restrictive Covenants Agreement for the disclosure of a trade secret that (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

9. Arbitration of Disputes.

(a) Arbitration Generally. Any controversy or claim arising out of or relating to this Agreement or the breach thereof or otherwise arising out of your employment or the termination of that employment (including, without limitation, any claims of unlawful employment discrimination or retaliation, whether based on race, religion, national origin, sex, gender, age, disability, sexual orientation, or any other protected class under applicable law, including without limitation Massachusetts General Laws Chapter 151B) shall, to the fullest extent permitted by law, be settled by arbitration in any forum and form agreed upon by the parties or, in the absence of such an agreement, under the auspices of JAMS in Boston, Massachusetts in accordance with the JAMS Employment Arbitration Rules, including, but not limited to, the rules and procedures applicable to the selection of arbitrators. You understand that you may only bring such claims in your individual capacity, and not as a plaintiff or class member in any purported class proceeding or any purported representative proceeding. You further understand that, by signing this Agreement, the Company and you are giving up any right they may have to a jury trial on all claims they may have against each other. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. This Section 9 shall be specifically enforceable. Notwithstanding the foregoing, this Section 9 shall not preclude either party from pursuing a court action for the sole purpose of obtaining a temporary restraining order or a preliminary injunction in circumstances in which such relief is appropriate, including without limitation relief sought under the Restrictive Covenants Agreement; provided that any other relief shall be pursued through an arbitration proceeding pursuant to this Section 9.

(b) Arbitration Fees and Costs. You shall be required to pay an arbitration fee to initiate any arbitration equal to what you would be charged as a first appearance fee in court. The Company shall pay the remaining fees and costs of the arbitrator. Each party shall pay its own costs and attorneys' fees, if any. If, however, any party prevails on a statutory or contractual claim that entitles the prevailing party to attorneys' fees (including pursuant to this Agreement), the arbitrator will award attorneys' fees to the prevailing party to the extent permitted by law.

10. Consent to Jurisdiction. To the extent that any court action is permitted consistent with or to enforce Section 9 of this Agreement, the parties hereby consent to the jurisdiction of the state and federal courts of the Commonwealth of Massachusetts. Accordingly, with respect to any such court action, you (a) submit to the exclusive personal jurisdiction of such courts; (b) consent to service of process; and (c) waive any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction or service of process.

11. Indemnification. The "Indemnification Agreement" between the Company and you, dated December 29, 2022 (the "Indemnification Agreement") is hereby incorporated by reference.

12. No Mitigation. The Company agrees that if your employment by the Company is terminated during the term of this Agreement, you are not required to seek other employment or to attempt in any way to reduce any amounts payable to you by the Company pursuant to Sections 5 or 6 hereof. Further, the amount of any payment provided for in this Agreement shall not be reduced by any compensation earned by you.

13. Integration. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all prior agreements between the parties concerning such subject matter, including the Prior Agreement, provided that the Restrictive Covenants Agreement, the Indemnification Agreement and the Equity Documents remain in full force and effect.

14. Withholding; Tax Effect. All payments made by the Company to you under this Agreement shall be net of any tax or other amounts required to be withheld by the Company under applicable law. Nothing in this Agreement shall be construed to require the Company to make any payments to compensate you for any adverse tax effect associated with any payments or benefits or for any deduction or withholding from any payment or benefit.

15. Assignment. Neither you nor the Company may make any assignment of this Agreement or any interest in it, by operation of law or otherwise, without the prior written consent of the other; provided, however, that the Company may assign its rights and obligations under this Agreement (including the Restrictive Covenants Agreement) without your consent to any affiliate or to any person or entity with whom the Company shall hereafter effect a reorganization, consolidate with, or merge into or to whom it transfers all or substantially all of its properties or assets, but only on the condition that it assigns both its rights and obligations. This Agreement shall inure to the benefit of and be binding upon you and the Company, and each of yours and the Company's respective successors, executors, administrators, heirs, personal representatives, and permitted assigns. In the event of your death prior to the completion by the Company of any payments due to you under Sections 5 or 6 of this Agreement, the Company shall continue such payments to the beneficiary you designated in writing to the Company prior to your death, or to your estate, heirs, executors or personal representatives if you failed to make such designation.

16. Enforceability. If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

17. Survival. The provisions of this Agreement shall survive the termination of this Agreement and/or the termination of your employment to the extent necessary to effectuate the terms contained herein.

18. Waiver. No waiver of any provision hereof shall be effective unless made in writing and signed by the waiving party. The failure of any party to require the performance of any term or obligation of this Agreement, or the waiver by any party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach.

19. Notices. Any notices, requests, demands and other communications provided for by this Agreement shall be sufficient if in writing and delivered in person or sent by a nationally recognized overnight courier service or by registered or certified mail, postage prepaid, return receipt requested, to you at the last address you have on file in writing with the Company or, in the case of the Company, at its main offices, attention of the Board.

20. Amendment. This Agreement may be amended or modified only by a written instrument signed by you and by a duly authorized representative of the Company.

21. Effect on Other Plans and Agreements. An election by you to resign for Good Reason under the provisions of this Agreement shall not be deemed a voluntary termination of employment by you for the purpose of interpreting the provisions of any of the Company's benefit plans, programs or policies. Nothing in this Agreement shall be construed to limit the rights of you under the Company's benefit plans, programs or policies except as otherwise provided in Section 8 hereof, and except that you shall have no rights to any severance benefits under any Company severance pay plan, offer letter or otherwise. In the event that you are a party to an agreement with the Company providing for payments or benefits under such plan or agreement and under this Agreement, the terms of this Agreement shall govern and you may receive payment under this Agreement only and not both. Further, Section 5 and Section 6 of this Agreement are mutually exclusive and in no event shall you be entitled to payments or benefits pursuant to both Section 5 and Section 6 of this Agreement.

22. Governing Law. This is a Massachusetts contract and shall be construed under and be governed in all respects by the laws of the Commonwealth of Massachusetts, without giving effect to the conflict of laws principles thereof. With respect to any disputes concerning federal law, such disputes shall be determined in accordance with the law as it would be interpreted and applied by the United States Court of Appeals for the First Circuit.

23. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original; but such counterparts shall together constitute one and the same document.

IN WITNESS WHEREOF, the parties have executed this Agreement effective on the Effective Date.

**DISC MEDICINE, INC.**

By: /s/John D. Quisel, J.D., Ph.D.

Its: Chief Executive Officer

**EXECUTIVE**
/s/William Savage, MD, Ph.D.

William Savage, MD, Ph.D.

**Exhibit A**

**Restrictive Covenants Agreement**

**Exhibit 10.9**

**DISC MEDICINE, INC.**

**2017 STOCK OPTION AND GRANT PLAN**

SECTION 1. GENERAL PURPOSE OF THE PLAN; DEFINITIONS

The name of the plan is the Disc Medicine, Inc. 2017 Stock Option and Grant Plan (the "Plan"). The purpose of the Plan is to encourage and enable the officers, employees, directors, Consultants and other key persons of Disc Medicine, Inc., a Delaware corporation (including any successor entity, the "Company") and its Subsidiaries, upon whose judgment, initiative and efforts the Company largely depends for the successful conduct of its business, to acquire a proprietary interest in the Company.

The following terms shall be defined as set forth below:

"*Affiliate*" of any Person means a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with the first mentioned Person. A Person shall be deemed to control another Person if such first Person possesses directly or indirectly the power to direct, or cause the direction of, the management and policies of the second Person, whether through the ownership of voting securities, by contract or otherwise.

"*Award*" or "*Awards,*" except where referring to a particular category of grant under the Plan, shall include Incentive Stock Options, Non-Qualified Stock Options, Restricted Stock Awards, Unrestricted Stock Awards, Restricted Stock Units or any combination of the foregoing.

*"Award Agreement"* means a written or electronic agreement setting forth the terms and provisions applicable to an Award granted under the Plan. Each Award Agreement may contain terms and conditions in addition to those set forth in the Plan; *provided, however,* in the event of any conflict in the terms of the Plan and the Award Agreement, the terms of the Plan shall govern**.**

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

"*Cause*" shall have the meaning as set forth in the Award Agreement(s). In the case that any Award Agreement does not contain a definition of "Cause," it shall mean (i) the grantee's dishonest statements or acts with respect to the Company or any Affiliate of the Company, or any current or prospective customers, suppliers vendors or other third parties with which such entity does business; (ii) the grantee's commission of (A) a felony or (B) any misdemeanor involving moral turpitude, deceit, dishonesty or fraud; (iii) the grantee's failure to perform his assigned duties and responsibilities to the reasonable satisfaction of the Company which failure continues, in the reasonable judgment of the Company, after written notice given to the grantee by the Company; (iv) the grantee's gross negligence, willful misconduct or insubordination with respect to the Company or any Affiliate of the Company; or (v) the grantee's material violation of any provision of any agreement(s) between the grantee and the Company relating to noncompetition, nonsolicitation, nondisclosure and/or assignment of inventions.

*"Chief Executive Officer"* means the Chief Executive Officer of the Company or, if there is no Chief Executive Officer, then the President of the Company.

"*Code*" means the Internal Revenue Code of 1986, as amended, and any successor Code, and related rules, regulations and interpretations.

"*Committee*" means the Committee of the Board referred to in Section 2.

*"Consultant"* means any natural person that provides bona fide services to the Company (including a Subsidiary), and such services 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.

"*Disability*" means "disability" as defined in Section 422(c) of the Code.

"*Effective Date*" means the date on which the Plan is adopted as set forth on the final page of the Plan.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"*Fair Market Value*" of the Stock on any given date means the fair market value of the Stock determined in good faith by the Committee based on the reasonable application of a reasonable valuation method not inconsistent with Section 409A of the Code. If the Stock is admitted to trade on a national securities exchange, the determination shall be made by reference to the closing price reported on such exchange. If there is no closing price for such date, the determination shall be made by reference to the last date preceding such date for which there is a closing price. If the date for which Fair Market Value is determined is the first day when trading prices for the Stock are reported on a national securities exchange, the Fair Market Value shall be the "Price to the Public" (or equivalent) set forth on the cover page for the final prospectus relating to the Company's Initial Public Offering.

*"Good Reason"* shall have the meaning as set forth in the Award Agreement(s). In the case that any Award Agreement does not contain a definition of "Good Reason," it shall mean (i) a material diminution in the grantee's base salary except for across-the-board salary reductions similarly affecting all or substantially all similarly situated employees of the Company or (ii) a change of more than 50 miles in the geographic location at which the grantee provides services to the Company, so long as the grantee provides at least 90 days notice to the Company following the initial occurrence of any such event and the Company fails to cure such event within 30 days thereafter.

"*Grant Date"* means the date that the Committee designates in its approval of an Award in accordance with applicable law as the date on which the Award is granted, which date may not precede the date of such Committee approval.

*"Holder"* means, with respect to an Award or any Shares, the Person holding such Award or Shares, including the initial recipient of the Award or any Permitted Transferee.

"*Incentive Stock Option*" means any Stock Option designated and qualified as an "incentive stock option" as defined in Section 422 of the Code.

"*Initial Public Offering*" means the consummation of the first firm commitment underwritten public offering pursuant to an effective registration statement under the Securities Act covering the offer and sale by the Company of its equity securities, as a result of or following which the Stock shall be publicly held.

"*Non-Qualified Stock Option*" means any Stock Option that is not an Incentive Stock Option.

"*Option*" or "*Stock Option*" means any option to purchase shares of Stock granted pursuant to Section 5.

"*Permitted Transferees*" shall mean any of the following to whom a Holder may transfer Shares hereunder (as set forth in Section 9(a)(ii)(A)): the Holder's child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Holder's household (other than a tenant or employee), a trust in which these persons have more than fifty percent of the beneficial interest, a foundation in which these persons control the management of assets, and any other entity in which these persons own more than fifty percent of the voting interests*; provided, however,* that any such trust does not require or permit distribution of any Shares during the term of the Award Agreement unless subject to its terms. Upon the death of the Holder, the term Permitted

Transferees shall also include such deceased Holder's estate, executors, administrators, personal representatives, heirs, legatees and distributees, as the case may be.

"*Person*" shall mean any individual, corporation, partnership (limited or general), limited liability company, limited liability partnership, association, trust, joint venture, unincorporated organization or any similar entity.

*"Restricted Stock Award"* means Awards granted pursuant to Section 6 and *"Restricted Stock"* means Shares issued pursuant to such Awards.

*"Restricted Stock Unit"* means an Award of phantom stock units to a grantee, which may be settled in cash or Shares as determined by the Committee, pursuant to Section 8.

"*Sale Event"* means the consummation of (i) the dissolution or liquidation of the Company, (ii) the sale of all or substantially all of the assets of the Company on a consolidated basis to an unrelated person or entity, (iii) a merger, reorganization or consolidation pursuant to which the holders of the Company's outstanding voting power immediately prior to such transaction do not own a majority of the outstanding voting power of the surviving or resulting entity (or its ultimate parent, if applicable), (iv) the acquisition of all or a majority of the outstanding voting stock of the Company in a single transaction or a series of related transactions by a Person or group of Persons, or (v) any other acquisition of the business of the Company, as determined by the Board; *provided, however,* that the Company's Initial Public Offering, any subsequent public offering or another capital raising event, or a merger effected solely to change the Company's domicile shall not constitute a "Sale Event."

*"Section 409A"* means Section 409A of the Code and the regulations and other guidance promulgated thereunder.

"*Securities Act*" means the Securities Act of 1933, as amended, and the rules and regulations thereunder.

*"Service Relationship"* means any relationship as a full-time employee, part-time employee, director or other key person (including Consultants) of the Company or any Subsidiary or any successor entity (e.g., a Service Relationship shall be deemed to continue without interruption in the event an individual's status changes from full-time employee to part- time employee or Consultant).

*"Shares"* means shares of Stock.

"*Stock*" means the Common Stock, par value $0.0001 per share, of the Company. "*Subsidiary*" means any corporation or other entity (other than the Company) in which the Company has more than a 50 percent interest, either directly or indirectly.

*"Ten Percent Owner"* means an employee who owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10 percent of the combined voting power of all classes of stock of the Company or any parent of the Company or any Subsidiary.

*"Termination Event"* means the termination of the Award recipient's Service Relationship with the Company and its Subsidiaries for any reason whatsoever, regardless of the circumstances thereof, and including, without limitation, upon death, disability, retirement, discharge or resignation for any reason, whether voluntarily or involuntarily. The following shall not constitute a Termination Event: (i) a transfer to the service of the Company from a Subsidiary or from the Company to a Subsidiary, or from one Subsidiary to another Subsidiary or (ii) an approved leave of absence for military service or sickness, or for any other purpose approved by the Committee, if the individual's right to re-employment is guaranteed either by a statute or by contract or under the policy pursuant to which the leave of absence was granted or if the Committee otherwise so provides in writing.

"*Unrestricted Stock Award"* means any Award granted pursuant to Section 7 and *"Unrestricted Stock"* means Shares issued pursuant to such Awards.

SECTION 2. ADMINISTRATION OF PLAN; COMMITTEE AUTHORITY TO SELECT GRANTEES AND DETERMINE AWARDS

(a) Administration of Plan. The Plan shall be administered by the Board, or at the discretion of the Board, by a committee of the Board, comprised of not less than two directors. All references herein to the "Committee" shall be deemed to refer to the group then responsible for administration of the Plan at the relevant time (i.e., either the Board of Directors or a committee or committees of the Board, as applicable).

(b) Powers of Committee. The Committee shall have the power and authority to grant Awards consistent with the terms of the Plan, including the power and authority:

(i) to select the individuals to whom Awards may from time to time be granted;

(ii) to determine the time or times of grant, and the amount, if any, of Incentive Stock Options, Non-Qualified Stock Options, Restricted Stock Awards, Unrestricted Stock Awards, Restricted Stock Units, or any combination of the foregoing, granted to any one or more grantees;

(iii) to determine the number of Shares to be covered by any Award and, subject to the provisions of the Plan, the price, exercise price, conversion ratio or other price relating thereto;

(iv) to determine and, subject to Section 12, to modify from time to time the terms and conditions, including restrictions, not inconsistent with the terms of the Plan, of any Award, which terms and conditions may differ among individual Awards and grantees, and to approve the form of Award Agreements;

(v) to accelerate at any time the exercisability or vesting of all or any portion of any Award;

(vi) to impose any limitations on Awards, including limitations on transfers, repurchase provisions and the like, and to exercise repurchase rights or obligations;

(vii) subject to Section 5(a)(ii) and any restrictions imposed by Section 409A, to extend at any time the period in which Stock Options may be exercised; and

(viii) at any time to adopt, alter and repeal such rules, guidelines and practices for administration of the Plan and for its own acts and proceedings as it shall deem advisable; to interpret the terms and provisions of the Plan and any Award (including Award Agreements); to make all determinations it deems advisable for the administration of the Plan; to decide all disputes arising in connection with the Plan; and to otherwise supervise the administration of the Plan.

All decisions and interpretations of the Committee shall be binding on all persons, including the Company and all Holders.

(c) Award Agreement. Awards under the Plan shall be evidenced by Award Agreements that set forth the terms, conditions and limitations for each Award.

(d) Indemnification. Neither the Board nor the Committee, nor any member of either or any delegate thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with the Plan, and the members of the Board and the Committee (and any delegate thereof) shall be entitled in all cases to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including, without limitation, reasonable attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under the Company's governing documents, including its certificate of incorporation or bylaws, or any directors' and officers' liability insurance coverage which may be in effect from time to time and/or any indemnification agreement between such individual and the Company.

(e) Foreign Award Recipients. Notwithstanding any provision of the Plan to the contrary, in order to comply with the laws in other countries in which the Company and any Subsidiary operate or have employees or other individuals eligible for Awards, the Committee, in its sole discretion, shall have the power and authority to: (i) determine which Subsidiaries, if any, shall be covered by the Plan; (ii) determine which individuals, if any, outside the United States are eligible to participate in the Plan; (iii) modify the terms and conditions of any Award granted to individuals outside the United States to comply with applicable foreign laws; (iv) establish subplans and modify exercise procedures and other terms and procedures, to the extent the Committee determines such actions to be necessary or advisable (and such subplans and/or modifications shall be attached to the Plan as appendices); provided, however, that no such subplans and/or modifications shall increase the share limitation contained in Section 3(a) hereof; and (v) take any action, before or after an Award is made, that the Committee determines to be necessary or advisable to obtain approval or comply with any local governmental regulatory exemptions or approvals.

SECTION 3. STOCK ISSUABLE UNDER THE PLAN; MERGERS AND OTHER TRANSACTIONS; SUBSTITUTION

(a) Stock Issuable. The maximum number of Shares reserved and available for issuance under the Plan shall be 710,045 Shares, subject to adjustment as provided in

Section 3(b). For purposes of this limitation, the Shares underlying any Awards that are forfeited, canceled, reacquired by the Company prior to vesting, satisfied without the issuance of Stock or otherwise terminated (other than by exercise) and Shares that are withheld upon exercise of an Option or settlement of an Award to cover the exercise price or tax withholding shall be added back to the Shares available for issuance under the Plan. Subject to such overall limitations, Shares may be issued up to such maximum number pursuant to any type or types of Award, and no more than 7,100,450 Shares may be issued pursuant to Incentive Stock Options. The Shares available for issuance under the Plan may be authorized but unissued Shares or Shares reacquired by the Company. Beginning on the date that the Company becomes subject to Section 162(m) of the Code, Options with respect to no more than 710,045 Shares shall be granted to any one individual in any calendar year period.

(b) Changes in Stock. Subject to Section 3(c) hereof, if, as a result of any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Company's capital stock, the outstanding Shares are increased or decreased or are exchanged for a different number or kind of shares or other securities of the Company, or additional Shares or new or different shares or other securities of the Company or other non-cash assets are distributed with respect to such Shares or other securities, in each case, without the receipt of consideration by the Company, or, if, as a result of any merger or consolidation, or sale of all or substantially all of the assets of the Company, the outstanding Shares are converted into or exchanged for other securities of the Company or any successor entity (or a parent or subsidiary thereof), the Committee shall make an appropriate and proportionate adjustment in (i) the maximum number of Shares reserved for issuance under the Plan, (ii) the number and kind of Shares or other securities subject to any then outstanding Awards under the Plan, (iii) the repurchase price, if any, per Share subject to each outstanding Award, and (iv) the exercise price for each Share subject to any then outstanding Stock Options under the Plan, without changing the aggregate exercise price (i.e., the exercise price multiplied by the number of Stock Options) as to which such Stock Options remain exercisable. The Committee shall in any event make such adjustments as may be required by Section 25102(o) of the California Corporation Code and the rules and regulations promulgated thereunder. The adjustment by the Committee shall be final, binding and conclusive. No fractional Shares shall be issued under the Plan resulting from any such adjustment, but the Committee in its discretion may make a cash payment in lieu of fractional shares.

(c) Sale Events.

(i) Options.

(A) In the case of and subject to the consummation of a Sale Event, the Plan and all outstanding Options issued hereunder shall terminate upon the effective time of any such Sale Event unless assumed or continued by the successor entity, or new stock options or other awards of the successor entity or parent thereof are substituted therefor, with an equitable or proportionate adjustment as to the number and kind of shares and, if appropriate, the per share exercise prices, as such parties shall agree (after taking into account any acceleration hereunder and/or pursuant to the terms of any Award Agreement).

(B) In the event of the termination of the Plan and all outstanding Options issued hereunder pursuant to Section 3(c), each Holder of Options shall be permitted, within a period of time prior to the consummation of the Sale Event as specified by the Committee, to exercise all such Options which are then exercisable or will become exercisable as of the effective time of the Sale Event; *provided, however*, that the exercise of Options not exercisable prior to the Sale Event shall be subject to the consummation of the Sale Event.

(C) Notwithstanding anything to the contrary in Section 3(c)(i)(A), in the event of a Sale Event, the Company shall have the right, but not the obligation, to make or provide for a cash payment to the Holders of Options, without any consent of the Holders, in exchange for the cancellation thereof, in an amount equal to the difference between (A) the value as determined by the Committee of the consideration payable per share of Stock pursuant to the Sale Event (the "Sale Price") times the number of Shares subject to outstanding Options being cancelled (to the extent then vested and exercisable, including by reason of acceleration in connection with such Sale Event, at prices not in excess of the Sale Price) and (B) the aggregate exercise price of all such outstanding vested and exercisable Options.

(ii) Restricted Stock and Restricted Stock Unit Awards.

(A) In the case of and subject to the consummation of a Sale Event, all unvested Restricted Stock and unvested Restricted Stock Unit Awards (other than those becoming vested as a result of the Sale Event) issued hereunder shall be forfeited immediately prior to the effective time of any such Sale Event unless assumed or continued by the successor entity, or awards of the successor entity or parent thereof are substituted therefor, with an equitable or proportionate adjustment as to the number and kind of shares subject to such awards as such parties shall agree (after taking into account any acceleration hereunder and/or pursuant to the terms of any Award Agreement).

(B) In the event of the forfeiture of Restricted Stock pursuant to Section 3(c)(ii)(A), such Restricted Stock shall be repurchased from the Holder thereof at a price per share equal to the original per share purchase price paid by the Holder (subject to adjustment as provided in Section 3(b)) for such Shares.

(C) Notwithstanding anything to the contrary in Section 3(c)(ii)(A), in the event of a Sale Event, the Company shall have the right, but not the obligation, to make or provide for a cash payment to the Holders of Restricted Stock or Restricted Stock Unit Awards, without consent of the Holders, in exchange for the cancellation thereof, in an amount equal to the Sale Price times the number of Shares subject to such Awards, to be paid at the time of such Sale Event or upon the later vesting of such Awards.

SECTION 4. ELIGIBILITY

Grantees under the Plan will be such full or part-time officers and other employees, directors, Consultants and key persons of the Company and any Subsidiary who are selected from time to time by the Committee in its sole discretion; provided, however, that Awards shall be granted only to those individuals described in Rule 701(c) of the Securities Act.

SECTION 5. STOCK OPTIONS

Upon the grant of a Stock Option, the Company and the grantee shall enter into an Award Agreement. The terms and conditions of each such Award Agreement shall be determined by the Committee, and such terms and conditions may differ among individual Awards and grantees.

Stock Options granted under the Plan may be either Incentive Stock Options or Non- Qualified Stock Options. Incentive Stock Options may be granted only to employees of the Company or any Subsidiary that is a "subsidiary corporation" within the meaning of

Section 424(f) of the Code. To the extent that any Option does not qualify as an Incentive Stock Option, it shall be deemed a Non-Qualified Stock Option.

(a) Terms of Stock Options. The Committee in its discretion may grant Stock Options to those individuals who meet the eligibility requirements of Section 4. Stock Options shall be subject to the following terms and conditions and shall contain such additional terms and conditions, not inconsistent with the terms of the Plan, as the Committee shall deem desirable.

(i) Exercise Price. The exercise price per share for the Shares covered by a Stock Option shall be determined by the Committee at the time of grant but shall not be less than 100 percent of the Fair Market Value on the Grant Date. In the case of an Incentive Stock Option that is granted to a Ten Percent Owner, the exercise price per share for the Shares covered by such Incentive Stock Option shall not be less than 110 percent of the Fair Market Value on the Grant Date.

(ii) Option Term. The term of each Stock Option shall be fixed by the Committee, but no Stock Option shall be exercisable more than ten years from the Grant Date. In the case of an Incentive Stock Option that is granted to a Ten Percent Owner, the term of such Stock Option shall be no more than five years from the Grant Date.

(iii) Exercisability; Rights of a Stockholder. Stock Options shall become exercisable and/or vested at such time or times, whether or not in installments, as shall be determined by the Committee at or after the Grant Date. The Award Agreement may permit a grantee to exercise all or a portion of a Stock Option immediately at grant; provided that the Shares issued upon such exercise shall be subject to restrictions and a vesting schedule identical to the vesting schedule of the related Stock Option, such Shares shall be deemed to be Restricted Stock for purposes of the Plan, and the optionee may be required to enter into an additional or new Award Agreement as a condition to exercise of such Stock Option. An optionee shall have the rights of a stockholder only as to Shares acquired upon the exercise of a Stock Option and not as to unexercised Stock Options. An optionee shall not be deemed to have acquired any Shares unless and until a Stock Option shall have been exercised pursuant to the terms of the Award Agreement and this Plan and the optionee's name has been entered on the books of the Company as a stockholder.

(iv) Method of Exercise. Stock Options may be exercised by an optionee in whole or in part, by the optionee giving written or electronic notice of exercise to the Company, specifying the number of Shares to be purchased. Payment of the purchase price may be made by one or more of the following methods (or any combination thereof) to the extent provided in the Award Agreement:

(A) In cash, by certified or bank check, by wire transfer of immediately available funds, or other instrument acceptable to the Committee;

(B) If permitted by the Committee, by the optionee delivering to the Company a promissory note, if the Board has expressly authorized the loan of funds to the optionee for the purpose of enabling or assisting the optionee to effect the exercise of his or her Stock Option; provided, that at least so much of the exercise price as represents the par value of the Stock shall be paid in cash if required by state law;

(C) If permitted by the Committee and the Initial Public Offering has occurred (or the Stock otherwise becomes publicly-traded), through the delivery (or attestation to the ownership) of Shares that have been purchased by the optionee on the open market or that are beneficially owned by the optionee and are not then subject to restrictions under any Company plan. To the extent required to avoid variable accounting treatment under ASC 718 or other applicable accounting rules, such surrendered Shares if originally purchased from the Company shall have been owned by the optionee for at least six months. Such surrendered Shares shall be valued at Fair Market Value on the exercise date;

(D) If permitted by the Committee and the Initial Public Offering has occurred (or the Stock otherwise becomes publicly-traded), by the optionee delivering to the Company a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Company cash or a check payable and acceptable to the Company for the purchase price; provided that in the event the optionee chooses to pay the purchase price as so provided, the optionee and the broker shall comply with such procedures and enter into such agreements of indemnity and other agreements as the Committee shall prescribe as a condition of such payment procedure; or

(E) If permitted by the Committee, and only with respect to Stock Options that are not Incentive Stock Options, by a "net exercise" arrangement pursuant to which the Company will reduce the number of Shares issuable upon exercise by the largest whole number of Shares with a Fair Market Value that does not exceed the aggregate exercise price.

Payment instruments will be received subject to collection. No certificates for Shares so purchased will be issued to the optionee or, with respect to uncertificated Stock, no transfer to the optionee on the records of the Company will take place, until the Company has completed all steps it has deemed necessary to satisfy legal requirements relating to the issuance and sale of the Shares, which steps may include, without limitation, (i) receipt of a representation from the optionee at the time of exercise of the Option that the optionee is purchasing the Shares for the optionee's own account and not with a view to any sale or distribution of the Shares or other representations relating to compliance with applicable law governing the issuance of securities, (ii) the legending of the certificate (or notation on any book entry) representing the Shares to evidence the foregoing restrictions, and (iii) obtaining from optionee payment or provision for all withholding taxes due as a result of the exercise of the Option. The delivery of certificates representing the shares of Stock (or the transfer to the optionee on the records of the Company with respect to uncertificated Stock) to be purchased pursuant to the exercise of a Stock Option will be contingent upon (A) receipt from the optionee (or a purchaser acting in his or her stead in accordance with the provisions of the Stock Option) by the Company of the full purchase price for such Shares and the fulfillment of any other requirements contained in the Award Agreement or applicable provisions of laws and (B) if required by the Company, the optionee shall have entered into any stockholders agreements or other agreements with the Company and/or certain other of the Company's stockholders relating to the Stock. In the event an optionee chooses to pay the purchase price by previously-owned Shares through the attestation method, the number of Shares transferred to the optionee upon the exercise of the Stock Option shall be net of the number of Shares attested to.

(b) Annual Limit on Incentive Stock Options. To the extent required for "incentive stock option" treatment under Section 422 of the Code, the aggregate Fair Market Value (determined as of the Grant Date) of the Shares with respect to which Incentive Stock Options granted under the Plan and any other plan of the Company or its parent and any Subsidiary that become exercisable for the first time by an optionee during any calendar year shall not exceed $100,000 or such other limit as may be in effect from time to time under Section 422 of the Code. To the extent that any Stock Option exceeds this limit, it shall constitute a Non-Qualified Stock Option.

SECTION 6. RESTRICTED STOCK AWARDS

(a) Nature of Restricted Stock Awards. The Committee may, in its sole discretion, grant (or sell at par value or such other purchase price determined by the Committee) to an eligible individual under Section 4 hereof a Restricted Stock Award under the Plan. The Committee shall determine the restrictions and conditions applicable to each Restricted Stock Award at the time of grant. Conditions may be based on continuing employment (or other Service Relationship), achievement of pre-established performance goals and objectives and/or such other criteria as the Committee may determine. Upon the grant of a Restricted Stock Award, the Company and the grantee shall enter into an Award Agreement. The terms and conditions of each such Award Agreement shall be determined by the Committee, and such terms and conditions may differ among individual Awards and grantees.

(b) Rights as a Stockholder. Upon the grant of the Restricted Stock Award and payment of any applicable purchase price, a grantee of Restricted Stock shall be considered the record owner of and shall be entitled to vote the Restricted Stock if, and to the extent, such Shares are entitled to voting rights, subject to such conditions contained in the Award Agreement. The grantee shall be entitled to receive all dividends and any other distributions declared on the Shares; provided, however, that the Company is under no duty to declare any such dividends or to make any such distribution. Unless the Committee shall otherwise determine, certificates evidencing the Restricted Stock shall remain in the possession of the Company until such Restricted Stock is vested as provided in subsection (d) below of this Section, and the grantee shall be required, as a condition of the grant, to deliver to the Company a stock power endorsed in blank and such other instruments of transfer as the Committee may prescribe.

(c) Restrictions. Restricted Stock may not be sold, assigned, transferred, pledged or otherwise encumbered or disposed of except as specifically provided herein or in the Award Agreement. Except as may otherwise be provided by the Committee either in the Award Agreement or, subject to Section 12 below, in writing after the Award Agreement is issued, if a grantee's Service Relationship with the Company and any Subsidiary terminates, the Company or its assigns shall have the right, as may be specified in the relevant instrument, to repurchase some or all of the Shares subject to the Award at such purchase price as is set forth in the Award Agreement.

(d) Vesting of Restricted Stock. The Committee at the time of grant shall specify in the Award Agreement the date or dates and/or the attainment of pre-established performance goals, objectives and other conditions on which the substantial risk of forfeiture imposed shall lapse and the Restricted Stock shall become vested, subject to such further rights of the Company or its assigns as may be specified in the Award Agreement.

SECTION 7. UNRESTRICTED STOCK AWARDS

The Committee may, in its sole discretion, grant (or sell at par value or such other purchase price determined by the Committee) to an eligible person under Section 4 hereof an Unrestricted Stock Award under the Plan. Unrestricted Stock Awards may be granted in respect of past services or other valid consideration, or in lieu of cash compensation due to such grantee.

SECTION 8. RESTRICTED STOCK UNITS

(a) Nature of Restricted Stock Units. The Committee may, in its sole discretion, grant to an eligible person under Section 4 hereof Restricted Stock Units under the Plan. The Committee shall determine the restrictions and conditions applicable to each Restricted Stock Unit at the time of grant. Vesting conditions may be based on continuing employment (or other Service Relationship), achievement of pre-established performance goals and objectives and/or other such criteria as the Committee may determine. Upon the grant of Restricted Stock Units, the grantee and the Company shall enter into an Award Agreement. The terms and conditions of each such Award Agreement shall be determined by the Committee and may differ among individual Awards and grantees. On or promptly following the vesting date or dates applicable to any Restricted Stock Unit, but in no event later than March 15 of the year following the year in which such vesting occurs, such Restricted Stock Unit(s) shall be settled in the form of cash or shares of Stock, as specified in the Award Agreement. Restricted Stock Units may not be sold, assigned, transferred, pledged, or otherwise encumbered or disposed of.

(b) Rights as a Stockholder. A grantee shall have the rights of a stockholder only as to Shares, if any, acquired upon settlement of Restricted Stock Units. A grantee shall not be deemed to have acquired any such Shares unless and until the Restricted Stock Units shall have been settled in Shares pursuant to the terms of the Plan and the Award Agreement, the Company shall have issued and delivered a certificate representing the Shares to the grantee (or transferred on the records of the Company with respect to uncertificated stock), and the grantee's name has been entered in the books of the Company as a stockholder.

(c) Termination. Except as may otherwise be provided by the Committee either in the Award Agreement or in writing after the Award Agreement is issued, a grantee's right in all Restricted Stock Units that have not vested shall automatically terminate upon the grantee's cessation of Service Relationship with the Company and any Subsidiary for any reason.

SECTION 9. TRANSFER RESTRICTIONS; COMPANY RIGHT OF FIRST REFUSAL; COMPANY REPURCHASE RIGHTS

(a) Restrictions on Transfer.

(i) Non-Transferability of Stock Options. Stock Options and, prior to exercise, the Shares issuable upon exercise of such Stock Option, shall not be transferable by the optionee otherwise than by will, or by the laws of descent and distribution, and all Stock Options shall be exercisable, during the optionee's lifetime, only by the optionee, or by the optionee's legal representative or guardian in the event of the optionee's incapacity. Notwithstanding the foregoing, the Committee, in its sole discretion, may provide in the Award Agreement regarding a given Stock Option that the optionee may transfer by gift, without consideration for the transfer, his or her Non-Qualified Stock Options to his or her family members (as defined in Rule 701 of the Securities Act), to trusts for the benefit of such family members, or to partnerships in which such family members are the only partners (to the extent such trusts or partnerships are considered "family members" for purposes of Rule 701 of the Securities Act), provided that the transferee agrees in writing with the Company to be bound by all of the terms and conditions of this Plan and the applicable Award Agreement, including the execution of a stock power upon the issuance of Shares. Stock Options, and the Shares issuable upon exercise of such Stock Options, shall be restricted as to any pledge, hypothecation, or other transfer, including any short position, any "put equivalent position" (as defined in the Exchange Act) or any "call equivalent position" (as defined in the Exchange Act) prior to exercise.

(ii) Shares. No Shares shall be sold, assigned, transferred, pledged, hypothecated, given away or in any other manner disposed of or encumbered, whether voluntarily or by operation of law, unless (i) the transfer is in compliance with the terms of the applicable Award Agreement, all applicable securities laws (including, without limitation, the Securities Act), and with the terms and conditions of this Section 9, (ii) the transfer does not cause the Company to become subject to the reporting requirements of the Exchange Act, and (iii) the transferee consents in writing to be bound by the provisions of the Plan and the Award Agreement, including this Section 9. In connection with any proposed transfer, the Committee may require the transferor to provide at the transferor's own expense an opinion of counsel to the transferor, satisfactory to the Committee, that such transfer is in compliance with all foreign, federal and state securities laws (including, without limitation, the Securities Act). Any attempted transfer of Shares not in accordance with the terms and conditions of this Section 9 shall be null and void, and the Company shall not reflect on its records any change in record ownership of any Shares as a result of any such transfer, shall otherwise refuse to recognize any such transfer and shall not in any way give effect to any such transfer of Shares. The Company shall be entitled to seek protective orders, injunctive relief and other remedies available at law or in equity including, without limitation, seeking specific performance or the rescission of any transfer not made in strict compliance with the provisions of this Section 9. Subject to the foregoing general provisions, and unless otherwise provided in the applicable Award Agreement, Shares may be transferred pursuant to the following specific terms and conditions (provided that with respect to any transfer of Restricted Stock, all vesting and forfeiture provisions shall continue to apply with respect to the original recipient):

(A) Transfers to Permitted Transferees. The Holder may transfer any or all of the Shares to one or more Permitted Transferees; *provided, however*, that following such transfer, such Shares shall continue to be subject to the terms of this Plan (including this Section 9) and such Permitted Transferee(s) shall, as a condition to any such transfer, deliver a written acknowledgment to that effect to the Company and shall deliver a stock power to the Company with respect to the Shares. Notwithstanding the foregoing, the Holder may not transfer any of the Shares to a Person whom the Company reasonably determines is a direct competitor or a potential competitor of the Company or any of its Subsidiaries.

(B) Transfers Upon Death. Upon the death of the Holder, any Shares then held by the Holder at the time of such death and any Shares acquired after the Holder's death by the Holder's legal representative shall be subject to the provisions of this Plan, and the Holder's estate, executors, administrators, personal representatives, heirs, legatees and distributees shall be obligated to convey such Shares to the Company or its assigns under the terms contemplated by the Plan and the Award Agreement.

(b) Right of First Refusal. In the event that a Holder desires at any time to sell or otherwise transfer all or any part of his or her Shares (other than shares of Restricted Stock which by their terms are not transferrable), the Holder first shall give written notice to the Company of the Holder's intention to make such transfer. Such notice shall state the number of Shares that the Holder proposes to sell (the "Offered Shares"), the price and the terms at which the proposed sale is to be made and the name and address of the proposed transferee. At any time within 30 days after the receipt of such notice by the Company, the Company or its assigns may elect to purchase all or any portion of the Offered Shares at the price and on the terms offered by the proposed transferee and specified in the notice. The Company or its assigns shall exercise this right by mailing or delivering written notice to the Holder within the foregoing 30- day period. If the Company or its assigns elect to exercise its purchase rights under this Section 9(b), the closing for such purchase shall, in any event, take place within 45 days after the receipt by the Company of the initial notice from the Holder. In the event that the Company or its assigns do not elect to exercise such purchase right, or in the event that the Company or its assigns do not pay the full purchase price within such 45-day period, the Holder shall be required to pay a transaction processing fee of $10,000 to the Company (unless waived by the Committee) and then may, within 60 days thereafter, sell the Offered Shares to the proposed transferee and at the same price and on the same terms as specified in the Holder's notice. Any Shares not sold to the proposed transferee shall remain subject to the Plan. If the Holder is a party to any stockholders agreements or other agreements with the Company and/or certain other of the Company's stockholders relating to the Shares, (i) the transferring Holder shall comply with the requirements of such stockholders agreements or other agreements relating to any proposed transfer of the Offered Shares, and (ii) any proposed transferee that purchases Offered Shares shall enter into such stockholders agreements or other agreements with the Company and/or certain of the Company's stockholders relating to the Offered Shares on the same terms and in the same capacity as the transferring Holder.

(c) Company's Right of Repurchase.

(i) Right of Repurchase for Unvested Shares Issued Upon the Exercise of an Option. Upon a Termination Event, the Company or its assigns shall have the right and option to repurchase from a Holder of Shares acquired upon exercise of a Stock Option which are still subject to a risk of forfeiture as of the Termination Event. Such repurchase rights may be exercised by the Company within the later of (A) six months following the date of such Termination Event or (B) seven months after the acquisition of Shares upon exercise of a Stock Option. The repurchase price shall be equal to the lower of the original per share price paid by the Holder, subject to adjustment as provided in Section 3(b) of the Plan, or the current Fair Market Value of such Shares as of the date the Company elects to exercise its repurchase rights.

(ii) Right of Repurchase With Respect to Restricted Stock. Upon a Termination Event, the Company or its assigns shall have the right and option to repurchase from a Holder of Shares received pursuant to a Restricted Stock Award any Shares that are still subject to a risk of forfeiture as of the Termination Event. Such repurchase right may be exercised by the Company within six months following the date of such Termination Event. The repurchase price shall be the lower of the original per share purchase price paid by the Holder, subject to adjustment as provided in Section 3(b) of the Plan, or the current Fair Market Value of such Shares as of the date the Company elects to exercise its repurchase rights.

(iii) Procedure. Any repurchase right of the Company shall be exercised by the Company or its assigns by giving the Holder written notice on or before the last day of the repurchase period of its intention to exercise such repurchase right. Upon such notification, the Holder shall promptly surrender to the Company, free and clear of any liens or encumbrances, any certificates representing the Shares being purchased, together with a duly executed stock power for the transfer of such Shares to the Company or the Company's assignee or assignees. Upon the Company's or its assignee's receipt of the certificates from the Holder, the Company or its assignee or assignees shall deliver to him, her or them a check for the applicable repurchase price; *provided, however*, that the Company may pay the repurchase price by offsetting and canceling any indebtedness then owed by the Holder to the Company.

(d) Drag Along Right. In the event the holders of a majority of the Company's equity securities then outstanding (the "Majority Shareholders") determine to enter into a Sale Event in a bona fide negotiated transaction (a "Sale"), with any non-Affiliate of the Company or any majority shareholder (in each case, the "Buyer"), a Holder of Shares, including any Permitted Transferee, shall be obligated to and shall upon the written request of the Majority Shareholders: (a) sell, transfer and deliver, or cause to be sold, transferred and delivered, to the Buyer, his or her Shares (including for this purpose all of such Holder's Shares that presently or as a result of any such transaction may be acquired upon the exercise of an Option (following the payment of the exercise price therefor)) on substantially the same terms applicable to the Majority Shareholders (with appropriate adjustments to reflect the conversion of convertible securities, the redemption of redeemable securities and the exercise of exercisable securities as well as the relative preferences and priorities of preferred stock); and (b) execute and deliver such instruments of conveyance and transfer and take such other action, including voting such Shares in favor of any Sale proposed by the Majority Shareholders and executing any purchase agreements, merger agreements, indemnity agreements, escrow agreements or related documents as the Majority Shareholders or the Buyer may reasonably require in order to carry out the terms and provisions of this Section 9(d).

(e) Escrow Arrangement.

(i) Escrow. In order to carry out the provisions of this Section 9 of this Plan more effectively, the Company shall hold any Shares issued pursuant to Awards granted under the Plan in escrow together with separate stock powers executed by the Holder in blank for transfer. The Company shall not dispose of the Shares except as otherwise provided in this Plan. In the event of any repurchase by the Company (or any of its assigns), the Company is hereby authorized by the Holder, as the Holder's attorney-in-fact, to date and complete the stock powers necessary for the transfer of the Shares being purchased and to transfer such Shares in accordance with the terms hereof. At such time as any Shares are no longer subject to the Company's repurchase and first refusal rights, the Company shall, at the written request of the Holder, deliver to the Holder a certificate representing such Shares with the balance of the Shares to be held in escrow pursuant to this Section.

(ii) Remedy. Without limitation of any other provision of this Plan or other rights, in the event that a Holder or any other Person is required to sell a Holder's Shares pursuant to the provisions of Sections 9(b) or (c) hereof and in the further event that he or she refuses or for any reason fails to deliver to the Company or its designated purchaser of such Shares the certificate or certificates evidencing such Shares together with a related stock power, the Company or such designated purchaser may deposit the applicable purchase price for such Shares with a bank designated by the Company, or with the Company's independent public accounting firm, as agent or trustee, or in escrow, for such Holder or other Person, to be held by such bank or accounting firm for the benefit of and for delivery to him, her, them or it, and/or, in its discretion, pay such purchase price by offsetting any indebtedness then owed by such Holder as provided above. Upon any such deposit and/or offset by the Company or its designated purchaser of such amount and upon notice to the Person who was required to sell the Shares to be sold pursuant to the provisions of Sections 9(b) or (c), such Shares shall at such time be deemed to have been sold, assigned, transferred and conveyed to such purchaser, such Holder shall have no further rights thereto (other than the right to withdraw the payment thereof held in escrow, if applicable), and the Company shall record such transfer in its stock transfer book or in any appropriate manner.

(f) Lockup Provision. If requested by the Company, a Holder will not, without the prior written consent of the managing underwriter, during the period commencing on the date of the final prospectus relating to the Company's initial public offering (the "IPO") and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (l80) days), or such other period as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (1) the publication or other distribution of research reports; and (2) analyst recommendations and opinions, including, but not limited to, the restrictions contained in FINRA Rule 2711(f)(4) or NYSE Rule 472(f)(4), or any successor provisions or amendments thereto), (a) lend, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any shares of capital stock held immediately prior to the effectiveness of the registration statement for the IPO; or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the capital stock, whether any such transaction described in clause (a) or (b) above is to be settled by delivery of capital stock or other securities, in cash or otherwise. The foregoing provisions of this Section 9(f) shall not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement, and shall only be applicable to the Holder if all officers, directors and holders of more than one percent (1%) of the outstanding Common Stock (after giving effect to the conversion into Common Stock of all outstanding Preferred Stock) enter into similar agreements. The underwriters in connection with the IPO are intended third party beneficiaries of this Section 9(f) and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Each Holder further agrees to execute such agreements as may be reasonably requested by the underwriters in the IPO that are consistent with this Section 9(f) or that are necessary to give further effect thereto.

(g) Adjustments for Changes in Capital Structure. If, as a result of any reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Common Stock, the outstanding Shares are increased or decreased or are exchanged for a different number or kind of securities of the Company, the restrictions contained in this Section 9 shall apply with equal force to additional and/or substitute securities, if any, received by Holder in exchange for, or by virtue of his or her ownership of, Shares.

(h) Termination. The terms and provisions of Section 9(b) and Section 9(c) (except for the Company's right to repurchase Shares still subject to a risk of forfeiture upon a

Termination Event) shall terminate upon the closing of the Company's Initial Public Offering or upon consummation of any Sale Event, in either case as a result of which Shares are registered under Section 12 of the Exchange Act and publicly-traded on any national security exchange.

SECTION 10. TAX WITHHOLDING

(a) Payment by Grantee. Each grantee shall, no later than the date as of which the value of an Award or of any Shares or other amounts received thereunder first becomes includable in the gross income of the grantee for income tax purposes, pay to the Company, or make arrangements satisfactory to the Committee regarding payment of, any Federal, state, or local taxes of any kind required by law to be withheld by the Company with respect to such income. The Company and any Subsidiary shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to the grantee. The Company's obligation to deliver stock certificates (or evidence of book entry) to any grantee is subject to and conditioned on any such tax withholding obligations being satisfied by the grantee.

(b) Payment in Stock. The Company's minimum required tax withholding obligation may be satisfied, in whole or in part, by the Company withholding from Shares to be issued pursuant to an Award a number of Shares having an aggregate Fair Market Value (as of the date the withholding is effected) that would satisfy the minimum withholding amount due.

SECTION 11. SECTION 409A AWARDS.

To the extent that any Award is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A (a "409A Award"), the Award shall be subject to such additional rules and requirements as may be specified by the Committee from time to time. In this regard, if any amount under a 409A Award is payable upon a "separation from service" (within the meaning of Section 409A) to a grantee who is considered a "specified employee" (within the meaning of Section 409A), then no such payment shall be made prior to the date that is the earlier of (i) six months and one day after the grantee's separation from service, or (ii) the grantee's death, but only to the extent such delay is necessary to prevent such payment from being subject to interest, penalties and/or additional tax imposed pursuant to Section 409A. The Company makes no representation or warranty and shall have no liability to any grantee under the Plan or any other Person with respect to any penalties or taxes under Section 409A that are, or may be, imposed with respect to any Award.

SECTION 12. AMENDMENTS AND TERMINATION

The Board may, at any time, amend or discontinue the Plan and the Committee may, at any time, amend or cancel any outstanding Award for the purpose of satisfying changes in law or for any other lawful purpose, but no such action shall adversely affect rights under any outstanding Award without the consent of the holder of the Award. The Committee may exercise its discretion to reduce the exercise price of outstanding Stock Options or effect repricing through cancellation of outstanding Stock Options and by granting such holders new Awards in replacement of the cancelled Stock Options. To the extent determined by the Committee to be required either by the Code to ensure that Incentive Stock Options granted under the Plan are qualified under Section 422 of the Code or otherwise, Plan amendments shall be subject to approval by the Company stockholders entitled to vote at a meeting of stockholders. Nothing in this Section 12 shall limit the Board's or Committee's authority to take any action permitted pursuant to Section 3(c). The Board reserves the right to amend the Plan and/or the terms of any outstanding Stock Options to the extent reasonably necessary to comply with the requirements of the exemption pursuant to paragraph (f)(4) of Rule 12h-1 of the Exchange Act.

SECTION 13. STATUS OF PLAN

With respect to the portion of any Award that has not been exercised and any payments in cash, Stock or other consideration not received by a grantee, a grantee shall have no rights greater than those of a general creditor of the Company unless the Committee shall otherwise expressly so determine in connection with any Award.

SECTION 14. GENERAL PROVISIONS

(a) No Distribution; Compliance with Legal Requirements. The Committee may require each person acquiring Shares pursuant to an Award to represent to and agree with the Company in writing that such person is acquiring the Shares without a view to distribution thereof. No Shares shall be issued pursuant to an Award until all applicable securities law and other legal and stock exchange or similar requirements have been satisfied. The Committee may require the placing of such stop-orders and restrictive legends on certificates for Stock and Awards as it deems appropriate.

(b) Delivery of Stock Certificates. Stock certificates to grantees under the Plan shall be deemed delivered for all purposes when the Company or a stock transfer agent of the Company shall have mailed such certificates in the United States mail, addressed to the grantee, at the grantee's last known address on file with the Company; provided that stock certificates to be held in escrow pursuant to Section 9 of the Plan shall be deemed delivered when the Company shall have recorded the issuance in its records. Uncertificated Stock shall be deemed delivered for all purposes when the Company or a stock transfer agent of the Company shall have given to the grantee by electronic mail (with proof of receipt) or by United States mail, addressed to the grantee, at the grantee's last known address on file with the Company, notice of issuance and recorded the issuance in its records (which may include electronic "book entry" records).

(c) No Employment Rights**.** The adoption of the Plan and the grant of Awards do not confer upon any Person any right to continued employment or Service Relationship with the Company or any Subsidiary.

(d) Trading Policy Restrictions. Option exercises and other Awards under the Plan shall be subject to the Company's insider trading policy-related restrictions, terms and conditions as may be established by the Committee, or in accordance with policies set by the Committee, from time to time.

(e) Designation of Beneficiary. Each grantee to whom an Award has been made under the Plan may designate a beneficiary or beneficiaries to exercise any Award on or after the grantee's death or receive any payment under any Award payable on or after the grantee's death. Any such designation shall be on a form provided for that purpose by the Committee and shall not be effective until received by the Committee. If no beneficiary has been designated by a deceased grantee, or if the designated beneficiaries have predeceased the grantee, the beneficiary shall be the grantee's estate.

(f) Legend. Any certificate(s) representing the Shares shall carry substantially the following legend (and with respect to uncertificated Stock, the book entries evidencing such shares shall contain the following notation):

> The transferability of this certificate and the shares of stock represented hereby are subject to the restrictions, terms and conditions (including repurchase and restrictions against transfers) contained in the Disc Medicine, Inc. 2017 Stock Option and Grant Plan and any agreements entered into thereunder by and between the company and the holder of this certificate (a copy of which is available at the offices of the company for examination).

(g) Information to Holders of Options. In the event the Company is relying on the exemption from the registration requirements of Section 12(g) of the Exchange Act contained in paragraph (f)(1) of Rule 12h-1 of the Exchange Act, the Company shall provide the information described in Rule 701(e)(3), (4) and (5) of the Securities Act to all holders of Options in accordance with the requirements thereunder. The foregoing notwithstanding, the Company shall not be required to provide such information unless the optionholder has agreed in writing, on a form prescribed by the Company, to keep such information confidential.

SECTION 15. EFFECTIVE DATE OF PLAN

The Plan shall become effective upon adoption by the Board and shall be approved by stockholders in accordance with applicable state law and the Company's articles of incorporation and bylaws within 12 months thereafter. If the stockholders fail to approve the Plan within 12 months after its adoption by the Board of Directors, then any Awards granted or sold under the Plan shall be rescinded and no additional grants or sales shall thereafter be made under the Plan. Subject to such approval by stockholders and to the requirement that no Shares may be issued hereunder prior to such approval, Stock Options and other Awards may be granted hereunder on and after adoption of the Plan by the Board. No grants of Stock Options and other Awards may be made hereunder after the tenth anniversary of the date the Plan is adopted by the Board or the date the Plan is approved by the Company's stockholders, whichever is earlier.

SECTION 16. GOVERNING LAW

This Plan, all Awards and any controversy arising out of or relating to this Plan and all Awards shall be governed by and construed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of the Commonwealth of Massachusetts, without regard to conflict of law principles that would result in the application of any law other than the law of the Commonwealth of Massachusetts.

DATE ADOPTED BY THE BOARD OF DIRECTORS: November 15, 2017

DATE APPROVED BY THE STOCKHOLDERS: November 27, 2017

**AMENDMENT NO. 1**
**TO THE**
**DISC MEDICINE, INC.**
**2017 STOCK OPTION AND GRANT PLAN**

The Disc Medicine, Inc. 2017 Stock Option and Grant Plan (the "Plan") is hereby amended as follows:

1. Section 3(a) of the Plan is hereby amended and restated in its entirety as follows:

"(a) Stock Issuable. The maximum number of Shares reserved and available for issuance under the Plan shall be 937,136 Shares, subject to adjustment as provided in Section 3(b). For purposes of this limitation, the Shares underlying any Awards that are forfeited, canceled, reacquired by the Company prior to vesting, satisfied without the issuance of Stock or otherwise terminated (other than by exercise) and Shares that are withheld upon exercise of an Option or settlement of an Award to cover the exercise price or tax withholding shall be added back to the Shares available for issuance under the Plan. Subject to such overall limitations, Shares may be issued up to such maximum number pursuant to any type or types of Award, and no more than 9,371,360 Shares may be issued pursuant to Incentive Stock Options. The Shares available for issuance under the Plan may be authorized but unissued Shares or Shares reacquired by the Company. Beginning on the date that the Company becomes subject to Section 162(m) of the Code, Options with respect to no more than 9,371,360 Shares shall be granted to any one individual in any calendar year period."

2. All other terms and conditions of the Plan shall remain in full force and effect.

ADOPTED BY BOARD OF DIRECTORS: April 30, 2019

ADOPTED BY STOCKHOLDERS: April 30, 2019

**AMENDMENT NO. 2**
**TO THE**
**DISC MEDICINE, INC.**
**2017 STOCK OPTION AND GRANT PLAN**

The Disc Medicine, Inc. 2017 Stock Option and Grant Plan (the "Plan") is hereby amended as follows:

1. Section 3(a) of the Plan is hereby amended and restated in its entirety as follows:

"(a) Stock Issuable. The maximum number of Shares reserved and available for issuance under the Plan shall be 7,562,358 Shares, subject to adjustment as provided in Section 3(b). For purposes of this limitation, the Shares underlying any Awards that are forfeited, canceled, reacquired by the Company prior to vesting, satisfied without the issuance of Stock or otherwise terminated (other than by exercise) and Shares that are withheld upon exercise of an Option or settlement of an Award to cover the exercise price or tax withholding shall be added back to the Shares available for issuance under the Plan. Subject to such overall limitations, Shares may be issued up to such maximum number pursuant to any type or types of Award, and no more than 75,623,580 Shares may be issued pursuant to Incentive Stock Options. The Shares available for issuance under the Plan may be authorized but unissued Shares or Shares reacquired by the Company. Beginning on the date that the Company becomes subject to Section 162(m) of the Code, Options with respect to no more than 7,562,358 Shares shall be granted to any one individual in any calendar year period."

2. All other terms and conditions of the Plan shall remain in full force and effect.

ADOPTED BY BOARD OF DIRECTORS: September 12, 2019

ADOPTED BY STOCKHOLDERS: September 12, 2019

**AMENDMENT NO. 3**
**TO THE**
**DISC MEDICINE, INC.**
**2017 STOCK OPTION AND GRANT PLAN**

The Disc Medicine, Inc. 2017 Stock Option and Grant Plan (the "Plan") is hereby amended as follows:

1. Section 3(a) of the Plan is hereby amended and restated in its entirety as follows:

"(a) Stock Issuable. The maximum number of Shares reserved and available for issuance under the Plan shall be 9,724,496 Shares, subject to adjustment as provided in Section 3(b). For purposes of this limitation, the Shares underlying any Awards that are forfeited, canceled, reacquired by the Company prior to vesting, satisfied without the issuance of Stock or otherwise terminated (other than by exercise) and Shares that are withheld upon exercise of an Option or settlement of an Award to cover the exercise price or tax withholding shall be added back to the Shares available for issuance under the Plan. Subject to such overall limitations, Shares may be issued up to such maximum number pursuant to any type or types of Award, and no more than 50,000,000 Shares may be issued pursuant to Incentive Stock Options. The Shares available for issuance under the Plan may be authorized but unissued Shares or Shares reacquired by the Company. Beginning on the date that the Company becomes subject to Section 162(m) of the Code, Options with respect to no more than 50,000,000 Shares shall be granted to any one individual in any calendar year period."

2. All other terms and conditions of the Plan shall remain in full force and effect.

ADOPTED BY BOARD OF DIRECTORS: October 23, 2020

ADOPTED BY STOCKHOLDERS: October 26, 2020

**AMENDMENT**
**NO. 4 TO THE**
**DISC MEDICINE, INC.**
**2017 STOCK OPTION AND GRANT PLAN**

The Disc Medicine, Inc. 2017 Stock Option and Grant Plan (the "Plan") is hereby amended as follows:

1. Section 3(a) of the Plan is hereby amended and restated in its entirety as follows:

"(a) Stock Issuable. The maximum number of Shares reserved and available for issuance under the Plan shall be 16,216,325 Shares, subject to adjustment as provided in Section 3(b). For purposes of this limitation, the Shares underlying any Awards that are forfeited, canceled, reacquired by the Company prior to vesting, satisfied without the issuance of Stock or otherwise terminated (other than by exercise) and Shares that are withheld upon exercise of an Option or settlement of an Award to cover the exercise price or tax withholding shall be added back to the Shares available for issuance under the Plan. Subject to such overall limitations, Shares may be issued up to such maximum number pursuant to any type or types of Award, and no more than 50,000,000 Shares may be issued pursuant to Incentive Stock Options. The Shares available for issuance under the Plan may be authorized but unissued Shares or Shares reacquired by the Company. Beginning on the date that the Company becomes subject to Section 162(m) of the Code, Options with respect to no more than 50,000,000 Shares shall be granted to any one individual in any calendar year period."

2. All other terms and conditions of the Plan shall remain in full force and effect.

ADOPTED BY BOARD OF DIRECTORS: August 23, 2021

ADOPTED BY STOCKHOLDERS: August 23, 2021

**AMENDMENT NO. 5**
**TO THE**
**DISC MEDICINE, INC.**
**2017 STOCK OPTION AND GRANT PLAN**

The Disc Medicine, Inc. 2017 Stock Option and Grant Plan (the "Plan") is hereby amended as follows:

1. Section 3(a) of the Plan is hereby amended and restated in its entirety as follows:

"(a) Stock Issuable. The maximum number of Shares reserved and available for issuance under the Plan shall be 17,503,334 Shares, subject to adjustment as provided in Section 3(b). For purposes of this limitation, the Shares underlying any Awards that are forfeited, canceled, reacquired by the Company prior to vesting, satisfied without the issuance of Stock or otherwise terminated (other than by exercise) and Shares that are withheld upon exercise of an Option or settlement of an Award to cover the exercise price or tax withholding shall be added back to the Shares available for issuance under the Plan. Subject to such overall limitations, Shares may be issued up to such maximum number pursuant to any type or types of Award, and no more than 50,000,000 Shares may be issued pursuant to Incentive Stock Options. The Shares available for issuance under the Plan may be authorized but unissued Shares or Shares reacquired by the Company. Beginning on the date that the Company becomes subject to Section 162(m) of the Code, Options with respect to no more than 50,000,000 Shares shall be granted to any one individual in any calendar year period."

2. All other terms and conditions of the Plan shall remain in full force and effect.

ADOPTED BY BOARD OF DIRECTORS: July 21, 2022

ADOPTED BY STOCKHOLDERS: July 23, 2022

**INCENTIVE STOCK OPTION GRANT NOTICE**
**UNDER THE DISC MEDICINE, INC.**
**2017 STOCK OPTION AND GRANT PLAN**

Pursuant to the Disc Medicine, Inc**.** 2017 Stock Option and Grant Plan (the "Plan"), Disc Medicine, Inc. a Delaware corporation (together with any successor, the "Company"), has granted to the individual named below, an option (the "Stock Option") to purchase on or prior to the Expiration Date, or such earlier date as is specified herein, all or any part of the number of shares of Common Stock, par value $0.0001 per share ("Common Stock"), of the Company indicated below (the "Shares"), at the Option Exercise Price per share, subject to the terms and conditions set forth in this Incentive Stock Option Grant Notice (the "Grant Notice"), the attached Incentive Stock Option Agreement (the "Agreement") and the Plan. This Stock Option is intended to qualify as an "incentive stock option" as defined in Section 422(b) of the Internal Revenue Code of 1986, as amended from time to time (the "Code"). To the extent that any portion of the Stock Option does not so qualify, it shall be deemed a non-qualified stock option.

| | |
|---|---|
| Name of Optionee: | _____ (the "Optionee") |
| No. of Shares: | _____ Shares of Common Stock |
| Grant Date: | _____ |
| Vesting Commencement Date: | _____ (the "Vesting Commencement Date") |
| Expiration Date: | _____ (the "Expiration Date") |
| Option Exercise Price/Share: | $_____ (the "Option Exercise Price") |
| Vesting Schedule: | [25] percent of the Shares shall vest and become exercisable on the first anniversary of the Vesting Commencement Date; provided that the Optionee continues to have a Service Relationship with the Company at such time. Thereafter, the remaining [75] percent of the Shares shall vest and become exercisable in [36] equal monthly installments following the first anniversary of the Vesting Commencement Date, provided the Optionee continues to have a Service Relationship with the Company on each vesting date. Notwithstanding anything in the Agreement to the contrary, in the case of a Sale Event, this Stock Option and the Shares shall be treated as provided in Section 3(c) of the Plan**[ provided; however INSERT ANY ACCELERATED VESTING PROVISION HERE]**. |

**Attachments**: Incentive Stock Option Agreement, 2017 Stock Option and Grant Plan

**INCENTIVE STOCK OPTION AGREEMENT**
**UNDER THE DISC MEDICINE, INC.**
**2017 STOCK OPTION AND GRANT PLAN**

All capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Grant Notice and the Plan.

1. Vesting, Exercisability and Termination.

(a) No portion of this Stock Option may be exercised until such portion shall have vested and become exercisable.

(b) Except as set forth below, and subject to the determination of the Committee in its sole discretion to accelerate the vesting schedule hereunder, this Stock Option shall be vested and exercisable on the respective dates indicated below:

(i) This Stock Option shall initially be unvested and unexercisable.

(ii) This Stock Option shall vest and become exercisable in accordance with the Vesting Schedule set forth in the Grant Notice.

(c) Termination. Except as may otherwise be provided by the Committee, if the Optionee's Service Relationship is terminated, the period within which to exercise this Stock Option will be subject to earlier termination as set forth below (and if not exercised within such period, shall thereafter terminate subject, in each case, to Section 3(c) of the Plan):

(i) Termination Due to Death or Disability. If the Optionee's Service Relationship terminates by reason of such Optionee's death or Disability, this Stock Option may be exercised, to the extent exercisable on the date of such termination, by the Optionee, the Optionee's legal representative or legatee for a period of 12 months from the date of death or Disability or until the Expiration Date, if earlier.

(ii) Other Termination. If the Optionee's Service Relationship terminates for any reason other than death or Disability, and unless otherwise determined by the Committee, this Stock Option may be exercised, to the extent exercisable on the date of termination, for a period of 90 days from the date of termination or until the Expiration Date, if earlier; provided however, if the Optionee's Service Relationship is terminated for Cause, this Stock Option shall terminate immediately upon the date of such termination.

For purposes hereof, the Committee's determination of the reason for termination of the Optionee's Service Relationship shall be conclusive and binding on the Optionee and his or her representatives or legatees. Any portion of this Stock Option that is not vested and exercisable on the date of termination of the Service Relationship shall terminate immediately and be null and void.

(d) It is understood and intended that this Stock Option is intended to qualify as an "incentive stock option" as defined in Section 422 of the Code to the extent permitted under applicable law. Accordingly, the Optionee understands that in order to obtain the benefits of an incentive stock option under Section 422 of the Code, no sale or other disposition may be made of Shares for which incentive stock option treatment is desired within the one-year period beginning on the day after the day of the transfer of such Shares to him or her, nor within the two-year period beginning on the day after Grant Date of this Stock Option and further that this Stock Option must be exercised within three months after termination of employment as an employee (or 12 months in the case of death or disability) to qualify as an incentive stock option. If the Optionee disposes (whether by sale, gift, transfer or otherwise) of any such Shares within either of these periods, he or she will notify the Company within 30 days after such disposition. The Optionee also agrees to provide the Company with any information concerning any such dispositions required by the Company for tax purposes. Further, to the extent this Stock Option and any other incentive stock options of the Optionee having an aggregate Fair Market Value in excess of $100,000 (determined as of the Grant Date) first become exercisable in any year, such options will not qualify as incentive stock options.

2. Exercise of Stock Option.

(a) The Optionee may exercise this Stock Option only in the following manner: Prior to the Expiration Date, the Optionee may deliver a Stock Option exercise notice (an "Exercise Notice") in the form of Appendix A hereto indicating his or her election to purchase some or all of the Shares with respect to which this Stock Option is then exercisable. Such notice shall specify the number of Shares to be purchased. Payment of the purchase price may be made by one or more of the methods described in Section 5 of the Plan, subject to the limitations contained in such Section of the Plan, including the requirement that the Committee specifically approve in advance certain payment methods.

(b) Notwithstanding any other provision hereof or of the Plan, no portion of this Stock Option shall be exercisable after the Expiration Date.

3. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Stock Option shall be subject to and governed by all the terms and conditions of the Plan.

4. Transferability of Stock Option. This Stock Option is personal to the Optionee and is not transferable by the Optionee in any manner other than by will or by the laws of descent and distribution. The Stock Option may be exercised during the Optionee's lifetime only by the Optionee (or by the Optionee's guardian or personal representative in the event of the Optionee's incapacity). The Optionee may elect to designate a beneficiary by providing written notice of the name of such beneficiary to the Company, and may revoke or change such designation at any time by filing written notice of revocation or change with the Company; such beneficiary may exercise the Optionee's Stock Option in the event of the Optionee's death to the extent provided herein. If the Optionee does not designate a beneficiary, or if the designated beneficiary predeceases the Optionee, the legal representative of the Optionee may exercise this Stock Option to the extent provided herein in the event of the Optionee's death.

5. Restrictions on Transfer of Shares. The Shares acquired upon exercise of the Stock Option shall be subject to certain transfer restrictions and other limitations including, without limitation, the provisions contained in Section 9 of the Plan.

6. Miscellaneous Provisions.

(a) Equitable Relief. The parties hereto agree and declare that legal remedies may be inadequate to enforce the provisions of this Agreement and that equitable relief, including specific performance and injunctive relief, may be used to enforce the provisions of this Agreement.

(b) Adjustments for Changes in Capital Structure. If, as a result of any reorganization, recapitalization, reincorporation, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Common Stock, the outstanding shares of Common Stock are increased or decreased or are exchanged for a different number or kind of securities of the Company, the restrictions contained in this Agreement shall apply with equal force to additional and/or substitute securities, if any, received by the Optionee in exchange for, or by virtue of his or her ownership of, this Stock Option or Shares acquired pursuant thereto.

(c) Change and Modifications. This Agreement may not be orally changed, modified or terminated, nor shall any oral waiver of any of its terms be effective. This Agreement may be changed, modified or terminated only by an agreement in writing signed by the Company and the Optionee.

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of Commonwealth of Massachusetts, without regard to conflict of law principles that would result in the application of any law other than the law of the State of Commonwealth of Massachusetts.

(e) Headings. The headings are intended only for convenience in finding the subject matter and do not constitute part of the text of this Agreement and shall not be considered in the interpretation of this Agreement.

(f) Saving Clause. If any provision(s) of this Agreement shall be determined to be illegal or unenforceable, such determination shall in no manner affect the legality or enforceability of any other provision hereof.

(g) Notices. All notices, requests, consents and other communications shall be in writing and be deemed given when delivered personally, by telex or facsimile transmission or when received if mailed by first class registered or certified mail, postage prepaid. Notices to the Company or the Optionee shall be addressed as set forth underneath their signatures below, or to such other address or addresses as may have been furnished by such party in writing to the other.

(h) Benefit and Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their respective successors, assigns, and legal representatives. The Company has the right to assign this Agreement, and such assignee shall become entitled to all the rights of the Company hereunder to the extent of such assignment.

(i) Counterparts. For the convenience of the parties and to facilitate execution, this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

(j) Integration. This Agreement constitutes the entire agreement between the parties with respect to this Stock Option and supersedes all prior agreements and discussions between the parties concerning such subject matter, including but not limited to, any written or oral offer letter or consulting or service agreement between the parties that provides for the issuance of equity in the Company.

7. Dispute Resolution.

(a) Except as provided below, any dispute arising out of or relating to the Plan or this Stock Option, this Agreement, or the breach, termination or validity of the Plan, this Stock Option or this Agreement, shall be finally settled by binding arbitration conducted expeditiously in accordance with the J.A.M.S./Endispute Comprehensive Arbitration Rules and Procedures (the "J.A.M.S. Rules"). The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. Sections 1 16, and judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. The place of arbitration shall be Boston, Massachusetts.

(b) The arbitration shall commence within 60 days of the date on which a written demand for arbitration is filed by any party hereto. In connection with the arbitration proceeding, the arbitrator shall have the power to order the production of documents by each party and any third-party witnesses. In addition, each party may take up to three depositions as of right, and the arbitrator may in his or her discretion allow additional depositions upon good cause shown by the moving party. However, the arbitrator shall not have the power to order the answering of interrogatories or the response to requests for admission. In connection with any arbitration, each party to the arbitration shall provide to the other, no later than seven business days before the date of the arbitration, the identity of all persons that may testify at the arbitration and a copy of all documents that may be introduced at the arbitration or considered or used by a party's witness or expert. The arbitrator's decision and award shall be made and delivered within six months of the selection of the arbitrator. The arbitrator's decision shall set forth a reasoned basis for any award of damages or finding of liability. The arbitrator shall not have power to award damages in excess of actual compensatory damages and shall not multiply actual damages or award punitive damages, and each party hereby irrevocably waives any claim to such damages.

(c) The Company, the Optionee, each party to the Agreement and any other holder of Shares issued pursuant to this Agreement (each, a "Party") covenants and agrees that such party will participate in the arbitration in good faith. This Section 7 applies equally to requests for temporary, preliminary or permanent injunctive relief, except that in the case of temporary or preliminary injunctive relief any party may proceed in court without prior arbitration for the limited purpose of avoiding immediate and irreparable harm.

(d) Each Party (i) hereby irrevocably submits to the jurisdiction of any United States District Court of competent jurisdiction for the purpose of enforcing the award or decision in any such proceeding, (ii) hereby waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above named courts, that its property is exempt or immune from attachment or execution (except as protected by applicable law), that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court, and (iii) hereby waives and agrees not to seek any review by any court of any other jurisdiction which may be called upon to grant an enforcement of the judgment of any such court. Each Party hereby consents to service of process by registered mail at the address to which notices are to be given. Each Party agrees that its, his or her submission to jurisdiction and its, his or her consent to service of process by mail is made for the express benefit of each other Party. Final judgment against any Party in any such action, suit or proceeding may be enforced in other jurisdictions by suit, action or proceeding on the judgment, or in any other manner provided by or pursuant to the laws of such other jurisdiction.

[SIGNATURE PAGE FOLLOWS]

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned as of the date first above written.

**DISC MEDICINE, INC.**

By: _____
Name:
Title:

Address:

_____

_____

_____

The undersigned hereby acknowledges receiving and reviewing a copy of the Plan, including, without limitation, Section 9 thereof, and understands that this Stock Option is subject to the terms of the Plan and of this Agreement. This Agreement is hereby accepted, and the terms and conditions of the Plan, the Grant Notice and this Agreement, SPECIFICALLY INCLUDING THE ARBITRATION PROVISIONS SET FORTH IN SECTION 7 OF THIS AGREEMENT, are hereby agreed to, by the undersigned as of the date first above written.

OPTIONEE:

_____
Name:

Address:

_____

_____

_____

[SPOUSE'S CONSENT[1]
I acknowledge that I have read the
foregoing Incentive Stock Option Agreement
and understand the contents thereof.

_____]

[1] A spouse's consent is recommended only if the Optionee's state of residence is one of the following community property states: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin.

DESIGNATED BENEFICIARY:

Beneficiary's Address:

**Appendix A**

**STOCK OPTION EXERCISE NOTICE**

DISC MEDICINE, INC.
Attention: [_____]
_____
_____

Pursuant to the terms of the grant notice and stock option agreement between the undersigned and Disc Medicine, Inc. (the "Company") dated _____ (the "Agreement") under the Disc Medicine, Inc. 2017 Stock Option and Grant Plan, I, [Insert Name] _____, hereby [Circle One] partially/fully exercise such option by including herein payment in the amount of $_____ representing Disc Medicine, Inc. the purchase price for [Fill in number of Shares] _____ Shares. I have chosen the following form(s) of payment:

[ ] 1. Cash
[ ] 2. Certified or bank check payable to Disc Medicine, Inc.
[ ] 3. Other (as referenced in the Agreement and described in the Plan (please describe)) _____.

In connection with my exercise of the option as set forth above, I hereby represent and warrant to the Company as follows:

(i) I am purchasing the Shares for my own account for investment only, and not for resale or with a view to the distribution thereof.

(ii) I have had such an opportunity as I have deemed adequate to obtain from the Company such information as is necessary to permit me to evaluate the merits and risks of my investment in the Company and have consulted with my own advisers with respect to my investment in the Company.

(iii) I have sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in the purchase of the Shares and to make an informed investment decision with respect to such purchase.

(iv) I can afford a complete loss of the value of the Shares and am able to bear the economic risk of holding such Shares for an indefinite period of time.

(v) I understand that the Shares may not be registered under the Securities Act of 1933 (it being understood that the Shares are being issued and sold in reliance on the exemption provided in Rule 701 thereunder) or any applicable state securities or "blue sky" laws and may not be sold or otherwise transferred or disposed of in the absence of an effective registration statement under the Securities Act of 1933 and under any applicable state securities or "blue sky" laws (or exemptions from the registration requirement thereof). I further acknowledge that certificates representing Shares will bear restrictive legends reflecting the foregoing and/or that book entries for uncertificated Shares will include similar restrictive notations.

(vi) I have read and understand the Plan and acknowledge and agree that the Shares are subject to all of the relevant terms of the Plan, including without limitation, the transfer restrictions set forth in Section 9 of the Plan.

(vii) I understand and agree that the Company has a right of first refusal with respect to the Shares pursuant to Section 9(b) of the Plan.

(viii) I understand and agree that the Company has certain repurchase rights with respect to the Shares pursuant to Section 9(c) of the Plan.

(ix) I understand and agree that I may not sell or otherwise transfer or dispose of the Shares for a period of time following the effective date of a public offering by the Company as described in Section 9(f) of the Plan.

Sincerely yours,

Name:

Address:

Date:

**NON-QUALIFIED STOCK OPTION GRANT NOTICE**
**UNDER THE DISC MEDICINE, INC.**
**2017 STOCK OPTION AND GRANT PLAN**

Pursuant to the Disc Medicine, Inc. 2017 Stock Option and Grant Plan (the "Plan"), Disc Medicine, Inc. a Delaware corporation (together with any successor, the "Company"), has granted to the individual named below, an option (the "Stock Option") to purchase on or prior to the Expiration Date, or such earlier date as is specified herein, all or any part of the number of shares of Common Stock, par value $0.0001 per share ("Common Stock"), of the Company indicated below (the "Shares"), at the Option Exercise Price per share, subject to the terms and conditions set forth in this Non-Qualified Stock Option Grant Notice (the "Grant Notice"), the attached Non-Qualified Stock Option Agreement (the "Agreement") and the Plan. This Stock Option is not intended to qualify as an "incentive stock option" as defined in Section 422(b) of the Internal Revenue Code of 1986, as amended from time to time (the "Code").

| | |
|---|---|
| Name of Optionee: | _____ (the "Optionee") |
| No. of Shares: | _____ Shares of Common Stock |
| Grant Date: | _____ |
| Vesting Commencement Date: | _____ (the "Vesting Commencement Date") |
| Expiration Date: | _____ (the "Expiration Date") |
| Option Exercise Price/Share: | $_____ (the "Option Exercise Price") |
| Vesting Schedule: | [25] percent of the Shares shall vest and become exercisable on the first anniversary of the Vesting Commencement Date; provided that the Optionee continues to have a Service Relationship with the Company at such time. Thereafter, the remaining [75] percent of the Shares shall vest and become exercisable in [36] equal monthly installments following the first anniversary of the Vesting Commencement Date, provided the Optionee continues to have a Service Relationship with the Company on each vesting date. Notwithstanding anything in the Agreement to the contrary, in the case of a Sale Event, this Stock Option and the Shares shall be treated as provided in Section 3(c) of the Plan**[ provided; however INSERT ANY ACCELERATED VESTING PROVISION HERE]**. |

**Attachments**: Non-Qualified Stock Option Agreement, 2017 Stock Option and Grant Plan

**NON-QUALIFIED STOCK OPTION AGREEMENT**
**UNDER THE DISC MEDICINE, INC.**
**2017 STOCK OPTION AND GRANT PLAN**

All capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Grant Notice and the Plan.

1. Vesting, Exercisability and Termination.

(a) No portion of this Stock Option may be exercised until such portion shall have vested and become exercisable.

(b) Except as set forth below, and subject to the determination of the Committee in its sole discretion to accelerate the vesting schedule hereunder, this Stock Option shall be vested and exercisable on the respective dates indicated below:

(i) This Stock Option shall initially be unvested and unexercisable.

(ii) This Stock Option shall vest and become exercisable in accordance with the Vesting Schedule set forth in the Grant Notice.

(c) Termination. Except as may otherwise be provided by the Committee, if the Optionee's Service Relationship is terminated, the period within which to exercise this Stock Option will be subject to earlier termination as set forth below (and if not exercised within such period, shall thereafter terminate subject, in each case, to Section 3(c) of the Plan):

(i) Termination Due to Death or Disability. If the Optionee's Service Relationship terminates by reason of such Optionee's death or Disability, this Stock Option may be exercised, to the extent exercisable on the date of such termination, by the Optionee, the Optionee's legal representative or legatee for a period of 12 months from the date of death or Disability or until the Expiration Date, if earlier.

(ii) Other Termination. If the Optionee's Service Relationship terminates for any reason other than death or Disability, and unless otherwise determined by the Committee, this Stock Option may be exercised, to the extent exercisable on the date of termination, for a period of 90 days from the date of termination or until the Expiration Date, if earlier; provided however, if the Optionee's Service Relationship is terminated for Cause, this Stock Option shall terminate immediately upon the date of such termination.

For purposes hereof, the Committee's determination of the reason for termination of the Optionee's Service Relationship shall be conclusive and binding on the Optionee and his or her representatives or legatees and any Permitted Transferee. Any portion of this Stock Option that is not vested and exercisable on the date of termination of the Service Relationship shall terminate immediately and be null and void.

2. Exercise of Stock Option.

(a) The Optionee may exercise this Stock Option only in the following manner: Prior to the Expiration Date, the Optionee may deliver a Stock Option exercise notice (an "Exercise Notice") in the form of Appendix A hereto indicating his or her election to purchase some or all of the Shares with respect to which this Stock Option is then exercisable. Such notice shall specify the number of Shares to be purchased. Payment of the purchase price may be made by one or more of the methods described in Section 5 of the Plan, subject to the limitations contained in such Section of the Plan, including the requirement that the Committee specifically approve in advance certain payment methods.

(b) Notwithstanding any other provision hereof or of the Plan, no portion of this Stock Option shall be exercisable after the Expiration Date.

3. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Stock Option shall be subject to and governed by all the terms and conditions of the Plan.

4. Transferability of Stock Option. This Stock Option is personal to the Optionee and is not transferable by the Optionee in any manner other than by will or by the laws of descent and distribution. The Stock Option may be exercised during the Optionee's lifetime only by the Optionee (or by the Optionee's guardian or personal representative in the event of the Optionee's incapacity). The Optionee may elect to designate a beneficiary by providing written notice of the name of such beneficiary to the Company, and may revoke or change such designation at any time by filing written notice of revocation or change with the Company; such beneficiary may exercise the Optionee's Stock Option in the event of the Optionee's death to the extent provided herein. If the Optionee does not designate a beneficiary, or if the designated beneficiary predeceases the Optionee, the legal representative of the Optionee may exercise this Stock Option to the extent provided herein in the event of the Optionee's death.

5. Restrictions on Transfer of Shares. The Shares acquired upon exercise of the Stock Option shall be subject to certain transfer restrictions and other limitations including, without limitation, the provisions contained in Section 9 of the Plan.

6. Miscellaneous Provisions.

(a) Equitable Relief. The parties hereto agree and declare that legal remedies may be inadequate to enforce the provisions of this Agreement and that equitable relief, including specific performance and injunctive relief, may be used to enforce the provisions of this Agreement.

(b) Adjustments for Changes in Capital Structure. If, as a result of any reorganization, recapitalization, reincorporation, reclassification, stock dividend, stock split, reverse stock split or other similar change in the Common Stock, the outstanding shares of Common Stock are increased or decreased or are exchanged for a different number or kind of securities of the Company, the restrictions contained in this Agreement shall apply with equal force to additional and/or substitute securities, if any, received by the Optionee in exchange for, or by virtue of his or her ownership of, this Stock Option or Shares acquired pursuant thereto.

(c) Change and Modifications. This Agreement may not be orally changed, modified or terminated, nor shall any oral waiver of any of its terms be effective. This Agreement may be changed, modified or terminated only by an agreement in writing signed by the Company and the Optionee.

(d) Governing Law. This Agreement shall be governed by and construed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of the Commonwealth of Massachusetts, without regard to conflict of law principles that would result in the application of any law other than the law of the Commonwealth of Massachusetts.

(e) Headings. The headings are intended only for convenience in finding the subject matter and do not constitute part of the text of this Agreement and shall not be considered in the interpretation of this Agreement.

(f) Saving Clause. If any provision(s) of this Agreement shall be determined to be illegal or unenforceable, such determination shall in no manner affect the legality or enforceability of any other provision hereof.

(g) Notices. All notices, requests, consents and other communications shall be in writing and be deemed given when delivered personally, by telex or facsimile transmission or when received if mailed by first class registered or certified mail, postage prepaid. Notices to the Company or the Optionee shall be addressed as set forth underneath their signatures below, or to such other address or addresses as may have been furnished by such party in writing to the other.

(h) Benefit and Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their respective successors, assigns, and legal representatives. The Company has the right to assign this Agreement, and such assignee shall become entitled to all the rights of the Company hereunder to the extent of such assignment.

(i) Counterparts. For the convenience of the parties and to facilitate execution, this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

(j) Integration. This Agreement constitutes the entire agreement between the parties with respect to this Stock Option and supersedes all prior agreements and discussions between the parties concerning such subject matter, including but not limited to, any written or oral offer letter or consulting or service agreement between the parties that provides for the issuance of equity in the Company.

7. Dispute Resolution.

(a) Except as provided below, any dispute arising out of or relating to the Plan or this Stock Option, this Agreement, or the breach, termination or validity of the Plan, this Stock Option or this Agreement, shall be finally settled by binding arbitration conducted expeditiously in accordance with the J.A.M.S./Endispute Comprehensive Arbitration Rules and Procedures (the "J.A.M.S. Rules"). The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. Sections 1-16, and judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. The place of arbitration shall be Boston, Massachusetts.

(b) The arbitration shall commence within 60 days of the date on which a written demand for arbitration is filed by any party hereto. In connection with the arbitration proceeding, the arbitrator shall have the power to order the production of documents by each party and any third-party witnesses. In addition, each party may take up to three depositions as of right, and the arbitrator may in his or her discretion allow additional depositions upon good cause shown by the moving party. However, the arbitrator shall not have the power to order the answering of interrogatories or the response to requests for admission. In connection with any arbitration, each party to the arbitration shall provide to the other, no later than seven business days before the date of the arbitration, the identity of all persons that may testify at the arbitration and a copy of all documents that may be introduced at the arbitration or considered or used by a party's witness or expert. The arbitrator's decision and award shall be made and delivered within six months of the selection of the arbitrator. The arbitrator's decision shall set forth a reasoned basis for any award of damages or finding of liability. The arbitrator shall not have power to award damages in excess of actual compensatory damages and shall not multiply actual damages or award punitive damages, and each party hereby irrevocably waives any claim to such damages.

(c) The Company, the Optionee, each party to the Agreement and any other holder of Shares issued pursuant to this Agreement (each, a "Party") covenants and agrees that such party will participate in the arbitration in good faith. This Section 7 applies equally to requests for temporary, preliminary or permanent injunctive relief, except that in the case of temporary or preliminary injunctive relief any party may proceed in court without prior arbitration for the limited purpose of avoiding immediate and irreparable harm.

(d) Each Party (i) hereby irrevocably submits to the jurisdiction of any United States District Court of competent jurisdiction for the purpose of enforcing the award or decision in any such proceeding, (ii) hereby waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above named courts, that its property is exempt or immune from attachment or execution (except as protected by applicable law), that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court, and (iii) hereby waives and agrees not to seek any review by any court of any other jurisdiction which may be called upon to grant an enforcement of the judgment of any such court. Each Party hereby consents to service of process by registered mail at the address to which notices are to be given. Each Party agrees that its, his or her submission to jurisdiction and its, his or her consent to service of process by mail is made for the express benefit of each other Party. Final judgment against any Party in any such action, suit or proceeding may be enforced in other jurisdictions by suit, action or proceeding on the judgment, or in any other manner provided by or pursuant to the laws of such other jurisdiction.

[SIGNATURE PAGE FOLLOWS]

The foregoing Agreement is hereby accepted and the terms and conditions thereof hereby agreed to by the undersigned as of the date first above written.

**DISC MEDICINE, INC.**

By: _____

Name:
Title:

Address:

_____

_____

_____

The undersigned hereby acknowledges receiving and reviewing a copy of the Plan, including, without limitation, Section 9 thereof, and understands that this Stock Option is subject to the terms of the Plan and of this Agreement. This Agreement is hereby accepted, and the terms and conditions of the Plan, the Grant Notice and this Agreement, SPECIFICALLY INCLUDING THE ARBITRATION PROVISIONS SET FORTH IN SECTION 7 OF THIS AGREEMENT, are hereby agreed to, by the undersigned as of the date first above written.

OPTIONEE:

_____

Name:

Address:

_____

_____

_____

[SPOUSE'S CONSENT[2]
I acknowledge that I have read the
foregoing Non-Qualified Stock Option Agreement
and understand the contents thereof.

_____]

[2] A spouse's consent is recommended only if the Optionee's state of residence is one of the following community property states: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin.

DESIGNATED BENEFICIARY:

Beneficiary's Address:

**Appendix A**

**STOCK OPTION EXERCISE NOTICE**

DISC MEDICINE, INC.
Attention: [_____]
_____
_____

Pursuant to the terms of the grant notice and stock option agreement between the undersigned and Disc Medicine, Inc. (the "Company") dated _____ (the "Agreement") under the Disc Medicine, Inc.2017 Stock Option and Grant Plan, I, [Insert Name] _____, hereby [Circle One] partially/fully exercise such option by including herein payment in the amount of $_____ representing the purchase price for [Fill in number of Shares] _____ Shares. I have chosen the following form(s) of payment:

[ ] 1. Cash
[ ] 2. Certified or bank check payable to Disc Medicine, Inc.
[ ] 3. Other (as referenced in the Agreement and described in the Plan (please describe))
_____.

In connection with my exercise of the option as set forth above, I hereby represent and warrant to the Company as follows:

(i) I am purchasing the Shares for my own account for investment only, and not for resale or with a view to the distribution thereof.

(ii) I have had such an opportunity as I have deemed adequate to obtain from the Company such information as is necessary to permit me to evaluate the merits and risks of my investment in the Company and have consulted with my own advisers with respect to my investment in the Company.

(iii) I have sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in the purchase of the Shares and to make an informed investment decision with respect to such purchase.

(iv) I can afford a complete loss of the value of the Shares and am able to bear the economic risk of holding such Shares for an indefinite period of time.

(v) I understand that the Shares may not be registered under the Securities Act of 1933 (it being understood that the Shares are being issued and sold in reliance on the exemption provided in Rule 701 thereunder) or any applicable state securities or "blue sky" laws and may not be sold or otherwise transferred or disposed of in the absence of an effective registration statement under the Securities Act of 1933 and under any applicable state securities or "blue sky" laws (or exemptions from the registration requirement thereof). I further acknowledge that certificates representing Shares will bear restrictive legends reflecting the foregoing and/or that book entries for uncertificated Shares will include similar restrictive notations.

(vi) I have read and understand the Plan and acknowledge and agree that the Shares are subject to all of the relevant terms of the Plan, including without limitation, the transfer restrictions set forth in Section 9 of the Plan.

(vii) I understand and agree that the Company has a right of first refusal with respect to the Shares pursuant to Section 9(b) of the Plan.

(viii) I understand and agree that the Company has certain repurchase rights with respect to the Shares pursuant to Section 9(c) of the Plan.

(ix) I understand and agree that I may not sell or otherwise transfer or dispose of the Shares for a period of time following the effective date of a public offering by the Company as described in Section 9(f) of the Plan.

Sincerely yours,

Name:

Address:

Date:

**Restricted Stock AWARD NOTICE**
**under the Disc Medicine, Inc.**
**2017 Stock Option and Grant Plan**

Pursuant to the Disc Medicine, Inc. 2017 Stock Option and Grant Plan (the "Plan"), Disc Medicine, Inc., a Delaware corporation (together with any successor, the "Company"), hereby grants, sells and issues to the individual named below, the Shares at the Per Share Purchase Price, subject to the terms and conditions set forth in this Restricted Stock Award Notice (the "Award Notice"), the attached Restricted Stock Agreement (the "Agreement") and the Plan. The Grantee agrees to the provisions set forth herein and acknowledges that each such provision is a material condition of the Company's agreement to issue and sell the Shares to him or her. The Company hereby acknowledges receipt of $**[_____]** in full payment for the Shares. All references to share prices and amounts herein shall be equitably adjusted to reflect stock splits, stock dividends, recapitalizations, mergers, reorganizations and similar changes affecting the capital stock of the Company, and any shares of capital stock of the Company received on or in respect of Shares in connection with any such event (including any shares of capital stock or any right, option or warrant to receive the same or any security convertible into or exchangeable for any such shares or received upon conversion of any such shares) shall be subject to this Agreement on the same basis and extent at the relevant time as the Shares in respect of which they were issued, and shall be deemed Shares as if and to the same extent they were issued at the date hereof.

| | |
|---|---|
| Name of Grantee: | _____ (the "Grantee") |
| No. of Shares: | _____ Shares of Common Stock (the "Shares") |
| Grant Date: | _____ __, ____ |
| Date of Purchase of Shares: | _____ __, ____ |
| Vesting Commencement Date: | _____ __, ____ (the "Vesting Commencement Date") |
| Per Share Purchase Price: | $_____ (the "Per Share Purchase Price") |
| Vesting Schedule: | [25] percent of the Shares shall vest on the [first] anniversary of the Vesting Commencement Date; provided that the Grantee continues to have a Service Relationship with the Company at such time. Thereafter, the remaining [75] percent of the Shares shall vest in [36] equal monthly installments following the first anniversary of the Vesting Commencement Date, provided the Grantee continues to have a Service Relationship with the Company at such time. Notwithstanding anything in the Agreement to the contrary in the case of a Sale Event, the Shares of Restricted Stock shall be treated as provided in Section 3(c) of the Plan **[provided; however INSERT ANY ACCELERATED VESTING PROVISION HERE]**. |

Attachments: Restricted Stock Agreement, 2017 Stock Option and Grant Plan

**Restricted Stock Agreement**
**under the Disc Medicine, Inc.**
**2017 Stock Option and Grant Plan**

All capitalized terms used herein and not otherwise defined shall have the respective meanings set forth in the Award Notice and the Plan.

1. Purchase and Sale of Shares; Vesting; Investment Representations.

(a) Purchase and Sale. The Company hereby sells to the Grantee, and the Grantee hereby purchases from the Company, the number of Shares set forth in the Award Notice for the Per Share Purchase Price.

(b) Vesting. Initially, all of the Shares are non-transferable and subject to a substantial risk of forfeiture and are Shares of Restricted Stock. The risk of forfeiture shall lapse with respect to the Shares on the respective dates indicated on the Vesting Schedule set forth in the Award Notice.

(c) Investment Representations. In connection with the purchase and sale of the Shares contemplated by Section 1(a) above, the Grantee hereby represents and warrants to the Company as follows:

(i) The Grantee is purchasing the Shares for the Grantee's own account for investment only, and not for resale or with a view to the distribution thereof.

(ii) The Grantee has had such an opportunity as he or she has deemed adequate to obtain from the Company such information as is necessary to permit him or her to evaluate the merits and risks of the Grantee's investment in the Company and has consulted with the Grantee's own advisers with respect to the Grantee's investment in the Company.

(iii) The Grantee has sufficient experience in business, financial and investment matters to be able to evaluate the risks involved in the purchase of the Shares and to make an informed investment decision with respect to such purchase.

(iv) The Grantee can afford a complete loss of the value of the Shares and is able to bear the economic risk of holding such Shares for an indefinite period.

(v) The Grantee understands that the Shares are not registered under the Act (it being understood that the Shares are being issued and sold in reliance on the exemption provided in Rule 701 thereunder) or any applicable state securities or "blue sky" laws and may not be sold or otherwise transferred or disposed of in the absence of an effective registration statement under the Act and under any applicable state securities or "blue sky" laws (or exemptions from the registration requirements thereof). The Grantee further acknowledges that certificates representing the Shares will bear restrictive legends reflecting the foregoing and/or that book entries for uncertificated Shares will include similar restrictive notations.

(vi) The Grantee has read and understands the Plan and acknowledges and agrees that the Shares are subject to all of the relevant terms of the Plan, including without limitation, the transfer restrictions set forth in Section 9 of the Plan.

(vii) The Grantee understands and agrees that the Company has a right of first refusal with respect to the Shares pursuant to Section 9(b) of the Plan.

(viii) The Grantee understands and agree that the Company has certain repurchase rights with respect to the Shares pursuant to Section 9(c) of the Plan.

(ix) The Grantee understands and agrees that the Grantee may not sell or otherwise transfer or dispose of the Shares for a period of time following the effective date of a public offering by the Company as described in Section 9(f) of the Plan.

2. Repurchase Right. Upon a Termination Event, the Company shall have the right to repurchase Shares of Restricted Stock that are unvested as of the date of such Termination Event as set forth in Section 9(c) of the Plan.

3. Restrictions on Transfer of Shares. The Shares (whether or not vested) shall be subject to certain transfer restrictions and other limitations including, without limitation, the provisions contained in Section 9 of the Plan

4. Incorporation of Plan. Notwithstanding anything herein to the contrary, this Restricted Stock Award shall be subject to and governed by all the terms and conditions of the Plan.

5. Miscellaneous Provisions.

(a) Record Owner; Dividends. The Grantee and any Permitted Transferees, during the duration of this Agreement, shall be considered the record owners of and shall be entitled to vote the Shares if and to the extent the Shares are entitled to voting rights. The Grantee and any Permitted Transferees shall be entitled to receive all dividends and any other distributions declared on the Shares; provided, however, that the Company is under no duty to declare any such dividends or to make any such distribution.

(b) Section 83(b) Election. The Grantee shall consult with the Grantee's tax advisor to determine whether it would be appropriate for the Grantee to make an election under Section 83(b) of the Code with respect to this Award. Any such election must be filed with the Internal Revenue Service within 30 days of the date of this Award. If the Grantee makes an election under Section 83(b) of the Code, the Grantee shall give prompt notice to the Company (and provide a copy of such election to the Company).

(c) Equitable Relief. The parties hereto agree and declare that legal remedies may be inadequate to enforce the provisions of this Agreement and that equitable relief, including specific performance and injunctive relief, may be used to enforce the provisions of this Agreement.

(d) Change and Modifications. This Agreement may not be orally changed, modified or terminated, nor shall any oral waiver of any of its terms be effective. This Agreement may be changed, modified or terminated only by an agreement in writing signed by the Company and the Grantee.

(e) Governing Law. This Agreement shall be governed by and construed in accordance with the General Corporation Law of the State of Delaware as to matters within the scope thereof, and as to all other matters shall be governed by and construed in accordance with the internal laws of the Commonwealth of Massachusetts, without regard to conflict of law principles that would result in the application of any law other than the law of the Commonwealth of Massachusetts.

(f) Headings. The headings are intended only for convenience in finding the subject matter and do not constitute part of the text of this Agreement and shall not be considered in the interpretation of this Agreement.

(g) Saving Clause. If any provision(s) of this Agreement shall be determined to be illegal or unenforceable, such determination shall in no manner affect the legality or enforceability of any other provision hereof.

(h) Notices. All notices, requests, consents and other communications shall be in writing and be deemed given when delivered personally, by telex or facsimile transmission or when received if mailed by first class registered or certified mail, postage prepaid. Notices to the Company or the Grantee shall be addressed as set forth underneath their signatures below, or to such other address or addresses as may have been furnished by such party in writing to the other.

(i) Benefit and Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their respective successors, assigns, and legal representatives. The Company has the right to assign this Agreement, and such assignee shall become entitled to all the rights of the Company hereunder to the extent of such assignment.

(j) Counterparts. For the convenience of the parties and to facilitate execution, this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

(k) Integration. This Agreement constitutes the entire agreement between the parties with respect to this Award and supersedes all prior agreements and discussions between the parties concerning such subject matter, including but not limited to, any written or oral offer letter or consulting or service agreement between the parties that provides for the issuance of equity in the Company.

6. Dispute Resolution.

(a) Except as provided below, any dispute arising out of or relating to the Plan or the Shares, this Agreement, or the breach, termination or validity of the Plan, the Shares or this Agreement, shall be finally settled by binding arbitration conducted expeditiously in accordance with the J.A.M.S./Endispute Comprehensive Arbitration Rules and Procedures (the "J.A.M.S. Rules"). The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. Sections 1 - 16, and judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. The place of arbitration shall be Boston, Massachusetts.

(b) The arbitration shall commence within 60 days of the date on which a written demand for arbitration is filed by any party hereto. In connection with the arbitration proceeding, the arbitrator shall have the power to order the production of documents by each party and any third-party witnesses. In addition, each party may take up to three depositions as of right, and the arbitrator may in his or her discretion allow additional depositions upon good cause shown by the moving party. However, the arbitrator shall not have the power to order the answering of interrogatories or the response to requests for admission. In connection with any arbitration, each party to the arbitration shall provide to the other, no later than seven business days before the date of the arbitration, the identity of all persons that may testify at the arbitration and a copy of all documents that may be introduced at the arbitration or considered or used by a party's witness or expert. The arbitrator's decision and award shall be made and delivered within six months of the selection of the arbitrator. The arbitrator's decision shall set forth a reasoned basis for any award of damages or finding of liability. The arbitrator shall not have power to award damages in excess of actual compensatory damages and shall not multiply actual damages or award punitive damages, and each party hereby irrevocably waives any claim to such damages.

(c) The Company, the Grantee, each party to the Agreement and any other holder of Shares issued pursuant to this Agreement (each, a "Party") covenants and agrees that such party will participate in the arbitration in good faith. This Section 6 applies equally to requests for temporary, preliminary or permanent injunctive relief, except that in the case of temporary or preliminary injunctive relief any party may proceed in court without prior arbitration for the limited purpose of avoiding immediate and irreparable harm.

(d) Each Party (i) hereby irrevocably submits to the jurisdiction of any United States District Court of competent jurisdiction for the purpose of enforcing the award or decision in any such proceeding, (ii) hereby waives, and agrees not to assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject personally to the jurisdiction of the above named courts, that its property is exempt or immune from attachment or execution (except as protected by applicable law), that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court, and (iii) hereby waives and agrees not to seek any review by any court of any other jurisdiction which may be called upon to grant an enforcement of the judgment of any such court. Each Party hereby consents to service of process by registered mail at the address to which notices are to be given. Each Party agrees that its, his or her submission to jurisdiction and its, his or her consent to service of process by mail is made for the express benefit of each other Party. Final judgment against any Party in any such action, suit or proceeding may be enforced in other jurisdictions by suit, action or proceeding on the judgment, or in any other manner provided by or pursuant to the laws of such other jurisdiction.

[SIGNATURE PAGE FOLLOWS]

The foregoing Restricted Stock Agreement is hereby accepted and the terms and conditions thereof are hereby agreed to by the undersigned as of the date of purchase of Shares above written.

**DISC MEDICINE, INC.**

By: _____
Name:
Title:

Address:

_____

_____

_____

The undersigned hereby acknowledges receiving and reviewing a copy of the Plan, including, without limitation, Section 9 thereof and understands that the Shares granted hereby are subject to the terms of the Plan and of this Agreement. This Agreement is hereby accepted, and the terms and conditions of the Plan, the Award Notice and this Agreement, SPECIFICALLY INCLUDING THE ARBITRATION PROVISIONS SET FORTH IN SECTION 6 OF THIS AGREEMENT, are hereby agreed to, by the undersigned as of the date first above written.

GRANTEE:

_____
Name:

Address:

_____

_____

_____

[SPOUSE'S CONSENT[3]
I acknowledge that I have read the
foregoing Restricted Stock Agreement
and understand the contents thereof.

_____]

[3] A spouse's consent is required only if the Grantee's state of residence is one of the following community property states: Arizona, California, Idaho, Louisiana, New Mexico, Nevada, Texas, Washington and Wisconsin.

**DISC MEDICINE, INC.**

**PHANTOM STOCK APPRECIATION RIGHT AGREEMENT**

THIS PHANTOM STOCK APPRECIATION RIGHT AGREEMENT (this "**Agreement**") is entered into and effective as of _____, 202__ (the "**Effective Date**") by and between Disc Medicine, Inc., a Delaware corporation (together with its subsidiaries, the "**Company**"), and _____ (the "**Grantee**").

**R E C I T A L S**

WHEREAS, Grantee is a service provider to the Company; and

WHEREAS, in consideration of Grantee's service to the Company, the Company desires to provide Grantee with the opportunity to earn additional compensation in the form of a bonus tied to the value of the Common Stock in connection with a Sale Event (as defined in the Plan).

NOW THEREFORE, the Parties agree as follows:

---

**SECTION 1**

**DEFINITIONS**

---

1.1 **Specific Definitions**. As used in this Agreement:

**Common Stock** shall mean the common stock of the Company.

**Parties** shall mean the Company and the Grantee.

**Plan** shall mean the Disc Medicine, Inc. 2017 Equity Incentive Plan or any successor plan, the terms of which are incorporated herein by reference.

---

**SECTION 2**

**ECONOMIC INTEREST**

---

2.1 **Issuance of Economic Interest**. Subject to the provisions of this Agreement the Company hereby agrees to pay to the Grantee the amount the Grantee would be entitled to receive upon completion of a Sale Event had the Grantee been issued an option to purchase _____ shares of Common Stock as of the Effective Date (and, for clarification purposes, net of the applicable $ exercise price per share that would have applied to such option (the "**Phantom Exercise Price Per Share**")) (the "**Phantom Common Stock**"). The Parties expressly intend that Phantom Common Stock shall consist solely of an economic interest and shall not have any other rights of Common Stock under the Plan or otherwise. The Phantom Common Stock is subject to a time-based vesting condition (the "**Time Condition**") described in paragraph 2.2 below.

---

2.2 **Time Condition**. The Time Condition shall be satisfied as to 25% of the shares of Phantom Common Stock awarded hereunder on the first anniversary of the Effective Date and as to the remainder of the shares of Phantom Common Stock in equal pro rata amounts on each monthly anniversary thereafter through the fourth anniversary of Effective Date, provided that the Grantee maintains continuously a Service Relationship (as defined in the Plan) by the Company on each such anniversary date.

2.3 **Vesting Date.** To the extent the Phantom Common Stock has not satisfied the Time Condition as of the 10-year anniversary of this Agreement, such Phantom Common Stock shall expire on such date and be of no further force or effect.

2.4 **Payments**.

(a) The Grantee shall be entitled to receive one or more cash payments from the Company in respect of his or her vested shares of Phantom Common Stock in connection with or following a Sale Event. The cash payment per vested share of Phantom Common Stock shall be determined by the Company in its sole and absolute discretion, based upon the consideration received in connection with the Sale Event by the Common Stockholders, and, except as set forth in paragraph 2.4(b) shall be net of the Phantom Exercise Price Per Share.

(b) The Grantee shall be entitled to receive payments from the Company in respect of the Phantom Common Stock only to the extent that the Grantee has continuously maintained a Service Relationship with the Company from the Effective Date to the date of the Sale Event. In the event of a termination of Grantee's Service Relationship with the Company for any reason other than a termination by the Company for cause (as determined by the Company in its sole and absolute discretion), the Grantee may pay the Phantom Exercise Price for any vested portion of Grantee's Phantom Common Stock in cash to the Company within ninety (90) days of such termination and, in that event, Grantee shall be entitled to receive the payment contemplated by Section 2.1 for such vested Phantom Common Stock upon a Sale Event prior to the Expiration Date, notwithstanding the earlier termination of Grantee's Service Relationship with the Company, and any such payments shall include and shall not be net of the Phantom Exercise Price Per Share.

2.5 **Tax Payments**. Grantee acknowledges and agrees that (a) payments made to the Grantee pursuant to the Grantee's Service Relationship with the Company shall be subject to withholding of applicable taxes, (b) the Grantee shall be obligated to report as income all compensation received by the Grantee pursuant to this Agreement and (c) the Grantee shall pay all applicable taxes due on such compensation in the case of under-withholding by the Company.

## SECTION 3

## RELATIONSHIP BETWEEN GRANTEE AND COMPANY

3.1 **Not a Stockholder; No Right of Service Relationship**. The Grantee shall not, by virtue of entering into this Agreement and receiving Phantom Common Stock, be deemed a stockholder of the Company. The Grantee hereby acknowledges and agrees that he or she is not a stockholder of the Company and that the Company is not under any obligation to make the Grantee a stockholder of the Company in the future. Nothing contained in this Agreement or in the grant of Phantom Common Stock shall limit, restrict or modify the Company's right to terminate the Service Relationship of the Grantee.

3.2 **No Management Rights**. The Grantee shall not, by virtue of entering into this Agreement and receiving a Phantom Common Stock, hold any non-economic rights in respect of the Company. Without limitation on the preceding sentence, the Grantee shall have no right to participate in the management, control or operation of the Company or its business, act for the Company, bind the Company under agreements or arrangements with third parties, or vote on Company matters. The Grantee shall not have any right to receive or review the books, records, reports or other information of the Company.

## SECTION 4

## GENERAL PROVISIONS

4.1 **Entire Agreement**. This Agreement contains the entire understanding among the Parties, and supersedes any prior written or oral agreement between them, respecting the subject matter hereof. There are no representations, agreements, arrangements or understandings, oral or written, among the Parties relating to the subject matter hereof which are not fully expressed in this Agreement.

4.2 **Amendment**. This Agreement may be amended, in whole or in part, only through a written amendment executed by both Parties.

4.3 **Counterparts**. This Agreement may be executed in any number of counterparts and, when so executed, all of such counterparts shall constitute a single instrument binding upon both Parties notwithstanding the fact that both Parties are not signatory to the original or to the same counterpart.

4.4 **No Third Party Beneficiaries**. The provisions of this Agreement are not intended to be for the benefit of or enforceable by any third party.

4.5 **Notices, Consents, Elections, Etc**. All notices, consents, agreements, elections, amendments and approvals provided for or permitted by this Agreement shall be in writing. Except as otherwise specifically provided in this Agreement, notice to a Party shall be deemed duly given upon the earliest to occur of the following: (i) personal delivery to such Party, to the address set forth on the signature pages hereto for such Party, or to any other address which such Party has provided to the other Party for purposes of this Section 4.5; (ii) the Close of Business on the third day after being deposited in the United States mail, registered or certified, postage prepaid and addressed to such Party at the address set forth on the signature pages for such Party, or at any other address which such Party has provided to the other Party for purposes of this Section 4.5; (iii) the Close of Business on the first business day after being deposited in the United States with a nationally recognized overnight delivery service, with delivery charges prepaid, addressed as provided in the preceding clause, and marked for next business day delivery; or (iv) actual receipt by such Party via any other means (including public or private mail, electronic mail, facsimile, telex or telegram); provided, however, that notice sent to a Party via electronic mail shall be deemed duly given at the earlier of: (x) the time sent (unless such Party previously elected via notice to the sender to render this clause (x) inapplicable to such Party); and (y) the time when actually received and opened by such Party.

4.6 **Waiver**. Except as specifically provided in this Agreement, no failure or delay by any Party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof. Any actual waiver shall be contained in a writing signed by the Party against whom enforcement of such waiver is sought.

4.7 **Severability**. In the event that any provision of this Agreement is determined to be invalid or unenforceable, such provision shall be deemed severed from the remainder of this Agreement and replaced with a valid and enforceable provision as similar in intent as reasonably possible to the provision so severed, and shall not cause the invalidity or unenforceability of the remainder of this Agreement.

4.8 **Code Section 409A.** It is the intent that the Phantom Common Stock shall be either exempt from or compliant with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and any successor Code, and related rules, regulations and interpretations, and the Phantom Common Stock shall be interpreted, construed and operated to reflect this intent. Solely for purposes of Section 409A of the Code, each payment on (or following) a Vesting Date shall be considered a separate payment. The Company reserves the right, to the extent the Company deems necessary or advisable in its sole discretion, to unilaterally amend or modify this Phantom Common Stock Agreement as may be necessary to ensure that the Phantom Common Stock qualifies for the exemption from, or complies with the requirements of, Section 409A or to mitigate any additional tax, interest and/or penalties or other adverse tax consequences that may apply under Section 409A if compliance is not practical. Nothing in this Phantom Common Stock Agreement shall provide a basis for any person to take any action against the Company or any parent or subsidiary based on the tax treatment of any amounts paid under the Phantom Common Stock, and neither the Company nor any parent or subsidiary will have any liability under any circumstances to Grantee or any other party regarding the tax treatment of the Phantom Common Stock or for any action taken by the Committee with respect thereto.

4.9 **Governing Law**. The interpretation and enforceability of this Agreement and the rights and liabilities of the Parties as such shall be governed by the laws of the State of Delaware, without regard to conflict of law principles, and as such laws are applied in connection with agreements entered into and wholly performed upon in Delaware by residents of Delaware. To the maximum extent permitted by applicable law, the provisions of this Agreement shall supersede any contrary provisions of applicable law.

4.10 **Restriction on Transfers and Assignments**. No Party may pledge, assign, or in any other manner transfer this Agreement or any right or interest herein or arising hereunder, and any attempted pledge, assignment, or other transfer shall be null and void.

[Remainder of this page intentionally left blank; signature page follows.]

IN WITNESS WHEREOF, the Parties have executed this PHANTOM STOCK APPRECIATION RIGHT AGREEMENT as of the date first above written.

Company:

DISC MEDICINE, INC.

By: _____
Name:
Title:

Grantee:

_____
Name:

**Exhibit 10.10**

December 29, 2022

Brian Piekos

**Re: Notice of Termination, Separation Agreement and Release**

Dear Brian:

As discussed, this letter confirms the terms of your separation from employment at Gemini Therapeutics, Inc. (the "Company").[1] As we agreed, your employment will end on December 29, 2022 (the "Separation Date"), which follows the occurrence of a Change in Control (as defined in the Employment Agreement (as defined below)). Consistent with the terms of your Employment Agreement with the Company, dated February 4, 2021 (the "Employment Agreement"), you shall be deemed to have resigned from all officer positions that you hold with the Company upon the Separation Date. Furthermore, in accordance with your Employment Agreement, the Company will provide you with certain Severance Benefits (as defined below) following the end of your employment if you sign and return this letter agreement (the "Agreement") by February 3, 2023 (but no earlier than the Separation Date), do not revoke the Agreement (as described below), and comply with the terms and conditions of the Agreement. As required under Section 3(f) of the Employment Agreement, this Agreement serves as a Notice of Termination pursuant to Section 3(d) of the Employment Agreement.

In the interest of clarity, the following terms and conditions apply in connection with the end of your employment and regardless of whether you enter into the Agreement:

- The Company will pay your salary and any accrued but unused vacation days to which you are entitled through the Separation Date.
- You will be able to continue group healthcare insurance coverage after the Separation Date under the law known as "COBRA," subject to eligibility requirements. Any COBRA continuation will be at your own cost, except as otherwise set forth herein if this Agreement becomes effective.
- Your eligibility to participate in any other employee benefit plans and programs of the Company will cease on or after the Separation Date in accordance with applicable benefit plan or program terms and practices.
- The Company will reimburse you for any outstanding, reasonable business expenses you have incurred on the Company's behalf through the Separation Date in accordance with the Company's expense reimbursement policy, after the Company's timely receipt of appropriate documentation pursuant to such policy.
- You will cease vesting in all of your stock options and other stock-based awards subject to vesting (the "Equity Awards") as of your Separation Date in accordance with the terms of the Equity Documents (as defined below), and you may exercise any vested portion of your options in accordance with the time limits and subject to the terms of the applicable Equity Award agreement and equity plan (the "Equity Documents") unless otherwise set forth herein if this Agreement becomes effective.

[1] Except for the obligations set forth through the end of Section 2 hereof, which shall be the sole obligation of Gemini Therapeutics, whenever the term "the Company" is used in this Agreement, it shall be deemed to include Gemini Therapeutics, Inc., Gemini Therapeutics Sub, Inc., and any other related companies (including, without limitation, any divisions, affiliates, parents and subsidiaries of any of Gemini Therapeutics), and its and their respective officers, directors, employees, agents, successors and assigns.

- In accordance with Section 15 of the Employment Agreement, your obligations set forth in Sections 8 and 9 in the Employment Agreement will continue after the Separation Date, except as otherwise set forth herein if this Agreement becomes effective.

- In accordance with Section 30 of the Employment Agreement, your obligations with respect to confidentiality and assignment of inventions, as set forth in the agreement you signed when your employment began relating to such matters (the "Original Confidentiality Agreement"), will continue after the Separation Date.

In addition to the above-described terms, you will be eligible to receive the Severance Benefits described in Section 2, provided you timely enter into, do not revoke, and comply with this Agreement.

The remainder of this letter proposes the Agreement between you and the Company. With those understandings, you and the Company agree as follows:

**1. Conditions.** To receive the benefits described in this Agreement, you must (i) timely enter into, not revoke, and comply with this Agreement and (ii) between now and the Separation Date, work with the Company to ensure the professional transition and wind down of your duties (the "Conditions").

**2. Severance Benefits.** If you satisfy the Conditions, then the Company will provide you with the following "Severance Benefits" following the Separation Date:

(a) Severance Pay. The Company will pay you an amount equal to the sum of (i) (12) months of your current base salary plus (ii) your Target Bonus (as defined in the Employment Agreement) for the current year, less standard payroll deductions and withholdings (the "Severance Pay"). The Severance Pay will be paid out in a lump sum within thirty (30) days after the Effective Date (as defined below) of this Agreement.

(b) Equity Awards. Notwithstanding anything to the contrary in any applicable Equity Document, all unvested stock options and other stock-based awards subject to vesting held by you shall immediately accelerate and become fully exercisable or nonforfeitable as of the Effective Date of this Agreement (and any termination or forfeiture of the unvested portion of such awards that would otherwise occur on the Separation Date in the absence of this Agreement will be delayed until the Effective Date and will only occur if the vesting pursuant to this provision does not occur due to the absence of the Agreement becoming fully effective within the time period set forth herein).

(c) Health Benefits Continuation. If you timely and properly elect to receive benefits under COBRA, then the Company will pay all required premiums on a monthly basis for the same level of group healthcare coverage as in effect for you on the Separation Date until the earliest of the following: (i) the twelve (12)-month anniversary of the Separation Date; (ii) your eligibility for group healthcare coverage through other employment; or (iii) the cessation of your continuation rights under COBRA (the "Health Benefits Continuation Period"); provided, however, if the Company determines it cannot pay such amounts without potentially violating applicable law (including, without limitation, Section 2716 of the Public Health Service Act), then the Company will convert such payments to payroll payments directly to you for the time period specified above. Such payments shall be subject to tax- related deductions and withholdings and paid on the Company's regular payroll dates. You agree to notify the Company promptly if you become eligible for group healthcare coverage through another employer. You may continue COBRA coverage after the end of the Health Benefits Continuation Period at your own expense for the remainder of the COBRA continuation period, subject to continued eligibility.

(d) Continued Vesting and Extended Exercise Period. The Company shall extend the exercise period with respect to your vested stock options until the earlier of (i) the original ten (10) year expiration date for such vested stock options as provided in the applicable Equity Documents, or (ii) one (1) year from the Separation Date.

**3. Restrictive Covenants.**

(a) Reaffirmation of Continuing Obligations. You hereby reaffirm all of your continuing obligations to the Company as set forth in Section 8 of the Employment Agreement, including your confidentiality, invention assignment, and non-solicitation obligations, which survive your separation from employment and remain in full force and effect.

(b) Non-Competition. You and the Company acknowledge and agree that the non-competition restriction in Section 8(h)(iii) of the Employment Agreement shall not apply, and that you are not entitled to any Garden Leave Pay pursuant to the terms of Section 8(h)(iii) of the Employment Agreement. However, you agree that in connection with your separation from employment and in order to protect the Company's Proprietary Information (as defined in the Employment Agreement), goodwill, and other legitimate business interests, for a period of: (i) one (1) year following the Separation Date, or (ii) two (2) years following the Separation Date if you breach your fiduciary duty to the Company or if you have unlawfully taken, physically or electronically, property belonging to the Company, you shall not directly or indirectly, whether as owner, partner, shareholder, director, manager, consultant, agent, employee, co-venturer or otherwise, anywhere in the world, engage or otherwise participate in any business that develops, manufactures or markets any products, or performs any services, that are competitive with the products or services of the Company, including, without limitation, any products or services that target amino acid homeostasis for therapeutic and health purposes via the use of amino acid modalities, or products or services that the Company or its affiliates has under development or were the subject of active planning at any time during your employment. You acknowledge this covenant is necessary because the Company's legitimate business interests cannot be adequately protected solely by the other covenants in this Agreement or the Employment Agreement.

You agree that in the event you breach any of your obligations described in this Section 3 and/or the restrictions under this Section 3, the remedies set forth in Section 12 of the Employment Agreement shall be available to the Company.

**4. Return of Property.** You acknowledge and agree you are required to return all Company property in your possession to the Company; provided, however, you shall be permitted to keep your Company-owned laptop, monitors, keyboards, and docking stations after the Company has removed all Company materials, information and other Proprietary Information from such hardware. Accordingly, by signing below, you acknowledge and agree you will comply with Section 8(f) of the Employment Agreement by returning to the Company on or before the Separation Date (or sooner if requested by the Company) all Company property, including, without limitation, all files, reports, documents or other materials containing or pertaining to Proprietary Information (as defined in the Employment Agreement) and to your work (and all reproductions thereof). Simultaneous with your return of all of the foregoing, you commit to deleting and finally purging any duplicates of files or documents that may contain Company information from any non-Company computer or other device that remains your property after the Separation Date. In the event you discover that you continue to retain any such information or property, you shall return it to the Company immediately.

**5. Non-Disparagement.** Subject to Sections 8 and 10 of this Agreement, you agree to take no action or make any statements, written or oral, that are disparaging about or adverse to the business interests of the Company or its employees, directors, officers, agents, products, or services. This non-disparagement obligation shall not apply to truthful testimony in a legal proceeding or pursuant to a subpoena or to communication with any Government Agency (as defined below) or participation in any investigation or proceeding that may be conducted by any Government Agency.

**6. Communications**. You will not communicate about your departure with anyone until after the Board has made a public written announcement about your departure (the "Company Announcement"); provided that you may communicate with your tax advisors, attorneys and spouse about your departure before the Company Announcement, provided further that you first advise such persons not to reveal information about your departure and each such person agrees. The Company agrees that, unless otherwise required by applicable law or regulation as determined by the Company in its reasonable good faith discretion, the Company shall give you an opportunity to review the Company Announcement prior to its publication. Once the Company has made the Company Announcement, you agree to limit any communications regarding your departure to statements consistent with the Company Announcement.

**7. Release of Claims.** In consideration for, among other terms, the opportunity to receive the Severance Benefits, to which you acknowledge you would otherwise not be entitled, you voluntarily release and forever discharge the Company, its affiliated and related entities, its and their respective predecessors, successors and assigns, its and their respective employee benefit plans and fiduciaries of such plans, and the current and former officers, directors, shareholders, employees, attorneys, accountants and agents of each of the foregoing in their official and personal capacities (collectively referred to as the "Releasees") generally from all claims, demands, debts, damages and liabilities of every name and nature, known or unknown ("Claims") that, as of the date when you sign this Agreement, you have, ever had, now claim to have or ever claimed to have had against any or all of the Releasees. This release includes, without limitation, all Claims:

- relating to your employment by the Company and the end of your employment with the Company;
- of wrongful discharge or violation of public policy;
- of breach of contract;
- of defamation or other torts;
- of retaliation or discrimination under federal, state, or local law (including, without limitation, Claims of discrimination or retaliation under the Age Discrimination in Employment Act; the Americans with Disabilities Act; Title VII of the Civil Rights Act of 1964; and the Massachusetts Fair Employment Practices Act);
- under the Massachusetts Civil Rights Act, the Massachusetts Equal Rights Act, the Massachusetts Labor and Industries Act, the Massachusetts Payment of Wages Act, the Massachusetts Privacy Act, the Massachusetts Parental Leave Act, the Massachusetts Domestic Violence Leave Act, the Massachusetts Sick Leave Act, and the Massachusetts Paid Family and Medical Leave Act;
- under any other federal or state statute (including, without limitation, Claims under the Fair Labor Standards Act);
- for wages, bonuses, incentive compensation, stock, stock options, vacation pay, or any other compensation or benefits, either under the Massachusetts Wage Act, Mass. Gen. Laws ch. 149, §§ 148-150C, or otherwise; and
- for damages or other remedies of any sort, including, without limitation, compensatory damages, punitive damages, injunctive relief and attorney's fees.

**You agree and acknowledge you are waiving and releasing any claims for unpaid wages of any type you may have against the Company under the Massachusetts Payment of Wages Act, M.G.L. c. 149, § 148 et seq.**

Notwithstanding the foregoing or any other provision of this Agreement: (i) you are not releasing the Company from any obligation expressly set forth in this Agreement; (ii) your right to file a claim with the Equal Employment Opportunity Commission ("EEOC"), National Labor Relations Board, or similar state agencies is expressly preserved, provided, however, if you file such a claim, you waive the right to recover monetary damages and any other relief personal to you in connection with such claim; (iii) you are not waiving claims that cannot be waived by law, such as claims for workers' compensation or unemployment benefits; (iv) you retain rights to any vested benefits, such as vested equity or pension or retirement benefits, the rights to which are governed by the terms of the applicable plan documents; (v) you retain the right to participate in any investigation by any government agency charged with enforcement of any law; (vi) you are not waiving or releasing claims arising solely after the execution of this Agreement; (vii) you are not waiving or releasing non-termination related claims under the Employee Retirement Income Security Act (29 U.S.C. § 1001 et seq.), as amended; and (viii) you are not waiving or releasing any rights and/or claims you may have under COBRA.

**8. Protected Disclosures and Other Protected Actions.** Nothing contained in this Agreement limits your ability to file a charge or complaint with any federal, state, or local governmental agency or commission (a "Government Agency"). In addition, nothing contained in this Agreement limits your ability to communicate with any Government Agency or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, nor does anything contained in this Agreement apply to truthful testimony in litigation. If you file any charge or complaint with any Government Agency and if the Government Agency pursues any claim on your behalf, or if any other third party pursues any claim on your behalf, you waive any right to monetary or other individualized relief (either individually or as part of any collective or class action). Nothing herein, however, limits your right to receive an award under the SEC Whistleblower Program.

**9. Tax Treatment.** The Company shall undertake to make deductions, withholdings and tax reports with respect to payments and benefits under this Agreement to the extent it reasonably and in good faith determines it is required to make such deductions, withholdings and tax reports. Nothing in this Agreement shall be construed to require the Company to make any payments to compensate you for any adverse tax effect associated with any payments or benefits or for any deduction or withholding from any payment or benefit. The parties intend that payments under this Agreement will be exempt from or comply with Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). To the extent that any provision of this Agreement is ambiguous as to its exemption from or compliance with Section 409A of the Code, the provision shall be read in such a manner so that all payments hereunder are exempt from or comply with Section 409A of the Code. Each payment pursuant to this Agreement is intended to constitute a separate payment for purposes of Treasury Regulation Section 1.409A 2(b)(2). The Company makes no representation or warranty and shall have no liability to you or any other person if any provisions of this Agreement are determined to constitute deferred compensation subject to Section 409A of the Code but do not satisfy an exemption from, or the conditions of, such Section.

**10. Consideration Period and OWBPA.** It is the Company's desire and intent to make certain you fully understand the provisions and effects of this Agreement. To that end, the Company hereby advises you in writing to consult with legal counsel for the purpose of reviewing the terms of this Agreement, and you are being given the opportunity to do so. Because you are over 40 years of age, you are granted specific rights under the Older Workers Benefit Protection Act ("OWBPA"), which prohibits discrimination on the basis of age. Among other things, the release set forth in Section 7 is intended to release any rights you may have against the Company alleging discrimination on the basis of age under the Age Discrimination in Employment Act ("ADEA"), the OWBPA and state and local laws. You acknowledge and understand the release in Section 7 does not cover rights or claims under the ADEA that may arise after the date you sign this Agreement.

Consistent with the provisions of OWBPA, you have been provided the opportunity to consider this Agreement for at least forty-five (45) days from your receipt of this Agreement before signing it (the "Consideration Period"). You and the Company agree that any changes to this Agreement, whether material or immaterial, following your receipt of this Agreement do not restart or otherwise affect the Consideration Period. Furthermore, consistent with OWBPA and M.G.L. c. 149, s. 24L, you may revoke your assent to this Agreement if, within seven (7) business days after the date you sign this Agreement, you deliver a written notice of revocation to the Company. To be effective, such notice of revocation must be emailed within the seven (7)-business day period to the Vice President of Legal Affairs. On the eighth (8th) business day following your execution of this Agreement without your revocation, it will become final and binding on all parties (the "Effective Date").

In accordance with the provisions of OWBPA, attached to this Agreement as Attachment A is a description of (i) any class, unit or group of individuals covered by the program of severance benefits that the Company has offered to you, and any applicable time limits regarding such severance benefit program; and (ii) the job titles and ages of all individuals selected for such severance benefit program, and the job titles and ages of all individuals in the same job classification or organizational unit who were not selected for such severance benefit program.

Also, consistent with the provisions of the OWBPA and other federal discrimination laws, nothing in the release in Section 7 shall be deemed to prohibit you from challenging the validity of this release under the federal age or other discrimination laws (the "Federal Discrimination Laws") or from filing a charge or complaint of age or other employment related discrimination with the EEOC, or from participating in any investigation or proceeding conducted by the EEOC. However, the release in Section 7 does prohibit you from seeking or receiving monetary damages or other individual-specific relief in connection with any such charge or complaint of age or other employment-related discrimination. Further, nothing in the release in Section 7 or this Agreement shall be deemed to limit the Company's right to seek immediate dismissal of such charge or complaint on the basis that your signing of this Agreement constitutes a full release of any individual rights under the Federal Discrimination Laws, or the Company's right to seek restitution or other legal remedies to the extent permitted by law of the economic benefits provided to you under this Agreement in the event that you successfully challenge the validity of this release and prevail in any claim under the Federal Discrimination Laws.

By signing this Agreement, you acknowledge and agree: (i) but for providing the waiver and release in Section 7, you would not be receiving the Severance Benefits being provided to you under the terms of this Agreement; (ii) you understand the various claims you are entitled to assert under the laws set forth above; (iii) you have read this Agreement carefully and understand all its provisions; and (iv) the Company is hereby advising you to consult with an attorney before signing this Agreement and to the extent you desired, you availed yourself of this right.

**11. Other Provisions**

(a) Termination of Payments. In the event you fail to comply with any of your obligations under this Agreement, in addition to any other legal or equitable remedies it may have for such breach, the Company shall have the right to discontinue providing you with the Severance Benefits. Any such consequences of a breach by you will not affect the release or your continuing obligations under this Agreement or the Employment Agreement.

(b) Absence of Reliance. In signing this Agreement, you are not relying upon any promises or representations made by anyone at or on behalf of the Company, except as set forth in this Agreement.

(c) Jurisdiction. You and the Company hereby agree the state and federal courts in the Commonwealth of Massachusetts shall have the exclusive jurisdiction to consider any matters related to this Agreement, including without limitation any claim of a violation of this Agreement. With respect to any such court action, you submit to the jurisdiction of such courts and you acknowledge venue in such courts is proper.

(d) Governing Law; Interpretation. This Agreement shall be interpreted and enforced under the laws of the Commonwealth of Massachusetts, without regard to conflict of law principles. In the event of any dispute, this Agreement is intended by the parties to be construed as a whole, to be interpreted in accordance with its fair meaning, and not to be construed strictly for or against either you or the Company or the "drafter" of all or any portion of this Agreement.

(e) Enforceability. If any portion or provision of this Agreement (including, without limitation, any portion or provision of any section of this Agreement) shall to any extent be declared illegal or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement, or the application of such portion or provision in circumstances other than those as to which it is so declared illegal or unenforceable, shall not be affected thereby, and each portion and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

(f) Waiver; Amendment. No waiver of any provision of this Agreement shall be effective unless made in writing and signed by the waiving party. The failure of a party to require the performance of any term or obligation of this Agreement, or the waiver by a party of any breach of this Agreement, shall not prevent any subsequent enforcement of such term or obligation or be deemed a waiver of any subsequent breach. This Agreement may not be modified or amended except in a writing signed by both you and a duly authorized officer of the Company.

(g) Entire Agreement. This Agreement constitutes the entire agreement between you and the Company with respect to the subject matter hereof, and supersedes all prior agreements or understandings, both written and oral, between you and the Company with respect to the subject matter hereof, but does not in any way merge with or supersede the surviving provisions of the Original Confidentiality Agreement, the Employment Agreement, or the Equity Documents, which agreements and obligations shall supplement, and shall not limit or be limited by, this Agreement.

(h) Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be taken to be an original, but all of which together shall constitute one and the same document. Electronic and pdf signatures shall be deemed to have the same legal effect as originals.

[*Signature Page Follows*]

Please indicate your agreement to the terms of this Agreement by signing and returning to the Vice President of Legal Affairs via PDF by the date set forth above.

Very truly yours,

Gemini Therapeutics, Inc.

| | | |
|---|---|---|
| By: | /s/ Georges Gemaye | December 29, 2022 |
| Name: | Georges Gemayel, Ph.D. | Date |
| Title: | Executive Chair | |

Enclosure (Employment Agreement)

This is a legal document. Your signature will commit you to its terms. By signing below, you acknowledge the Company has advised you to consult with counsel prior to entering into this Agreement, you have carefully read and fully understand all of the provisions of this Agreement, and you are knowingly and voluntarily entering into this Agreement.

| | |
|---|---|
| /s/ Brian Piekos | December 29, 2022 |
| Brian Piekos | Date |

**Exhibit 14.1**

DISC MEDICINE, INC.

# Code of Business Conduct and Ethics

## I. Purpose and Scope

The Board of Directors of Disc Medicine, Inc. (together with its subsidiaries, the "Company") has adopted this Code of Business Conduct and Ethics (this "Code") to aid the Company's directors, officers, employees and designated agents in making ethical and legal decisions when conducting the Company's business and performing their day-to-day duties.

The Company's Board of Directors (the "Board") or a committee of the Board is responsible for administering the Code. The Board has delegated day-to-day responsibility for administering and interpreting the Code to a Compliance Officer.

The Company expects its directors, officers, employees and designated agents to exercise reasonable judgment when conducting the Company's business. The Company encourages its directors, officers, employees and designated agents to refer to this Code frequently to ensure that they are acting within both the letter and spirit of this Code. The Company also understands that this Code will not answer every problem you may encounter or address every concern you may have about conducting the Company's business ethically and legally. In these situations, or if you otherwise have questions or concerns about this Code, the Company encourages you to speak with your supervisor (if applicable) or, if you are uncomfortable doing that, with the Compliance Officer.

The Company's directors, officers, employees and designated agents generally have other legal and contractual obligations to the Company. This Code is not intended to reduce or limit the other obligations you may have to the Company. Instead, this Code should be viewed as imposing the *minimum standards* the Company expects from its directors, officers and employees in the conduct of the Company's business.

## II. Standards of Conduct

### A. Compliance with Laws, Rules and Regulations

The Company requires that all employees, officers, directors and designated agents comply with all laws, rules and regulations applicable to the Company wherever it does business. You are expected to use good judgment and common sense in seeking to comply with all applicable laws, rules and regulations and to ask for advice when you are uncertain about them.

If you become aware of the violation of any law, rule or regulation by the Company, whether by its officers, employees, directors, or any third party doing business on behalf of the Company, it is your responsibility to promptly report the matter to your supervisor or to the General Counsel. While it is the Company's desire to address matters internally, nothing in this Code should discourage you from reporting any illegal activity, including any violation of the securities laws, antitrust laws, environmental laws or any other federal, state or foreign law, rule or regulation, to the appropriate regulatory authority. Employees, officers, directors and designated agents shall not discharge, demote, suspend, threaten, harass or in any other manner discriminate or retaliate against an employee because he or she reports any such violation, unless it is determined that the report was made with knowledge that it was false. This Code should not be construed to prohibit you from testifying, participating or otherwise assisting in any state or federal administrative, judicial or legislative proceeding or investigation.

**B. Conflicts of Interest**

The Company recognizes and respects the right of its directors, officers, employees and designated agents to engage in outside activities that they may deem proper and desirable, provided that these activities do not impair or interfere with the performance of their duties to the Company or their ability to act in the Company's best interests. In most, if not all, cases this will mean that our directors, officers and employees must avoid situations that present a potential or actual conflict between their personal interests and the Company's interests.

A "conflict of interest" occurs when a director's, officer's, employee's or designated agent's personal interest interferes with the Company's interests. Conflicts of interest can arise in many situations. For example, conflicts of interest can arise when a director, officer or employee takes an action or has an outside interest, responsibility or obligation that can make it difficult for him or her to perform the responsibilities of his or her position objectively or effectively in the Company's best interests. Conflicts of interest can also occur when a director, officer, employee or designated agent or his or her immediate family member receives some personal benefit (whether improper or not) as a result of the director's, officer's, employee's or designated agent's position with the Company. Each individual's situation is different and in evaluating his or her own situation, a director, officer or employee will have to consider many factors.

Any material transaction, responsibility, obligation, or relationship that reasonably could be expected to give rise to a conflict of interest should be reported promptly to the Compliance Officer, who may notify the Board or a committee of the Board as he or she deems appropriate. Actual or potential conflicts of interest involving a director or executive officer other than the Compliance Officer should be disclosed directly to the Compliance Officer. Actual or potential conflicts of interest involving the Compliance Officer should be disclosed directly to the Chief Executive Officer.

**C. Insider Trading**

Employees, officers, directors and designated agents who have material non-public information about the Company or other companies, including our suppliers and customers, as a result of their relationship with the Company are prohibited by law and Company policy from trading in securities of the Company or such other companies, as well as from communicating such information to others who might trade on the basis of that information. To help ensure that you do not engage in prohibited insider trading and avoid even the appearance of an improper transaction, the Company has adopted an Insider Trading Policy, which is distributed to employees and is also available from the Legal Department.

If you are uncertain about the constraints on your purchase or sale of any Company securities or the securities of any other company that you are familiar with by virtue of your relationship with the Company, you should consult with the General Counsel before making any such purchase or sale.

**D. Confidentiality**

Employees, officers, directors and designated agents must maintain the confidentiality of confidential information entrusted to them by the Company or other companies, including our suppliers and customers, except when disclosure is authorized by a supervisor or legally mandated. Unauthorized disclosure of any confidential information is prohibited. Additionally, directors, officers, employees and designated agents should take appropriate precautions to ensure that confidential or sensitive business information, whether it is proprietary to the Company or another company, is not communicated within the Company except to directors, officers, employees and designated agents who have a need to know such information to perform their responsibilities for the Company. Directors that are affiliated with our current stockholders may disclose information to such stockholders, subject in all respects to those directors' duties to the Company and all stockholders under Delaware law as well as those directors' and affiliates stockholders' compliance with applicable securities laws and our Insider Trading Policy.

Third parties may ask you for information concerning the Company. Subject to the exceptions noted in the preceding paragraph, employees, officers, directors and designated agents (other than the Company's authorized spokespersons) must not discuss internal Company matters with, or disseminate internal Company information to, anyone outside the Company, except as required in the performance of their Company duties and, if appropriate, after a confidentiality agreement is in place. This prohibition applies particularly to inquiries concerning the Company from the media, market professionals (such as securities analysts, institutional investors, investment advisers, brokers and dealers) and security holders. All responses to inquiries on behalf of the Company must be made only by the Company's authorized spokespersons. If you receive any inquiries of this nature, you must decline to comment and refer the inquirer to your supervisor or one of the Company's authorized spokespersons. The Company's policies with respect to public disclosure of internal matters are described more fully in the Company's Disclosure Policy, which is available on the Company's Intranet.

You also must abide by any lawful obligations that you have to your former employer. These obligations may include restrictions on the use and disclosure of confidential information, restrictions on the solicitation of former colleagues to work at the Company and non-competition obligations.

**E. Honest and Ethical Conduct and Fair Dealing**

Employees, officers, directors and designated agents should endeavor to deal honestly, ethically and fairly with the Company's suppliers, customers, competitors and employees. Statements regarding the Company's products and services must not be untrue, misleading, deceptive or fraudulent. You must not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

**F. Protection and Proper Use of Corporate Assets**

Employees, officers, directors and designated agents should seek to protect the Company's assets. Theft, carelessness and waste have a direct impact on the Company's financial performance. Employees, officers and directors must use the Company's assets and services solely for legitimate business purposes of the Company and not for any personal benefit or the personal benefit of anyone else.

**G. Corporate Opportunities**

Directors, officers, employees and designated agents owe a duty to the Company to advance its legitimate business interests when the opportunity to do so arises. Each employee, officer and director is prohibited from:

- diverting to himself or herself or to others any opportunities that are discovered through the use of the Company's property or information or as a result of his or her position with the Company unless that opportunity has first been presented to, and rejected by, the Company;
- using the Company's property or information or his or her position for improper personal gain; or
- competing with the Company.

Notwithstanding the foregoing, nothing in this Code will preclude or in any way restrict a member of the Board who is serving as a member of the Board at the request or direction of a venture capital fund or other entity and/or certain of its affiliates from conducting the business of venture capital investing (including, but not limited to, reviewing business plans and other materials containing proprietary information of many enterprises, including enterprises which may have products or services that compete directly or indirectly with those of the Company).

**H. Political Contributions**

Business contributions to political campaigns are strictly regulated by federal, state, provincial and local law in the U.S. and many other jurisdictions. Accordingly, all political contributions proposed to be made with the Company's funds must be coordinated through and approved by the Compliance Officer. Directors, officers, employees and designated agents may not, without the approval of the Compliance Officer, use any Company funds for political contributions of any kind to any political candidate or holder of any national, state or local government office. Directors, officers, employees and designated agents may make personal contributions, but should not represent that they are making contributions on the Company's behalf. Specific questions should be directed to the Compliance Officer.

**I. Gifts**

Generally, giving or receiving gifts (including discounts, coupons, and other offers not available to the public in general), meals, travel, lodging, or entertainment involving the Company's external business relationships should meet all of the following criteria:

- they do not violate applicable law or the Company's policies;
- they do not constitute a bribe, kickback, or other improper payment;
- they have a valid business purpose;
- they are appropriate as to time, place, value (modest; not lavish or extravagant);
- they are infrequent; and
- they do not influence or appear to influence the behavior of the recipient.

**J. Bribes, Kickbacks and Other Improper Payments**

The Company does not permit or condone bribes, kickbacks or other improper payments, transfers or receipts. No director, officer, employee or designated agent should offer, give, solicit or receive any money or other item of value for the purpose of obtaining, retaining or directing business or bestowing or receiving any kind of favored treatment.

**K. International Trade Controls**

Many countries regulate international trade transactions, such as imports, exports and international financial transactions and prohibit boycotts against countries or firms that may be "blacklisted" by certain groups or countries. The Company's policy is to comply with these regulations and prohibitions even if compliance may result in the loss of some business opportunities. Employees should learn and understand the extent to which international trade controls apply to transactions conducted by the Company.

**L. Accuracy of Records**

Employees, officers, directors and designated agents must honestly and accurately report all business transactions. You are responsible for the accuracy of your records and reports. Accurate information is essential to the Company's ability to meet legal and regulatory obligations.

All Company books, records and accounts shall be maintained in accordance with all applicable regulations and standards and accurately reflect the true nature of the transactions they record. The financial statements of the Company shall conform to generally accepted accounting rules and the Company's accounting policies. No undisclosed or unrecorded account or fund shall be established for any purpose. No false or misleading entries shall be made in the Company's books or records for any reason, and no disbursement of corporate funds or other corporate property shall be made without adequate supporting documentation.

**M. Quality of Public Disclosures**

It is the policy of the Company to provide full, fair, accurate, timely and understandable disclosure in reports and documents filed with, or submitted to, the Securities and Exchange Commission and in other public communications.

## III. Compliance Procedures

**A. Communication of Code**

All current directors, officers, employees and designated agents are being supplied a copy of the Code. Future directors, officers and employees will be supplied a copy of the Code when beginning service at the Company. All directors, officers and employees will be expected to review and sign an acknowledgment regarding the Code on a periodic basis. Updates of the Code, when adopted, will be promptly supplied to directors, officers and employees. Directors, officers and employees also can obtain a copy of the Code by requesting one from the human resources department or by accessing the Company's website at https://www.discmedicine.com/.

**B. Monitoring Compliance and Disciplinary Action**

The Company's management, under the supervision of its Board or a committee of the Board or, in the case of accounting, internal accounting controls, auditing or securities law matters, the Audit Committee, shall take reasonable steps to (i) monitor compliance with the Code, and (ii) when appropriate, impose and enforce appropriate disciplinary measures for violations of the Code.

Disciplinary measures for violations of the Code will be determined in the Company's sole discretion and may include, but are not limited to, counseling, oral or written reprimands, warnings, probation or suspension with or without pay, demotions, reductions in salary, termination of employment or service, and restitution.

The Company's management shall periodically report to the Board or a committee of the Board on these compliance efforts including, without limitation, alleged violations of the Code and the actions taken with respect to violations.

**C. Communication Channels**

*Be Proactive.* Every director, officer, employee and designated agent is encouraged to act proactively by asking questions, seeking guidance and reporting suspected violations of the Code and other policies and procedures of the Company, as well as any violation or suspected violation of law, rule or regulation resulting from the conduct of the Company's business or occurring on the Company's property. **If any director, officer, employee or designated agent believes that actions have taken place, may be taking place, or may be about to take place that violate or would violate the Code or any law, rule or regulation applicable to the Company, he or she is obligated to bring the matter to the attention of the Company.** Our Compliance Hotline number is (833) 869-0478. An online reporting option is: https://www.whistleblowerservices.com/DiscMedicine.

*Seeking Guidance.* The best starting point for officers or employees seeking advice on ethics-related issues or wishing to report potential violations of the Code will usually be their supervisor. However, if the conduct in question involves an officer's or employee's supervisor, if the officer or employee has reported the conduct in question to the supervisor and does not believe that the supervisor has dealt with it properly, or if the officer or employee does not feel comfortable discussing the matter with the supervisor, the officer or employee may raise the matter with the Compliance Officer.

*Communication Alternatives.* Any officer or employee may communicate with the Compliance Officer, or report potential violations of the Code, by any of the following methods:

- By e-mail to the Compliance Officer at compliance@discmedicine.com (anonymity cannot be maintained);
- In writing (which can be done anonymously as set forth below under "Anonymity"), addressed to the Compliance Officer, by mail to 321 Arsenal Street, Suite 101, Watertown, MA 02472;
- Online at https://www.whistleblowerservices.com/DiscMedicine (which may be done anonymously as set forth below under "Anonymity"); or
- By phoning and leaving a voicemail. The voicemail can be reached at (833) 869-0478 and messages can be left anonymously as set forth below under "Anonymity."

*Reporting Accounting and Similar Concerns.* Concerns or questions regarding potential violations of the Code, a Company policy or procedure or laws, rules or regulations relating to accounting, internal accounting controls, or auditing or securities law matters will be directed to the Audit Committee of the Board (the "Audit Committee") or a designee of the Audit Committee in accordance with the procedures established by the Audit Committee for receiving, retaining and treating complaints regarding accounting, internal accounting controls or auditing matters. Officers and employees can also communicate directly with the Audit Committee or its designee regarding such matters by the following methods (which can be done anonymously as set forth below under "Anonymity"):

- By e-mail to the Compliance Officer at compliance@discmedicine.com (anonymity cannot be maintained);

- In writing (which can be done anonymously as set forth below under "Anonymity"), addressed to the Compliance Officer, by mail to 321 Arsenal Street, Suite 101, Watertown, MA 02472;

- Online at https://www.whistleblowerservices.com/DiscMedicine (which may be done anonymously as set forth below under "Anonymity"); or

- By phoning and leaving a voicemail. The voicemail can be reached at (833) 869-0478 and messages can be left anonymously as set forth below under "Anonymity."

*Cooperation*. Employees, officers, directors and designated agents are expected to cooperate with the Company in any investigation of a potential violation of the Code, any other Company policy or procedure, or any law, rule or regulation.

*Misuse of Reporting Channels.* Employees, officers, directors and designated agents should not use these reporting channels in bad faith or in a false or frivolous manner or to report grievances that do not involve the Code or other ethics-related issues.

*Director Communications.* In addition to the foregoing methods, a director also can communicate concerns or seek advice with respect to this Code by contacting the Board through its Chair or the Audit Committee.

**D. Anonymity**

The Company prefers that officers and employees, when reporting suspected violations of the Code, identify themselves to facilitate the Company's ability to take steps to address the suspected violation, including conducting an investigation. However, the Company also recognizes that some people may feel more comfortable reporting a suspected violation anonymously.

An officer, employee, director or designated agent who wishes to remain anonymous may do so, and the Company will use reasonable efforts to protect confidentiality. If a report is made anonymously, however, the Company may not have sufficient information to investigate or evaluate the allegations. Accordingly, persons who report suspected violations anonymously should provide as much detail as they can to permit the Company to evaluate the allegation and, if it deems appropriate, conduct an investigation.

**E. No Retaliation**

The Company forbids any retaliation against an officer or employee who, acting in good faith on the basis of a reasonable belief, reports suspected misconduct. Specifically, the Company will not discharge, demote, suspend, threaten, harass or in any other manner discriminate against, such an officer or employee. Anyone who participates in any such conduct is subject to disciplinary action, including termination.

**IV. Waivers and Amendments**

No waiver of any provisions of the Code for the benefit of a director or an executive officer (which includes, without limitation, the Company's principal executive, financial and accounting officers) shall be effective unless (i) approved by the Board or, if permitted, the Audit Committee, and (ii) if required, the waiver is promptly disclosed to the Company's securityholders in accordance with applicable U.S. securities laws and the rules and regulations of the exchange or system on which the Company's shares are traded or quoted, as the case may be.

Any waivers of the Code for other employees may be made by the Compliance Officer, the Board or, if permitted, the Audit Committee.

All amendments to the Code must be approved by the Board and, if required, must be promptly disclosed to the Company's securityholders in accordance with United States securities laws and NASDAQ rules and regulations.

Adopted December 29, 2022

**Exhibit 23.1**

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form S-8 No. 333-263410) pertaining to the Gemini Therapeutics, Inc. 2021 Stock Option and Incentive Plan,

(2) Registration Statement (Form S-8 No. 333-260243) pertaining to the Gemini Therapeutics, Inc. 2021 Employee Stock Purchase Plan, and

(3) Registration Statement (Form S-8 No. 333-255194) pertaining to the Gemini Therapeutics, Inc. 2021 Stock Option and Incentive Plan and the Gemini Therapeutics, Inc. 2021 Inducement Plan;

of our report dated March 25, 2022, relating to the consolidated financial statements of Disc Medicine, Inc. as of and for the years ended December 31, 2021 and 2020 appearing in this Current Report on Form 8-K of Disc Medicine, Inc. (f/k/a Gemini Therapeutics, Inc.).

/s/ Ernst & Young LLP

Boston, Massachusetts
December 29, 2022

**Exhibit 99.1**

**Disc Medicine Announces Completion of Merger with Gemini Therapeutics**

- *The combined company will operate as Disc Medicine and will trade on the Nasdaq Global Market under the ticker symbol "IRON"*
- *Approximately $175 million of cash and cash equivalents to provide operating runway into 2025*

WATERTOWN, Mass. (December 29, 2022) – Disc Medicine, Inc. ("Disc"), a clinical-stage biopharmaceutical company focused on the discovery, development, and commercialization of novel treatments for patients suffering from serious hematologic diseases, announced today that its previously-announced merger with Gemini Therapeutics, Inc. ("Gemini") closed on December 29, 2022, following the approval of Gemini shareholders. The combined company, focused on advancing Disc's pipeline of hematology programs, will operate under the name Disc Medicine, Inc. and its shares will commence trading on a 1-10 reverse split adjusted basis effective with the open of business on December 30, 2022 on the Nasdaq Global Market under the ticker symbol IRON.

Concurrent with the closing of the merger, Disc completed a financing of $53.5 million from a syndicate of healthcare investors led by Access Biotechnology and including OrbiMed, Atlas Venture, 5AM Ventures, Novo Holdings A/S, Arix Bioscience, Rock Springs Capital, and Janus Henderson Investors. The projected cash and cash equivalents as of the close of the business combination are expected to be approximately $175 million, providing operating runway into 2025.

"The completion of this merger and concurrent financing marks a transformative moment in Disc's growth and ensures we are well-positioned to advance our portfolio of innovative, potentially first-in-class therapeutic candidates through key development milestones," said John Quisel, J.D., Ph.D., Chief Executive Officer and President of Disc. "We're excited to enter the new year with multiple programs already in the clinic, a robust development pipeline and the financial strength from this merger. We look forward to maintaining this momentum and reporting on interim data read-outs from several patient studies in 2023."

The combined company will be led by John Quisel, J.D., Ph.D., the current CEO and president of Disc, and other members of the Disc management team. Disc will focus on advancing its development pipeline of investigational product candidates for hematologic diseases, including:

- The ongoing phase 2 BEACON and AURORA clinical trials of bitopertin, an investigational, orally administered inhibitor of glycine transporter 1 (GlyT1) that modulates heme biosynthesis, in patients with erythropoietic protoporphyria (EPP)
- The ongoing phase 1b/2 clinical trial of DISC-0974, a monoclonal antibody designed to suppress hepcidin by inhibiting the hemojuvelin (HJV) co-receptor, in myelofibrosis patients with anemia
- A planned phase 1b/2 clinical trial of DISC-0974 in patients with anemia of chronic kidney disease (CKD) who are non-dialysis dependent
- Preclinical studies of bitopertin and DISC-0974 to additional indications of interest and advancing several preclinical-stage programs in development designed to address hematologic diseases

As part of the closing of the merger, Gemini effected a 1 for 10 reverse split of its common stock. Following the reverse stock split and closing of the merger, there will be approximately 17 million shares of the combined company's common stock outstanding with prior Disc shareholders owning approximately 74% and prior Gemini shareholders owning 26%. The Board of Directors of the combined company will be composed of nine members, including eight Disc board members and one board member from Gemini.

SVB Securities served as the exclusive financial advisor to Gemini and Wilmer Cutler Pickering Hale and Dorr LLP served as Gemini's legal counsel. Morgan Stanley served as the lead financial advisor to Disc along with Wedbush PacGrow, and Goodwin Procter LLP served as Disc's legal counsel.

**About Disc**

Disc Medicine is a clinical-stage biopharmaceutical company committed to discovering, developing, and commercializing novel treatments for patients who suffer from serious hematologic diseases. We are building a portfolio of innovative, first-in-class therapeutic candidates that aim to address a wide spectrum of hematologic diseases by targeting fundamental biological pathways of red blood cell biology, specifically heme biosynthesis and iron homeostasis. For more information, please visit www.discmedicine.com.

**Disc Cautionary Statement Regarding Forward-Looking Statements**

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, express or implied statements regarding: future product development plans and projected timelines for the initiation and completion of preclinical and clinical trials and other activities; the potential for the results of ongoing preclinical or clinical trials and the efficacy of Disc's product candidates; future product development and regulatory strategies, including with respect to specific indications; Disc's plans for Gemini's assets; Disc's plans for its hematology portfolio; interactions with regulatory authorities; and Disc's financial position. The use of words such as, but not limited to, "believe," "expect," "estimate," "project," "intend," "future," "potential," "continue," "may," "might," "plan," "will," "should," "seek," "anticipate," or "could" or the negative of these terms and other similar words or expressions that are intended to identify forward-looking statements. Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on Disc's current beliefs, expectations and assumptions regarding the future of Disc's business, future plans and strategies, clinical results and other future conditions. New risks and uncertainties may emerge from time to time, and it is not possible to predict all risks and uncertainties. No representations or warranties (expressed or implied) are made about the accuracy of any such forward-looking statements.

Disc may not actually achieve the plans, intentions or expectations disclosed in these forward-looking statements, and investors should not place undue reliance on these forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in the forward-looking statements as a result of a number of material risks and uncertainties including but not limited to: (i) the outcome of any legal proceedings that may be instituted against the parties and others related to the merger agreement; (ii) unanticipated difficulties or expenditures relating to the merger, the response of business partners and competitors to the announcement or completion of the merger, and/or potential difficulties in employee retention as a result of the announcement or completion of the merger; (iii) Disc's listing on the Nasdaq Capital Market and operating as a public company; (iv) the adequacy of Disc's capital to support its future operations and its ability to successfully initiate and complete clinical trials; (v) the nature, strategy and focus of Disc; (vi) the difficulty in predicting the time and cost of development of Disc's product candidates; (vii) Disc's plans to research, develop and commercialize its current and future product candidates; (viii) the timing of initiation of Disc's planned preclinical studies and clinical trials; (ix) the timing of the availability of data from Disc's clinical trials; (x) the timing of any planned investigational new drug application or new drug application; (xi) the risk of cessation or delay of any ongoing or planned clinical trials of Disc or its collaborators; (xii) the clinical utility, potential benefits and market acceptance of Disc's product candidates; (xiii) Disc's commercialization, marketing and manufacturing capabilities and strategy; (xiv) Disc's ability to identify additional product candidates with significant commercial potential and to expand its pipeline in hematological diseases; (xv) the risk that Disc may not realize the intended benefits of its drug discovery platform; (xvi) developments and projections relating to Disc's competitors and its industry; (xvii) the impact of government laws and regulations; (xviii) the impact of public health epidemics affecting countries or regions in which Disc has operations or does business, such as the COVID-19 pandemic, (xix) the timing and anticipated results of Disc's preclinical studies and clinical trials and the risk that the results of Disc's preclinical studies and clinical trials may not be predictive of future results in connection with future studies or clinical trials and may not support further development and marketing approval; (xx) the timing and outcome of Disc's planned interactions with regulatory authorities; (xxi) findings from investigational review boards at clinical trial sites and publication review bodies; (xxii) Disc's ability to protect its intellectual property position; (xxiii) Disc's estimates regarding future revenue, expenses, capital requirements and need for additional financing; (xxiv) the other risks and uncertainties described in the "Risk Factors" section of the definitive proxy statement/prospectus dated December 2, 2022 and filed with the SEC under Rule 424(b) and other documents filed by Disc from time to time with the SEC, as well as discussions of potential risks, uncertainties, and other important factors in Disc's subsequent filings with the Securities and Exchange Commission; and (xxv) the post-closing integration of Disc and Gemini. Any forward-looking statement speaks only as of the date on which it was made. None of Disc, nor its affiliates, advisors or representatives, undertake any obligation to publicly update or revise any forward-looking statement, whether as result of new information, future events or otherwise, except as required by law.

**Media Contact**

Peg Rusconi
Verge Scientific Communications
prusconi@vergescientific.com

**Investor Relations Contact**

Christina Tartaglia (Investor)
Stern Investor Relations
christina.tartaglia@sternir.com

**Exhibit 99.2**

# RISK FACTORS

Investing in our securities involves a high degree of risk. You should carefully consider the risk factors set forth below and under "Risk Factors" in (i) our Annual Report on Form 10-K for the year ended December 31, 2021 and (ii) our Quarterly Reports on Form 10-Q for the three months ended March 31, 2022, June 30, 2022 and September 30, 2022 as updated by our subsequent filings under the Securities Exchange Act of 1934, as amended, before deciding whether to purchase our securities. The risks and uncertainties we describe below and in the documents mentioned above are not the only ones we face. Additional risks and uncertainties not presently known to us could adversely affect our business, operating results and financial condition, as well as adversely affect the value of an investment in our securities, and the occurrence of any of these risks might cause you to lose all or part of your investment.

## Summary of Risk Factors

- Disc's limited operating history may make it difficult for you to evaluate the success of Disc's business to date and to assess Disc's future viability;
- Disc has no products approved for commercial sale and has not generated any revenue from product sales;
- Disc has only successfully completed one Phase 1 clinical trial, and may be unable to successfully complete any additional clinical trials for any product candidates it develops. Certain of Disc's programs are still in preclinical development and may never advance to clinical development;
- Disc's programs are focused on the development of therapeutics for patients with hematologic diseases, which is a rapidly evolving area of science, and the approach Disc is taking to discover and develop product candidates is novel and may never lead to approved or marketable products;
- Disc may incur additional costs or experience delays in initiating or completing, or ultimately be unable to complete, the development and commercialization of its product candidates;
- Disc faces substantial competition, which may result in others discovering, developing, or commercializing products before or more successfully than Disc does;
- Disc relies on third parties to conduct its current clinical trials and expects to continue to rely on third parties. If these third parties do not successfully carry out their contractual duties, comply with regulatory requirements, or meet expected deadlines, Disc may not be able to obtain regulatory approval for or commercialize its product candidates and its business could be substantially harmed;
- If Disc is unable to obtain and maintain patent and other intellectual property protection for its technology and product candidates, its competitors could develop and commercialize technology and drugs similar to Disc's, and Disc may not be able to compete effectively in its market; and
- Obtaining and maintaining regulatory approval of Disc's product candidates in one jurisdiction does not mean that it will be successful in obtaining regulatory approval of its product candidates in other jurisdictions.
- The market price of Disc's common stock is expected to be volatile, and the market price of the common stock may drop following the merger;
- Disc may need to raise additional capital in the future, and such funds may not be available on attractive terms, or at all;
- If the assets subject to the CVR Agreement are not disposed of in a timely manner, Disc may have to incur time and resources to wind down or dispose of such assets;
- Once Disc is no longer an emerging growth company, a smaller reporting company or otherwise no longer qualifies for applicable exemptions, Disc will be subject to additional laws and regulations affecting public companies that will increase Disc's costs and the demands on management and could harm Disc's operating results;
- Provisions in Disc's charter documents and under Delaware law could make an acquisition of Disc more difficult and may discourage any takeover attempts which stockholders may consider favorable, and may lead to entrenchment of management;
- An active trading market for Disc's common stock may not develop and its stockholders may not be able to resell their shares of common stock for a profit, if at all;
- After completion of the merger, Disc's executive officers, directors and principal stockholders will have the ability to control or significantly influence all matters submitted to Disc's stockholders for approval; and
- Disc will have broad discretion in the use of the cash and cash equivalents of Disc and the proceeds from the Disc pre-closing financing and may invest or spend the proceeds in ways with which you do not agree and in ways that may not increase the value of your investment.

**Risks Related to Disc**

**Risks Related to Disc's Limited Operating History, Financial Position, and Capital Requirements**

***Disc's limited operating history may make it difficult for you to evaluate the success of Disc's business to date and to assess Disc's future viability.***

Disc commenced operations in 2017 and is a clinical-stage biopharmaceutical company with a limited operating history. Biopharmaceutical product development is a highly speculative undertaking and involves a substantial degree of risk. Since Disc's inception in October 2017, Disc has devoted substantially all of its efforts to organizing and staffing its company, business planning, capital raising, establishing and maintaining its intellectual property portfolio, building its pipeline of product candidates, conducting drug discovery activities, undertaking preclinical studies, conducting early-stage clinical trials, and providing general and administrative support for these operations. Disc has not yet demonstrated its ability to successfully develop any product candidate, obtain regulatory approvals, manufacture a commercial scale product or arrange for a third party to do so on its behalf, or conduct sales and marketing activities necessary for successful product commercialization. Consequently, any predictions you make about Disc's future success or viability may not be as accurate as they could be if Disc had a longer operating history or a history of successfully developing and commercializing products.

In addition, as Disc's business grows, Disc may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown factors. Disc will need to transition at some point from a company with a research and development focus to a company capable of supporting commercial activities. Disc may not be successful in such a transition.

***Disc has incurred significant net losses since its inception and anticipates that it will continue to incur losses for the foreseeable future.***

Disc's net losses were $20.9 million and $36.0 million for the years ended December 31, 2020 and 2021, respectively. Disc had an accumulated deficit of $101.0 million as of September 30, 2022. Substantially all of Disc's net losses have resulted from costs incurred in connection with Disc's research and development programs and from general and administrative costs associated with Disc's operations. Disc expects its research and development expenses to increase significantly in connection with the commencement and continuation of clinical trials of its product candidates. In addition, if Disc obtains regulatory approval for its product candidates, Disc will incur significant sales, marketing and manufacturing expenses. Once Disc is a public company, Disc will incur additional costs associated with operating as a public company. As a result, Disc expects to continue to incur significant and increasing operating losses over the next several years and for the foreseeable future. Because of the numerous risks and uncertainties associated with developing pharmaceutical products, Disc is unable to predict the extent of any future losses or when Disc will become profitable, if at all. Even if Disc does become profitable, Disc may not be able to sustain or increase its profitability on a quarterly or annual basis.

The amount of Disc's future losses is uncertain and Disc's quarterly and annual operating results may fluctuate significantly in the future due to a variety of factors, many of which are outside of its control and may be difficult to predict, including the following:

- the timing and success or failure of preclinical studies and clinical trials for its product candidates or competing product candidates, or any other change in the competitive landscape of its industry, including consolidation among its competitors or partners;
- Disc's ability to successfully open clinical trial sites and recruit and retain subjects for clinical trials, and any delays caused by difficulties in such efforts;
- Disc's ability to obtain regulatory approval for its product candidates, and the timing and scope of any such approvals Disc may receive;
- the timing and cost of, and level of investment in, research and development activities relating to Disc's product candidates, which may change from time to time;
- the cost of manufacturing Disc's product candidates and products, should they receive regulatory approval, which may vary depending on the quantity of production and the terms of its agreements with manufacturers;
- Disc's ability to attract, hire and retain qualified personnel;
- expenditures that Disc will or may incur to develop additional product candidates;
- the level of demand for Disc's products should they receive regulatory approval, which may vary significantly;
- the risk/benefit profile, cost and reimbursement policies with respect to Disc's product candidates, if approved, and existing and potential future therapeutics that compete with Disc's product candidates;
- the changing and volatile U.S. and global economic environments, including as a result of the ongoing COVID-19 pandemic; and
- future accounting pronouncements or changes in Disc's accounting policies.

The cumulative effects of these factors could result in large fluctuations and unpredictability in Disc's quarterly and annual operating results. As a result, comparing Disc's operating results on a period-to-period basis may not be meaningful. This variability and unpredictability could also result in Disc failing to meet the expectations of industry or financial analysts or investors for any period. If Disc's revenue or operating results fall below the expectations of analysts or investors or below any forecasts Disc may provide to the market, or if the forecasts Disc provides to the market are below the expectations of analysts or investors, the price of Disc's common stock could decline substantially. Such a stock price decline could occur even if Disc has met any previously publicly stated guidance it may provide.

***Disc has no products approved for commercial sale and has not generated any revenue from product sales.***

Disc's ability to become profitable depends upon Disc's ability to generate revenue. To date, Disc has not generated collaborative revenue from its product candidates and has not generated revenue from product sales, and does not expect to generate any revenue from the sale of products in the near future. Disc does not expect to generate significant revenue unless and until Disc obtains regulatory approval of, and begins to sell, one or more of its product candidates. Disc's ability to generate revenue depends on a number of factors, including, but not limited to, Disc's ability to:

- successfully complete its ongoing and planned preclinical studies for its current and future product candidates;
- timely file and receive acceptance of its INDs in order to commence its planned clinical trials or future clinical trials;
- successfully enroll subjects in, and complete, its ongoing and planned clinical trials;
- initiate and successfully complete all safety and efficacy studies necessary to obtain U.S. and foreign regulatory approval for its product candidates;
- successfully address the prevalence, duration and severity of potential side effects or other safety issues experienced with its product candidates, if any;
- timely file New Drug Applications, or NDAs, and Biologic License Applications, or BLAs, and receive regulatory approvals for its product candidates from the U.S. Food and Drug Administration, or the FDA, and comparable foreign regulatory authorities;
- establish and maintain clinical and commercial manufacturing capabilities or make arrangements with third-party manufacturers for clinical supply and commercial manufacturing;
- obtain and maintain patent and trade secret protection or regulatory exclusivity for its product candidates;
- launch commercial sales of its products, if and when approved, whether alone or in collaboration with others;
- obtain and maintain acceptance of the products, if and when approved, by patients, the medical community and third-party payors;
- position its product candidates to effectively compete with other therapies;
- obtain and maintain healthcare coverage and adequate reimbursement;
- enforce and defend intellectual property rights and claims;
- implement measures to help minimize the risk of COVID-19 to its employees as well as patients and subjects enrolled in its clinical trials; and
- maintain a continued acceptable safety profile of its products following approval.

If Disc does not achieve one or more of these factors in a timely manner or at all, Disc could experience significant delays or an inability to successfully commercialize its product candidates, which would materially harm its business. If Disc does not receive regulatory approvals for its product candidates, it may not be able to continue its operations.

***Even if Disc completes the merger, Disc will need to raise substantial additional funding. If Disc is unable to raise capital when needed or on terms acceptable to Disc, it would be forced to delay, reduce, or eliminate some of its product development programs or commercialization efforts.***

The development of pharmaceutical products is capital-intensive. Disc is currently advancing its hematologic disease programs through preclinical and clinical development. Disc expects its expenses to significantly increase in connection with its ongoing activities, particularly as Disc continues the research and development of, initiates and completes clinical trials of, and seeks regulatory approval for, its product candidates. In addition, depending on the status of regulatory approval or, if Disc obtains regulatory approval for any of its product candidates, Disc expects to incur significant commercialization expenses related to product sales, marketing, manufacturing and distribution. Disc may also need to raise additional funds sooner if Disc chooses to pursue additional indications and/or geographies for its current or future product candidates or otherwise expands more rapidly than presently anticipated. Furthermore, upon the closing of the merger, Disc expects to incur additional costs associated with operating as a public company. Accordingly, even if the merger is consummated, Disc will need to obtain substantial additional funding in connection with its continuing operations. If Disc is unable to raise capital when needed or on attractive terms, Disc would be forced to delay, reduce, or eliminate certain of its research and development programs or future commercialization efforts.

Disc believes that, following the closing of the merger, Disc will have cash and cash equivalents that will enable Disc to fund operating expenses and capital expenditure requirements into 2025. However, Disc has based this estimate on assumptions that may prove to be wrong, and Disc could exhaust its available capital resources sooner than expected. Disc's future capital requirements will depend on and could increase significantly as a result of many factors, including:

- the timing and progress of preclinical and clinical development activities;
- the number and scope of preclinical and clinical programs Disc decides to pursue;
- Disc's ability to raise additional funds necessary to complete clinical development of and commercialize its product candidates;
- Disc's ability to establish new licensing or collaboration arrangements and the progress of the development efforts of third parties with whom Disc may enter into such arrangements;
- Disc's ability to maintain its current research and development programs and to establish new programs;
- the successful initiation, enrollment and completion of clinical trials with safety, tolerability and efficacy profiles that are satisfactory to the FDA or any comparable foreign regulatory authority;
- the receipt and related terms of regulatory approvals from applicable regulatory authorities for any product candidates;
- the availability of raw materials for use in production of its product candidates;
- establishing agreements with third-party manufacturers for supply of product candidate components for its clinical trials;
- Disc's ability to obtain and maintain patents, trade secret protection and regulatory exclusivity, both in the United States and internationally;
- Disc's ability to protect its other rights in its intellectual property portfolio;
- commercializing product candidates, if and when approved, whether alone or in collaboration with others;
- obtaining and maintaining third-party insurance coverage and adequate reimbursement for any approved products; and
- the potential additional expenses attributable to adjusting Disc's development plans (including any supply related matters) to the ongoing COVID-19 pandemic.

Identifying potential product candidates and conducting preclinical development testing and clinical trials is a time-consuming, expensive and uncertain process that takes years to complete, and Disc may never generate the necessary data or results required to obtain regulatory approval and achieve product sales. In addition, Disc's product candidates, if approved, may not achieve commercial success. Disc's commercial revenue, if any, will be derived from sales of products that Disc does not expect to be commercially available for many years, if at all. Accordingly, Disc will need to continue to rely on additional financing to achieve its business objectives.

Any additional fundraising efforts may divert Disc's management from their day-to-day activities, which may adversely affect Disc's ability to develop and commercialize its product candidates. Disruptions in the financial markets in general and more recently due to the ongoing COVID-19 pandemic may make equity and debt financing more difficult to obtain and may have a material adverse effect on Disc's ability to meet its fundraising needs. Disc cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to Disc, if at all.

If Disc is unable to obtain funding on a timely basis or on acceptable terms, Disc may be required to significantly curtail, delay or discontinue one or more of its research or development programs or the commercialization of any product that has received regulatory approval or be unable to expand its operations or otherwise capitalize on its business opportunities as desired, which could materially affect its business, financial condition and results of operations.

***Raising additional capital may cause dilution to Disc's stockholders, restrict its operations or require it to relinquish rights to its technologies or product candidates.***

Until such time, if ever, as Disc, operating as Disc, can generate substantial product revenue, Disc expects to finance its cash needs through a combination of private and public equity offerings, debt financings, collaborations, strategic alliances and licensing arrangements. Disc does not have any committed external source of funds. The terms of any financing may adversely affect the holdings or the rights of Disc's stockholders and the issuance of additional securities, whether equity or debt, by Disc, or the possibility of such issuance, may cause the market price of Disc's shares to decline. To the extent that Disc raises additional capital through the sale of common stock or securities convertible or exchangeable into common stock, your ownership interest will be diluted, and the terms of those securities may include liquidation or other preferences that may materially adversely affect your rights as a common stockholder. Debt financing, if available, would increase Disc's fixed payment obligations and may involve agreements that include covenants limiting or restricting Disc's ability to take specific actions, such as incurring additional debt, acquiring, selling or licensing intellectual property rights, and making capital expenditures, declaring dividends or other operating restrictions that could adversely impact Disc's ability to conduct its business. Disc could also be required to meet certain milestones in connection with debt financing and the failure to achieve such milestones by certain dates may force Disc to relinquish rights to some of its technologies or product candidates or otherwise agree to terms unfavorable to Disc which could have a material adverse effect on Disc's business, operating results and prospects

Disc also could be required to seek funds through arrangements with collaborators or otherwise at an earlier stage than otherwise would be desirable. If Disc raises funds through collaborations, strategic alliances or licensing arrangements with third parties, Disc may have to relinquish valuable rights to its intellectual property, future revenue streams, research programs or product candidates, grant licenses on terms that may not be favorable to Disc or grant rights to develop and market product candidates that Disc would otherwise prefer to develop and market itself, any of which may have a material adverse effect on Disc's business, operating results and prospects.

**Risks Related to the Discovery and Development of Disc's Product Candidates**

***The ongoing COVID-19 pandemic, or a similar pandemic, epidemic, or outbreak of an infectious disease, may materially and adversely affect Disc's business and financial results and could cause a disruption to the development of Disc's product candidates.***

Public health crises such as pandemics, including the ongoing COVID-19 pandemic, or similar outbreaks could adversely impact Disc's business. The extent to which the coronavirus impacts Disc's operations or those of its third-party partners, including its preclinical studies or clinical trial operations, will depend on future developments, which are highly uncertain and cannot be predicted with confidence, including the duration of the outbreak, the identification of new variants of the virus, new information that will emerge concerning the severity of the coronavirus and the actions to contain the coronavirus or treat its impact, among others. The global impact of COVID-19 could adversely impact Disc's preclinical or clinical trial operations, including Disc's ability to recruit and retain patients and principal investigators and site staff who, as healthcare providers, may have heightened exposure to COVID-19. For example, similar to other biopharmaceutical companies, Disc may experience delays in initiating preclinical studies or clinical trials, protocol deviations, enrolling its clinical trials, or dosing of patients in its clinical trials, activating new trial sites or in receiving supplies for preclinical study or clinical trial operations. For example, Disc previously experienced delays in recruiting trial participants at its clinical site for its Phase 1 clinical trial of DISC-0974, and could in the future experience similar delays in recruiting patients to its clinical trials, including BEACON, a Phase 2 open-label, parallel-dose clinical trial of bitopertin in EPP and XLP patients that is being conducted at sites in Australia, and/or AURORA, a Phase 2, randomized, double-blind, placebo-controlled clinical trial of bitopertin in EPP patients that is being conducted at sites in the United States.

Since the beginning of the COVID-19 pandemic, several vaccines for COVID-19 have received Emergency Use Authorization by the FDA and a number of those later received marketing approval. Additional vaccines may be authorized or approved in the future. The resultant demand for vaccines and potential for manufacturing facilities and materials to be commandeered under the Defense Production Act of 1950, or equivalent foreign legislation, may make it more difficult to obtain materials or manufacturing slots for the products needed for Disc's clinical trials, which could lead to delays in these trials. COVID-19 may also affect employees of third-party CROs located in affected geographies that Disc relies upon to carry out its clinical trials. Personnel and raw materials have been allocated preferentially to manufacturing of COVID-19 vaccines and therapies, which caused delays to Disc's Phase 1 clinical trial of DISC-0974. In addition, supply chains for reagents and equipment have similarly been disrupted requiring long lead time and additional expenses to secure necessary supplies for Disc's clinical trials.

In addition, the patient populations that Disc's product candidates target may be particularly susceptible to COVID-19, which may make it more difficult for Disc to identify patients able to enroll in its current and future clinical trials and may impact the ability of enrolled patients to complete any such trials. There may also be delays in necessary interactions with regulators, institutional review boards, or IRBs, or ethics committees, and other important agencies and contractors due to limitations in employee resource or forced furlough of government employees. Any negative impact COVID-19 has to patient enrollment or treatment or the supply of Disc's product candidates could cause costly delays to clinical trial activities, which could adversely affect Disc's ability to obtain regulatory approval for and to commercialize its product candidates, increase its operating expenses, and have a material adverse effect on its financial results.

Additionally, timely enrollment in planned and ongoing clinical trials is dependent upon clinical trial sites which could be adversely affected by global health matters, such as pandemics. Disc is currently conducting and planning to conduct clinical trials for its product candidates in geographies which are currently being affected by the COVID-19 pandemic. Some factors from the COVID-19 pandemic that will delay or otherwise adversely affect enrollment in the clinical trials of Disc's product candidates, as well as Disc's business generally, include:

- the potential diversion of healthcare resources away from the conduct of clinical trials to focus on pandemic concerns, including the attention of physicians serving as Disc's clinical trial investigators, hospitals serving as Disc's clinical trial sites and hospital staff supporting the conduct of Disc's prospective clinical trials;

- limitations on travel that could interrupt key trial and business activities, such as clinical trial site initiations and monitoring, domestic and international travel by employees, contractors or patients to clinical trial sites, including any government-imposed travel restrictions or quarantines that will impact the ability or willingness of patients, employees or contractors to travel to Disc's clinical trial sites or secure visas or entry permissions, a loss of face-to-face meetings and other interactions with potential partners, any of which could delay or adversely impact the conduct or progress of Disc's prospective clinical trials;

- the potential negative affect on the operations of Disc's third-party manufacturers;
- interruption in global shipping affecting the transport of clinical trial materials, such as patient samples, investigational drug product and other supplies used in Disc's clinical trials;
- business disruptions caused by potential workplace, laboratory and office closures and an increased reliance on employees working from home, disruptions to or delays in ongoing laboratory experiments;
- operations, staffing shortages, travel limitations or mass transit disruptions, any of which could adversely impact Disc's business operations or delay necessary interactions with local regulators, ethics committees and other important agencies and contractors;
- changes in local regulations as part of a response to the COVID-19 pandemic, which may require Disc to change the ways in which its clinical trials are conducted, which may result in unexpected costs, or to discontinue such clinical trials altogether; and
- interruption or delays in the operations of the FDA or other regulatory authorities, which may impact review and approval timelines.

Further, as a result of the COVID-19 pandemic, the extent and length of which is uncertain, Disc may be required to develop and implement additional clinical trial policies and procedures designed to help protect trial participants from the COVID-19 virus, which may include using telemedicine visits, remote monitoring of patients and clinical sites, and measures to ensure that data from clinical trials that may be disrupted as a result of the pandemic are collected pursuant to the trial protocol and consistent with Good Clinical Practice, or GCP, requirements, with any material protocol deviation reviewed and approved by the site IRB. Patients who may miss scheduled appointments, any interruption in trial drug supply or other consequence that may result in incomplete data being generated during a trial as a result of the pandemic must be adequately documented and justified.

Disc has also taken temporary precautionary measures intended to help minimize the risk of the virus to its employees, including reduced and optional on-site work hours, allowing employees to work remotely at their discretion, reduced travel for work-related meetings, and requiring all employees to be vaccinated against COVID-19. Disc cannot presently predict the scope and severity of the planned and potential shutdowns or disruptions of businesses and government agencies, such as the Securities and Exchange Commission, or the SEC, or FDA.

These and other factors arising from COVID-19 could worsen. Any of these factors, and other factors related to any such disruptions that are unforeseen, could have a material adverse effect on Disc's business and results of operation and financial condition. Further, uncertainty around these and related issues could lead to adverse effects on the economy of the United States and other economies, which could impact Disc's ability to raise the necessary capital needed to develop and commercialize its programs and product candidates.

***Disc has only successfully completed one Phase 1 clinical trial, and may be unable to successfully complete any additional clinical trials for any product candidates it develops. Certain of Disc's programs are still in preclinical development and may never advance to clinical development.***

Disc has completed one Phase 1 clinical trial and has not yet demonstrated its continued ability to successfully complete clinical trials, including large-scale, pivotal clinical trials, obtain regulatory approvals, manufacture a commercial scale product, or arrange for a third party to do so on its behalf, or conduct sales and marketing activities necessary for successful commercialization. Disc's programs are still in preclinical and early clinical development. Disc's clinical programs may not advance to the next stage of clinical development, and its preclinical programs may never advance to clinical development or through clinical development, as applicable. Disc currently only has two product candidates in clinical development. In July 2022, Disc initiated BEACON, a Phase 2 open-label, parallel-dose clinical trial of bitopertin in EPP and XLP patients that is being conducted at sites in Australia. Separately, Disc has initiated AURORA, a Phase 2, randomized, double-blind, placebo-controlled clinical trial of bitopertin in EPP patients that is being conducted at sites in the United States. Disc completed its Phase 1 clinical trial of DISC-0974 in healthy volunteers. Disc initiated a Phase 1b/2 clinical trial in June 2022 in patients with anemia of MF, and plans to initiate a separate Phase 1b/2 clinical trial by the end of 2022 in patients with anemia of CKD. Disc may not initiate the DISC-0974 Phase 1b/2 clinical trial in patients with anemia of CKD until it has submitted an IND application to the FDA or comparable submissions with equivalent regulatory authorities and received regulatory clearance. Disc may not be able to submit INDs or other regulatory filings for bitopertin or any of its other product candidates on the timelines Disc expects, if at all. For example, Disc may experience manufacturing delays or other delays with IND-enabling studies. Moreover, Disc cannot be sure that submission of regulatory filings with the FDA or other regulatory authorities will result in such regulatory authorities allowing clinical trials to begin on a timely basis or at all, or that, once begun, such trials will be completed on schedule, if at all, or that issues will not arise that require Disc to revise, postpone, suspend or terminate its clinical trials. For example, Disc filed an IND in April 2022 with the FDA to initiate the AURORA Phase 2 trial of bitopertin in EPP patients, but the FDA initially placed the initiation of this trial on clinical hold; Disc received clearance to initiate the study in July 2022 after the study design was finalized with the FDA and initiated the study in October 2022. Commencing each of these clinical trials is subject to finalizing the trial design based on discussions with the FDA and other regulatory authorities. Any guidance Disc receives from the FDA or other regulatory authorities is subject to change. These regulatory authorities could change their position, including on the acceptability of Disc's trial designs or the clinical endpoints selected, which may require Disc to complete additional clinical trials or result in the composition of stricter approval conditions than currently expected. For a further example, Disc relied on the data package generated by Roche to support its IND submission for bitopertin to initiate its planned Phase 2 clinical trial in patients with EPP, as well as its submission of an application with the Australian Therapeutic Goods Administration (TGA), for a Phase 2 clinical trial in patients with EPP or XLP, and it is possible that the FDA or TGA, as applicable, may require Disc to conduct additional preclinical studies to support a future marketing application of bitopertin. Successful completion of Disc's clinical trials is a prerequisite to submitting an NDA or a BLA, to the FDA, a Marketing Authorization Application, or MAA, to the European Medicines Agency, or EMA, or other marketing applications to regulatory authorities in other jurisdictions, for each product candidate and, consequently, the regulatory approval of each product candidate.

A single well-controlled clinical trial may not be sufficient for approval. In general, the FDA requires two well-controlled clinical trials to support registration of a new drug or biologic. Exceptions may be made in cases of a severe disease with few treatment options, and in principle this exception may appear applicable to many of the diseases that Disc seeks to treat, such as EPP, XLP, anemia of MF, DBA and others. Nonetheless, the FDA and other regulators may always require additional clinical trials to support regulatory approval.

If Disc is required to conduct additional preclinical studies or clinical trials or other testing of its product candidates beyond those that are currently contemplated, if Disc is unable to successfully complete clinical trials of its product candidates or other testing, if the results of these trials or tests are not positive or are only modestly positive or if there are safety concerns, Disc may:

- be delayed in obtaining regulatory approval for its product candidates;
- not obtain regulatory approval at all;
- obtain regulatory approval for indications or patient populations that are not as broad as intended or desired;
- continue to be subject to post-marketing testing requirements; or
- experience having the product removed from the market after obtaining regulatory approval.

***Disc's programs are focused on the development of therapeutics for patients with hematologic diseases, which is a rapidly evolving area of science, and the approach Disc is taking to discover and develop product candidates is novel and may never lead to approved or marketable products.***

The discovery and development of therapeutics for patients with hematologic diseases is an emerging field, and the scientific discoveries that form the basis for Disc's efforts to discover and develop product candidates are relatively new. The scientific evidence to support the feasibility of developing product candidates based on these discoveries is both preliminary and limited. Although Disc believes, based on its preclinical work, that its programs have the potential to provide disease-modifying therapies, clinical results may not confirm this hypothesis or may only confirm it for certain alterations or certain indications. The patient populations for Disc's product candidates are limited to those with specific hematologic diseases. Disc cannot be certain that the patient populations for each specific disease will be large enough to allow Disc to successfully obtain approval and commercialize its product candidates and achieve profitability.

***Clinical product development involves a lengthy and expensive process, with an uncertain outcome.***

Disc's preclinical studies and future and ongoing clinical trials may not be successful. Currently, all of Disc's programs are in preclinical and early clinical development. It is impossible to predict when or if any of Disc's product candidates will prove effective and safe in humans or will receive regulatory approval. Before obtaining regulatory approval from regulatory authorities for the sale of any product candidate, Disc must complete preclinical studies and then conduct extensive clinical trials to demonstrate the safety and efficacy of its product candidates or the safety, purity and potency of its biological product candidates in humans. There is no guarantee that Disc's product candidates will advance in accordance with the timelines Disc anticipates, if at all. Clinical testing is expensive, difficult to design and implement, can take many years to complete and outcomes are uncertain. A failure of one or more clinical trials can occur at any stage of testing. The outcome of preclinical development testing and early clinical trials may not be predictive of the success of later clinical trials, and interim results of a clinical trial do not necessarily predict final results. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses, and many companies that have believed their product candidates performed satisfactorily in preclinical studies and clinical trials have nonetheless failed to obtain regulatory approval of their product candidates. Disc's preclinical studies and future and ongoing clinical trials may not be successful.

Additionally, some of the clinical trials Disc conducts may be open-label in study design and may be conducted at a limited number of clinical sites on a limited number of patients. An "open-label" clinical trial is one where both the patient and investigator know whether the patient is receiving the investigational product candidate or either an existing approved drug or placebo. Most typically, open-label clinical trials test only the investigational product candidate and sometimes may do so at different dose levels. Open-label clinical trials are subject to various limitations that may exaggerate any therapeutic effect as patients in open-label clinical trials are aware when they are receiving treatment. Open-label clinical trials may be subject to a "patient bias" where patients perceive their symptoms to have improved merely due to their awareness of receiving an experimental treatment. In addition, open-label clinical trials may be subject to an "investigator bias" where those assessing and reviewing the physiological outcomes of the clinical trials are aware of which patients have received treatment and may interpret the information of the treated group more favorably given this knowledge. The results from an open-label clinical trial may not be predictive of future clinical trial results when studied in a controlled environment with a placebo or active control.

In May 2021, Disc entered into a License Agreement, or the Roche Agreement with F. Hoffmann-La Roche Ltd and Hoffmann-La Roche Inc., or Roche, pursuant to which, among other things, Roche granted Disc an exclusive and sublicensable (subject to Roche's consent, except with respect to affiliates) worldwide license under certain of Roche's patent rights and know-how to develop and commercialize bitopertin. Although bitopertin was originally evaluated by Roche in over 4,000 individuals, Roche did not evaluate bitopertin in EPP or XLP, so the safety data generated from Roche's clinical trials of bitopertin may not be predictive or indicative of the results of Disc's clinical trials. Regulatory authorities may also raise questions regarding the transition in the future from Roche-manufactured drug substance to drug substance manufactured by Disc or another party, and Disc may be required to conduct comparability assessments, which could result in delays in development and additional costs.

***Because Disc is developing some of its product candidates for the treatment of diseases in which there is little clinical experience and, in some cases, using new endpoints or methodologies, the FDA or other regulatory authorities may not consider the endpoints of Disc's clinical trials to predict or provide clinically meaningful results.***

Many of Disc's product candidates are designed to treat diseases for which there are few available therapeutic options. For example, there are currently no therapies approved to treat anemia of MF and there is only one approved therapy to treat EPP. As a result, the design and conduct of clinical trials of product candidates for the treatment of these diseases may take longer, be more costly or be less effective as part of the novelty of development in these diseases. In some cases, Disc may use new or novel endpoints or methodologies. The FDA or other regulatory authorities may not consider the endpoints of Disc's clinical trials to be validated or clinically meaningful and Disc may need to conduct proof-of-concept studies or additional work to refine its endpoints and inform the design of future studies before initiating pivotal studies of its product candidates. Even if applicable regulatory authorities do not object to Disc's proposed endpoints in an earlier stage clinical trial, such regulatory authorities may require evaluation of additional or different clinical endpoints in later-stage clinical trials.

Even if the FDA does find Disc's clinical trial success criteria to be sufficiently supported and clinically meaningful at the time, Disc may not achieve the pre-specified endpoint to a degree of statistical significance in any pivotal or other clinical trials it may conduct for its product candidates. Further, even if Disc does achieve the pre-specified criteria, its trials may produce results that are unpredictable or inconsistent with the results of the more traditional efficacy endpoints in the trial. The FDA also could change its view or give overriding weight to other efficacy endpoints over a primary endpoint, even if Disc achieves statistically significant results on that primary endpoint, if for example Disc does not do so on its secondary efficacy endpoints. The FDA also weighs the benefits of a product candidate against its risks and the FDA may view the efficacy results in the context of safety as not being supportive of approval. Other regulatory authorities in Europe and other countries may make similar findings with respect to these endpoints.

***Interim, top-line, and preliminary data from Disc's clinical trials that Disc announces or publishes from time to time may change as more patient data become available and are subject to confirmation, audit, and verification procedures that could result in material changes in the final data.***

From time to time, Disc may publicly disclose interim, top-line or preliminary data from its 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. Disc announced top-line results from the Phase 1 DISC-0974 clinical trial in June 2022. Disc also may make assumptions, estimations, calculations and conclusions as part of its analyses of data, and may not have received or had the opportunity to fully and carefully evaluate all data. As a result, the interim, top-line or preliminary results that Disc reports may differ from future results of the same trials, or different conclusions or considerations may qualify such results, once additional data have been received and fully evaluated. Interim data from clinical trials 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. Interim, top-line and preliminary data also remain subject to audit and verification procedures that may result in the final data being materially different from the interim, top-line or preliminary data Disc previously published. As a result, interim, top-line and preliminary data should be viewed with caution until the final data are available. Adverse differences between interim, top-line or preliminary data and final data could significantly harm Disc's business prospects and may cause the price of Disc's common stock to fluctuate or decline.

Further, regulatory agencies and others, may not accept or agree with Disc's assumptions, estimates, calculations, conclusions or analyses or may interpret or weigh the importance of data differently, which could adversely impact the potential of the particular program, the likelihood of obtaining regulatory approval of the particular product candidate, commercialization of any approved product and the business prospects of the company in general. In addition, the information Disc chooses to publicly disclose regarding a particular study or clinical trial is derived from information that is typically extensive, and you or others may not agree with what Disc determines is material or otherwise appropriate information to include in Disc's disclosure.

If the interim, top-line or preliminary data that Disc reports differs from actual results, or if regulatory authorities or others, disagree with the conclusions reached, Disc's ability to obtain approval for, and commercialize, its product candidates may be significantly impaired, which could materially harm Disc's business, operating results, prospects or financial condition.

***Disc may incur additional costs or experience delays in initiating or completing, or ultimately be unable to complete, the development and commercialization of its product candidates.***

Disc may experience delays in initiating or completing its preclinical studies or clinical trials, including as a result of delays in obtaining, or failure to obtain, the FDA's authorization to initiate clinical trials under future INDs. Additionally, Disc cannot be certain that preclinical studies or clinical trials for its product candidates will not require redesign, will enroll an adequate number of subjects on time, or will be completed on schedule, if at all. Disc may experience numerous unforeseen events during, or as a result of, preclinical studies and clinical trials that could delay or prevent its ability to receive regulatory authorizations, regulatory approval or commercialize its product candidates, including:

- Disc may receive feedback from regulatory authorities that requires Disc to modify the design or implementation of its preclinical studies or clinical trials or to delay or terminate a clinical trial;
- regulators or IRBs or ethics committees may delay or may not authorize Disc or its investigators to commence a clinical trial or conduct a clinical trial at a prospective trial site;
- Disc may experience delays in reaching, or fail to reach, agreement on acceptable terms with prospective trial sites and prospective clinical research organizations, or CROs, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- preclinical studies or clinical trials of Disc's product candidates may fail to show safety or efficacy or otherwise produce negative or inconclusive results, and Disc may decide, or regulators may require Disc, to conduct additional preclinical studies or clinical trials, or Disc may decide to abandon product research or development programs;
- preclinical studies or clinical trials of Disc's product candidates may not produce differentiated or clinically significant results across indications;
- the number of patients required for clinical trials of Disc's product candidates may be larger than anticipated, enrollment in these clinical trials may be slower than anticipated or participants may drop out of these clinical trials or fail to return for post-treatment follow-up at a higher rate than anticipated;
- Disc's third-party contractors may fail to comply with regulatory requirements, fail to maintain adequate quality controls, be unable to provide Disc with sufficient product supply to conduct or complete preclinical studies or clinical trials, fail to meet their contractual obligations to Disc in a timely manner, or at all, or may deviate from the clinical trial protocol or drop out of the trial, which may require that Disc adds new clinical trial sites or investigators;
- Disc may elect to, or regulators or IRBs or ethics committees may require Disc or its investigators to, suspend or terminate clinical research for various reasons, including noncompliance with regulatory requirements or a finding that the participants in Disc's clinical trials are being exposed to unacceptable health risks;
- the cost of clinical trials of Disc's product candidates may be greater than anticipated;
- clinical trials of Disc's product candidates may be delayed due to complications associated with the ongoing COVID-19 pandemic;
- the supply or quality of Disc's product candidates or other materials necessary to conduct clinical trials of its product candidates may be insufficient or inadequate, and any transfer of manufacturing activities may require unforeseen manufacturing or formulation changes;
- Disc's product candidates may have undesirable side effects or other unexpected characteristics, causing Disc, regulators or IRBs or ethics committees to suspend or terminate the trials, or reports may arise from preclinical or clinical testing of other hematologic disease therapies that raise safety or efficacy concerns about Disc's product candidates;
- any future collaborators may conduct clinical trials in ways they view as advantageous to them but that are suboptimal for Disc; and
- regulators may revise the requirements for approving Disc's product candidates, or such requirements may not be as anticipated.

Disc could encounter delays if a clinical trial is suspended or terminated by Disc, by the IRBs or ethics committees of the institutions at which such trials are being conducted, by the Data Safety Monitoring Board, or DSMB, for such trial or by the FDA or other regulatory authorities. Such authorities may impose such a suspension or termination or clinical hold due to a number of factors, including failure to conduct the clinical trial in accordance with regulatory requirements or Disc clinical protocols, adverse findings upon an inspection of the clinical trial operations or trial site by the FDA or other regulatory authorities, unforeseen safety issues or adverse side effects, failure to demonstrate a benefit from using a product, changes in governmental regulations or administrative actions or lack of adequate funding to continue the clinical trial. For example, Disc filed an IND in April 2022 with the FDA to initiate the AURORA Phase 2 trial of bitopertin in EPP patients, but the FDA initially placed the initiation of this trial on clinical hold; Disc received clearance to initiate the study in July 2022 after the study design was finalized with the FDA and initiated the study in October 2022. Many 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 Disc's product candidates. Further, the FDA may disagree with Disc's clinical trial design or Disc's interpretation of data from clinical trials or may change the requirements for approval even after it has reviewed and commented on the design for Disc's clinical trials.

Moreover, principal investigators for Disc's current and future clinical trials may serve as scientific advisors or consultants to Disc from time to time and receive compensation in connection with such services. Under certain circumstances, Disc 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 Disc and a principal investigator has created a conflict of interest or otherwise affected the 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 Disc's marketing applications by the FDA or comparable foreign regulatory authority, as the case may be, and may ultimately lead to the denial of regulatory approval of one or more of Disc's product candidates.

Disc's product development costs will also increase if Disc experiences delays in testing or regulatory approvals. Disc does not know whether any of its future clinical trials will begin as planned, or whether any of its current or future clinical trials will need to be restructured or will be completed on schedule, if at all. Significant preclinical study or clinical trial delays, including those caused by the ongoing COVID-19 pandemic, also could shorten any periods during which Disc may have the exclusive right to commercialize its product candidates or allow its competitors to bring products to market before Disc does, which would impair Disc's ability to successfully commercialize its product candidates and may significantly harm its business, operating results, financial condition and prospects.

***If Disc experiences delays or difficulties in the enrollment of patients in clinical trials, Disc's receipt of necessary regulatory approvals could be delayed or prevented.***

Disc may not be able to initiate or continue clinical trials for its product candidates if Disc is unable to locate and enroll a sufficient number of eligible patients to participate in these trials as required by the FDA or comparable foreign regulatory authorities, or as needed to provide appropriate statistical power for a given trial. In particular, because Disc is focused on patients with specific rare hematologic diseases for the development of its product candidates, Disc's ability to enroll eligible patients may be limited or may result in slower enrollment than Disc anticipate.

Disc may experience difficulties with identifying specific patient populations for any defined trial cohorts. The patient eligibility criteria defined in Disc's trial protocols, may limit the patient populations eligible for Disc's clinical trials. Disc will also rely on the willingness and ability of clinicians to screen their patients, such as for specific genetic hematologic conditions, to indicate which patients may be eligible for enrollment in Disc's clinical trials.

In addition, some of Disc's competitors have ongoing clinical trials for product candidates that are intended to treat the same indications as Disc's product candidates, and patients who would otherwise be eligible for Disc's clinical trials may choose instead to enroll in clinical trials of Disc's competitors' product candidates. Furthermore, Disc's ability to enroll patients may be significantly delayed by the ongoing COVID-19 pandemic, and Disc cannot accurately predict the extent and scope of such delays at this point.

Additionally, the process of finding patients may prove costly. Disc also may not be able to identify, recruit or enroll a sufficient number of patients to complete its clinical trials because of the small patient populations with rare hematologic diseases, the perceived risks and benefits of the product candidates under study, the availability and efficacy of competing therapies and clinical trials, the proximity and availability of clinical trial sites for prospective patients, and the patient referral practices of physicians. If patients are unwilling to participate in Disc's studies for any reason, the timeline for recruiting patients, conducting studies and obtaining regulatory approval of potential products may be delayed.

Patient enrollment may be affected by other factors, including:

- the severity of the disease under investigation;
- the efforts to obtain and maintain patient consents and facilitate timely enrollment in clinical trials;
- the ability to monitor patients adequately during and after treatment;
- the risk that patients enrolled in clinical trials will drop out of the clinical trials before clinical trial completion;
- the ability to recruit clinical trial investigators with the appropriate competencies and experience;
- reporting of the preliminary results of any of Disc's clinical trials; and
- factors Disc may not be able to control, including the impacts of the COVID-19 pandemic, that may limit patients, principal investigators or staff or clinical site availability.

***Results from early preclinical studies and clinical trials of Disc's programs and product candidates are not necessarily predictive of the results of later preclinical studies and clinical trials of Disc's programs and product candidates. If Disc cannot replicate the results from earlier preclinical studies and clinical trials of its programs and product candidates in its later preclinical studies and clinical trials, Disc may be unable to successfully develop, obtain regulatory approval for and commercialize its product candidates.***

Any results from early preclinical studies and clinical trials of bitopertin, DISC-0974, DISC-0998 or Disc's other product candidates or programs may not necessarily be predictive of the results from later preclinical studies and clinical trials. For example, DISC-0974 has undergone testing in healthy volunteers and just begun clinical testing for anemia of MF. DISC-0974 has not yet undergone testing for anemia associated with CKD and therefore there can be no assurance that DISC-0974 will achieve the desired effects in these indications. Similarly, even if Disc is able to complete its planned preclinical studies and clinical trials of its product candidates according to its current development timeline, the results from such preclinical studies and clinical trials of its product candidates may not be replicated in subsequent preclinical studies or clinical trial results.

Many companies in the biopharmaceutical and biotechnology industries have suffered significant setbacks in late-stage clinical trials after achieving positive results in early-stage development, and Disc cannot be certain that it will not face similar setbacks. These setbacks have been caused by, among other things, preclinical findings made while clinical trials were underway, or safety or efficacy observations made in preclinical studies and clinical trials, including previously unreported adverse events. Moreover, preclinical and clinical data are often susceptible to varying interpretations and analyses and many companies that believed their product candidates performed satisfactorily in preclinical studies and clinical trials nonetheless failed to obtain regulatory approval.

***Disc's clinical trials or those of its future collaborators may reveal significant adverse events not seen in prior preclinical studies or clinical trials and may result in a safety profile that could inhibit regulatory approval or market acceptance of any of its product candidates.***

Before obtaining regulatory approvals for the commercial sale of any products, Disc must demonstrate through lengthy, complex and expensive preclinical studies and clinical trials that its product candidates are both safe and effective for use in each target indication. Clinical testing is expensive and can take many years to complete, and outcomes are inherently uncertain. Failure can occur at any time during the clinical trial process. Because Disc's programs and product candidates are in an early stage of development, there is a high risk of failure, and Disc may never succeed in developing marketable products. There is typically an extremely high rate of attrition from the failure of product candidates proceeding through clinical trials. Product candidates in later stages of clinical trials also may fail to show the desired safety and efficacy profile despite having progressed through preclinical studies and initial clinical trials. For example, Roche had previously developed bitopertin as a potential therapy for certain symptoms of schizophrenia and obsessive-compulsive disorder, but discontinued the program for lack of efficacy in those indications after completing over 30 clinical trials in over 4,000 individuals. If the results of Disc's ongoing or future preclinical studies and clinical trials are inconclusive with respect to the safety and efficacy of Disc's programs and product candidates, if Disc does not meet the clinical endpoints with statistical and clinically meaningful significance, or if there are safety concerns associated with Disc's product candidates, Disc may be prevented from, or delayed in, obtaining regulatory approval for such product candidates. In some instances, there can be significant variability in safety or efficacy results between different clinical trials of the same product candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations, changes in and adherence to the clinical trial protocols and the rate of dropout among clinical trial participants. Results of Disc's trials could reveal a high and unacceptable severity and prevalence of side effects. In such an event, Disc's trials could be suspended or terminated, and the FDA or comparable foreign regulatory authorities could order Disc to cease further development of or deny approval of Disc's product candidates for any or all targeted indications. Treatment-related side effects could also affect patient recruitment or the ability of enrolled patients to complete the trial or result in potential product liability claims.

Further, Disc's product candidates could cause undesirable side effects in clinical trials related to on-target toxicity. If on-target toxicity is observed, or if Disc's product candidates have characteristics that are unexpected, Disc may need to abandon their development or limit development to more narrow uses or subpopulations in which the undesirable side effects or other characteristics are less prevalent, less severe or more acceptable from a risk-benefit perspective. In addition, Disc's product candidates could cause undesirable side effects that have not yet been observed. For example, bitopertin may demonstrate toxicities in patients with hematologic diseases not previously observed by Roche when it was studied in different indications. Many compounds that initially showed promise in early-stage testing have later been found to cause side effects that prevented further development of the compound. Most product candidates that commence clinical trials are never approved as products, and there can be no assurance that any of Disc's current or future clinical trials will ultimately be successful or support further clinical development or regulatory approval of any of Disc's product candidates.

As is the case with many treatments for hematologic and rare diseases, it is likely that there may be side effects associated with the use of Disc's product candidates. If significant adverse events or other side effects are observed in any of Disc's current or future clinical trials, Disc may have difficulty recruiting patients to its clinical trials, patients may drop out of its trials, or Disc may be required to abandon the trials or development efforts of one or more product candidates altogether. Disc, the FDA or other applicable regulatory authorities, or an IRB may suspend or terminate clinical trials of a product candidate at any time for various reasons, including a belief that subjects in such trials are being exposed to unacceptable health risks or adverse side effects. Even if the side effects do not preclude the product from obtaining or maintaining regulatory approval, undesirable side effects may inhibit market acceptance of the approved product due to its tolerability versus other therapies. Any of these developments could materially harm Disc's business, operating results, financial condition and prospects.

***Some of Disc's product candidates modulate pathways for which there are currently no approved or effective therapies, which may result in greater research and development expenses, regulatory issues that could delay or prevent approval, or discovery of unknown or unanticipated adverse effects on safety or efficacy.***

Some of Disc's product candidates modulate pathways for which there are currently no approved or effective therapies, which may result in uncertainty. Disc selects programs for targets based on compelling biological rationale, including evidence of expected biological effects in humans. Disc explores new programs based on extensive preclinical data analysis which sometimes cannot predict efficacy or safety in humans. Regulatory approval of novel product candidates such as Disc's can be more expensive, riskier and take longer than for other, more well-known or extensively studied pharmaceutical or biopharmaceutical product candidates due to Disc's and regulatory agencies' lack of experience with them. The novelty of the mechanism of action of any of Disc's product candidates may lengthen the regulatory review process, require Disc to conduct additional studies or clinical trials, increase Disc's development costs, lead to changes in regulatory positions and interpretations, delay or prevent approval and commercialization of Disc's product candidates or lead to significant post-approval limitations or restrictions. The novel mechanism of action also means that fewer people are trained in or experienced with product candidates of this type, which may make it more difficult to find, hire and retain personnel for research, development and manufacturing positions. If Disc's product candidates utilize a novel mechanism of action that has not been the subject of extensive study compared to more well-known product candidates, there is also an increased risk that Disc may discover previously unknown or unanticipated adverse effects during its preclinical studies and clinical trials. Disc's product candidates may achieve lower efficacy in patients than expected. Any such events could adversely impact Disc's business prospects, operating results and financial condition.

***Disc is currently conducting a Phase 2 clinical trial for bitopertin in Australia and may in the future conduct additional clinical trials for its product candidates outside the United States, and the FDA and comparable foreign regulatory authorities may not accept data from such trials.***

In July 2022, Disc initiated BEACON, a Phase 2 open-label, parallel-dose clinical trial of bitopertin in EPP and XLP patients that is being conducted at sites in Australia. In addition, Disc may in the future choose to conduct additional clinical trials outside the United States, including in Europe, Australia, or other foreign jurisdictions. The acceptance of trial data from clinical trials conducted outside the United States by the FDA may be subject to certain conditions. In cases where data from clinical trials conducted outside the United States are intended to serve as the sole basis for regulatory 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 United States population and United States medical practices, (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 an 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 powering, must be met. Many foreign regulatory bodies have similar approval requirements. In addition, such foreign trials will 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, including the TGA, 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, it would result in the need for additional trials, which would be costly and time-consuming and delay aspects of Disc's business plan, and which may result in Disc's product candidates not receiving regulatory approval or clearance for commercialization in the applicable jurisdiction.

***Although Disc intends to explore other therapeutic opportunities in addition to the programs and product candidates that Disc is currently developing, Disc may fail to identify viable new product candidates for clinical development for a number of reasons. If Disc fails to identify additional product candidates, its business could be materially harmed.***

Research programs to pursue the development of Disc's existing and planned product candidates for additional indications and to identify new product candidates and disease targets require substantial technical, financial and human resources whether or not they are ultimately successful. Disc's research programs may initially show promise in identifying potential indications and/or product candidates, yet fail to yield results for clinical development for a number of reasons, including:

- the research methodology used may not be successful in identifying potential indications and/or product candidates;
- potential product candidates may, after further study, be shown to have harmful adverse effects or other characteristics that indicate they are unlikely to be effective products; or
- it may take greater human and financial resources than Disc will possess to identify additional therapeutic opportunities for Disc's product candidates or to develop suitable potential product candidates through internal research programs, thereby limiting Disc's ability to develop, diversify and expand its product portfolio.

Because Disc has limited financial and human resources, Disc intends to initially focus on research programs and product candidates for a limited set of indications. As a result, Disc may forego or delay pursuit of opportunities with other product candidates or for other indications that later prove to have greater commercial potential or a greater likelihood of success. Disc's resource allocation decisions may cause it to fail to capitalize on viable commercial products or profitable market opportunities.

Accordingly, there can be no assurance that Disc will ever be able to identify additional therapeutic opportunities for its product candidates or to develop suitable product candidates through internal research programs, which could materially adversely affect Disc's future growth and prospects. Disc may focus its efforts and resources on potential product candidates or other potential programs that ultimately prove to be unsuccessful.

***If Disc is not able to obtain, or if there are delays in obtaining, required regulatory approvals for Disc's product candidates, Disc will not be able to commercialize, or will be delayed in commercializing, its product candidates, and its ability to generate revenue will be materially impaired.***

Disc's product candidates and the activities associated with their development and commercialization, including their design, testing, manufacture, safety, efficacy, recordkeeping, labeling, storage, approval, advertising, promotion, sale, distribution, import and export are subject to comprehensive regulation by the FDA and other regulatory agencies in the United States and by comparable foreign regulatory authorities. Before Disc can commercialize any of its product candidates, Disc must obtain regulatory approval. Currently, all of Disc's product candidates are in discovery, preclinical or clinical development, and Disc has not received approval to market any of its product candidates from regulatory authorities in any jurisdiction. It is possible that Disc's product candidates, including any product candidates Disc may seek to develop in the future, will never obtain regulatory approval. Disc has limited experience in filing and supporting the applications necessary to gain regulatory approvals and relies on third-party CROs and/or regulatory consultants to assist Disc in this process. Securing regulatory approval requires the submission of extensive preclinical and clinical data and supporting information to the various regulatory authorities for each therapeutic indication to establish the product candidate's safety and efficacy. Securing regulatory approval also requires the submission of information about the product manufacturing process to, and inspection of manufacturing facilities by, the relevant regulatory authority. Disc's product candidates may not be effective, may be only moderately effective or may prove to have undesirable or unintended side effects, toxicities or other characteristics that may preclude Disc obtaining regulatory approval or prevent or limit commercial use. In addition, regulatory authorities may find fault with Disc's manufacturing process or facilities or that of third-party contract manufacturers. Disc may also face greater than expected difficulty in manufacturing its product candidates.

The process of obtaining regulatory approvals, both in the United States and abroad, is expensive and often takes many years. If the FDA or a comparable foreign regulatory authority requires that Disc perform additional preclinical studies or clinical trials, approval may be delayed, if obtained at all. The length of such a delay varies substantially based upon a variety of factors, including the type, complexity and novelty of the product candidate involved. Changes in regulatory approval policies during the development period, changes in or enactment of additional statutes or regulations, or changes in regulatory review policies for each submitted NDA, BLA, or equivalent application types, may cause delays in the approval or rejection of an application. The FDA and comparable foreign regulatory authorities have substantial discretion in the approval process and may refuse to accept any application or may decide that Disc's data are insufficient for approval and require additional preclinical, clinical or other studies. Disc's product candidates could be delayed in receiving, or fail to receive, regulatory approval for many reasons, including the following:

- the FDA or comparable foreign regulatory authorities may disagree with the design or implementation of Disc's clinical trials;
- Disc may not be able to enroll a sufficient number of patients in its clinical trials;
- Disc may be unable to demonstrate to the satisfaction of the FDA or comparable foreign regulatory authorities that a product candidate is safe and effective for its proposed indication;
- the results of clinical trials may not meet the level of statistical significance required by the FDA or comparable foreign regulatory authorities for approval;
- Disc may be unable to demonstrate that a product candidate's clinical and other benefits outweigh its safety risks;
- the FDA or comparable foreign regulatory authorities may disagree with Disc's interpretation of data from preclinical studies or clinical trials;
- the data collected from clinical trials of Disc's product candidates may not be sufficient to support the submission of an NDA, BLA or other submission or to obtain regulatory approval in the United States or elsewhere;
- the FDA or comparable foreign regulatory authorities may find deficiencies with or fail to approve the manufacturing processes or facilities of third-party manufacturers with which Disc contracts for clinical and commercial supplies; and
- the approval policies or regulations of the FDA or comparable foreign regulatory authorities may significantly change such that Disc's clinical data are insufficient for approval.

Even if Disc were to obtain regulatory approval, regulatory authorities may approve any of Disc's product candidates for fewer or more limited indications than Disc requests, thereby narrowing the commercial potential of the product candidate. In addition, regulatory authorities may grant approval contingent on the performance of costly post-marketing clinical trials, or may approve a product candidate with a label that does not include the labeling claims necessary or desirable for the successful commercialization of that product candidate. Any of the foregoing scenarios could materially harm the commercial prospects for Disc's product candidates.

If Disc experiences delays in obtaining, or if Disc fails to obtain, approval of its product candidates, the commercial prospects for Disc's product candidates may be harmed and its ability to generate revenue will be materially impaired.

**Risks Related to Commercialization**

***Disc faces substantial competition, which may result in others discovering, developing, or commercializing products before or more successfully than Disc does.***

The development and commercialization of new products in the biopharmaceutical and related industries is highly competitive. Disc competes in the segments of the pharmaceutical, biotechnology, and other related markets that develop therapies in the field of hematologic diseases. There are other companies focusing on developing therapies in the field of hematologic diseases. Disc also competes more broadly across the market for cost-effective and reimbursable treatments. Some of these competitive products and therapies are based on scientific approaches that are the same as or similar to its approach, and others are based on entirely different approaches. These companies include divisions of large pharmaceutical companies and biotechnology companies of various sizes. Disc faces competition with respect to its current product candidates, and will face competition with respect to any product candidates that it may seek to develop or commercialize in the future, from major pharmaceutical companies, specialty pharmaceutical companies and biotechnology companies worldwide. Potential competitors also include academic institutions, government agencies and other public and private research organizations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialization.

Any product candidates that Disc successfully develops and commercializes will compete with currently approved therapies and new therapies that may become available in the future from segments of the pharmaceutical, biotechnology and other related markets. Key product features that would affect its ability to effectively compete with other therapeutics include the efficacy, safety and convenience of its products. Disc believes principal competitive factors to its business include, among other things, its ability to successfully transition research programs into clinical development, ability to raise capital, and the scalability of the platform, pipeline, and business.

Many of the companies that Disc competes against or which Disc may compete against in the future have significantly greater financial resources and expertise in research and development, manufacturing, preclinical and clinical testing, obtaining regulatory approvals and marketing approved products than it does. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of its competitors. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These competitors also compete with Disc in recruiting and retaining qualified scientific and management personnel and establishing clinical trial sites and patient registration for clinical trials, as well as in acquiring technologies complementary to, or necessary for, its programs. If these or other barriers to entry do not remain in place, other companies may be able to more directly or effectively compete with Disc.

Disc's commercial opportunity could be reduced or eliminated if its competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient or are less expensive than any products that Disc or its collaborators may develop. Disc's competitors also may obtain FDA or other regulatory approval for their products sooner than Disc may obtain approval for its product candidates, which could result in Disc's competitors establishing a strong market position before Disc or its collaborators are able to enter the market. The key competitive factors affecting the success of all of Disc's product candidates, if approved, are likely to be their efficacy, safety, convenience, price, level of generic competition and availability of reimbursement from government and other third-party payors.

***If the market opportunities for Disc's programs and product candidates are smaller than Disc estimates or if any regulatory approval that Disc obtains is based on a narrower definition of the patient population, Disc's revenue and ability to achieve profitability could be materially adversely affected.***

The incidence and prevalence for the target patient populations of Disc's programs and product candidates have not been established with precision. Disc's lead heme biosynthesis modulation product candidate, bitopertin, is an oral, selective inhibitor of GlyT1. Disc is initially focused on developing bitopertin for the treatment of EPP and XLP, which are both diseases marked by severe photosensitivity and damage to the hepatobiliary system caused by the accumulation of PPIX. In July 2022, Disc initiated BEACON, a Phase 2 open-label, parallel-dose clinical trial of bitopertin in EPP and XLP patients that is being conducted at sites in Australia. Separately, Disc has initiated AURORA, a Phase 2, randomized, double-blind, placebo-controlled clinical trial of bitopertin in EPP patients that is being conducted at sites in the United States. Disc completed its Phase 1 clinical trial of DISC-0974 in healthy volunteers. Disc initiated a Phase 1b/2 clinical trial in June 2022 in the United States in patients with anemia of MF, and plans to initiate a separate Phase 1b/2 clinical trial by the end of 2022 in patients with anemia of CKD. Disc's projections of both the number of people who have these diseases, as well as the subset of people with these diseases who have the potential to benefit from treatment with its programs and product candidates, are based on its estimates.

The total addressable market opportunity will ultimately depend upon, among other things, the diagnosis criteria included in the final label, the indications for which Disc's product candidates are approved for sale, acceptance by the medical community and patient access, product pricing and reimbursement. The number of patients with erythropoietic porphyria and anemias of inflammation for which Disc's product candidates may be approved as treatment may turn out to be lower than expected, patients may not be otherwise amenable to treatment with its products, or new patients may become increasingly difficult to identify or gain access to, all of which would adversely affect its results of operations and its business. Disc may not be successful in its efforts to identify additional product candidates. Due to its limited resources and access to capital, Disc must prioritize development of certain product candidates, which may prove to be the wrong choice and may adversely affect its business.

***If its current product candidates or any future product candidates do not achieve broad market acceptance, the revenue that Disc generates from its sales may be limited, and Disc may never become profitable.***

Disc has never commercialized a product candidate for any indication. Even if its current product candidates and any future product candidates are approved by the appropriate regulatory authorities for marketing and sale, they may not gain acceptance among physicians, patients, third-party payors, and others in the medical community. If any product candidates for which Disc may obtain regulatory approval do not gain an adequate level of market acceptance, Disc may not generate significant revenue and may not become profitable or may be significantly delayed in achieving profitability. Market acceptance of its current product candidates and any future product candidates by the medical community, patients and third-party payors will depend on a number of factors, some of which are beyond its control. For example, physicians are often reluctant to switch their patients, and patients may be reluctant to switch, from existing therapies even when new and potentially more effective or safer treatments enter the market. If public perception is influenced by claims that the use of heme biosynthesis modulation therapies or hepcidin-targeted agents is unsafe, whether related to its or its competitors' products, its products may not be accepted by the general public or the medical community. Future adverse events in the hematologic diseases or the biopharmaceutical industry could also result in greater governmental regulation, stricter labeling requirements and potential regulatory delays in the testing or approvals of its product candidates.

In the United States and markets in other countries, patients generally rely on third-party payors to reimburse all or part of the costs associated with their treatment. Adequate coverage and reimbursement from governmental healthcare programs, such as Medicare and Medicaid, and commercial payors is critical to new product acceptance. Disc's ability to successfully commercialize its product candidates 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. Even if coverage is provided, the approved reimbursement amount may not be high enough to allow Disc to establish or maintain pricing sufficient to realize a sufficient return on its investment. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which medications they will pay for and establish reimbursement levels.

Efforts to educate the medical community and third-party payors on the benefits of its current product candidates and any future product candidates may require significant resources and may not be successful. If its current product candidates or any future product candidates are approved but do not achieve an adequate level of market acceptance, Disc could be prevented from or significantly delayed in achieving profitability. The degree of market acceptance of any of Disc's current product candidates and any future product candidates will depend on a number of factors, including:

- the efficacy of its current product candidates and any future product candidates;
- the prevalence and severity of adverse events associated with its current product candidates and any future product candidates;
- the clinical indications for which its product candidates are approved and the approved claims that Disc may make for the products;
- limitations or warnings contained in the product's FDA-approved labeling or those of comparable foreign regulatory authorities, including potential limitations or warnings for its current product candidates and any future product candidates that may be more restrictive than other competitive products;
- changes in the standard of care for the targeted indications for its current product candidates and any future product candidates, which could reduce the marketing impact of any claims that Disc could make following FDA approval or approval by comparable foreign regulatory authorities, if obtained;
- the relative convenience and ease of administration of its current product candidates and any future product candidates;
- the cost of treatment compared with the economic and clinical benefit of alternative treatments or therapies;
- the availability of adequate coverage or reimbursement by third-party payors, including government healthcare programs such as Medicare and Medicaid and other healthcare payors;
- the price concessions required by third-party payors to obtain coverage;
- the willingness of patients to pay out-of-pocket in the absence of adequate coverage and reimbursement;
- the extent and strength of Disc's marketing and distribution of its current product candidates and any future product candidates;
- the safety, efficacy, and other potential advantages over, and availability of, alternative treatments already used or that may later be approved;
- distribution and use restrictions imposed by the FDA or comparable foreign regulatory authorities with respect to its current product candidates and any future product candidates or to which Disc agrees as part of a Risk Evaluation and Mitigation Strategy, or REMS, or voluntary risk management plan;
- the timing of market introduction of its current product candidates and any future product candidates, as well as competitive products;
- its ability to offer its current product candidates and any future product candidates for sale at competitive prices;

- the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies;
- the extent and strength of its third-party manufacturer and supplier support;
- the approval of other new products;
- adverse publicity about its current product candidates and any future product candidates, or favorable publicity about competitive products; and
- potential product liability claims.

There is also significant uncertainty related to the insurance coverage and reimbursement of newly approved products and coverage may be more limited than the purposes for which the medicine is approved by the FDA or comparable foreign regulatory authorities. In the United States, the principal decisions about reimbursement for new medicines are typically made by the Centers for Medicare & Medicaid Services, or CMS, an agency within the U.S. Department of Health and Human Services. CMS decides whether and to what extent a new medicine will be covered and reimbursed under Medicare and private payors tend to follow CMS to a substantial degree. Further, due to the COVID-19 pandemic, millions of individuals have lost or will be losing employer-based insurance coverage, which may adversely affect Disc's ability to commercialize its products. It is unclear what effect, if any, the American Rescue Plan will have on the number of covered individuals.

Disc may not be successful in addressing these or other factors that might affect the market acceptance of its product candidates. Failure to achieve widespread market acceptance of Disc's product candidates would materially harm its business, financial condition and results of operations.

***Even if Disc receives regulatory approval for any of its product candidates, Disc will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expense. Additionally, its product candidates, if approved, could be subject to post-market study requirements, marketing and labeling restrictions, and even recall or market withdrawal if unanticipated safety issues are discovered following approval. In addition, Disc may be subject to penalties or other enforcement action if it fails to comply with regulatory requirements.***

If the FDA or a comparable foreign regulatory authority approves any of Disc's product candidates, the manufacturing processes, labeling, packaging, distribution, import, export, adverse event reporting, storage, advertising, promotion, monitoring, and recordkeeping for the product will be subject to extensive and ongoing regulatory requirements. These requirements include submissions of safety and other post-marketing information and reports, establishment registration and listing, as well as continued compliance with cGMPs and GCPs for any clinical trials that Disc conducts post-approval. Any regulatory approvals that Disc receives for its product candidates may also be subject to limitations on the approved indicated uses for which the product may be marketed or to the conditions of approval, or contain requirements for potentially costly post-marketing studies, including Phase 4 clinical trials, and surveillance to monitor the safety and efficacy of the product. The FDA may also require a REMS in order to approve its product candidates, which could entail requirements for a medication guide, physician communication plans or additional elements to ensure safe use, such as restricted distribution methods, patient registries and other risk minimization tools. For certain commercial prescription drug and biological products, manufacturers and other parties involved in the supply chain must also meet chain of distribution requirements and build electronic, interoperable systems for product tracking and tracing and for notifying the FDA of counterfeit, diverted, stolen and intentionally adulterated products or other products that are otherwise unfit for distribution in the United States. Later discovery of previously unknown problems with a product, including adverse events of unanticipated severity or frequency, or with its third-party manufacturers or manufacturing processes, or failure to comply with regulatory requirements, may result in, among other things:

- restrictions on the marketing or manufacturing of the product, withdrawal of the product from the market, or voluntary or mandatory product recalls;
- manufacturing delays and supply disruptions where regulatory inspections identify observations of noncompliance requiring remediation;
- 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 which may include distribution or use restrictions;
- requirements to conduct additional post-market clinical trials to assess the safety of the product;
- clinical trial holds;
- fines, warning letters or other regulatory enforcement action;
- refusal by the FDA to approve pending applications or supplements to approved applications filed by Disc or suspension or revocation of approvals;
- product seizure or detention, or refusal to permit the import or export of products; and
- injunctions or the imposition of civil or criminal penalties.

The FDA's and other regulatory authorities' policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of its product candidates. If Disc is slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if Disc is not able to maintain regulatory compliance, Disc may lose any regulatory approval that it may have obtained, which would adversely affect its business, prospects and ability to achieve or sustain profitability.

**Risks Related to Disc's Reliance on Third Parties**

Disc relies on third parties to conduct its Phase 2 clinical trials of bitopertin and Phase 1b/2 clinical trial of Disc-0974 and expects to rely on third parties to conduct other clinical trials for its product candidates, as well as potential investigator-sponsored clinical trials of its product candidates. If these third parties do not successfully carry out their contractual duties, comply with regulatory requirements, or meet expected deadlines, Disc may not be able to obtain regulatory approval for or commercialize its product candidates and its business could be substantially harmed.

Disc does not have the ability to independently conduct clinical trials. Disc relies and expects to continue to rely on medical institutions, clinical investigators, contract laboratories and other third parties, such as CROs, to conduct or otherwise support clinical trials for its product candidates, including its Phase 2 clinical trials of bitopertin, Phase 1b/2 clinical trial of Disc-0974 in patients with anemia of MF, as well as any other product candidates that it develops. Disc may also rely on academic and private non-academic institutions to conduct and sponsor clinical trials relating to its product candidates, as is planned for bitopertin in DBA. Disc will not control the design or conduct of any investigator-sponsored trials, and it is possible that the FDA or non-U.S. regulatory authorities will not view these investigator-sponsored trials as providing adequate support for future clinical trials, whether controlled by Disc 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 Disc certain information rights with respect to the investigator-sponsored trials, including access to and the ability to use and reference the data, including for its own regulatory filings, resulting from the investigator-sponsored trials. However, Disc would not have control over the timing and reporting of the data from investigator-sponsored trials, nor would Disc own the data from the investigator-sponsored trials. If Disc is unable to confirm or replicate the results from the investigator-sponsored trials or if negative results are obtained, Disc would likely be further delayed or prevented from advancing further clinical development of its product candidates. Further, if investigators or institutions breach their obligations with respect to the clinical development of Disc's product candidates, or if the data proves to be inadequate compared to the first-hand knowledge Disc might have gained had the investigator-sponsored trials been sponsored and conducted by Disc, then Disc's ability to design and conduct any future clinical trials itself may be adversely affected.

Disc relies and expects to continue to rely heavily on these parties for execution of clinical trials for its product candidates and control only certain aspects of their activities. Nevertheless, Disc is responsible for ensuring that each of its clinical trials is conducted in accordance with the applicable protocol, legal and regulatory requirements and scientific standards, and its reliance on CROs or other third parties will not relieve Disc of its regulatory responsibilities. For any violations of laws and regulations during the conduct of its clinical trials, Disc could be subject to warning letters or enforcement action that may include civil penalties up to and including criminal prosecution.

Disc, its principal investigators and its CROs are required to comply with regulations, including GCPs, for conducting, monitoring, recording and reporting the results of clinical trials to ensure that the data and results are scientifically credible and accurate, and that the trial patients are adequately informed of the potential risks of participating in clinical trials and their rights are protected. These regulations are enforced by the FDA, the Competent Authorities of the Member States of the European Economic Area, or the EEA, and comparable foreign regulatory authorities for any products in clinical development. The FDA enforces GCP regulations through periodic inspections of clinical trial sponsors, principal investigators and trial sites. If Disc, its principal investigators or its CROs fail to comply with applicable GCPs, the clinical data generated in its clinical trials may be deemed unreliable and the FDA or comparable foreign regulatory authorities may require Disc to perform additional clinical trials before approving its marketing applications. Disc cannot assure you that, upon inspection, the FDA will determine that any of its future clinical trials will comply with GCPs. In addition, Disc's clinical trials must be conducted with product candidates produced under current Good Manufacturing Practice, or cGMP, regulations. Disc's failure or the failure of its principal investigators or CROs to comply with these regulations may require Disc to repeat clinical trials, which would delay the regulatory approval process, significantly increase its expenditures and could also subject Disc to enforcement action. Disc also is required to register ongoing clinical trials and post the results of completed clinical trials on a government-sponsored database, ClinicalTrials.gov, within certain timeframes. Failure to do so can result in fines, adverse publicity and civil and criminal sanctions.

Although Disc designed its Phase 1b/2 clinical trial of DISC-0974 and ongoing Phase 2 clinical trials of bitopertin and intends to design the future clinical trials for its product candidates, these trials are or will be conducted by CROs and Disc expects CROs will conduct all of its future clinical trials. As a result, many important aspects of Disc's development programs, including their conduct and timing, are outside of Disc's direct control. Disc's reliance on third parties to conduct future clinical trials also results in less direct control over the management of data developed through clinical trials than would be the case if Disc were relying entirely upon its own staff. Communicating with outside parties can also be challenging, potentially leading to mistakes as well as difficulties in coordinating activities. Outside parties may:

- have staffing difficulties;

- fail to comply with contractual obligations;
- experience regulatory compliance issues;
- undergo changes in priorities or become financially distressed; or
- form relationships with other entities, some of which may be Disc's competitors.

These factors may materially adversely affect the willingness or ability of third parties to conduct Disc's clinical trials and may subject Disc to unexpected cost increases that are beyond its control. If the principal investigators or CROs do not perform clinical trials in a satisfactory manner, breach their obligations to Disc or fail to comply with regulatory requirements, the development, regulatory approval and commercialization of its product candidates may be delayed, Disc may not be able to obtain regulatory approval and commercialize its product candidates or its development program may be materially and irreversibly harmed. If Disc is unable to rely on clinical data collected by its principal investigators or CROs, Disc could be required to repeat, extend the duration of, or increase the size of any clinical trials it conducts and this could significantly delay commercialization and require significantly greater expenditures.

If any of Disc's relationships with these third-party principal investigators or CROs terminate, Disc may not be able to enter into arrangements with alternative CROs. If principal investigators or CROs do not successfully carry out their contractual 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 Disc's clinical protocols, regulatory requirements or for other reasons, any clinical trials such principal investigators or CROs are associated with may be extended, delayed or terminated, and Disc may not be able to obtain regulatory approval for, or successfully commercialize, its product candidates. As a result, Disc believes that its financial results and the commercial prospects for its product candidates in the subject indication would be harmed, its costs could increase and its ability to generate revenue could be delayed.

***Disc may enter into collaborations in the future, and it might not realize the anticipated benefits of such collaborations.***

Research, development, commercialization and/or strategic collaborations are subject to numerous risks, which include the following:

- collaborators may have significant control or discretion in determining the efforts and resources that they will apply to a collaboration, and might not commit sufficient efforts and resources or might misapply those efforts and resources;
- Disc may have limited influence or control over the approaches to research, development and/or commercialization of product candidates in the territories in which its collaboration partners lead research, development and/or commercialization;
- collaborators might not pursue research, development and/or commercialization of collaboration product candidates or might elect not to continue or renew research, development and/or commercialization programs based on preclinical studies and/or clinical trial results, changes in their strategic focus, availability of funding or other factors, such as a business combination that diverts resources or creates competing priorities;
- collaborators might delay, provide insufficient resources to, or modify or stop research or clinical development for collaboration product candidates or require a new formulation of a product candidate for clinical testing;
- collaborators with sales, marketing and distribution rights to one or more product candidates might not commit sufficient resources to sales, marketing and distribution or might otherwise fail to successfully commercialize those product candidates;
- collaborators might not properly maintain or defend Disc's intellectual property rights or might use its intellectual property improperly or in a way that jeopardizes its intellectual property or exposes it to potential liability;
- collaboration activities might result in the collaborator having intellectual property covering Disc's activities or product candidates, which could limit Disc's rights or ability to research, develop and/or commercialize its product candidates;
- collaborators might not be in compliance with laws applicable to their activities under the collaboration, which could impact the collaboration and Disc;
- disputes might arise between a collaborator and Disc that could cause a delay or termination of the collaboration or result in costly litigation that diverts management attention and resources; and
- collaborations might be terminated, which could result in a need for additional capital to pursue further research, development and/or commercialization of Disc's product candidates.

In addition, funding provided by a collaborator might not be sufficient to advance product candidates under the collaboration. If a collaborator terminates a collaboration or a program under a collaboration, including by failing to exercise a license or other option under the collaboration, whether because Disc fails to meet a milestone or otherwise, any potential revenue from the collaboration would be significantly reduced or eliminated. In addition, Disc will likely need to either secure other funding to advance research, development and/or commercialization of the relevant product candidate or abandon that program, the development of the relevant product candidate could be significantly delayed, and Disc's cash expenditures could increase significantly if it is to continue research, development and/or commercialization of the relevant product candidates.

Any one or more of these risks, if realized, could reduce or eliminate future revenue from product candidates under Disc's collaborations, and could have a material adverse effect on its business, financial condition, results of operations and/or growth prospects.

***Disc may seek to establish collaborations, and, if Disc is not able to establish them on commercially reasonable terms, or at all, Disc may have to alter its development and commercialization plans.***

Disc's product development programs and the potential commercialization of its product candidates will require substantial additional cash to fund expenses. For some of its product candidates, Disc may decide to collaborate with pharmaceutical and biotechnology companies for the development and potential commercialization of those product candidates.

Disc faces significant competition in seeking appropriate collaborators. Whether Disc reaches a definitive agreement for a collaboration will depend, among other things, upon its assessment of the collaborator's resources and expertise, the terms and conditions of the proposed collaboration and the proposed collaborator's own evaluation of a potential collaboration. Such factors a potential collaborator will use to evaluate a collaboration may include the design or results of clinical trials, the likelihood of approval by the FDA or comparable foreign regulatory authorities, the potential market for the subject product candidate, the costs and complexities of manufacturing and delivering such product candidate to patients, the potential of competing products, the existence of uncertainty with respect to Disc's ownership of technology, which can exist if there is a challenge to such ownership without regard to the merits of the challenge and industry and market conditions generally. The collaborator may also consider alternative product candidates or technologies for similar indications that may be available to collaborate on and whether such a collaboration could be more attractive than the one with Disc for its product candidate. The terms of any additional collaborations or other arrangements that Disc may establish may not be favorable to it.

Disc is also restricted by Roche's right of first negotiation under its current license agreement with them and may in the future be restricted under other license or collaboration agreements from entering into future agreements on certain terms with potential collaborators. Collaborations are complex and time-consuming to negotiate and document. In addition, there have been a significant number of recent business combinations among large pharmaceutical companies that have resulted in a reduced number of potential future collaborators.

Disc may not be able to negotiate collaborations on a timely basis, on acceptable terms, or at all. If Disc is unable to do so, it may have to curtail the development of the product candidate for which it is seeking to collaborate, reduce or delay its development program or one or more of its other development programs, delay its potential commercialization or reduce the scope of any sales or marketing activities, or increase its expenditures and undertake development or commercialization activities at its own expense. If Disc elects to increase its expenditures to fund development or commercialization activities on its own, Disc may need to obtain additional capital, which may not be available to it on acceptable terms or at all. If Disc does not have sufficient funds, it may not be able to further develop its product candidates or bring them to market and generate product revenue.

In addition, any future collaborations that Disc enters into may not be successful. The success of Disc's collaboration arrangements will depend heavily on the efforts and activities of its collaborators. Collaborators generally have significant discretion in determining the efforts and resources that they will apply to these collaborations. Disagreements between parties to a collaboration arrangement regarding clinical development and commercialization matters can lead to delays in the development process or commercializing the applicable product candidate and, in some cases, termination of the collaboration arrangement. These disagreements can be difficult to resolve if neither of the parties has final decision-making authority. Collaborations with pharmaceutical or biotechnology companies and other third parties often are terminated or allowed to expire by the other party. Any such termination or expiration would adversely affect Disc financially and could harm its business reputation.

***Disc contracts with third parties for the manufacture of its product candidates for preclinical development and clinical testing, and expects to continue to do so for commercialization. This reliance on third parties increases the risk that Disc will not have sufficient quantities of its product candidates or products or such quantities at an acceptable cost, which could delay, prevent, or impair its development or commercialization efforts.***

Disc does not currently own or operate, nor does Disc have any plans to establish in the future, any manufacturing facilities. Although Disc believes it has obtained sufficient material to produce bitopertin tablets to complete its ongoing and planned Phase 2 clinical trials and DISC-0974 vials to complete its ongoing Phase 1b/2 clinical trials, it cannot be sure it has correctly estimated its drug product and API requirements or that such drug product or API will not expire before it wants to use it. While Disc has identified a contract manufacturer to produce its own GMP material, it is in the early stages of manufacturing such material. Disc relies, and expects to continue to rely, on third parties for the manufacture of its product candidates for preclinical development and clinical testing, as well as for the commercial manufacture of its products if any of its product candidates receive regulatory approval. This reliance on third parties increases the risk that Disc will not have sufficient quantities of its product candidates or products or such quantities at an acceptable cost or quality, which could delay, prevent or impair its development or commercialization efforts.

The facilities used by Disc's contract manufacturers to manufacture its product candidates must be inspected by the FDA pursuant to pre-approval inspections that will be conducted after Disc submits its marketing applications to the FDA. Disc does not control the manufacturing process of, and will be completely dependent on, its contract manufacturers for compliance with cGMPs in connection with the manufacture of its product candidates. If its contract manufacturers cannot successfully manufacture material that conforms to its specifications and the strict regulatory requirements of the FDA or others, they will not be able to pass regulatory inspections and/or maintain regulatory compliance for their manufacturing facilities. In addition, Disc has no control over the ability of its contract manufacturers to maintain adequate quality control, quality assurance and qualified personnel. If the FDA or a comparable foreign regulatory authority finds deficiencies with or does not approve these facilities for the manufacture of its product candidates or if it finds deficiencies or withdraws any such approval in the future, Disc may need to find alternative manufacturing facilities, which would significantly impact its ability to develop, obtain regulatory approval for or market its product candidates, if approved.

If any contract development and manufacturing organization, or CDMO, with whom Disc contracts fails to perform its obligations, it may be forced to enter into an agreement with a different CDMO, which it may not be able to do on reasonable terms, if at all. In such scenario, Disc's clinical trials supply could be delayed significantly as it establishes alternative supply sources. In some cases, the technical skills required to manufacture Disc's products or product candidates may be unique or proprietary to the original CDMO and Disc may have difficulty, or there may be contractual restrictions prohibiting Disc from, transferring such skills to a back-up or alternate supplier, or Disc may be unable to transfer such skills at all. In addition, if Disc is required to change CDMOs for any reason, it will be required to verify that the new CDMO maintains facilities and procedures that comply with quality standards and with all applicable regulations. Disc will also need to verify, such as through a manufacturing comparability study, that any new manufacturing process will produce its product candidate according to the specifications previously submitted to the FDA or another regulatory authority. The delays associated with the verification of a new CDMO could negatively affect Disc's ability to develop product candidates or commercialize its products in a timely manner or within budget. In addition, changes in manufacturers often involve changes in manufacturing procedures and processes, which could require that Disc conduct bridging studies between its prior clinical supply used in its clinical trials and that of any new manufacturer. Disc may be unsuccessful in demonstrating the comparability of clinical supplies which could require the conduct of additional clinical trials.

Further, Disc's failure, or the failure of its third party manufacturers, to comply with applicable regulations could result in sanctions being imposed on it, including clinical holds, fines, injunctions, civil penalties, delays, suspension or withdrawal of approvals, license revocation, seizures or recalls of product candidates or products, if approved, operating restrictions and criminal prosecutions, any of which could significantly and adversely affect Disc's business and supplies of its product candidates.

Disc may be unable to establish any additional agreements with third-party manufacturers or do so on acceptable terms. Reliance on third-party manufacturers entails additional risks, including:

- reliance on the third party for regulatory compliance and quality assurance;
- the possible breach of the manufacturing agreement by the third party;
- the possible misappropriation of Disc's proprietary information, including its trade secrets and know-how; and
- the possible termination or nonrenewal of the agreement by the third party at a time that is costly or inconvenient for Disc.

Disc's product candidates and any products that it may develop may compete with other product candidates and approved products for access to manufacturing facilities. There are a limited number of manufacturers that operate under cGMP regulations and that might be capable of manufacturing for Disc.

Any performance failure on the part of Disc's existing or future manufacturers could delay clinical development or regulatory approval. If Disc's current contract manufacturers cannot perform as agreed, it may be required to replace such manufacturers. Disc may incur added costs and delays in identifying and qualifying any such replacement.

Disc's current and anticipated future dependence upon others for the manufacture of its product candidates or products may adversely affect its future profit margins and its ability to commercialize any products that receive regulatory approval on a timely and competitive basis.

***The third parties upon whom Disc relies for the supply of the active pharmaceutical ingredients used in its product candidates are its sole sources of supply, and the loss of any of these suppliers could significantly harm its business.***

The active pharmaceutical ingredients, or API, used in certain of Disc's product candidates are supplied to it from single-source suppliers. Disc's ability to successfully develop its product candidates, and to ultimately supply its commercial products in quantities sufficient to meet the market demand, depends in part on its ability to obtain the API for these products in accordance with regulatory requirements and in sufficient quantities for clinical testing and commercialization. Disc does not currently have arrangements in place for a redundant or second-source supply of any such API in the event any of its current suppliers of such API cease their operations for any reason. Disc is also unable to predict how changing global economic conditions or potential global health concerns such as the COVID-19 pandemic will affect its third-party suppliers and manufacturers. Any negative impact of such matters on its third-party suppliers and manufacturers may also have an adverse impact on its results of operations or financial condition.

For all of Disc's product candidates, it intends to identify and qualify additional manufacturers to provide such API prior to submission of an NDA to the FDA and/or an MAA to the EMA. Disc is not certain, however, that its single-source suppliers will be able to meet its demand for their products, either because of the nature of its agreements with those suppliers, its limited experience with those suppliers or its relative importance as a customer to those suppliers. It may be difficult for Disc to assess their ability to timely meet its demand in the future based on past performance. While Disc's suppliers have generally met its demand for their products on a timely basis in the past, they may subordinate its needs in the future to their other customers.

Establishing additional or replacement suppliers for the API used in Disc's product candidates, if required, may not be accomplished quickly. If Disc is able to find a replacement supplier, such replacement supplier would need to be qualified and may require additional regulatory inspection or approval, which could result in further delay. While Disc seeks to maintain adequate inventory of the API used in its product candidates, any interruption or delay in the supply of components or materials, or its inability to obtain such API from alternate sources at acceptable prices in a timely manner could impede, delay, limit or prevent its development efforts, which could harm its business, results of operations, financial condition and prospects.

***The manufacture of biologics is complex and Disc's third-party manufacturers may encounter difficulties in production. If any of Disc's third-party manufacturers encounter such difficulties, its ability to provide supply of product candidates for clinical trials or products for patients, if approved, could be delayed or prevented.***

DISC-0974 and DISC-0998 are monoclonal antibodies. Manufacturing biologics, like monoclonal antibodies, especially in large quantities, is often complex and may require the use of innovative technologies to handle living cells. Each lot of an approved biologic must undergo thorough testing for identity, strength, quality, purity and potency. Manufacturing biologics requires facilities specifically designed for and validated for this purpose, and sophisticated quality assurance and quality control procedures are necessary. Slight deviations anywhere in the manufacturing process, including filling, labeling, packaging, storage and shipping and quality control and testing, may result in lot failures, product recalls or spoilage. When changes are made to the manufacturing process, Disc may be required to provide preclinical and clinical data showing the comparable identity, strength, quality, purity or potency of the products before and after such changes. If microbial, viral or other contaminations are discovered at the facilities of Disc's manufacturers, such facilities may need to be closed for an extended period of time to investigate and remedy the contamination, which could delay clinical trials and adversely harm Disc's business.

In addition, there are risks associated with large scale manufacturing for clinical trials or commercial scale including, among others, cost overruns, potential problems with process scale-up, process reproducibility, stability issues, compliance with good manufacturing practices, lot consistency and timely availability of raw materials. Even if Disc obtains regulatory approval for any of its current product candidates or any future product candidates, there is no assurance that its manufacturers will be able to manufacture the approved product to specifications acceptable to the FDA or other comparable foreign regulatory authorities, to produce it in sufficient quantities to meet the requirements for the potential commercial launch of the product or to meet potential future demand. If Disc's manufacturers are unable to produce sufficient quantities for clinical trials or for commercialization, its development and commercialization efforts would be impaired, which would have an adverse effect on its business, financial condition, results of operations and growth prospects.

**Risks Related to Disc's Intellectual Property**

***If Disc is unable to obtain and maintain patent and other intellectual property protection for its technology and product candidates, or if the scope of the intellectual property protection obtained is not sufficiently broad, its competitors could develop and commercialize technology and drugs similar or identical to Disc's, and its ability to successfully commercialize its technology and drugs may be impaired, and Disc may not be able to compete effectively in its market.***

Disc's commercial success depends in part on its ability to obtain and maintain proprietary or intellectual property protection in the U.S. and other countries for its current or future product candidates, including its current lead product candidates, bitopertin and DISC-0974, and its other current or future programs, including DISC-0998 and its Mat-2 program, as well as for their respective compositions, formulations, methods used to manufacture them, and methods of treatment, in addition to successfully defending these patents against third-party challenges. Disc seeks to protect its proprietary and intellectual property position by, among other methods, filing patent applications in the U.S. and abroad related to its proprietary technology, inventions, and improvements that are important to the development and implementation of its business. Disc's ability to stop unauthorized third parties from making, using, selling, offering to sell, or importing its product candidates is dependent upon the extent to which Disc has rights under valid and enforceable patents or trade secrets that cover these activities. Disc also relies on trade secrets, know-how and continuing technological innovation to develop and maintain its proprietary and intellectual property position.

Disc has in-licensed, and may in the future in-license, a portion of its intellectual property, and, if it fails to comply with its obligations under these license arrangements, Disc could lose such intellectual property rights or owe damages to the licensor of such intellectual property. In particular, Disc has exclusively licensed intellectual property rights from Roche to develop and commercialize bitopertin, including certain back-up compounds and derivatives, for all prophylactic and therapeutic uses. The Roche license covers know-how, and certain specified Roche patent rights, including a composition of matter patent for bitopertin that expires in 2025. Disc also has exclusively licensed intellectual property rights from AbbVie Deutschland GmbH & Co. KG, or AbbVie, to develop and commercialize DISC-0974 and DISC-0998. The AbbVie license covers know-how, and certain specified AbbVie patent rights, including composition of matter and methods of use patents and patent applications for DISC-0974 and DISC-0998.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions and has in recent years been the subject of much litigation. The degree of patent protection Disc requires to successfully commercialize its current or future product candidates may be unavailable or severely limited in some cases and may not adequately protect its rights or permit it to gain or keep any competitive advantage. Disc cannot provide any assurances that any of its patents have, or that any of its pending patent applications that mature into issued patents will include, claims with a scope sufficient to protect bitopertin, DISC-0974 or Disc's other current or future product candidates. In addition, if the breadth or strength of protection provided by Disc's patent applications or any patents Disc may own or in-license is threatened, it could dissuade companies from collaborating with Disc to license, develop or commercialize current or future product candidates.

In addition, the laws of foreign countries may not protect Disc's rights to the same extent as the laws of the U.S. For example, in jurisdictions outside the U.S., a license may not be enforceable unless all the owners of the intellectual property agree or consent to the license. Accordingly, any actual or purported co-owner of Disc's patent rights could seek monetary or equitable relief requiring Disc to pay it compensation for, or refrain from, exploiting these patents due to such co-ownership. Furthermore, patents have a limited lifespan. In the U.S., and most other jurisdictions in which Disc has undertaken patent filings, the natural expiration of a patent is generally twenty years after it is filed, assuming all maintenance fees are paid. Various extensions may be available, on a jurisdiction-by-jurisdiction basis; however, the life of a patent, and thus the protection it affords, is limited. Additionally, Disc's product candidates may or may not be eligible for such extensions or Disc may not be able to obtain such protections due to procedural or other reasons. Given the amount of time required for the development, testing and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, patents Disc may own or in-license may not provide it with adequate and continuing patent protection sufficient to exclude others from commercializing drugs similar or identical to Disc's current or future product candidates, including generic versions of such drugs.

Other parties have developed technologies that may be related or competitive to Disc's own, and such parties may have filed or may file patent applications, or may have received or may receive patents, claiming inventions that may overlap or conflict with those claimed in Disc's own patent applications or issued patents, with respect to either the same compounds, methods, formulations or other subject matter, in either case that Disc may rely upon to dominate its patent position in the market. Publications of discoveries in the scientific literature often lag behind the actual discoveries, and patent applications in the U.S. and other jurisdictions are typically not published until at least 18 months after the earliest priority date of the patent filing, or, in some cases, not at all. Therefore, Disc cannot know with certainty whether it was the first to make the inventions claimed in patents it may own or in-license patents or pending patent applications, or that it was the first to file for patent protection of such inventions. As a result, the issuance, scope, validity, enforceability and commercial value of Disc's patent rights cannot be predicted with any certainty.

In addition, the patent prosecution process is expensive and time-consuming, and Disc may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. Further, with respect to certain pending patent applications covering Disc's current or future product candidates, prosecution has yet to commence. Patent prosecution is a lengthy process, during which the scope of the claims initially submitted for examination by the relevant patent office(s) may be significantly narrowed by the time they issue, if they ever do. It is also possible that Disc will fail to identify patentable aspects of its research and development output before it is too late to obtain patent protection. Prosecution could require that claim scope narrow such that a clinical or product candidate or program is not adequately protected by the patent. Moreover, in some circumstances, Disc may not have the right to control the preparation, filing and prosecution of patent applications, or to maintain the patents, covering technology that it licenses from or to third parties. Therefore, these patents and applications may not be prosecuted and enforced in a manner consistent with the best interests of Disc's business.

Even if Disc acquires patent protection that it expects should enable it to establish and/or maintain a competitive advantage, third parties may challenge the validity, enforceability or scope thereof, which may result in such patents being narrowed, invalidated or held unenforceable. The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and Disc's patents may be challenged in the courts or patent offices in the U.S. and abroad. Disc may become involved in post-grant proceedings such as opposition, derivation, reexamination, *inter partes* review, post-grant review, invalidation, or interference proceedings challenging its patent rights or the patent rights of others from whom it may in the future obtain licenses to such rights, in the U.S. Patent and Trademark Office, or USPTO, the European Patent Office, or EPO, or in other countries. In addition, Disc may be subject to a third-party submission to the USPTO, the EPO, or elsewhere, that may reduce the scope or preclude the granting of claims from its pending patent applications. Competitors may allege that they invented the inventions claimed in Disc's issued patents or patent applications prior to Disc, or may file patent applications before Disc does. Competitors may also claim that Disc is infringing their patents and that it therefore cannot practice its technology as claimed under its patents or patent applications. Competitors may also contest Disc's patents by claiming to an administrative patent authority or judge that the invention was not patent-eligible, was not original, was not novel, was obvious, and/or lacked inventive step, and/or that the patent application filing failed to meet relevant requirements relating to description, basis, enablement, clarity, and/or support; in litigation, a competitor could claim that Disc's patents, if issued, are not valid or are unenforceable for a number of reasons. If a court or administrative patent authority agrees, Disc would lose its protection of those challenged patents.

In addition, Disc may in the future be subject to claims by its former employees or consultants asserting an ownership right in its patents or patent applications, as a result of the work they performed on its behalf. Although Disc generally requires all of its employees, consultants and advisors and any other third parties who have access to its proprietary know-how, information or technology to assign or grant similar rights to their inventions to it, Disc cannot be certain that it has executed such agreements with all parties who may have contributed to its intellectual property, nor can Disc be certain that its agreements with such parties will be upheld in the face of a potential challenge, or that they will not be breached, for which Disc may not have an adequate remedy.

An adverse determination in any such submission or proceeding may result in loss of exclusivity or freedom to operate or in patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit Disc's ability to stop others from using or commercializing similar or identical technology and drugs, without payment to it, or could limit the duration of the patent protection covering its technology and current or future product candidates. Such challenges may also result in Disc's inability to manufacture or commercialize its current or future product candidates without infringing third-party patent rights. In addition, if the breadth or strength of protection provided by Disc's patents and patent applications is threatened, it could dissuade companies from collaborating with it to license, develop or commercialize current or future product candidates.

Even if they are unchallenged, Disc's issued patents and its pending patent applications, if issued, may not provide Disc with any meaningful protection or prevent competitors from designing around its patent claims to circumvent patents Disc may own or in-license by developing similar or alternative technologies or products in a non-infringing manner. For example, a third-party may develop a competitive product that provides benefits similar to one or more of Disc's current or future product candidates but that has a different composition that falls outside the scope of its patent protection. If the patent protection provided by the patents and patent applications Disc holds or pursues with respect to its current or future product candidates is not sufficiently broad to impede such competition, its ability to successfully commercialize its current or future product candidates could be negatively affected, which would harm its business.

Furthermore, even if Disc is able to issue patents with claims of valuable scope in one or more jurisdictions, it may not be able to secure such claims in all relevant jurisdictions, or in a sufficient number to meaningfully reduce competition. Disc's competitors may be able to develop and commercialize their products, including products identical to its, in any jurisdiction in which Disc is unable to obtain, maintain, or enforce such patent claims. Furthermore, generic manufacturers may develop, seek approval for and launch generic versions of Disc's products, and may challenge the scope, validity or enforceability of its patents, requiring Disc to engage in complex, lengthy and costly litigation or other proceedings.

Disc also intends to rely on regulatory exclusivity for protection of its product candidates, if approved for commercial sale. Implementation and enforcement of regulatory exclusivity, which may consist of regulatory data protection and market protection, varies widely from country to country. Failure to qualify for regulatory exclusivity, or failure to obtain or to maintain the extent or duration of such protections that Disc expects for its product candidates, if approved, could affect its decision on whether to market the products in a particular country or countries or could otherwise have an adverse impact on its revenue or results of operations.

***Obtaining and maintaining its patent protection depends on compliance with various procedural, document submission, deadlines, fee payment and other requirements imposed by governmental patent agencies, and its patent protection could be reduced or eliminated if Disc fails to comply with these requirements. Disc may miss a filing deadline for patent protection on these inventions.***

The USPTO and foreign governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process and after issuance of any patent. In addition, periodic maintenance fees, renewal fees, annuity fees and/or various other government fees are required to be paid periodically. While an inadvertent lapse can, in some cases, 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 patent rights in the relevant jurisdiction. Noncompliance events that could result in abandonment or lapse of a patent 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, Disc's competitors might be able to enter the market with similar or identical products or platforms, which could have a material adverse effect on its business prospects and financial condition.

***If Disc's trademarks and trade names for its products or company name are not adequately protected in one or more countries where it intends to market its products, Disc may delay the launch of product brand names, use different trademarks or tradenames in different countries, or face other potentially adverse consequences to building its product brand recognition.***

Disc's trademarks or trade names may be challenged, infringed, diluted, circumvented or declared generic or determined to be infringing on other marks. Disc intends to rely on both registration and common law protection for its trademarks. Disc may not be able to protect its rights to these trademarks and trade names or may be forced to stop using these names, which it needs for name recognition by potential partners or customers in its markets of interest. During the trademark registration process, Disc may receive Office Actions from the USPTO or from comparable agencies in foreign jurisdictions objecting to the registration of its trademark. Although Disc would be given an opportunity to respond to those objections, it may be unable to overcome such rejections. In addition, in the USPTO and in comparable agencies in many foreign jurisdictions, third parties are given an opportunity to oppose pending trademark applications and/or to seek the cancellation of registered trademarks. Opposition or cancellation proceedings may be filed against Disc's trademark applications or registrations, and its trademark applications or registrations may not survive such proceedings. If Disc is unable to obtain a registered trademark or establish name recognition based on its trademarks and trade names, it may not be able to compete effectively and its business may be adversely affected.

***If Disc is unable to adequately protect and enforce its trade secrets, its business and competitive position would be harmed.***

In addition to the protection afforded by patents Disc may own or in-license, it seeks to rely on trade secret protection, confidentiality agreements, and license agreements to protect proprietary know-how that may not be patentable, processes for which patents are difficult to enforce and any other elements of its product discovery and development processes that involve proprietary know-how, information, or technology that may not be covered by patents. Although Disc requires all of its employees, consultants, advisors, and any third parties who have access to its proprietary know-how, information, or technology to enter into confidentiality agreements, trade secrets can be difficult to protect and it has limited control over the protection of trade secrets used by its collaborators and suppliers. Disc cannot be certain that it has or will obtain these agreements in all circumstances and it cannot guarantee that it has entered into such agreements with each party that may have or have had access to its trade secrets or proprietary information.

Moreover, any of these parties might breach the agreements and intentionally or inadvertently disclose its trade secret information and Disc may not be able to obtain adequate remedies for such breaches. In addition, competitors may otherwise gain access to Disc's trade secrets or independently develop substantially equivalent information and techniques. Furthermore, the laws of some foreign countries do not protect proprietary rights and trade secrets to the same extent or in the same manner as the laws of the U.S. As a result, Disc may encounter significant problems in protecting and defending its intellectual property both in the U.S. and abroad. If Disc is unable to prevent unauthorized material disclosure of its intellectual property to third parties, it will not be able to establish or maintain a competitive advantage in its market, which could materially adversely affect its business, financial condition, results of operations and future prospects.

Enforcing a claim that a party illegally disclosed or misappropriated a trade secret is difficult, expensive and time-consuming, and the outcome is unpredictable. If Disc chooses to go to court to stop a third party from using any of its trade secrets, it may incur substantial costs. These lawsuits may consume Disc's time and other resources even if it is successful. Although Disc takes steps to protect its proprietary information and trade secrets, including through contractual means with its employees and consultants, third parties may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to its trade secrets or disclose its technology. If any of Disc's trade secrets were to be lawfully obtained or independently developed by a competitor or other third party, it would have no right to prevent them from using that technology or information to compete with it.

Thus, Disc may not be able to meaningfully protect its trade secrets. It is Disc's policy to require its employees, consultants, outside scientific collaborators, sponsored researchers and other advisors to execute confidentiality agreements upon the commencement of employment or consulting relationships with it. These agreements provide that all confidential information concerning its business or financial affairs developed or made known to the individual or entity during the course of the party's relationship with Disc is to be kept confidential and not disclosed to third parties except in specific circumstances. In addition, Disc takes other appropriate precautions, such as physical and technological security measures, to guard against misappropriation of its proprietary technology by third parties. In the case of employees, the agreements provide that all inventions conceived by the individual, and which are related to Disc's current or planned business or research and development or made during normal working hours, on its premises or using its equipment or proprietary information, are Disc's exclusive property. Although Disc requires all of its employees to assign their inventions to it, it may be unsuccessful in executing such an agreement with each party who, in fact, conceives or develops intellectual property that Disc regards as its own. The assignment of intellectual property rights may not be self-executing, or the assignment agreements may be ineffective or breached, and Disc may be forced to bring claims against third parties, or defend claims that they may bring against it, to determine the ownership of what Disc regards as its intellectual property. Such claims could have a material adverse effect on Disc's business, financial condition, results of operations, and prospects.

***Disc may initiate, become a defendant in, or otherwise become party to lawsuits to protect or enforce its intellectual property rights, which could be expensive, time-consuming, and unsuccessful.***

Competitors may infringe any patents Disc may own or in-license. In addition, any patents Disc may own or in-license also may become involved in inventorship, priority, validity or unenforceability disputes. To counter infringement or unauthorized use, Disc may be required to file infringement claims, which can be expensive and time-consuming. Disc may not prevail in any lawsuits that it initiates, and the damages or other remedies awarded, if any, may not be commercially meaningful. In addition, in an infringement proceeding, a court may decide that one or more of any patents Disc may own or in-license is not valid or is unenforceable or that the other party's use of its technology that may be patented falls under the safe harbor to patent infringement under 35 U.S.C. § 271(e)(1). There is also the risk that, even if the validity of these patents is upheld, the court may refuse to stop the other party from using the technology at issue on the grounds that any patents Disc may own or in-license do not cover the technology in question or that such third-party's activities do not infringe its patent applications or any patents it may own or in-license. An adverse result in any litigation or defense proceedings could put one or more of any patents Disc may own or in-license at risk of being invalidated, held unenforceable, or interpreted narrowly and could put its patent applications at risk of not issuing. Such litigation or proceedings could substantially increase Disc's operating losses and reduce the resources available for development activities or any future sales, marketing, patient support or distribution activities. Disc may not have sufficient financial or other resources to conduct such litigation or proceedings adequately. Some of Disc's competitors may be able to sustain the costs of such litigation or proceedings more effectively than Disc can because of its greater financial resources and more mature and developed intellectual property portfolios. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could have a material adverse effect on Disc's ability to compete in the marketplace.

Post-grant proceedings provoked by third parties or brought by or before the USPTO or other patent granting authority may be necessary to determine the validity or priority of inventions with respect to Disc's patent applications or any patents Disc may own or in-license. These proceedings are expensive and an unfavorable outcome could result in a loss of Disc's current patent rights and could require Disc to cease using the related technology or to attempt to license rights to it from the prevailing party. Disc's business could be harmed if the prevailing party does not offer it a license on commercially reasonable terms. In addition to potential USPTO post-grant proceedings, Disc may become a party to patent opposition proceedings in the EPO, or similar proceedings in other foreign patent offices or courts where its patents may be challenged. The costs of these proceedings could be substantial, and may result in a loss of scope of some claims or a loss of the entire patent. An unfavorable result in a post-grant challenge proceeding may result in the loss of Disc's right to exclude others from practicing one or more of its inventions in the relevant country or jurisdiction, which could have a material adverse effect on its business. Litigation or post-grant proceedings within patent offices may result in a decision adverse to Disc's interests and, even if Disc is successful, may result in substantial costs and distract its management and other employees. Disc may not be able to prevent, misappropriation of its trade secrets or confidential information, particularly in countries where the laws may not protect those rights as fully as in the U.S.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of Disc's confidential information could be compromised by disclosure during this type of litigation. In addition, there could 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 substantial adverse effect on the price of Disc's common stock.

Disc may not be able to detect infringement against any patents it may own or in-license. Even if it detects infringement by a third party of any patents it may own or in-license, it may choose not to pursue litigation against or settlement with the third party. If Disc later sues such third-party for patent infringement, the third-party may have certain legal defenses available to it, which otherwise would not be available except for the delay between when the infringement was first detected and when the suit was brought. Such legal defenses may make it impossible for Disc to enforce any patents it may own or in-license against such third party.

***Intellectual property litigation and administrative patent office patent validity challenges in one or more countries could cause Disc to spend substantial resources and distract its personnel from their normal responsibilities.***

Even if resolved in Disc's favor, litigation or other legal proceedings relating to intellectual property claims may cause Disc to incur significant expenses, and could distract its technical and management personnel from their normal responsibilities. In addition, there could be public announcements of the results of hearings, motions or other interim proceedings or developments and if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of Disc's common stock. Such litigation or proceedings could substantially increase its operating losses and reduce the resources available for development activities or any future sales, marketing, patient support or distribution activities. Disc may not have sufficient financial or other resources to conduct such litigation or proceedings adequately. As noted above, some of Disc's competitors may be able to sustain the costs of such litigation or proceedings more effectively than Disc can because of their greater financial resources. Uncertainties resulting from the initiation and continuation of patent litigation or other proceedings could compromise Disc's ability to compete in the marketplace, including compromising its ability to raise the funds necessary to continue its clinical trials, continue its research programs, license necessary technology from third parties, or enter into development collaborations that would help it commercialize its current or future product candidates, if approved. Any of the foregoing events would harm Disc's business, financial condition, results of operations and prospects.

***Disc may be subject to damages or settlement costs resulting from claims that it or its employees have violated the intellectual property rights of third parties, or are in breach of its agreements. Disc may be accused of, allege or otherwise become party to lawsuits or disputes alleging wrongful disclosure of third-party confidential information by it or by another party, including current or former employees, contractors or consultants. In addition to diverting attention and resources to such disputes, such disputes could adversely impact Disc's business reputation and/or protection of its proprietary technology.***

The intellectual property landscape relevant to Disc's product candidates and programs is crowded, and third parties may initiate legal proceedings alleging that Disc is infringing, misappropriating or otherwise violating their intellectual property rights, the outcome of which would be uncertain and could have a material adverse effect on the success of its business. Disc's commercial success depends upon its ability to develop, manufacture, market and sell its current and future product candidates and use its proprietary technologies without infringing, misappropriating or otherwise violating the intellectual property rights of third parties. There is a substantial amount of litigation involving patents and other intellectual property rights in the biotechnology and pharmaceutical industries, as well as administrative proceedings for challenging patents, including derivation, interference, reexamination, *inter partes* review and post grant review proceedings before the USPTO or oppositions and other comparable proceedings in foreign jurisdictions. Disc or any of its current or future licensors or strategic partners may be party to, exposed to, or threatened with, future adversarial proceedings or litigation by third parties having patent or other intellectual property rights alleging that its current or future product candidates and/or proprietary technologies infringe, misappropriate or otherwise violate their intellectual property rights. Disc cannot assure you that its current or future product candidates and other technologies that it has developed, are developing or may develop in the future do not or will not infringe, misappropriate or otherwise violate existing or future patents or other valid intellectual property rights owned by third parties. For example, many of Disc's employees were previously employed at other biotechnology or pharmaceutical companies. Although Disc tries to ensure that its employees, consultants and advisors do not use the proprietary information or know-how of others in their work for it, it may be subject to claims that it or these individuals have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such individual's former employer. Disc may also be subject to claims that patents and applications it has filed to protect inventions of its employees, consultants and advisors, even those related to one or more of its current or future product candidates, are rightfully owned by their former or concurrent employer. Litigation may be necessary to defend against these claims.

While certain activities related to development and clinical testing of Disc's current or future product candidates may be subject to safe harbor of patent infringement, such as under 35 U.S.C. §271(e)(1), upon receiving regulatory approval for such candidates Disc or any of its current or future licensors or strategic partners may immediately become party to, exposed to, or threatened with, future adversarial proceedings or litigation by third parties having patent or other intellectual property rights alleging that such product candidates infringe, misappropriate or otherwise violate their intellectual property rights. Numerous U.S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which Disc is developing its current or future product candidates. As the biotechnology and pharmaceutical industries expand and more patents are issued, the risk increases that Disc's current or future product candidates may give rise to claims of infringement of the patent rights of others. Moreover, it is not always clear to industry participants, including Disc, which patents cover various types of drugs, products or their methods of use or manufacture. Thus, because of the large number of patents issued and patent applications filed in Disc's fields, there may be a risk that third parties may allege they have patent rights encompassing its current or future product candidates, technologies or methods.

If a third party claims that Disc infringes, misappropriates or otherwise violates its intellectual property rights, it may face a number of issues, including, but not limited to:

- infringement, misappropriation and other intellectual property claims which, regardless of merit, may be expensive and time-consuming to litigate and may divert Disc's management's attention from its core business and may impact its reputation;
- substantial damages for infringement, misappropriation or other violations, which Disc may have to pay if a court decides that the product candidate or technology at issue infringes, misappropriates or violates the third party's rights, and, if the court finds that the infringement was willful, Disc could be ordered to pay treble damages and the patent owner's attorneys' fees;
- a court prohibiting Disc from developing, manufacturing, marketing or selling its current product candidates, including bitopertin and DISC-0974, or future product candidates, or from using its proprietary technologies, unless the third-party licenses its product rights to it, which it is not required to do, on commercially reasonable terms or at all;
- if a license is available from a third party, Disc may have to pay substantial royalties, upfront fees and other amounts, and/or grant cross-licenses to intellectual property rights for its products, or the license to it may be non-exclusive, which would permit third parties to use the same intellectual property to compete with it;
- redesigning Disc's current or future product candidates or processes so they do not infringe, misappropriate or violate third-party intellectual property rights, which may not be possible or may require substantial monetary expenditures and time; and
- there could be public announcements of the results of hearings, motions or other interim proceedings or developments, and, if securities analysts or investors perceive these results to be negative, it could have a substantial adverse effect on the price of Disc's common stock.

Some of Disc's competitors may be able to sustain the costs of complex patent litigation more effectively than Disc can because they have substantially greater resources. In addition, any uncertainties resulting from the initiation and continuation of any litigation could have a material adverse effect on Disc's ability to raise the funds necessary to continue its operations or could otherwise have a material adverse effect on its business, results of operations, financial condition and prospects. The occurrence of any of the foregoing could have a material adverse effect on Disc's business, financial condition, results of operations or prospects

Disc may choose to challenge the patentability of claims in a third party's U.S. patent by requesting that the USPTO review the patent claims in an ex-parte re-exam, *inter partes* review or post-grant review proceedings. These proceedings are expensive and may consume Disc's time or other resources. Disc may choose to challenge a third party's patent in patent opposition proceedings in the EPO, or other foreign patent office. The costs of these opposition proceedings could be substantial, and may consume Disc's time or other resources. If Disc fails to obtain a favorable result at the USPTO, EPO or other patent office then it may be exposed to litigation by a third party alleging that the patent may be infringed by its current or future product candidates or proprietary technologies.

Third parties may assert that Disc is employing their proprietary technology without authorization. Patents issued in the U.S. by law enjoy a presumption of validity that can be rebutted in U.S. courts only with evidence that is "clear and convincing," a heightened standard of proof. There may be issued third-party patents of which Disc is currently unaware with claims to compositions, formulations, methods of manufacture or methods for treatment related to the use or manufacture of its current or future product candidates. Patent applications can take many years to issue. In addition, because some patent applications in the U.S. may be maintained in secrecy until the patents are issued, patent applications in the U.S. and many foreign jurisdictions are typically not published until 18 months after their earliest priority filing date, and publications in the scientific literature often lag behind actual discoveries, Disc cannot be certain that others have not filed patent applications covering its current or future product candidates or technology. If any such patent applications issue as patents, and if such patents have priority over Disc's patent applications or patents it may own or in-license, Disc may be required to obtain rights to such patents owned by third parties which may not be available on commercially reasonable terms or at all, or may only be available on a non-exclusive basis. There may be currently pending third-party patent applications which may later result in issued patents that Disc's current or future product candidates may infringe. It is also possible that patents owned by third parties of which Disc is aware, but which Disc does not believe are relevant to its current or future product candidates or other technologies, could be found to be infringed by its current or future product candidates or other technologies. In addition, third parties may obtain patents in the future and claim that use of Disc's technologies infringes upon these patents. Moreover, Disc may fail to identify relevant patents or incorrectly conclude that a patent is invalid, not enforceable, exhausted, or not infringed by its activities. If any third-party patents were held by a court of competent jurisdiction to cover the manufacturing process of Disc' current or future product candidates, molecules used in or formed during the manufacturing process, or any final product itself, the holders of any such patents may be able to block Disc' ability to commercialize the product candidate unless it obtained a license under the applicable patents, or until such patents expire or they are finally determined to be held invalid or unenforceable. Similarly, if any third-party patent were held by a court of competent jurisdiction to cover aspects of Disc's formulations, processes for manufacture or methods of use, including patient selection methods, the holders of any such patent may be able to block its ability to develop and commercialize the product candidate unless it obtained a license or until such patent expires or is finally determined to be held invalid or unenforceable. In either case, such a license may not be available on commercially reasonable terms or at all. If Disc is unable to obtain a necessary license to a third-party patent on commercially reasonable terms, or at all, its ability to commercialize its current or future product candidates may be impaired or delayed, which could in turn significantly harm its business. Even if Disc obtains a license, it may be nonexclusive, thereby giving its competitors access to the same technologies licensed to it.

Parties making claims against Disc may seek and obtain injunctive or other equitable relief, which could effectively block its ability to further develop and commercialize its current or future product candidates. Defense of these claims, regardless of their merit, could involve substantial litigation expense and would be a substantial diversion of employee resources from Disc's business. In the event of a successful claim of infringement, misappropriation or other violation against it, Disc may have to pay substantial damages, including treble damages and attorneys' fees for willful infringement, obtain one or more licenses from third parties, pay royalties or redesign its infringing products, which may be impossible or require substantial time and monetary expenditure. Disc cannot predict whether any such license would be available at all or whether it would be available on commercially reasonable terms. Furthermore, even in the absence of litigation, Disc may need or may choose to obtain licenses from third parties to advance its research or allow commercialization of its current or future product candidates. Disc may fail to obtain any of these licenses at a reasonable cost or on reasonable terms, if at all. In that event, it would be unable to further develop and commercialize its current or future product candidates, which could harm its business significantly.

***Disc may be unable to obtain patent or other intellectual property protection for its current or future product candidates or its future products, if any, in all jurisdictions throughout the world, and it may not be able to adequately enforce its intellectual property rights even in the jurisdictions where it seeks protection.***

Disc may not be able to pursue patent coverage of its current or future product candidates in all countries. Filing, prosecuting and defending patents on current or future product candidates in all countries throughout the world would be prohibitively expensive, and intellectual property rights in some countries outside the U.S. can be less extensive than those in the U.S. In addition, the laws of some foreign countries do not protect intellectual property rights to the same extent as federal and state laws in the U.S. Consequently, Disc may not be able to prevent third parties from practicing its inventions in all countries outside the U.S., or from selling or importing products made using its inventions in and into the U.S. or other jurisdictions. Competitors may use Disc's technologies in jurisdictions where it has not obtained patent protection to develop their own products and further, may export otherwise infringing products to territories where Disc has patent protection, but where enforcement is not as strong as that in the U.S. These products may compete with Disc's current or future product candidates and in jurisdictions where it does not have any issued patents, its patent applications or other intellectual property rights may not be effective or sufficient to prevent them from competing. Much of Disc's patent portfolio is at the very early stage. Disc will need to decide whether and in which jurisdictions to pursue protection for the various inventions in its portfolio prior to applicable deadlines.

Many companies have encountered significant problems in protecting and defending intellectual property rights in foreign jurisdictions. The legal systems of certain countries, particularly certain developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property protection, particularly those relating to biopharmaceutical products and/or methods of using biopharmaceutical products, which could make it difficult for Disc to stop the infringement of any patents it may own or in-license or marketing of competing products in violation of its proprietary rights generally. Proceedings to enforce any rights Disc may have in its patent applications or any patents it may own or in-license in foreign jurisdictions could result in substantial costs and divert its efforts and attention from other aspects of its business, could put any patents it may own or in-license at risk of being invalidated or interpreted narrowly and its patent applications at risk of not issuing and could provoke third parties to assert claims against it. Disc may not prevail in any lawsuits that it initiates and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, Disc's efforts to enforce its intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that it develops or licenses.

Many countries have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In addition, many countries limit the enforceability of patents against government agencies or government contractors. In these countries, the patent owner may have limited remedies, which could materially diminish the value of such patent. If Disc is forced to grant a license to third parties with respect to any patents it may own or license that are relevant to its business, its competitive position may be impaired, and its business, financial condition, results of operations, and prospects may be adversely affected.

***Disc may not obtain or grant licenses or sublicenses to intellectual property rights in all markets on equally or sufficiently favorable terms with third parties.***

It may be necessary for Disc to use the patented or proprietary technology of third parties to commercialize its products, in which case it would be required to obtain a license from these third parties. The licensing of third-party intellectual property rights is a competitive area, and more established companies may pursue strategies to license or acquire third-party intellectual property rights that Disc may consider attractive or necessary. More established companies may have a competitive advantage over Disc due to their size, capital resources and greater clinical development and commercialization capabilities. In addition, companies that perceive Disc to be a competitor may be unwilling to assign or license rights to it. Disc also may be unable to license or acquire third-party intellectual property rights on terms that would allow it to make an appropriate return on its investment or at all. If Disc is unable to license such technology, or if it is forced to license such technology on unfavorable terms, its business could be materially harmed. If Disc is unable to obtain a necessary license, it may be unable to develop or commercialize the affected current or future product candidates, which could materially harm its business, and the third parties owning such intellectual property rights could seek either an injunction prohibiting its sales, or, with respect to its sales, an obligation on its part to pay royalties or other forms of compensation. Even if Disc is able to obtain a license, it may be non-exclusive, thereby giving its competitors access to the same technologies licensed to it. Any of the foregoing could harm its competitive position, business, financial condition, results of operations and prospects.

***If Disc fails to comply with its obligations in any agreements under which it may license intellectual property rights from third parties or otherwise experience disruptions to its business relationships with its licensors, it could lose license rights that are important to its business.***

Disc is party to license agreements with Roche and AbbVie and it may from time to time in the future be party to other license and collaboration agreements with third parties to advance its research or allow commercialization of current or future product candidates. Such agreements may impose numerous obligations, such as development, diligence, payment, commercialization, funding, milestone, royalty, sublicensing, insurance, patent prosecution, enforcement and other obligations on Disc and may require it to meet development timelines, or to exercise commercially reasonable efforts to develop and commercialize licensed products, in order to maintain the licenses. See "Disc's Business—Collaborations and License Agreement" for more information regarding Disc's license agreements with Roche and AbbVie. In spite of Disc's best efforts, its licensors might conclude that it has materially breached its license agreements and might therefore terminate the license agreements, thereby removing or limiting its ability to develop and commercialize products and technologies covered by these license agreements.

Any termination of these licenses, or if the underlying patents fail to provide the intended exclusivity, could result in the loss of significant rights and could harm Disc's ability to commercialize its current or future product candidates, and competitors or other third parties would have the freedom to seek regulatory approval of, and to market, products identical to Disc's and it may be required to cease its development and commercialization of certain of its current or future product candidates. Any of the foregoing could have a material adverse effect on Disc's competitive position, business, financial conditions, results of operations, and prospects.

Disputes may also arise between Disc and its licensors regarding intellectual property subject to a license agreement, including:

- the scope of rights granted under the license agreement and other interpretation-related issues;
- whether and the extent to which Disc's technology and processes infringe, misappropriate or otherwise violate intellectual property rights of the licensor that is not subject to the licensing agreement;
- Disc's right to sublicense patent and other rights to third parties under collaborative development relationships;
- Disc's diligence obligations with respect to the use of the licensed technology in relation to its development and commercialization of its current or future product candidates, and what activities satisfy those diligence obligations;
- the priority of invention of any patented technology; and
- the ownership of inventions and know-how resulting from the joint creation or use of intellectual property by Disc's current or future licensors and it and its partners.

In addition, the agreements under which Disc may license intellectual property or technology from third parties are likely to be 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 Disc believes to be the scope of its rights to the relevant intellectual property or technology, or increase what it believes to be its financial or other obligations under the relevant agreement, either of which could have a material adverse effect on its business, financial condition, results of operations and prospects. Moreover, if disputes over intellectual property that Disc may license prevent or impair its ability to maintain future licensing arrangements on acceptable terms, it may be unable to successfully develop and commercialize the affected current or future product candidates, which could have a material adverse effect on its business, financial conditions, results of operations and prospects.

***Any granted patents Disc may own or in-license covering its current or future product candidates or other valuable technology could be narrowed or found invalid or unenforceable if challenged in court or before administrative bodies in the U.S. or abroad, including the USPTO and the EPO. A patent asserted in a judicial court could be found invalid or unenforceable during the enforcement proceeding. Administrative or judicial proceedings challenging the validity of its patents or individual patent claims could take months or years to resolve.***

If Disc or its licensors or strategic partners initiate legal proceedings against a third party to enforce a patent covering one of its current or future product candidates, the defendant could counterclaim that the patent covering its product candidate, as applicable, is invalid and/or unenforceable. In patent litigation in the U.S., defendant counterclaims alleging invalidity and/or unenforceability are commonplace, and there are numerous grounds upon which a third party can assert invalidity or unenforceability of a patent. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of patentable subject matter, lack of written description, lack of novelty, obviousness, or non-enablement. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant information from the USPTO that was material to patentability, or made a misleading statement, in the process of obtaining the patent during patent prosecution. Third parties may also raise similar claims before administrative bodies in the U.S. or abroad, even outside the context of litigation. Such mechanisms include re-examination, *inter partes* review, post grant review and equivalent proceedings in foreign jurisdictions (such as opposition proceedings). Such proceedings could result in revocation or amendment to Disc's patent applications or any patents it may own or in-license in such a way that they no longer cover its current or future product candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate or render unenforceable, any rights Disc may have from its patent applications or any patents it may own or in-license, allow third parties to commercialize its current or future product candidates or other technologies and compete directly with it, without payment to it, or result in its inability to manufacture or commercialize products without infringing third-party patent rights. Moreover, Disc may have to participate in interference proceedings declared by the USPTO to determine priority of invention or in post-grant challenge proceedings, such as oppositions in a foreign patent office, that challenge its or its current or future licensors' priority of invention or other features of patentability with respect to its patent applications and any patents it may own or in-license. Such challenges may result in loss of patent rights, loss of exclusivity, or in patent claims being narrowed, invalidated, or held unenforceable, which could limit Disc's ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of Disc's current or future product candidates and other technologies. With respect to the validity question, for example, Disc cannot be certain that there is no invalidating prior art, of which it or its current or future licensing partners and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, or if Disc is otherwise unable to adequately protect its rights, it would lose at least part, and perhaps all, of the patent protection on its current or future product candidates. Such a loss of patent protection could have a material adverse impact on Disc's business and its ability to commercialize or license its technology and current or future product candidates.

Such proceedings also may result in substantial cost and require significant time from Disc's scientists and management, even if the eventual outcome is favorable to it. If Disc is unsuccessful in any such proceeding or other priority or inventorship dispute, it may be required to obtain and maintain licenses from third parties, including parties involved in any such interference proceedings or other priority or inventorship disputes. Such licenses may not be available on commercially reasonable terms or at all, or may be non-exclusive. If Disc is unable to obtain and maintain such licenses, it may need to cease the development, manufacture, and commercialization of one or more of the current or future product candidates it may develop. The loss of exclusivity or the narrowing of Disc's patent application claims could limit its ability to stop others from using or commercializing similar or identical technology and products. Any of the foregoing could have a material adverse effect on Disc's business, results of operations, financial condition and prospects.

***Changes in patent law could diminish the value of patents in general, thereby impairing Disc's ability to protect its current or future product candidates.***

As is the case with other biopharmaceutical companies, Disc's success is heavily dependent on intellectual property, particularly patents. Obtaining and enforcing patents in the biopharmaceutical industry involve both technological and legal complexity and is therefore costly, time consuming and inherently uncertain. Recent patent reform legislation in the U.S. and other countries, including the Leahy-Smith America Invents Act, or Leahy-Smith Act, signed into law on September 16, 2011, could increase those uncertainties and costs. The Leahy-Smith Act includes a number of significant changes to U.S. patent law. These include provisions that affect the way patent applications are prosecuted, redefine prior art and provide more efficient and cost-effective avenues for competitors to challenge the validity of patents. In addition, the Leahy-Smith Act has transformed the U.S. patent system into a "first inventor to file" system. The first-inventor-to-file provisions, however, only became effective on March 16, 2013. Accordingly, it is not yet clear what, if any, impact the Leahy-Smith Act will have on the operation of Disc's business. However, the Leahy-Smith Act and its implementation could make it more difficult to obtain patent protection for its inventions and increase the uncertainties and costs surrounding the prosecution of its patent applications and the enforcement or defense of its issued patents, all of which could harm its business, results of operations and financial condition.

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 U.S. and other countries that, if adopted, could impact Disc's ability to obtain patent protection for its proprietary technology or its ability to enforce its 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 Disc's ability to obtain new patents or to enforce its existing patents and patents that it might obtain in the future.

***Disc may not identify relevant third-party patents or may incorrectly interpret the relevance, scope or expiration of a third-party patent, which might subject it to infringement claims or adversely affect its ability to develop and market its current or future product candidates.***

Disc cannot guarantee that any of its or its licensors' 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 Disc be certain that it has identified each and every third-party patent and pending patent application in the U.S. and abroad that is relevant to or necessary for the commercialization of its current or future product candidates in any jurisdiction. For example, U.S. patent applications filed before November 29, 2000 and certain U.S. patent applications filed after that date that will not be filed outside the U.S. remain confidential until patents issue. As mentioned above, patent applications in the U.S. and elsewhere are published approximately 18 months after the earliest filing for which priority is claimed, with such earliest filing date being commonly referred to as the priority date. Therefore, patent applications covering Disc's current or future product candidates could have been filed by third parties without its knowledge. Additionally, pending patent applications that have been published can, subject to certain limitations, be later amended in a manner that could cover Disc's current or future product candidates or the use of its current or future product candidates. 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. Disc's interpretation of the relevance or the scope and/or validity of a patent or a pending application may be incorrect, which may negatively impact its ability to market its current or future product candidates. Disc may incorrectly determine that its current or future product candidates 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. Disc's determination of the expiration date of any patent in the U.S. or abroad that it considers relevant may be incorrect, which may negatively impact its ability to develop and market its current or future product candidates. Disc's failure to identify and correctly interpret relevant patents may negatively impact its ability to develop and market its current or future product candidates.

If Disc fails to identify and correctly interpret relevant patents, it may be subject to infringement claims. Disc cannot guarantee that it will be able to successfully settle or otherwise resolve such infringement claims. If Disc fails in any such dispute, in addition to being forced to pay damages, which may be significant, it may be temporarily or permanently prohibited from commercializing any of its current or future product candidates that are held to be infringing. Disc might, if possible, also be forced to redesign current or future product candidates so that it no longer infringes the third-party intellectual property rights. Any of these events, even if Disc were ultimately to prevail, could require it to divert substantial financial and management resources that it would otherwise be able to devote to its business and could adversely affect its business, financial condition, results of operations and prospects.

***Intellectual property rights do not guarantee commercial success of current or future product candidates or other business activities. Numerous factors may limit any potential competitive advantage provided by Disc's intellectual property rights.***

The degree of future protection afforded by Disc's intellectual property rights, whether owned or in-licensed, is uncertain because intellectual property rights have limitations, and may not adequately protect its business, provide a barrier to entry against its competitors or potential competitors, or permit it to maintain its competitive advantage. Moreover, if a third party has intellectual property rights that cover the practice of Disc's technology, it may not be able to fully exercise or extract value from its intellectual property rights. The following examples are illustrative:

- patent applications that Disc owns or may in-license may not lead to issued patents;
- patents, should they issue, that Disc may own or in-license, may not provide it with any competitive advantages, may be narrowed in scope, or may be challenged and held invalid or unenforceable;
- others may be able to develop and/or practice technology, including compounds that are similar to the chemical compositions of Disc's current or future product candidates, that is similar to its technology or aspects of its technology but that is not covered by the claims of any patents it may own or in-license, should any patents issue;
- third parties may compete with Disc in jurisdictions where it does not pursue and obtain patent protection;
- Disc, or its current or future licensors or collaborators, might not have been the first to make the inventions covered by a patent application that it owns or may in-license;
- Disc, or its current or future licensors or collaborators, might not have been the first to file patent applications covering a particular invention;
- others may independently develop similar or alternative technologies without infringing, misappropriating or otherwise violating Disc's intellectual property rights;
- Disc's competitors might conduct research and development activities in the U.S. and other countries that provide a safe harbor from patent infringement claims for certain research and development activities, as well as in countries where it does not have patent rights, and may then use the information learned from such activities to develop competitive products for sale in its major commercial markets;
- Disc may not be able to obtain and/or maintain necessary licenses on reasonable terms or at all;
- third parties may assert an ownership interest in Disc's intellectual property and, if successful, such disputes may preclude it from exercising exclusive rights, or any rights at all, over that intellectual property;
- Disc may choose not to file a patent in order to maintain certain trade secrets or know-how, and a third-party may subsequently file a patent covering such trade secrets or know-how;
- Disc may not be able to maintain the confidentiality of its trade secrets or other proprietary information;
- Disc may not develop or in-license additional proprietary technologies that are patentable; and
- the patents of others may have an adverse effect on Disc's business.

Should any of these events occur, they could significantly harm Disc's business, financial condition, results of operations and prospects.

**Risks Related to Government Regulation**

***Obtaining and maintaining regulatory approval of Disc's product candidates in one jurisdiction does not mean that it will be successful in obtaining regulatory approval of its product candidates in other jurisdictions.***

Obtaining and maintaining regulatory approval of Disc's product candidates in one jurisdiction does not guarantee that it 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 regulatory approval of a product candidate, comparable regulatory authorities in foreign jurisdictions must also approve the manufacturing, marketing and promotion of the product 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 short, the foreign regulatory approval process involves all of the risks associated with FDA approval. In many jurisdictions outside the United States, a product candidate must be approved for reimbursement before it can be approved for sale in that jurisdiction. In some cases, the price that Disc may intend to charge for its products will also be subject to approval.

Disc may also submit marketing applications in other countries. Regulatory authorities in jurisdictions outside of the United States have requirements for approval of product candidates with which Disc 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 Disc and could delay or prevent the introduction of its products in certain countries. If Disc fails to comply with the regulatory requirements in international markets and/or receive applicable regulatory approvals, its target market will be reduced and its ability to realize the full market potential of its product candidates will be harmed.

***Disc may seek priority review designation for one or more of its product candidates, but it might not receive such designation, and even if it does, such designation may not lead to a faster regulatory review or approval process.***

If the FDA determines that a product candidate offers a treatment for a serious condition and, if approved, the product would provide a significant improvement in safety or effectiveness, the FDA may designate the product candidate for priority review. A priority review designation means that the goal for the FDA to review an application is six months, rather than the standard review period of ten months. Disc may request priority review for its product candidates. The FDA has broad discretion with respect to whether or not to grant priority review status to a product candidate, so even if Disc believes a particular product candidate is eligible for such designation or status, the FDA may decide not to grant it. Moreover, a priority review designation does not necessarily result in an expedited regulatory review or approval process or necessarily confer any advantage with respect to approval compared to conventional FDA procedures. Receiving priority review from the FDA does not guarantee approval within the six-month review cycle or at all.

***Disc may seek orphan drug designation for certain of its product candidates, and it may be unsuccessful or may be unable to maintain the benefits associated with orphan drug designation, including the potential for market exclusivity.***

As part of its business strategy, Disc may seek orphan drug designation for certain of its product candidates, and it may be unsuccessful. Regulatory authorities in some jurisdictions, including the United States and Europe, may designate drugs for relatively small patient populations as orphan drugs. Under the Orphan Drug Act, the FDA may designate a drug or biologic as an orphan drug if it is a product intended to treat a rare disease or condition, which is generally defined as a patient population of fewer than 200,000 individuals annually in the United States, or a patient population of 200,000 or more in the United States where there is no reasonable expectation that the cost of developing the product will be recovered from sales in the United States. In the United States, orphan drug designation entitles a party to financial incentives such as opportunities for grant funding towards clinical trial costs, tax advantages and user-fee waivers.

Similarly, in Europe, the European Commission, upon the recommendation of the EMA's Committee for Orphan Medicinal Products, grants orphan drug designation to promote the development of drugs that are intended for the diagnosis, prevention or treatment of life-threatening or chronically debilitating conditions affecting not more than 5 in 10,000 persons in Europe and for which no satisfactory method of diagnosis, prevention, or treatment has been authorized (or the product would be a significant benefit to those affected). Additionally, designation is granted for drugs intended for the diagnosis, prevention, or treatment of a life-threatening, seriously debilitating or serious and chronic condition and when, without incentives, it is unlikely that sales of the drug in Europe would be sufficient to justify the necessary investment in developing the drug. In Europe, orphan drug designation entitles a party to financial incentives such as reduction of fees or fee waivers.

Generally, if a product with an orphan drug designation subsequently receives the first regulatory approval for the indication for which it has such designation, the product is entitled to a period of marketing exclusivity, which precludes the FDA or the EMA from approving another marketing application for the same product and indication for that time period, except in limited circumstances. The applicable period is seven years in the United States and ten years in Europe. The European exclusivity period can be reduced to six years if a product no longer meets the criteria for orphan drug designation or if the product is sufficiently profitable so that market exclusivity is no longer justified.

Even if Disc obtains orphan drug exclusivity for one of its product candidates, that exclusivity may not effectively protect its product candidate from competition because different products can be approved for the same condition. In addition, a designated orphan drug may not receive orphan drug exclusivity if it is approved for a use that is broader than the indication for which it received orphan designation. Moreover, 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 if the manufacturer is unable to assure sufficient quantity of the product to meet the needs of patients with the rare disease or condition or if another product with the same active moiety is determined to be safer, more effective, or represents a major contribution to patient care. Orphan drug designation neither shortens the development time or regulatory review time of a product nor gives the product any advantage in the regulatory review or approval process. While Disc may seek orphan drug designation for its product candidates, it may never receive such designations. Even if it does receive such designations, there is no guarantee that it will enjoy the benefits of those designations.

The FDA may further reevaluate its regulations and policies under the Orphan Drug Act. Disc does not know if, when, or how the FDA may change its orphan drug regulations and policies in the future, and it is uncertain how any changes might affect its business. Depending on what changes the FDA may make to its orphan drug regulations and policies, Disc's business could be adversely impacted.

***Disc may seek rare pediatric disease designation for bitopertin. However, a marketing application for bitopertin, if approved, may not meet the eligibility criteria for a rare pediatric disease priority review voucher.***

Disc may seek rare pediatric disease designation for bitopertin in patients with EPP and XLP. The FDA defines "rare pediatric disease" as a (i) serious or life-threatening disease in which the serious or life-threatening manifestations primarily affect ages from birth to 18 years, including age groups often called neonates, infants, children, and adolescents; and (ii) a rare disease or condition within the meaning of the Orphan Drug Act. Designation of a product candidate as a product for a rare pediatric disease does not guarantee that a marketing application for such product candidate will meet the eligibility criteria for a rare pediatric disease priority review voucher at the time the application is approved. Under the Federal Food, Drug, and Cosmetic Act, Disc will need to request a rare pediatric disease priority review voucher in its original marketing application for its product candidates for which it has received rare pediatric disease designation. The FDA may determine that a marketing application for bitopertin, if approved, does not meet the eligibility criteria for a priority review voucher.

Under the current statutory sunset provisions, after September 30, 2024, the FDA may only award a priority review voucher for an approved rare pediatric disease product application if the sponsor has rare pediatric disease designation for the drug or biologic that is the subject of such application, and that designation was granted by September 30, 2024. After September 30, 2026, the FDA may not award any rare pediatric disease priority review vouchers. However, it is possible the authority for FDA to award rare pediatric disease priority review vouchers will be further extended by Congress. As such, if Disc does not obtain approval of a marketing application for bitopertin in patients with EPP and XLP on or before September 30, 2026, and if the priority review voucher program is not extended by Congressional action, it may not receive a priority review voucher.

***A breakthrough therapy designation and fast track designation by the FDA, even if granted for any of Disc's product candidates, may not lead to a faster development, regulatory review or approval process, and each designation does not increase the likelihood that any of its product candidates will receive regulatory approval in the United States.***

Disc may seek a breakthrough therapy designation for certain of its product candidates. A breakthrough therapy is defined as a drug or biologic that is intended, alone or in combination with one or more other drugs or biologics, to treat a serious or life-threatening disease or condition and preliminary clinical evidence indicates that the drug or biologic may demonstrate substantial improvement over existing therapies on one or more clinically significant endpoints, such as substantial treatment effects observed early in clinical development. For product candidates that have been designated as breakthrough therapies, interaction and communication between the FDA and the sponsor of the trial can help to identify the most efficient path for clinical development while minimizing the number of patients placed in ineffective control regimens. Products designated as breakthrough therapies by the FDA may also be eligible for priority review and accelerated approval. Designation as a breakthrough therapy is within the discretion of the FDA. Accordingly, even if Disc believes one of its product candidates meets the criteria for designation as a breakthrough therapy, the FDA may disagree and instead determine not to make such designation. In any event, the receipt of a breakthrough therapy designation for a product candidate may not result in a faster development process, review or approval compared to therapies considered for approval under conventional FDA procedures and does not assure ultimate approval by the FDA. In addition, even if one or more of Disc's product candidates qualify as breakthrough therapies, the FDA may later decide that such product candidates no longer meet the conditions for qualification or decide that the time period for FDA review or approval will not be shortened.

Disc may seek fast track designation for certain of its product candidates. If a drug or biologic is intended for the treatment of a serious or life-threatening condition and the drug or biologic demonstrates the potential to address unmet medical needs for this condition, the sponsor may apply for fast track designation. The FDA has broad discretion whether or not to grant this designation, so even if Disc believes a particular product candidate is eligible for this designation, it cannot assure you that the FDA would decide to grant it. Even if Disc does receive fast track designation, it may not experience a faster development process, review or approval compared to conventional FDA procedures. The FDA may withdraw fast track designation if it believes that the designation is no longer supported by data from Disc's clinical development program. Fast track designation alone does not guarantee qualification for the FDA's priority review procedures.

***Accelerated approval by the FDA, even if granted for Disc's current or any other future product candidates, may not lead to a faster development or regulatory review or approval process and it does not increase the likelihood that its product candidates will receive regulatory approval.***

Disc may seek accelerated approval of its current or future product candidates using the FDA's accelerated approval pathway. A product may be eligible for accelerated approval if it treats a serious or life-threatening condition and generally provides a meaningful advantage over available therapies. In addition, it must demonstrate 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, or IMM, that is reasonably likely to predict an effect on IMM or other clinical benefit. It is possible that at the time of submission of a marketing application, the FDA may determine that Disc's product candidate is not eligible for accelerated approval or that accelerated approval is not warranted. Moreover, FDA may revise how it implements accelerated approval, which could negatively affect the development of Disc's current or future product candidates.

As a condition of approval, the FDA requires that a sponsor of a drug or biologic receiving accelerated approval perform adequate and well-controlled post-marketing clinical trials. These confirmatory trials must be completed with due diligence. In addition, the FDA currently requires, unless otherwise informed by the agency, pre-approval of promotional materials for products being considered for accelerated approval, which could adversely impact the timing of the commercial launch of the product. Even if Disc does receive accelerated approval, it may not experience a faster development or regulatory review or approval process, and receiving accelerated approval does not provide assurance of ultimate full FDA approval.

***If Disc's drug product candidates or any of its future drug product candidates obtain regulatory approval, additional competitors could enter the market with generic versions of such products, which may result in a material decline in sales of its competing products.***

Under the Drug Price Competition and Patent Term Restoration Act of 1984, or the Hatch-Waxman Amendments to the Federal Food, Drug, and Cosmetic Act, or the FDCA, a company may file an abbreviated new drug application, or ANDA, seeking approval of a generic version of an approved innovator product. Under the Hatch-Waxman Amendments, a company may also submit an NDA under section 505(b)(2) of the FDCA that references the FDA's prior approval of the innovator product or preclinical studies and/or clinical trials that were not conducted by, or for, the applicant and for which the applicant has not obtained a right of reference. A 505(b)(2) NDA product may be for a new or improved version of the original innovator product. The Hatch-Waxman Amendments also provide for certain periods of regulatory exclusivity, which preclude FDA approval (or in some circumstances, FDA filing and review) of an ANDA or 505(b)(2) NDA. In addition to the benefits of regulatory exclusivity, an innovator NDA holder may have patents claiming the active ingredient, product formulation or an approved use of the drug, which would be listed with the product in the FDA publication "Approved Drug Products with Therapeutic Equivalence Evaluations," known as the Orange Book. If there are patents listed in the Orange Book for the applicable, approved innovator product, a generic or 505(b)(2) applicant that seeks to market its product before expiration of the patents must include in their applications what is known as a "Paragraph IV" certification, challenging the validity or enforceability, or claiming non-infringement, of the listed patent or patents. Notice of the certification must be given to the patent owner and NDA holder and if, within 45 days of receiving notice, either the patent owner or NDA holder sues for patent infringement, approval of the ANDA or 505(b)(2) NDA is stayed for up to 30 months.

Accordingly, if any of Disc's product candidates that are regulated as drugs are approved, competitors could file ANDAs for generic versions of these products or 505(b)(2) NDAs that reference its products. If there are patents listed for such drug products in the Orange Book, those ANDAs and 505(b)(2) NDAs would be required to include a certification as to each listed patent indicating whether the ANDA applicant does or does not intend to challenge the patent. Disc cannot predict which, if any, patents in its current portfolio or patents it may obtain in the future will be eligible for listing in the Orange Book, how any generic competitor would address such patents, whether it would sue on any such patents or the outcome of any such suit.

Disc may not be successful in securing or maintaining proprietary patent protection for products and technologies it develops or licenses, despite expending a significant amount of resources that could have been focused on other areas of its business. Moreover, if any of Disc's owned or in-licensed patents that are listed in the Orange Book are successfully challenged by way of a Paragraph IV certification and subsequent litigation, the affected product could immediately face generic competition and its sales would likely decline rapidly and materially.

***If approved, Disc's investigational products regulated as biologics may face competition from biosimilars approved through an abbreviated regulatory pathway.***

The Biologics Price Competition and Innovation Act of 2009, or BPCIA, created an abbreviated approval pathway for biologic products that are biosimilar to or interchangeable with an FDA-licensed reference biologic product. Under the BPCIA, an application for a biosimilar product may not be submitted to the FDA until four years following the date that the reference product was first licensed by the FDA. In addition, the approval of a biosimilar product may not be made effective by the FDA until 12 years from the date on which the reference product was first licensed. During this 12-year period of exclusivity, another company may still market a competing version of the reference product if the FDA approves a BLA for the competing product containing the sponsor's own preclinical data and data from adequate and well-controlled clinical trials to demonstrate the safety, purity, and potency of the other company's product. The law is complex and is still being interpreted and implemented by the FDA. As a result, its ultimate impact, implementation, and meaning are subject to uncertainty.

Disc believes that any of its product candidates approved as a biologic product under a BLA should qualify for the 12-year period of exclusivity. However, there is a risk that this exclusivity could be shortened due to congressional action or otherwise, or that the FDA will not consider Disc's investigational medicines to be reference products for competing products, potentially creating the opportunity for generic competition sooner than anticipated. Other aspects of the BPCIA, some of which may impact the BPCIA exclusivity provisions, have also been the subject of recent litigation. Moreover, the extent to which a biosimilar, once licensed, will be substituted for any one of Disc's reference products in a way that is similar to traditional generic substitution for non-biologic products is not yet clear, and will depend on a number of marketplace and regulatory factors that are still developing. If competitors are able to obtain regulatory approval for biosimilars referencing Disc's products, Disc's products may become subject to competition from such biosimilars, with the attendant competitive pressure and consequences.

***The FDA, the EMA and other regulatory authorities may implement additional regulations or restrictions on the development and commercialization of Disc's product candidates, and such changes can be difficult to predict.***

The FDA, the EMA and regulatory authorities in other countries have each expressed interest in further regulating biotechnology products. Agencies at both the federal and state level in the United States, as well as the U.S. Congressional committees and other governments or governing agencies, have also expressed interest in further regulating the biotechnology industry. Such action may delay or prevent commercialization of some or all of Disc's product candidates. Adverse developments in clinical trials of products conducted by others may cause the FDA or other oversight bodies to change the requirements for approval of any of Disc's product candidates. These regulatory review agencies and committees and the new requirements or guidelines they promulgate may lengthen the regulatory review process, require Disc to perform additional studies or trials, increase its development costs, lead to changes in regulatory positions and interpretations, delay or prevent approval and commercialization of its product candidates or lead to significant post-approval limitations or restrictions. As Disc advances its product candidates, it will be required to consult with these regulatory agencies and comply with applicable requirements and guidelines. If it fails to do so, it may be required to delay or discontinue development of such product candidates. These additional processes may result in a review and approval process that is longer than Disc otherwise would have expected. Delays as a result of an increased or lengthier regulatory approval process or further restrictions on the development of Disc's product candidates can be costly and could negatively impact its ability to complete clinical trials and commercialize its current and future product candidates in a timely manner, if at all.

***The FDA and other regulatory agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses.***

If any of Disc's product candidates are approved and it is found to have improperly promoted off-label uses of those products, it may become subject to significant liability. The FDA and other regulatory agencies strictly regulate the promotional claims that may be made about prescription products, if approved. In particular, while the FDA permits the dissemination of truthful and non-misleading information about an approved product, a manufacturer may not promote a product for uses that are not approved by the FDA or such other regulatory agencies as reflected in the product's approved labeling. If Disc is found to have promoted such off-label uses, it may become subject to significant liability. The federal government has levied large civil and criminal fines against companies for alleged improper promotion of off-label use and has enjoined several companies from engaging in off-label promotion. The FDA has also requested that companies enter into consent decrees, corporate integrity agreements or permanent injunctions under which specified promotional conduct must be changed or curtailed. If Disc cannot successfully manage the promotion of its product candidates, if approved, it could become subject to significant liability, which would materially adversely affect its business and financial condition.

***Inadequate funding for the FDA, the SEC and other government agencies, including from government shut downs, or other disruptions to these agencies' operations, could hinder their ability to hire and retain key leadership and other personnel, prevent new products and services from being developed or commercialized in a timely manner or otherwise prevent those agencies from performing normal business functions on which the operation of Disc's business may rely, which could negatively impact its business.***

The ability of the FDA 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 and 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. Disruptions at the FDA and other agencies may also slow the time necessary for new product candidates to be reviewed and/or approved by necessary government agencies, which would adversely affect Disc's business. In addition, government funding of the SEC and other government agencies on which Disc's operations may rely, including those that fund research and development activities, is subject to the political process, which is inherently fluid and unpredictable.

Disruptions at the FDA and other agencies may also slow the time necessary for new product candidates to be reviewed and/or approved by necessary government agencies, which would adversely affect Disc's business. For example, over the last several years the U.S. government has shut down several times and certain regulatory agencies, such as the FDA and the SEC, have had to furlough critical FDA, SEC and other government employees and stop critical activities. If a prolonged government shutdown occurs, it could significantly impact the ability of the FDA to timely review and process Disc's regulatory submissions, which could have a material adverse effect on its business. Further, future government shutdowns could impact its ability to access the public markets and obtain necessary capital in order to properly capitalize and continue its operations.

Separately, in response to the COVID-19 pandemic, since March 2020 when foreign and domestic inspections of facilities were largely placed on hold, the FDA has been working to resume pre-pandemic levels of inspection activities, including routine surveillance, bioresearch monitoring and pre-approval inspections. Should FDA determine that an inspection is necessary for approval and an inspection cannot be completed during the review cycle due to restrictions on travel, and the FDA does not determine a remote interactive evaluation to be adequate, the FDA has stated that it generally intends to issue, depending on the circumstances, a complete response letter or defer action on the application until an inspection can be completed. During the COVID-19 public health emergency, a number of companies announced receipt of complete response letters due to the FDA's inability to complete required inspections for their applications. The FDA has noted it was continuing to ensure timely reviews of applications for medical products during the ongoing COVID-19 pandemic in line with its user fee performance goals and conducting mission critical domestic and foreign inspections to ensure compliance of manufacturing facilities with FDA quality standards. However, the FDA may not be able to continue its current pace and review timelines could be extended, including where a pre-approval inspection or an inspection of clinical sites is required and due to the ongoing COVID-19 pandemic and travel restrictions, the FDA is unable to complete such required inspections during the review period. Regulatory authorities outside the U.S. may adopt similar restrictions or other policy measures in response to the COVID-19 pandemic and may experience delays in their regulatory activities. If a prolonged government shutdown or other disruption occurs, it could significantly impact the ability of the FDA to timely review and process Disc's regulatory submissions, which could have a material adverse effect on its business. Future shutdowns or other disruptions could also affect other government agencies such as the SEC, which may also impact Disc's business by delaying review of its public filings, to the extent such review is necessary, and its ability to access the public markets.

***Healthcare legislative reform measures may have a material adverse effect on Disc's business and results of operations.***

The U.S. and many foreign jurisdictions have enacted or proposed legislative and regulatory changes affecting the U.S. and global healthcare systems that could prevent or delay regulatory approval of Disc's current or future product candidates or any future product candidates, restrict or regulate post-approval activities and affect its ability to profitably sell a product for which it obtains regulatory approval. Changes in regulations, statutes or the interpretation of existing regulations could impact Disc's business in the future by requiring, for example: (i) changes to its manufacturing arrangements, (ii) additions or modifications to product labeling, (iii) the recall or discontinuation of its products or (iv) additional record-keeping requirements. If any such changes were to be imposed, they could adversely affect the operation of Disc's business. In the U.S., there have been and continue to be, on-going legislative initiatives to contain healthcare costs. For example, in March 2010, the Patient Protection and Affordable Care Act, or the ACA, was passed, as amended by the Health Care and Education Reconciliation Act of 2010, which substantially changed the way healthcare is financed by both governmental and private insurers, and significantly impacted the U.S. pharmaceutical industry. The ACA, among other things, subjects biological products to potential competition by lower-cost biosimilars, addresses a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted or injected, increases the minimum Medicaid rebates owed by manufacturers under the Medicaid Drug Rebate Program, and extends the rebate program to individuals enrolled in Medicaid managed care organizations, establishes annual fees and taxes on manufacturers of certain branded prescription drugs, and creates a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 50% (increased to 70% pursuant to the Bipartisan Budget Act of 2018, effective as of 2019) point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D. Since then, the ACA risk adjustment program payment parameters have been updated annually.

Since the ACA's enactment, there have been numerous judicial, administrative, executive, and legislative challenges to certain aspects of the ACA and we expect that there will be additional challenges and amendments to the ACA in the future. On June 17, 2021, the U.S. Supreme Court dismissed the most recent judicial challenge to the ACA brought by several states without specifically ruling on the constitutionality of the ACA. Prior to the Supreme Court's decision, President Biden 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 ACA marketplace. The Executive Order also instructed 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 ACA. It is unclear how other healthcare reform measures of the Biden administrations or other efforts, if any, to challenge repeal or replace the ACA, will impact Disc's business.

In addition, other legislative and regulatory changes have been proposed and adopted in the United States since the ACA was enacted:

- On August 2, 2011, the U.S. Budget Control Act of 2011, among other things, included aggregate reductions of Medicare payments to providers of 2% per fiscal year. These reductions went into effect on April 1, 2013 and, due to subsequent legislative amendments to the statute, will remain in effect through 2030, with the exception of a temporary suspension from May 1, 2020 through March 31, 2022 due to the COVID-19 pandemic. Following the suspension, a 1% payment reduction began April 1, 2022 and continued through June 30, 2022, and the 2% payment reduction resumed on July 1, 2022.

- On January 2, 2013, the U.S. American Taxpayer Relief Act of 2012 was signed into law, which, among other things, further reduced Medicare payments to several types of providers.

- On April 13, 2017, CMS published a final rule that gives states greater flexibility in setting benchmarks for insurers in the individual and small group marketplaces, which may have the effect of relaxing the essential health benefits required under the ACA for plans sold through such marketplaces.

- On May 30, 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.

- On May 23, 2019, CMS published a final rule to allow Medicare Advantage Plans the option of using step therapy for Part B drugs beginning January 1, 2020.

- On December 20, 2019, former President Trump signed into law the Further Consolidated Appropriations Act (H.R. 1865), which repealed the Cadillac tax, the health insurance provider tax, and the medical device excise tax. It is impossible to determine whether similar taxes could be instated in the future.

There has been increasing legislative and enforcement interest in the U.S. with respect to specialty drug pricing practices. Specifically, there have been several recent U.S. Congressional inquiries and proposed federal and state legislation designed to, among other things, bring more transparency to drug pricing, reduce the cost of prescription drugs under Medicare, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drugs. At the federal level, President Biden signed an Executive Order on July 9, 2021 affirming the administration's policy to: (i) support legislative reforms that would lower the prices of prescription drug and biologics, including by allowing Medicare to negotiate drug prices, by imposing inflation caps, and, by supporting the development and market entry of lower-cost generic drugs and biosimilars; and (ii) support the enactment of a public health insurance option. Among other things, the Executive Order also directs HHS to provide a report on actions to combat excessive pricing of prescription drugs, enhance the domestic drug supply chain, reduce the price that the Federal government pays for drugs, and address price gouging in the industry; and directs the FDA to work with states and Indian Tribes that propose to develop section 804 Importation Programs in accordance with the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, and the FDA's implementing regulations, as well as to continue to clarify and improve the approval framework for generic drugs and biosimilars, including the standards for interchangeability of biological products, facilitate the development and approval of biosimilar and interchangeable products, clarify existing requirements and procedures related to the review and submission of BLAs, and identify and address any efforts to impede generic drug and biosimilar competition. FDA released such implementing regulations on September 24, 2020, which went into effect on November 30, 2020, providing guidance for states to build and submit importation plans for drugs from Canada. On September 25, 2020, CMS stated drugs imported by states under this rule will not be eligible for federal rebates under Section 1927 of the Social Security Act and manufacturers would not report these drugs for "best price" or Average Manufacturer Price purposes. Since these drugs are not considered covered outpatient drugs, CMS further stated it will not publish a National Average Drug Acquisition Cost for these drugs. If implemented, importation of drugs from Canada may materially and adversely affect the price Disc receives for any of its product candidates. Further, on November 20, 2020 CMS issued an Interim Final Rule implementing the Most Favored Nation, or MFN, Model under which Medicare Part B reimbursement rates would have been calculated for certain drugs and biologicals based on the lowest price drug manufacturers receive in Organization for Economic Cooperation and Development countries with a similar gross domestic product per capita. However, on December 29, 2021, CMS rescinded the Most Favored Nations rule. Additionally, on November 30, 2020, HHS published a regulation removing safe harbor protection for price reductions from pharmaceutical manufacturers to plan sponsors under Part D, either directly or through pharmacy benefit managers, unless the price reduction is required by law. The rule also creates a new safe harbor for price reductions reflected at the point-of-sale, as well as a safe harbor for certain fixed fee arrangements between pharmacy benefit managers and manufacturers. Pursuant to court order, the removal and addition of the aforementioned safe harbors were delayed and recent legislation imposed a moratorium on implementation of the rule until January 1, 2026. This deadline was pushed back further to January 1, 2027 by the Bipartisan Safer Communities Act and could potentially be pushed back to January 1, 2032 by the Inflation Reduction Act.

On August 7, 2022 the U.S. Senate passed the Inflation Reduction Act of 2022, which, among other things, allows for CMS to negotiate prices for certain single-source drugs and biologics reimbursed under Medicare Part B and Part D, beginning with ten high-cost drugs paid for by Medicare Part D starting in 2026, followed by 15 Part D drugs in 2027, 15 Part B or Part D drugs in 2028, and 20 Part B or Part D drugs in 2029 and beyond. The legislation would also subject drug manufacturers to civil monetary penalties and a potential excise tax for failing to comply with the legislation by offering a price that is not equal to or less than the negotiated "maximum fair price" under the law or for taking price increases that exceed inflation. The legislation would also cap Medicare beneficiaries' annual out-of-pocket drug expenses at $2,000, and cap Medicare beneficiaries' insulin costs at $35. President Biden is expected to sign the legislation imminently. The effect of Inflation Reduction Act of 2022 on our business and the healthcare industry in general is not yet known. Although these and other proposed measures may require authorization through additional legislation to become effective, and the Biden administration may reverse or otherwise change these measures, both the Biden administration and Congress have indicated that it will continue to seek new legislative measures to control drug costs.

At the state level, individual states are increasingly aggressive in passing legislation and implementing 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. In addition, regional health care 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 health care programs. These measures could reduce the ultimate demand for Disc's products, once approved, or put pressure on its product pricing.

Disc expects that additional state and federal healthcare reform measures will be adopted in the future, any of which could limit the amounts that federal and state governments will pay for healthcare products and services, which could result in reduced demand for its current or future product candidates or additional pricing pressures. In particular any policy changes through CMS as well as local state Medicaid programs could have a significant impact on Disc's business.

Disc's revenue prospects could be affected by changes in healthcare spending and policy in the U.S. and abroad. Disc operates in a highly regulated industry and new laws, regulations or judicial decisions, or new interpretations of existing laws, regulations or decisions, related to healthcare availability, the method of delivery or payment for healthcare products and services could negatively impact its business, operations and financial condition.

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. Disc cannot predict the initiatives that may be adopted in the future, including repeal, replacement or significant revisions to the ACA. 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 Disc's current or future product candidates, if it obtains regulatory approval;
- Disc's ability to set a price that it believes is fair for its products;
- Disc's ability to obtain coverage and reimbursement approval for a product;
- Disc's ability to generate revenue and achieve or maintain profitability;
- the level of taxes that Disc is 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 Disc's future profitability.

***Disc's relationships with customers, healthcare providers, physicians and third-party payors will be subject to applicable anti-kickback, fraud and abuse and other healthcare laws and regulations, which could expose it to criminal sanctions, civil penalties, exclusion from government healthcare programs, contractual damages, reputational harm and diminished future profits and earnings.***

Although Disc does not currently have any products on the market, once it begins commercializing its product candidates, it will be subject to additional healthcare statutory and regulatory requirements and enforcement by the federal government and the states and foreign governments in which it conducts its business. Healthcare providers, physicians and third-party payors will play a primary role in the recommendation and prescription of any product candidates for which it obtains regulatory approval. Disc's future arrangements with third-party payors and customers may expose it to broadly applicable fraud and abuse and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which it markets, sells and distributes its product candidates for which it obtains regulatory approval. Restrictions under applicable federal and state healthcare laws and regulations, include the following:

- the U.S. federal Anti-Kickback Statute, which prohibits, among other things, persons from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, order or recommendation of, any good or service, for which payment may be made under federal and state healthcare programs such as Medicare and Medicaid. 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. Violations are subject to civil and criminal fines and penalties for each violation, plus up to three times the remuneration involved, imprisonment of up to ten years, and exclusion from government healthcare programs. In addition, the government may assert that 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 or federal civil money penalties. 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. The HHS, Office of Inspector General, or OIG, heavily scrutinizes relationships between pharmaceutical companies and persons in a position to generate referrals for or the purchase of their products, such as physicians, other healthcare providers, and pharmacy benefit managers, among others. However, there are a number of statutory exceptions and regulatory safe harbors protecting some common activities from prosecution;
- the federal civil and criminal false claims and civil monetary penalties laws, including the federal False Claims Act, or FCA, which imposes criminal and civil penalties, including through civil whistleblower or qui tam actions, against individuals or entities for knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent or making a false statement to avoid, decrease or conceal an obligation to pay money to the federal government. Manufacturers can be held liable under the FCA even when they do not submit claims directly to government payors if they are deemed to "cause" the submission of false or fraudulent claims. In addition, the government may assert that a claim including items and services resulting from a violation of the federal Anti-Kickback Statute constitutes a false of fraudulent claim for purposes of the False Claims Act. The federal False Claims Act also permits a private individual acting as a "whistleblower" to bring actions on behalf of the federal government alleging violations of the federal False Claims Act and to share in any monetary recovery;

- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which imposes criminal and civil liability for executing a scheme to defraud any healthcare benefit program (e.g. public or private), or knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false 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;

- the federal physician payment transparency requirements, sometimes referred to as the "Sunshine Act" under the ACA, which require manufacturers of drugs, devices, biologics and medical supplies that are reimbursable under Medicare, Medicaid, or the Children's Health Insurance Program to report to HHS information related to transfers of value made to physicians, nurse practitioners, certified nurse anesthetists, physician assistants, clinical nurse specialists, and certified nurse midwives as well as teaching hospitals. Manufacturers are also required to disclose ownership and investment interests held by physicians and their immediate family members;

- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009, or HITECH, and its implementing regulations, which impose obligations on certain covered entity healthcare providers, health plans, and healthcare clearinghouses as well as their business associates that perform certain services involving the use or disclosure of individually identifiable health information, including mandatory contractual terms, with respect to safeguarding the privacy, security and transmission of individually identifiable health information. HITECH also created new tiers of civil monetary penalties, amended HIPAA to make civil and criminal penalties directly applicable to business associates, and gave state attorneys general new authority to file civil actions for damages or injunctions in federal courts to enforce the federal HIPAA laws and seek attorneys' fees and costs associated with pursuing federal civil actions. In addition, there may be additional federal, state and non-U.S. laws which govern the privacy and security of health and other personal information in certain circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts;

- federal consumer protection and unfair competition laws, which broadly regulate marketplace activities and activities that potentially harm consumers; and

- federal price reporting laws, which require manufacturers to calculate and report complex pricing metrics to government programs, where such reported prices may be used in the calculation of reimbursement and/or discounts on approved products.

Disc is also subject to state and foreign equivalents of each of the healthcare laws and regulations described above, among others, some of which may be broader in scope and may apply regardless of the payor. Many U.S. states have adopted laws similar to the federal Anti-Kickback Statute and False Claims Act, and may apply to Disc's business practices, including, but not limited to, research, distribution, sales or marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental payors, including private insurers. In addition, some states have passed laws that require pharmaceutical companies to comply with the April 2003 Office of Inspector General Compliance Program Guidance for Pharmaceutical Manufacturers and/or the Pharmaceutical Research and Manufacturers of America's Code on Interactions with Healthcare Professionals. Several states also impose other marketing restrictions or require pharmaceutical companies to make marketing or price disclosures to the state and require the registration of pharmaceutical sales representatives. State and foreign laws, including for example the European Union General Data Protection Regulation, which became effective May 2018 also govern the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts. There are ambiguities as to what is required to comply with these state requirements and if Disc fails to comply with an applicable state law requirement it could be subject to penalties. Finally, there are state and foreign laws governing the privacy and security of health information, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

The scope and enforcement of each of these laws is uncertain and subject to rapid change in the current environment of healthcare reform, especially in light of the lack of applicable precedent and regulations. Federal and state enforcement bodies have recently increased their scrutiny of interactions between healthcare companies and healthcare providers, which has led to a number of investigations, prosecutions, convictions and settlements in the healthcare industry.

Ensuring that Disc's future business arrangements with third parties comply with applicable healthcare laws and regulations could involve substantial costs. It is possible that governmental authorities will conclude that Disc's business practices do not comply with current or future statutes, regulations or case law involving applicable fraud and abuse or other healthcare laws and regulations. If Disc's operations, including anticipated activities to be conducted by its sales team, were to be found to be in violation of any of these laws or any other governmental regulations that may apply to it, Disc may be subject to significant civil, criminal and administrative penalties, damages, fines, disgorgement, imprisonment, the exclusion from participation in federal and state government funded healthcare programs, such as Medicare and Medicaid, reputational harm, and the curtailment or restructuring of its operations. It may also subject Disc to additional reporting obligations and oversight, if it becomes subject to a corporate integrity agreement, deferred prosecution agreement, or other agreement to resolve allegations of non-compliance with these laws. If any of the physicians or other providers or entities with whom Disc expects to do business is found not to be in compliance with applicable laws, they may be subject to similar criminal, civil or administrative sanctions, including exclusions from government funded healthcare programs.

***If Disc fails to comply with environmental, health and safety laws and regulations, it could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of its business.***

Disc is subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. Disc's operations involve the use of hazardous and flammable materials, including chemicals and biological and radioactive materials. Disc's operations also produce hazardous waste products. Disc generally contracts with third parties for the disposal of these materials and wastes. Disc cannot eliminate the risk of contamination or injury from these materials. In the event of contamination or injury resulting from Disc's use of hazardous materials, it could be held liable for any resulting damages, and any liability could exceed its resources. Disc also could incur significant costs associated with civil or criminal fines and penalties.

Although Disc maintains workers' compensation insurance to cover it for costs and expenses it may incur due to injuries to its employees resulting from the use of hazardous materials, this insurance may not provide adequate coverage against potential liabilities. Disc does not maintain insurance for environmental liability or toxic tort claims that may be asserted against it in connection with its storage or disposal of biological, hazardous or radioactive materials. In addition, Disc may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. Current or future environmental laws and regulations may impair its research, development and production efforts, which could harm its business, prospects, financial condition or results of operations.

***European data collection is governed by restrictive regulations governing the use, processing and cross-border transfer of personal information.***

In the event Disc decides to conduct clinical trials or continue to enroll subjects in its ongoing or future clinical trials, it may be subject to additional privacy restrictions. The collection, use, storage, disclosure, transfer, or other processing of personal data regarding individuals in the EEA and the U.K., including personal health data, is subject to the EU General Data Protection Regulation (EU) 2016/679 (EU GDPR), the GDPR as it existed on December 31, 2020 but subject to certain U.K. specific amendments incorporated into U.K. law on January 1, 2021 under the U.K.'s European Union (Withdrawal) Act 2018 (U.K. GDPR, collectively referred to as GDPR), and other data protection requirements, including the Swiss Federal Act of 19 June 1992 on Data Protection, the Ordinance to the Swiss Federal Act on Data Protection and the revised Swiss Federal Act of 25 September 2020 on Data Protection. The GDPR applies to any company established in the EU/U.K. as well as to those outside the EU/U.K. if they collect and use personal data in connection with the offering of goods or services to individuals in the EU or the monitoring of their behavior. European data protection laws are wide-ranging in scope and impose numerous requirements on companies that process personal data, including requirements relating to processing health and other sensitive data, where required obtaining consent of the individuals to whom the personal data relates, providing information to individuals regarding data processing activities, responding to individuals' requests to exercise their rights in respect of their personal data, implementing safeguards to protect the security and confidentiality of personal data, where required providing notification of data breaches to the competent national data protection authority and affected individuals, taking certain measures, including concluding data processing agreements, when engaging third-party processors, where required appointing data protection officers, conducting data protection impact assessments, and record-keeping.

In addition, adequate safeguards must be implemented to enable the transfer of personal data outside of the EEA or the U.K., in particular to the U.S., in compliance with European and U.K. data protection laws. On June 4, 2021, the European Commission, or EC, issued new forms of standard contractual clauses for data transfers from controllers or processors in the EU/EEA (or otherwise subject to the GDPR) to controllers or processors established outside the EU/EEA (and not subject to the GDPR). The new standard contractual clauses replace the standard contractual clauses that were adopted previously under the Data Protection Directive. The U.K. is not subject to the EC's new standard contractual clauses but has published a draft version of its International Transfer Agreement, which, once finalized, will enable transfers from the U.K. Disc will be required to implement these new safeguards when conducting restricted data transfers under the GDPR and doing so will require significant effort and cost.

Overall, compliance with the GDPR will be a rigorous and time-intensive process that may increase Disc's cost of doing business or require it to change its business practices, and despite those efforts, there is a risk that it may be subject to fines and penalties, litigation, and reputational harm in connection with its European and U.K. activities. The business risk is further increased by the fact that the EU Member States have implemented national laws which may partially deviate from the GDPR and impose different and more restrictive obligations from country to country, so that Disc does not expect to operate in a uniform legal landscape in the EU.

***Laws and regulations governing any international operations Disc may have in the future may preclude it from developing, manufacturing and selling certain products outside of the United States and require it to develop and implement costly compliance programs.***

If Disc expands its operations outside of the United States, it must dedicate additional resources to comply with numerous laws and regulations in each jurisdiction in which it plans to operate. The Foreign Corrupt Practices Act, or FCPA, prohibits any U.S. individual or business from paying, offering, 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 certain 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.

Compliance with the FCPA is expensive and difficult, particularly in countries in which corruption is a recognized problem. In addition, the FCPA presents particular challenges in the pharmaceutical industry, because, in many countries, hospitals are operated by the government, and doctors and other hospital employees are considered foreign officials. Certain payments to hospitals in connection with clinical trials and other work have been deemed to be improper payments to government officials and have led to FCPA enforcement actions.

Various laws, regulations and executive orders also restrict the use and dissemination outside of the United States, or the sharing with certain non-U.S. nationals, of information classified for national security purposes, as well as certain products and technical data relating to those products. If Disc expands its presence outside of the United States, it will require Disc to dedicate additional resources to comply with these laws, and these laws may preclude it from developing, manufacturing, or selling certain products and product candidates outside of the United States, which could limit its growth potential and increase its development costs.

The failure to comply with laws governing international business practices may result in substantial civil and criminal penalties and suspension or debarment from government contracting. The SEC also may suspend or bar issuers from trading securities on U.S. exchanges for violations of the FCPA's accounting provisions.

**Risks Relating to Employee Matters and Managing Growth**

***Disc's future success depends on its ability to retain key executives and experienced scientists and to attract, retain, and motivate qualified personnel.***

Disc is highly dependent on many of its key employees and members of its executive management team as well as the other principal members of its management, scientific and clinical teams. Although Disc has entered into employment letter agreements with certain of its executive officers, each of them may terminate their employment with Disc at any time. Disc does not maintain "key person" insurance for any of its executives or other employees. In addition, Disc relies on consultants and advisors, including scientific and clinical advisors, to assist it in formulating its research and development and commercialization strategy. Disc's consultants and advisors may be employed by employers other than Disc and may have commitments under consulting or advisory contracts with other entities that may limit their availability to Disc. If Disc is unable to continue to attract and retain high quality personnel, its ability to pursue its growth strategy will be limited.

Recruiting and retaining qualified scientific, clinical, manufacturing and sales and marketing personnel will also be critical to Disc's success. The loss of the services of Disc's executive officers or other key employees, including temporary loss due to illness, could impede the achievement of its research, development and commercialization objectives and seriously harm its ability to successfully implement its business strategy. 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 Disc's 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 Disc 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. Disc also experiences competition for the hiring of scientific and clinical personnel from universities and research institutions. Failure to succeed in clinical trials may make it more challenging to recruit and retain qualified scientific personnel.

In particular, Disc has experienced a very competitive hiring environment in the greater Boston area of Massachusetts, where it is headquartered. Many of the other pharmaceutical companies that Disc competes against for qualified personnel have greater financial and other resources, different risk profiles and a longer history in the industry than it does. They also may provide more diverse opportunities and better chances for career advancement. Some of these characteristics may be more appealing to high-quality candidates than what Disc has to offer. If Disc is unable to continue to attract and retain high-quality personnel, the rate and success with which it can discover and develop product candidates and its business will be limited.

***Disc may be unable to adequately protect its information systems from cyberattacks, which could result in the disclosure of confidential or proprietary information, including personal data, damage its reputation, and subject it to significant financial and legal exposure.***

Disc relies on information technology systems that it or its third-party providers operate to process, transmit and store electronic information in its day-to-day operations. In connection with its product discovery efforts, Disc may collect and use a variety of personal data, such as names, mailing addresses, email addresses, phone numbers and clinical trial information. A successful cyberattack could result in the theft or destruction of intellectual property, data, or other misappropriation of assets, or otherwise compromise Disc's confidential or proprietary information and disrupt its operations. Cyberattacks are increasing in their frequency, sophistication and intensity, and have become increasingly difficult to detect. Cyberattacks could include wrongful conduct by hostile foreign governments, industrial espionage, wire fraud and other forms of cyber fraud, the deployment of harmful malware, denial-of-service, social engineering fraud or other means to threaten data security, confidentiality, integrity and availability. A successful cyberattack could cause serious negative consequences for Disc, including, without limitation, the disruption of operations, the misappropriation of confidential business information, including financial information, trade secrets, financial loss and the disclosure of corporate strategic plans. Although Disc devotes resources to protect its information systems, it realizes that cyberattacks are a threat, and there can be no assurance that its efforts will prevent information security breaches that would result in business, legal, financial or reputational harm to it, or would have a material adverse effect on its results of operations and financial condition. Any failure to prevent or mitigate security breaches or improper access to, use of, or disclosure of Disc's clinical data or patients' personal data could result in significant liability under state (e.g., state breach notification laws), federal (e.g., HIPAA, as amended by HITECH), and international law (e.g., the GDPR) and may cause a material adverse impact to its reputation, affect its ability to conduct new studies and potentially disrupt its business.

Disc relies on its third-party providers to implement effective security measures and identify and correct for any such failures, deficiencies or breaches. Disc also relies on its employees and consultants to safeguard their security credentials and follow its policies and procedures regarding use and access of computers and other devices that may contain its sensitive information. If Disc or its third-party providers fail to maintain or protect its information technology systems and data integrity effectively or fail to anticipate, plan for or manage significant disruptions to its information technology systems, Disc or its third-party providers could have difficulty preventing, detecting and controlling such cyber-attacks and any such attacks could result in the losses described above as well as disputes with physicians, patients and its partners, regulatory sanctions or penalties, increases in operating expenses, expenses or lost revenue or other adverse consequences, any of which could have a material adverse effect on its business, results of operations, financial condition, prospects and cash flows. Any failure by such third parties to prevent or mitigate security breaches or improper access to or disclosure of such information could have similarly adverse consequences for Disc. If Disc is unable to prevent or mitigate the impact of such security or data privacy breaches, it could be exposed to litigation and governmental investigations, which could lead to a potential disruption to its business. By way of example, the California Consumer Privacy Act, or CCPA, which went into effect on January 1, 2020, creates individual privacy rights for California consumers and increases the privacy and security obligations of entities handling certain personal data. The CCPA provides for civil penalties of up to $7,500 per violation, as well as a private right of action for data breaches that is expected to increase data breach litigation. The CCPA may increase Disc's compliance costs and potential liability, and many similar laws have been proposed at the federal level and in other states. Colorado and Virginia have also passed omnibus privacy legislation – Colorado Privacy Act and Virginia Consumer Data Protection Act respectively – that are set to take effect in 2023. By way of example regarding foreign laws and regulations with respect to data privacy and security, the GDPR went into effect in the EU in May 2018 and introduces strict requirements for processing the personal data of EU data subjects. 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 or 4% of the annual global revenue of the noncompliant company, whichever is greater.

If Disc or third-party CDMOs, CROs or other contractors or consultants fail to comply with U.S. and international data protection laws and regulations, it could result in government enforcement actions (which could include civil or criminal penalties), private litigation, and/or adverse publicity and could negatively affect Disc's operating results and business. Moreover, clinical trial subjects about whom Disc or its potential collaborators obtain information, as well as the providers who share this information with it, may contractually limit its ability to use and disclose the information. Claims that Disc has violated individuals' privacy rights, failed to comply with data protection laws, or breached its contractual obligations, even if it is not found liable, could be expensive and time-consuming to defend and could result in adverse publicity that could harm its business.

***Disc expects to expand its development and regulatory capabilities and potentially implement sales, marketing and distribution capabilities, and as a result, it may encounter difficulties in managing its growth, which could disrupt its operations.***

As of August 9, 2022, Disc had 37 full-time employees and one part-time employee. Disc expects to experience significant growth in the number of its employees and the scope of its operations, particularly as it functions as a public company and in the areas of product development, regulatory affairs and, if any of its product candidates receives regulatory approval, sales, marketing and distribution. To manage Disc's anticipated future growth, it must continue to implement and improve its managerial, operational and financial systems, expand its facilities and continue to recruit and train additional qualified personnel. Due to Disc's limited financial resources, it may not be able to effectively manage the expansion of its operations or recruit and train additional qualified personnel. The expansion of Disc's operations may lead to significant costs and may divert its management and business development resources. Any inability to manage growth could delay the execution of Disc's business plans or disrupt its operations.

Disc may acquire additional businesses or products, form strategic alliances or create joint ventures with third parties that it believe will complement or augment its existing business. If Disc acquires businesses with promising markets or technologies, it may not be able to realize the benefit of acquiring such businesses if it is unable to successfully integrate them with its existing operations and company culture. Disc may encounter numerous difficulties in developing, manufacturing and marketing any new products resulting from a strategic alliance or acquisition that delay or prevent it from realizing their expected benefits or enhancing its business. Disc cannot assure you that, following any such acquisition, it will achieve the expected synergies to justify the transaction.

**General Risks**

***Changes in tax law may adversely affect Disc or its 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, or IRS, and the U.S. Treasury Department. Changes to tax laws (which changes may have retroactive application) could adversely affect Disc or holders of Disc's common stock. 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 Disc's or its stockholders' tax liability or require changes in the manner in which Disc operates in order to minimize or mitigate any adverse effects of changes in tax law. Prospective investors should consult their tax advisors regarding the potential consequences of changes in tax law on Disc's business and on the ownership and disposition of Disc's common stock.

***Disc's future taxable income may be subject to certain limitations.***

As of December 31, 2021, Disc had federal and state net operating loss carryforwards of $55.5 million and $54.9 million, respectively, which begin to expire in various amounts in 2037. As of December 31, 2021, Disc also had federal and state research and development tax credit carryforwards of $1.1 million and $0.7 million, respectively, which begin to expire in 2032. These net operating loss and tax credit carryforwards could expire unused and be unavailable to offset future income tax liabilities. Under current law, unused U.S. federal and certain state net operating losses generated for tax years beginning after December 31, 2017 are not subject to expiration and may be carried forward indefinitely. Such U.S. federal net operating losses generally may not be carried back to prior taxable years, except that, net operating losses generated in 2018, 2019 and 2020 may be carried back to each of the five tax years preceding the tax years of such losses. For taxable years beginning after December 31, 2020, the deductibility of U.S. federal net operating losses generated for tax years beginning after December 31, 2017 is limited to 80% of Disc's taxable income in any future taxable year. In addition, in general, under Sections 382 and 383 of the Internal Revenue Code of 1986, as amended, or the Code, a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its pre-change net operating losses or tax credits, or NOLs or credits, to offset future taxable income or taxes. For these purposes, an ownership change generally occurs when one or more stockholders or groups of stockholders who each owns at least 5% of a corporation's stock increase their aggregate stock ownership by more than 50 percentage points over their lowest ownership percentage within a specified testing period. Disc's existing NOLs or credits may be subject to limitations arising from previous ownership changes, and if Disc undergoes an ownership change in connection with or after the merger, Disc's ability to utilize NOLs or credits could be further limited by Sections 382 and 383 of the Code. In addition, future changes in Disc's stock ownership, many of which are outside of its control, could result in an ownership change under Sections 382 and 383 of the Code. Disc's NOLs or credits may also be impaired under state law. Accordingly, Disc may not be able to utilize a material portion of its NOLs or credits.

***Disc is subject to certain U.S. and foreign anti-corruption, anti-money laundering, export control, sanctions, and other trade laws and regulations. Disc can face serious consequences for violations.***

Among other matters, U.S. and foreign anti-corruption, anti-money laundering, export control, sanctions, and other trade laws and regulations, which are collectively referred to as Trade Laws, prohibit companies and their employees, agents, CROs, legal counsel, accountants, consultants, contractors, and other partners from authorizing, promising, offering, providing, soliciting, or receiving directly or indirectly, corrupt or improper payments or anything else of value to or from recipients in the public or private sector. Violations of Trade Laws can result in substantial criminal fines and civil penalties, imprisonment, the loss of trade privileges, debarment, tax reassessments, breach of contract and fraud litigation, reputational harm, and other consequences. Disc has direct or indirect interactions with officials and employees of government agencies or government-affiliated hospitals, universities, and other organizations. Disc also expects its non-U.S. activities to increase in time. Disc currently engages, and expects to continue to engage, third parties for clinical trials and/or to obtain necessary permits, licenses, patent registrations, and other regulatory approvals and Disc can be held liable for the corrupt or other illegal activities of its personnel, agents, or partners, even if Disc does not explicitly authorize or have prior knowledge of such activities.

***Unfavorable global economic conditions could adversely affect Disc's business, financial condition or results of operations.***

Disc's results of operations could be adversely affected by general conditions in the global economy and in the global financial markets. For example, in 2008, the global financial crisis caused extreme volatility and disruptions in the capital and credit markets and the current COVID-19 pandemic has caused significant volatility and uncertainty in U.S. and international markets. See "Risks Related to the Discovery and Development of Disc's Product Candidates—The ongoing COVID-19 pandemic, or a similar pandemic, epidemic, or outbreak of an infectious disease may materially and adversely affect Disc's business and financial results and could cause a disruption to the development of Disc's product candidates." Interest rates in the U.S. have recently increased to levels not seen in decades. In addition, the impact of geopolitical tension, such as a deterioration in the bilateral relationship between the United States and China or an escalation in conflict between Russia and Ukraine, including any resulting sanctions, export controls or other restrictive actions, also could lead to disruption, instability and volatility in the global markets. A severe or prolonged economic downturn could result in a variety of risks to Disc's business, including, weakened demand for Disc's product candidates and Disc's ability to raise additional capital when needed on acceptable terms, if at all. A weak or declining economy could also strain Disc's suppliers, possibly resulting in supply disruption, or cause Disc's customers to delay making payments for Disc's products. Any of the foregoing could harm Disc's business and Disc cannot anticipate all of the ways in which the current economic climate and financial market conditions could adversely impact Disc's business.

***Disc's employees, principal investigators, CROs and consultants may engage in misconduct or other improper activities, including non-compliance with regulatory standards and requirements or insider trading.***

Disc is exposed to the risk that its employees, principal investigators, CROs and consultants may engage in fraudulent conduct or other illegal activity. Misconduct by these parties could include intentional, reckless and/or negligent conduct or disclosure of unauthorized activities to Disc that violate the regulations of the FDA and other regulatory authorities, including those laws requiring the reporting of true, complete and accurate information to such authorities; healthcare fraud and abuse laws and regulations in the United States and abroad; or laws that require the reporting of financial information or data accurately. 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. Other activities subject to these laws include the improper use of information obtained in the course of clinical trials or creating fraudulent data in Disc's preclinical studies or clinical trials, which could result in regulatory sanctions and cause serious harm to Disc's reputation. Disc intends to adopt a code of conduct applicable to all of its employees, but it is not always possible to identify and deter misconduct by employees and other third parties, and the precautions Disc takes to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting Disc from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. Additionally, Disc is subject to the risk that a person could allege such fraud or other misconduct, even if none occurred. If any such actions are instituted against Disc, and Disc is not successful in defending itself or asserting its rights, those actions could have a significant impact on Disc's business, including the imposition of civil, criminal and administrative penalties, damages, monetary fines, possible exclusion from participation in Medicare, Medicaid and other federal healthcare programs, contractual damages, reputational harm, diminished profits and future earnings, and curtailment of Disc's operations, any of which could adversely affect Disc's ability to operate its business and its results of operations.

**Risks Related to Disc's Operations Following the Merger**

***The market price of Disc's common stock may be volatile, and the market price of the common stock may drop following the merger.***

The market price of Disc's common stock following the merger could be subject to significant fluctuations. Some of the factors that may cause the market price of Disc's common stock to fluctuate include:

- results of clinical trials and preclinical studies of Disc's product candidates, or those of Disc's competitors or Disc's existing or future collaborators;
- failure to meet or exceed financial and development projections Disc may provide to the public;
- failure to meet or exceed the financial and development projections of the investment community;
- if Disc does not achieve the perceived benefits of the merger as rapidly or to the extent anticipated by financial or industry analysts;
- announcements of significant acquisitions, strategic collaborations, joint ventures or capital commitments by Disc or its competitors;
- actions taken by regulatory agencies with respect to Disc's product candidates, clinical studies, manufacturing process or sales and marketing terms;
- disputes or other developments relating to proprietary rights, including patents, litigation matters, and Disc's ability to obtain patent protection for its technologies;
- additions or departures of key personnel;
- significant lawsuits, including patent or stockholder litigation;
- if securities or industry analysts do not publish research or reports about Disc's business, or if they issue adverse or misleading opinions regarding its business and stock;
- changes in the market valuations of similar companies;
- general market or macroeconomic conditions or market conditions in the pharmaceutical and biotechnology sectors;
- sales of securities by Disc or its securityholders in the future;
- if Disc fails to raise an adequate amount of capital to fund its operations and continued development of its product candidates;
- trading volume of Disc's common stock;
- announcements by competitors of new commercial products, clinical progress or lack thereof, significant contracts, commercial relationships or capital commitments;
- adverse publicity relating to precision medicine product candidates, including with respect to other products in such markets;
- the introduction of technological innovations or new therapies that compete with the products and services of Disc; and

- period-to-period fluctuations in Disc's financial results.

Moreover, the stock markets in general have experienced substantial volatility that has often been unrelated to the operating performance of individual companies. These broad market fluctuations may also adversely affect the trading price of Disc's common stock. In addition, a recession, depression or other sustained adverse market event resulting from the spread of COVID-19 or otherwise could materially and adversely affect Disc's business and the value of its common stock. In the past, following periods of volatility in the market price of a company's securities, stockholders have often instituted class action securities litigation against such companies. Furthermore, market volatility may lead to increased shareholder activism if Disc experiences a market valuation that activists believe is not reflective of its intrinsic value. Activist campaigns that contest or conflict with Disc's strategic direction or seek changes in the composition of its board of directors could have an adverse effect on its operating results and financial condition.

***Following the merger, Disc may be unable to integrate successfully the businesses of Gemini and Disc and realize the anticipated benefits of the merger.***

The merger involves the combination of two companies which currently operate as independent companies. Following the merger, Disc will be required to devote significant management attention and resources to integrating its business practices and operations. Disc may fail to realize some or all of the anticipated benefits of the merger, including the benefits anticipated in the Financial Forecasts described under "*The Merger—Certain Unaudited Financial Projections*," if the integration process takes longer than expected or is more costly than expected. Potential difficulties Disc may encounter in the integration process include the following:

- the inability to successfully combine the businesses of Gemini and Disc in a manner that permits Disc to achieve the anticipated benefits from the merger, which would result in the anticipated benefits of the merger not being realized partly or wholly in the time frame currently anticipated or at all;
- creation of uniform standards, controls, procedures, policies and information systems; and
- potential unknown liabilities and unforeseen increased expenses, delays or regulatory conditions associated with the merger.

In addition, Gemini and Disc have operated and, until the completion of the merger, will continue to operate, independently. It is possible that the integration process also could result in the diversion of each company's management's attention, the disruption or interruption of, or the loss of momentum in, each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies, any of which could adversely affect Disc's ability to maintain its business relationships or the ability to achieve the anticipated benefits of the merger, or could otherwise adversely affect the business and financial results of Disc.

***If the assets subject to the CVR Agreement are not disposed of in a timely manner, Disc may have to incur time and resources to wind down or dispose of such assets.***

In connection with the merger, Gemini declared a dividend to each person who as of immediately prior to the effective time was a stockholder of record of Gemini or had the right to receive Gemini's common stock of the right to receive one non-transferable CVR for each then outstanding share of Gemini common stock, each representing the non-transferable contractual right to receive certain contingent payments from Gemini upon the occurrence of certain events within agreed time periods. Pursuant to the terms of the CVR Agreement, if Disc is unable to sell the assets subject to the CVR Agreement prior to the twelve-month anniversary of the closing date, Disc will be responsible for any wind-down costs associated with the termination of such assets within the parameters contained in the CVR Agreement. Further, pursuant to the terms of the CVR Agreement, the holders of Gemini common stock prior to the closing, rather than the holders of Disc's common stock, are the primary recipients of any net proceeds of the disposition of the assets subject to the CVR Agreement. Absent such CVR Agreement, Disc may have allocated such funds, time and resources to its core programs and the foregoing could be a distraction to Disc's management and employees. As a result, Disc's operations and financial condition may be adversely affected.

***Disc will incur additional costs and increased demands upon management as a result of complying with the laws and regulations affecting public companies.***

Disc will incur significant legal, accounting and other expenses as a public company that Disc did not incur as a private company, including costs associated with public company reporting obligations under the Securities Exchange Act of 1934, as amended, or the Exchange Act. Disc's management team will consist of the executive officers of Disc prior to the merger, some of whom have not previously managed and operated a public company. These executive officers and other personnel will need to devote substantial time to gaining expertise related to public company reporting requirements and compliance with applicable laws and regulations to ensure that Disc complies with all of these requirements. Any changes Disc makes to comply with these obligations may not be sufficient to allow it to satisfy its obligations as a public company on a timely basis, or at all. These reporting requirements, rules and regulations, coupled with the increase in potential litigation exposure associated with being a public company, could also make it more difficult for Disc to attract and retain qualified persons to serve on the board of directors or on board committees or to serve as executive officers, or to obtain certain types of insurance, including directors' and officers' insurance, on acceptable terms.

***Once Disc is no longer an emerging growth company, a smaller reporting company or otherwise no longer qualifies for applicable exemptions, Disc will be subject to additional laws and regulations affecting public companies that will increase Disc's costs and the demands on management and could harm Disc's operating results.***

Disc is subject to the reporting requirements of the Exchange Act, which requires, among other things, that Disc file with the SEC, annual, quarterly and current reports with respect to Disc's business and financial condition as well as other disclosure and corporate governance requirements. However, as an emerging growth company Disc may take advantage of exemptions from various requirements such as an exemption from the requirement to have Disc's independent auditors attest to Disc's internal control over financial reporting under Section 404 of the Sarbanes-Oxley Act of 2002 as well as an exemption from the "say on pay" voting requirements pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. After Disc no longer qualifies as an emerging growth company, Disc may still qualify as a "smaller reporting company" which may allow Disc to take advantage of some of the same exemptions from disclosure requirements including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act and reduced disclosure obligations regarding executive compensation in Disc's periodic reports and proxy statements. Even after Disc no longer qualifies as an emerging growth company, it expects to still qualify as a "smaller reporting company," as such term is defined in Rule 12b-2 under the Exchange Act, in at least the near term, which will allow Disc 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 of the Sarbanes-Oxley Act and reduced disclosure obligations regarding executive compensation in Disc's periodic reports and proxy statements. Once Disc is no longer an emerging growth company, a smaller reporting company or otherwise qualifies for these exemptions, Disc will be required to comply with these additional legal and regulatory requirements applicable to public companies and will incur significant legal, accounting and other expenses to do so. If Disc is not able to comply with the requirements in a timely manner or at all, Disc's financial condition or the market price of Disc's common stock may be harmed. For example, if Disc or its independent auditor identifies deficiencies in Disc's internal control over financial reporting that are deemed to be material weaknesses Disc could face additional costs to remedy those deficiencies, the market price of Disc's stock could decline or Disc could be subject to sanctions or investigations by the SEC or other regulatory authorities, which would require additional financial and management resources.

***The unaudited pro forma condensed combined financial data for Gemini and Disc included in this Current Report on Form 8-K are preliminary, and Disc's actual financial position and operations after the merger may differ materially from the unaudited pro forma financial data included in this Current Report on Form 8-K.***

The unaudited pro forma financial data for Gemini and Disc included in this Current Report on Form 8-K are presented for illustrative purposes only and is not necessarily indicative of Disc's actual financial condition or results of operations of future periods, or the financial condition or results of operations that would have been realized had the entities been combined during the periods presented. Disc's actual results and financial position after the merger may differ materially and adversely from the unaudited pro forma financial data included in this Current Report on Form 8-K. The exchange ratio reflected in this Current Report on Form 8-K was preliminary. The final exchange ratio could differ materially from the preliminary exchange ratio used to prepare the pro forma adjustments. For more information see the Unaudited Pro Forma Condensed Combined Financial Information filed with this Current Report on Form 8-K.

***Provisions in Disc's charter documents and under Delaware law could make an acquisition of Disc more difficult and may discourage any takeover attempts the company stockholders may consider favorable, and may lead to entrenchment of management.***

Provisions of Disc's amended and restated certificate of incorporation and amended and restated bylaws could delay or prevent changes in control or changes in management without the consent of the board of directors. These provisions will include the following:

- a board of directors divided into three classes serving staggered three-year terms, such that not all members of the board will be elected at one time;
- no cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- a prohibition on stockholder action by written consent, which means that all stockholder action must be taken at an annual or special meeting of the stockholders;
- a requirement that special meetings of stockholders be called only by the chairman of the board of directors, the Chief Executive Officer or by a majority of the total number of authorized directors;
- advance notice requirements for stockholder proposals and nominations for election to the board of directors;
- a requirement that no member of the board of directors may be removed from office by stockholders except for cause and, in addition to any other vote required by law, upon the approval of not less than two-thirds of all outstanding shares of voting stock then entitled to vote in the election of directors;
- a requirement of approval of not less than two-thirds of all outstanding shares of voting stock to amend any bylaws by stockholder action or to amend specific provisions of the certificate of incorporation; and
- the authority of the board of directors to issue preferred stock on terms determined by the board of directors without stockholder approval and which preferred stock may include rights superior to the rights of the holders of common stock.

In addition, these provisions would apply even if Disc were to receive an offer that some stockholders may consider beneficial.

Disc will also be subject to the anti-takeover provisions contained in Section 203 of the DGCL, or Section 203. Under Section 203, a corporation may not, in general, engage in a business combination with any holder of 15% or more of its capital stock unless the holder has held the stock for three years or, among other exceptions, the board of directors has approved the transaction.

***The certificate of incorporation and bylaws of Disc provide that the Court of Chancery of the State of Delaware is the exclusive forum for substantially all disputes between Disc and its stockholders, which could limit its stockholders' ability to obtain a favorable judicial forum for disputes with Disc or its directors, officers or other employees.***

The certificate of incorporation and bylaws of Disc provide that the Court of Chancery of the State of Delaware is the sole and exclusive forum for any derivative action or proceeding brought on Disc's behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against it arising pursuant to any provisions of the DGCL, its certificate of incorporation or its bylaws, or any action asserting a claim against it that is governed by the internal affairs doctrine. The exclusive forum provision does not apply to actions arising under the Exchange Act. The amended and restated bylaws also provide that the federal district courts of the United States of America will be the exclusive forum for the resolution of any complaint asserting a cause of action under the Securities Act. The provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with Disc or its directors, officers or other employees, which may discourage such lawsuits against Disc and its directors, officers and other employees. Alternatively, if a court were to find the choice of forum provision contained in the certificate of incorporation and bylaws to be inapplicable or unenforceable in an action, Disc may incur additional costs associated with resolving such action in other jurisdictions, which could materially and adversely affect its business, financial condition and results of operations.

***Disc does not anticipate that it will pay any cash dividends in the foreseeable future.***

The current expectation is that Disc will retain its future earnings, if any, to fund the growth of Disc's business as opposed to paying dividends. As a result, capital appreciation, if any, of the common stock of Disc will be your sole source of gain, if any, for the foreseeable future.

***An active trading market for Disc's common stock may not develop and its stockholders may not be able to resell their shares of common stock for a profit, if at all.***

Prior to the merger, there had been no public market for shares of Disc capital stock. An active trading market for Disc's shares of common stock may never develop or be sustained. If an active market for Disc's common stock does not develop or is not sustained, it may be difficult for its stockholders to sell their shares at an attractive price or at all.

***Future sales of shares by existing stockholders could cause Disc's stock price to decline.***

If existing securityholders of Disc sell, or indicate an intention to sell, substantial amounts of Disc's common stock in the public market after legal restrictions on resale discussed in Disc's periodic and current reports lapse, the trading price of the common stock of Disc could decline. Based on shares outstanding as of September 30, 2022, after giving effect to the exchange ratio of 0.1096 which has been adjusted to reflect the anticipated Gemini 1:10 reverse stock split, the shares to be issued in the Disc pre-closing financing and shares expected to be issued upon completion of the merger Disc is expected to have outstanding a total of approximately 16,923,285 shares of common stock immediately following the completion of the merger. Of the shares of common stock, approximately 11,132,590 shares will be available for sale in the public market beginning 180 days after the closing of the merger as a result of the expiration of lock-up agreements between Gemini and Disc on the one hand and certain securityholders of Gemini and Disc on the other hand. All other outstanding shares of common stock, other than shares held by affiliates of Disc and shares of Gemini common stock issued in exchange for shares of Disc common stock issued in the pre-closing financing, will be freely tradable, without restriction, in the public market. In addition, shares of common stock that are subject to outstanding options of Disc will become eligible for sale in the public market to the extent permitted by the provisions of various vesting agreements and Rules 144 and 701 under the Securities Act. If these shares are sold, the trading price of Disc's common stock could decline.

***Disc's executive officers, directors and principal stockholders may have the ability to control or significantly influence all matters submitted to Disc's stockholders for approval.***

Disc's executive officers, directors and principal stockholders, in the aggregate, beneficially own approximately 77% of Disc's outstanding shares of common stock. As a result, if these stockholders were to choose to act together, they would be able to control or significantly influence all matters submitted to Disc's stockholders for approval, as well as Disc's management and affairs. For example, these persons, if they choose to act together, would control or significantly influence the election of directors and approval of any merger, consolidation or sale of all or substantially all of Disc's assets. This concentration of voting power could delay or prevent an acquisition of Disc on terms that other stockholders may desire.

***If equity research analysts do not publish research or reports, or publish unfavorable research or reports, about Disc, its business or its market, its stock price and trading volume could decline.***

The trading market for Disc's common stock will be influenced by the research and reports that equity research analysts publish about it and its business. Equity research analysts may elect not to provide research coverage of Disc's common stock after the completion of the merger, and such lack of research coverage may adversely affect the market price of its common stock. In the event it does have equity research analyst coverage, Disc will not have any control over the analysts or the content and opinions included in their reports. The price of Disc's common stock could decline if one or more equity research analysts downgrade its stock or issue other unfavorable commentary or research. If one or more equity research analysts ceases coverage of Disc or fails to publish reports on it regularly, demand for its common stock could decrease, which in turn could cause its stock price or trading volume to decline.

***Disc has broad discretion in the use of the cash and cash equivalents of Disc and the proceeds from the Disc pre-closing financing and may invest or spend the proceeds in ways with which you do not agree and in ways that may not increase the value of your investment.***

Disc has broad discretion over the use of the cash and cash equivalents of Disc and the proceeds from the Disc pre-closing financing. You may not agree with Disc's decisions, and its use of the proceeds may not yield any return on your investment. Disc's failure to apply these resources effectively could compromise its ability to pursue its growth strategy and Disc might not be able to yield a significant return, if any, on its investment of these net proceeds. You do not have the opportunity to influence its decisions on how to use Disc's cash resources.

# DISC'S BUSINESS

## Overview

Disc is a clinical-stage biopharmaceutical company focused on the discovery, development, and commercialization of novel treatments for patients suffering from serious hematologic diseases. Disc has assembled a portfolio of clinical and preclinical product candidates that aim to modify fundamental biological pathways associated with the formation and function of red blood cells, specifically heme biosynthesis and iron homeostasis. Disc's current pipeline includes, bitopertin for the treatment of erythropoietic porphyrias, including EPP and XLP, and DBA; and DISC-0974 for the treatment of anemia of MF and anemia of CKD. In addition, Disc has two product candidates in preclinical development: DISC-0998, a product candidate for the treatment of anemia associated with inflammatory diseases; and a Matriptase-2 inhibitor for the treatment of PV and diseases of iron overload. Disc's approach to product candidate development leverages well-understood molecular mechanisms that have been validated in humans. Disc believes that each of its product candidates, if approved, has the potential to improve the lives of patients suffering from hematologic diseases.

Bitopertin is the lead product candidate in Disc's heme biosynthesis modulation portfolio. Bitopertin was previously evaluated by Roche in a comprehensive clinical program in over 4,000 individuals in other indications which demonstrated the activity of bitopertin as a glycine transporter 1 (GlyT1) inhibitor and its effect on heme biosynthesis. Disc is planning to initially develop bitopertin for the treatment of erythropoietic porphyrias, including EPP and XLP. In July 2022, Disc received clearance of its IND for "A Randomized, Double-blind, Placebo-Controlled Study of Bitopertin to Evaluate the Safety, Tolerability, Efficacy, and Protoporphyrin IX (PPIX) Concentrations in Participants with Erythropoietic Protoporphyria (EPP)" from the FDA. In July 2022, Disc initiated BEACON, a Phase 2 open-label, parallel-dose clinical trial of bitopertin in EPP and XLP patients that is being conducted at sites in Australia. Separately, in October 2022 Disc initiated AURORA, a Phase 2, randomized, double-blind, placebo-controlled clinical trial of bitopertin in EPP patients that is being conducted at sites in the United States. Disc expects interim data from both of these trials in the first half of 2023. Disc is planning additional studies in Diamond-Blackfan Anemia (DBA) and other indications.

DISC-0974 is the lead product candidate in Disc's iron homeostasis portfolio. DISC-0974 is designed to suppress hepcidin production and increase serum iron levels. Disc submitted an IND for DISC-0974 in June 2021, received clearance in July 2021, and participants completed a Phase 1 clinical trial in healthy volunteers in the U.S. in June 2022 with results showing evidence of target engagement, iron mobilization and erythropoiesis. Disc initiated a Phase 1b/2 clinical trial in June 2022 in patients with anemia of MF, and plans to initiate a separate Phase 1b/2 clinical trial by the end of 2022 in patients with anemia of CKD. Disc expects interim data from both of these trial in 2023. In addition, Disc is developing a preclinical anti-hemojuvelin, or HJV, monoclonal antibody, DISC-0998, which also targets hepcidin suppression and was in-licensed from AbbVie. DISC-0998 is designed to increase serum iron levels and has an extended serum half-life as compared to DISC-0974. Disc believes this profile may be desirable in certain subsets of patients with anemia associated with inflammatory diseases.

Lastly, Disc is developing a Matriptase-2 inhibitor as part of its iron homeostasis portfolio, which is designed to induce hepcidin production and reduce serum iron levels. Preclinical data has demonstrated positive results, and Disc is in the process of identifying and optimizing a development candidate in its Matriptase-2 inhibitor program. If successful, Disc expects to designate a lead candidate and commence IND-enabling studies.

*Heme Biosynthesis Modulation: Bitopertin*

Disc's first therapeutic approach is focused on the modulation of heme biosynthesis, a multistep enzymatic process that is highly active in the formation of new red blood cells. Disc believes this approach has the potential to address a wide range of hematologic diseases where red blood cell formation becomes dysregulated. This includes a family of rare diseases called porphyrias, which are caused by genetic or acquired defects in the enzymes that mediate heme biosynthesis and result in the accumulation of toxic metabolites called porphyrins. Bitopertin is the most advanced product candidate in Disc's heme biosynthesis portfolio. It is designed to be an oral, selective inhibitor of GlyT1, a key membrane transporter required to supply developing red blood cells with sufficient amounts of the amino acid glycine to support erythropoiesis. Glycine is necessary for the first step of heme biosynthesis, and by limiting glycine uptake in newly forming red blood cells, bitopertin has the potential to reduce the activity of the heme biosynthesis pathway, thereby reducing the pathological accumulation of toxic metabolites.

In May 2021, Disc licensed the worldwide rights to develop and commercialize bitopertin from Roche, a pharmaceutical company that had previously evaluated bitopertin in a comprehensive clinical program in over 4,000 individuals, originally with a focus on treating certain neurologic disorders. The data generated in these clinical trials failed to establish the efficacy of bitopertin in neurologic disorders. However, the data did demonstrate that, by limiting glycine uptake in newly forming red blood cells, bitopertin reduced the activity of the heme biosynthesis pathway, and Disc believes that this effect has the potential to treat many hematologic disorders. In addition, bitopertin was observed to be well tolerated in humans, with adverse events reported to be generally mild and infrequent across all trials conducted by Roche including at daily oral doses well above those that Disc plans to use in its clinical trials. Disc is initially focused on developing bitopertin for the treatment of erythropoietic protoporphyria, or EPP, and X-linked protoporphyria, or XLP, which are both diseases marked by severe photosensitivity and damage to the hepatobiliary system caused by the accumulation of protoporphyrin IX, or PPIX, a toxic metabolite of the heme biosynthesis pathway. Based on the demonstrated activity of bitopertin as a GlyT1 inhibitor and suppressor of heme biosynthesis in the clinical trials conducted by Roche, as well as the preclinical data Disc has generated in disease-relevant animal models and human cellular models, Disc has initiated a clinical program of bitopertin for EPP and XLP. In July 2022, Disc initiated BEACON, a Phase 2 open-label, parallel-dose clinical trial of bitopertin in EPP and XLP patients that is being conducted at sites in Australia. Interim data is expected in the first half of 2023. Separately, in October 2022, Disc initiated AURORA, a Phase 2, randomized, double-blind, placebo-controlled clinical trial of bitopertin in EPP patients that is being conducted at sites in the United States. In July 2022, Disc received IND clearance from the FDA. Interim data is expected in 2023. Disc also plans to explore the potential of bitopertin to treat other hematologic diseases, and plans to submit an IND in 2023 to initiate a clinical trial of bitopertin for DBA.

*Targeting the Hepcidin Pathway to Modulate Iron Homeostasis: Anti-Hemojuvelin mAbs and Matriptase-2 inhibitor Programs*

Disc is also developing a portfolio of product candidates focused on modulating iron homeostasis. Disc's initial product candidates aim to control the production of hepcidin, which is the master regulator of iron homeostasis. Iron is an essential element that is required for erythropoiesis as well as other important biological functions, and when iron homeostasis becomes dysregulated, it can cause a wide range of diseases. Disc believes that modulating the production of hepcidin to correct pathologic alterations in iron homeostasis has the potential to be a powerful therapeutic strategy. Disc is leveraging two approaches that are designed to either suppress or induce hepcidin production in order to increase or decrease serum iron levels, respectively.

The lead product candidate in Disc's iron homeostasis portfolio, DISC-0974, is designed to suppress hepcidin production and is in development for the treatment of anemia associated with inflammatory diseases. DISC-0974, an antibody that Disc in-licensed from AbbVie Deutschland GmbH & Co. KG, or AbbVie, is designed to inhibit HJV, a critical regulator of hepcidin production. Disc selected this target because the effects of inhibiting HJV, namely decreased hepcidin and increased serum iron levels, have been genetically demonstrated in both animal knockout studies and in patients with juvenile hemochromatosis who lack fully functional genes encoding HJV. Disc has completed its Phase 1, placebo-controlled, single-ascending dose clinical trial of DISC-0974 in healthy volunteers. Data from the Phase 1 clinical trial showed evidence of target engagement and iron mobilization and erythropoiesis. At the highest dose, a single 56 mg dose delivered by subcutaneous administration, DISC-0974 increased hemoglobin levels by greater than 1 g/dL relative to the placebo group. Data from the Phase 1 trial were presented at the 2022 European Hematology Association meeting. Disc initiated a Phase 1b/2 open-label clinical trial in patients with anemia of myelofibrosis, or MF, in July 2022 and expects to initiate a separate Phase 1b/2 placebo controlled, multiple ascending dose clinical trial in patients with anemia associated with chronic kidney disease, or CKD, by the end of 2022. Disc expects interim data from these two trials in 2023. DISC-0974 has undergone testing in healthy volunteers and just begun clinical testing for anemia of MF. DISC-0974 has not yet undergone testing for anemia associated with CKD, and therefore there can be no assurance that DISC-0974 will achieve the desired effects in these indications. In addition, Disc is developing a preclinical anti-HJV monoclonal antibody, DISC-0998, which also is designed to target hepcidin suppression and was in-licensed from AbbVie. DISC-0998 is designed to increase serum iron levels and has an extended serum half-life as compared to DISC-0974. Disc believes this profile may be desirable in certain subsets of patients with anemia associated with inflammatory diseases.

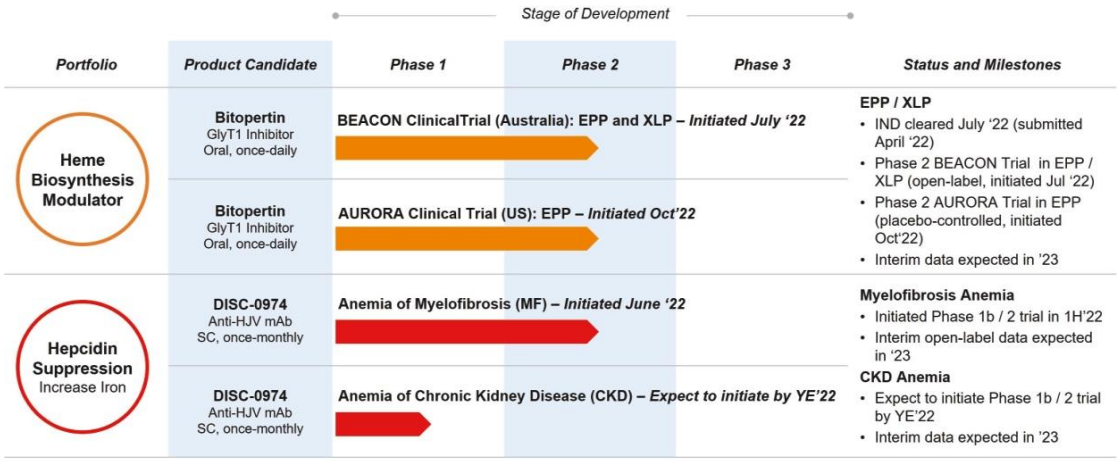
As part of Disc's portfolio to modulate iron homeostasis, Disc is also advancing a preclinical program that has generated compounds designed to increase hepcidin and decrease serum iron levels. This approach is intended to restrict iron availability in a range of diseases where lowering serum iron levels would be beneficial, such as excessive red blood cell production in PV and diseases of iron overload. Disc's program is focused on inhibiting Matriptase-2, a serine protease encoded by the gene *TMPRSS6* that normally serves to limit hepcidin production. Disc believes that by inhibiting Matriptase-2, Disc's compounds have the potential to enable the production of hepcidin and, in turn, restrict iron availability. Disc selected this target based on the genetic confirmation of the effects of decreased Matriptase-2 activity in both animal knockout studies and in patients with iron-refractory iron deficiency anemia who lack fully functional genes encoding Matriptase-2. Disc has generated selective small molecule inhibitors of Matriptase-2 for which Disc has demonstrated effects on hepcidin and serum iron levels in preclinical studies. Disc is in the process of identifying and optimizing a development candidate in its Matriptase-2 inhibitor program and, if successful, Disc expects to designate a lead candidate and commence IND-enabling studies.

**Disc's Pipeline**

Disc is building an innovative pipeline of product candidates that aim to modify fundamental biological pathways associated with the formation and function of red blood cells. Disc owns worldwide rights to each of its current product candidates.

*Clinical-Stage Product Candidates*

The diagram below reflects the status of the clinical-stage product candidates, bitopertin and DISC-0974, and clinical trials that have been completed, are ongoing or are expected to initiate by the end of 2022. The timelines described reflect Disc's current expectations and beliefs based on its internal plans and certain limited regulatory interactions to date.




Notes: Bitopertin in-licensed from Roche; DISC-0974 in-licensed from Abbvie
Abbreviations: Erythropoietic Protoporphyria (EPP); X-Linked Protoporphyria (XLP); Chronic Kidney Disease (CKD); Myelofibrosis (MF); Subcutaneous Injection (SC); Anti-Hemojuvelin Monoclonal Antibody (Anti-HJV mAb); Glycine Transporter 1 Inhibitor (GlyT1 inhibitor)

Disc also plans to develop bitopertin and DISC-0974 for other indications. For example, Disc is exploring the potential for bitopertin as a treatment for macrocytic anemias, such as DBA and certain types of myelodysplastic syndromes, or MDS, in preclinical studies and plans to submit an IND for the clinical study of biopertin DBA in 2023.

*Preclinical Product Candidates*

As previously described, Disc also has several preclinical-stage programs in development, including:

- DISC-0998: a separate, preclinical anti-HJV monoclonal antibody, which is also designed to target hepcidin suppression and was in-licensed from AbbVie. DISC-0998 is designed to increase serum iron levels and has an extended serum half-life as compared to DISC-0974. Disc believes this profile may be desirable in certain subsets of patients with anemia associated with inflammatory diseases.

- Matriptase-2 (TMPRSS6) inhibitors: a preclinical program designed to induce hepcidin production and reduce serum iron levels. Disc has generated selective, small molecule inhibitors that have been shown in preclinical studies to increase hepcidin and restrict iron. Disc is in the process of identifying and optimizing a development candidate for further study.

**Disc's Corporate History and Team**

Disc was founded in 2017 with the mission to design, develop, and commercialize medicines for patients with hematologic diseases. Since inception, Disc has focused on building its pipeline of product candidates through both internal drug discovery activities and external business development, conducting preclinical studies and clinical trials, and establishing and maintaining its intellectual property portfolio.

Disc has assembled a management team with extensive experience in successfully developing, manufacturing, and commercializing transformative therapies as well as in business development and alliance management. Collectively, Disc's team led, or was involved in, the development, regulatory approval, and commercialization of therapies for hematologic diseases, such as Idhifa, Reblozyl, Pyrukynd and Tibsovo, as well as numerous late-stage clinical and approved therapies for other therapeutic areas. Disc's team has significant previous experience at leading biotechnology and pharmaceutical companies, including Acceleron Pharma, Inc., Agios Pharmaceuticals, Inc., Astellas Pharma, Inc., Bristol-Myers Squibb Company, GlaxoSmithKline, Johnson & Johnson, Merck & Co., Inc., Takeda Pharmaceutical Co., and The Medicines Company. Disc's management team's wide-ranging expertise in rare diseases, hematology, medicinal chemistry, protein biochemistry, and clinical development provide a singular vision for building a company focused on fundamental mechanisms to develop treatments for patients with hematologic diseases.

Since inception, Disc has raised an aggregate of approximately $145 million of gross proceeds from the sale of equity securities. Disc's principal stockholders include Atlas Venture, Novo Holdings, Access Biotechnology and OrbiMed.

**Disc's Strategy**

Disc's mission is to significantly improve the lives of patients suffering from hematologic diseases by developing differentiated product candidates, including ones designed to target fundamental pathways associated with the formation and function of red blood cells. To achieve Disc's mission, Disc is focused on the following key elements of its strategy:

- **Advance the clinical development of bitopertin for the treatment of patients with EPP and XLP and expand into other diseases characterized by dysregulation of the heme biosynthesis pathway.** In multiple clinical trials conducted by Roche in other indications, bitopertin was observed to be a regulator of heme biosynthesis. Disc is initially developing bitopertin for the treatment of patients with EPP and XLP, which are part of a group of severe diseases, known as porphyrias, caused by defects in the heme biosynthesis pathway that cause an accumulation of toxic metabolites referred to as porphyrins. Based on the clinical data generated by Roche in multiple clinical trials in other indications and the compelling preclinical data Disc has generated, Disc believes bitopertin has the potential to be a disease-modifying treatment for these patients. In July 2022, Disc initiated BEACON, a Phase 2 open-label, parallel-dose clinical trial of bitopertin in EPP and XLP patients that is being conducted at sites in Australia. Interim data are expected in the first half of 2023. Separately, Disc has initiated AURORA, a Phase 2, randomized, double-blind, placebo-controlled clinical trial of bitopertin in EPP patients that is being conducted at sites in the United States. In July 2022, Disc received IND clearance from the FDA and initiated AURORA in October 2022. Disc also plans to explore the potential of bitopertin to treat other hematologic diseases, including a rare, inherited disorder called Diamond-Blackfan Anemia (DBA).

- **Advance the clinical development of DISC-0974 for the treatment of anemia associated with myelofibrosis, chronic kidney disease and other inflammatory diseases.** Disc is initially developing its lead hepcidin-suppressing program, DISC-0974, for the treatment of anemia associated with MF and CKD. Disc has completed a Phase 1, placebo-controlled, single-ascending dose clinical trial of DISC-0974 in healthy volunteers. Data from the Phase 1 clinical trial showed evidence of target engagement and iron mobilization and erythropoiesis. Disc initiated a Phase 1b/2 open-label clinical trial in patients with anemia of MF in July 2022 and expects to initiate a separate Phase 1b/2 placebo controlled, multiple ascending dose clinical trial in patients with anemia associated with CKD by the end of 2022. Disc expects interim data from these two trials in 2023. Disc also plans to further expand the development of DISC-0974 into anemias associated with other inflammatory diseases, such as inflammatory bowel disease.

- **Design and develop a selective, orally available Matriptase-2 inhibitor for the treatment of PV and expand into other diseases associated with excess iron availability.** Through Disc's internal drug discovery and development efforts, Disc is in the process of identifying and optimizing a development candidate for its Matriptase-2 inhibitor program, which is the second program in its iron homeostasis portfolio and is focused on hepcidin induction. The inhibition of Matriptase-2 has been shown in non-clinical and clinical studies to increase hepcidin levels and thereby restrict iron availability and the formation of new red blood cells. In clinical trials conducted by third parties, iron restriction through a hepcidin mechanism resulted in disease control in patients with PV, which is Disc's initial indication of focus for this program. Disc has designed molecules that have demonstrated rapid increases in hepcidin levels in preclinical models. If Disc's drug discovery efforts are successful, Disc expects to designate a lead clinical candidate and initiate IND-enabling studies.

- **Continue to build Disc's pipeline through internal research or business development.** Though Disc has yet to generate clinical data for its product candidates, other than Phase 1 data for DISC-0974, Disc believes that all of its current product candidates, if approved, could have pipeline-in-a-product potential, and for each product candidate, Disc plans to explore its potential across multiple hematologic diseases. In addition, Disc plans to leverage its expertise in hematology to further grow its pipeline through both internal discovery and development of new therapeutic candidates and in-licensing of external assets. This approach includes developing both next-generation programs to support Disc's existing heme biosynthesis and iron homeostasis portfolios as well as molecules that target other pathways associated with red blood cells that may be of strategic and biological interest. For example, Disc is developing DISC-0998, a preclinical monoclonal antibody as a next generation product candidate against HJV, the same target as DISC-0974. Disc believes DISC-0998 has improved pharmacokinetic and pharmacodynamic properties that may benefit certain subsets of patients with anemia associated with inflammatory diseases.

- **Opportunistically evaluate strategic collaborations to maximize the value of Disc's product candidates and preclinical programs.** Disc has obtained exclusive, worldwide licenses for the development and commercialization of bitopertin, DISC-0974, and DISC-0998, and Disc owns worldwide rights to its internally developed Matriptase-2 inhibitor program. As Disc advances the development of its product candidates and preclinical programs across multiple indications and continues to generate additional data, Disc intends to continuously evaluate its options for maximizing the value of its overall portfolio. For example, in certain geographies, Disc may opportunistically enter into strategic collaborations to accelerate the development and maximize the commercial potential of any or all of its product candidates or preclinical programs. For each product candidate, preclinical program, indication, and geographic region, Disc's goal is to find the best path forward for the development of Disc's product candidates and preclinical programs in order to treat patients in need of new therapies, while also maximizing value for Disc's stockholders.

**Disc's Approach**

Disc's goal is to continue to build and advance a portfolio of product candidates that focus on fundamental biological pathways associated with the formation and function of red blood cells. Red blood cells have the essential role of carrying oxygen via hemoglobin to all tissues and organs in the body. The biological processes that are required to maintain normal levels of functional red blood cells are complex, and a variety of congenital and acquired diseases occur due to imbalances or deficiencies in red blood cell formation and function. Two key components needed to support the formation and function of red blood cells are heme and iron. Heme is an essential part of red blood cells, and when complexed into the hemoglobin protein, it performs the vital function of transporting oxygen throughout the body. Iron is a key component of heme, and therefore both iron and heme are required for erythropoiesis, the biological process by which precursor cells in the bone marrow mature to become red blood cells. Based on previously conducted animal models and preclinical data, Disc believes its product candidate portfolio, by targeting fundamental pathways in red blood cell biology, has the potential to address a range of hematologic diseases in which modification of iron and heme plays a critical function.

Disc is focused on therapeutic approaches that modulate heme and iron to address diseases of heme biosynthesis and red blood cell production. Disc's current pipeline is focused on the following three approaches:

- Modulating the heme biosynthesis pathway, which is anticipated to be useful in diseases caused by excesses in toxic heme pathway metabolites, e.g. erythropoietic porphyrias;

- Increasing iron availability to red blood cell precursors, which is anticipated to have direct effects on increasing red blood cell production to correct anemia in diseases of iron restriction, e.g. anemia associated with inflammatory diseases; and

- Decreasing iron availability, which is anticipated to lower red blood cell production in diseases of excessive red cell production, e.g. polycythemia vera.

Additionally, Disc focuses on therapeutic mechanisms that have been validated in humans, through evidence from either human genetics or third-party clinical trials. For example, Disc's lead program, bitopertin, which has been evaluated in over 4,000 individuals, has demonstrated suppression of heme biosynthesis in multiple clinical trials conducted by Roche. The targets of Disc's iron homeostasis portfolio, HJV and Matriptase-2, have both been genetically validated in humans and shown to have a role in the regulation of hepcidin and iron homeostasis. For example, individuals with inherited loss of the HJV gene exhibit low levels of hepcidin and individuals with inherited loss of the Matriptase-2 gene exhibit elevated levels of hepcidin.

By focusing on fundamental red blood cell biology that is validated in humans, Disc believes that its product candidates are more likely to exhibit well-defined biological effects in clinical trials and have the potential for broad applicability across a wide range of hematologic diseases.

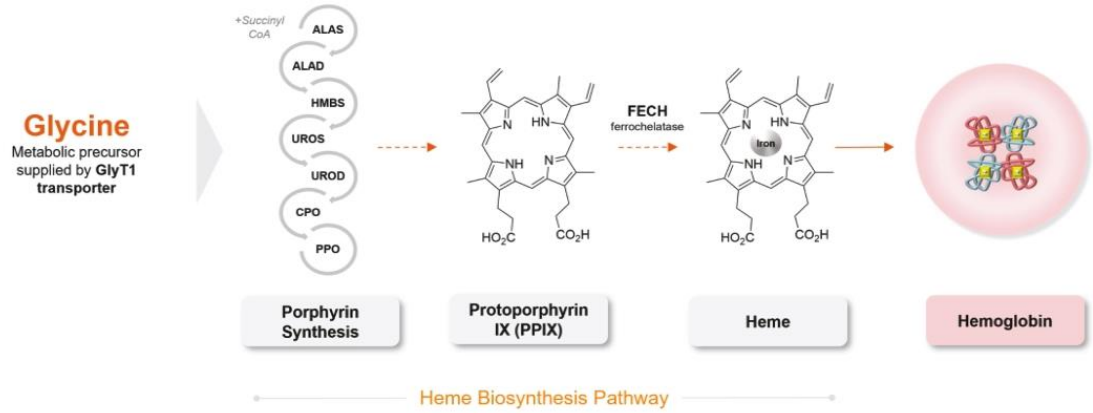
**Disc's Heme Biosynthesis Modulation Portfolio**

Disc's first therapeutic approach is focused on the treatment of diseases caused by defects in heme biosynthesis, a multistep enzymatic process that is critical for the formation of new red blood cells. Heme is an essential part of red blood cells, and when complexed into the hemoglobin protein, it performs the vital function of transporting oxygen throughout the body. However, genetic or acquired defects in the enzymes that mediate heme biosynthesis, as well as deficiencies in the incorporation of heme into hemoglobin, can result in the accumulation of toxic metabolites, leading to a range of hematologic diseases.

***Heme Biosynthesis: Fundamental to Erythropoiesis***

Erythropoiesis is the biological process by which precursor cells in the bone marrow mature to become red blood cells. The primary function of red blood cells is to transport oxygen throughout the body. Hemoglobin, an iron-containing protein found in all red blood cells, is responsible for binding to oxygen in the lungs, transporting it throughout the body and releasing it in peripheral tissues. The key oxygen binding function of hemoglobin is mediated by its heme component, a molecular complex comprising a porphyrin molecule and iron. Because red blood cells consist largely of heme-containing hemoglobin, newly forming red blood cells must synthesize tremendous amounts of heme. Heme biosynthesis is a complex process that begins with the amino acid glycine and requires multiple subsequent enzymatic reactions, as shown in the figure below. Heme is a highly reactive and potentially toxic complex, as are many of the porphyrin molecules that are generated as metabolic intermediates during heme biosynthesis. As a result, heme biosynthesis is tightly regulated to avoid a build-up of free heme or porphyrins. As new red blood cells are forming in the bone marrow, the heme biosynthesis pathway is tightly coordinated with the expression of the protein subunits of hemoglobin, the globins, and the uptake of iron. The vast majority of newly synthesized heme is incorporated into hemoglobin and does not accumulate in free form to toxic levels. Moreover, the entire process of erythropoiesis is regulated by the availability of heme. As a result, agents that affect heme biosynthesis have broad potential to treat diseases of the heme and hemoglobin biosynthesis pathways and other hematologic diseases resulting from dysregulated erythropoiesis.

**Overview of the Heme Biosynthesis Process – Eight Enzymatic Steps from Glycine to Heme**

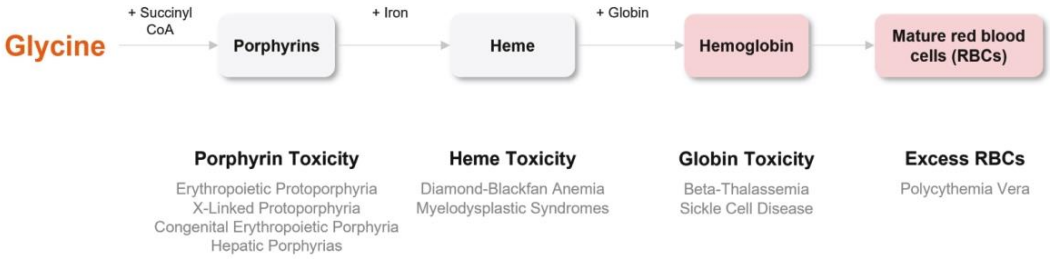



***Heme Biosynthesis as a Therapeutic Target for Diseases***

In many hematologic diseases, there is abnormal proliferation and differentiation of the progenitor cells that develop into red blood cells. An alteration in any aspect of red blood cell maturation can result in the build-up of metabolic

intermediates from heme and hemoglobin biosynthesis, and these intermediates can cause a variety of disease states. Defects of the heme biosynthesis enzymes in the erythroid lineage can cause the build-up of metabolic intermediates called porphyrins and lead to a set of diseases referred to as EPs. In EPs, porphyrins accumulate to inappropriately high levels and cause damage, particularly in the skin, gallbladder, and liver. Similarly, defects in globin biosynthesis, often caused by mutations in the ribosomes that are necessary for mediating globin biosynthesis, result in the build-up of heme that is not complexed with globin. This free heme can damage newly forming red blood cells, leading to forms of anemia observed in DBA and in certain types of MDS. In diseases characterized by defects in the genes coding for the globins, such as sickle cell disease and beta thalassemia, the reduction of heme biosynthesis has the potential to reduce the production of pathologically altered globins that aggregate or polymerize, causing oxidative damage and hemolysis. In people without globin abnormalities, excessive production of red blood cells with normal hemoglobin can cause PV, in which the higher hematocrit can lead to thrombotic disease, including stroke. Restricting heme formation has the potential to ameliorate symptoms in certain patients with these hemoglobinopathies and disorders of red blood cell excess. Therefore, Disc believes that inhibitors of heme biosynthesis have the potential to treat a wide range of hematologic diseases by restricting the production of damaging metabolites, including porphyrins, heme and globins, as shown in the figure below.

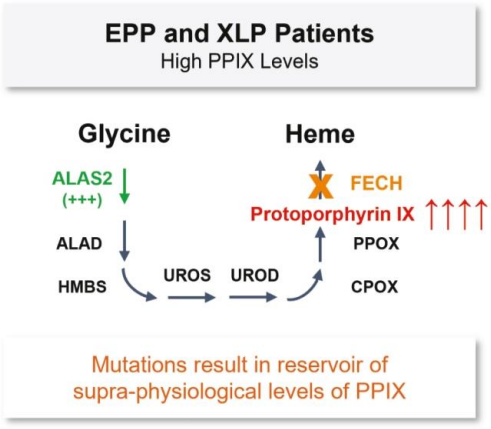
**Dysregulated Hemoglobin Biosynthesis is a Driver of Multiple Diseases**



*Erythropoietic Porphyrias*

EPs are a family of rare, debilitating, and potentially life-threatening diseases caused by mutations that affect the heme biosynthesis pathway. These mutations result in the toxic accumulation of metabolic intermediates in the blood called porphyrins, which can absorb light through the skin and mediate the generation of toxic reactive oxygen species that cause damage to the skin and other tissues. Consequently, when patients with porphyria are exposed to sunlight, they experience excruciating pain, blistering, and edema in the skin. This severe phototoxicity often results in a lifelong aversion to and fear of light, which has a negative impact on patients and their families, particularly for young children. These effects include impaired psychosocial development and conditions, such as anxiety, depression, and social isolation that may require significant adjustments to career and other life choices. EPs comprise three subtypes that are each linked to a specific mutation or deficiency in one of the enzymes in the heme biosynthesis pathway: (1) EPP, which is linked to the ferrochelatase, or FECH, enzyme; (2) XLP, which is linked to the delta-aminolevulinic acid synthase-2, or ALAS2, enzyme; and (3) congenital erythropoietic porphyria, or CEP, which is linked to the uroporphyrinogen III cosynthase, or UROS, enzyme. As shown below, mutations in the FECH and ALAS2 enzymes lead to a pathological accumulation of PPIX, and as a result, patients with EPP or XLP typically have high levels of PPIX.

**Genetic and Biochemical Basis for EPP and XLP: FECH and ALAS2 Mutations Increase PPIX Levels**




Figures adapted from Halloy et al. (2021) *Cell Chem Biol*

EPP is a rare, inherited metabolic disease characterized by a deficiency of the FECH enzyme. FECH is responsible for the last step in heme biosynthesis and catalyzes the insertion of iron into PPIX to create the final heme moiety. In patients with EPP who have abnormally low levels of FECH, excessive amounts of PPIX accumulate in the bone marrow, blood plasma, and red blood cells. This accumulation of PPIX, which becomes highly reactive and toxic when exposed to light, causes the hallmark EPP symptom of photosensitivity, or skin hypersensitivity to sunlight and some types of artificial light, such as fluorescent lights. After exposure to light, the patient's skin may initially become itchy and red, and then affected individuals often experience a severe burning sensation that may persist for days. PPIX also accumulates in the gallbladder and liver and causes complications in these organs for some patients. An estimated 25% of patients may develop gallstones that require surgical removal. Many patients live with subclinical liver damage, which progresses to overt liver failure and requires liver transplant in approximately 2% to 5% of patients. The onset of symptoms affecting the skin usually occurs in early childhood; however, in some cases, onset may not occur until adolescence or adulthood. EPP has been reported worldwide, with prevalence between 1 in 75,000 to 1 in 200,000, but a recent genetic study suggests that the genetic prevalence may be higher at approximately 1 in 17,000.

XLP is a genetically distinct inherited metabolic disease with a clinical presentation that is similar to EPP. The causative mutation in XLP occurs in the ALAS2 gene, which codes for the first enzyme in the heme biosynthesis pathway that is found on the X chromosome and inherited with an X-linked pattern. The mutation causes increased ALAS2 function, which results in pathologic accumulation of PPIX. XLP affects both males and females, but males usually develop a severe form of the disease. Females with an ALAS2 mutation may also develop the disease, but severity can range from being asymptomatic to a severe form. Similar to EPP, the major symptom of this disease is skin hypersensitivity to sunlight and some types of artificial light. The exact incidence or prevalence of XLP is unknown, but it is often estimated at one-tenth the incidence of EPP. EPP and XLP, when combined, are the third most common porphyria.

CEP, also known as G✔nther Disease, is the rarest and most severe form of the EPs and results from the deficient function in UROS, the fourth enzyme in the heme biosynthesis pathway. In CEP, the impaired function of this enzyme leads to the accumulation of excessive amounts of certain porphyrins, particularly in the bone marrow, plasma, red blood cells, urine, teeth, and bones. Similar to EPP and XLP, the major symptom of this disease is skin hypersensitivity to sunlight and some types of artificial light. However, in patients with CEP, the photoactivated porphyrins in the skin cause more profound blistering and scarring. Additionally, the accumulation of porphyrins in the bone impairs bone metabolism and can cause bone loss and deformities. CEP is extremely rare and there have been about 220 affected individuals reported to date.

*Current Treatment Options for Erythropoietic Porphyrias*

There are currently no disease-modifying therapies available to treat EPs other than bone marrow transplantation, which is associated with high rates of morbidity and mortality. Lifestyle alterations to avoid light exposure are the primary approach to managing phototoxicity in EP patients. Sunscreens, tinted windows, and protective clothing are also commonly used in addition to behavioral modifications. The only class of approved therapies for patients with EP are melanocortin 1 receptor agonists, which are designed to promote melanin production, or tanning, and thereby increase patient tolerance to sunlight. Afamelanotide, an a-melanocyte–stimulating hormone analog delivered by a surgically-administered subcutaneous implant, was approved by the U.S. Food and Drug Administration, or FDA, in 2019 for the treatment of EPP. Afamelanotide provides reduction in photosensitivity, but is not designed to reduce PPIX production and is associated with side effects, such as nausea, hyperpigmentation and a darkening of or increase in melanocytic nevi. In a pivotal trial, afamelanotide increased the median number of pain free hours in daytime (10am to 6pm) over 180 days from 40.5 hours in a placebo group to 64.1 hours in the treatment group. Another melanocortin 1 receptor agonist, dersimelagon, which is orally administered, is currently in Phase 3 development by a third party. Overall, there remains a significant unmet need despite the use of melanocortin 1 receptor agonists, as they provide incomplete resolution of photosensitivity and more importantly, are not designed to reduce the production of protoporphyrins or address hepatobiliary complications, such as gallstones and progressive liver disease.

Patients with EP who have progressive liver damage are managed through periodic monitoring, and in cases of liver failure, transplantation is required. While bone marrow transplantation has been used to cure EPs, it is associated with high rates of morbidity and mortality. Therefore, this procedure is usually considered only for younger patients after a liver transplant, for older patients with recurrent disease affecting the liver allograft, or for patients with progressive liver disease.

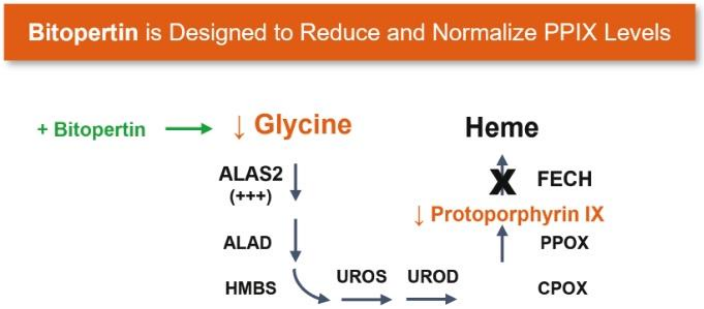
***Disc's Solution: Bitopertin, an Oral, Selective GlyT1 Inhibitor***

Bitopertin is designed to be an oral, selective inhibitor of GlyT1, a key membrane transporter required to supply developing red blood cells with sufficient glycine to support erythropoiesis. By limiting glycine uptake at the first step in heme biosynthesis in newly forming red blood cells, bitopertin is designed to reduce the activity of this pathway, as shown below, and therefore has the potential to treat a range of hematologic disorders associated with the biosynthesis of heme and hemoglobin.

**Bitopertin May Treat a Range of Hematologic Disorders**


Disc is initially focused on the ability of bitopertin to suppress the accumulation of PPIX, as shown below, based on preclinical data from cellular and mouse models of disease. Based on its mechanism of action, Disc believes bitopertin has the potential to be a disease-modifying treatment for EPP and XLP.

**Mechanism of Action for Bitopertin**



EPP and XLP are diseases marked by severe photosensitivity and damage to the hepatobiliary system caused by the accumulation of PPIX. PPIX has been well-characterized to absorb light and induce inflammation and tissue damage, manifesting clinically as painful phototoxic reactions. Lower levels of PPIX are associated with lower disease severity. Epidemiologic data correlate increasing PPIX concentrations with decreased light tolerance, and interventions that reduce PPIX in patients correlate directly with increased light tolerance. Lower PPIX levels (by roughly 30-50%) increased light tolerance in patients. 25% of patients with lower PPIX levels experienced symptoms versus 75-100% of patients with medium to high PPIX levels. During pregnancy, women with EPP experience temporary disease remissions that increase sunlight tolerance and coincide with a reduction in PPIX levels. For example, in a study conducted by a third-party, pregnant women were observed to have a median reduction of 53% in PPIX levels during pregnancy, resulting in a significant reduction in their EPP symptoms. Disease symptoms return after delivery when PPIX levels revert to pre-pregnancy levels, leading to the hypothesis that the fetus may utilize plasma PPIX as a substrate for its own escalating heme biosynthesis requirements, thus reducing PPIX levels in the mother's bloodstream. In a third-party study of extracorporeal photoinactivation, a process that reduces circulating PPIX levels, symptoms were markedly improved after reduction in blood PPIX concentrations. In this study, blood was removed from the body and illuminated with controlled wavelength light to inactivate PPIX, and the blood in which the PPIX was inactivated was re-infused. This procedure resulted in PPIX reductions of approximately 30% and light tolerance was temporarily increased 14-fold, a level of improvement that is expected to permit near-normal patient lifestyle. However, given the technical complexities associated with this procedure, it has not been widely adopted as a therapeutic option in patients.

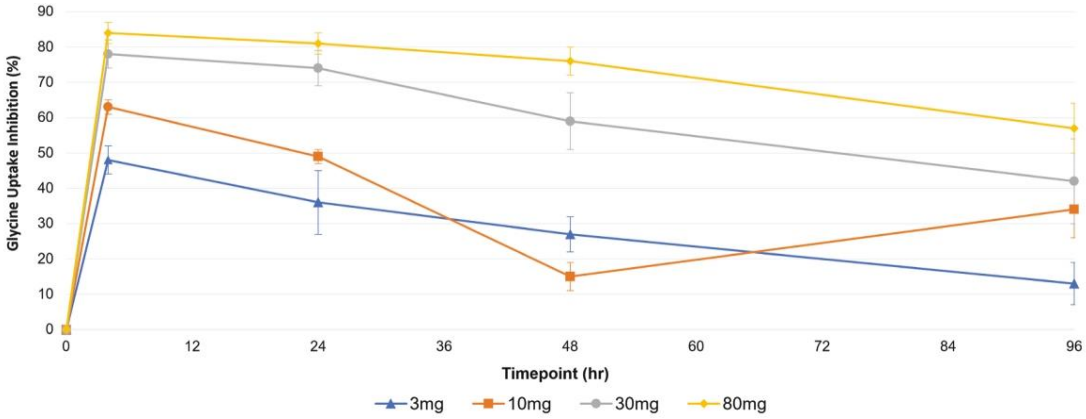
Bitopertin has been evaluated in an extensive clinical program focused on neurological disease conducted by Roche in over 4,000 individuals, which demonstrated the activity of bitopertin as a GlyT1 inhibitor and suppressor of heme biosynthesis. Disc has also conducted preclinical studies in cellular models of EPP and animal models of EPP and XLP, which showed that bitopertin significantly decreased PPIX by 45 and 73%, respectively, which is more than the threshold 30% reduction that has been associated with marked symptom improvement in the studies described above. In a separate study, Disc also demonstrated that bitopertin reduced liver fibrosis in an animal model of EPP. Based on the aggregate of these results, Disc has initiated a clinical program to study bitopertin in EPP and XLP. In July 2022, Disc initiated BEACON, a Phase 2 open-label, parallel-dose clinical trial of bitopertin in EPP and XLP patients that will be conducted at sites in Australia. Interim data is expected in the first half of 2023. Separately, Disc has initiated AURORA, a Phase 2, randomized, double-blind, placebo-controlled clinical trial of bitopertin in EPP patients that is being conducted at sites in the United States. In July 2022, Disc received IND clearance from the FDA and initiated AURORA in October 2022. Disc also plans to explore the potential of bitopertin to treat other hematologic diseases, and plans to submit an IND in 2023 for a study in DBA.

*Clinical Data*

In May 2021, Disc licensed exclusive worldwide rights to develop and commercialize bitopertin from Roche. Roche had previously developed bitopertin as a potential therapy for certain symptoms of schizophrenia and obsessive-compulsive disorder, but chose to discontinue the program due to failure to meet primary endpoints in Phase 3 trials for those indications after completing over 30 clinical trials in more than 4,000 individuals. Roche conducted a pilot study for the treatment of anemia in 12 patients with beta-thalassemia, a population with a normal heme biosynthesis pathway; this trial did not show consistent increases in hemoglobin at the doses tested. Despite the observed lack of efficacy, the clinical program established a well-defined and generally well-tolerated profile for bitopertin. Importantly, these trials confirmed that bitopertin inhibits glycine uptake in red blood cells and demonstrated the role of GlyT1 inhibition in heme biosynthesis during red blood cell production. This was observed in multiple clinical trials by a mild, dose-dependent decrease in heme biosynthesis, which manifested as a decrease in hemoglobin of approximately 0.5 to 2 g/dL that stabilized after approximately 16 weeks, the approximate lifespan of a red blood cell.

For example, a single dose clinical trial in healthy volunteers evaluating bitopertin at doses ranging from 3 mg to 80 mg administered once-daily in 24 individuals demonstrated dose-dependent inhibition of erythrocyte glycine uptake levels, as shown below.

**Bitopertin Inhibits Erythrocyte Glycine Uptake in Humans in a Dose-Dependent Manner**



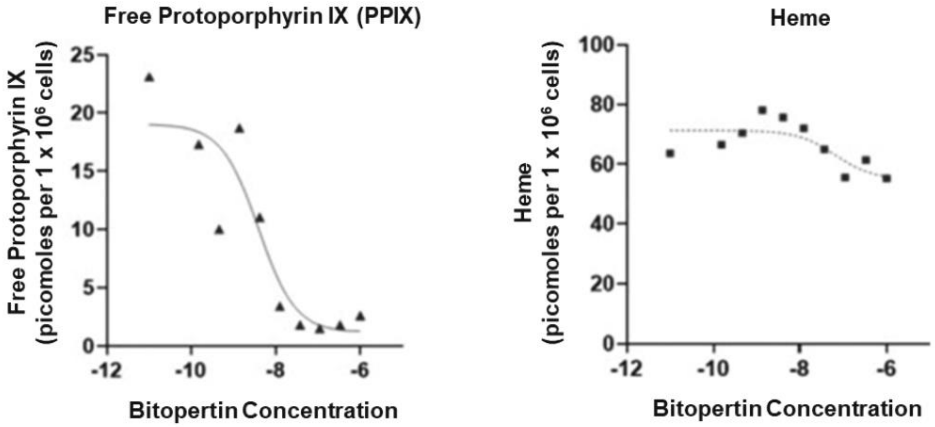

In multiple Phase 3 clinical trials, Roche demonstrated that in patients with schizophrenia who are otherwise hematologically normal, inhibition of glycine uptake resulted in a reduction in hemoglobin production. Patients were administered placebo or bitopertin at 10 mg/day or 20 mg/day dose levels. The effect on hemoglobin was dose-dependent, with patients receiving 10 mg/day and 20 mg/day of bitopertin experiencing a mean decrease in hemoglobin at 52 weeks of approximately 0.5 g/dL and approximately 1.0 g/dL, respectively. The effect of bitopertin on hemoglobin reached a plateau at approximately week 26 and effects were generally stable for the remainder of the 52-week trial.

*Preclinical Data*

PPIX is well-established as the pathologic driver in EPP and XLP, and Disc believes that the suppression of heme biosynthesis in patients with EPP and XLP will result in reduced levels of PPIX. As described above, there is clinical evidence suggesting that reduction of PPIX by greater than 30% has the potential to significantly reduce photosensitivity in EPP and potentially XLP patients. Based on this clinical evidence, Disc conducted preclinical research to validate the effects of bitopertin on PPIX levels in disease relevant cell and animal models. In Disc's studies bitopertin reduced PPIX levels in a dose-responsive manner in human cell lines that were genetically modified to recapitulate the EPP disease state and in mice that were genetically modified to recapitulate the EPP and XLP disease states.

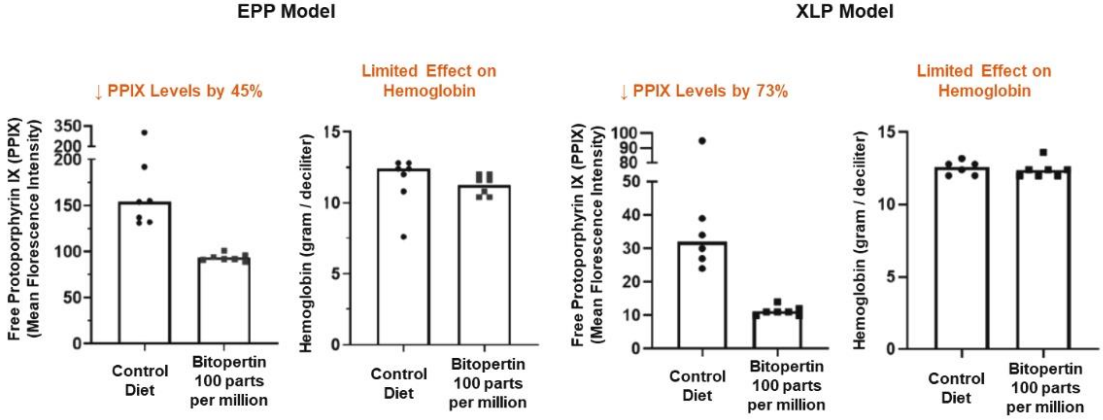
To create a cellular model of EPP, Disc genetically modified a human erythroleukemia cell line, K562, to introduce the mutations that cause EPP in human patients. Similar to the human disease state, the genetically modified cells exhibited a greater than 50-fold increase in PPIX levels. In the K562 model, bitopertin decreased the formation of 5-aminolevulinic acid, or 5-ALA, which is the first metabolite of the heme biosynthesis pathway, and prevented PPIX accumulation, as demonstrated by an EC50 of 3 nM to 10 nM, without significantly affecting heme levels, as shown below. EC50, or half maximal effective concentration, refers to the concentration of drug that induces a response halfway between baseline and the maximum potential response after a specified exposure time and nM refers to nanomolar, a measure of concentration.

**Effects of Bitopertin on PPIX and Heme Levels in a Human Erythroid Cell Line Carrying EPP Mutations**




To further assess the potential of bitopertin to reduce PPIX levels *in vivo*, Disc conducted studies in mice that were genetically modified with mutations similar to those that cause EPP and XLP in humans. Bitopertin was evaluated in female Fechm1Pas EPP and male Alas2Q548X/Y XLP mouse models. In both models, mice developed protoporphyria characterized by elevated red blood cell and liver PPIX levels. Fechm1Pas and Alas2Q548X mice were fed a diet containing 0 or 100 ppm of bitopertin for 8 weeks starting at 6 weeks of age, which is a dose level that is similar to a once-daily 30 mg dose of bitopertin in humans. As shown in the figures below, after 8 weeks of treatment, PPIX levels decreased in Fechm1Pas and Alas2Q548X animals receiving bitopertin with a mean reduction of 45% and 73%, respectively, compared to the control group. Changes in hemoglobin levels were limited, indicating bitopertin can potentially reduce PPIX accumulation without impacting erythropoiesis to a degree that is clinically relevant. In a separate study designed to evaluate liver pathology in a mouse model of EPP, bitopertin treatment was shown to significantly reduce liver fibrosis, demonstrating the potential for bitopertin to be disease modifying.

**Effects of Bitopertin on PPIX and Hemoglobin Levels in Mouse Models of EPP and XLP**




*Clinical Development Plan*

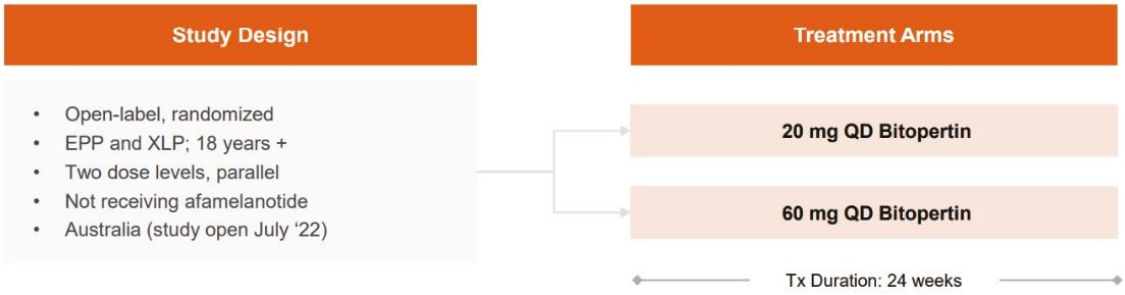
Disc believes that the findings from its preclinical studies and the clinical trials conducted by Roche demonstrate that bitopertin has the potential to act as a durable, and well-tolerated inhibitor of heme biosynthesis in humans. Importantly, Disc believes these studies support the potential for bitopertin to reduce PPIX to a degree that has, in third-party studies, been associated with marked symptom improvement in patients with EPP and XLP. Accordingly, Disc has initiated a clinical program to study bitopertin in EPP and XLP. In July 2022, Disc initiated BEACON, a Phase 2 open-label, parallel-dose clinical trial of bitopertin in EPP and XLP patients that is being conducted at sites in Australia. Interim data is expected in the first half of 2023. Separately, in October 2022 Disc initiated AURORA, a Phase 2, randomized, double-blind, placebo-controlled clinical trial of bitopertin in EPP patients being conducted at sites in the United States. Disc filed an IND for this study with the FDA in April 2022 and was on clinical hold until the study design was finalized with the FDA. In July 2022, Disc received IND clearance from the FDA to initiate the study. Disc also plans to explore the potential of bitopertin to treat other hematologic diseases, and plans to submit an IND in 2023 for a study in DBA.

*Planned Phase 2 Clinical Development Program in Patients with EPP and XLP*

As part of Disc's clinical development program, Disc has initiated a clinical development program that consists of two separate Phase 2 clinical trials of bitopertin in patients with EPP and XLP.

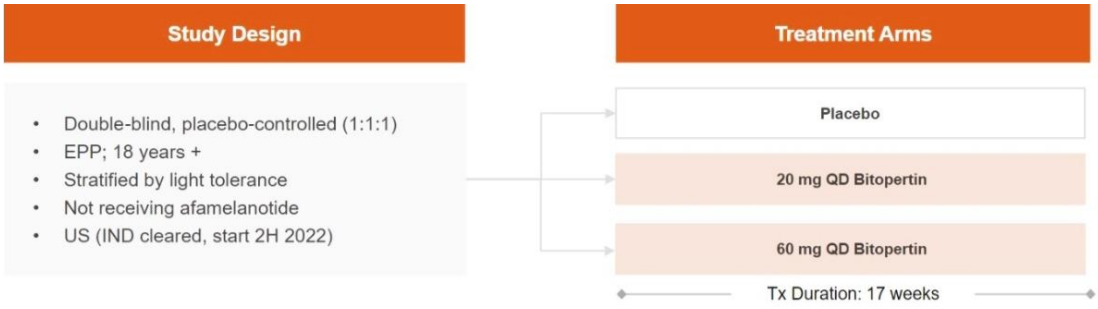
In July 2022, Disc initiated BEACON, a Phase 2 clinical trial of bitopertin in EPP and XLP patients that is being conducted at sites in Australia. The study is a randomized, open-label, parallel-dose clinical trial designed to evaluate the safety, tolerability, and efficacy of bitopertin. It is designed to enroll approximately 20 adult patients with EPP or XLP at sites in Australia. The study will primarily assess changes in levels of PPIX as well as the pharmacokinetic profile, safety and tolerability of bitopertin in EPP or XLP patients. It will also include measures of photosensitivity, daylight tolerance, pain and exploratory biomarkers of hepatobiliary disease. Patients will receive orally-administered bitopertin for 24 weeks at doses of either 20 mg once-daily or 60 mg once-daily. These dose levels have a well-understood profile and similar dosage strengths have been shown to provide substantial inhibition of erythroid glycine uptake in the clinical trials conducted by Roche. Upon completion of the 24-week treatment period, patients may continue on bitopertin for an additional 24 weeks. Disc expects to report interim data in the first half of 2023. The trial design is summarized in the figure below.

**BEACON Trial Design: Open-Label, Phase 2 Clinical Trial of Bitopertin in Patients with EPP or XLP (N ~ 20)**




Separately, in October 2022 Disc initiated AURORA, a Phase 2, randomized, double-blind, placebo-controlled, parallel dosing trial in approximately 75 adult patients with EPP. Disc expects to enroll patients into a placebo group, a 20 mg/day dose group and a 60 mg/day dose group, with bitopertin delivered as tablets taken orally once per day for a period of 17 weeks. These dose levels have a well-understood profile and similar dosage strengths have been shown to provide substantial inhibition of erythroid glycine uptake based on the clinical trials conducted by Roche. This trial will include assessments of blood PPIX levels and patient photosensitivity. Additional study measures will include time to prodromal symptom, hepatobiliary markers, quality of life, safety and tolerability, among others. The FDA has previously approved afamelanotide for the treatment of photosensitivity in EPP patients on the basis of a clinical endpoint measuring a change in pain-free time spent in sunlight in treated patients, relative to patients treated with placebo. In July 2022, Disc received IND clearance from the FDA for the AURORA clinical trial. The proposed trial design is summarized in the figure below.

**AURORA Trial Design: Randomized, Double-Blind, Placebo-Controlled Phase 2 Clinical Trial of Bitopertin in Patients with EPP (N ~ 75)**



*Additional Safety Data from Selected Clinical Trials Conducted by Roche*

Based on the comprehensive data package from Roche's healthy volunteer trials, Disc anticipates that bitopertin will have an acceptable tolerability profile. The identified risks established by Roche across the development program are (percentage bitopertin treated vs. percentage placebo treated): headache (9.8% vs. 6.7%), somnolence (5.2% vs. 3.7%), and dizziness (4.2% vs. 3.6%). The results of single dose bitopertin clinical trials in healthy volunteers at doses ranging from 3 mg to 240 mg (n=290) and multiple dose trials at doses ranging from 10 mg to 180 mg daily for 10 to 120 days (n=greater than 360) demonstrated a comprehensive tolerability profile. In one multiple ascending dose trial, reversible blurred vision was observed in 5 subjects (20%) at or above the 80 mg/day dose level. In a four-month pharmacodynamics study, 11.8% of subjects receiving an active dose noted dysphoria/low mood (mostly at 30 mg/day), as compared to 6.3% of placebo, and dermatological adverse events on hands and feet were observed in 15.7% of subjects (mostly at 60 mg/day). In Phase 3 studies, no association with bitopertin was found for dermatological adverse events or adverse events of blurred vision or low mood. The amount of hemoglobin per red blood cell or per reticulocyte decreased in a dose-dependent manner. No hematologic parameter reached a level at which Disc would expect clinical signs or symptoms. Roche's Phase 3 program in schizophrenia consisted of six Phase 3 clinical trials (total n=2,438) of 5 mg, 10 mg, and 20 mg doses of bitopertin for up to 52 weeks, followed by extension phases. In these trials, bitopertin treatment was not associated with any significant tolerability issues. Most of the adverse events were considered mild or moderate in severity in all trials.

*Additional Preclinical Safety Data from Studies Conducted by Roche*

There is also comprehensive nonclinical safety data for bitopertin supporting further development in the EPP and other hematologic diseases. The main targets for bitopertin toxicity in repeat-dose toxicity studies were identified as the CNS and the intended pharmacodynamic effect of altered erythropoiesis. No primary histopathological findings attributable to bitopertin were noted in any organ. The CNS-related effects following repeated treatment with bitopertin were generally mild and reversible upon cessation of treatment. The incidence, severity, and onset of the CNS-related effects were dose-dependent, and histopathology evaluation did not show any morphological lesions. The repeat-dose toxicity studies were performed in rats for up to 26 weeks and in non-human primates, or NHPs, for up to 52 weeks. Two-year carcinogenicity studies showed that bitopertin was not carcinogenic in mice or rats. In juvenile toxicity studies conducted in rats, treatment was generally well-tolerated and no effects specific to the juvenile rat were identified on development or behavior at any dose level tested.

*Bitopertin in Additional Indications: Diamond-Blackfan Anemia and Macrocytic Anemias*

Disc believes that bitopertin may be therapeutically beneficial for the treatment of DBA and other anemias that are characterized as macrocytic anemias. DBA is a genetic condition marked by defective erythropoiesis that is usually caused by genetic mutations in genes coding for ribosomal proteins. Clinically, DBA is a lifelong anemia that presents in infancy and has a 25% mortality rate by age 50. Standard therapy includes chronic steroid treatment and/or regular blood transfusions, and hematopoietic stem cell transplantation is the only known cure for DBA. The ribosomal defects in patients with DBA are thought to cause a build-up of free heme in newly forming red blood cells, and this free heme exerts a toxic effect, resulting in poor red blood cell formation and anemia. Inhibitors of heme biosynthesis have shown marked effects in improving red blood cell production in third-party cellular and animal models of DBA. Accordingly, Disc anticipates that bitopertin may be able to provide relief from anemia and transfusion in patients with DBA by restricting the accumulation of toxic, free heme. Other anemias characterized by ribosomal defects exhibit a similar phenotype and are collectively referred to as macrocytic anemias. An example is the form of MDS characterized by a deletion in the 5q chromosomal locus, or Del(5q) MDS. Heme biosynthesis inhibitors have shown benefits on red blood cell formation in patient-derived cells from patients with Del(5q) MDS, and therefore Disc expects bitopertin may be therapeutically beneficial in these related conditions. Disc is continuing to explore the potential of bitopertin in these additional indications in preclinical studies.

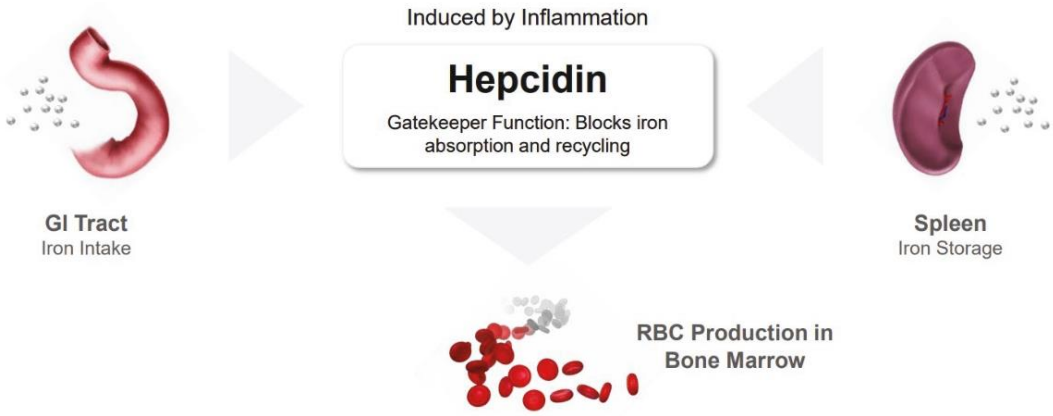
**Disc's Iron Homeostasis Portfolio**

In addition to Disc's heme biosynthesis therapeutic approach, Disc is developing a portfolio of product candidates focused on the modulation of the hepcidin pathway to normalize iron homeostasis. Iron is an essential element that is required for erythropoiesis as well as other important biological functions. Nearly 70% of iron in the human body resides in red blood cells, where it is a fundamental component of hemoglobin, the protein that enables red blood cells to carry and transport oxygen. Although iron is critical to an array of biological functions, excessive levels can be toxic. Consequently, the management of iron levels in the body is a critical and carefully controlled process. Hepcidin is a potent hormone produced in the liver that serves as the primary regulator of iron homeostasis and plays a central role in controlling how iron is absorbed, utilized, stored, and recycled systemically. If this process becomes dysregulated, a wide range of serious, debilitating, and potentially fatal conditions can arise.

***Hepcidin: The Master Regulator of Iron Homeostasis***

Iron typically enters the body when it is absorbed in the intestine from dietary intake. As it enters circulation, iron is bound to carrier proteins. Iron is a highly reactive metal that can cause oxidative stress and tissue damage in an unbound state. Iron is utilized in target tissues, such as the bone marrow, to support erythropoiesis, and the remaining surplus is directed to specific storage tissues, such as the spleen, where it can be sequestered in specialized macrophages and redeployed when needed. This process is governed by hepcidin, which serves as a gatekeeper in tissues that are a source of iron, both blocking absorption of dietary iron from the intestine and preventing the release of stored iron from the spleen, as shown in the figure below. The body exerts control and responds to demands for iron by increasing or reducing the production of hepcidin, which leads to a reduction or increase in iron availability, respectively.

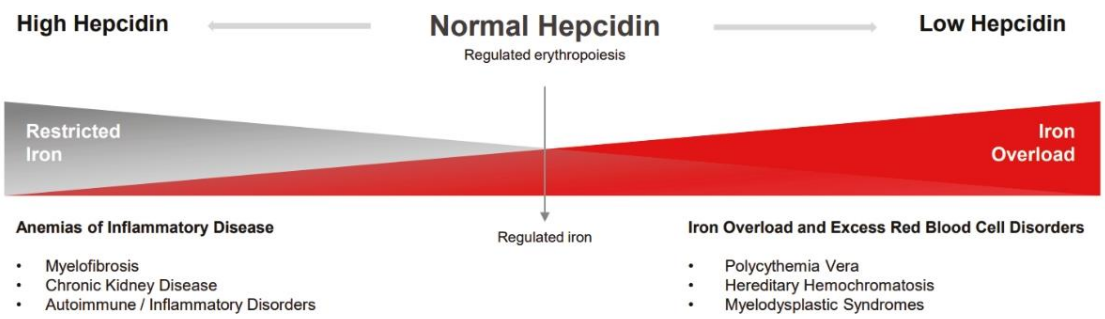
**Hepcidin Plays a Central Role in Iron Metabolism and Homeostasis**




***Hepcidin is a Therapeutic Target for Diseases of Iron Metabolism***

Because iron is critical to so many biological functions, particularly in red blood cells, disruptions in its homeostasis, often due to the dysregulated production of hepcidin, can result in a wide range of hematologic diseases, as shown in the figure below. These include diseases that can cause abnormally high production of hepcidin, which deprives developing red blood cells of iron and causes anemia, a frequent complication of cancer, autoimmune conditions, and other inflammatory diseases. Conversely, in certain diseases with abnormally low production of hepcidin, increasing hepcidin and restricting iron availability are expected to provide a therapeutic benefit. For example, in PV, iron restriction through a hepcidin mechanism has been demonstrated to control pathologic production of red blood cells. In other diseases, such as hereditary hemochromatosis, or HH, beta-thalassemia, and MDS, iron levels are pathologically high due to inadequate hepcidin production, and agents that increase hepcidin could be beneficial.

**Dysregulated Hepcidin Drives a Wide Range of Hematologic Diseases**




Disc believes that modulating the production of hepcidin to correct pathologic alterations in iron metabolism has the potential to be a powerful therapeutic strategy to address a wide range of diseases. Disc is leveraging two approaches that are designed to suppress or induce hepcidin production in order to increase or decrease serum iron levels, respectively. Disc's product candidates target novel pathways whose biological functions have been validated by human genetics and are specific to iron modulation.

*Hepcidin Suppression*

Disc is developing a portfolio of product candidates designed to lower hepcidin and restore serum iron levels to address anemia of inflammatory diseases. Disc's lead product candidate, DISC-0974, is a monoclonal antibody, which Disc in-licensed from AbbVie, that is designed to inhibit HJV, a critical target for hepcidin production. Disc selected this target because the effects of inhibiting HJV, namely decreased hepcidin and increased iron availability, have been genetically demonstrated in both animal knockout studies and in patients with juvenile hemochromatosis who lack fully functional genes encoding HJV. Disc has observed the effects of DISC-0974 on hepcidin and serum iron levels in preclinical studies, and has completed a single ascending dose Phase 1 clinical trial to evaluate these effects in healthy volunteers.

*Hepcidin Induction*

Disc has also initiated a research program and generated compounds that are designed to increase hepcidin and decrease serum iron levels, an approach that has the potential to address a range of diseases where restricting iron would be beneficial, such as excessive red blood cell production in PV and diseases of iron overload. Disc's program is focused on inhibiting Matriptase-2, a serine protease encoded by the gene *TMPRSS6* that normally serves to limit hepcidin production. By inhibiting Matriptase-2, Disc's compounds have the potential to enable the production of hepcidin and, in turn, restrict iron availability. Disc selected this target based on the genetic confirmation of the effects of inhibiting Matriptase-2 in both animal knockout studies and in patients with iron-refractory iron deficiency anemia who lack fully functional genes encoding Matriptase-2. Disc has generated selective small molecule inhibitors of Matriptase-2 which have demonstrated effects on hepcidin and serum iron levels in preclinical studies. Disc is in the process of identifying and optimizing a development candidate to commence IND-enabling studies.

**Disc's Lead Hepcidin Suppression Program: DISC-0974 For the Treatment of Anemia of Inflammatory Diseases**

Disc is developing DISC-0974, its lead antibody product candidate targeting hepcidin suppression, for the treatment of anemia resulting from iron restriction that typically occurs in the setting of inflammatory diseases. DISC-0974 is designed to be a selective inhibitor of HJV, a bone morphogenetic protein, or BMP, co-receptor. Inflammatory signals, potentiated by BMP signaling, are an underlying cause of elevated levels of hepcidin, leading to low iron bioavailability and subsequent anemia in a broad range of diseases. Disc believes that abnormally high levels of hepcidin are an important driver of anemia associated with inflammatory diseases and that suppression of hepcidin with DISC-0974 has the potential to provide meaningful benefit in these patients. In July 2021, Disc initiated a single ascending dose Phase 1 clinical trial of DISC-0974 in healthy volunteers. Disc has completed its Phase 1 clinical trial. Data from the Phase 1 clinical trial showed evidence of target engagement and iron mobilization and erythropoiesis. Disc has initiated a Phase 1b/2 clinical trial in patients with anemia of MF in June 2022 and expects to initiate a separate Phase 1b/2 placebo controlled, multiple ascending dose clinical trial in patients with anemia associated with CKD by the end of 2022.

*Overview of Anemia Associated with Inflammatory Diseases*

Anemia of inflammation is a hallmark of a wide range of autoimmune and chronic diseases, including MF, CKD, rheumatoid arthritis, inflammatory bowel disease, cancer, obesity, chronic obstructive pulmonary disease, and cardiovascular disease. Anemia occurs frequently in these diseases and for example, affects approximately 87% of myelofibrosis, 17-50% of chronic kidney disease, 25-35% of inflammatory bowel disease, 35-80% of cancer, and 50% of lupus patients. It is a common cause of chronic anemia and has been estimated to affect over one billion individuals worldwide. This type of anemia is caused by the sustained inflammation associated with these diseases, which produces a host of pro-inflammatory cytokines that impair erythropoiesis. Importantly, these cytokines have an impact on iron homeostasis by inducing the production of hepcidin, which in turn deprives developing erythrocytes of iron. There are currently no approved therapies designed to primarily lower hepcidin, and most patients remain anemic or untreated.

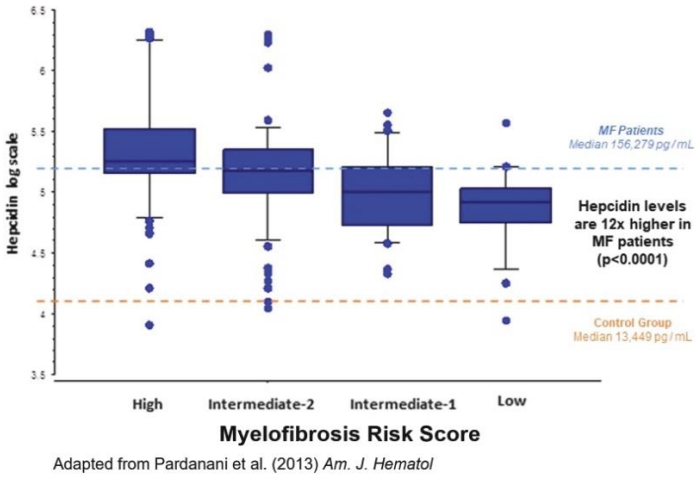
*Anemia of Myelofibrosis*

MF is a rare, chronic blood cancer that currently affects an estimated 16,000 to 18,500 patients in the United States. It is characterized by progressive fibrosis of the bone marrow brought on by the proliferation of cytokine-producing myeloid cells, which creates a state of chronic inflammation. Severe, progressive, and treatment- resistant anemia is the primary clinical manifestation of MF, and a study in over 200 patients at the Mayo Clinic showed that hepcidin is elevated by approximately 12-fold in these patients, as shown below. Elevated hepcidin levels are correlated with disease severity, anemia, and the need for red blood cell transfusions.

At diagnosis, approximately 87% of patients with MF have anemia, which progressively worsens over time and ultimately renders the majority of patients dependent on chronic red blood cell transfusions. In a study conducted by the Mayo Clinic, within a year of diagnosis, 58% of patients with MF had severe anemia, defined as hemoglobin levels of less than 10 g/dL, and 46% were transfusion-dependent, meaning they required regular transfusion therapy, as shown below. Moreover, existing treatments, such as erythropoiesis-stimulating agents, or ESAs, androgens, corticosteroids, immunomodulators, and splenectomy, are generally viewed as providing minimally effective or inconsistent results, are associated with safety concerns, and do not directly target hepcidin. This is in contrast to the effects observed in a recently published study of a hepcidin-targeted agent conducted in patients with advanced, transfusion-dependent myelofibrosis. In this clinical trial, a partial reduction of hepcidin levels led to approximately 85% of patients having lower transfusion requirements, 41% of patients becoming transfusion independent, increased hemoglobin and improved markers of iron homeostasis.

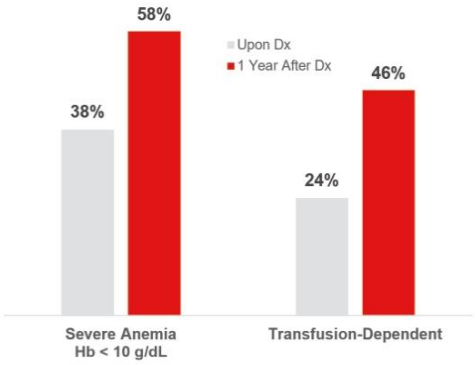
Currently, patients with MF are treated with JAK inhibitors approved to treat intermediate or high risk MF, including ruxolitinib and fedratinib, which reduce splenomegaly and other symptoms, but typically worsen anemia to the point that patients frequently discontinue treatment.

**Elevated Hepcidin Levels in Patients with MF**




Adapted from Pardanani et al. (2013) *Am. J. Hematol*

**Anemia of MF is Progressive and Severe**




Data from Teferri et al. (2012) *Mayo Clinic Proc*

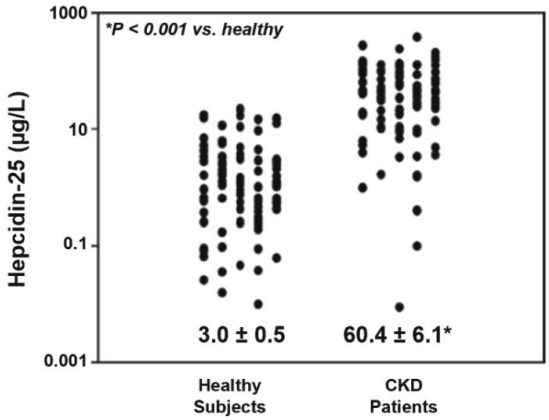
*Anemia of Chronic Kidney Disease*

CKD is a highly prevalent disease characterized by the progressive loss of kidney function that eventually leads to kidney failure or end-stage renal disease necessitating dialysis or a kidney transplant for survival. It is caused by a constellation of underlying chronic conditions, such as diabetes, hypertension, and heart disease, that damage the kidneys over time and create a chronically inflamed state. CKD is widespread and is estimated to affect nearly 700 million patients worldwide. While it is most common in developed countries, CKD cases are growing rapidly in populous, emerging markets, such as China and India. In the U.S. alone, there are an estimated 39 million patients with CKD, the vast majority of which have not initiated dialysis.

Anemia is a hallmark of CKD and both worsens and becomes increasingly common as kidney function deteriorates. It is associated with increased risk of hospitalization, cardiovascular complications, and death, and frequently causes significant fatigue, cognitive dysfunction, and declining quality of life. The prevalence of anemia in CKD varies depending on the stage of disease and ranges from approximately 17% to 50% in patients with earlier-stage CKD who do not require dialysis to nearly all patients with end-stage renal disease who are dialysis-dependent.

While the underlying cause of anemia of CKD is multifactorial, among the primary molecular drivers are declining production by kidney cells of erythropoietin, or EPO, a growth factor that normally stimulates red blood cell production, and elevated hepcidin levels, which suppress the iron supply needed to support erythropoiesis. Hepcidin levels are correlated with CKD disease stage and severity of anemia and can be nearly 20-fold higher in patients with CKD than in healthy individuals, as shown in the graph below. Hepcidin elevation results from dysregulated overproduction induced by chronic inflammation and accumulation as the body is unable to excrete hepcidin from the kidney. This combination results in a cycle where patients become progressively more anemic and incapable of erythropoiesis as their disease progresses.

**Hepcidin Levels Are Elevated in Patients with CKD**




Historically, the treatment of anemia of CKD has relied on red blood cell transfusions, but risks associated with iron overload, infection, and the development of antibodies precluding the ability to receive organ transplants have reduced the use of transfusions over time. Beginning in the 1990s, the standard of care shifted to injectable recombinant ESAs, such as EPOGEN (epoetin alfa) and Aranesp (darbepoetin alfa), which are administered to provide supraphysiological levels of erythropoietin to stimulate production of red blood cells. While hemoglobin levels were raised, several large clinical studies conducted by others revealed significant safety risks with the ESAs, including thrombosis, stroke, myocardial infarction, and death, which led to regulatory actions, including a black box warning and other label restrictions. In addition, changes in reimbursement and clinical practice guidelines have all significantly curtailed the use of ESAs for the treatment of anemia of CKD. As a result, a high proportion of patients with anemia of CKD today are either untreated or sub-optimally treated, despite being severely anemic. For example, according to the U.S. Renal Data System, the mean hemoglobin levels of patients who are about to initiate dialysis treatment is 9.3 g/dL, which is significantly below the normal range.

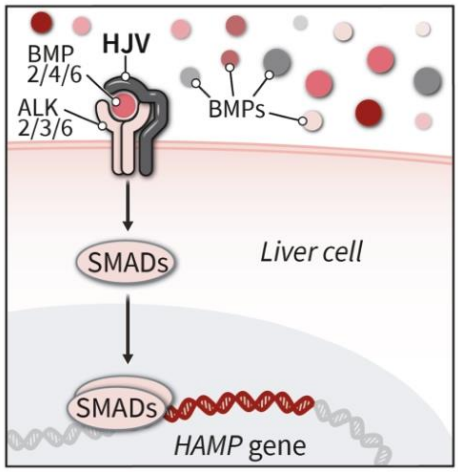
***Disc's Solution: DISC-0974, an Anti-HJV Monoclonal Antibody***

DISC-0974 is designed to be an injectable, selective monoclonal antibody targeting HJV, a co-receptor required for hepcidin expression. In multiple preclinical studies, Disc has demonstrated that DISC-0974 suppressed endogenous production of hepcidin and, as a consequence, increased serum iron levels. Based on this early confirmation of its mechanism, Disc believes DISC-0974 has the potential to treat a wide range of anemias associated with inflammatory diseases where hepcidin levels are pathologically elevated and serum iron levels for erythropoiesis are restricted. Based on data from Disc's IND-enabling studies, Disc intends to develop DISC-0974 as a once-monthly, subcutaneous injection.

*Hemojuvelin Has a Critical and Specific Role for Hepcidin Regulation and Homeostasis*

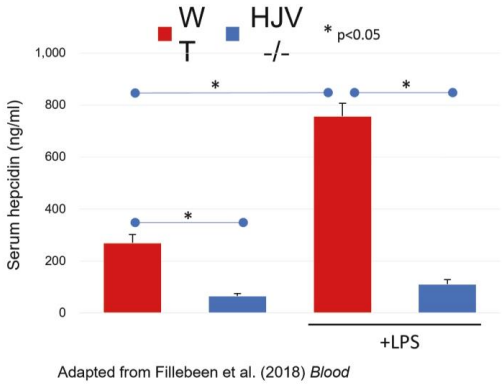
HJV, also called repulsive guidance molecule-c, is a cell surface co-receptor that is primarily expressed in the liver and other tissues with a significant role in iron metabolism, such as skeletal muscle, and is critical for hepcidin production. Signaling through the HJV pathway involves a complex of ligands of the TGF-b superfamily (BMP2/4/6) and other receptors (ALK2/3/6) that induce SMAD phosphorylation and hepcidin (HAMP gene) expression, as shown below. Many components of the BMP signaling pathway are expressed in tissues throughout the body and participate in a range of biological processes, including bone formation and immune cell production. As a result, therapeutic efforts to control hepcidin by targeting the ALK receptors or BMP ligands may affect other tissues and result in off-target side effects. However, based on the phenotype caused by the genetic loss of function of HJV in rodents and humans, Disc believes that the role of HJV is restricted to iron homeostasis and hepcidin expression, and therefore, Disc believes that targeting HJV has the potential to result in an improved risk-benefit profile as compared to targeting other members of the BMP pathway.

**Hemojuvelin is a Critical and Specific Target for Hepcidin Expression**




The importance of HJV in hepcidin expression and iron homeostasis was established through genetic studies in both animals and humans. Specifically, mutations that result in a partial or complete lack of HJV result in significantly reduced hepcidin production and are phenotypically indistinguishable from loss-of-function mutations in hepcidin itself. For example, in a study in mice conducted by a third-party, a knockout of the HJV gene resulted in significantly reduced hepcidin levels in untreated animals as well as in animals challenged with LPS, an inflammatory stimulus, as compared to mice with a functional HJV gene, as shown below.

**HJV Gene Knockout in Mice Resulted in Significantly Reduced Hepcidin Levels**




Adapted from Fillebeen et al. (2018) *Blood*

In addition, mutations in the HJV gene in humans markedly reduce hepcidin expression in the liver and result in juvenile hemochromatosis, the most severe form of diseases of iron overload. This genetic evidence suggests that the function of HJV is specific to hepcidin and iron regulation. Disc believes this specificity is an important attribute in selecting HJV as a target and may result in an improved therapeutic outcome by avoiding unwanted side effects that can result from systemic changes in TGF-b superfamily signaling, such as changes in bone mineral density and immune function. By targeting HJV to reduce hepcidin production, Disc believes that DISC-0974 has the potential to normalize serum iron levels and restore the production of red blood cells, thereby addressing a key underlying driver of anemia of inflammatory diseases.

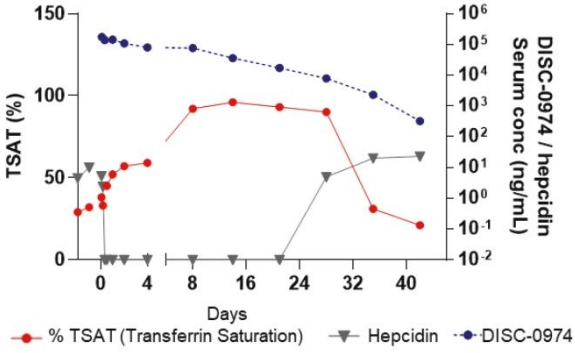
***Preclinical Data***

In multiple preclinical studies conducted by Disc and AbbVie, DISC-0974 was observed to be a selective inhibitor of HJV and administration of DISC-0974 resulted in significantly decreased hepcidin production and increased serum iron levels, providing preclinical proof-of-mechanism.

*DISC-0974 Decreased Hepcidin Expression and Increased Iron in Preclinical Studies*

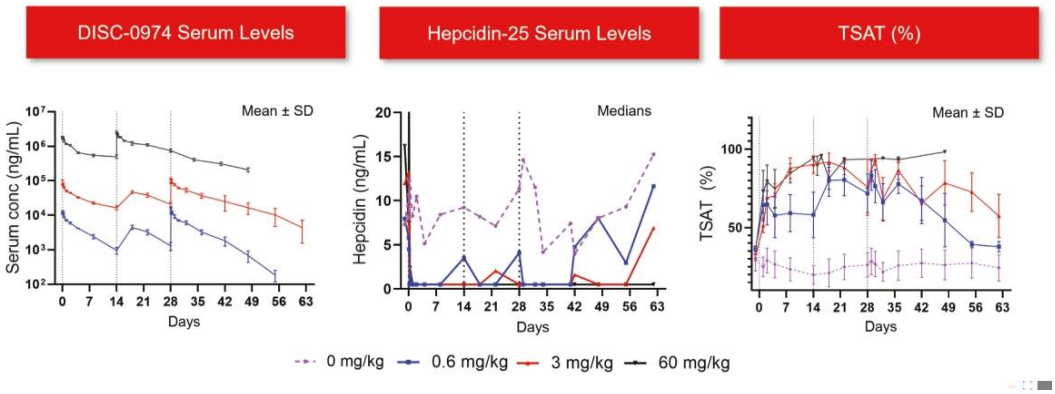
In multiple preclinical studies, Disc has established the pharmacology of DISC-0974. These studies demonstrated that inhibition of HJV resulted in suppression of hepcidin and increased serum iron levels and other measures of iron. The figure below is representative of the PK / PD effects of DISC-0974. In this experiment, a single, 5 mg/kg dose of DISC-0974 (serum concentration represented in blue) resulted in a rapid decrease of hepcidin levels (in gray) and an increase in serum iron levels (in red). As serum levels of DISC-0974 decreased over time, these effects were reversed and hepcidin levels increased and serum levels decreased.

**A Single Dose of DISC-0974 in an NHP Reduced Hepcidin Levels and Increased Serum Iron Levels**




These effects were observed to be robust, dose-dependent, and consistent across several studies in both normal animals and models of inflammation. The three panels below show data from a multiple dose study conducted in NHPs. Animals were given vehicle (0 mg/kg; purple dashes) or 0.6 mg/kg (blue lines), 3 mg/kg (red lines) or 60 mg/kg (black lines) of DISC-0974 in three subcutaneous injections, administered once every 14 days. DISC-0974 treatment resulted in dose-dependent decreases in hepcidin (middle panel) and dose-dependent increases in transferrin saturation (TSAT percentage) (right panel). Notably, transferrin saturation levels reached a maximum theoretical level (100%) at dose levels of 3 mg/kg and greater, demonstrating that DISC-0974 is an agent for controlling iron homeostasis.

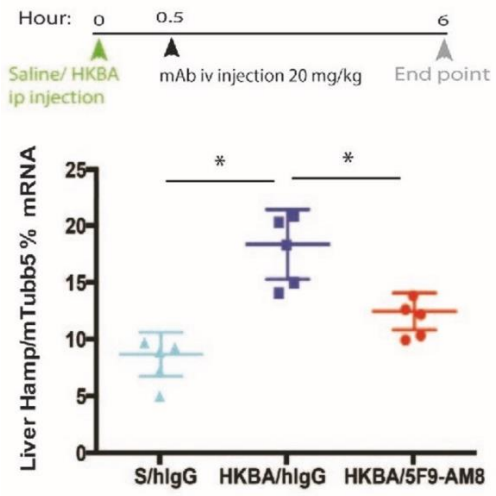
**Repeat Doses of DISC-0974 in NHPs Reduced Hepcidin Levels and Increased Serum Iron Levels**




Disc has also evaluated the pharmacology of DISC-0974 in various animal models of anemia and inflammation, where hepcidin levels are significantly elevated. These studies included models utilizing different stimuli of inflammation, such as cytokines, peptidoglycan-polysaccharides, or heat-killed bacteria, as well as a genetic model of hepcidin elevation. Across these different settings, Disc observed that inhibition of HJV with DISC-0974 provided suppression of hepcidin and normalization of iron levels.

In a mouse model of inflammation, animals were injected with either saline (S) or the heat-killed bacteria *Brucella abortus* (HKBA) to provoke an inflammatory response and induce hepcidin expression. Animals were treated with either an active control antibody (hIgG) or an anti-HJV antibody (an earlier version of DISC-0974 called 5F9-AM8). As shown below, a rapid induction of hepcidin expression was observed in response to the inflammatory stimulus in animals receiving HKBA, as measured by liver Hamp mRNA levels. Administration of 5F9-AM8 inhibited the inflammatory induction of hepcidin, and these animals expressed hepcidin at near normal levels.

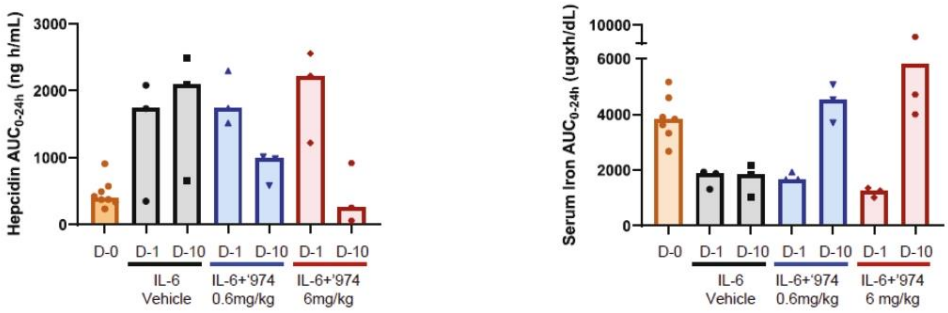
**Anti-HJV Antibody Suppressed Hepcidin in a Mouse Model of Inflammation**




Kovac et al. (2016) *Haematologica*

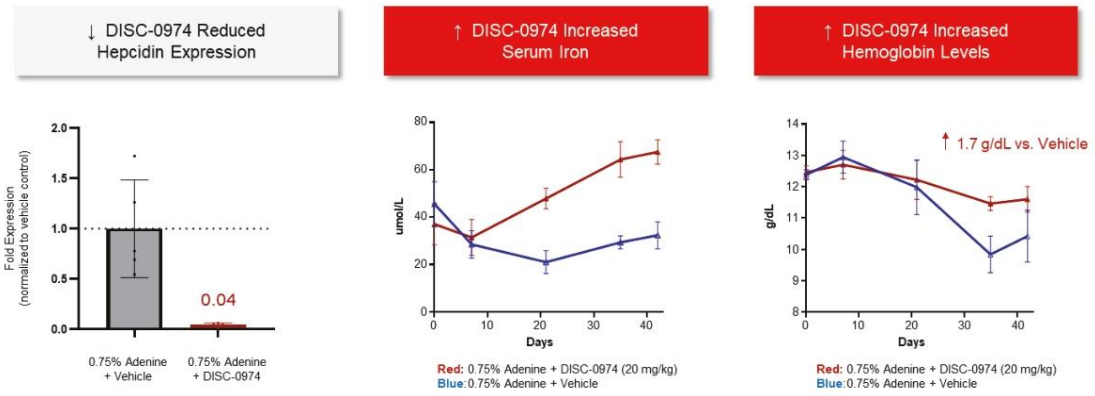
To assess the effect of HJV inhibition in a primate setting, Disc established a model of inflammation-induced iron restriction by administering interleukin-6, or IL-6, to NHPs. IL-6 is a key driver of anemia across multiple inflammatory diseases, including CKD, MF, inflammatory bowed disease, and rheumatoid arthritis, among others. Disc observed that administration of IL-6 on day 1 and day 10 resulted in rapid induction of hepcidin and a corresponding suppression of iron, as shown below in gray. However, when the animals were treated with a single dose of DISC-0974 on day 4 in between the IL-6 administrations, this effect was reversed, as shown in blue and red below. Disc studied both low (0.6 mg/kg) and high (6 mg/kg) doses of DISC-0974 and observed that the effects on hepcidin suppression and increasing serum iron levels were dose-dependent.

**DISC-0974 Reduced Hepcidin and Increased Serum Iron Levels in NHPs**




Disc also assessed the potential for DISC-0974 to treat anemia in an established rodent model of chronic kidney disease. In this study, rats were fed either a 0.75% adenine diet, which induced kidney damage and mimicked human CKD or a control diet, and received treatment with either DISC-0974 or vehicle. Disc observed that treatment with DISC-0974 significantly suppressed hepcidin, increased serum iron, and increased hemoglobin levels by +1.7 g/dL compared to vehicle.

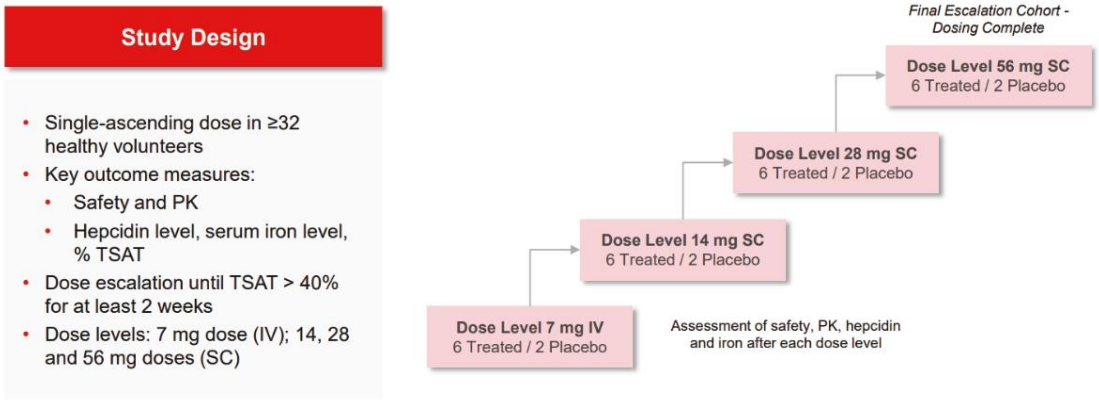
**DISC-0974 Reduced Hepcidin, Increased Serum Iron and Increased Hemoglobin Levels in a Rodent Model of CKD Anemia**




***Phase 1 Clinical Trial***

In July 2021, Disc initiated a first-in-human, Phase 1, single ascending dose, randomized, double-blind, placebo-controlled clinical trial of DISC-0974 in healthy volunteers to evaluate safety, tolerability, pharmacokinetics, and pharmacodynamic markers such as hepcidin, serum iron levels, TSAT and measures of erythropoiesis. In the initial cohort of the Phase 1 trial, DISC-0974 was administered intravenously. Subsequent cohorts were dosed with DISC-0974 by subcutaneous administration, which has been shown to be comparable and well-tolerated as compared to intravenous administration in preclinical studies. The trial design is summarized in the figure below.

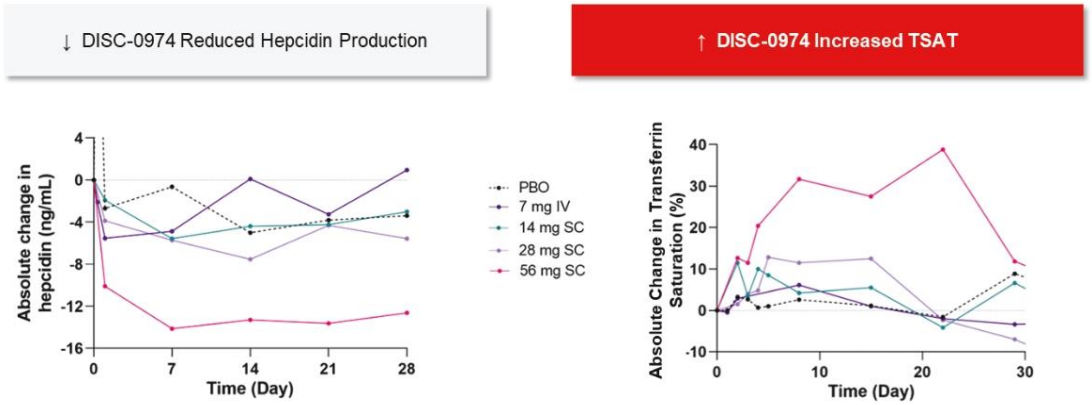
**DISC-0974 Phase 1 Clinical Trial Design**




Disc has completed this Phase 1 clinical trial. Data from the Phase 1 clinical trial showed evidence of target engagement and iron mobilization and erythropoiesis. Additional data is discussed below.

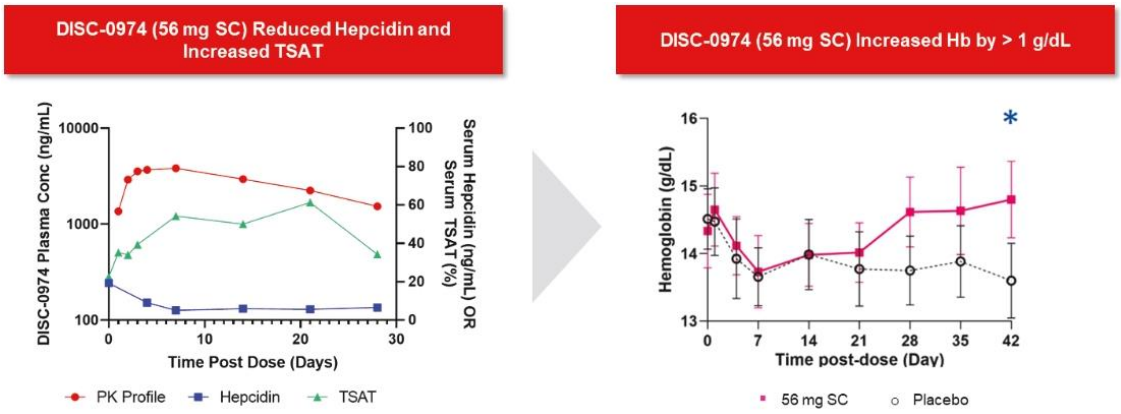
Specifically, in this Phase 1 study, a single dose of DISC-0974 resulted in rapid, dose-dependent and sustained decrease in serum hepcidin and a corresponding, robust increase in measures of circulating iron. This included more than a doubling of transferrin saturation from baseline at the highest dose level (56 mg SC). Changes in serum iron also corresponded with markers of iron mobilization and erythropoiesis, including decreased ferritin levels, increased reticulocyte hemoglobin, and increased mean corpuscular hemoglobin. These findings are consistent with the mechanism of action of DISC-0974.

**DISC-0974 Phase 1 SAD Study in Healthy Volunteers: Effects on Hepcidin and Transferrin Saturation**




Notably, at the 56 mg SC dose level, a single administration of DISC-0974 resulted in a statistically significant improvement in hemoglobin compared to placebo (+1.1 g/dL, p=0.009) at Day 42 and a marked increase in red blood cell count.

**DISC-0974 Phase 1 SAD Study in Healthy Volunteers: Single 56 mg SC Dose Increases Hemoglobin**




DISC-0974 was well-tolerated at all dose levels with no serious or severe adverse events, no adverse events leading to study withdrawal, and no adverse event greater than Grade 1. Plasma exposure was dose-related in the 14 to 56 mg SC range and effects were observed through 28 days post-dose, indicating a sustained and potentially clinically meaningful duration of action. These findings were presented at the 2022 European Hematology Association (EHA) Congress in June 2022.

***Planned Phase 1b / 2 Clinical Development Program in Anemia of Inflammation***

Based on these findings, Disc plans to initiate multiple Phase 1b/2 clinical trials of DISC-0974 in patients with anemia of different inflammatory diseases. This includes a Phase 1b/2 clinical trial of DISC-0974 in patients with anemia of MF, which was initiated in June 2022, and a separate Phase 1b/2 clinical trial of DISC-0974 in patients with anemia of CKD, which Disc expects to initiate by the end of 2022. Disc expects to report interim data from both of these studies in 2023.

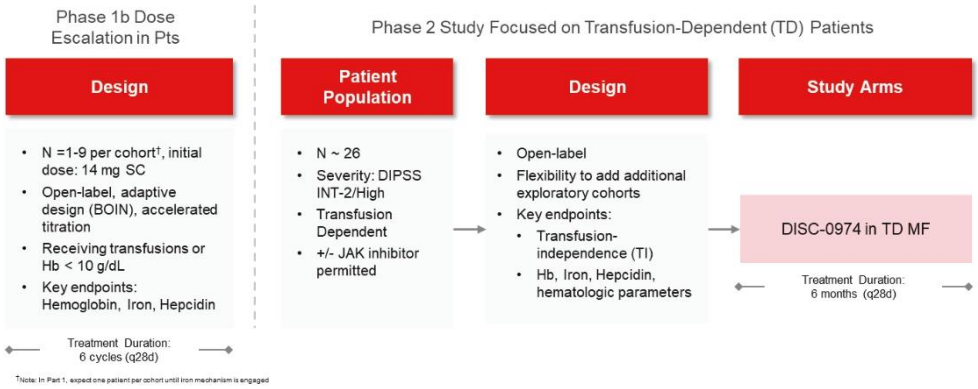
*Phase 1b/2 Clinical Trial in Myelofibrosis Patients*

In June 2022, Disc initiated an open-label, multi-center, Phase 1b/2 trial to evaluate the safety, tolerability, and efficacy of DISC-0974 in myelofibrosis patients with anemia. The study endpoints include hepcidin levels, serum iron and markers of iron mobilization and measures of anemia benefit such as hemoglobin, reductions in transfusion burden and transfusion independence (TI) rate. The study allows enrollment of patients receiving stable background therapy, including Janus Kinase (JAK) inhibitors. The study will be conducted in two parts:

- Phase 1b (Dose-Escalation): Ascending, monthly doses of DISC-0974 administered for six months to MF patients with anemia, (Hb levels < 10 g/dL,), where a dose level will be selected based on optimal increases in hemoglobin and serum iron;

- Phase 2 (Expansion Stage): Multiple, doses of DISC-0974 administered once-a-month at the dose level selected from the Phase 1b portion of the study to MF patients with anemia who are transfusion dependent (TD) according to International Working Group-Myeloproliferative Neoplasms Research and Treatment, or IWG-MRT, criteria, defined as receiving >6 units of RBC in a 12-week period.

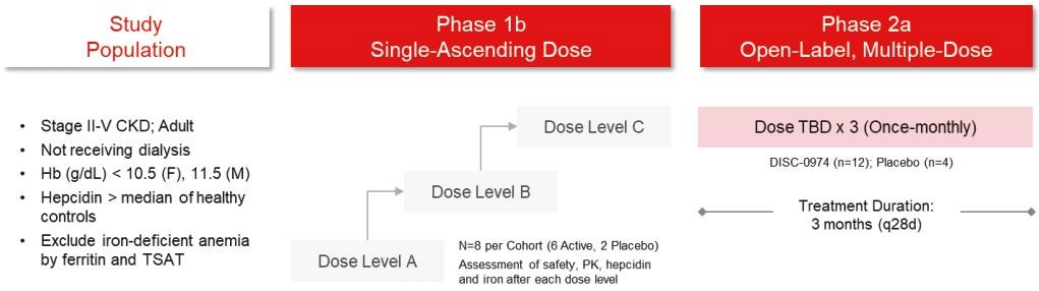
**Phase 1b/2 Open-Label, Clinical Trial of DISC-0974 in Myelofibrosis Patients with Anemia**




*Phase 1b/2 Clinical Trial in Patients with Non-Dialysis Dependent Chronic Kidney Disease (NDD-CKD)*

Disc plans to initiate a Phase 1b/2 clinical trial to evaluate the safety, tolerability and efficacy of DISC-0974 in patients with CKD who are not receiving dialysis and are anemic. In January 2022, Disc had pre-IND interactions with the non-malignant hematology division of the FDA and is currently finalizing a study protocol and preparing an IND submission to the FDA by the end of 2022 and expects to initiate the Phase 1b/2 clinical trial by the end of 2022. The study will consist of two parts, including: a Phase 1b, randomized, placebo-controlled, single-ascending dose stage, where a dose level will be selected based on optimal increases in serum iron; followed by a Phase 2, open-label, expansion stage where patients will receive multiple doses of DISC-0974 at the selected dose level. The study endpoints will include hepcidin levels, serum iron and markers of iron mobilization and measures of anemia benefit such as hemoglobin.

**Phase 1b/2 Clinical Trial of DISC-0974 in NDD-CKD Patients with Anemia**

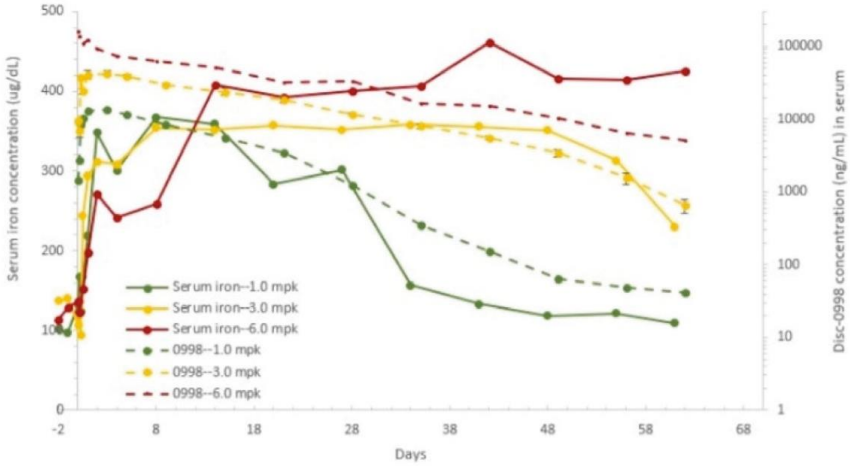



**Disc's Second Hepcidin Suppression Program: DISC-0998**

Disc is also developing a preclinical product candidate targeting hepcidin suppression, DISC-0998, an anti-HJV monoclonal antibody in-licensed from AbbVie. DISC-0998 is designed to be a highly selective anti-HJV mAb with an adapted Fc region to increase PK half-life. In preclinical studies DISC-0998 demonstrated biological activity, low immunogenicity potential, and desirable pharmacokinetic, or PK, and pharmacodynamic, or PD, properties.

A dose response PK/PD study of DISC-0998 in NHPs demonstrated that it had a lower clearance (~30 – 40%), higher volume of distribution (~30 – 70%), and longer half-life (~2 times), which translated to a longer duration of PD effects compared to DISC-0974. As shown below, a single dose of DISC-0998 resulted in sustained elevation of serum iron levels. If these data are confirmed in humans, it would suggest the potential for an infrequent dosing regimen (such as potentially once every 2 or 3 months). Disc expects that such a dosing regimen would be perceived as convenient by patients and promote compliance.

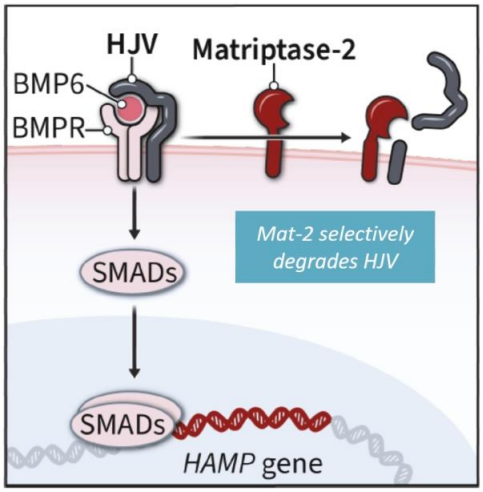
**DISC-0998 Dose Response PK / PD Study (NHP)**




**Disc's Hepcidin Induction Program**

Through Disc's internal discovery and development efforts, Disc is focused on identifying product candidates designed to increase hepcidin levels and decrease serum iron levels to address a range of diseases where restricting iron would be beneficial, such as erythrocytosis of PV and diseases of iron overload, including HH, beta-thalassemia, and MDS. Disc has generated compounds that inhibit Matriptase-2, a serine protease encoded by the gene *TMPRSS6*. Matriptase-2 proteolytically degrades HJV in liver cells, as shown below. Inhibitors of Matriptase-2 are expected to increase HJV levels and thereby increase the expression of hepcidin. By inhibiting Matriptase-2, Disc's compounds are designed to increase hepcidin production and, in turn, restrict iron availability. Disc selected Matriptase-2 as its target because the effects of reducing Matriptase-2 levels have been genetically confirmed in both animal knockout studies and in patients with iron-refractory iron deficiency anemia who lack fully functional genes encoding Matriptase-2. Disc has generated selective small molecule inhibitors of Matriptase-2 that have demonstrated effects on hepcidin and serum iron levels in preclinical studies, and Disc is currently in the process of identifying and optimizing a development candidate to advance into IND-enabling studies.

**Matriptase-2 Suppresses Hepcidin by Degrading HJV**



***Polycythemia Vera***

PV is a chronic and rare myeloproliferative neoplasm characterized by the overproduction of red blood cells and increased red cell mass. It is frequently caused by acquired mutations of the JAK2 gene that drive abnormal proliferation of red blood cells. The increased number of red blood cells alters the viscosity of blood, causing it to thicken and placing patients at an increased risk of cardiovascular and thromboembolic events, such as heart attack and stroke. The prevalence of PV is estimated to be 44 to 57 cases per 100,000 persons, with approximately 150,000 patients with PV in the United States and with prevalence estimates in Europe ranging from 10 to 50 cases per 100,000 persons. PV tends to primarily affect individuals over 60 years old.

Current management of PV centers around depleting the number of red blood cells to maintain a patient's hematocrit (a measure of red blood cell mass) below 45%, the target threshold recommended by the National Comprehensive Cancer Network (NCCN) to reduce the risk of cardiovascular or thromboembolic events. Most patients receive low-dose aspirin and chronic therapeutic phlebotomy to physically remove blood and iron to limit erythropoiesis. However, most patients fail to achieve their target hematocrit levels and remain at risk for thrombosis and other complications. Moreover, phlebotomy causes discomfort and inconvenience for patients as well as side effects such as headaches, ringing in the ears, dizziness, and, over time, iron deficiency. Cytoreductive chemotherapy is recommended for patients at higher risk of thrombosis, including those who fail to meet their hematocrit threshold, or conversion to leukemia. These include hydroxyurea, interferons, or ruxolitinib, marketed as Jakafi, each of which are associated with side effects and can affect multiple cell types. There is currently no oral, non-cytoreductive option for the treatment of PV, which Disc believes would be beneficial for both low and high-risk patients.

***Hereditary Hemochromatosis***

HH is an inherited iron overload disorder caused by genetic mutations that lead to a deficiency in hepcidin production. This results in lifelong, abnormal iron homeostasis, specifically excessive absorption of iron from a patient's diet and dysregulated distribution of iron stores in the body. Over time, this leads to the accumulation of iron at toxic levels in multiple organs, including the liver, heart, joints, skin, and others, which, if left untreated, can lead to severe organ damage and potentially organ failure. HH is one of the most common genetic disorders among Caucasians, affecting millions worldwide, including over 1 million individuals in the United States alone.

There are currently no approved pharmacologic therapies for the treatment of HH and the standard of care is regular and lifelong therapeutic phlebotomy to deplete iron. However, similar to PV, phlebotomy can be a significant burden to patients due to discomfort, frequency of treatments required, and patient inconvenience. Additionally, despite not being approved for HH, iron chelators may be used off-label in certain cases but are often associated with toxicities, particularly with chronic use.

***Other Iron Overload Disorders: Beta-Thalassemia and Myelodysplastic Syndromes***

Iron overload is a serious and potentially fatal complication of blood disorders associated with ineffective erythropoiesis, such as beta-thalassemia or MDS. Patients with these conditions become severely anemic due to mutations that affect the production of functional red blood cells. This results in persistent and pathologic suppression of hepcidin, leading to unchecked increases in iron and, ultimately, accumulation of toxic iron levels in organs such as the heart, liver, and kidneys, as well as in the bone marrow, which exacerbates anemia.

Both beta-thalassemia and MDS arise from mutations that cause ineffective erythropoiesis. In the case of beta-thalassemia, the genetic defects are inherited and result in impaired synthesis of beta-globin chains, a critical subunit of hemoglobin. This deficiency results in the premature death of developing erythrocytes in the marrow or peripheral circulation, resulting in severe anemia. Globally, beta-thalassemia has an incidence of approximately 1 in 100,000 individuals, but can range significantly depending on the region. In Europe, where it is more common, beta-thalassemia has an incidence of 1 in 10,000 individuals, while it is rare in the United States, and exact numbers are not known. In contrast, MDS is a form of cancer where mutations prevent precursor cells in the marrow from maturing into functional erythrocytes, which results in severe anemia and other cytopenias. MDS tends to affect older patients and has an overall estimated annual incidence of 20-50 cases per 100,000 individuals over 60 years old. There are an estimated 60,000 to 170,000 patients with MDS in the United States and a similar number in Europe.

Currently, chronic red blood cell transfusions are a mainstay of treatment for anemia caused by beta-thalassemia and MDS. However, the benefit is transient and transfusions are burdensome and carry the risk of further iron overload. While iron chelation therapy may be used in conjunction, it requires careful dose titration and is often associated with toxicities. Recently, luspatercept (marketed as Reblozyl), a red blood cell maturation agent, was approved by the FDA and EMA to treat certain forms of beta-thalassemia and MDS, with a response rate of 21.4% and 37.9% for a primary endpoint of transfusion independence in the respective pivotal trials. Based on these response rates, many patients do not respond and would benefit from an alternative treatment. Lentiglobin, marketed as Zynteglo, is a gene therapy that was approved by the FDA and EMA for the treatment of a subset of patients with beta-thalassemia requiring RBC transfusions, but uptake has been limited. Patients with more advanced forms of MDS may receive additional therapies such as lenalidomide, demethylating agents such as 5-azacitidine and decitabine, and chemotherapy.

***Disc's Solution: Matriptase-2 Inhibitor Program***

Disc has initiated a research program to develop an oral, small molecule inhibitor of Matriptase-2, a serine protease encoded by the gene *TMPRSS6* that selectively degrades HJV, a receptor required for hepcidin expression. Matriptase-2 plays a critical and specific function in iron metabolism by limiting the production of hepcidin. By inhibiting Matriptase-2, Disc's program is designed to increase the endogenous production of hepcidin to therapeutically reduce serum iron levels. This mechanism has been validated by human genetics, where patients with mutations in *TMPRSS6* develop elevated hepcidin levels and an iron restrictive phenotype. In addition, iron restriction has been recently validated as a potential approach to treat PV. In a Phase 2 clinical trial conducted by a third-party, a peptide hepcidin mimetic administered weekly by subcutaneous injection lowered iron availability and reduced hematocrit in patients with PV, resulting in a substantial reduction in requirements for phlebotomy and improvements in disease symptoms. Disc is initially focused on developing its Matriptase-2 program as a potential treatment for PV, diseases of iron overload, and other conditions where restriction of iron would have therapeutic benefit.

*Preclinical Data*

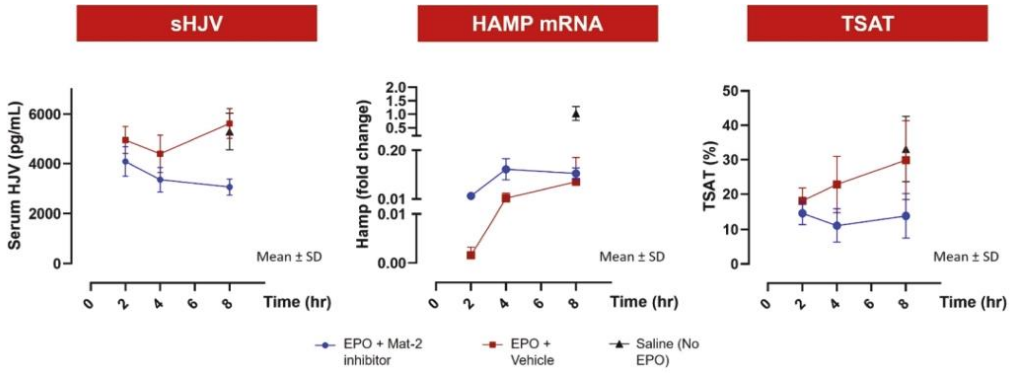
Disc believes that its preclinical studies have demonstrated proof-of-mechanism that Matriptase-2 inhibition with a small molecule protease inhibitor has the potential to induce hepcidin expression and consequently restrict iron availability. Specifically, in Disc's studies, Disc has:

- identified a library of selective compounds that have been shown to inhibit Matriptase-2;
- demonstrated dose-dependent induction of endogenous hepcidin production in rodent and NHP studies; and
- demonstrated consequent reduction in serum iron levels and TSAT in rodent and NHP studies.

In preclinical studies conducted in rats with low hepcidin, treatment with a single, subcutaneously administered dose of one of Disc's preclinical Matriptase-2 inhibitor compounds resulted in increased hepcidin and decreased TSAT, a marker of serum iron levels. In this study, animals were fed a low iron diet and pre-treated with EPO to suppress endogenous hepcidin levels prior to administration of either a Matriptase-2 inhibitor (60 mg/kg dose, blue circles) or saline (red squares). Animals unchallenged with EPO are shown as black triangles. Disc observed that treatment with this Matriptase-2 inhibitor reduced soluble HJV, induced hepcidin expression by greater than 10-fold, and demonstrated a consequent pharmacodynamic effect of an approximately 50% reduction in TSAT, as shown below.

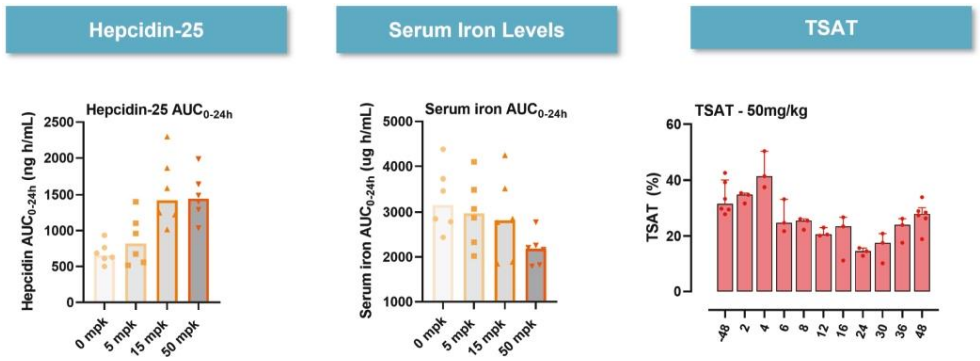
**Treatment with a Matriptase-2 Inhibitor Reduced sHJV, Induced Hepcidin, and**

**Reduced Serum Iron Levels in Rats with Low Hepcidin**




Disc observed similar results in a study in normal NHPs that were treated with a single, subcutaneous dose of one of Disc's preclinical Matriptase-2 inhibitors. At doses ranging from 5 mg/kg to 50 mg/kg, dose-dependent increases in hepcidin were observed along with associated dose-dependent decreases in serum iron levels, as shown below. In addition, over the course of 48 hours, a 50 mg/kg dose of this Matriptase-2 inhibitor reduced TSAT by approximately 50%, as shown on the right below.

**Treatment with a Matriptase-2 Inhibitor Induced Hepcidin and Decreased Serum Iron Levels in NHPs**




*Next Steps*

Disc believes its preclinical studies have demonstrated that a small molecule inhibitor of Matriptase-2 has the potential to increase hepcidin levels sufficiently to reduce iron availability in a variety of animal models. Disc is continuing discovery efforts to optimize lead candidates to generate and select an orally bioavailable product candidate for advancement into IND-enabling studies.

**Manufacturing**

Disc does not own or operate, and currently has no plans to establish, any manufacturing facilities. Disc relies on, and expects to continue to rely on for the foreseeable future, third-party contract development and manufacturing organizations, or CDMOs, to produce its product candidates and preclinical materials, including bitopertin, DISC-0974, DISC-0998, and any candidates arising from Disc's Matriptase-2 inhibitor program, for preclinical and clinical use. Disc plans to continue to rely on third-party CDMOs for any future trials as well as for the commercial manufacture of its product candidates and preclinical materials, if approved. In addition, Disc contracts with additional CDMOs to package, label, and distribute drug product for preclinical and clinical use.

Manufacturing biologics is complex, especially in large quantities. Biologic products must be made consistently and in compliance with a clearly defined manufacturing process. Disc requires that its CDMOs produce bulk drug substances and finished drug products in accordance with current Good Manufacturing Practices, or cGMPs, and all other applicable laws and regulations. Disc has assembled a team of experienced employees and external consultants to provide the required technical, quality, and regulatory oversight of Disc's CDMOs and has implemented a comprehensive plan for regular audits of its CDMOs. Disc maintains agreements with its manufacturers that include confidentiality and intellectual property provisions to protect its proprietary rights related to its product candidates.

Disc obtains supplies of its product candidates from single-source CDMOs on a purchase order basis and does not currently have any long-term supply arrangements in place. While any reduction or halt in supply of Disc's product candidates from these CDMOs could limit Disc's ability to develop its product candidates until Disc finds a qualified replacement CDMO, Disc has procured or is in the process of procuring sufficient supply to support its planned Phase 2 trials for bitopertin and DISC-0974. In addition, Disc believes that it can identify and establish additional CDMOs to provide API and finished drug product without significant disruption to its business or clinical development timelines. As Disc's pipeline programs expand and Disc builds new process efficiencies, Disc expects to continually evaluate this strategy with the objective of satisfying demand for registration trials and, if approved, the manufacture, sale, and distribution of commercial products.

A commercial-scale production process has been designed for bitopertin, including a four-step chemical synthesis and an optimized oral formulation. The API has been shown to be highly stable for at least 5 years, and Disc has access to substantial drug substance supplies of bitopertin manufactured and stored by Roche under GMP conditions. To support its Phase 2 clinical trials, Disc has requalified, including establishing a shelf-life that would enable its use in clinical trials, Roche-manufactured drug substance and formulating it as film-coated tablets. To support pivotal clinical trials and commercial launch, if approved, Disc is establishing the manufacturing process at a CDMO.

**Competition**

The biotechnology and pharmaceutical industries are characterized by rapidly advancing technologies, intense competition, and a strong emphasis on intellectual property. While Disc believes that its product candidates, preclinical programs, scientific capabilities, know-how, and experience provide Disc with competitive advantages, Disc competes in a highly competitive industry and faces significant competition from many sources, including pharmaceutical and biotechnology companies, as well as academic institutions, governmental agencies, and private and public research institutions worldwide. Many of Disc's competitors, either alone or through collaborations, have significantly greater financial resources and expertise in research and development, manufacturing, preclinical testing, conducting clinical trials, obtaining regulatory approvals, and marketing approved products than Disc does. Mergers and acquisitions in the pharmaceutical and biotechnology industries may result in even more resources being concentrated among a smaller number of Disc's competitors. Smaller or early-stage companies may also prove to be significant competitors, particularly through collaborative arrangements with large and established companies. These companies also compete with Disc in recruiting and retaining qualified scientific and management personnel, establishing clinical trial sites, and recruiting patients in clinical trials, as well as in acquiring technologies complementary to, or necessary for, Disc's programs. As a result, Disc's competitors may discover, develop, license, or commercialize products before or more successfully than Disc does.

Disc faces competition more specifically from companies that discover, develop, and market therapies for the treatment of hematologic diseases, including a group of diseases called porphyrias and anemia associated with inflammatory diseases. There are many other companies, including large biotechnology and pharmaceutical companies, that have commercialized or are developing therapies for the same diseases that Disc is targeting with its product candidates. These companies include, but are not limited to, Akebia Therapeutics, Inc., Amgen, Inc., Astellas Pharma, Inc., Bristol-Myers Squibb Company, FibroGen, Inc., GlaxoSmithKline, plc, Incyte Corporation, Ionis Pharmaceuticals, Inc., Keros Therapeutics, Inc., Merck & Co., Inc., Otsuka Pharmaceutical Co., Ltd. and Vifor Pharma AG, among others.

Disc is developing bitopertin, its lead product candidate in its heme biosynthesis modulation portfolio, for the treatment of EPs. If approved, bitopertin will face competition from melanocortin-1 receptor agonists, including afamelanotide, a subcutaneously implanted therapy that is approved in the U.S. and other territories and marketed as Scenesse by Clinuvel, and dersimelagon, an oral therapy in Phase 3 development by Mitsubishi Tanabe Pharma Corporation. In addition, there are other potential treatments currently in the discovery stages of development that may become competitors in the future. These therapies include, but are not limited to, gene therapies, heme biosynthesis modulators that target GlyT1 or other enzymes in the heme biosynthesis pathway, and molecules that target porphyrin export.

Bitopertin is a selective inhibitor of GlyT1 that Disc is developing to treat porphyrias and hematologic diseases. GlyT1 inhibition has been pursued in the past as an approach to treat schizophrenia. Disc is aware that Boehringer Ingelheim is conducting a Phase 3 clinical study of BI 425809, a GlyT1 inhibitor, for the improvement of cognition in patients with schizophrenia. Other companies have also had research programs designed to inhibit GlyT1 as a treatment for schizophrenia, but to Disc's knowledge, all of these have been discontinued at various stages of development. These include PF-03463275 (Pfizer Inc.), LY2365109 (Eli Lilly and Company), ORG25935 (Organon & Co.), ALX5407 (NPS Pharmaceuticals, Inc., now Shire plc), ASP2535 (Astellas Pharma Inc.) and others. Disc believes bitopertin has an optimal profile for development as a potential treatment for EP. However, Disc recognizes that other companies may choose to develop a novel GlyT1 inhibitor or repurpose an existing one; if successfully developed as a treatment for EP, such a program would be a potential competitor to bitopertin.

Disc is also developing DISC-0974, its lead program in its hepcidin suppression portfolio, for the treatment of anemia caused by inflammatory diseases, including MF and CKD. For the treatment of anemia of MF, there are no approved therapies, but several classes of drugs are used off-label, including ESAs, such as Procrit (Janssen Pharmaceuticals, Inc.), Epogen and Aranesp (Amgen, Inc.), and Mircera (Roche), corticosteroids, and androgenic hormones, such as danazol. There are also multiple classes of drugs in development for the treatment of anemia. For example, multiple erythroid maturation agents are in development, such as luspatercept, which is in a Phase 3 trial by Bristol-Myers Squibb, and KER-050, which is in a Phase 2 trial by Keros, Inc. In addition, multiple ALK2 inhibitors, which work by a hepcidin-lowering mechanism similar to, but less specific than that of DISC-0974, are in Phase 1/2 development, including KER-047 by Keros, Inc. and INCB00928 by Incyte Corporation. Sierra Oncology, Inc. (recently acquired by GlaxoSmithKline) is developing a JAK2 kinase inhibitor, momelotinib, which has completed a Phase 3 trial and has an NDA under review by the FDA.

For the treatment of anemia of CKD, there are several therapies approved or in clinical development, including, but not limited to, ESAs, oral hypoxia inducible factor-prolyl hydroxylase inhibitors, or HIF-PHIs, which are approved in ex-U.S. territories but not in the U.S., and various forms of intravenous iron. Disc is not aware of any therapies in clinical development for the treatment of anemia of CKD that work by decreasing hepcidin levels. There are several therapies in development for the treatment of MF and CKD that do not directly target anemia, but their approvals may potentially change the treatment landscape and affect Disc's ability to compete.

Disc's research program to identify orally bioavailable inhibitors of Matriptase-2 is designed to induce hepcidin production. There are several therapies in development that are also designed to increase hepcidin production or mimic hepcidin activity, such as hepcidin mimetics, *TMPRSS6* inhibitors, and ferroportin inhibitors. These are in various stages of development by companies, including Silence Therapeutics plc, Ionis Pharmaceuticals, Inc., Rallybio, Protagonist Therapeutics, Inc., and CSL Vifor, among others. Disc may also face competition from therapies that are currently marketed or in development that affect pathways unrelated to hepcidin, including growth and differentiation factor-based therapies, cytoreductive therapies, and chemotherapeutic agents, among others.

Disc could see a reduction or elimination of its commercial opportunity if its competitors develop and commercialize products that are safer, more effective, have fewer or less severe side effects, are more convenient to administer, are less expensive, or receive a more favorable label than any products that Disc may develop. Disc's competitors also may obtain FDA or other regulatory approval for their products more rapidly than Disc may obtain approval for its products, which could result in Disc's competitors establishing a strong market position before Disc is able to enter the market. The key competitive factors affecting the success of all of Disc's product candidates, if approved, are likely to be their efficacy, safety, convenience, price, the level of generic competition, and the availability of reimbursement from government and other third-party payors.

**Collaborations and License Agreement**

***2019 Exclusive License Agreement with AbbVie Deutschland GmbH & Co. KG***

In September 2019, Disc entered into an exclusive license agreement with AbbVie Deutschland GmbH & Co. KG, or AbbVie. Under the license agreement with AbbVie, or the AbbVie Agreement, Disc obtained an exclusive, worldwide license, with the right to sublicense to commercial pharmaceutical and biopharmaceutical companies (subject to AbbVie's prior consent or pre-authorization, except with respect to Disc's affiliates), under certain patents and technical information of AbbVie, to make, have made, use, have used, sell, have sold, lease, have leased, import, have imported or otherwise transfer licensed products for all therapeutic, diagnostic and prophylactic uses in humans and animals, excluding uses in neuroscience and neurology. The anti-hemojuvelin antibodies, DISC-0974 and DISC-0998, are licensed products under the AbbVie Agreement. Disc is required to use commercially reasonable efforts to develop and commercialize at least one licensed product in certain major markets and to maximize net sales of licensed products in certain major markets.

Under the terms of the AbbVie Agreement, Disc made an initial license payment to AbbVie of $0.5 million. Additionally, Disc is required to pay certain development milestone payments for each licensed product, which milestone payments are up to $18.0 million in the aggregate, certain commercial milestone payments for each licensed product, which milestone payments are up to $45.0 million in the aggregate, and certain milestone payments based on the level of net sales of all licensed products worldwide, which milestone payments are up to $87.5 million in aggregate. The first potential milestone is a $3.0 million payment payable upon the initiation of the first Phase 2 clinical trial with a licensed product. Disc is also obligated to pay a royalty on net sales of licensed products at a low-single digit rate. The royalty rates are subject to up to a high first decile percentage reduction for lack of a valid claim on a country-by-country basis. See "Disc's Business—Intellectual Property—Iron Homeostasis Portfolio" for additional information concerning the intellectual property related to the AbbVie Agreement.

The obligation to pay royalties under the AbbVie Agreement expires on a licensed product-by-licensed product and country-by-country basis upon the later of expiry of (a) (i) the last valid claim of the licensed patents that cover such licensed product or the exploitation thereof in such country or (ii) the last-to-expire improvement patent in such country, whichever is later, (b) the expiration of regulatory exclusivity in such country, and (c) ten years from the first commercial sale of such product in such country.

The AbbVie Agreement expires upon expiry of the last remaining royalty obligation for the last licensed product. Under the AbbVie Agreement, either party may terminate the agreement upon the other party's uncured material breach or insolvency, and AbbVie may also terminate the agreement upon Disc's failure to conduct any relevant material development or commercialization activity in a 12-month period, or, to the extent AbbVie is permitted pursuant to applicable law, a challenge by Disc of the licensed patents. Disc may terminate the agreement for any reason upon specified prior written notice to AbbVie.

In connection with the AbbVie Agreement, Disc also entered into a stock purchase agreement with AbbVie in September 2019, pursuant to which Disc agreed to issue 4,336,841 shares of Disc's common stock to AbbVie, with 2,295,174 shares vesting immediately and 2,041,667 shares subject to a performance condition tied to the second and third subsequent closings of Disc's Series A Preferred Stock financing. During the year ended December 31, 2020, the performance conditions were met and the remaining 2,041,667 shares vested.

The stock purchase agreement provides for an adjustment mechanism in the event AbbVie's shares represent more than a single digit percentage of Disc's fully-diluted capitalization at the time of certain specified adjustment events. In addition, the stock purchase agreement provides for a payment to be made by Disc to AbbVie in the amount of a low double digit percentage of the aggregate value of the shares of Disc's Series A Preferred Stock as of the closing date of Disc's Series A Preferred stock financing. The stock purchase agreement also contains standard representations and warranties by Disc and AbbVie.

***2021 Exclusive License Agreement with F. Hoffmann-La Roche Ltd and Hoffmann-La Roche Inc.***

In May 2021, Disc entered into the Roche Agreement, pursuant to which Roche granted Disc an exclusive and sublicensable (subject to Roche's consent, not to be unreasonably withheld, except with respect to affiliates) worldwide license under certain of Roche's patent rights and know-how to develop and commercialize bitopertin, including certain backup compounds and derivatives, in all indications and for all therapeutic and prophylactic uses, except diagnostic use. Roche retained the rights with respect to diagnostic uses and its own internal non-clinical research purposes.

Under the Roche Agreement, Roche has an exclusive right to negotiate a license or purchase of all licensed compounds and products in certain specified circumstances. If Disc, for a specified period of time following entry into the Roche Agreement or before completion of a Phase 3 clinical trial of a licensed product (whichever is later), intends to enter into a sublicense or assignment of the Roche Agreement granting rights in the U.S., China or one or more major EU countries, then Roche will have a specified amount of time to perform diligence and negotiate the applicable license, purchase, or acquisition. If the parties are not able to come to terms during the applicable negotiation period, Disc is free to enter into the applicable transaction, provided that Disc may not enter into such a transaction on terms less favorable to Disc than the terms offered by Roche during a specified period after the conclusion of the negotiation period.

Disc is required to use commercially reasonable efforts to develop, seek regulatory approval and, on a country-by-country basis where such regulatory approval has been obtained, commercialize at least one licensed product in each such country.

Under the Roche Agreement, Disc paid Roche an initial license payment of $4.5 million and Disc will pay Roche up to an aggregate of $50.0 million in development and regulatory milestone payments for development and approval in a first indication, up to an aggregate of $35.0 million in development and regulatory milestone payments for development and approval in a second indication. The first potential milestone is a $10.0 million payment upon the initiation of the first Phase 3 clinical trial with a licensed product in a first indication. Disc will also pay Roche up to an aggregate of $120.0 million based on achievement of certain thresholds for annual net sales of licensed products. Disc is also obligated to pay a royalty on net sales of licensed products at a tiered rate ranging from the high-single digits to the high teens. The royalty rates are subject to a reduction (i) by 25% for lack of a valid claim covering the licensed product generating such sales, and (ii) by 50% for prevalence of generic products (or 25% if there are generic products on the market but there is still a valid claim), in each case on a country-by-country basis. Additionally, royalties are apportioned where licensed compounds are commercialized in combination products.

The obligation to pay royalties under the Roche Agreement expires on a licensed product-by-licensed product and country-by-country basis upon the later of (a) expiry of the last valid claim of the licensed and improvement patents that cover such licensed product in such country, (b) the expiration of regulatory exclusivity in such country, and (c) twelve years from the first commercial sale of such product in such country. The expiry of the last valid claim of the licensed and improvement patents subject to the Roche agreement is currently scheduled to occur in April 2035.

In connection with the Roche Agreement and pursuant to an addendum to the Roche Agreement between the parties executed in December 2021, Disc has agreed to issue or cause to be issued to Roche or its affiliates, immediately following the closing of the merger and for no additional consideration, shares of common stock estimated to be approximately 2.85% of the combined company's issued and outstanding capitalization immediately following the closing of the merger and the Disc pre-closing financing.

The Roche Agreement expires upon expiry of the last remaining royalty obligation for the last licensed product. Under the Roche Agreement, either party may terminate the agreement upon the other party's uncured material breach or insolvency. Disc may terminate the agreement for any reason upon specified prior written notice to Roche. In the event the Roche Agreement is terminated for certain causes, if Roche elects to continue development or commercialization of licensed products, certain single-digit royalties may be owed to Disc in connection with such continued development or commercialization.

**Intellectual Property**

*Overview*

Disc strives to protect the proprietary technology that Disc believes is important to its business, including seeking and maintaining patent protection in the United States and internationally for its current and future product candidates. Disc also relies on trademarks, copyrights, trade secrets, confidentiality procedures, employee disclosure, invention assignment agreements, know-how, continuing technological innovation and in-licensing opportunities to develop and maintain its proprietary position.

Disc seeks to obtain domestic and international patent protection, and endeavors to promptly file patent applications for new commercially valuable inventions. Disc also relies on trade secrets to protect aspects of its business that are not amenable to, or that Disc does not consider appropriate for, patent protection.

Disc plans to continue to expand its intellectual property estate by filing patent applications directed to pharmaceutical compositions, methods of treatment, methods of manufacture or identified from its ongoing development of Disc's product candidates, which include both small molecule and biologic products, such as antibodies. Disc's success will depend on its ability to obtain and maintain patent and other proprietary protection for commercially important technology, inventions and know-how related to Disc's business, defend and enforce any patents that Disc may obtain, preserve the confidentiality of Disc's trade secrets and operate without infringing the valid and enforceable patents and proprietary rights of third parties.

The patent positions of companies like Disc are generally uncertain and involve complex legal, scientific and factual questions. In addition, the coverage claimed in a patent may be challenged in courts after issuance. Moreover, many jurisdictions permit third parties to challenge issued patents in administrative proceedings, which may result in further narrowing or even cancellation of patent claims. Disc cannot guarantee that its pending patent applications, or any patent applications that Disc may in the future file or license from third parties, will result in the issuance of patents. Disc cannot predict whether the patent applications Disc is currently pursuing will issue as patents in any particular jurisdiction or at all, whether the claims of any patent applications, should they issue, will cover Disc's product candidates, or whether the claims of any issued patents will provide sufficient protection from competitors or otherwise provide any competitive advantage. Disc cannot predict the scope of claims that may be allowed or enforced in its patents. In addition, the coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance. Consequently, Disc may not obtain or maintain adequate patent protection for any of its product candidates.

Because patent applications in the United States and certain other jurisdictions are maintained in secrecy for 18 months or potentially even longer, and because publication of discoveries in the scientific or patent literature often lags behind actual discoveries and patent application filings, Disc cannot be certain of the priority of inventions covered by pending patent applications. Accordingly, Disc may not have been the first to invent the subject matter disclosed in some of Disc's patent applications or the first to file patent applications covering such subject matter, and Disc may have to participate in interference proceedings or derivation proceedings declared by the United States Patent and Trademark Office, or USPTO, to determine priority of invention. For more information regarding the risks related to Disc's intellectual property, see "Risk Factors—Risks Related to Disc's Intellectual Property."

***Patent Portfolio***

Disc's patent portfolio includes patents and patent applications in the United States and selected jurisdictions outside of the United States. As of June 30, 2022, Disc's patent portfolio in total consisted of 10 issued U.S. patents and 195 issued patents in foreign jurisdictions (e.g., Australia, China, United Kingdom, Germany, Mexico, Japan, and others), eight PCT applications, 32 pending non-provisional applications (U.S., EP and other jurisdictions), and two pending U.S. provisional applications, which include claims directed to compositions and methods of use.

The patent portfolio includes patents and applications with claims related to the following programs:

*Bitopertin (GlyT1 Inhibitor)*

With regard to Disc's bitopertin program, Disc owns five pending PCT applications directed to various methods of treatment and use claims related to erythropoietic protoporphyria, or EPP, X-linked protoporphyria, or XLP, congenital erythropoietic porphyria, or CEP, Diamond-Blackfan anemia, or DBA, and polycythemia vera, or PV. In addition, Disc owns one pending U.S. provisional application directed to various methods of treatment and use claims related to hepatic porphyrias. Patents and pending applications directed to bitopertin and methods of making and using are expected to expire between 2041 and 2043, without accounting for any potential terminal disclaimers, available patent term adjustments or extensions. In particular, Disc's first and second families are directed to methods of treating EPP, XLP, and CEP with bitopertin and related compounds, and solid forms of bitopertin, and these families, upon grant, will have a twenty-year statutory expiration date of 2041 and 2042, respectively. Disc's third family is directed to methods of treating polycythemias, including PV with bitopertin and related compounds, and this family, upon grant, will have a twenty-year statutory expiration date of 2042. Disc's fourth family is directed to methods of treating anemia associated with a ribosomal disorder (e.g., DBA) with bitopertin and related compounds, and this family, upon grant, will have a twenty-year statutory expiration date of 2042. Disc's fifth family is directed to methods of treating hepatic porphyria with bitopertin and related compounds, and this family, upon grant, will have a twenty-year statutory expiration date of 2043. Disc's sixth family is directed to methods of treating EPP, XLP, and CEP with additional GlyT1 inhibitors, and this family, upon grant, will have a twenty-year statutory expiration date of 2042. The above is summarized below in tabular form:

| **Family No.** | **Owned/ In-Licensed** | **Type of Protection** | **Expiration Date if Granted** | **Application Type** | **Jurisdiction of Pending Applications or Issued Patents** |
|---|---|---|---|---|---|
| 1 | Disc Medicine owned | Claims to methods of treating EPP, XLP, and CEP with bitopertin and related compounds | 2041 | PCT | U.S., Australia, Canada, China, Europe (regional application), Japan, and Korea |
| 2 | Disc Medicine owned | Claims to methods of treating EPP, XLP, and CEP with solid forms of bitopertin | 2042 | PCT | International PCT application pending1 |
| 3 | Disc Medicine owned | Claims to methods of treating polycythemias, including PV, with bitopertin and related compounds | 2042 | PCT | International PCT application pending1 |
| 4 | Disc Medicine owned | Claims to methods of treating anemia associated with a ribosomal disorder (e.g., DBA) with bitopertin and related compounds | 2042 | PCT | International PCT application pending1 |
| 5 | Disc Medicine owned | Claims to methods of treating hepatic porphyria with bitopertin and related compounds | 2043 | Provisional | U.S. provisional application pending2 |
| 6 | Disc Medicine owned | Claims to methods of treating EPP, XLP, and CEP with additional GlyT1 inhibitors | 2042 | PCT | International PCT application pending1 |

*1 Pending Patent Cooperation Treaty (PCT) application is eligible for prosecution and patent issuance in all PCT contracting states.*

*2 Pending U.S. provisional application is eligible for filing as PCT application.*

Disc has also in-licensed multiple patent families from F. Hoffmann-La Roche Ltd and Hoffmann-La Roche Inc. comprising eight issued U.S. patents and additional granted patents in the following jurisdictions: Algeria, Australia, Austria, Belarus, Belgium, Brazil, Bulgaria, Canada, Chile, China, Colombia, Costa Rica, Croatia, Cyprus, Czech Republic, Denmark, Ecuador, Egypt, Estonia, Eurasian Patent Convention, European Patent Convention, Finland, France, Germany, Great Britain, Greece, Gulf Cooperation Council, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Kazakhstan, Kosovo, Latvia, Lithuania, Luxembourg, Malaysia, Malta, Mexico, Monaco, Montenegro, Morocco, Netherlands, New Zealand, Norway, Philippines, Poland, Portugal, Republic of Korea, Republic of Serbia, Romania, Russian Federation, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Taiwan, Turkey, Ukraine, and Vietnam. Patents and pending applications directed to bitopertin, synthetic intermediates, synthetic methods, synthetic processes of making bitopertin, treatment of hematologic disorders characterized by elevated cellular hemoglobin, and crystalline forms of bitopertin are expected to expire between 2024 and 2035, without accounting for any potential terminal disclaimers, available patent term adjustments or extensions. In particular, the first family is directed to composition of matter of bitopertin and processes of preparation, and this family has a twenty-year statutory expiration date of 2024. This family has issued patents in the U.S. and the following jurisdictions: Algeria, Australia, Austria, Belarus, Belgium, Brazil, Bulgaria, Canada, Chile, China, Colombia, Costa Rica, Croatia, Cyprus, Czech Republic, Denmark, Ecuador, Egypt, Estonia, Eurasian Patent Convention, European Patent Convention, Finland, France, Germany, Great Britain, Greece, Gulf Cooperation Council, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Kazakhstan, Kosovo, Latvia, Lithuania, Luxembourg, Malaysia, Mexico, Monaco, Montenegro, Morocco, Netherlands, New Zealand, Norway, Philippines, Poland, Portugal, Republic of Korea, Republic of Serbia, Romania, Russian Federation, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Taiwan, Turkey, Ukraine, and Vietnam. The second family is directed to processes of preparation of bitopertin, and this family has a twenty-year statutory expiration date of 2028. This family has issued patents in the U.S. and the following jurisdictions: Australia, Austria, Belgium, Brazil, Canada, China, European Patent Convention, Finland, France, Germany, Great Britain, Hungary, Ireland, Israel, Italy, Japan, Mexico, Netherlands, Republic of Korea, Spain, Sweden, and Switzerland. The third and fourth families are directed to synthetic processes for synthetic intermediates, and these families have twenty-year statutory expiration dates of 2026 and 2027, respectively. These families each have issued patents in the U.S. and the following jurisdictions: China, European Patent Convention, France, Germany, Great Britain, Japan, and Switzerland. The fifth family is directed to methods of treating hematological disorders characterized by elevated cellular hemoglobin levels with bitopertin, and this family has a twenty-year statutory expiration date of 2035. This family has issued patents in the U.S. and the following jurisdictions: Algeria, China, Croatia, Cyprus, European Patent Convention, France, Germany, Great Britain, Greece, Hong Kong, Indonesia, Italy, Japan, Malaysia, Morocco, Portugal, Republic of Korea, Republic of Serbia, Slovenia, South Africa, Spain, Switzerland, and Turkey. The sixth family is directed composition of matter of additional GlyT1 inhibitors, and this family has a twenty-year statutory expiration date of 2026. This family has issued patents in the U.S. and the following jurisdictions: China, European Patent Convention, France, Germany, Great Britain, Hong Kong, Japan, and Switzerland. The seventh family is directed to crystalline forms of bitopertin, and this family has a twenty-year statutory expiration date of 2027. This family has issued patents in the following jurisdictions: Australia, Austria, Belgium, Brazil, Bulgaria, Chile, Croatia, Cyprus, Czech Republic, Denmark, Estonia, European Patent Convention, Finland, France, Germany, Great Britain, Greece, Gulf Cooperation Council, Hungary, Indonesia, Ireland, Italy, Japan, Latvia, Lithuania, Luxembourg, Malaysia, Malta, Mexico, Monaco, Morocco, Netherlands, New Zealand, Norway, Philippines, Poland, Portugal, Republic of Korea, Republic of Serbia, Romania, Russian Federation, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Taiwan, Turkey, Ukraine, and Vietnam. The above is summarized below in tabular form:

| Family No. | Owned/ In-Licensed | Type of Protection | Expiration Date if Granted | Application Type | Jurisdiction of Pending Applications or Issued Patents |
|---|---|---|---|---|---|
| 1 | In-Licensed from F. Hoffmann-La Roche | Claims to composition of matter of bitopertin and processes of preparation | 2024 | PCT | U.S. and the following jurisdictions: Algeria, Australia, Austria, Belarus, Belgium, Brazil, Bulgaria, Canada, Chile, China, Colombia, Costa Rica, Croatia, Cyprus, Czech Republic, Denmark, Ecuador, Egypt, Estonia, Eurasian Patent Convention, European Patent Convention, Finland, France, Germany, Great Britain, Greece, Gulf Cooperation Council, Hong Kong, Hungary, India, Indonesia, Ireland, Israel, Italy, Japan, Kazakhstan, Kosovo, Latvia, Lithuania, Luxembourg, Malaysia, Mexico, Monaco, Montenegro, Morocco, Netherlands, New Zealand, Norway, Philippines, Poland, Portugal, Republic of Korea, Republic of Serbia, Romania, Russian Federation, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Taiwan, Turkey, Ukraine, and Vietnam |
| 2 | In-Licensed from F. Hoffmann-La Roche | Claims to processes of preparation of bitopertin | 2028 | PCT | U.S. and the following jurisdictions: Australia, Austria, Belgium, Brazil, Canada, China, European Patent Convention, Finland, France, Germany, Great Britain, Hungary, Ireland, Israel, Italy, Japan, Mexico, Netherlands, Republic of Korea, Spain, Sweden, and Switzerland |
| 3 | In-Licensed from F. Hoffmann-La Roche | Claims to synthetic processes for synthetic intermediates | 2026 | PCT | U.S. and the following jurisdictions: China, European Patent Convention, France, Germany, Great Britain, Japan, and Switzerland |
| 4 | In-Licensed from F. Hoffmann-La Roche | Claims to synthetic processes for synthetic intermediates | 2027 | PCT | U.S. and the following jurisdictions: China, European Patent Convention, France, Germany, Great Britain, Japan, and Switzerland |
| 5 | In-Licensed from F. Hoffmann-La Roche | Claims to methods of treating hematological disorders characterized by elevated cellular hemoglobin levels with bitopertin | 2035 | PCT | U.S. and the following jurisdictions: Algeria, China, Croatia, Cyprus, European Patent Convention, France, Germany, Great Britain, Greece, Hong Kong, Indonesia, Italy, Japan, Malaysia, Morocco, Portugal, Republic of Korea, Republic of Serbia, Slovenia, South Africa, Spain, Switzerland, and Turkey |
| 6 | In-Licensed from F. Hoffmann- La Roche | Claims to composition of matter of additional GlyT1 inhibitors | 2026 | PCT | U.S. and the following jurisdictions: China, European Patent Convention, France, Germany, Great Britain, Hong Kong, Japan, and Switzerland |
| 7 | In-Licensed from F. Hoffmann- La Roche | Claims to composition of matter of crystalline forms of bitopertin | 2027 | PCT | Australia, Austria, Belgium, Brazil, Bulgaria, Chile, Croatia, Cyprus, Czech Republic, Denmark, Estonia, European Patent Convention, Finland, France, Germany, Great Britain, Greece, Gulf Cooperation Council, Hungary, Indonesia, Ireland, Italy, Japan, Latvia, Lithuania, Luxembourg, Malaysia, Malta, Mexico, Monaco, Morocco, Netherlands, New Zealand, Norway, Philippines, Poland, Portugal, Republic of Korea, Republic of Serbia, Romania, Russian Federation, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Taiwan, Turkey, Ukraine, and Vietnam |

Several of the indications that Disc expects to pursue with bitopertin, including EPP, XLP and DBA, are rare diseases, and Disc expects to file for an orphan drug designation in the United States and other relevant jurisdictions. If successful, orphan drug designation may provide a form of exclusivity for a period of years, described in greater detail below. See “Disc’s Business—Governmental Regulation—Orphan Drug Designation and Exclusivity.”

*Iron Homeostasis Portfolio*

With regard to Disc's iron homeostasis portfolio, including its DISC-0974 and DISC-0998 programs, Disc owns five patent families, including one PCT patent application that has entered the national phase in Australia, Canada, China, Europe, Israel, Japan, Korea, and United States, one PCT patent application that has entered the national phase in Europe, and United States, two pending PCT patent applications, and two pending U.S. provisional applications containing composition of matter, method of treatment and use claims related to Disc's initial indication, anemia of myelofibrosis, and Disc's expansion indications, e.g., chronic kidney disease anemia, anemia of inflammatory bowel disease and other anemias of chronic disease involving iron restriction from elevated hepcidin. Patents issuing from these PCT applications are expected to expire in 2040 and 2041, not including any patent term adjustments and any patent term extensions. Further, the above Disc-owned patent applications within its iron homeostasis portfolio are Joint Patents according to the AbbVie Agreement, whereby Disc owns the patent applications and any patents granted thereon jointly with AbbVie, and Disc holds an exclusive license to AbbVie's interest in the patent applications and any patents granted thereon pursuant to the AbbVie Agreement.

Disc also in-licenses a patent family from AbbVie comprised of two issued U.S. patents, US 10,822,403 and US 10,118,958, that are expected to expire in 2032 and 2035, respectively, and issued patents in Australia (AU2012352168 and AU2019261820), China (CN104144947), the United Kingdom (EP2791173), Germany (EP2791173), Mexico (MX357708), and Japan (JP6342812 and JP6926176) that are each expected to expire in 2032. These in-licensed patents include composition of matter claims, as well as method of treatment and use claims related to diseases of iron metabolism, such as anemia of chronic disease, iron-refractory iron-deficiency anemia, and anemia of chronic kidney disease. This in-licensed patent family also includes eight pending non-provisional applications in the United States, Australia, Brazil, Canada, China, Europe, Japan and Mexico. Any patents that issue on these pending non-provisional applications are likewise expected to expire in 2032, not including any patent term adjustments and any patent term extensions. The above is summarized below in tabular form:

| Family No. | Owned/ In-Licensed | Type of Protection | Expiration Date | Application Type | Jurisdiction of Pending Applications or Issued Patents |
|---|---|---|---|---|---|
| 1 | Disc Medicine owned | Claims to methods of treating myelofibrosis and related conditions with anti-hemojuvelin (HJV) antagonists | 2040 | PCT | United States, Australia, Canada, China, Europe (regional application), Israel, Japan, and Korea |
| 2 | Disc Medicine owned | Claims to methods of treating anemia of chronic disease with anti-HJV antagonists | 2040 | PCT | United States and Europe |
| 3 | Disc Medicine owned | Claims to compositions of anti-HJV antibodies for treating anemia of chronic disease | 2041 | PCT | International PCT application pending1 |
| 4 | Disc Medicine owned | Claims to compositions of anti-HJV antibodies for treating myelofibrosis | 2041 | PCT | International PCT application pending1 |
| 5 | Disc Medicine owned | Claims to methods of treating anemia of kidney disease with anti-HJV antagonists | 2042 | Provisional | U.S. provisional applications pending2 |
| 6 | In-Licensed | Claims to compositions and methods for the diagnosis and treatment of iron-related disorders with anti-hemojuvelin (HJV) antagonists | 2032 | PCT | United States3, Australia, China, the United Kingdom, Germany, Mexico, Brazil, Canada, Mexico, Europe (regional application), and Japan |

1 *Pending Patent Cooperation Treaty (PCT) application is eligible for prosecution and patent issuance in all PCT contracting states.*

*2 Pending U.S. provisional applications are eligible for filing as PCT application.*

*3 Note that one U.S. patent has PTA that extends the term to 2035.*

*Matriptase-2 Inhibitor*

With regard to Disc's Matriptase-2 inhibitor program, Disc owns 7 pending non-provisional applications in U.S., Europe, Japan, Australia, Canada, China and India and one pending PCT international application directed to compounds that inhibit Matriptase-2 and methods of using the same. Any patents that issue in the non-provisional applications are expected to expire in 2039, not including any patent term adjustments and any patent term extensions. Any applications claiming priority to the PCT application that issue as a patent are expected to expire in 2041, not including any patent term adjustments and any patent term extensions. The above is summarized below in tabular form:

| Family No. | Owned/ In-Licensed | Type of Protection | Expiration Date | Application Type | Jurisdiction of Pending Applications or Issued Patents |
|---|---|---|---|---|---|
| 1 | Disc Medicine owned | Claims to composition of matter of matriptase-2 inhibitors and methods of using the same | 2039 | PCT | United States, Australia, Canada, China, Europe (regional application), Japan, and India |
| 2 | Disc Medicine owned | Claims to composition of matter of matriptase-2 inhibitors and methods of using the same | 2041 | PCT | International PCT application pending1 |

*1 Pending Patent Cooperation Treaty (PCT) application is eligible for prosecution and patent issuance in all PCT contracting states.*

***Patent Term***

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 Disc files, including the U.S., the base term is 20 years from the filing date of the earliest-filed non-provisional patent application from which the patent claims priority. The term of a U.S. patent can be lengthened by patent term adjustment, which compensates the owner of the patent for administrative delays at the USPTO. In some cases, the term of a U.S. patent is shortened by terminal disclaimer that reduces its term to that of an earlier-expiring patent. The term of a U.S. patent may be eligible for patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch-Waxman Act, to account for at least some of the time the drug is under development and regulatory review after the patent is granted. With regard to a drug for which FDA approval is the first permitted marketing of the active ingredient, the Hatch-Waxman Act allows for extension of the term of one U.S. patent that includes at least one claim covering the composition of matter of such an FDA-approved drug, an FDA-approved method of treatment using the drug and/or a method of manufacturing the FDA-approved drug. The extended patent term cannot exceed the shorter of five years beyond the non-extended expiration of the patent or fourteen years from the date of the FDA approval of the drug, and a patent cannot be extended more than once or for more than a single product. During the period of extension, if granted, the scope of exclusivity is limited to the approved product for approved uses. Some foreign jurisdictions, including Europe and Japan, have analogous patent term extension provisions, which allow for extension of the term of a patent that covers a drug approved by the applicable foreign regulatory agency.

In the future, if and when Disc's product candidates receive FDA approval, Disc expects to apply, if appropriate, for patent term extension on patents directed to those product candidates, their methods of use and/or methods of manufacture. However, there is no guarantee that the applicable authorities, including the FDA in the United States, will agree with Disc's assessment of whether such extensions should be granted, and if granted, the length of such extensions. For more information regarding the risks related to Disc's intellectual property, see "Risk Factors—Risks Related to Disc's Intellectual Property."

***Trade Secrets***

In addition to patents, Disc relies on trade secrets and know-how to develop and maintain its competitive position. Disc typically relies on trade secrets to protect aspects of its business that are not amenable to, or that Disc does not consider appropriate for, patent protection. Disc protects trade secrets and know-how by establishing confidentiality agreements and invention assignment agreements with its employees, consultants, scientific advisors, contractors and collaborators. These agreements provide that all confidential information developed or made known during the course of an individual or entities' relationship with Disc must be kept confidential during and after the relationship. These agreements also provide that all inventions resulting from work performed for Disc or relating to Disc's business and conceived or completed during the period of employment or assignment, as applicable, shall be Disc's exclusive property. In addition, Disc takes other appropriate precautions, such as physical and technological security measures, to guard against misappropriation of its proprietary information by third parties.

Although Disc takes steps to protect its proprietary information and trade secrets, including through contractual means with its employees and consultants, third parties may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to Disc's trade secrets or disclose Disc's technology. Thus, Disc may not be able to meaningfully protect its trade secrets. For more information regarding the risks related to Disc's intellectual property, see "Risk Factors—Risks Related to Disc's Intellectual Property."

**Governmental Regulation**

The FDA and other regulatory authorities at federal, state and local levels, as well as in foreign countries, extensively regulate, among other things, the research, development, testing, manufacture, quality control, import, export, safety, effectiveness, labeling, packaging, storage, distribution, recordkeeping, approval, advertising, promotion, marketing, post-approval monitoring and post-approval reporting of drugs and biologics. Disc, along with its vendors, contract research organizations, or CROs, clinical investigators and contract manufacturing organizations, or CMOs, will be required to navigate the various preclinical, clinical, manufacturing and commercial approval requirements of the governing regulatory agencies of the countries in which Disc wishes to conduct studies or seek approval of its product candidates. The process of obtaining regulatory approvals of drugs and biologics and ensuring subsequent compliance with appropriate federal, state, local and foreign statutes and regulations requires the expenditure of substantial time and financial resources.

In the United States, the FDA regulates drug products under the Federal Food, Drug, and Cosmetic Act, or FD&C Act, and biologics under the FD&C Act and the Public Health Service Act, or PHSA, as amended, and their implementing regulations. Both drugs and biologics are also subject to other federal, state and local statutes and regulations. Disc believes that bitopertin, which is a small molecule, will be regulated by the FDA as a drug product,

and DISC-0974 and DISC-0998, which are monoclonal antibodies will be regulated by FDA as biologic products. If Disc fails to comply with applicable FDA or other requirements at any time with respect to product development, clinical testing, approval or any other regulatory requirements relating to product manufacture, processing, handling, storage, quality control, safety, marketing, advertising, promotion, packaging, labeling, export, import, distribution, or sale, Disc may become subject to administrative or judicial sanctions or other legal consequences. These sanctions or consequences could include, among other things, the FDA's refusal to approve pending applications, issuance of clinical holds for ongoing studies, suspension or revocation of approved applications, warning or untitled letters, product withdrawals or recalls, product seizures, relabeling or repackaging, total or partial suspensions of manufacturing or distribution, injunctions, fines, civil penalties or criminal prosecution.

Disc's product candidates must be approved for therapeutic indications by the FDA before they may be marketed in the United States. For drug product candidates regulated under the FD&C Act, FDA must approve a New Drug Application, or NDA. For biologic product candidates regulated under the FD&C Act and PHSA, FDA must approve a Biologics License Application, or BLA. The process is similar for both drugs and biologics and generally involves the following:

- completion of extensive preclinical studies in accordance with applicable regulations, including studies conducted in accordance with good laboratory practice, or GLP, requirements;
- completion of the manufacture, under current Good Manufacturing Practices, or cGMP, conditions, of the drug substance and drug product that the sponsor intends to use in human clinical trials along with required analytical and stability testing;
- submission to the FDA of an IND which must become effective before clinical trials may begin and must be updated annually and when certain changes are made;
- approval by an institutional review board, or IRB, or independent ethics committee at each clinical trial site before each trial may be initiated;
- performance of adequate and well-controlled clinical trials in accordance with applicable IND regulations, good clinical practice, or GCP, requirements and other clinical trial-related regulations to establish the safety and efficacy of the investigational product for each proposed indication;
- preparation and submission to the FDA of an NDA or BLA;
- a determination by the FDA within 60 days of its receipt of an NDA or BLA to file the application for review;
- satisfactory completion of one or more FDA pre-approval or pre-license inspections of the manufacturing facility or facilities where the drug will be produced to assess compliance with cGMP requirements to assure that the facilities, methods and controls are adequate to preserve the drug or biological product's identity, strength, quality and purity;
- satisfactory completion of FDA audit of the clinical trial sites that generated the data in support of the NDA or BLA;
- payment of user fees for FDA review of the NDA or BLA; and
- FDA review and approval of the NDA or BLA, including, where applicable, consideration of the views of any FDA advisory committee, prior to any commercial marketing or sale of the drug in the United States.

***Preclinical Studies and Clinical Trials for Drugs and Biologics***

Before testing any drug or biologic in humans, the product candidate must undergo rigorous preclinical testing. Preclinical studies include laboratory evaluations of product chemistry, formulation and stability, as well as *in vitro* and animal studies to assess safety and in some cases to establish the rationale for therapeutic use. The conduct of preclinical studies is subject to federal and state regulation and requirements, including GLP requirements for safety/toxicology studies. The results of the preclinical studies, together with manufacturing information and analytical data, must be submitted to the FDA as part of an IND.

An IND is a request for authorization from the FDA to administer an investigational product to humans and must become effective before clinical trials may begin. The central focus of an IND submission is on the general investigational plan and the protocol(s) for clinical studies. The IND also includes the results of animal and *in vitro* studies assessing the toxicology, pharmacokinetics, pharmacology, and pharmacodynamic characteristics of the product; chemistry, manufacturing, and controls information; and any available human data or literature to support the use of the investigational product. Some long-term preclinical testing may continue after the IND is submitted. The IND automatically becomes effective 30 days after receipt by the FDA, unless the FDA, within the 30-day time period, raises concerns or questions about the conduct of the clinical trial, including concerns that human research subjects will be exposed to unreasonable health risks, and imposes a full or partial clinical hold. FDA must notify the sponsor of the grounds for the hold and any identified deficiencies must be resolved before the clinical trial can begin. Submission of an IND may result in the FDA not allowing clinical trials to commence or not allowing clinical trials to commence on the terms originally specified in the IND. A clinical hold can also be imposed once a trial has already begun, thereby halting the trial until the deficiencies articulated by FDA are corrected.

The clinical stage of development involves the administration of the product candidate to healthy volunteers or patients under the supervision of qualified investigators, who generally are physicians not employed by or under the trial sponsor's control, in accordance with GCP requirements, which include the requirements 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 and criteria to be used in monitoring safety and evaluating effectiveness. Each protocol, and any subsequent amendments to the protocol, must be submitted to the FDA as part of the IND. Furthermore, each clinical trial must be reviewed and approved by an IRB for each institution at which the clinical trial will be conducted to ensure that the risks to individuals participating in the clinical trials are minimized and are reasonable compared to the 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. The FDA, the IRB, or the sponsor may suspend or discontinue a clinical trial at any time on various grounds, including a finding that the subjects are being exposed to an unacceptable health risk. There also are requirements governing the reporting of ongoing clinical trials and completed clinical trials to public registries. Information about clinical trials, including results for clinical trials other than Phase 1 investigations, must be submitted within specific timeframes for publication on www.ClinicalTrials.gov, a clinical trials database maintained by the National Institutes of Health.

Additionally, some clinical trials are overseen by an independent group of qualified experts organized by the trial sponsor, known as a data safety monitoring board or committee. This group provides authorization for whether or not a clinical trial may move forward at designated check points based on access that only the group maintains to available data from the trial and may recommend halting the clinical trial if it determines that the participants or patients are being exposed to an unacceptable health risk or other grounds, such as no demonstration of efficacy. Other reasons for suspension or termination may be made by Disc based on evolving business objectives and/or competitive climate.

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, FDA will nevertheless accept the results of the study in support of an NDA or BLA if the study was well-designed and well-conducted in accordance with GCP requirements, including that the clinical trial was performed by a qualified investigator(s); the data are applicable to the U.S. population and U.S. medical practice; and the FDA is able to validate the data through an onsite inspection if deemed necessary.

Clinical trials to evaluate therapeutic indications to support NDAs and BLAs for marketing approval are typically conducted in three sequential phases, which may overlap.

- *Phase 1* – Phase 1 clinical trials involve initial introduction of the investigational product in a limited population of healthy human volunteers or patients with the target disease or condition. These studies are typically designed to test the safety, dosage tolerance, absorption, metabolism and distribution of the investigational product in humans, excretion the side effects associated with increasing doses, and, if possible, to gain early evidence of effectiveness.

- *Phase 2* – Phase 2 clinical trials typically involve administration of the investigational product to a limited patient population with a specified disease or condition to evaluate the drug's potential efficacy, to determine the optimal dosages and dosing schedule and to identify possible adverse side effects and safety risks.

- *Phase 3* – Phase 3 clinical trials typically involve administration of the investigational product to an expanded patient population to further evaluate dosage, to provide statistically significant evidence of clinical efficacy and to further test for safety, generally at multiple geographically dispersed clinical trial sites. These clinical trials are intended to establish the overall risk/benefit ratio of the investigational product and to provide an adequate basis for product approval and physician labeling. Generally, two adequate and well-controlled Phase 3 trials are required by the FDA for approval of an NDA or BLA.

Post-approval trials, sometimes referred to as Phase 4 clinical trials or post-marketing studies, may be conducted after initial marketing approval. These trials are used to gain additional experience from the treatment of patients in the intended therapeutic indication and are commonly intended to generate additional safety data regarding use of the product in a clinical setting. In certain instances, the FDA may mandate the performance of Phase 4 clinical trials as a condition of NDA or BLA approval.

Progress reports detailing the results of the clinical trials, among other information, must be submitted at least annually to the FDA. Written IND safety reports must be submitted to the FDA and the investigators fifteen days after the trial sponsor determines the information qualifies for reporting for serious and unexpected suspected adverse events, findings from other studies or animal or *in vitro* testing that suggest a significant risk for human volunteers and any clinically important increase in the rate of a serious suspected adverse reaction over that listed in the protocol or investigator brochure. The sponsor must also notify the FDA of any unexpected fatal or life-threatening suspected adverse reaction as soon as possible but in no case later than seven calendar days after the sponsor's initial receipt of the information. During the development of a new drug or biological product, sponsors have the opportunity to meet with the FDA at certain points, including prior to submission of an IND, at the end of Phase 2 and before submission of an NDA or BLA. These meetings can provide an opportunity for the sponsor to share information about the data gathered to date and for the FDA to provide advice on the next phase of development.

Concurrent with clinical trials, companies usually complete additional animal studies and must also develop additional information about the chemistry and physical characteristics of the product candidate and finalize a process for manufacturing the drug product in commercial quantities in accordance with cGMP requirements. The manufacturing process must be capable of consistently producing quality batches of the product candidate and manufacturers must develop, among other things, methods for testing the identity, strength, quality and purity of the final drug product. For biological products in particular, the PHSA emphasizes the importance of manufacturing control for products whose attributes cannot be precisely defined in order to help ensure safety, purity and potency. Additionally, appropriate packaging must be selected and tested, and stability studies must be conducted to demonstrate that the product candidate does not undergo unacceptable deterioration over its shelf life.

***U.S. Marketing Approval for Drugs and Biologics***

Assuming successful completion of the required clinical testing, the results of the preclinical studies and clinical trials, together with detailed information relating to the product's chemistry, manufacture, controls and proposed labeling, among other things, are submitted to the FDA as part of an NDA or BLA requesting approval to market the product for one or more indications. An NDA is a request for approval to market a new drug for one or more specified indications and must contain proof of the drug's safety and efficacy for the requested indications. A BLA is a request for approval to market a new biologic for one or more specified indications and must contain proof of the biologic's safety, purity and potency for the requested indications. The marketing application is required to include both negative and ambiguous results of preclinical studies and clinical trials, as well as positive findings. Data may come from company-sponsored clinical trials intended to test the safety and efficacy of a product's use 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 efficacy of the investigational drug, or the safety, purity and potency of the investigational biologic, to the satisfaction of the FDA. FDA must approve an NDA or BLA before a drug or biologic may be marketed in the United States. The FDA reviews all submitted NDAs and BLAs to ensure they are sufficiently complete to permit substantive review before it accepts them for filing and may request additional information rather than accepting the NDA or BLA for filing. The FDA must make a decision on accepting an NDA or BLA for filing within 60 days of receipt, and such decision could include a refusal to file by the FDA. Once the submission is accepted for filing, the FDA begins an in-depth substantive review of the NDA or BLA. The FDA reviews an NDA or BLA to determine, among other things, whether the product is safe and effective for the indications sought and whether the facility in which it is manufactured, processed, packaged or held meets standards, including cGMP requirements, designed to assure and preserve the product's continued identity, strength, quality and purity. Under the goals and polices agreed to by the FDA under the Prescription Drug User Fee Act, or PDUFA, the FDA targets ten months, from the filing date, in which to complete its initial review of a new molecular entity NDA or BLA and respond to the applicant, and six months from the filing date of a new molecular entity NDA or BLA for priority review. The FDA does not always meet its PDUFA goal dates for standard or priority NDAs or BLAs, and the review process is often extended by FDA requests for additional information or clarification.

Further, under PDUFA, as amended, each NDA or BLA must be accompanied by a substantial user fee. The FDA adjusts the PDUFA user fees on an annual basis. Fee waivers or reductions are available in certain circumstances, including a waiver of the application fee for the first application filed by a small business. Additionally, no user fees are assessed on NDAs or BLAs for products designated as orphan drugs, unless the product also includes a non-orphan indication.

The FDA also may require submission of a Risk Evaluation and Mitigation Strategy, or REMS, if it believes that a risk evaluation and mitigation strategy is necessary to ensure that the benefits of the drug outweigh its risks. A REMS can include use of risk evaluation and mitigation strategies like medication guides, physician communication plans, assessment plans, and/or elements to assure safe use, such as restricted distribution methods, patient registries, special monitoring or other risk-minimization tools.

The FDA may refer an application for a novel drug or biologic to an advisory committee. An advisory committee is a panel of independent experts, including clinicians and other scientific experts, which reviews, evaluates and provides 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.

Before approving an NDA or BLA, the FDA typically will inspect the facility or facilities where the product is manufactured. The FDA will not approve an application unless it determines that the manufacturing processes and facilities are in compliance with cGMP requirements and are adequate to assure consistent production of the product within required specifications. Additionally, before approving an NDA or BLA, the FDA may inspect one or more clinical trial sites to assure compliance with GCP and other requirements and the integrity of the clinical data submitted to the FDA.

After evaluating the NDA or BLA and all related information, including the advisory committee recommendation, if any, and inspection reports regarding the manufacturing facilities and clinical trial sites, the FDA may issue an approval letter, or, in some cases, a Complete Response Letter. A Complete Response Letter indicates that the review cycle of the application is complete and the application is not ready for approval. A Complete Response Letter generally contains a statement of specific conditions that must be met in order to secure final approval of the NDA or BLA, except that where the FDA determines that the data supporting the application are inadequate to support approval, the FDA may issue the Complete Response Letter without first conducting required inspections, testing submitted product lots, and/or reviewing proposed labeling. In issuing the Complete Response Letter, the FDA may require additional clinical or preclinical testing or recommend other actions, such as requests for additional information or clarification, that the applicant might take in order for the FDA to reconsider the application. Even with submission of this additional information, the FDA ultimately may decide that the application does not satisfy the regulatory criteria for approval. If and when those conditions have been met to the FDA's satisfaction, the FDA will typically issue an approval letter. An approval letter authorizes commercial marketing of the product with specific prescribing information for specific indications.

Even if the FDA approves a product, depending on the specific risk(s) to be addressed it may limit the approved indications for use of the product, require that contraindications, warnings or precautions be included in the product labeling, require that post-approval studies, including Phase 4 clinical trials, be conducted to further assess a product's safety after approval, require testing and surveillance programs to monitor the product after commercialization, or impose other conditions, including distribution and use restrictions or other risk management mechanisms under a REMS, which can materially affect the potential market and profitability of the product. The FDA may prevent or limit further marketing of a product based on the results of post-marketing studies or surveillance programs. After approval, some types of changes to the approved product, such as adding new indications, manufacturing changes, and additional labeling claims, are subject to further testing requirements and FDA review and approval.

***Orphan Drug Designation and Exclusivity***

Under the Orphan Drug Act, the FDA may grant orphan drug designation to a drug or biologic intended to treat a rare disease or condition, which is a disease or condition with either a patient population of fewer than 200,000 individuals in the United States, or a patient population of 200,000 or more individuals in the United States when there is no reasonable expectation that the cost of developing and making the product available in the United States for the disease or condition will be recovered from sales of the product. Orphan drug designation must be requested before submitting an NDA or BLA. After the FDA grants orphan drug designation, the generic identity of the therapeutic agent and its potential orphan use are disclosed publicly by the FDA. Orphan drug designation does not convey any advantage in or shorten the duration of the regulatory review and approval process, though companies developing orphan products are eligible for certain incentives, including tax credits for qualified clinical testing and waiver of application fees.

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 a seven-year period of marketing exclusivity during which the FDA may not approve any other applications to market the same therapeutic agent for the same indication, except in limited circumstances, such as a subsequent product's showing of clinical superiority over the product with orphan exclusivity or where the original applicant cannot produce sufficient quantities of product. Competitors, however, may receive approval of different therapeutic agents for the indication for which the orphan product has exclusivity or obtain approval for the same therapeutic agent for a different indication than that for which the orphan product has exclusivity. Orphan product exclusivity could block the approval of one of Disc's products for seven years if a competitor obtains approval for the same therapeutic agent for the same indication before Disc does, unless Disc is able to demonstrate that Disc's product is clinically superior. If an orphan designated product receives marketing approval for an indication broader than what is designated, it may not be entitled to orphan exclusivity. Further, 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 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.

The FDA may further reevaluate its regulations and policies under the Orphan Drug Act. It is unclear as to how, if at all, the FDA may change the orphan drug regulations and policies in the future.

***Rare Pediatric Disease Designation and Priority Review Vouchers***

Under the FD&C Act, the FDA incentivizes the development of products that meet the definition of a "rare pediatric disease," defined to mean a serious or life-threatening disease in which the serious or life-threatening manifestations primarily affect individuals aged from birth to 18 years and the disease affects fewer than 200,000 individuals in the United States or affects 200,000 or more in the United States and for which there is no reasonable expectation that the cost of developing and making in the United States a drug for such disease or condition will be recovered from sales in the United States of such drug. The sponsor of a product candidate for a rare pediatric disease may be eligible for a voucher that can be used to obtain a priority review for a subsequent human drug application after the date of approval of the rare pediatric disease drug product, referred to as a priority review voucher, or PRV. A sponsor may request rare pediatric disease designation from the FDA prior to the submission of its NDA or BLA. A rare pediatric disease designation does not guarantee that a sponsor will receive a PRV upon approval of its NDA or BLA. Moreover, a sponsor who chooses not to submit a rare pediatric disease designation request may nonetheless receive a PRV upon approval of its marketing application if it requests such a voucher in its original marketing application and meets all of the eligibility criteria. If a PRV is received, it may be sold or transferred an unlimited number of times. Congress has extended the PRV program through September 30, 2024, with the potential for PRVs to be granted through September 30, 2026.

***Expedited Development and Review Programs for Drugs and Biologics***

The FDA maintains several programs intended to facilitate and expedite development and review of new drugs and biologics to address unmet medical needs in the treatment of serious or life-threatening diseases or conditions. These programs include Fast Track designation, Breakthrough Therapy designation, Priority Review and Accelerated Approval, and the purpose of these programs is to either expedite the development or review of important new drugs and biologics to get them to patients more quickly than standard FDA review timelines typically permit.

A new drug or biologic is eligible for Fast Track designation if it is intended to treat a serious or life-threatening disease or condition and demonstrates the potential to address unmet medical needs for such disease or condition. Fast track designation applies to the combination of the product candidate and the specific indication for which it is being studied. Fast Track designation provides increased opportunities for sponsor interactions with the FDA during preclinical and clinical development, in addition to the potential for rolling review once a marketing application is filed. Rolling review means that the FDA may review portions of the marketing application before the sponsor submits the complete application.

In addition, a new drug or biologic may be eligible for Breakthrough Therapy designation if it is intended to treat a serious or life-threatening disease or condition and preliminary clinical evidence indicates that the drug or biologic, 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. Breakthrough Therapy designation provides all the features of Fast Track designation in addition to intensive guidance on an efficient product development program beginning as early as Phase 1, and FDA organizational commitment to expedited development, including involvement of senior managers and experienced review staff in a cross-disciplinary review, where appropriate.

Any product submitted to the FDA for approval, including a product with Fast Track or Breakthrough Therapy designation, may also be eligible for additional FDA programs intended to expedite the review and approval process, including Priority Review designation and Accelerated Approval. A product is eligible for Priority Review, once an NDA or BLA is submitted, if the product that is the subject of the marketing application has the potential to provide a significant improvement in safety or effectiveness in the treatment, diagnosis or prevention of a serious disease or condition. Under priority review, the FDA's goal date to take action on the marketing application is six months compared to ten months for a standard review.

Products are eligible for Accelerated Approval if they can be shown to have an effect on a surrogate endpoint that is reasonably likely to predict clinical benefit, or an effect on a clinical endpoint that can be measured earlier than an effect on irreversible morbidity or mortality, which 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. Accelerated Approval is usually contingent on a sponsor's agreement to conduct, in a diligent manner, adequate and well-controlled additional post-approval confirmatory studies to verify and describe the product's clinical benefit. The FDA may withdraw approval of a product or an indication approved under Accelerated Approval if, for example, the confirmatory trial fails to verify the predicted clinical benefit of the product. In addition, for products being considered for Accelerated Approval, the FDA generally requires, unless otherwise informed by the agency, that all advertising and promotional materials intended for dissemination or publication within 120 days of marketing approval be submitted to the agency for review during the pre-approval review period. After the 120-day period has passed, all advertising and promotional materials must be submitted at least 30 days prior to the intended time of initial dissemination or publication.

Even if a product qualifies for one or more of these programs, the FDA may later decide that the product no longer meets the conditions for qualification or the time period for FDA review or approval may not be shortened. Furthermore, Fast Track designation, Breakthrough Therapy designation, Priority Review and Accelerated Approval do not change the scientific or medical standards for approval or the quality of evidence necessary to support approval, though they may expedite the development or review process.

***Pediatric Information and Pediatric Exclusivity***

Under the Pediatric Research Equity Act, or PREA, as amended, certain NDAs and BLAs and certain NDA and BLA supplements must contain data that can be used to assess the safety and efficacy of the product candidate for the claimed indications in all relevant pediatric subpopulations and to support dosing and administration for each pediatric subpopulation for which the product is safe and effective. The FDA may grant deferrals for submission of pediatric data or full or partial waivers. The FD&C Act requires that a sponsor who is planning to submit a marketing application for a product candidate that includes a new active ingredient, new indication, new dosage form, new dosing regimen or new route of administration submit an initial Pediatric Study Plan, or PSP, within 60 days of an end-of-Phase 2 meeting or, if there is no such meeting, as early as practicable before the initiation of the Phase 3 or Phase 2/3 study. The initial PSP must include an outline of the pediatric study or studies that the sponsor plans to conduct, including study objectives and design, age groups, relevant endpoints and statistical approach, or a justification for not including such detailed information, and any request for a deferral of pediatric assessments or a full or partial waiver of the requirement to provide data from pediatric studies along with supporting information. The FDA and the sponsor must reach an agreement on the PSP. A sponsor can submit amendments to an agreed-upon initial PSP at any time if changes to the pediatric plan need to be considered based on data collected from preclinical studies, early phase clinical trials and/or other clinical development programs. Unless otherwise required by regulation, PREA does not apply to a drug or biologic for an indication for which orphan designation has been granted.

A product can also obtain pediatric 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 study in accordance with an FDA-issued "Written Request" for such a study.

***U.S. Post-Approval Requirements for Drugs and Biologics***

Drugs and biologics manufactured or distributed pursuant to FDA approvals are subject to continuing regulation by the FDA, including, among other things, requirements relating to recordkeeping, periodic reporting, product sampling and distribution, reporting of adverse experiences with the product, complying with promotion and advertising requirements, which include restrictions on promoting products for unapproved uses or patient populations (known as "off-label use") and limitations on industry-sponsored scientific and educational activities.

Although physicians may prescribe approved products for off-label uses, manufacturers may not market or promote such uses. The FDA and other agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses, including not only by company employees but also by agents of the company or those speaking on the company's behalf, and a company that is found to have improperly promoted off-label uses may be subject to significant liability, including investigation by federal and state authorities. Failure to comply with these requirements can result in, among other things, adverse publicity, warning letters, corrective advertising and potential civil and criminal penalties. Promotional materials for approved drugs and biologics must be submitted to the FDA in conjunction with their first use or first publication. Further, if there are any modifications to the drug or biologic, including changes in indications, labeling or manufacturing processes or facilities, the applicant may be required to submit and obtain FDA approval of a new NDA or BLA or NDA or BLA supplement, which may require the development of additional data or preclinical studies and clinical trials.

The FDA may impose a number of post-approval requirements as a condition of approval of an NDA or BLA. For example, the FDA may require post-market testing, including Phase 4 clinical trials, and surveillance to further assess and monitor the product's safety and effectiveness after commercialization. In addition, manufacturers and their subcontractors involved in the manufacture and distribution of approved drugs and biologics 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 ongoing regulatory requirements, including cGMPs, which impose certain procedural and documentation requirements on sponsors and their CMOs. Changes to the manufacturing process are strictly regulated, and, depending on the significance of the change, may require prior FDA approval before being implemented. FDA regulations also require investigation and correction of any deviations from cGMP and impose reporting requirements upon Disc and any third-party manufacturers that a sponsor may use. Additionally, manufacturers and other parties involved in the drug supply chain for prescription drug and biological products must also comply with product tracking and tracing requirements and for notifying 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 compliance with cGMP and other aspects of regulatory compliance. Failure to comply with statutory and regulatory requirements may subject a manufacturer to possible legal or regulatory action, such as warning letters, suspension of manufacturing, product seizures, injunctions, civil penalties or criminal prosecution. There is also a continuing, annual program user fee for any marketed product.

The FDA may withdraw approval of a product if compliance with regulatory requirements and standards is not maintained or 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 or other restrictions under a REMS. 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;
- the issuance of safety alerts, Dear Healthcare Provider letters, press releases or other communications containing warnings or other safety information about the product;
- fines, warning letters or holds on post-approval clinical trials;
- refusal of the FDA to approve applications or supplements to approved applications, or suspension or revocation of product approvals;
- product seizure or detention, or refusal to permit the import or export of products;
- injunctions or the imposition of civil or criminal penalties;
- consent decrees, corporate integrity agreements, debarment or exclusion from federal healthcare programs; and
- mandated modification of promotional materials and labeling and issuance of corrective information.

***U.S. Patent Term Restoration and Marketing Exclusivity***

Depending upon the timing, duration and specifics of FDA approval of Disc's future product candidates, some of Disc's United States patents may be eligible for limited patent term extension under the Drug Price Competition and Patent Term Restoration Act of 1984, commonly referred to as the Hatch-Waxman Amendments. The Hatch-Waxman Amendments permit restoration of the patent term of up to five years as compensation for patent term lost during the FDA regulatory review process. Patent term restoration, however, cannot extend the remaining term of a patent beyond a total of 14 years from the product's approval date and only those claims covering such approved drug product, a method for using it or a method for manufacturing it may be extended. 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 or BLA plus the time between the submission date of an NDA or BLA and the approval of that application, except that the review period is reduced by any time during which the applicant failed to exercise due diligence. Only one patent applicable to an approved drug 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 the application for any patent term extension or restoration. In the future, Disc may apply for restoration of patent term for its currently owned or licensed patents to add patent life beyond a patent's current expiration date, depending on the expected length of the clinical trials and other factors involved in the filing of the relevant NDA or BLA.

Marketing exclusivity provisions under the FDCA also can delay the submission or the approval of certain drug product applications. The FDCA provides a five-year period of non-patent marketing exclusivity within the United States to the first applicant to gain 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 accept for review an Abbreviated New Drug Application, or ANDA, or a 505(b)(2) NDA submitted by another company for another version of such drug where the applicant does not own or have a legal right of reference to all the data required for approval. However, an application may be submitted after four years if it contains a certification of patent invalidity or non-infringement. The FDCA also provides three years of marketing exclusivity for an NDA, 505(b)(2) 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, for example, new indications, dosages or strengths of an existing drug. This three-year exclusivity covers only the conditions of use associated with the new clinical investigations and does not prohibit the FDA from approving ANDAs for drugs containing the original active agent. Five-year and three-year exclusivity will not delay the submission or approval of a full NDA. However, an applicant submitting a full NDA would be required to conduct or obtain a right of reference to all of the preclinical studies and adequate and well-controlled clinical trials necessary to demonstrate safety and effectiveness.

***U.S. Biosimilars and Exclusivity***

The Biologics Price Competition and Innovation Act, or BPCIA, created an abbreviated approval pathway for biological products that are biosimilar to or interchangeable with an FDA-licensed reference biological product. The FDA has issued several guidance documents outlining an approach to review and approval of biosimilars in the United States. Biosimilarity, which requires that there be no clinically meaningful differences between the biological product and the reference product in terms of safety, purity, and potency, can be shown through analytical studies, animal studies, and a clinical study or studies. Interchangeability requires that a product is biosimilar to the reference product and the product must demonstrate that it can be expected to produce the same clinical results as the reference product in any given patient and, for products that are administered multiple times to an individual, the biologic and the reference biologic may be alternated or switched after one has been previously administered without increasing safety risks or risks of diminished efficacy relative to exclusive use of the reference biologic.

Under the BPCIA, an application for a biosimilar product may not be submitted to the FDA until four years following the date that the reference product was first licensed by the FDA. In addition, the approval of a biosimilar product may not be made effective by the FDA until 12 years from the date on which the reference product was first licensed. During this 12-year period of exclusivity, another company may still market a competing version of the reference product if the FDA approves a full BLA for the competing product containing that applicant's own preclinical data and data from adequate and well-controlled clinical trials to demonstrate the safety, purity and potency of its product. The BPCIA also created certain exclusivity periods for biosimilars approved as interchangeable products. At this juncture, it is unclear whether products deemed "interchangeable" by the FDA will, in fact, be readily substituted by pharmacies, which are governed by state pharmacy law.

***Other Regulatory Matters***

Manufacturing, labeling, packaging, distribution, sales, promotion and other activities of product candidates following product approval, where applicable, or commercialization are also potentially subject to federal and state consumer protection and unfair competition laws, among other requirements to which Disc may be subject. Additionally, the activities associated with the commercialization of product candidates is subject to regulation by numerous regulatory authorities in the United States in addition to the FDA, which may include the Centers for Medicare & Medicaid Services, or CMS, other divisions of the U.S. Department of Health and Human Services, the Department of Justice, the Drug Enforcement Administration, the Consumer Product Safety Commission, the Federal Trade Commission, the Occupational Safety & Health Administration, the Environmental Protection Agency and state and local governments and governmental agencies.

The distribution of pharmaceutical products is subject to additional requirements and regulations, including extensive recordkeeping, licensing, storage and security requirements intended to prevent the unauthorized sale of pharmaceutical products.

The failure to comply with any of these laws or regulatory requirements may subject firms to legal or regulatory action. Depending on the circumstances, failure to meet applicable regulatory requirements can result in criminal prosecution, fines or other penalties, injunctions, exclusion from federal healthcare programs, requests for recall, seizure of products, total or partial suspension of production, denial or withdrawal of product approvals, relabeling or repackaging, or refusal to allow a firm to enter into supply contracts, including government contracts. Any claim or action against Disc for violation of these laws, even if Disc successfully defends against it, could cause Disc to incur significant legal expenses and divert its management's attention from the operation of its business. Prohibitions or restrictions on marketing, sales or withdrawal of future products marketed by Disc could materially affect Disc's business in an adverse way.

Changes in statutes, regulations, or the interpretation of existing regulations could impact Disc's business in the future by requiring, for example: (i) changes to Disc's manufacturing arrangements; (ii) additions or modifications to product labeling or packaging; (iii) the recall or discontinuation of Disc's products; or (iv) additional recordkeeping requirements. If any such changes were to be imposed, they could adversely affect the operation of Disc's business.

***Patients Rely on Insurance Coverage by Third-Party Payors (third-party payors include Medicare and Medicaid (government payors) and commercial insurance companies such as Blue Cross Blue Shield, Humana, Cigna, etc.) to Pay for Products***

In the United States and markets in other countries, patients generally rely on third-party payors to reimburse all or part of the costs associated with their treatment. Adequate coverage and reimbursement from governmental healthcare programs, such as Medicare and Medicaid, and commercial payors is critical to new product acceptance. Disc's ability to successfully commercialize its product candidates 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. Even if coverage is provided, the approved reimbursement amount may not be high enough to allow Disc to establish or maintain pricing sufficient to realize a sufficient return on Disc's investment. Government authorities and other third-party payors, such as private health insurers and health maintenance organizations, decide which medications they will pay for and establish reimbursement levels.

***No Uniform Policy Exists for Coverage and Reimbursement in the U.S.***

There is also significant uncertainty related to the insurance coverage and reimbursement of newly approved products and coverage may be more limited than the purposes for which the medicine is approved by the FDA or comparable foreign regulatory authorities. In the United States, the principal decisions about reimbursement for new medicines are typically made by the Centers for Medicare & Medicaid Services, or CMS, an agency within the U.S. Department of Health and Human Services. CMS decides whether and to what extent a new medicine will be covered and reimbursed under Medicare and private payors tend to follow CMS to a substantial degree.

Further, due to the COVID-19 pandemic, millions of individuals have lost/will be losing employer-based insurance coverage, which may adversely affect Disc's ability to commercialize its products. It is unclear what effect, if any, the American Rescue Plan will have on the number of covered individuals.

***Other Healthcare Laws***

Pharmaceutical companies are subject to additional healthcare regulation and enforcement by the federal government and by authorities in the states and foreign jurisdictions in which they conduct their business that may constrain the financial arrangements and relationships through which Disc researches, as well as sells, markets and distributes any products for which Disc obtains marketing authorization. Such laws include, without limitation, state and federal anti-kickback, fraud and abuse, false claims, and transparency laws and regulations related to drug pricing and payments and other transfers of value made to physicians and other healthcare providers. If Disc's operations are found to be in violation of any of such laws or any other governmental regulations that apply, Disc may be subject to penalties, including, without limitation, administrative, civil and criminal penalties, damages, fines, disgorgement, the curtailment or restructuring of operations, integrity oversight and reporting obligations, exclusion from participation in federal and state healthcare programs and responsible individuals may be subject to imprisonment.

***Affordable Care Act and Legislative Reform Measures***

Payors, whether domestic or foreign, or governmental or private, are developing increasingly sophisticated methods of controlling healthcare costs and those methods are not always specifically adapted for new technologies such as gene therapy and therapies addressing rare diseases such as those Disc is developing. In both the United States and certain foreign jurisdictions, there have been a number of legislative and regulatory changes to the health care system that could impact Disc's ability to sell its products profitably. In particular, in 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010, or collectively, the ACA, was enacted, which, among other things, subjected biologic products to potential competition by lower-cost biosimilars; addressed a new methodology by which rebates owed by manufacturers under the Medicaid Drug Rebate Program are calculated for drugs that are inhaled, infused, instilled, implanted or injected; increased the minimum Medicaid rebates owed by most manufacturers under the Medicaid Drug Rebate Program; extended the Medicaid Drug Rebate program to utilization of prescriptions of individuals enrolled in Medicaid managed care organizations; subjected manufacturers to new annual fees and taxes for certain branded prescription drugs; created a new Medicare Part D coverage gap discount program, in which manufacturers must agree to offer 50% (increased to 70% pursuant to the Bipartisan Budget Act of 2018, effective as of January 1, 2019) point-of-sale discounts off negotiated prices of applicable brand drugs to eligible beneficiaries during their coverage gap period, as a condition for the manufacturer's outpatient drugs to be covered under Medicare Part D; and provided incentives to programs that increase the federal government's comparative effectiveness research.

Since its enactment, there have been numerous judicial, administrative, executive, and legislative challenges to certain aspects of the ACA. On June 17, 2021, the U.S. Supreme Court dismissed the most recent judicial challenge to the ACA brought by several states without specifically ruling on the constitutionality of the ACA. Prior to the Supreme Court's decision, President Biden 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 ACA marketplace. The Executive Order also instructed 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 ACA. It is unclear how other healthcare reform measures of the Biden administrations or other efforts, if any, to challenge repeal or replace the ACA, will impact Disc's business.

Other legislative changes have been proposed and adopted in the United States since the Affordable Care Act was enacted. For example, on March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 into law, which 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. Further, in August 2011, the Budget Control Act of 2011, among other things, created measures for spending reductions by Congress. A Joint Select Committee on Deficit Reduction, tasked with recommending a targeted deficit reduction of at least $1.2 trillion for the years 2013 through 2021, was unable to reach required goals, thereby triggering the legislation's automatic reduction to several government programs, including aggregate reductions of Medicare payments to providers of 2% per fiscal year. These reductions went into effect in April 2013 and, due to subsequent legislative amendments to the statute, will remain in effect through 2030, with the exception of a temporary suspension that lasted from May 1, 2020 through March 31, 2022 due to the COVID-19 pandemic. Following the suspension, a 1% payment reduction began April 1, 2022, lasting through June 30, 2022. The 2% payment reduction resumed on July 1, 2022.

***Other U.S. Environmental, Health and Safety Laws and Regulations***

Disc may be subject to numerous environmental, health and safety laws and regulations, including those governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes. From time to time and in the future, Disc's operations may involve the use of hazardous and flammable materials, including chemicals and biological materials, and may also produce hazardous waste products. Even if Disc contracts with third parties for the disposal of these materials and waste products, Disc cannot completely eliminate the risk of contamination or injury resulting from these materials. In the event of contamination or injury resulting from the use or disposal of Disc's hazardous materials, Disc could be held liable for any resulting damages, and any liability could exceed Disc's resources. Disc also could incur significant costs associated with civil or criminal fines and penalties for failure to comply with such laws and regulations.

Disc maintains workers' compensation insurance to cover costs and expenses Disc may incur due to injuries to its employees as well as insurance for environmental liability, but this insurance may not provide adequate coverage against potential liabilities. However, Disc does not maintain insurance for toxic tort claims that may be asserted against Disc.

In addition, Disc may incur substantial costs in order to comply with current or future environmental, health and safety laws and regulations. Current or future environmental laws and regulations may impair Disc's research, development or production efforts. In addition, failure to comply with these laws and regulations may result in substantial fines, penalties or other sanctions.

**Employees and Human Capital Resources**

As of August 9, 2022, Disc had 37 full-time employees, including 18 who hold Ph.D. or M.D. degrees, and one part-time employee. Of the full-time employees, 27 employees are engaged in research and development and 10 employees are engaged in management or general and administrative activities. None of Disc's employees are subject to a collective bargaining agreement or represented by a trade or labor union. Disc considers its relationship with its employees to be good.

Disc's human capital objectives include, as applicable, identifying, recruiting, retaining, incentivizing and integrating its existing and additional employees. The principal purposes of Disc's equity incentive plans are to attract, retain and motivate selected employees, consultants and directors through the granting of stock-based compensation awards and cash-based performance bonus awards.

**Facilities**

Disc's principal office is located at 321 Arsenal Street, Suite 101, Watertown, MA 02472, where Disc leases approximately 7,566 square feet of office space. The lease term began in November 2021 and will end in November 2026. Disc believes that these facilities will be adequate for its near-term needs. If required, Disc believes that suitable additional or substitute space will be available in the future on commercially reasonable terms to accommodate any such expansion of its operations.

**Legal Proceedings**

From time to time, Disc may be involved in various other claims and legal proceedings relating to claims arising out of Disc's operations. Disc is not currently a party to any material legal proceedings.

**Exhibit 99.4**

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

*On December 29, 2022, in accordance with the terms of the Agreement and Plan of Merger and Reorganization, dated as of August 9, 2022 (the "Merger Agreement"), by and among Disc Medicine, Inc., formerly Gemini Therapeutics, Inc. (the "Company"), Disc Medicine Opco, Inc. (formerly Disc Medicine, Inc.) ("Disc") and Gemstone Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of the Company ("Merger Sub"), pursuant to which, among other matters, Merger Sub merged with and into Disc, with Disc continuing as a wholly owned subsidiary of the Company and the surviving corporation of the merger (the "Merger"). Effective at 5:00 p.m. eastern time on December 29, 2022, the Company effected a 1-for-10 reverse stock split of its common stock (the "Reverse Stock Split") and implemented a reduction in the number of authorized shares of common stock to 100,000,000 (the "Common Stock Reduction"), effective at 5:01 p.m. eastern time, the Company completed the Merger, and effective at 5:02 p.m. eastern time, the Company changed its name to "Disc Medicine, Inc." Following the completion of the Merger, the business conducted by the Company became primarily the business conducted by Disc, which is a clinical-stage biopharmaceutical company focused on the discovery, development, and commercialization of novel treatments for patients suffering from serious hematologic diseases.*

*The following discussion and analysis of Disc's financial condition and results of operations should be read together with Disc's consolidated financial statements and the related notes included in Exhibits 99.5 and 99.6 of the Company's Current Report on Form 8-K of which this Exhibit 99.4 is a part. This discussion contains forward-looking statements that involve risks and uncertainties, such as statements regarding Disc's plans, objectives, expectations, intentions and projections. Disc's actual results could differ materially from those described in or implied by these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in the Risk Factors included in Exhibit 99.2 of the Company's Current Report on Form 8-K of which this Exhibit 99.4 is a part.*

### Overview

Disc is a clinical-stage biopharmaceutical company focused on the discovery, development, and commercialization of novel treatments for patients suffering from serious hematologic diseases. Disc has assembled a portfolio of clinical and preclinical product candidates that aim to modify fundamental biological pathways associated with the formation and function of red blood cells, specifically heme biosynthesis and iron homeostasis. Disc's current pipeline includes bitopertin for the treatment of erythropoietic porphyrias, including erythropoietic protoporphyria (EPP) and X-linked protoporphyria (XLP); and DISC-0974 for the treatment of anemia of myelofibrosis (MF) and anemia of chronic kidney disease (CKD). In addition, Disc has two programs in preclinical development: DISC-0998 for the treatment of anemia associated with inflammatory diseases; and a Matriptase-2 inhibitor for the treatment of polycythemia vera (PV) and diseases of iron overload. Disc's approach to product candidate development leverages well understood molecular mechanisms that have been validated in humans. Disc believes that each of its product candidates, if approved, has the potential to improve the lives of patients suffering from hematologic diseases.

Bitopertin is the lead product candidate in Disc's heme biosynthesis modulation portfolio. Bitopertin was previously evaluated by Roche in a comprehensive clinical program in over 4,000 individuals in other indications which demonstrated the activity of bitopertin as a glycine transporter 1 (GlyT1) inhibitor and its effect on heme biosynthesis. Disc is planning to initially develop bitopertin for the treatment of erythropoietic porphyrias, including EPP and XLP. In July 2022, Disc received clearance of its IND for "A Randomized, Double-blind, Placebo-Controlled Study of Bitopertin to Evaluate the Safety, Tolerability, Efficacy, and Protoporphyrin IX (PPIX) Concentrations in Participants with Erythropoietic Protoporphyria (EPP)" from the FDA. In July 2022, Disc initiated BEACON, a Phase 2 open-label, parallel-dose clinical trial of bitopertin in EPP and XLP patients that is being conducted at sites in Australia. Separately, in October 2022 Disc initiated AURORA, a Phase 2, randomized, double-blind, placebo controlled clinical trial of bitopertin in EPP patients that is being conducted at sites in the United States. Disc expects interim data from these two trials in 2023. Disc is planning additional studies in Diamond-Blackfan Anemia (DBA) and other indications.

DISC-0974 is the lead product candidate in Disc's iron homeostasis portfolio. DISC-0974 is designed to suppress hepcidin production and increase serum iron levels. Disc submitted an IND for DISC-0974 in June 2021, received clearance in July 2021, and completed a Phase 1 clinical trial in healthy volunteers in the U.S. in June 2022 with results showing evidence of target engagement, iron mobilization and erythropoiesis. Disc initiated a Phase 1b/2 clinical trial in June 2022 in patients with anemia of MF, and plans to initiate a separate Phase 1b/2 clinical trial by the end of 2022 in patients with anemia of CKD. Disc expects interim data from these two trials in 2023. In addition, Disc is developing a preclinical anti-hemojuvelin, or HJV, monoclonal antibody, DISC-0998, which also targets hepcidin suppression and was in-licensed from AbbVie. DISC-0998 is designed to increase serum iron levels and has an extended serum half-life as compared to DISC-0974. Disc believes this profile may be desirable in certain subsets of patients with anemia associated with inflammatory diseases.

Lastly, Disc is developing a Matriptase-2 inhibitor as part of its iron homeostasis portfolio, which is designed to induce hepcidin production and reduce serum iron levels. Preclinical data has demonstrated positive results, and Disc is in the process of identifying and optimizing a development candidate in its Matriptase-2 inhibitor program. If successful, Disc expects to designate a lead candidate and commence IND-enabling studies.

**Financial Operations Overview**

***Revenue***

Disc has not generated any revenue since its inception and does not expect to generate any revenue from the sale of products in the near future, if at all. If Disc's development efforts are successful and result in commercialization of one or more product candidates or if Disc enters into collaboration or license agreements with third parties, Disc may generate revenue in the future from product sales, payments from such collaboration or license agreements or a combination thereof.

***Operating Expenses***

*Research and Development Expenses*

Research and development expenses consist primarily of costs incurred in connection with the research and development of Disc's product candidates. These expenses include:

- employee-related expenses, including salaries, benefits, and stock-based compensation expense, for personnel engaged in research and development functions;
- expenses incurred in connection with Disc's research and development activities, including under agreements with third parties such as consultants, contractors and CROs;
- costs related to contract development and manufacturing organizations, or CDMOs, that are primarily engaged to provide drug substance and product for Disc's preclinical studies, clinical trials and research and development programs, as well as investigative sites and consultants that conduct Disc's clinical trials, preclinical studies and other scientific development services;
- the costs of acquiring and manufacturing preclinical study and clinical trial materials, including manufacturing registration and validation batches;
- costs related to compliance with quality and regulatory requirements; and
- payments made under third-party licensing agreements.

Disc expenses research and development costs as incurred. Costs incurred for external development activities are recognized based on an evaluation of the progress to completion of specific tasks using information provided to Disc by its vendors. Payments for these activities are based on the terms of the individual agreements, which may differ from the pattern of costs incurred, and may be reflected in Disc's consolidated financial statements as prepaid or accrued expenses. Nonrefundable advance payments for goods or services to be received in the future for use in research and development activities are recorded as prepaid expenses and expensed as the related goods are delivered or the services are performed or when it is no longer expected that the goods will be delivered or the services rendered.

Disc typically uses its employee and infrastructure resources across its product candidates and development programs. Disc tracks outsourced development costs by product candidate or development program, but Disc does not allocate personnel costs or other internal costs to specific product candidates or development programs.

Disc expects that its research and development expenses will increase substantially as Disc advances its programs into and through clinical development, including bitopertin which was licensed from Roche in the second quarter of 2021, and as Disc expands its discovery, research and preclinical activities in the near term and in the future. At this time, Disc cannot accurately estimate or know the nature, timing and costs of the efforts that will be necessary to complete the preclinical and clinical development of any product candidates Disc may develop. A change in the outcome of any number of variables with respect to product candidates Disc may develop could significantly change the costs and timing associated with the development of that product candidate. Disc may never succeed in obtaining regulatory approval for any product candidates it may develop. The successful development of any product candidate is highly uncertain. This is due to the numerous risks and uncertainties associated with product development, including the following:

- the timing and progress of preclinical and clinical development activities;
- the number and scope of preclinical and clinical programs Disc decides to pursue;
- the ability to raise additional funds necessary to complete clinical development of and commercialize Disc's product candidates;
- Disc's ability to establish new licensing or collaboration arrangements and the progress of the development efforts of third parties with whom Disc may enter into such arrangements;
- Disc's ability to maintain its current research and development programs and to establish new programs;
- the successful initiation, enrollment and completion of clinical trials with safety, tolerability and efficacy profiles that are satisfactory to the FDA or any comparable foreign regulatory authority;
- the receipt and related terms of regulatory approvals from applicable regulatory authorities for any product candidates;
- the availability of raw materials for use in production of Disc's product candidates;

- establishing agreements with third-party manufacturers for supply of product candidate components for Disc's clinical trials;
- Disc's ability to obtain and maintain patents, trade secret protection and regulatory exclusivity, both in the United States and internationally;
- Disc's ability to protect its other rights in its intellectual property portfolio;
- commercializing product candidates, if and when approved, whether alone or in collaboration with others; and
- obtaining and maintaining third-party insurance coverage and adequate reimbursement for any approved products.

*General and Administrative Expenses*

General and administrative expenses consist primarily of salaries and related costs for personnel in executive, finance, corporate and business development, and administrative functions. General and administrative expenses also include legal fees relating to patent and corporate matters, including noncapitalizable transaction costs; professional fees for accounting, auditing, tax and administrative consulting services; insurance costs, facility related expenses including maintenance and allocated expenses for rent and other operating costs.

Disc anticipates that its general and administrative expenses will increase substantially in the future as Disc increases its headcount to support its continued research and development and potential commercialization of its product candidates. Disc also expects that it will incur increased expenses associated with being a public company, including costs of accounting, audit, legal, regulatory and tax compliance services, director and officer insurance costs and investor and public relations expenses.

***Other Income***

*Interest Income*

Interest income primarily consists of interest earned on money market fund accounts.

*Change in Fair Value of Derivative Liability*

In May 2021, Disc entered into the Roche Agreement, described in more detail in Note 7 to Disc's 2021 consolidated financial statements included in Exhibit 99.5 of the Company's Current Report on Form 8-K of which this Exhibit 99.4 is a part, which included an obligation to issue a variable number of shares of Disc common stock to Roche for no additional consideration upon the completion of a Roche Qualified Transaction as defined by the Roche Agreement.

**Results of Operations**

***Comparison of the Years Ended December 31, 2020 and 2021***

The following table summarizes Disc's results of operations for the years ended December 31, 2020 and 2021 (in thousands):

| | YEAR ENDED DECEMBER 31, | | |
|---|---|---|---|
| | 2020 | 2021 | CHANGE |
| Operating expenses: | | | |
| Research and development | $ 18,020 | $ 25,170 | $ 7,150 |
| General and administrative | 2,956 | 5,763 | 2,807 |
| Total operating expenses | 20,976 | 30,933 | 9,957 |
| Loss from operations | (20,976) | (30,933) | (9,957) |
| Other income (expense), net: | | | |
| Interest income | 40 | 14 | (26) |
| Change in fair value of derivative liability | — | (5,050) | (5,050) |
| Total other income (expense), net | 40 | (5,036) | (5,076) |
| Net loss | $ (20,936) | $ (35,969) | $ (15,033) |

*Research and Development Expenses*

The following table summarizes Disc's research and development expenses for the years ended December 31, 2020 and 2021 (in thousands):

| | YEAR ENDED DECEMBER 31, | | |
|---|---|---|---|
| | 2020 | 2021 | CHANGE |
| Bitopertin | $ — | $ 8,354 | $ 8,354 |
| DISC-0974 | 8,538 | 7,019 | (1,519) |
| Other research programs and expenses | 6,345 | 5,088 | (1,257) |
| Personnel-related (including equity-based compensation) | 3,137 | 4,709 | 1,572 |
| Total research and development expenses | $ 18,020 | $ 25,170 | $ 7,150 |

Research and development expenses were $18.0 million for the year ended December 31, 2020, compared to $25.2 million for the year ended December 31, 2021. The increase of $7.2 million in research and development expenses was primarily due to an $8.4 million increase in expenses incurred to advance bitopertin which was licensed from Roche in May 2021, including $5.9 million of consideration paid to Roche in connection with the Roche Agreement; a $1.6 million increase in personnel-related costs related to higher research and development headcount; partially offset by decreases in CRO and consulting spend of $1.3 million in Disc's other research programs and expenses and $1.5 million in the DISC-0974 program as a result of increased research and development headcount and reduced CRO spend.

*General and Administrative Expenses*

The following table summarizes Disc's general and administrative expenses for the years ended December 31, 2020 and 2021 (in thousands):

| | YEAR ENDED DECEMBER 31, | | |
|---|---|---|---|
| | 2020 | 2021 | CHANGE |
| Legal, consulting and professional fees | $ 1,581 | $ 2,661 | $ 1,080 |
| Personnel-related (including equity-based compensation) | 1,187 | 2,692 | 1,505 |
| Other expenses | 188 | 410 | 222 |
| Total general and administrative expenses | $ 2,956 | $ 5,763 | $ 2,807 |

General and administrative expenses were $3.0 million for the year ended December 31, 2020, compared to $5.8 million for the year ended December 31, 2021. The increase of $2.8 million in general and administrative expenses was primarily due to a $1.5 million increase in personnel-related costs related to higher general and administrative headcount and a $1.1 million increase in legal, audit and other services related to ongoing business activities.

*Other Income (Expense), Net*

Other income was less than $0.1 million for the year ended December 31, 2020, compared to other expense of $5.0 million for the year ended December 31, 2021. The decrease of $5.1 million in other income (expense), net was primarily due to the change in fair value of Disc's derivative liability related to the Roche Agreement during 2021.

***Comparison of the Nine Months Ended September 30, 2021 and 2022***

The following table summarizes Disc's results of operations for the nine months ended September 30, 2021 and 2022 (in thousands):

| | NINE MONTHS ENDED SEPTEMBER 30, | | |
|---|---|---|---|
| | **2021** | **2022** | **CHANGE** |
| Operating expenses: | | | |
| Research and development | $ 19,511 | $ 23,421 | $ 3,910 |
| General and administrative | 4,012 | 9,033 | 5,021 |
| Total operating expenses | 23,523 | 32,454 | 8,931 |
| Loss from operations | (23,523) | (32,454) | (8,931) |
| Other income (expense), net: | | | |
| Interest income | 5 | 321 | 316 |
| Change in fair value of derivative liability | (3,600) | (3,450) | 150 |
| Total other income (expense), net | (3,595) | (3,129) | 466 |
| Net loss | $ (27,118) | $ (35,583) | $ (8,465) |

*Research and Development Expenses*

The following table summarizes Disc's research and development expenses for the nine months ended September 30, 2021 and 2022 (in thousands):

| | NINE MONTHS ENDED SEPTEMBER 30, | | |
|---|---|---|---|
| | **2021** | **2022** | **CHANGE** |
| Bitopertin | $ 6,748 | $ 6,224 | $ (524) |
| DISC-0974 | 5,447 | 6,875 | 1,428 |
| Other research programs and expenses | 3,620 | 3,804 | 184 |
| Personnel-related (including equity-based compensation) | 3,696 | 6,518 | 2,822 |
| Total research and development expenses | $ 19,511 | $ 23,421 | $ 3,910 |

Research and development expenses were $19.5 million for the nine months ended September 30, 2021, compared to $23.4 million for the nine months ended September 30, 2022. The increase of $3.9 million in research and development expenses was primarily due to a $2.8 million increase in personnel-related costs related to higher research and development headcount and an increase in external spend of $1.4 million in the DISC-0974 program due to increased clinical spending.

*General and Administrative Expenses*

The following table summarizes Disc's general and administrative expenses for the nine months ended September 30, 2021 and 2022 (in thousands):

| | NINE MONTHS ENDED SEPTEMBER 30, | | |
|---|---|---|---|
| | 2021 | 2022 | CHANGE |
| Legal, consulting and professional fees | $ 2,034 | $ 4,631 | $ 2,597 |
| Personnel-related (including equity-based compensation) | 1,759 | 3,622 | 1,863 |
| Other expenses | 219 | 780 | 561 |
| Total general and administrative expenses | $ 4,012 | $ 9,033 | $ 5,021 |

General and administrative expenses were $4.0 million for the nine months ended September 30, 2021 compared to $9.0 million for the nine months ended September 30, 2022. The increase of $5.0 million in general and administrative expenses was primarily due to the recognition of $2.2 million of deferred transaction costs in legal and consulting fees related to a planned equity financing that was superseded by the merger, and an increase of $1.9 million in personnel-related costs related to higher general and administrative headcount.

*Other Income (Expense), Net*

Other expense was $3.6 million for the nine months ended September 30, 2021, compared to other expense of $3.1 million for the nine months ended September 30, 2022. The decrease of $0.5 million in other expense was due to an increase of $0.3 million in interest income as well as the change in fair value of Disc's derivative liability related to the Roche Agreement.

**Liquidity and Capital Resources**

***Sources of Liquidity***

Since Disc's inception, Disc has not generated any revenue from product sales and has incurred significant operating losses. Disc expects to continue to incur significant expenses and operating losses for the foreseeable future as Disc advances the clinical development of its product candidates. Disc expects that its research and development and general and administrative costs will continue to increase significantly, including in connection with conducting clinical trials and manufacturing for its product candidates to support commercialization and providing general and administrative support for its operations, including the cost associated with operating as a public company. As a result, Disc will need additional capital to fund its operations, which Disc may obtain from additional equity or debt financings, collaborations, licensing arrangements or other sources. See "Risk Factors" for additional risks associated with Disc's substantial capital requirements.

To date Disc has funded its operations primarily with proceeds from the sale of Disc convertible preferred stock. Through September 30, 2022, Disc received gross proceeds of $145.0 million from sales of Disc Series Seed, Series A and Series B convertible preferred stock. As of September 30, 2022, Disc had cash and cash equivalents of $55.5 million.

***Going Concern***

Disc has incurred significant operating losses since inception and, as of September 30, 2022, had an accumulated deficit of $101.0 million. In addition, Disc expects to continue to incur significant and increasing expenses and operating losses for the foreseeable future. These factors raise substantial doubt about Disc's ability to continue as a going concern. Disc believed that its cash resources would not be sufficient to allow Disc to fund planned operations beyond the twelve months from the date of the proxy statement/prospectus of December 2, 2022, without additional capital.

On December 29, 2022, Disc completed the proposed merger, as described in the notes to Disc's unaudited condensed consolidated financial statements included in Exhibit 99.6 of the Company's Current Report on Form 8-K of which this Exhibit 99.4 is a part (the "merger"). Upon the completion of the business combination transaction and the Disc pre-closing financing transaction, Disc believes that its current cash resources will last into 2025. Disc may also pursue additional cash resources through public or private equity, collaborations or debt financings.

***Cash Flows***

The following table provides information regarding Disc's cash flows for each period presented (in thousands):

| | YEAR ENDED DECEMBER 31, | | NINE MONTHS ENDED SEPTEMBER 30, | |
|---|---|---|---|---|
| | 2020 | 2021 | 2021 | 2022 |
| Net cash provided by (used in): | | | | |
| Operating activities | $ (19,966) | $ (27,534) | $ (21,130) | $ (32,587) |
| Investing activities | (77) | (68) | (5) | (139) |
| Financing activities | 34,980 | 89,929 | 89,933 | 163 |
| Net increase (decrease) in cash and cash equivalents and restricted cash | $ 14,937 | $ 62,327 | $ 68,798 | $ (32,563) |

*Operating Activities*

Disc's cash flows from operating activities are greatly influenced by Disc's use of cash for operating expenses and working capital requirements to support Disc's business. Disc has historically experienced negative cash flows from operating activities as Disc invested in developing its portfolio, drug discovery efforts and related infrastructure. The cash used in operating activities resulted primarily from Disc's net losses adjusted for non-cash charges and changes in components of operating assets and liabilities, which are primarily the result of increased expenses and timing of vendor payments.

During the year ended December 31, 2020, net cash used in operating activities of $20.0 million was primarily due to Disc's net loss of $20.9 million, partially offset by both non-cash expenses of $0.4 million and changes in operating assets and liabilities of $0.5 million.

During the year ended December 31, 2021, net cash used in operating activities of $27.5 million was primarily due to Disc's net loss of $36.0 million, partially offset by both non-cash expenses of $7.2 million and changes in operating assets and liabilities of $1.3 million.

During the nine months ended September 30, 2021, net cash used in operating activities of $21.1 million was primarily due to Disc's net loss of $27.1 million, partially offset by both non-cash expenses of $5.4 million and changes in operating assets and liabilities of $0.6 million. The $5.4 million of non-cash expenses was driven by a $3.6 million change in the fair value of the Roche derivative liability and $1.4 million in noncash license expense for the Roche agreement.

During the nine months ended September 30, 2022, net cash used in operating activities of $32.6 million was primarily due to Disc's net loss of $35.6 million, changes in operating assets and liabilities of $1.7 million and offset by non-cash expenses of $4.7 million. The change in operating assets and liabilities was primarily driven by an increase in prepaid CRO contracts and an increase in deferred transaction costs for the planned merger, offset by the recognition of deferred costs for the planned equity financing. The change in non-cash expenses was primarily driven by a $3.5 million change in the fair value of the derivative liability and $1.1 million in stock-based compensation.

*Investing Activities*

During the years ended December 31, 2020 and 2021, and the nine months ended September 30, 2021 and 2022, net cash used in investing activities was due to purchases of property and equipment.

*Financing Activities*

During the year ended December 31, 2020, net cash provided by financing activities of $35.0 million consisted primarily of net proceeds from the issuances of Disc Series A convertible preferred stock in May 2020 and October 2020.

During the year ended December 31, 2021, net cash provided by financing activities of $89.9 million consisted primarily of net proceeds from the sale and issuance of Disc Series B convertible preferred stock in September 2021.

During the nine months ended September 30, 2021, net cash provided by financing activities of $89.9 million consisted primarily of net proceeds from the sale and issuance of our Series B preferred stock in September 2021.

During the nine months ended September 30, 2022, net cash provided by financing activities was due to proceeds from stock option exercises.

***Future Funding Requirements***

Disc expects its expenses to increase substantially in connection with its ongoing activities, particularly as Disc advances its product candidates into and through clinical development. In addition, upon the completion of the merger, Disc expects to incur additional costs associated with operating as a public company. Disc's funding requirements and the timing and amount of Disc's operating expenditures will depend largely on:

- the initiation, progress, timing, costs and results of preclinical studies and clinical trials for Disc's product candidates or any future product candidates Disc may develop;
- the costs, timing and outcome of regulatory review of Disc's product candidates;
- changes in laws or regulations applicable to any product candidates Disc may develop, including but not limited to clinical trial requirements for approvals;

- the cost and timing of obtaining materials to produce adequate product supply for any preclinical or clinical development of any product candidate Disc may develop;
- the effect of competing technological and market developments;
- Disc's ability to establish and maintain strategic collaborations, licensing or other arrangements and the financial terms of such arrangements;
- the payment or receipt of milestones, royalties and other collaboration-based revenues, if any;
- the costs and timing of future commercialization activities, including product manufacturing, marketing, sales and distribution, for any product candidate Disc may develop for which Disc obtains marketing approval;
- the amount and timing of revenue, if any, received from commercial sales of Disc's product candidates for which Disc receives marketing approval; and
- the legal costs involved in prosecuting patent applications and enforcing patent claims and other intellectual property claims.

Disc believes that the anticipated net proceeds from the merger, together with Disc's existing cash and cash equivalents, will enable Disc to fund its operating expenses and capital expenditure requirements into 2025. Disc based this estimate on assumptions that may prove to be wrong, and Disc could exhaust its available capital resources sooner than expected.

Identifying potential product candidates and conducting preclinical studies and clinical trials is a time consuming, expensive and uncertain process that takes years to complete, and Disc may never generate the necessary data or results required to obtain marketing approval and achieve product sales. In addition, Disc's product candidates, if approved, may not achieve commercial success. Disc's commercial revenues, if any, will be derived from sales of products that Disc does not expect to be commercially available for many years, if ever. Accordingly, Disc will need to obtain substantial additional funds to achieve its business objectives.

Until such time, if ever, as Disc can generate substantial revenue from product sales, Disc expects to finance its cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances, and marketing, distribution or licensing arrangements with third parties. However, Disc may be unable to raise additional funds or enter into such other arrangements when needed on favorable terms or at all. Market volatility resulting from the COVID-19 pandemic or other factors could also adversely impact Disc's ability to access capital as and when needed. To the extent that Disc raises additional capital through the sale of equity or convertible debt securities, the ownership interest of Disc's existing stockholders may be materially diluted, and the terms of such securities could include liquidation or other preferences that adversely affect the rights of Disc's common stockholders. Debt financing and preferred equity financing, if available, may involve agreements that include restrictive covenants that limit Disc's ability to take specified actions, such as incurring additional debt, making capital expenditures or declaring dividends. If Disc raises funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, Disc may have to relinquish valuable rights to its technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to Disc. If Disc is unable to raise additional funds through equity or debt financings or other arrangements when needed, Disc may be required to delay, reduce or eliminate its product development or future commercialization efforts, or grant rights to develop and market product candidates that Disc would otherwise prefer to develop and market itself.

***Contractual Obligations and Other Commitments***

The following table summarizes Disc's contractual obligations as of September 30, 2022 and the effects that such obligations are expected to have on Disc's liquidity and cash flows in future periods (in thousands):

| | Payments Due by Period | | | | |
|---|---|---|---|---|---|
| | **Total** | **Less Than 1 Year** | **1 to 3 Years** | **3 to 5 Years** | **More Than 5 Years** |
| Operating lease commitments(1) | $ 1,577 | $ 371 | $ 770 | $ 436 | $ — |
| Total | $ 1,577 | $ 371 | $ 770 | $ 436 | $ — |

(1) Amounts reflect payments due for Disc's leased office space in Watertown, Massachusetts as of September 30, 2022. The lease term began in November 2021 and will end in November 2026.

Disc enters into contracts in the normal course of business with CROs, CDMOs and other third parties for preclinical studies, clinical trials and manufacturing services. These contracts typically do not contain minimum purchase commitments and are generally cancelable by Disc upon written notice. Payments due upon cancellation consist of payments for services provided or expenses incurred, including noncancelable obligations of Disc's service providers, up to the date of cancellation and, in the case of certain arrangements with CROs and CDMOs, may include non-cancelable fees. These payments are not included in the table above as the amount and timing of such payments are not fixed and estimable.

Disc has also entered into license agreements under which Disc is obligated to make specified milestone and royalty payments. Disc has not included future payments under these agreements in the table of contractual obligations above since the payment obligations under these agreements are contingent upon future events such as regulatory milestones or generating product sales. Disc is unable to estimate the timing or likelihood of achieving these milestones or generating future product sales. For additional information about Disc's license agreements and amounts that could become payable in the future under such agreements, see Disc's consolidated financial statements included in Exhibits 99.5 and 99.6 of the Company's Current Report on Form 8-K of which this Exhibit 99.4 is a part. See also "Licensing Agreements."

**Critical Accounting Policies and Estimates**

Disc's management's discussion and analysis of its financial condition and results of operations is based on Disc's consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP. The preparation of Disc's consolidated financial statements and related disclosures requires Disc to make estimates and judgments that affect the reported amounts of assets, liabilities, costs and expenses, and the disclosure of contingent assets and liabilities in Disc's consolidated financial statements. Disc bases its estimates on historical experience, known trends and events and various other factors that Disc believes are 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. Disc evaluates its estimates and assumptions on an ongoing basis. Disc's actual results may differ from these estimates under different assumptions or conditions.

While Disc's significant accounting policies are described in more detail in Note 2 to Disc's consolidated financial statements included in Exhibit 99.5 of the Company's Current Report on Form 8-K of which this Exhibit 99.4 is a part, Disc believes that the following accounting policies are those most critical to the judgments and estimates used in the preparation of Disc's consolidated financial statements.

***Research and Development Contract Costs and Accruals***

As part of the process of preparing Disc's consolidated financial statements, Disc is required to estimate its accrued and prepaid research and development expenses. This process involves reviewing open contracts and purchase orders, communicating with applicable personnel to identify services that have been performed on Disc's behalf and estimating the level of service performed and the associated cost incurred for the service when Disc has not yet been invoiced or otherwise notified of actual costs. The majority of Disc's service providers invoice Disc in arrears for services performed, on a pre-determined schedule or when contractual milestones are met; however, some require advance payments. Disc makes estimates of its accrued expenses as of each balance sheet date in the consolidated financial statements based on facts and circumstances known to Disc at that time. Disc periodically confirms the accuracy of these estimates with the service providers and makes adjustments, if necessary. Examples of estimated accrued research and development expenses include fees paid to:

- vendors in connection with preclinical development activities;
- CROs and investigative sites in connection with preclinical studies and clinical trials; and
- CDMOs in connection with the production of preclinical study and clinical trial materials.

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 Disc's vendors will exceed the level of services provided and result in a prepayment of the expense. In accruing service fees, Disc estimates 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, Disc adjusts the accrual or the amount of prepaid expenses accordingly. Although Disc does not expect its estimates to be materially different from amounts actually incurred, Disc's 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.

***Fair Value of Derivative Liability***

In May 2021, Disc entered into a license agreement (the "Roche Agreement") with F. Hoffmann-La Roche Ltd. and Hoffmann-La Roche Inc. (together, "Roche") pursuant to which Roche granted Disc an exclusive and sublicensable worldwide license under certain patent rights and know-how to develop, manufacture and commercialize certain compounds (the "Compounds") as further described in Note 7 to Disc's consolidated financial statements included in Exhibit 99.5 of the Company's Current Report on Form 8-K of which this Exhibit 99.4 is a part. Disc recognized a liability in connection with the Roche Agreement which includes an obligation to issue a variable number of shares of Disc common stock to Roche for no additional consideration upon Disc's completion of an initial public offering or certain merger transactions, a "Roche Qualified Transaction." The number of shares of common stock to be issued to Roche was estimated to be approximately 2.85% of the outstanding shares of Disc common stock as of immediately after the completion of a Roche Qualified Transaction. Disc has determined that the obligation to issue common stock upon completion of a Roche Qualified Transaction represents a liability classified financial instrument. The liability is measured at fair value as of each reporting date and the change in the fair value for the period is recorded in the consolidated statements of operations in the change in fair value of derivative liability. The fair value measurement of the derivative liability is classified as Level 3 under the fair value hierarchy as it has been valued using certain unobservable inputs. These inputs include: (1) Disc's fair value upon completion of a Roche Qualified Transaction and (2) the probability of Disc completing a Roche Qualified Transaction. The probability of Disc completing a Roche Qualified Transaction was low double-digits upon the execution of the Roche Agreement, adjusted periodically based on Disc's progress towards a Roche Qualified Transaction. Significant increases or decreases in any of those inputs could result in a significantly lower or higher fair value measurement.

***Stock-Based Compensation Expense***

Disc measures stock-based awards granted to employees, directors, and nonemployees based on their fair value on the date of the grant and recognize compensation expense for those awards over the requisite service period, which is generally the vesting period of the respective award. For stock-based awards with service-based vesting conditions, Disc recognizes compensation expense using the straight-line method. For stock-based awards with performance-based vesting conditions, Disc uses the accelerated attribution method to expense the awards over the implicit service period based on the probability of achieving the performance conditions. The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model, which requires inputs based on certain subjective assumptions, including the fair value of Disc common stock, the expected stock price volatility, the expected term of the option, the risk-free interest rate for a period that approximates the expected term of the option, and the expected dividend yield. As there is no public market for Disc common stock, Disc determined the volatility for awards granted based on an analysis of reported data for a group of guideline companies that issued options with substantially similar terms. The expected volatility has been determined using a weighted average of the historical volatility measures of this group of guideline companies. Disc expects to continue to do so until such time as Disc has adequate historical data regarding the volatility of Disc's own traded stock price. The expected term of Disc's stock options granted to employees has been determined utilizing the "simplified" method for awards that qualify as "plain-vanilla" options, using the average between the vesting date and the contractual term. The fair value of each restricted common stock award is estimated on the date of grant based on the estimated fair value of Disc common stock on the date of grant.

*Determination of the Fair Value of Common Stock*

As there has been no public market for Disc common stock to date, the estimated fair value of Disc common stock has been determined by Disc's board of directors as of the date of each option grant with input from management, considering Disc's most recently available third-party valuation of common stock, and Disc's board of directors' assessment of additional objective and subjective factors that it believed were relevant and which may have changed from the date of the most recent valuation through the date of the grant. These third-party valuations were performed in accordance with the guidance outlined in the *American Institute of Certified Public Accountants' Accounting and Valuation Guide, Valuation of Privately-Held-Company Equity Securities Issued as Compensation.*

Disc's common stock valuations were prepared using either an option pricing method, or OPM, or a hybrid method, both of which used market approaches to estimate Disc's enterprise value. The OPM treats common stock and convertible preferred stock as call options on the total equity value of a company, with exercise prices based on the value thresholds at which the allocation among the various holders of a company's securities changes. Under this method, the common stock has value only if the funds available for distribution to stockholders exceeded the value of the convertible preferred stock liquidation preferences at the time of the liquidity event, such as a strategic sale or a merger. A discount for lack of marketability of the common stock is then applied to arrive at an indication of value for the common stock.

The hybrid method is a probability-weighted expected return method, or PWERM, by which the equity value in one or more scenarios is calculated using an OPM. The PWERM is a scenario-based methodology that estimates the fair value of common stock based upon an analysis of future values for the company, assuming various outcomes. The common stock value is based on the probability-weighted present value of expected future investment returns considering each of the possible outcomes available as well as the rights of each class of stock. The future value of the common stock under each outcome is discounted back to the valuation date at an appropriate risk-adjusted discount rate and probability weighted to arrive at an indication of value for the common stock.

The assumptions underlying these valuations were highly complex and subjective and represented management's best estimates, which involved inherent uncertainties and the application of management's judgment. As a result, if Disc had used significantly different assumptions or estimates, the fair value of Disc common stock and stock-based compensation expense could be materially different.

These independent third-party valuations were performed at various dates, which resulted in estimated valuations of Disc common stock by Disc's board of directors of $0.11 per share as of September 13, 2019, $0.29 per share as of May 31, 2020, $1.08 per share as of August 15, 2021, $1.58 per share as of November 1, 2021, $1.61 per share as of January 31, 2022, $1.00 per share as of May 31, 2022, and $2.19 per share as of August 31, 2022.

Once a public trading market for Disc common stock has been established in connection with the completion of the merger, it will no longer be necessary for Disc's board of directors to estimate the fair value of Disc common stock in connection with its accounting for granted stock options and other such awards Disc may grant, as the fair value of Disc common stock will be determined based on the quoted market price of Disc common stock.

***Stock-Based Compensation Expense***

The following table sets forth by grant date the number of shares subject to options granted between January 1, 2020 and December 23, 2022, the per share exercise price of the options, the fair value of common stock per share on each grant date, and the per share estimated fair value of the options:

| Grant Date | Number of Shares Subject to Option | Per Share Exercise Price of Options | Per Share Fair Value of Common Stock on Grant Date | Per Share Estimated Fair Value of Options on Grant Date(1) |
|---|---|---|---|---|
| March 11, 2020 | 2,868,382 | $ 0.11 | $ 0.11 | $ 0.06 |
| August 11, 2020 | 989,097 | $ 0.29 | $ 0.29 | $ 0.16 |
| September 15, 2020 | 123,637 | $ 0.29 | $ 0.29 | $ 0.16 |
| October 23, 2020 | 1,692,775 | $ 0.29 | $ 0.29 | $ 0.16 |
| November 27, 2020 | 256,468 | $ 0.29 | $ 0.29 | $ 0.16 |
| February 12, 2021 | 705,287 | $ 0.29 | $ 0.29 | $ 0.16 |
| March 18, 2021 | 89,000 | $ 0.29 | $ 0.29 | $ 0.16 |
| April 26, 2021 | 192,350 | $ 0.29 | $ 0.29 | $ 0.16 |
| September 10, 2021 | 1,003,926 | $ 1.08 | $ 1.08 | $ 0.62 |
| September 14, 2021 | 4,112,590 | $ 1.08 | $ 1.08 | $ 0.62 |
| December 1, 2021 | 665,000 | $ 1.58 | $ 1.58 | $ 0.89 |
| February 7, 2022 | 1,356,149 | $ 1.61 | $ 1.61 | $ 0.86 |
| April 6, 2022 | 335,000 | $ 1.61 | $ 1.61 | $ 0.87 |
| July 11, 2022 | 518,200 | $ 1.00 | $ 1.00 | $ 0.54 |
| November 4, 2022 | 640,000 | $ 2.19 | $ 2.19 | $ 1.24 |

(1) The per share estimated fair value of options reflects the fair value of options as estimated at the date of grant using the Black-Scholes option-pricing model.

**Off-Balance Sheet Arrangements**

Disc did not have during the periods presented, and does not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the Securities and Exchange Commission.

**Recently Issued and Adopted Accounting Pronouncements**

A description of recently issued and certain recently adopted accounting pronouncements that have or may potentially impact Disc's financial position and results of operations is included in Note 2 to Disc's consolidated financial statements included in Exhibit 99.5 of the Company's Current Report on Form 8-K of which this Exhibit 99.4 is a part.

**Quantitative and Qualitative Disclosures About Market Risk**

As of December 31, 2020 and 2021, Disc had cash and cash equivalents of $25.8 million and $88.0 million, respectively, which consisted of cash and money market funds. As of September 30, 2022, Disc had cash and cash equivalents of $55.5 million. Interest income is sensitive to changes in the general level of interest rates; however, due to the nature of these investments, an immediate 10% change in market interest rates would not have a material effect on the fair market value of Disc's cash or cash equivalents.

Disc's employees and operations are primarily located in the United States. Disc has, from time to time, engaged in contracts with contractors or other vendors in a currency other than the U.S. dollar. To date, Disc has had minimal exposure to fluctuations in foreign currency exchange rates as the time period between the date that transactions are initiated, and the date of payment or receipt of payment is generally of short duration. Accordingly, Disc believes it does not have a material exposure to foreign currency risk.

Inflation generally affects Disc by increasing its cost of labor. Disc does not believe that inflation had a material effect on its business, financial condition or results of operations during the years ended December 31, 2020 or 2021 or during the nine months ended September 30, 2021 and 2022.

**Exhibit 99.5**

# INDEX TO DISC'S CONSOLIDATED FINANCIAL STATEMENTS

## Year ended December 31, 2021 and year ended December 31, 2020

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Stockholders and Board of Directors of Disc Medicine, Inc.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Disc Medicine, Inc. (the Company) as of December 31, 2020 and 2021, the related consolidated statements of operations and comprehensive loss, convertible preferred stock and stockholders' deficit and cash flows for the years then ended, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2020 and 2021, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

**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/ Ernst & Young LLP

We have served as the Company's auditor since 2020.

Boston, Massachusetts

March 25, 2022

**DISC MEDICINE, INC.**

**CONSOLIDATED BALANCE SHEETS**

**(In thousands, except share and per share data)**

| | December 31, | |
|---|---|---|
| | 2020 | 2021 |
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 25,825 | $ 88,036 |
| Prepaid expenses and other current assets | 365 | 2,448 |
| Total current assets | 26,190 | 90,484 |
| Property and equipment, net | 70 | 106 |
| Right-of-use assets, operating leases | 1,056 | 1,641 |
| Other assets | 61 | 180 |
| Total assets | $ 27,377 | $ 92,411 |
| **Liabilities, Convertible Preferred Stock and Stockholders' Deficit** | | |
| Current liabilities: | | |
| Accounts payable | $ 588 | $ 2,559 |
| Accrued expenses | 2,437 | 4,096 |
| Derivative liability | — | 6,450 |
| Operating lease liabilities, current | 199 | 319 |
| Total current liabilities | 3,224 | 13,424 |
| Operating lease liabilities, non-current | 850 | 1,334 |
| Total liabilities | 4,074 | 14,758 |
| Commitments and contingencies (Note 13) | | |
| Series Seed convertible preferred stock, $0.0001 par value; 5,000,000 shares authorized, issued and outstanding as of December 31, 2020 and 2021 (liquidation preference of $5,000 as of December 31, 2020 and 2021) | 2,350 | 2,350 |
| Series A convertible preferred stock, $0.0001 par value; 41,666,666 shares authorized, issued and outstanding as of December 31, 2020 and 2021 (liquidation preference of $50,000 as of December 31, 2020 and 2021) | 49,762 | 49,762 |
| Series B convertible preferred stock, $0.0001 par value; no shares authorized, issued or outstanding, as of December 31, 2020; 37,499,999 shares authorized, issued and outstanding as of December 31, 2021 (liquidation preference of $90,000 as of December 31, 2021) | — | 89,744 |
| Stockholders' deficit: | | |
| Common stock, $0.0001 par value; 70,000,000 and 108,108,833 shares authorized as of December 31, 2020 and 2021, respectively; 7,924,528 and 8,390,438 shares issued December 31, 2020 and 2021, respectively; and 7,696,947 and 8,297,664 shares outstanding as of December 31, 2020 and 2021, respectively | 1 | 1 |
| Additional paid-in capital | 610 | 1,185 |
| Accumulated deficit | (29,420) | (65,389) |
| Total stockholders' deficit | (28,809) | (64,203) |
| Total liabilities, convertible preferred stock and stockholders' deficit | $ 27,377 | $ 92,411 |

*The accompanying notes are an integral part of these consolidated financial statements.*

**DISC MEDICINE, INC.**

**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

**(In thousands, except share and per share data)**

| | Year Ended December 31, | |
|---|---|---|
| | **2020** | **2021** |
| Operating expenses: | | |
| Research and development | $ 18,020 | $ 25,170 |
| General and administrative | 2,956 | 5,763 |
| Total operating expenses | 20,976 | 30,933 |
| Loss from operations | (20,976) | (30,933) |
| Other income (expense), net: | | |
| Interest income | 40 | 14 |
| Change in fair value of derivative liability | — | (5,050) |
| Total other income (expense), net | 40 | (5,036) |
| Net loss and comprehensive loss | $ (20,936) | $ (35,969) |
| Net loss attributable to common stockholders—basic and diluted | $ (20,936) | $ (35,969) |
| Weighted-average common shares outstanding—basic and diluted | 6,930,451 | 8,014,679 |
| Net loss per share attributable to common stockholders—basic and diluted | $ (3.02) | $ (4.49) |

*The accompanying notes are an integral part of these consolidated financial statements.*

**DISC MEDICINE, INC.**

**CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK**

**AND STOCKHOLDERS' DEFICIT**

**(In thousands, except share and per share data)**

| | Convertible Preferred Stock | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Series Seed $0.0001 Par Value | | Series A $0.0001 Par Value | | Series B $0.0001 Par Value | | Common Stock $0.0001 Par Value | | Additional Paid-In Capital | Accumulated Deficit | Total Stockholders' Deficit |
| | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Amount | | | |
| **Balance at December 31, 2019** | 5,000,000 | $ 2,350 | 12,499,999 | $ 14,783 | — | $ — | 5,499,137 | $ 1 | $ 262 | $ (8,484) | $ (8,221) |
| Issuance of Series A convertible preferred stock, net of issuance costs of $21 | — | — | 29,166,667 | 34,979 | — | — | — | — | — | — | — |
| Vesting of common stock issued to AbbVie (Note 7) | — | — | — | — | — | — | 2,041,667 | — | 224 | — | 224 |
| Issuance of common stock upon exercise of stock options | — | — | — | — | — | — | 12,295 | — | 1 | — | 1 |
| Vesting of restricted common stock | — | — | — | — | — | — | 143,848 | — | — | — | — |
| Stock-based compensation expense | — | — | — | — | — | — | — | — | 123 | — | 123 |
| Net loss | — | — | — | — | — | — | — | — | — | (20,936) | (20,936) |
| **Balance at December 31, 2020** | 5,000,000 | $ 2,350 | 41,666,666 | $ 49,762 | — | $ — | 7,696,947 | $ 1 | $ 610 | $ (29,420) | $ (28,809) |
| Issuance of Series B convertible preferred stock, net of issuance costs of $256 | — | — | — | — | 37,499,999 | 89,744 | — | — | — | — | — |
| Issuance of common stock upon exercise of stock options | — | — | — | — | — | — | 465,910 | — | 68 | — | 68 |
| Vesting of restricted common stock | — | — | — | — | — | — | 134,807 | — | — | — | — |
| Stock-based compensation expense | — | — | — | — | — | — | — | — | 507 | — | 507 |
| Net loss | — | — | — | — | — | — | — | — | — | (35,969) | (35,969) |
| **Balance at December 31, 2021** | 5,000,000 | $ 2,350 | 41,666,666 | $ 49,762 | 37,499,999 | $ 89,744 | 8,297,664 | $ 1 | $ 1,185 | $ (65,389) | $ (64,203) |

*The accompanying notes are an integral part of these consolidated financial statements.*

**DISC MEDICINE, INC.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(In thousands)**

| | Year Ended December 31, | |
|---|---|---|
| | **2020** | **2021** |
| **Cash flows from operating activities** | | |
| Net loss | $ (20,936) | $ (35,969) |
| Adjustments to reconcile net loss to net cash used in operations: | | |
| Depreciation and amortization | 20 | 32 |
| Stock-based compensation | 123 | 507 |
| Change in fair value of derivative liability | — | 5,050 |
| Noncash license expense | 224 | 1,400 |
| Noncash lease expense | 100 | 160 |
| Changes in operating assets and liabilities: | | |
| Prepaid expenses and other current assets | (261) | (1,366) |
| Other assets | — | (64) |
| Accounts payable | (510) | 1,315 |
| Accrued expenses | 1,365 | 1,542 |
| Operating lease liabilities | (91) | (141) |
| Net cash used in operating activities | (19,966) | (27,534) |
| **Cash flow from investing activities** | | |
| Purchases of property and equipment | (77) | (68) |
| Net cash used in investing activities | (77) | (68) |
| **Cash flow from financing activities** | | |
| Proceeds from issuance of convertible preferred stock, net of issuance costs | 34,979 | 89,861 |
| Proceeds from stock option exercises | 1 | 68 |
| Net cash provided by financing activities | 34,980 | 89,929 |
| Net increase in cash, cash equivalents and restricted cash | 14,937 | 62,327 |
| Cash, cash equivalents and restricted cash, beginning of period | 10,949 | 25,886 |
| Cash, cash equivalents and restricted cash, end of period | $ 25,886 | $ 88,213 |
| **Supplemental cash flow information** | | |
| Cash paid for income taxes | $ — | $ — |
| **Supplemental disclosure of non-cash activities** | | |
| Purchases of property and equipment included in accounts payable and accrued expenses | $ — | $ 10 |
| Right-of-use assets obtained in exchange for new operating lease liabilities | $ 1,156 | $ 1,670 |
| Decrease in right-of-use assets related to lease modification | $ — | $ 896 |
| Decrease in operating lease liabilities due to lease modification | $ — | $ 896 |
| Deferred issuance costs on Series B convertible preferred stock in accounts payable and accruals | $ — | $ 117 |
| Deferred offering costs included in accounts payable and accruals at end of period | $ 27 | $ 656 |

*The accompanying notes are an integral part of these consolidated financial statements.*

## 1. Organization and Nature of the Business

Disc Medicine, Inc. (the "Company") is a clinical-stage biopharmaceutical company focused on the discovery, development and commercialization of novel treatments for patients suffering from serious hematologic disorders. The Company was incorporated in October 2017 under the laws of the State of Delaware. Its principal offices are in Watertown, Massachusetts.

### *Risks and Uncertainties*

The Company is subject to a number of risks and uncertainties common to development stage companies in the biotechnology industry, including, but not limited to, risks associated with completing preclinical studies and clinical trials, receiving regulatory approvals for product candidates, development by competitors of new biopharmaceutical products, dependence on key personnel, reliance on third-party organizations, protection of proprietary technology, compliance with government regulations, the impact of the COVID-19 pandemic and the ability to secure additional capital to fund operations. The Company's research and development programs will require significant additional research and development efforts, including preclinical and clinical testing and regulatory approval, prior to commercialization. Even if the Company's product development efforts are successful, it is uncertain when, if ever, the Company will realize revenue from product sales.

Through December 31, 2021, the Company funded its operations primarily with proceeds from the sale of Series Seed convertible preferred stock ("Series Seed Preferred Stock"), Series A convertible preferred stock ("Series A Preferred Stock") and Series B convertible preferred stock ("Series B Preferred Stock"), collectively referred to as "Preferred Stock."

### *Liquidity and Going Concern*

The Company has incurred recurring losses and negative cash flows from operations since inception. As of December 31, 2021, the Company had an accumulated deficit of $65.4 million. The Company expects its operating losses and negative operating cash flows to continue into the foreseeable future. There can be no assurance that the Company will ever earn revenues or achieve profitability, or if achieved, that the revenues or profitability will be sustained on a continuing basis. In addition, the Company's preclinical and clinical development activities, manufacturing and commercialization of the Company's product candidates, if approved, will require significant additional financing.

As of the issuance date of these consolidated financial statements, the Company expects that its existing cash and cash equivalents as of December 31, 2021 of $88.0 million will enable the Company to fund its planned operating expense and capital expenditure requirements for at least twelve months from the date of issuance of these consolidated financial statements, March 25, 2022.

The future viability of the Company is dependent on its ability to generate cash from operating activities or to raise additional capital to finance its operations.

The Company is seeking to complete an initial public offering of its common stock. Upon the closing of a qualified public offering, the Company's outstanding convertible preferred stock will automatically convert into shares of common stock (see Note 8).

In the event that the initial public offering is not completed, the Company may seek funding through private equity financings, debt financing or collaboration agreements until it can generate sufficient operating cash flows from its operations. The terms of any financing may adversely affect the holdings or the rights of the Company's stockholders. There is no assurance that the Company will be successful in obtaining sufficient funding on terms acceptable to the Company, if at all. If the Company is unable to obtain funding, the Company could be forced to delay, reduce or eliminate its research and development programs, product portfolio expansion or commercialization efforts, which could adversely affect its business.

## 2. Summary of Significant Accounting Policies

### *Basis of Presentation and Principles of Consolidation*

The Company's consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). Any reference in these notes to applicable guidance is meant to refer to the authoritative accounting principles generally accepted in the United States as found in the Accounting Standard Codification ("ASC") and Accounting Standards Updates ("ASU") of the Financial Accounting Standards Board ("FASB").

The consolidated financial statements include the Company and its wholly-owned subsidiary, Disc Medicine Securities Corp. All intercompany transactions and balances have been eliminated in consolidation.

### *Use of Estimates*

The preparation of the Company's consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting period. Significant estimates and assumptions reflected in these consolidated financial statements include, but are not limited to accrued research and development expenses; stock-based compensation expense; the fair value of the common stock; the fair value of the derivative liability; the incremental borrowing rate for determining lease liabilities and right-of-use assets and income taxes. The Company bases its estimates on historical experience, known trends and other market-specific or other relevant factors that it has concluded to be reasonable under the circumstances. On an ongoing basis, management evaluates its estimates as there are changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known. Actual results may differ materially from those estimates or assumptions.

***Segment Information***

The Company manages its operations as a single operating segment for the purposes of assessing performance and making operating decisions, resulting in a single reportable segment. The Company has assembled a portfolio of clinical and preclinical product candidates that aim to modify fundamental biological pathways associated with the formation and function of red blood cells, specifically heme biosynthesis and iron homeostasis. The Company has determined that its chief operating decision maker is its Chief Executive Officer. The Company's chief operating decision maker reviews the Company's financial information on a consolidated basis for purposes of allocating resources and assessing financial performance. All of the Company's tangible assets are held in the United States.

***Concentration of Credit Risk and of Significant Suppliers***

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of cash and cash equivalents. The Company maintains deposits in federally insured financial institutions in excess of federally insured limits and limits its exposure to cash risk by placing its cash with high credit quality accredited financial institutions. The Company has concluded that it is not subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships.

The Company relies, and expects to continue to rely, on a small number of vendors to manufacture supplies and to process its product candidates for its development programs. These programs could be adversely affected by a significant interruption in the manufacturing process or supply chain.

***Cash and Cash Equivalents***

The Company considers all highly liquid investments with original maturities of three months or less at the date of purchase to be cash equivalents. Cash and cash equivalents include cash in readily available checking and money market accounts. Cash equivalents are reflected at fair value based on quoted market prices as further described in Note 3.

***Restricted Cash***

The Company maintained letters of credit for the benefit of its landlords related to its leased office space in Cambridge, Massachusetts and Watertown, Massachusetts. The Company was required to maintain separate cash balances to secure its letters of credit.

The Company classified the separate cash balance related to the leased office space in Cambridge, Massachusetts as other assets (non-current) in the consolidated balance sheet as of December 31, 2020 based on the contractual release date of the restrictions on this cash. Due to the lease termination in September 2021, the letter of credit related to the leased office space in Cambridge, Massachusetts was reclassified to prepaid expenses and other current assets as of December 31, 2021. See Note 14 for more information regarding the Company's leases.

***Deferred Offering Costs***

The Company capitalizes certain legal, professional accounting and other third-party fees that are directly associated with in-process equity financings as deferred offering costs until such financings are consummated. After consummation of an equity financing, these costs are recorded as a reduction of the proceeds from the offering, either as a reduction of the carrying value of the preferred stock or in stockholders' deficit as a reduction of additional paid-in capital generated as a result of the common stock offering. Should the in-process equity financing be abandoned, the deferred offering costs would be expensed immediately as a charge to operating expenses in the consolidated statements of operations and comprehensive loss. As of December 31, 2021, the Company capitalized $1.7 million of deferred offering costs related to the Company's planned initial public offering.

***Fair Value Measurements***

The Company categorizes its assets and liabilities measured at fair value in accordance with the authoritative accounting guidance that establishes a consistent framework for measuring fair value and expands disclosures for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. Fair value is defined as the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2—Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable; and
- Level 3—Unobservable inputs in which little or no market activity exists, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

The fair value of the Company's cash equivalents are determined according to the fair value hierarchy described above (see Note 3). The carrying values of the Company's prepaid expenses and other current assets, accounts payable and accrued expenses approximate their fair values due to the short-term nature of these assets and liabilities.

***Property and Equipment***

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

| | Estimated Useful Life |
|---|---|
| Computer equipment | 3.0 years |
| Furniture and fixtures | 3.0 years |

Costs for capital assets not yet placed into service are capitalized as construction-in-progress and depreciated in accordance with the above guidelines once placed into service. Upon retirement or sale, the cost of assets disposed of and the related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is included in loss from operations. Expenditures for repairs and maintenance are expensed as incurred.

***Impairment of Long-lived Assets***

As required under the applicable accounting guidance, the Company periodically reevaluates the original assumptions and rationale used in the establishment of the carrying value and estimated lives of all of its long-lived assets, including property and equipment. The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An impairment loss is recognized when the total of estimated future undiscounted cash flows, expected to result from the use of the asset and its eventual disposition, are less than its carrying amount. Impairment, if any, would be assessed using discounted cash flows or other appropriate measures of fair value. There were no impairments for the years ended December 31, 2020 and 2021.

***Leases***

Effective January 1, 2020, the Company adopted and accounts for its leases under ASC 842, using the modified retrospective transition approach. At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease. Leases with a term greater than one year are recognized on the consolidated balance sheet as a right-of-use ("ROU") asset and current and non-current lease liabilities, as applicable. The Company has made an accounting policy election, known as the short-term lease recognition exemption, which allows the Company to not recognize ROU assets and lease liabilities that arise from short-term leases (12 months or less) for any class of underlying asset. The Company typically only includes an initial lease term in its assessment of a lease arrangement. Options to renew or options to cancel a lease are not included in the Company's assessment unless there is reasonable certainty that the Company will renew or will not cancel, respectively. The Company monitors its material leases on a quarterly basis.

Leases are classified at their lease commencement date, which is defined as the date on which the lessor makes the underlying asset available for use by the lessee, as either operating or finance leases based on the economic substance of the agreement. All of the Company's leases are classified as operating leases. Operating lease liabilities and their corresponding ROU assets are recorded based on the present value of future lease payments over the expected remaining lease term. Fixed lease cost for operating leases is recognized on a straight-line basis over the lease term as an operating expense. Variable lease costs, such as common area maintenance expenses, are recognized in the period incurred. Certain adjustments to the ROU asset may be required for items such as lease prepayments or incentives received. The interest rate implicit in lease contracts is typically not readily determinable. As a result, the Company utilizes its estimated incremental borrowing rate, which reflects the estimated fixed rate at which the Company could borrow on a collateralized basis the amount of the lease payments in the same currency, for a similar term, in a similar economic environment.

The Company has elected to account for the lease and non-lease components together for existing classes of underlying assets.

***Preferred Stock***

The Company applies the guidance of ASC Topic 480, *Distinguishing Liabilities from Equity* ("ASC 480"), when determining the classification and measurement of its preferred stock. Preferred stock subject to mandatory redemption (if any) are classified as liability instruments and are measured at fair value. The Company classifies contingently redeemable preferred stock (if any), which includes preferred stock that features redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control, as temporary equity. At all other times, the Company classifies its preferred stock in stockholders' deficit.

The Company has classified its convertible preferred stock as temporary equity in the accompanying consolidated balance sheets due to terms that allow for redemption of the shares upon the occurrence of a contingent event that is not solely within the Company's control. The Company did not accrete the carrying values of the preferred stock to the redemption values since the contingent event was not considered probable as of December 31, 2020 and 2021. Subsequent adjustments of the carrying values to the ultimate redemption values will be made only when it becomes probable that such an event will occur.

***Research and Development Expenses***

Research and development costs are expensed as incurred. Research and development expenses consist of costs incurred in performing research and development activities, including salaries and bonuses, stock-based compensation, employee benefits, facilities costs, depreciation, external costs of vendors engaged to conduct preclinical development activities and clinical trials, manufacturing expenses, as well as the costs of licensing technology.

Nonrefundable prepayments for goods or services that will be used or rendered for future research and development activities are recorded as prepaid expenses. The prepaid amounts are expensed as the related goods are delivered or the services are performed, or when it is no longer expected that the goods will be delivered or the services rendered.

If the Company acquires an asset or group of assets under an in-licensing arrangement that does not meet the definition of a business under ASC Topic 805, *Business Combinations*, and the acquired in-process research and development does not have an alternative future use, any related upfront license payment is expensed as incurred in accordance with guidance in ASC Topic 730, *Research and Development*. In general, contingent payments are recognized when it becomes probable the payment will be required. Any contingent payments that qualify as a derivative liability are recognized at fair value on the Company's consolidated balance sheets. Annual maintenance fees under license agreements are expensed in the period in which they are incurred. Contingent payments for assets acquired are expensed as incurred or capitalized and amortized based on the nature of the associated asset at the date the payment is recognized. Royalties owed on sales of the products licensed pursuant to license agreements are expensed in the period the related revenues are recognized.

The Company has entered into various research, development and manufacturing contracts with research institutions and other companies primarily in the United States, including contracts with third-party contract research organizations and contract development and manufacturing organizations. These agreements are generally cancelable, and related costs are recorded as research and development expenses as incurred. The Company records accrued liabilities for estimated ongoing research, development and manufacturing costs and prepaid expenses for payments made in advance of work performed. When billing terms under these contracts do not coincide with the timing of when the work is performed, the Company is required to make estimates of outstanding obligations to those third parties as of period end. Any accrual estimates are based on a number of factors, including the Company's knowledge of the progress towards completion of the research, development and manufacturing activities, invoicing to date under the contracts, communication from the research institutions and other companies of any actual costs incurred during the period that have not yet been invoiced and the costs included in the contracts. Significant judgments and estimates are made in determining the accrued balances at the end of any reporting period. Actual results may differ from the estimates made by the Company.

***Patent Costs***

The Company expenses all costs as incurred in connection with patent applications, including direct application fees, and the legal and consulting expenses related to making such applications due to the uncertainty about the recovery of the expenditure. These costs are included in general and administrative expenses within the Company's consolidated statements of operations and comprehensive loss.

***Stock-Based Compensation***

The Company accounts for all stock-based awards granted to employees and non-employees as stock-based compensation expense at fair value. The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option-pricing model, which requires inputs based on certain subjective assumptions, including the fair value of the Company's common stock on the date of grant, the expected stock price volatility, the expected term of the option, the risk-free interest rate for a period that approximates the expected term of the option and the Company's expected dividend yield. The fair value of each restricted stock award is estimated on the date of grant based on the fair value of the Company's common stock on that same date. As there is no public market for its common stock, the Company determines the volatility for awards granted based on an analysis of reported data for a group of guideline companies that issued options with substantially similar terms. The expected volatility has been determined using a weighted-average of the historical volatility measures of this group of guideline companies. The Company 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 granted to employees 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. The Company has not paid, and does not anticipate paying, cash dividends on its common stock; therefore, the expected dividend yield is assumed to be zero.

The Company recognizes compensation expense for employees and non-employees over the requisite service period, which is generally the vesting period of the respective award, based on the grant date fair value of the award. For awards that include performance-based vesting conditions expense is recognized using the accelerated attribution method when the performance condition is deemed to be probable. The Company accounts for forfeitures as they occur.

The Company classifies stock-based compensation expense in the consolidated statements of operations and comprehensive loss in the same manner in which the award recipient's payroll costs are classified or in which the award recipient's service payments are classified.

See Note 10 for a summary of the stock-based award activity under the Company's stock-based compensation plan.

***Determination of Fair Value of Common Stock on Grant Dates***

Due to the absence of an active market for the Company's common stock, the Company and the Board were required to determine the fair value of the Company's common stock at the time of each grant of a stock-based award. The Company estimated the fair value of its common stock utilizing 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*. 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 prices paid for the Company's convertible preferred stock and the rights, preferences, and privileges of the Company's Preferred Stock and common stock; the Company's stage of development and status of technological developments within the Company's research; the illiquid nature of securities in a private company; the prospects of a liquidity event; 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.

The Company's common stock valuations were prepared using either an option pricing method ("OPM"), or a hybrid method, both of which used market approaches to estimate our enterprise value. The OPM treats common stock and convertible preferred stock as call options on the total equity value of a company, with exercise prices based on the value thresholds at which the allocation among the various holders of a company's securities changes. Under this method, the common stock has value only if the funds available for distribution to stockholders exceeds the value of the convertible preferred stock liquidation preferences at the time of the liquidity event, such as a strategic sale or a merger. A discount for lack of marketability of the common stock is then applied to arrive at an indication of value for the common stock.

The hybrid method is a probability-weighted expected return method ("PWERM"), by which the equity value in one or more scenarios is calculated using an OPM. The PWERM is a scenario-based methodology that estimates the fair value of common stock based upon an analysis of future values for the company, assuming various outcomes. The common stock value is based on the probability-weighted present value of expected future investment returns considering each of the possible outcomes available as well as the rights of each class of stock. The future value of the common stock under each outcome is discounted back to the valuation date at an appropriate risk-adjusted discount rate and probability weighted to arrive at an indication of value for the common stock. In addition to a scenario using the OPM, the hybrid method also considers an initial public offering scenario in which the shares of convertible preferred stock are assumed to convert to common stock. The future value of the common stock in the initial public offering scenario was discounted back to the valuation date at an appropriate risk adjusted discount rate. In the hybrid method, the present value indicated for each scenario was probability weighted to arrive at an indication of value for the Company's common stock. The Company utilized significant estimates and assumptions in determining the fair value of its equity and equity-based awards.

***Comprehensive Loss***

Comprehensive loss includes net loss, as well as other changes in stockholders' deficit that result from transactions and economic events other than those with stockholders. The Company's comprehensive loss was equal to net loss for the years ended December 31, 2020 and 2021.

***Income Taxes***

Income taxes have been accounted for using the asset and liability method. Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates applicable to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. A valuation allowance against deferred tax assets is recorded if, based upon the weight of all available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. Since the Company has generated operating losses and expects to continue to incur future losses, the net deferred tax assets have been fully offset by a valuation allowance.

The Company accounts for income taxes in accordance with authoritative accounting guidance which states the impact of an uncertain income tax position is recognized at the largest amount that is "more likely than not" to be sustained upon audit by the relevant taxing authority. There are no unrecognized tax benefits included in the Company's consolidated balance sheets at December 31, 2020 or 2021. The Company's practice is to recognize interest and penalties related to income tax matters in income tax expense. The Company has not recognized interest or penalties in its consolidated statements of operations and comprehensive loss since inception.

The Company files income tax returns in the United States and in Massachusetts. The Company's income tax returns are subject to review and tax assessment from an income tax examination. As of December 31, 2021, the Company was not under examination by the Internal Revenue Service or other jurisdictions for any tax year.

***Net Loss Per Share***

Net loss per share attributable to common stockholders is calculated using the two-class method, which is an earnings allocation formula that determines net loss per share for the holders of the Company's common shares and participating securities. The Company's Preferred Stock contains participation rights in any dividend paid by the Company and is deemed to be a participating security. Net income attributable to common stockholders and participating preferred shares are allocated to each share as if all of the earnings for the period had been distributed. The participating securities do not include a contractual obligation to share in losses of the Company and are not included in the calculation of net loss per share in the periods in which a net loss is recorded. Net loss attributable to common stockholders is equal to the net loss for the period.

Diluted net loss per share is computed using the more dilutive of (a) the two-class method or (b) the treasury stock method and if-converted method. The Company allocates earnings first to preferred stockholders based on dividend rights and then to common and preferred stockholders based on ownership interests. The weighted-average number of common shares included in the computation of diluted net loss gives effect to all potentially dilutive common equivalent shares, including outstanding stock options and Preferred Stock. Common stock equivalent shares are excluded from the computation of diluted net loss per share if their effect is antidilutive. In periods in which the Company reports a net loss attributable to common stockholders, diluted net loss per share attributable to common stockholders is generally the same as basic net loss per share attributable to common stockholders since dilutive common shares are not assumed to have been issued if their effect is anti-dilutive.

***Subsequent Events***

The Company considers events or transactions that occur after the consolidated balance sheet date but prior to the issuance of the consolidated financial statements to provide additional evidence for certain estimates or to identify matters that require additional disclosure. The Company has evaluated events occurring after the date of its consolidated balance sheet, through March 25, 2022, the date these consolidated financial statements were available to be issued. See Note 15.

***Recently Adopted Accounting Pronouncements***

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles—Goodwill and Other—Internal-Use Software (Topic 350): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract*. This standard requires capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The Company adopted ASU 2018-15 on January 1, 2021 using the prospective method. The adoption of this standard did not have a material effect on the Company's financial position, results of operations or disclosures.

In December 2019, the FASB issued ASU No. 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. This standard removes certain exceptions for investments, intra-period allocations and interim calculations, and adds guidance to reduce complexity in accounting for income taxes. The Company adopted ASU 2019-12 on January 1, 2021 using the prospective method. The adoption of this standard did not have a material effect on the Company's financial position, results of operations or disclosures.

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*. This standard amends the guidance on convertible instruments and the derivatives scope exception for contracts in an entity's own equity and improves and amends the related earnings per share guidance for both subtopics. The Company early adopted ASU 2020-06 on January 1, 2021 using a modified retrospective approach. The adoption of this standard did not have a material effect on the Company's financial position, results of operations or disclosures.

***Recently Issued Accounting Pronouncements Not Yet Adopted***

In June 2016, the FASB issued ASU No. 2016-13, *Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. This standard changes how companies account for credit losses for most financial assets and certain other instruments. For trade receivables, loans and held-to-maturity debt securities, companies will be required to recognize an allowance for credit losses rather than reducing the carrying value of the asset. The amendments in this standard should be applied on a modified retrospective basis to all periods presented. For public business entities that meet the definition of a U.S. Securities and Exchange Commission ("SEC") filer, excluding entities eligible to be smaller reporting companies as defined by the SEC, the standard is effective for fiscal calendar years beginning January 1, 2020, including interim periods within those fiscal years. For all other entities, the standard is effective for fiscal calendar years beginning January 1, 2023. Early adoption is permitted. The Company is currently evaluating the impact of this new guidance but does not expect the impact of adopting this standard to be material to its consolidated financial statements and disclosures.

**3. Fair Value Measurements**

The following tables present information about the Company's assets and liabilities that are regularly measured and carried at fair value on a recurring basis and indicate the level within the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value, which is described further within Note 2.

Financial assets and liabilities measured at fair value on a recurring basis are summarized as follows (in thousands):

| | December 31, 2020 | | |
|---|---|---|---|
| | Level 1 | Level 2 | Level 3 |
| **Assets** | | | |
| Money market fund in cash and cash equivalents | $ 216 | $ — | $ — |
| Total | $ 216 | $ — | $ — |

| | December 31, 2021 | | |
|---|---|---|---|
| | Level 1 | Level 2 | Level 3 |
| **Assets** | | | |
| Money market funds in cash and cash equivalents | $ 86,119 | $ — | $ — |
| Total | $ 86,119 | $ — | $ — |
| **Liabilities** | | | |
| Derivative liability | $ — | $ — | $ 6,450 |
| Total | $ — | $ — | $ 6,450 |

The fair value of the Company's cash equivalents, consisting of money market funds, is based on quoted market prices in active markets with no valuation adjustment. There have been no impairments of the Company's assets measured and carried at fair value during the years ended December 31, 2020 and 2021. In addition, there were no changes in valuation techniques or transfers between Level 1 and Level 2 financial assets during the years ended December 31, 2020 and 2021. The Company did not have any non-recurring fair value measurements on any assets or liabilities during the years ended December 31, 2020 and 2021.

In May 2021, the Company entered into a license agreement (the "Roche Agreement") with F. Hoffmann-La Roche Ltd. and Hoffmann-La Roche Inc. (together, "Roche") pursuant to which Roche granted the Company an exclusive and sublicensable worldwide license under certain patent rights and know-how to develop, manufacture and commercialize certain compounds (the "Compounds") as further described in Note 7. The Company recognized a liability in connection with the Roche Agreement which includes an obligation to issue a variable number of shares of the Company's common stock to Roche for no additional consideration upon the Company's completion of an initial public offering or certain merger transactions, a "Roche Qualified Transaction." The number of shares of common stock to be issued to Roche was estimated to be approximately 2.85% of the outstanding shares of common stock of the Company as of immediately after the completion of a Roche Qualified Transaction. The Company has determined that the obligation to issue common stock upon completion of a Roche Qualified Transaction represents a liability classified financial instrument. The liability is measured at fair value as of each reporting date and the change in the fair value for the period is recorded in the consolidated statements of operations in the change in fair

value of derivative liability. The fair value measurement of the derivative liability is classified as Level 3 under the fair value hierarchy as it has been valued using certain unobservable inputs. These inputs include: (1) the Company's fair value upon completion of a Roche Qualified Transaction and (2) the probability of the Company completing a Roche Qualified Transaction. The probability of the Company completing a Roche Qualified Transaction was low double-digits upon the execution of the Roche Agreement, adjusted periodically based on the Company's progress towards a Roche Qualified Transaction. Significant increases or decreases in any of those inputs could result in a significantly lower or higher fair value measurement.

The following table provides a summary of changes in fair value of the Level 3 liabilities related to the Roche Agreement (in thousands):

| | Level 3 Rollforward |
|---|---|
| Balance at December 31, 2020 | $ — |
| Fair value recognized upon execution of Roche license agreement | 1,400 |
| Change in fair value of derivative liability | 5,050 |
| Balance at December 31, 2021 | $ 6,450 |

## 4. Cash, Cash Equivalents and Restricted Cash

Cash, cash equivalents and restricted cash consisted of the following (in thousands):

| | December 31, | |
|---|---|---|
| | 2020 | 2021 |
| Cash and cash equivalents | $ 25,825 | $ 88,036 |
| Restricted cash | 61 | 177 |
| Total cash, cash equivalents and restricted cash as shown on the consolidated statements of cash flows | $ 25,886 | $ 88,213 |

## 5. Property and Equipment, Net

Property and equipment, net consisted of the following (in thousands):

| | December 31, | |
|---|---|---|
| | 2020 | 2021 |
| Computer equipment | $ 42 | $ 69 |
| Furniture and fixtures | 52 | 93 |
| Less: Accumulated depreciation | (24) | (56) |
| Property and equipment, net | $ 70 | $ 106 |

## 6. Accrued Expenses

Accrued expenses consisted of the following (in thousands):

| | December 31, | |
|---|---|---|
| | 2020 | 2021 |
| Accrued research and development | $ 1,269 | $ 2,297 |
| Accrued employee-related expenses | 727 | 1,177 |
| Accrued professional fees | 415 | 601 |
| Accrued other | 26 | 21 |
| Total accrued expenses | $ 2,437 | $ 4,096 |

## 7. Development and License Agreements

***License Agreement and Master Service Agreement with Aurigene Discoveries Technology Limited ("Aurigene")***

In February 2018, the Company entered into a license agreement with Aurigene, pursuant to which Aurigene granted the Company an exclusive worldwide license, with the right to grant sublicenses, to certain Aurigene intellectual property. Concurrent with the execution of the Aurigene license agreement, the parties entered into a master services agreement, which provides for Aurigene to provide future development services to the Company on a full-time equivalent cost basis and consumable costs incurred basis.

Pursuant to the license agreement, the Company agreed to pay an upfront fee of $0.1 million and annual maintenance fees up to $0.2 million for the licensed intellectual property. The Company may also be obligated to make future milestone payments of up to $7.1 million for the first licensed product based on the achievement of certain development and regulatory milestones. The term of the license agreement expires on a licensed product-by-licensed product and country-by-country basis on the expiration of the last-to-expire valid claim under the licensed intellectual property rights in such country. The Company can terminate the agreement, for convenience, with 90 days' notice to Aurigene. The agreement can also be terminated by either party due to insolvency or by Aurigene due to a material breach after a specified cure period.

During the years ended December 31, 2020 and 2021, the Company recorded research and development expense of $2.5 million and $1.7 million, respectively, related to its arrangements with Aurigene.

***License and Stock Purchase Agreement with AbbVie Deutschland GmbH & Co. KG ("AbbVie")***

In September 2019, the Company entered into an agreement with AbbVie, pursuant to which AbbVie granted the Company an exclusive license, with the right to grant sublicenses, to certain AbbVie intellectual property.

Under this agreement, the Company paid a non-refundable, non-creditable upfront fee of $0.6 million. The Company is also obligated to make future payments upon the achievement of certain development, commercialization and sales-based milestones up to $18.0 million, $45.0 million and $87.5 million, respectively on a licensed product-by-licensed product basis. In addition, the Company is also obligated to pay royalties based on net sales of the licensed products on a licensed product-by-licensed product and country-by-country basis. As of December 31, 2021, none of the milestones had been achieved.

The Company's royalty obligation expires on a licensed product-by-licensed product and country-by-country basis upon the expiration of the last-to-expire valid claim under the licensed intellectual property rights in such country. Unless terminated earlier, the agreement expires upon the expiration of the Company's royalty obligation for all licensed products. AbbVie can terminate the agreement if the Company fails to make any payments within a specified period after receiving written notice of such failure, or in the event of a material breach by the Company and failure to cure such breach within a certain period of time.

As part of the arrangement, the Company entered into a stock purchase agreement with AbbVie in September 2019, pursuant to which the Company agreed to issue 4,336,841 shares of the Company's common stock to AbbVie, with 2,295,174 shares vesting immediately and 2,041,667 shares subject to a performance condition tied to the second and third subsequent closings of the Company's Series A Preferred Stock financing. During the year ended December 31, 2020, the performance conditions were met and the remaining 2,041,667 shares vested, resulting in research and development expense of $0.2 million equal to the grant date fair value.

***License Agreement with Roche***

In connection with the Roche Agreement, the Company paid Roche an upfront, non-refundable exclusivity payment of $0.5 million in March 2021. Upon execution of the Roche Agreement in May 2021, the Company paid Roche an additional upfront, non-refundable payment of $4.0 million.

The Company is obligated to make contingent payments to Roche totaling up to $205.0 million upon achievement of certain development, regulatory and commercial milestones. Roche is also eligible to receive tiered royalties on net sales of commercialized products, at rates ranging from high single-digits to high teens.

In addition, the Company is obligated to issue shares of the Company to Roche in connection with the completion of a Roche Qualified Transaction as defined by the Roche Agreement. The number of shares of common stock to be issued to Roche was estimated to be approximately 2.85% of the outstanding shares of common stock of the Company as of immediately after the completion of a Roche Qualified Transaction, including the exercise by the underwriters thereof of any overallotment option. The Company has determined that the obligation to issue common stock upon completion of a Roche Qualified Transaction represents a liability classified financial instrument. The resulting liability is initially recorded at fair value in research and development expense, with gains and losses arising from changes in fair value recognized in other income (expense), net in the consolidated statement of operations and comprehensive loss at each period while the instrument is outstanding.

In the event that certain partnership or change of control arrangements occur prior to a Roche Qualified Transaction, the Company will pay Roche an upfront royalty based on a percentage of the net proceeds from the arrangement attributable to the Compounds ranging from low to mid- teens.

During the year ended December 31, 2021, the Company recorded research and development expense of $5.9 million related to the Roche Agreement, comprised of the upfront payment of $4.5 million and the initial fair value of the derivative liability of $1.4 million. During the year ended December 31, 2021, the Company recorded additional expense of $5.1 million from the change in fair value of the derivative liability within other income (expense), net.

**8. Convertible Preferred Stock**

In September 2019, the Company entered into a Series A Preferred Stock Purchase Agreement to issue an aggregate of 41,666,666 shares of Series A Preferred Stock at a price of $1.20 per share for total gross cash proceeds of $50.0 million in three tranches. The Company evaluated the terms of the Series A Preferred Stock and concluded that the investors' right to acquire additional shares of Series A Preferred Stock was not legally detachable and therefore was not required to be separated from the Series A Preferred Stock.

During the year ended December 31, 2019, the Company closed the initial tranche, in which the Company issued and sold 12,499,999 shares of Series A Preferred Stock at $1.20 per share less issuance costs of $0.2 million for net proceeds of $14.8 million.

During the year ended December 31, 2020, the Company closed the second and third tranches, in which the Company issued and sold an aggregate of 29,166,667 shares of Series A Preferred Stock at $1.20 per share for total net proceeds of $35.0 million.

During the year ended December 31, 2021, the Company issued and sold 37,499,999 shares of Series B Preferred Stock to existing and new preferred stockholders at a price of $2.40 per share for cash proceeds of $89.7 million, net of issuance costs of $0.3 million.

The Preferred Stock consisted of the following (in thousands, except share amounts):

| | December 31, 2020 | | | | |
|---|---|---|---|---|---|
| | Preferred Stock Authorized | Preferred Stock Issued and Outstanding | Carrying Value | Liquidation Value | Common Stock Issuable Upon Conversion |
| Series Seed | 5,000,000 | 5,000,000 | $ 2,350 | $ 5,000 | 5,000,000 |
| Series A | 41,666,666 | 41,666,666 | 49,762 | 50,000 | 41,666,666 |
| Total | 46,666,666 | 46,666,666 | $ 52,112 | $ 55,000 | 46,666,666 |

| | December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | Preferred Stock Authorized | Preferred Stock Issued and Outstanding | Carrying Value | Liquidation Value | Common Stock Issuable Upon Conversion |
| Series Seed | 5,000,000 | 5,000,000 | $ 2,350 | $ 5,000 | 5,000,000 |
| Series A | 41,666,666 | 41,666,666 | 49,762 | 50,000 | 41,666,666 |
| Series B | 37,499,999 | 37,499,999 | 89,744 | 90,000 | 37,499,999 |
| Total | 84,166,665 | 84,166,665 | $ 141,856 | $ 145,000 | 84,166,665 |

The Preferred Stock have the following rights and preferences:

*Dividends*

The holders of the Preferred Stock are entitled to receive noncumulative dividends when and if declared by the Board at the rate per annum of eight percent (8%) of the applicable Original Issue Price, which is $1.00 per share for the Series Seed Preferred Stock, $1.20 per share for the Series A Preferred Stock, and $2.40 per share for the Series B Preferred Stock. Preferred Stock dividends will be paid in preference and in priority to any dividends on common stock. If the Company declares, pays or sets aside, on the same date, a dividend on shares of more than one class or series of capital stock of the Company, the dividend payable to the holders of the Preferred Stock will be based on the number of common shares the Preferred Stock would convert into. There have been no dividends declared by the Board through December 31, 2021.

*Liquidation Preference*

In the event of any liquidation, dissolution, or winding up of the Company ("Liquidation Event"), the holders of Series A and Series B Preferred Stock are entitled to receive prior and in preference to the holders of common stock and Series Seed Preferred Stock, an amount equal to an amount per share of Series A and Series B Preferred Stock equal to the Original Issue Price plus all declared and unpaid dividends on the Series A and Series B Preferred Stock. If the assets and funds available to be distributed to all holders of Series A and Series B Preferred Stock are insufficient to permit the payment, in full, of any of the liquidation preferences, then the entire assets and funds legally available for distribution to the Series A and Series B Preferred Stock shall be distributed ratably among the holders of Series A and Series B Preferred Stock at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled.

After the payment of the full liquidation preference of the Series A and Series B Preferred Stock as set forth above, the holders of shares of Series Seed Preferred Stock are entitled to receive an amount per share of Series Seed Preferred Stock equal to the Original Issue Price plus all declared and unpaid dividends on the Series Seed Preferred Stock. If the assets and funds available to be distributed to all holders of Series Seed Preferred Stock are insufficient to permit the payment, in full, of any of the liquidation preferences, then the entire assets and funds legally available for distribution to the Series Seed Preferred Stock shall be distributed ratably among the holders of Series Seed Preferred Stock at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled or when the remaining capital is distributed.

After the payment of all preferential amounts related to the holders of Preferred Stock, the remaining assets of the Company will be distributed pro rata to the holders of the Preferred Stock and common stock as if the Preferred Stock had converted at the time of the Liquidation Event. Preferential amounts to the holders of Preferred Stock are capped at 2.5 times the applicable Original Issue Price per share plus any dividends declared but unpaid or the amount such holder would have received if all shares had been converted to common stock immediately prior to the Liquidation Event.

*Conversion*

As of December 31, 2021, the shares of Preferred Stock are convertible into equal shares of common stock, at the conversion price in effect at the time of such conversion, (a) at any time upon the written consent of the holders of a majority of the outstanding shares of the Preferred Stock and at least one holder of Series B Preferred Stock that owns at least 4,166,666 shares of Series B Preferred Stock and that did not purchase any shares of Series A Preferred Stock as part of the Series A Agreement or (b) immediately upon the closing of a Qualified Public Offering at a price per share of at least $3.00 per share (as adjusted for certain dilutive events) that results in gross proceeds to the Company of at least $50.0 million.

*Voting Rights*

The Preferred Stock vote together with the common stock on an as-converted basis, and not as a separate class, except for matters as defined by the Certificate of Incorporation which require the written consent or affirmative votes of the holders of a majority of the outstanding shares of the Preferred Stock and at least one holder of Series B Preferred Stock that owns at least 4,166,666 shares of Series B Preferred Stock and that did not purchase any shares of Series A Preferred Stock as part of the Series A Agreement. For any transactions that affect the priority of the Series A or Series B Preferred Stock, a majority of Series A or Series B Preferred Stock is required, respectively.

*Redemption*

The Preferred Stock is not redeemable at the option of the holders thereof. However, the Preferred Stock is redeemable upon the occurrence of certain contingent events, unless otherwise determined by the holders.

As it relates to the redemption upon the occurrence of a contingent event, the Company evaluated the Preferred Stock in accordance with the guidance in ASC 480 and determined that the redemption upon the occurrence of a contingent event is not solely within the Company's control and accordingly classified the Preferred Stock in temporary equity. The Preferred Stock is not currently redeemable, nor is it currently probable that the instruments will become redeemable, and therefore the instruments are not being accreted to redemption value.

**9. Common Stock**

As of December 31, 2021, the authorized capital stock of the Company included 108,108,833 shares of common stock, $0.0001 par value per share. The voting, dividend and liquidation rights of the holders of the Company's common stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock set forth above. Each share of common stock entitles the holder to one vote, together with the holders of the Preferred Stock, on all matters submitted to the stockholders for a vote.

The Company has reserved the following shares of common stock for potential conversion of outstanding Preferred Stock and exercise of stock options:

| | December 31, | |
|---|---|---|
| | 2020 | 2021 |
| Series Seed convertible preferred stock | 5,000,000 | 5,000,000 |
| Series A convertible preferred stock | 41,666,666 | 41,666,666 |
| Series B convertible preferred stock | — | 37,499,999 |
| Stock options | 8,405,025 | 13,289,901 |
| Total | 55,071,691 | 97,456,566 |

**10. Stock-Based Compensation**

***2017 Stock Option and Grant Plan***

The Company adopted the 2017 Stock Option and Grant Plan (the "Plan") in November 2017 reserving shares of common stock for issuance to employees, directors, and consultants. The Plan allows for the grant of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards and other stock awards. Recipients of stock options or stock appreciation rights shall be eligible to purchase shares of the Company's common stock at an exercise price equal to the estimated fair market value of such stock on the date of grant. The exercise price may be less than fair market value if the stock award is granted pursuant to an assumption or substitution for another stock award in the event of a merger or sale of the Company. The maximum term of options granted under the Plan is ten years, and stock options typically vest over a four-year period. The Board may assign vesting terms to the stock options grants as deemed appropriate. The Company also has the right of first refusal to purchase any proposed disposition of shares issued under the Plan. As it relates to restricted stock awards, the Company has the option to repurchase any unvested shares at the original purchase price upon any voluntary or involuntary termination. At the discretion of the Board, unvested shares held by employees, directors and consultants may accelerate vesting in the event of a change of control of the Company unless assumed or substituted by the acquirer or surviving entity.

The number of shares of common stock reserved for issuance as of December 31, 2020 and 2021 was 9,724,496 and 16,216,325, respectively. Options available for grant were 1,120,784 and 2,261,827 at December 31, 2020 and 2021, respectively.

***Stock Options***

For purposes of calculating stock-based compensation, the Company estimates the fair value of stock options using the Black-Scholes option-pricing model. This model incorporates various assumptions, including the expected volatility, expected term, and interest rates.

The Company historically has 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 public 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 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 option. For options with service-based vesting conditions, 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 expected dividend yield of 0% is based on the fact that the Company has never paid cash dividends and does not expect to pay any cash dividends in the foreseeable future.

The following table summarizes stock option activity for the year ended December 31, 2021.

| | Number of Options | Weighted-Average Exercise Price | Weighted-Average Remaining Contractual Term (In Years) | Aggregate Intrinsic Value (In Thousands) |
|---|---|---|---|---|
| Outstanding at December 31, 2020 | 8,405,025 | $ 0.18 | 9.30 | $ 962 |
| Granted | 6,768,153 | $ 1.01 | | |
| Exercised | (465,910) | $ 0.15 | | |
| Forfeited | (1,355,706) | $ 0.21 | | |
| Expired | (61,661) | $ 0.27 | | |
| Outstanding at December 31, 2021 | 13,289,901 | $ 0.60 | 8.98 | $ 13,027 |
| Exercisable at December 31, 2021 | 3,167,571 | $ 0.24 | 8.35 | $ 4,260 |

The aggregate intrinsic value of options is calculated as the difference between the exercise price of the stock options and the fair value of the Company's common stock for those stock options that had exercise prices lower than the fair value of the common stock as of the end of the period. The aggregate intrinsic value of stock options exercised during the year ended December 31, 2021 was $0.3 million.

The weighted-average assumptions used to estimate the fair value of stock options granted were as follows:

| | Year Ended December 31, | |
|---|---|---|
| | 2020 | 2021 |
| Risk-free interest rate | 0.58% | 0.95% |
| Expected term (in years) | 6.00 | 6.00 |
| Expected volatility | 62% | 59% |
| Expected dividend yield | 0% | 0% |
| Fair value per share of common stock | $ 0.20 | $ 1.01 |

The weighted-average grant date fair value of options granted in the years ended December 31, 2020 and 2021 was $0.11 and $0.55 per share, respectively.

The total fair value of options vested during the year ended December 31, 2021 was $0.4 million.

***Shares of Restricted Common Stock***

As of December 31, 2021, the Company had issued a total of 575,392 shares of restricted common stock to the founders of the Company pursuant to subscription agreements and to certain key employees pursuant to the Plan at $0.0001 per share. The stock restrictions relate to the sale and transferability of the stock and lapse over the defined vesting period in the restricted stock agreement. The vesting period is generally contingent upon continued employment or consulting services being provided to the Company. In the event of termination, the Company has the right, but not the obligation to repurchase the unvested shares at the original purchase price.

A summary of restricted common stock activity is as follows:

| | Year Ended December 31, | |
|---|---|---|
| | 2020 | 2021 |
| Unvested at the beginning of the year | 371,429 | 227,581 |
| Vested | (143,848) | (134,807) |
| Unvested at the end of the year | 227,581 | 92,774 |

As of December 31, 2021, the unrecognized stock-based compensation expense related to restricted common stock is expected to be recognized over a weighted-average period of 1.07 years.

***Stock-Based Compensation Expense***

Total stock-based compensation expense recorded as research and development and general and administrative expenses, respectively, for employees, directors and non-employees is as follows (in thousands):

| | Year Ended December 31, | |
|---|---|---|
| | 2020 | 2021 |
| Research and development | $ 62 | $ 223 |
| General and administrative | 61 | 284 |
| Total stock-based compensation expense | $ 123 | $ 507 |

As of December 31, 2021, the total unrecognized stock-based compensation expense related to outstanding awards was $3.8 million and is expected to be recognized over a weighted-average period of 3.11 years.

**11. Income Taxes**

A reconciliation of the U.S. federal statutory income tax rate to the Company's effective income tax rate is as follows:

| | Year Ended December 31, | |
|---|---|---|
| | 2020 | 2021 |
| Federal statutory income tax rate | 21.0% | 21.0% |
| State income taxes, net of federal benefit | 6.8 | 7.3 |
| Federal and state research and development tax credits | 2.4 | 1.3 |
| Other | (0.1) | (0.3) |
| Change in deferred tax asset valuation allowance | (30.1) | (29.3) |
| Effective income tax rate | 0% | 0% |

For the years ended December 31, 2020 and 2021, no income tax expense was recorded due to the Company's net operating loss ("NOL") and full valuation allowance.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of the Company's net deferred income taxes are as follows (in thousands):

| | December 31, | |
|---|---|---|
| | 2020 | 2021 |
| Deferred tax assets: | | |
| Net operating loss carryforwards | $ 8,407 | $ 15,128 |
| Capitalized licenses | 283 | 3,214 |
| Tax credits | 763 | 1,639 |
| Operating lease liabilities | 287 | 452 |
| Stock-based compensation | 11 | 34 |
| Total deferred tax assets | 9,751 | 20,467 |
| Valuation allowance | (9,448) | (19,997) |
| Total deferred tax assets, net of valuation allowance | 303 | 470 |
| Deferred tax liabilities: | | |
| Operating right-of-use assets | (288) | (448) |
| Depreciation | (15) | (22) |
| Total deferred tax liabilities | (303) | (470) |
| Net deferred tax assets | $ — | $ — |

The Company has had no income tax expense due to operating losses incurred since inception. The Company's losses before income taxes consist solely of losses from domestic operations. The Company evaluated the positive and negative evidence bearing upon the reliability of its deferred tax assets. Based on this, the Company has provided a valuation allowance for the full amount of the net deferred tax assets as the realization of the deferred tax assets is not determined to be more likely than not. During 2021, the valuation allowance increased by $10.5 million primarily due to the increase in the Company's net operating loss and tax credit carryforwards during the period.

As of December 31, 2021, the Company had $55.5 million and $54.9 million of federal and state operating loss carryforwards, respectively. Substantially all of the federal NOLs are not subject to expiration and the state NOLs begin to expire in 2037. These loss carryforwards are available to reduce future federal taxable income, if any. As of December 31, 2021, the Company also had federal and state research and development tax credit carryforwards of $1.1 million and $0.7 million respectively, to offset future income taxes, which will begin to expire beginning in December 2032. These loss carryforwards are subject to review and possible adjustment by the appropriate taxing authorities.

Utilization of the Company's NOL carryforwards and research and development credit carryforwards may be subject to a substantial annual limitation due to ownership change limitations that have occurred previously or that could occur in the future in accordance with Section 382 of the Internal Revenue Code of 1986 ("Section 382") as well as similar state provisions. These ownership changes may limit the amount of NOL and research and development credit carryforwards that can be utilized annually to offset future taxable income and taxes, respectively. In general, an ownership change as defined by Section 382 results from transactions increasing the ownership of certain stockholders or public groups in the stock of a corporation by more than 50% over a three-year period. Since its formation, the Company has raised capital through the issuance of capital stock on several occasions. These financings could result in a change of control as defined by Section 382. The Company has not yet conducted an analysis under Section 382 to determine if historical changes in ownership through December 31, 2021, would limit or otherwise restrict its ability to utilize its NOL and research and development credit carryforwards. In addition, future changes in ownership occurring after December 31, 2021 could affect the limitation in future years, and any limitation may result in expiration of a portion of the NOL or research and development credit carryforwards before utilization.

On December 18, 2015, the Protecting Americans from Tax Hikes ("PATH") Act of 2015 was signed into law. The PATH Act has created several research and development credit provisions, including allowing a qualified small business to utilize the research credit against the employer portion of payroll tax (i.e., FICA tax) not exceeding $0.3 million per year. This provision is available for credits generated in tax years beginning after 2015. The Company qualifies as a small business for 2021 and will elect to make a small business election.

The Company follows the provisions of ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which specifies how tax benefits for uncertain tax positions are to be recognized, measured, and recorded in financial statements; requires certain disclosures of uncertain tax matters; specifies how reserves for uncertain tax positions should be classified on the consolidated balance sheets; and provides transition and interim period guidance, among other provisions. As of December 31, 2020 and 2021, the Company has not recorded any amounts for uncertain tax positions. The Company's policy is to recognize interest and penalties accrued on any uncertain tax positions as a component of income tax expense, if any, in its consolidated statements of operations and comprehensive loss. As of December 31, 2020 and 2021, the Company had no reserves for uncertain tax positions. For the years ended December 31, 2020 and 2021, no estimated interest or penalties were recognized on uncertain tax positions.

The Company's tax returns for the years ended December 31, 2018 to December 31, 2021 remain open and subject to examination by the Internal Revenue Service and state taxing authorities.

**12. Net Loss Per Share**

Basic and diluted loss per share is computed by dividing net loss attributable to common stockholders by the weighted-average common shares outstanding. The following table sets forth the computation of the Company's basic and diluted net loss per share (in thousands, except share and per share data):

| | Year Ended December 31, | |
|---|---|---|
| | 2020 | 2021 |
| Numerator: | | |
| Net loss attributable to common stockholders—basic and diluted | $ (20,936) | $ (35,969) |
| Denominator: | | |
| Weighted-average common shares outstanding—basic and diluted | 6,930,451 | 8,014,679 |
| Net loss per share attributable to common stockholders—basic and diluted | $ (3.02) | $ (4.49) |

The Company's potentially dilutive securities, which include convertible preferred stock, unvested restricted common stock, and stock options, have been excluded from the computation of diluted net loss per share as the effect would be to reduce the net loss per share. Therefore, the weighted-average number of common shares outstanding used to calculate both basic and diluted net loss per share attributable to common stockholders is the same. The Company excluded the following from the computation of diluted net loss per share attributable to common stockholders because including them would have had an anti-dilutive effect:

| | December 31, | |
|---|---|---|
| | 2020 | 2021 |
| Series Seed convertible preferred stock | 5,000,000 | 5,000,000 |
| Series A convertible preferred stock | 41,666,666 | 41,666,666 |
| Series B convertible preferred stock | — | 37,499,999 |
| Unvested restricted common stock | 227,581 | 92,774 |
| Options to purchase common stock | 8,405,025 | 13,289,901 |

## 13. Commitments and Contingencies

***Indemnification Agreements***

In the ordinary course of business, the Company may provide indemnification of varying scope and terms to its vendors, lessors, contract research organizations, business partners and other parties with respect to certain matters including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with members of its Board that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is, in many cases, unlimited. The Company has not incurred any material costs as a result of such indemnifications and is not currently aware of any indemnification claims.

***Legal Proceedings***

The Company, from time to time, may be party to litigation arising in the ordinary course of business. The Company was not subject to any material legal proceedings during the years ended December 31, 2020 and 2021 and, to the best of its knowledge, no material legal proceedings are currently pending or threatened.

***Payments Upon Termination***

The Company has entered into agreements with certain vendors for the provision of services that the Company is not contractually able to terminate for convenience and avoid any and all future obligations to the vendors. Under such agreements, the Company is contractually obligated to make certain minimum payments to the vendors, with the exact amounts in the event of termination to be based on the timing of the termination and the exact terms of the agreement.

## 14. Leases

In September 2021, the Company and its landlord jointly entered a termination agreement to provide an early termination date in November 2021 for its operating lease in Cambridge, Massachusetts. In addition, the landlord provided an incentive of $0.1 million. On the modification date, the Company decreased the lease liability and corresponding right-of-use asset to zero. The Company recognized the incentive as a reduction to lease expense over the remaining lease term. As of December 31, 2020 and 2021, the Company had a security deposit in the form of an irrevocable standby letter of credit in the amount of $0.1 million related to this lease, which was recorded as other assets (non-current) and prepaid expenses and other current assets on the Company's consolidated balance sheets as of December 31, 2020 and 2021, respectively.

In October 2021, the Company entered into a five-year lease of 7,566 square feet of office space located at 321 Arsenal Street, Watertown, Massachusetts to be used as its corporate headquarters. The Company's landlord is a related party of the Company due to its equity ownership. The lease term began in November 2021 and will end in November 2026, unless terminated earlier. The lease contains a five-year renewal option, which the Company is not reasonably certain to exercise. Fixed lease payments include base rent, subject to annual rent increases, and a management fee. Variable lease payments include the Company's allocated share of costs incurred for real estate taxes, utilities, and other operating expenses applicable to the leased premises. In connection with the lease, the Company delivered to the landlord a security deposit in the form of an irrevocable standby letter of credit in the amount of $0.1 million, which is recorded as other assets (non-current) on the Company's consolidated balance sheet as of December 31, 2021. Pursuant to the lease, the Company is also obligated to pay for certain administrative costs, taxes and operating expenses.

The components of lease expense were as follows (in thousands):

| | Year Ended December 31, | |
|---|---|---|
| | 2020 | 2021 |
| Operating lease costs | $ 138 | $ 187 |
| Short-term lease costs | 25 | — |
| Variable lease costs | 2 | 42 |
| Total lease expense | $ 165 | $ 229 |

Other information related to the Company's leases is as follows (in thousands, except term and discount rate amounts):

| | Year Ended December 31, | |
|---|---|---|
| | 2020 | 2021 |
| Weighted average remaining lease term | 4.48 years | 4.91 years |
| Weighted average discount rate | 6.8% | 5.5% |
| Cash paid for amounts included in the measurement of lease liabilities: | | |
| Operating cash flows used in operating leases | $ 129 | $ 250 |

A maturity analysis of the annual undiscounted cash flows reconciled to the carrying value of the operating lease liabilities as of December 31, 2021, reflective of the Company's election to account for lease and non-lease components together, is as follows (in thousands):

| Year Ending December 31, | Operating Leases |
|---|---|
| 2022 | $ 401 |
| 2023 | 373 |
| 2024 | 382 |
| 2025 | 394 |
| 2026 | 336 |
| Total minimum lease payments | 1,886 |
| Less imputed interest | (233) |
| Present value of lease liabilities | $ 1,653 |

## 15. Subsequent Events

The Company has completed an evaluation of all subsequent events after the audited consolidated balance sheet date of December 31, 2021 through March 25, 2022, the date these consolidated financial statements were issued, to ensure that these consolidated financial statements include appropriate disclosure of events both recognized in the consolidated financial statements as of December 31, 2021, and events which occurred subsequently but were not recognized in the consolidated financial statements. The Company has concluded that no subsequent events have occurred that require disclosure.

**Exhibit 99.6**

# INDEX TO DISC'S CONSOLIDATED FINANCIAL STATEMENTS

**DISC MEDICINE, INC.**

**CONDENSED CONSOLIDATED BALANCE SHEETS**

**(In thousands, except share and per share data)**

**(Unaudited)**

| | DECEMBER 31, 2021 | SEPTEMBER 30, 2022 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 88,036 | $ 55,473 |
| Prepaid expenses and other current assets | 2,448 | 4,425 |
| Total current assets | 90,484 | 59,898 |
| Property and equipment, net | 106 | 181 |
| Right-of-use assets, operating leases | 1,641 | 1,512 |
| Other assets | 180 | 116 |
| Total assets | $ 92,411 | $ 61,707 |
| **Liabilities, Convertible Preferred Stock and Stockholders' Deficit** | | |
| Current liabilities: | | |
| Accounts payable | $ 2,559 | $ 3,397 |
| Accrued expenses | 4,096 | 3,674 |
| Derivative liability | 6,450 | 9,900 |
| Operating lease liabilities, current | 319 | 301 |
| Total current liabilities | 13,424 | 17,272 |
| Operating lease liabilities, non-current | 1,334 | 1,106 |
| Total liabilities | 14,758 | 18,378 |
| Commitments and contingencies (Note 13) | | |
| Series Seed convertible preferred stock, $0.0001 par value; 5,000,000 shares authorized, issued and outstanding as of December 31, 2021 and September 30, 2022 (liquidation preference of $5,000 as of December 31, 2021 and September 30, 2022) | 2,350 | 2,350 |
| Series A convertible preferred stock, $0.0001 par value; 41,666,666 shares authorized, issued and outstanding as of December 31, 2021 and September 30, 2022 (liquidation preference of $50,000 as of December 31, 2021 and September 30, 2022) | 49,762 | 49,762 |
| Series B convertible preferred stock, $0.0001 par value; 37,499,999 shares authorized, issued and outstanding as of December 31, 2021 and September 30, 2022 (liquidation preference of $90,000 as of December 31, 2021 and September 30, 2022) | 89,744 | 89,744 |
| Stockholders' deficit: | | |
| Common stock, $0.0001 par value; 108,108,833 and 109,395,840 shares authorized as of December 31, 2021 and September 30, 2022, respectively; 8,390,438 and 8,835,359 shares issued December 31, 2021 and September 30, 2022, respectively; and 8,297,664 and 8,805,096 shares outstanding as of December 31, 2021 and September 30, 2022, respectively | 1 | 1 |
| Additional paid-in capital | 1,185 | 2,444 |
| Accumulated deficit | (65,389) | (100,972) |
| Total stockholders' deficit | (64,203) | (98,527) |
| Total liabilities, convertible preferred stock and stockholders' deficit | $ 92,411 | $ 61,707 |

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**DISC MEDICINE, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS**

**(In thousands, except share and per share data)**

**(Unaudited)**

| | NINE MONTHS ENDED SEPTEMBER 30, | |
|---|---|---|
| | **2021** | **2022** |
| Operating expenses: | | |
| Research and development | $ 19,511 | $ 23,421 |
| General and administrative | 4,012 | 9,033 |
| Total operating expenses | 23,523 | 32,454 |
| Loss from operations | (23,523) | (32,454) |
| Other income (expense), net: | | |
| Interest income | 5 | 321 |
| Change in fair value of derivative liability | (3,600) | (3,450) |
| Total other income (expense), net | (3,595) | (3,129) |
| Net loss and comprehensive loss | $ (27,118) | $ (35,583) |
| Net loss attributable to common stockholders—basic and diluted | $ (27,118) | $ (35,583) |
| Weighted-average common shares outstanding—basic and diluted | 7,947,355 | 8,604,591 |
| Net loss per share attributable to common stockholders—basic and diluted | $ (3.41) | $ (4.14) |

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**DISC MEDICINE, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF CONVERTIBLE PREFERRED STOCK**

**AND STOCKHOLDERS' DEFICIT**

**(In thousands, except share and per share data)**

**(Unaudited)**

| | CONVERTIBLE PREFERRED STOCK | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | SERIES SEED $0.0001 PAR VALUE | | SERIES A $0.0001 PAR VALUE | | SERIES B $0.0001 PAR VALUE | | COMMON STOCK $0.0001 PAR VALUE | | ADDITIONAL PAID-IN CAPITAL | ACCUMULATED DEFICIT | TOTAL STOCKHOLDERS' DEFICIT |
| | SHARES | AMOUNT | SHARES | AMOUNT | SHARES | AMOUNT | SHARES | AMOUNT | | | |
| **Balance at December 31, 2020** | 5,000,000 | $ 2,350 | 41,666,666 | $ 49,762 | — | $ — | 7,696,947 | $ 1 | $ 610 | $ (29,420) | $ (28,809) |
| Issuance of Series B convertible preferred stock, net of issuance costs of $256 | — | — | — | — | 37,499,999 | 89,744 | — | — | — | — | — |
| Issuance of common stock upon exercise of stock options | — | — | — | — | — | — | 353,465 | — | 49 | — | 49 |
| Vesting of restricted common stock | — | — | — | — | — | — | 107,885 | — | — | — | — |
| Stock-based compensation expense | — | — | — | — | — | — | — | — | 237 | — | 237 |
| Net loss | — | — | — | — | — | — | — | — | — | (27,118) | (27,118) |
| **Balance at September 30, 2021** | 5,000,000 | $ 2,350 | 41,666,666 | $ 49,762 | 37,499,999 | $ 89,744 | 8,158,297 | $ 1 | $ 896 | $ (56,538) | $ (55,641) |
| **Balance at December 31, 2021** | 5,000,000 | $ 2,350 | 41,666,666 | $ 49,762 | 37,499,999 | $ 89,744 | 8,297,664 | $ 1 | $ 1,185 | $ (65,389) | $ (64,203) |
| Issuance of common stock upon exercise of stock options | — | — | — | — | — | — | 444,921 | — | 163 | — | 163 |
| Vesting of restricted common stock | — | — | — | — | — | — | 62,511 | — | — | — | — |
| Stock-based compensation expense | — | — | — | — | — | — | — | — | 1,096 | — | 1,096 |
| Net loss | — | — | — | — | — | — | — | — | — | (35,583) | (35,583) |
| **Balance at September 30, 2022** | 5,000,000 | $ 2,350 | 41,666,666 | $ 49,762 | 37,499,999 | $ 89,744 | 8,805,096 | $ 1 | $ 2,444 | $ (100,972) | $ (98,527) |

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

**DISC MEDICINE, INC.**

**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(In thousands)**

**(Unaudited)**

| | NINE MONTHS ENDED SEPTEMBER 30, | |
|---|---|---|
| | **2021** | **2022** |
| **Cash flows from operating activities** | | |
| Net loss | $ (27,118) | $ (35,583) |
| Adjustments to reconcile net loss to net cash used in operations: | | |
| Depreciation and amortization | 23 | 64 |
| Stock-based compensation | 237 | 1,096 |
| Change in fair value of derivative liability | 3,600 | 3,450 |
| Noncash license expense | 1,400 | — |
| Noncash lease expense | 155 | 129 |
| Changes in operating assets and liabilities: | | |
| Prepaid expenses and other current assets | (591) | (1,689) |
| Other assets | — | 64 |
| Accounts payable | 976 | 600 |
| Accrued expenses | 336 | (472) |
| Operating lease liabilities | (148) | (246) |
| Net cash used in operating activities | (21,130) | (32,587) |
| **Cash flow from investing activities** | | |
| Purchases of property and equipment | (5) | (139) |
| Net cash used in investing activities | (5) | (139) |
| **Cash flow from financing activities** | | |
| Proceeds from issuance of convertible preferred stock, net of issuance costs | 89,884 | — |
| Proceeds from stock option exercises | 49 | 163 |
| Net cash provided by financing activities | 89,933 | 163 |
| Net decrease in cash, cash equivalents and restricted cash | 68,798 | (32,563) |
| Cash, cash equivalents and restricted cash, beginning of period | 25,886 | 88,213 |
| Cash, cash equivalents and restricted cash, end of period | $ 94,684 | $ 55,650 |
| **Supplemental cash flow information** | | |
| Cash paid for income taxes | $ — | $ — |
| **Supplemental disclosure of non-cash activities** | | |
| Decrease in right-of-use assets related to lease modification | $ 896 | $ — |
| Decrease in operating lease liabilities due to lease modification | $ 896 | $ — |
| Deferred issuance costs on Series B convertible preferred stock in accounts payable and accruals | $ 157 | $ — |
| Deferred offering costs included in accounts payable and accruals at end of period | $ 255 | $ 288 |

*The accompanying notes are an integral part of these condensed consolidated financial statements.*

## 1. Organization and Nature of the Business

Disc Medicine, Inc. (the "Company") is a clinical-stage biopharmaceutical company focused on the discovery, development and commercialization of novel treatments for patients suffering from serious hematologic disorders. The Company was incorporated in October 2017 under the laws of the State of Delaware. The Company's principal offices are in Watertown, Massachusetts.

### *Liquidity and Going Concern*

The Company has incurred recurring losses and negative cash flows from operations since inception. As of September 30, 2022, the Company had an accumulated deficit of $101.0 million. The Company expects its operating losses and negative operating cash flows to continue into the foreseeable future. There can be no assurance that the Company will ever earn revenues or achieve profitability, or if achieved, that the revenues or profitability will be sustained on a continuing basis. In addition, the Company's preclinical and clinical development activities, manufacturing and commercialization of the Company's product candidates, if approved, will require significant additional financing.

As of the issuance date of these condensed consolidated financial statements, the Company expects that its existing cash and cash equivalents as of September 30, 2022 of $55.5 million, will not be sufficient to fund the Company's operating expenses and capital expenditure requirements required to continue its development activities for at least twelve months from the date of issuance of these financial statements, and therefore there is substantial doubt regarding the Company's ability to continue as a going concern. The Company plans to obtain additional funding through a proposed merger, described elsewhere in these condensed consolidated financial statements. The terms of any financing may adversely impact the holdings or the rights of the Company's stockholders.

Although management continues to pursue these plans, there is no assurance that the Company will be successful in obtaining sufficient funding on terms acceptable to the Company to fund operations, if at all. If the Company is unable to obtain funding, the Company could be forced to delay, reduce or eliminate some or all of its research and development programs, which could adversely affect its business and the Company may be unable to continue operations.

Through September 30, 2022, the Company funded its operations primarily with proceeds from the sale of Series Seed convertible preferred stock ("Series Seed Preferred Stock"), Series A convertible preferred stock ("Series A Preferred Stock") and Series B convertible preferred stock ("Series B Preferred Stock"), collectively referred to as "Preferred Stock." The future viability of the Company is dependent on its ability to generate cash from operating activities or to raise additional capital to finance its operations.

### *Proposed Merger with Gemini*

On August 9, 2022, the Company entered into an Agreement and Plan of Merger and Reorganization (the "Merger Agreement") with Gemini Therapeutics, Inc., a Delaware corporation ("Gemini") and Gemstone Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Gemini ("Merger Sub"). Pursuant to the Merger Agreement and subject to the satisfaction or waiver of the conditions therein, Merger Sub will merge with and into the Company, with the Company continuing as the surviving company and as a wholly owned subsidiary of Gemini (the "merger"). If the merger is completed, the business of the Company will continue as the business of the combined company. The merger is intended to qualify for federal income tax purposes as a tax-free reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended.

The merger is expected to close in the fourth quarter of 2022 and is subject to approval by the stockholders of the Company and Gemini as well as other customary closing conditions, including the effectiveness of a registration statement filed with the SEC in connection with the transaction. If Gemini is unable to satisfy certain closing conditions or if other mutual closing conditions are not satisfied, the Company will not be obligated to complete the merger. The Merger Agreement contains certain termination rights of each of the Company and Gemini. Under certain circumstances, the Company could be required to pay Gemini a termination fee of $7.8 million and up to $0.8 million of Gemini's expenses. Gemini could be required to pay the Company a termination fee of $3.0 million and up to $0.8 million the Company's expenses.

Subject to the terms and conditions of the Merger Agreement, at the effective time of the merger (the "Effective Time"), each then outstanding share of the Company's common stock (including shares of common stock issued upon conversion of the Company's preferred stock (see Note 8) and shares of the Company's common stock issued in the Disc pre-closing financing defined below) will be converted into the right to receive a number of shares of Gemini's common stock (subject to the payment of cash in lieu of fractional shares) calculated in accordance with the Merger Agreement (the "exchange ratio"). As a direct result of the reverse recapitalization, pursuant to the Roche Agreement (see Note 7), immediately following the Effective Date, the Company will issue shares of the combined company to Roche for no consideration (the "Roche Issuance"). The number of shares of common stock to be issued to Roche is estimated to be approximately 2.85% of the outstanding shares of common stock of the combined company as of the Effective Date.

In connection with the Merger Agreement, certain third parties have entered into a subscription agreement with the Company to purchase shares of the Company's common stock for an aggregate purchase price of approximately $53.5 million (the "Disc pre-closing financing"). The Disc pre-closing financing is contingent on and will occur prior to the closing of the merger, subject to customary closing conditions. Shares of the Company's common stock issued pursuant to the Disc pre-closing financing will be converted into shares of Gemini common stock in accordance with the exchange ratio at the Effective Time.

At the Effective Time, each person who as of immediately prior to the Effective Time was a stockholder of record of Gemini or had the right to receive Gemini's common stock will be entitled to receive a contractual contingent value right ("CVR") issued by Gemini subject to and in accordance with the terms and conditions of a Contingent Value Rights Agreement between Gemini, the holder's representative and the rights agent (the "CVR Agreement"), representing the contractual right to receive consideration from the post-closing combined company upon the receipt of certain proceeds from a disposition of Gemini's pre-merger assets, calculated in accordance with the CVR Agreement.

The merger is expected to be treated as a reverse recapitalization in accordance with U.S. GAAP because on the effective date of the merger, the pre-combination assets of Gemini are expected to be primarily cash and cash equivalents and other non-operating assets. Disc concluded that any in-process research and development assets potentially remaining as of the combination would be de minimis when compared to the cash and cash equivalents obtained through the merger.

Although the Company intends to consummate the merger, there is no assurance that it will be successful. If, for any reason, the merger does not close, the Company may seek funding through an initial public offering, private equity financings, debt financing or collaboration agreements to fund its operations. The terms of any financing may adversely affect the holdings or the rights of the Company's stockholders. There is no assurance that the Company will be successful in obtaining sufficient funding on terms acceptable to the Company, if at all. If the Company is unable to obtain funding, the Company could be forced to delay, reduce or eliminate its research and development programs, product portfolio expansion or commercialization efforts, which could adversely affect its business.

**2. Summary of Significant Accounting Policies**

***Basis of Presentation and Principles of Consolidation***

The Company's condensed consolidated financial statements are prepared in accordance with U.S. GAAP. Any reference in these notes to applicable guidance is meant to refer to the authoritative accounting principles generally accepted in the United States as found in the Accounting Standard Codification ("ASC") and Accounting Standards Updates ("ASU") of the Financial Accounting Standards Board ("FASB").

The condensed consolidated financial statements include the Company and its wholly-owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

The Company's significant accounting policies are disclosed in the audited consolidated financial statements for the years ended December 31, 2020 and 2021, included in Exhibit 99.5 of the Company's Current Report on Form 8-K of which this Exhibit 99.6 is a part. Since the date of those financial statements, there have been no changes to its significant accounting policies except as noted below.

***Unaudited Interim Condensed Consolidated Financial Information***

The accompanying condensed consolidated financial statements as of September 30, 2022 and for the nine months ended September 30, 2021 and 2022 are unaudited. The financial data and other information contained in the notes hereto as of September 30, 2022 and for the nine months ended September 30, 2021 and 2022 are also unaudited. The condensed consolidated balance sheet data as of December 31, 2021 was derived from the Company's audited consolidated financial statements included in Exhibit 99.5 of the Company's Current Report on Form 8-K of which this Exhibit 99.6 is a part.

The unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited annual consolidated financial statements, and in the opinion of management, reflect all adjustments, which include only normal recurring adjustments necessary for the fair presentation of the Company's financial position as of September 30, 2022 and the results of its operations and cash flows for the nine months ended September 30, 2021 and 2022. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements as of and for the year ended December 31, 2021, and the notes thereto, included in Exhibit 99.5 of the Company's Current Report on Form 8-K of which this Exhibit 99.6 is a part.

The results for the nine months ended September 30, 2022 are not necessarily indicative of results to be expected for the year ended December 31, 2022, or any other interim periods, or any future year or period.

***Use of Estimates***

The preparation of the Company's condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amounts of expenses during the reporting period. Significant estimates and assumptions reflected in these condensed consolidated financial statements include, but are not limited to accrued research and development expenses; stock-based compensation expense; the fair value of the common stock; the fair value determinations for instruments accounted for at fair value including contingent amounts payable to third parties upon the consummation of specified transactions, including a Roche Qualified Transaction (see Note 7); the incremental borrowing rate for determining lease liabilities and right-of-use assets and income taxes. The Company bases its estimates on historical experience, known trends and other market-specific or other relevant factors that it has concluded to be reasonable under the circumstances. On an ongoing basis, management evaluates its estimates as there are changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known. Actual results may differ materially from those estimates or assumptions.

***Restricted Cash***

The Company maintained letters of credit for the benefit of its landlords related to its leased office space in Cambridge, Massachusetts and Watertown, Massachusetts. The Company was required to maintain separate cash balances to secure its letters of credit. Due to the lease termination of the office space in Cambridge, Massachusetts in September 2021, the related letter of credit was reclassified from non-current other assets to prepaid expenses and other current assets.

***Deferred Transaction Costs***

The Company capitalizes certain legal, professional accounting and other third-party fees that are directly associated with in-process equity financings as deferred transaction costs until such financings are consummated. After consummation of an equity financing, these costs are recorded as a reduction of the proceeds from the transaction, either as a reduction of the carrying value of the preferred stock or in stockholders' deficit as a reduction of additional paid-in capital generated as a result of the transaction. Should the in-process equity financing be abandoned, the deferred transaction costs would be expensed immediately as a charge to operating expenses in the condensed consolidated statements of operations and comprehensive loss. During the six months ended June 30, 2022, the Company concluded not to proceed with its planned equity financing and expensed the previously capitalized related financing costs of $2.2 million to general and administrative expenses. As of September 30, 2022, the Company had capitalized deferred transaction costs of $1.1 million related to the merger.

***Fair Value Measurements***

The Company categorizes its assets and liabilities measured at fair value in accordance with the authoritative accounting guidance that establishes a consistent framework for measuring fair value and expands disclosures for each major asset and liability category measured at fair value on either a recurring or nonrecurring basis. Fair value is defined as the exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the guidance establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2—Inputs other than quoted prices included within Level 1 that are either directly or indirectly observable; and
- Level 3—Unobservable inputs in which little or no market activity exists, therefore requiring an entity to develop its own assumptions about the assumptions that market participants would use in pricing.

The fair value of the Company's cash equivalents are determined according to the fair value hierarchy described above (see Note 3). The carrying values of the Company's prepaid expenses and other current assets, accounts payable and accrued expenses approximate their fair values due to the short-term nature of these assets and liabilities.

***Property and Equipment***

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

| | ESTIMATED USEFUL LIFE |
|---|---|
| Computer equipment | 3.0 years |
| Furniture and fixtures | 3.0 years |
| Internally developed software | 3.0 years |

Costs for capital assets not yet placed into service are capitalized as construction-in-progress and depreciated in accordance with the above guidelines once placed into service. Upon retirement or sale, the cost of assets disposed of and the related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is included in loss from operations. Expenditures for repairs and maintenance are expensed as incurred.

We capitalize internal costs incurred to develop software for internal use during the application development stage. Amortization of capitalized internally developed software costs is recorded in depreciation expense over the useful life of the related asset.

***Research and Development Expenses***

Research and development costs are expensed as incurred. Research and development expenses consist of costs incurred in performing research and development activities, including salaries and bonuses, stock-based compensation, employee benefits, facilities costs, depreciation, external costs of vendors engaged to conduct preclinical development activities and clinical trials, manufacturing expenses, as well as the costs of licensing technology.

Nonrefundable prepayments for goods or services that will be used or rendered for future research and development activities are recorded as prepaid expenses. The prepaid amounts are expensed as the related goods are delivered or the services are performed, or when it is no longer expected that the goods will be delivered or the services rendered.

If the Company acquires an asset or group of assets under an in-licensing arrangement that does not meet the definition of a business under ASC Topic 805, *Business Combinations*, and the acquired in-process research and development does not have an alternative future use, any related upfront license payment is expensed as incurred in accordance with guidance in ASC Topic 730, *Research and Development*. In general, contingent payments are recognized when it becomes probable the payment will be required. Any contingent payments that qualify as a derivative liability are recognized at fair value on the Company's condensed consolidated balance sheets. Annual maintenance fees under license agreements are expensed in the period in which they are incurred. Contingent payments for assets acquired are expensed as incurred or capitalized and amortized based on the nature of the associated asset at the date the payment is recognized. Royalties owed on sales of the products licensed pursuant to license agreements are expensed in the period the related revenues are recognized.

The Company has entered into various research, development and manufacturing contracts with research institutions and other companies primarily in the United States, including contracts with third-party contract research organizations and contract development and manufacturing organizations. These agreements are generally cancelable, and related costs are recorded as research and development expenses as incurred. The Company records accrued liabilities for estimated ongoing research, development and manufacturing costs and prepaid expenses for payments made in advance of work performed. When billing terms under these contracts do not coincide with the timing of when the work is performed, the Company is required to make estimates of outstanding obligations to those third parties as of period end. Any accrual estimates are based on a number of factors, including the Company's knowledge of the progress towards completion of the research, development and manufacturing activities, invoicing to date under the contracts, communication from the research institutions and other companies of any actual costs incurred during the period that have not yet been invoiced and the costs included in the contracts. Significant judgments and estimates are made in determining the accrued balances at the end of any reporting period. Actual results may differ from the estimates made by the Company.

***Stock-Based Compensation***

The Company utilizes significant estimates and assumptions in determining the fair value of its equity and equity-based awards. During the nine months ended September 30, 2022, the Company determined the fair value of shares of its common stock underlying stock-based awards granted using a hybrid approach. The hybrid approach is a scenario-based analysis where one or more of the scenarios allocate the equity value utilizing the option-pricing method ("OPM"). When using the hybrid approach, the Company estimates the probability-weighted value across multiple scenarios but applies the OPM to estimate the allocation of value within at least one of the scenarios. In addition to a scenario using the OPM, the hybrid method also considers a Qualified Public Offering scenario in which the shares of convertible preferred stock are assumed to convert to common stock. The future value of the common stock in the Qualified Public Offering scenario was discounted back to the valuation date at an appropriate risk adjusted discount rate. In the hybrid method, the present value indicated for each scenario was probability weighted to arrive at an indication of value for the Company's common stock.

***Comprehensive Loss***

Comprehensive loss includes net loss, as well as other changes in stockholders' deficit that result from transactions and economic events other than those with stockholders. The Company's comprehensive loss was equal to net loss for the nine months ended September 30, 2021 and 2022.

***Recently Adopted Accounting Pronouncements***

There were no new accounting standards adopted by the Company in the nine months ended September 30, 2022.

***Recently Issued 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 on Financial Instruments*, which has been subsequently amended by ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU 2019-10, ASU 2019-11, ASU 2020-03, and ASU 2022-02 ("ASU 2016-13"). This standard requires that credit losses be recorded using an expected losses model rather than the incurred losses model that was previously used and establishes additional credit risk disclosures associated with financial assets. The amendments in this standard should be applied on a modified retrospective basis to all periods presented. For public business entities that meet the definition of a U.S. Securities and Exchange Commission ("SEC") filer, excluding entities eligible to be smaller reporting companies as defined by the SEC, the standard is effective for fiscal calendar years beginning January 1, 2020, including interim periods within those fiscal years. For all other entities, the standard is effective for fiscal calendar years beginning January 1, 2023. Early adoption is permitted. The Company expects to inherit EGC status from Gemini upon the closing of the merger and this status allows the Company to adopt this standard for the fiscal calendar year beginning January 1, 2023. The Company does not expect that this standard will have a material impact on its condensed consolidated financial statements and disclosures.

## 3. Fair Value Measurements

The following tables present information about the Company's assets and liabilities that are regularly measured and carried at fair value on a recurring basis and indicate the level within the fair value hierarchy of the valuation techniques the Company utilized to determine such fair value, which is described further within Note 2.

Financial assets and liabilities measured at fair value on a recurring basis are summarized as follows (in thousands):

| | DECEMBER 31, 2021 | | |
|---|---|---|---|
| | Level 1 | Level 2 | Level 3 |
| **Assets** | | | |
| Money market funds in cash and cash equivalents | $ 86,119 | $ — | $ — |
| Total | $ 86,119 | $ — | $ — |
| **Liabilities** | | | |
| Derivative liability | $ — | $ — | $ 6,450 |
| Total | $ — | $ — | $ 6,450 |

| | SEPTEMBER 30, 2022 | | |
|---|---|---|---|
| | Level 1 | Level 2 | Level 3 |
| **Assets** | | | |
| Money market funds in cash and cash equivalents | $ 25,453 | $ — | $ — |
| Total | $ 25,453 | $ — | $ — |
| **Liabilities** | | | |
| Derivative liability | $ — | $ — | $ 9,900 |
| Total | $ — | $ — | $ 9,900 |

The fair value of the Company's cash equivalents, consisting of money market funds, is based on quoted market prices in active markets with no valuation adjustment. There have been no impairments of the Company's assets measured and carried at fair value during the nine months ended September 30, 2021 and 2022. In addition, there were no changes in valuation techniques or transfers between Level 1 and Level 2 financial assets during the nine months ended September 30, 2021 and 2022. The Company did not have any non-recurring fair value measurements on any assets or liabilities during the nine months ended September 30, 2021 and 2022.

In May 2021, the Company entered into a license agreement (the "Roche Agreement") with F. Hoffmann-La Roche Ltd. and Hoffmann-La Roche Inc. (together, "Roche") pursuant to which Roche granted the Company an exclusive and sublicensable worldwide license under certain patent rights and know-how to develop, manufacture and commercialize certain compounds (the "Compounds") as further described in Note 7. The Company recognized a liability in connection with the Roche Agreement which includes an obligation to issue a variable number of shares of the Company's common stock to Roche for no additional consideration upon the Company's completion of an initial public offering or certain merger transactions, a "Roche Qualified Transaction". The number of shares of common stock to be issued to Roche is estimated to be approximately 2.85% of the outstanding shares of common stock of the Company as of immediately after the completion of a Roche Qualified Transaction. The Company has determined that the obligation to issue common stock upon completion of a Roche Qualified Transaction represents a liability classified financial instrument. The liability is measured at fair value as of each reporting date and the change in the fair value for the period is recorded in the condensed consolidated statements of operations in the change in fair value of derivative liability. The fair value measurement of the derivative liability is classified as Level 3 under the fair value hierarchy as it has been valued using certain unobservable inputs. These inputs include: (1) the Company's estimated shares outstanding and fair value per share upon completion of a Roche Qualified Transaction and (2) the probability of the Company completing a Roche Qualified Transaction. The probability of the Company completing a Roche Qualified Transaction was low double-digits upon the execution of the Roche Agreement, adjusted periodically based on the Company's progress towards a Roche Qualified Transaction. Significant increases or decreases in any of those inputs could result in a significantly lower or higher fair value measurement.

The following table provides a summary of changes in fair value of the Level 3 liabilities related to the Roche Agreement (in thousands):

| | LEVEL 3 ROLLFORWARD |
|---|---|
| Balance at December 31, 2021 | $ 6,450 |
| Change in fair value of derivative liability | 3,450 |
| Balance at September 30, 2022 | $ 9,900 |

## 4. Cash, Cash Equivalents and Restricted Cash

Cash, cash equivalents and restricted cash consisted of the following (in thousands):

| | DECEMBER 31, 2021 | SEPTEMBER 30, 2022 |
|---|---|---|
| Cash and cash equivalents | $ 88,036 | $ 55,473 |
| Restricted cash | 177 | 177 |
| Total cash, cash equivalents and restricted cash as shown on the condensed consolidated statements of cash flows | $ 88,213 | $ 55,650 |

## 5. Property and Equipment, Net

Property and equipment, net consisted of the following (in thousands):

| | DECEMBER 31, 2021 | SEPTEMBER 30, 2022 |
|---|---|---|
| Furniture and fixtures | $ 93 | $ 143 |
| Computer equipment | 69 | 106 |
| Internally developed software | — | 52 |
| Less: Accumulated depreciation | (56) | (120) |
| Property and equipment, net | $ 106 | $ 181 |

## 6. Accrued Expenses

Accrued expenses consisted of the following (in thousands):

| | DECEMBER 31, 2021 | SEPTEMBER 30, 2022 |
|---|---|---|
| Accrued employee-related expenses | $ 1,177 | $ 1,670 |
| Accrued research and development | 2,297 | 1,620 |
| Accrued professional fees | 601 | 364 |
| Accrued other | 21 | 20 |
| Total accrued expenses | $ 4,096 | $ 3,674 |

## 7. Development and License Agreements

***License Agreement and Master Service Agreement with Aurigene Discoveries Technology Limited ("Aurigene")***

In February 2018, the Company entered into a license agreement with Aurigene, pursuant to which Aurigene granted the Company an exclusive worldwide license, with the right to grant sublicenses, to certain Aurigene intellectual property. Concurrent with the execution of the Aurigene license agreement, the parties entered into a master services agreement, which provides for Aurigene to provide future development services to the Company on a full-time equivalent cost basis and consumable costs incurred basis.

Pursuant to the license agreement, the Company agreed to pay an upfront fee of $0.1 million and annual maintenance fees up to $0.2 million for the licensed intellectual property. The Company may also be obligated to make future milestone payments of up to $7.1 million for the first licensed product based on the achievement of certain development and regulatory milestones. The term of the license agreement expires on a licensed product-by-licensed product and country-by-country basis on the expiration of the last-to-expire valid claim under the licensed intellectual property rights in such country. The Company can terminate the agreement, for convenience, with 90 days' notice to Aurigene. The agreement can also be terminated by either party due to insolvency or by Aurigene due to a material breach after a specified cure period.

During the nine months ended September 30, 2021 and 2022, the Company recorded research and development expense of $1.4 million and $0.6 million, respectively, related to its arrangements with Aurigene.

***License and Stock Purchase Agreement with AbbVie Deutschland GmbH & Co. KG ("AbbVie")***

In September 2019, the Company entered into an agreement with AbbVie, pursuant to which AbbVie granted the Company an exclusive license, with the right to grant sublicenses, to certain AbbVie intellectual property.

Under this agreement, the Company paid a non-refundable, non-creditable upfront fee of $0.6 million. The Company is also obligated to make future payments upon the achievement of certain development, commercialization and sales-based milestones up to $18.0 million, $45.0 million and $87.5 million, respectively on a licensed product-by-licensed product basis. In addition, the Company is also obligated to pay royalties based on net sales of the licensed products on a licensed product-by-licensed product and country-by-country basis. As of September 30, 2022, none of the milestones had been achieved.

The Company's royalty obligation expires on a licensed product-by-licensed product and country-by-country basis upon the expiration of the last-to-expire valid claim under the licensed intellectual property rights in such country. Unless terminated earlier, the agreement expires upon the expiration of the Company's royalty obligation for all licensed products. AbbVie can terminate the agreement if the Company fails to make any payments within a specified period after receiving written notice of such failure, or in the event of a material breach by the Company and failure to cure such breach within a certain period of time.

As part of the arrangement, the Company entered into a stock purchase agreement with AbbVie, pursuant to which the Company agreed to issue 4,336,841 shares of the Company's common stock to AbbVie. All of the shares vested and all related expense was recognized prior to December 31, 2020.

***License Agreement with Roche***

In connection with the Roche Agreement, the Company paid Roche an upfront, non-refundable exclusivity payment of $0.5 million in March 2021. Upon execution of the Roche Agreement in May 2021, the Company paid Roche an additional upfront, non-refundable payment of $4.0 million.

The Company is obligated to make contingent payments to Roche totaling up to $205.0 million upon achievement of certain development, regulatory and commercial milestones. Roche is also eligible to receive tiered royalties on net sales of commercialized products, at rates ranging from high single-digits to high teens.

In addition, the Company is obligated to issue shares of the Company to Roche in connection with the completion of a Roche Qualified Transaction as defined by the Roche Agreement. The number of shares of common stock to be issued to Roche is estimated to be approximately 2.85% of the outstanding shares of common stock of the Company as of immediately after the completion of a Roche Qualified Transaction, including the exercise by the underwriters thereof of any overallotment option. The Company has determined that the obligation to issue common stock upon completion of a Roche Qualified Transaction represents a liability classified financial instrument. The resulting liability is initially recorded at fair value in research and development expense, with gains and losses arising from changes in fair value recognized in other income (expense), net in the condensed consolidated statement of operations and comprehensive loss during each period while the instrument is outstanding.

In the event that certain partnership or change of control arrangements occur prior to a Roche Qualified Transaction, the Company will pay Roche an upfront royalty based on a percentage of the net proceeds from the arrangement attributable to the Compounds ranging from low to mid-teens.

During the nine months ended September 30, 2021, the Company recorded research and development expense of $5.9 million related to the Roche Agreement, comprised of the upfront payment of $4.5 million and the initial fair value of the derivative liability of $1.4 million. During the nine months ended September 30, 2021 and 2022, the Company recorded expense of $3.6 million and $3.5 million, respectively, within other income (expense), net, related to the change in fair value of the derivative liability.

**8. Convertible Preferred Stock**

The Preferred Stock authorized, issued and outstanding as of December 31, 2021 and September 30, 2022 consisted of the following (in thousands, except share amounts):

| | PREFERRED STOCK AUTHORIZED | PREFERRED STOCK ISSUED AND OUTSTANDING | CARRYING VALUE | LIQUIDATION VALUE | COMMON STOCK ISSUABLE UPON CONVERSION |
|---|---|---|---|---|---|
| Series Seed | 5,000,000 | 5,000,000 | $ 2,350 | $ 5,000 | 5,000,000 |
| Series A | 41,666,666 | 41,666,666 | 49,762 | 50,000 | 41,666,666 |
| Series B | 37,499,999 | 37,499,999 | 89,744 | 90,000 | 37,499,999 |
| Total | 84,166,665 | 84,166,665 | $ 141,856 | $ 145,000 | 84,166,665 |

The Preferred Stock have the following rights and preferences:

*Dividends*

The holders of the Preferred Stock are entitled to receive noncumulative dividends when and if declared by the Board at the rate per annum of eight percent (8%) of the applicable Original Issue Price, which is $1.00 per share for the Series Seed Preferred Stock, $1.20 per share for the Series A Preferred Stock, and $2.40 per share for the Series B Preferred Stock. Preferred Stock dividends will be paid in preference and in priority to any dividends on common stock. If the Company declares, pays or sets aside, on the same date, a dividend on shares of more than one class or series of capital stock of the Company, the dividend payable to the holders of the Preferred Stock will be based on the number of common shares the Preferred Stock would convert into. There have been no dividends declared by the Board through September 30, 2022.

*Liquidation Preference*

In the event of any liquidation, dissolution, or winding up of the Company ("Liquidation Event"), the holders of Series A and Series B Preferred Stock are entitled to receive prior and in preference to the holders of common stock and Series Seed Preferred Stock, an amount equal to an amount per share of Series A and Series B Preferred Stock equal to the Original Issue Price plus all declared and unpaid dividends on the Series A and Series B Preferred Stock. If the assets and funds available to be distributed to all holders of Series A and Series B Preferred Stock are insufficient to permit the payment, in full, of any of the liquidation preferences, then the entire assets and funds legally available for distribution to the Series A and Series B Preferred Stock shall be distributed ratably among the holders of Series A and Series B Preferred Stock at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled.

After the payment of the full liquidation preference of the Series A and Series B Preferred Stock as set forth above, the holders of shares of Series Seed Preferred Stock are entitled to receive an amount per share of Series Seed Preferred Stock equal to the Original Issue Price plus all declared and unpaid dividends on the Series Seed Preferred Stock. If the assets and funds available to be distributed to all holders of Series Seed Preferred Stock are insufficient to permit the payment, in full, of any of the liquidation preferences, then the entire assets and funds legally available for distribution to the Series Seed Preferred Stock shall be distributed ratably among the holders of Series Seed Preferred Stock at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled or when the remaining capital is distributed.

After the payment of all preferential amounts related to the holders of Preferred Stock, the remaining assets of the Company will be distributed pro rata to the holders of the Preferred Stock and common stock as if the Preferred Stock had converted at the time of the Liquidation Event. Preferential amounts to the holders of Preferred Stock are capped at 2.5 times the applicable Original Issue Price per share plus any dividends declared but unpaid or the amount such holder would have received if all shares had been converted to common stock immediately prior to the Liquidation Event.

*Conversion*

As of September 30, 2022, the shares of Preferred Stock are convertible into equal shares of common stock (a) at any time upon the written consent of the holders of a majority of the outstanding shares of the Preferred Stock and at least one holder of Series B Preferred Stock that owns at least 4,166,666 shares of Series B Preferred Stock and that did not purchase any shares of Series A Preferred Stock as part of the Series A Agreement or (b) immediately upon the closing of a Qualified Public Offering. As of September 30, 2022, the conversion ratio for the shares of Preferred Stock is 1:1, subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization.

*Voting Rights*

The Preferred Stock vote together with the common stock on an as-converted basis, and not as a separate class, except for matters as defined by the Certificate of Incorporation which require the written consent or affirmative votes of the holders of a majority of the outstanding shares of the Preferred Stock and at least one holder of Series B Preferred Stock that owns at least 4,166,666 shares of Series B Preferred Stock and that did not purchase any shares of Series A Preferred Stock as part of the Series A Agreement. For any transactions that affect the priority of the Series A or Series B Preferred Stock, a majority of Series A or Series B Preferred Stock is required, respectively.

*Redemption*

The Preferred Stock is not redeemable at the option of the holders thereof. However, the Preferred Stock is redeemable upon the occurrence of certain contingent events, unless otherwise determined by the holders.

As it relates to the redemption upon the occurrence of a contingent event, the Company evaluated the Preferred Stock in accordance with the guidance in ASC 480 and determined that the redemption upon the occurrence of a contingent event is not solely within the Company's control and accordingly classified the Preferred Stock in temporary equity. The Preferred Stock is not currently redeemable, nor is it currently probable that the instruments will become redeemable, and therefore the instruments are not being accreted to redemption value.

**9. Common Stock**

As of September 30, 2022, the authorized capital stock of the Company included 109,395,840 shares of common stock, $0.0001 par value per share. The voting, dividend and liquidation rights of the holders of the Company's common stock are subject to and qualified by the rights, powers and preferences of the holders of the Preferred Stock set forth above. Each share of common stock entitles the holder to one vote, together with the holders of the Preferred Stock, on all matters submitted to the stockholders for a vote.

The Company has reserved the following shares of common stock for potential conversion of outstanding Preferred Stock and exercise of stock options:

| | DECEMBER 31, 2021 | SEPTEMBER 30, 2022 |
|---|---|---|
| Series Seed convertible preferred stock | 5,000,000 | 5,000,000 |
| Series A convertible preferred stock | 41,666,666 | 41,666,666 |
| Series B convertible preferred stock | 37,499,999 | 37,499,999 |
| Stock options | 13,289,901 | 14,661,655 |
| Total | 97,456,566 | 98,828,320 |

**10. Stock-Based Compensation**

***2017 Stock Option and Grant Plan***

The number of shares of common stock reserved for issuance increased by 1,287,009 in the third quarter of 2022 to 17,503,334 as of September 30, 2022. Awards available for grant were 2,261,827 and 1,597,161 at December 31, 2021 and September 30, 2022, respectively.

***Stock Options***

The following table summarizes stock option activity for the nine months ended September 30, 2022.

| | NUMBER OF OPTIONS | WEIGHTED-AVERAGE EXERCISE PRICE | WEIGHTED-AVERAGE REMAINING CONTRACTUAL TERM (IN YEARS) | AGGREGATE INTRINSIC VALUE (IN THOUSANDS) |
|---|---|---|---|---|
| Outstanding at December 31, 2021 | 13,289,901 | $ 0.60 | 8.98 | $ 13,027 |
| Granted | 2,209,349 | $ 1.47 | | |
| Exercised | (444,921) | $ 0.37 | | |
| Forfeited | (392,674) | $ 0.93 | | |
| Outstanding at September 30, 2022 | 14,661,655 | $ 0.73 | 8.42 | $ 21,424 |
| Exercisable at September 30, 2022 | 5,282,179 | $ 0.38 | 7.89 | $ 9,552 |

The aggregate intrinsic value of options is calculated as the difference between the exercise price of the stock options and the fair value of the Company's common stock for those stock options that had exercise prices lower than the fair value of the common stock as of the end of the period. The aggregate intrinsic value of stock options exercised during nine months ended September 30, 2022 was $0.6 million.

The weighted-average assumptions used to estimate the fair value of stock options granted were as follows:

| | NINE MONTHS ENDED SEPTEMBER 30, | |
|---|---|---|
| | 2021 | 2022 |
| Risk-free interest rate | 0.91% | 2.24% |
| Expected term (in years) | 6.00 | 6.00 |
| Expected volatility | 63% | 55% |
| Expected dividend yield | 0% | 0% |
| Fair value per share of common stock | $ 0.95 | $ 1.47 |

The weighted-average grant date fair value of options granted in the nine months ended September 30, 2021 and 2022 was $0.55 and $0.79 per share, respectively.

The total fair value of options vested during the nine months ended September 30, 2022 was $0.8 million.

***Shares of Restricted Common Stock***

A summary of restricted common stock activity is as follows:

| | NINE MONTHS ENDED SEPTEMBER 30, | |
|---|---|---|
| | 2021 | 2022 |
| Unvested at the beginning of the period | 227,581 | 92,774 |
| Vested | (107,885) | (62,511) |
| Unvested at the end of the period | 119,696 | 30,263 |

As of September 30, 2022, the unrecognized stock-based compensation expense related to restricted common stock is expected to be recognized over a weighted-average period of 0.44 years.

***Stock-Based Compensation Expense***

Total stock-based compensation expense recorded as research and development and general and administrative expenses, respectively, for employees, directors and non-employees is as follows (in thousands):

| | NINE MONTHS ENDED SEPTEMBER 30, | |
|---|---|---|
| | 2021 | 2022 |
| Research and development | $ 102 | $ 422 |
| General and administrative | 135 | 674 |
| Total stock-based compensation expense | $ 237 | $ 1,096 |

As of September 30, 2022, the total unrecognized stock-based compensation expense related to outstanding options was $4.2 million and is expected to be recognized over a weighted-average period of 2.64 years.

**11. Income Taxes**

The Company did not record a provision or benefit for income taxes during the nine months ended September 30, 2021 and 2022. The Company continues to maintain a full valuation allowance against all of its deferred tax assets.

The Company has evaluated the positive and negative evidence involving its ability to realize its deferred tax assets and has considered its history of cumulative net losses incurred since inception and its lack of any commercially ready products. The Company has concluded that it is more likely than not that it will not realize the benefits of its deferred tax assets. The Company reevaluates the positive and negative evidence at each reporting period.

**12. Net Loss Per Share**

The Company excluded the following from the computation of diluted net loss per share attributable to common stockholders because including them would have had an anti-dilutive effect:

| | SEPTEMBER 30, | |
|---|---|---|
| | 2021 | 2022 |
| Series Seed convertible preferred stock | 5,000,000 | 5,000,000 |
| Series A convertible preferred stock | 41,666,666 | 41,666,666 |
| Series B convertible preferred stock | 37,499,999 | 37,499,999 |
| Unvested restricted common stock | 119,696 | 30,263 |
| Options to purchase common stock | 12,899,387 | 14,661,655 |

**13. Commitments and Contingencies**

***Indemnification Agreements***

In the ordinary course of business, the Company may provide indemnification of varying scope and terms to its vendors, lessors, contract research organizations, business partners and other parties with respect to certain matters including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with members of its Board that will require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is, in many cases, unlimited. The Company has not incurred any material costs as a result of such indemnifications and is not currently aware of any indemnification claims.

***Legal Proceedings***

The Company, from time to time, may be party to litigation arising in the ordinary course of business. The Company was not subject to any material legal proceedings during the nine months ended September 30, 2021 and 2022 and, to the best of its knowledge, no material legal proceedings are currently pending or threatened.

***Payments Upon Termination***

The Company has entered into agreements with certain vendors for the provision of services that the Company is not contractually able to terminate for convenience and avoid any and all future obligations to the vendors. Under such agreements, the Company is contractually obligated to make certain minimum payments to the vendors, with the exact amounts in the event of termination to be based on the timing of the termination and the exact terms of the agreement.

**14. Subsequent Events**

The Company has completed an evaluation of all subsequent events after the unaudited condensed consolidated balance sheet date of September 30, 2022 through November 23, 2022, the date these condensed consolidated financial statements were issued, to ensure that these condensed consolidated financial statements include appropriate disclosure of events both recognized in the condensed consolidated financial statements as of September 30, 2022, and events which occurred subsequently but were not recognized in the condensed consolidated financial statements. Non-recognizable subsequent events through November 23, 2022 are summarized below.

In October 2022, the Company entered into an addendum to the License Agreement with Roche to extend the terms of the settlement of the Company's obligation to issue common stock to Roche in connection with the completion of a Roche Qualified Transaction. The terms were extended until December 31, 2022.

## SELECTED HISTORICAL AND UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA

### Selected Historical Consolidated Financial Data of Gemini

The following tables summarize Gemini's consolidated financial data. The consolidated statement of operations data for the years ended December 31, 2020 and 2021 and the consolidated balance sheet data as of December 31, 2020 and 2021 have been derived from the audited consolidated financial statements included in Gemini's Annual Report on Form 10-K, which is incorporated herein by reference. The consolidated statement of operations data for the nine months ended September 30, 2021 and 2022 and the consolidated balance sheet data as of September 30, 2022 have been derived from the unaudited condensed consolidated financial statements included in Gemini's Quarterly Report on Form 10-Q, which is incorporated herein by reference. You should read the following selected consolidated financial data together with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and Gemini's financial statements and the related notes incorporated by reference. Gemini's historical results are not necessarily indicative of results that should be expected in any future period and Gemini's results for the interim period are not necessarily indicative of the results that should be expected for the full year ending December 31, 2022.

| | Year Ended December 31, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2021 | 2021 | 2022 |
| | (in thousands, except share and per share data) | | | |
| Operating expenses: | | | | |
| Research and development | $ 28,170 | $ 48,717 | $ 36,083 | $ 12,822 |
| General and administrative | 5,870 | 20,285 | 15,177 | 13,326 |
| Total operating expenses | 34,040 | 69,002 | 51,260 | 26,148 |
| Loss from operations | (34,040) | (69,002) | (51,260) | (26,148) |
| Other income (expense): | | | | |
| Interest expense | (6,826) | (2,158) | (2,073) | (155) |
| Interest income | 37 | 15 | 11 | 657 |
| Loss on conversion of convertible notes | — | (711) | (711) | — |
| Change in fair value of warrant liability | (8) | — | — | — |
| Other income (expense) | — | (13) | (13) | 48 |
| Net loss and comprehensive loss | $ (40,837) | $ (71,869) | $ (54,046) | $ (25,598) |
| Net loss per share, basic and diluted | $ (2.70) | $ (1.78) | $ (1.37) | $ (0.59) |
| Weighted average common shares outstanding, basic and diluted | 15,115,129 | 40,362,303 | 39,427,476 | 43,236,171 |

| | As of December 31, | | As of September 30, |
|---|---|---|---|
| | 2020 | 2021 | 2022 |
| | | (in thousands) | |
| **Consolidated Balance Sheet Data:** | | | |
| Cash and cash equivalents | $ 4,503 | $ 136,627 | $ 101,737 |
| Working capital (1) | (19,811) | 125,266 | 103,200 |
| Total assets | 8,319 | 140,437 | 106,031 |
| Total liabilities | 30,180 | 15,596 | 1,464 |
| Accumulated deficit | (112,821) | (184,690) | (210,288) |
| Total stockholders' equity (deficit) | (21,861) | 124,841 | 104,567 |

(1) Working capital is defined as current assets less current liabilities.

**Selected Historical Consolidated Financial Data of Disc**

The following tables summarize Disc's consolidated financial data. The consolidated statement of operations data for the years ended December 31, 2020 and 2021 and the consolidated balance sheet data as of December 31, 2020 and 2021 have been derived from Disc's audited consolidated financial statements included in Exhibit 99.5 of the Company's Current Report on Form 8-K of which this Exhibit 99.7 is a part. The consolidated statement of operations data for the nine months ended September 30, 2021 and 2022 and the consolidated balance sheet data as of September 30, 2022 have been derived from Disc's unaudited condensed consolidated financial statements included in Exhibit 99.6 of the Company's Current Report on Form 8-K of which this Exhibit 99.7 is a part. You should read the following selected consolidated financial data together with "*Disc Management's Discussion and Analysis of Financial Condition and Results of Operations*" and Disc's consolidated financial statements and the related notes included in Exhibits 99.4, 99.5 and 99.6, respectively, of the Company's Current Report on Form 8-K of which this Exhibit 99.7 is a part. Disc's historical results are not necessarily indicative of results that should be expected in any future period and Disc's results for the interim period are not necessarily indicative of the results that should be expected for the full year ending December 31, 2022.

| | Year Ended December 31, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | 2020 | 2021 | 2021 | 2022 |
| | (in thousands, except share and per share data) | | | |
| Operating expenses: | | | | |
| Research and development | $ 18,020 | $ 25,170 | $ 19,511 | $ 23,421 |
| General and administrative | 2,956 | 5,763 | 4,012 | 9,033 |
| Total operating expenses | 20,976 | 30,933 | 23,523 | 32,454 |
| Loss from operations | (20,976) | (30,933) | (23,523) | (32,454) |
| Other income (expense), net: | | | | |
| Interest income | 40 | 14 | 5 | 321 |
| Change in fair value of derivative liability | — | (5,050) | (3,600) | (3,450) |
| Total other income (expense), net | 40 | (5,036) | (3,595) | (3,129) |
| Net loss and comprehensive loss | $ (20,936) | $ (35,969) | $ (27,118) | $ (35,583) |
| Net loss attributable to common stockholders—basic and diluted | $ (20,936) | $ (35,969) | $ (27,118) | $ (35,583) |
| Weighted-average common shares outstanding—basic and diluted | 6,930,451 | 8,014,679 | 7,947,355 | 8,604,591 |
| Net loss per share attributable to common stockholders—basic and diluted | $ (3.02) | $ (4.49) | $ (3.41) | $ (4.14) |

| | As of December 31, | | As of September 30, |
|---|---|---|---|
| | 2020 | 2021 | 2022 |
| | | (in thousands) | |
| **Consolidated Balance Sheet Data:** | | | |
| Cash and cash equivalents | $ 25,825 | $ 88,036 | $ 55,473 |
| Working capital (1) | 22,966 | 77,060 | 42,626 |
| Total assets | 27,377 | 92,411 | 61,707 |
| Total liabilities | 4,074 | 14,758 | 18,378 |
| Convertible preferred stock | 52,112 | 141,856 | 141,856 |
| Accumulated deficit | (29,420) | (65,389) | (100,972) |
| Total stockholders' deficit | (28,809) | (64,203) | (98,527) |

(1) Working capital is defined as current assets less current liabilities.

**Selected Unaudited Pro Forma Condensed Combined Financial Data of Gemini and Disc**

The following unaudited pro forma condensed combined financial information was prepared based on the expectation that the Merger will be treated as a reverse recapitalization in accordance with U.S. generally accepted accounting principles ("GAAP"). For accounting purposes, Disc is considered to be acquiring Gemini in the Merger. This determination is based on the expectations that, immediately following the Merger: (i) Disc's equity holders will own a substantial majority of the voting rights in the combined organization, (ii) Disc will designate a majority (eight of nine) of the initial board of directors of the combined organization and (iii) Disc's senior management will hold all positions in the senior management of the combined organization and no employees from Gemini will be retained. Accordingly, for accounting purposes: (i) the Merger will be treated as the equivalent of Disc issuing stock to acquire the net assets of Gemini, (ii) the net assets of Gemini will be recorded based upon the fair values in the financial statements at the time of closing, which are primarily comprised of cash and cash equivalents and therefore expected to approximate the historical carrying value of the assets and (iii) the reported historical operating results of the combined company prior to the Merger will be those of Disc.

The unaudited pro forma condensed combined balance sheet assumes that Disc's pre-closing financing and the merger were consummated as of September 30, 2022 and combines the historical balance sheets of Gemini and Disc as of such date. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2021 and the nine months ended September 30, 2022 assumes that Disc's pre-closing financing and the merger were consummated as of January 1, 2021 and combines the historical results of Gemini and Disc for the respective periods presented.

The selected unaudited pro forma condensed combined financial data are presented for illustrative purposes only and are not necessarily indicative of the combined financial position or results of operations of future periods or the results that would have been realized had the entities been a single entity during these periods. The selected unaudited pro forma condensed combined financial data for the year ended December 31, 2021 and as of and for the nine months ended September 30, 2022 are derived from the unaudited pro forma condensed combined financial information and should be read in conjunction with that information. For more information, please see the section entitled "Unaudited Pro Forma Condensed Combined Financial Information" below.

**Selected Unaudited Pro Forma Condensed Combined Statements of Operations Data**

| | Year Ended December 31, 2021 | Nine Months Ended September 30, 2022 |
|---|---|---|
| | (in thousands, except share and per share data) | |
| Research and development expense | $ 73,887 | $ 36,243 |
| General and administrative expense | 37,052 | 22,359 |
| Loss from operations | (110,939) | (58,602) |
| Net loss attributable to common stockholders—basic and diluted | (113,344) | (57,576) |
| Net loss per share attributable to common stockholders—basic and diluted | $ (6.66) | $ (3.32) |

**Selected Unaudited Pro Forma Condensed Combined Balance Sheet Data**

| | As of September 30, 2022 |
|---|---|
| | (in thousands) |
| **Consolidated Balance Sheet Data:** | |
| Cash and cash equivalents | $ 210,710 |
| Working capital, net | 192,079 |
| Total assets | 218,907 |
| Total liabilities | 24,758 |
| Accumulated deficit | (103,485) |
| Total stockholders' equity (deficit) | 194,149 |

**Unaudited Pro Forma Condensed Combined Financial Information**

The following unaudited pro forma condensed combined financial statements are based on the Disc Medicine Inc.'s historical consolidated financial statements and Gemini Therapeutics Inc.'s historical consolidated financial statements as adjusted to give effect to the merger of the companies, accounted for as a reverse recapitalization, to the issuance of shares in a pre-closing financing and to the anticipated Gemini 1:10 reverse stock split.

*The Merger*

On August 9, 2022, Disc entered into an Agreement and Plan of Merger and Reorganization (the "Merger Agreement") with Gemini Therapeutics, Inc., a Delaware corporation ("Gemini") and Gemstone Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Gemini ("Merger Sub"). Pursuant to the Merger Agreement and subject to the satisfaction or waiver of the conditions therein, Merger Sub will merge with and into Disc, with Disc continuing as the surviving company and as a wholly owned subsidiary of Gemini (the "merger"). If the merger is completed, the business of Disc will continue as the business of the combined company. The merger is intended to qualify for federal income tax purposes as a tax-free reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended.

Subject to the terms and conditions of the Merger Agreement, at the effective time of the merger (the "Effective Time"), each then outstanding share of Disc common stock (including shares of common stock issued upon conversion of Disc preferred stock and shares of Disc common stock issued in the Disc pre-closing financing (as defined below) will be converted into the right to receive a number of shares of Gemini's common stock (subject to the payment of cash in lieu of fractional shares) calculated in accordance with the Merger Agreement (the "exchange ratio").

Prior to and as a condition of the closing, Gemini repaid its term loan and accrued interest and other related fees in the third quarter of 2022.

As a direct result of the reverse recapitalization, pursuant to Disc's Roche Agreement, immediately following the Effective Date, Disc will issue shares of the combined company to Roche for no consideration (the "Roche Issuance"). The number of shares of common stock to be issued to Roche is 2.85% of the outstanding shares of common stock of the combined company as of the Effective Date. This is considered a separate transaction for accounting purposes; however, as it occurs automatically upon the closing of the merger, Disc is presenting as a pro forma adjustment.

At the Effective Time, each person who as of immediately prior to the Effective Time was a stockholder of record of Gemini or had the right to receive Gemini's common stock will be entitled to receive a contractual contingent value right ("CVR") issued by Gemini subject to and in accordance with the terms and conditions of a Contingent Value Rights Agreement between Gemini, the holder's representative and the rights agent (the "CVR Agreement"), representing the contractual right to receive consideration from the post-closing combined company upon the receipt of certain proceeds from a disposition of Gemini's pre-merger assets, calculated in accordance with the CVR Agreement. The unaudited pro forma condensed combined balance sheet does not reflect contingent consideration with respect to the CVRs because the value of the corresponding in-process research and development assets are expected to be de minimis.

The merger is expected to be treated as a reverse recapitalization in accordance with U.S. GAAP because on the effective date of the merger, the pre-combination assets of Gemini are expected to be primarily cash and cash equivalents and other non-operating assets. Disc concluded that any in-process research and development assets potentially remaining as of the combination would be de minimis when compared to the cash and cash equivalents obtained through the merger.

Immediately after the consummation of the merger, based on the exchange ratio of 0.1096, Disc securityholders would own approximately 74% of the Gemini common stock as defined in the Merger Agreement, and Gemini securityholders would own approximately 26% of the Gemini common stock as defined in the Merger Agreement, after giving effect to the Disc pre-closing financing, and subject to adjustment of the exchange ratio as set forth in the Merger Agreement. Under certain circumstances further described in the Merger Agreement, the ownership percentages are subject to adjustment to the extent that Gemini's net cash as of the closing, as defined in the Merger Agreement ("Net Cash") is less than $87.4 million or greater than $96.6 million.

*The Disc Pre-Closing Financing*

In connection with the Merger Agreement, certain third parties have entered into a subscription agreement with Disc to purchase shares of Disc common stock for an aggregate purchase price of approximately $53.5 million (the "Disc pre-closing financing"). The Disc pre-closing financing is contingent on and will occur prior to the closing of the merger, subject to customary closing conditions. Shares of the Disc common stock issued pursuant to the Disc pre-closing financing will be converted into shares of Gemini common stock in accordance with the exchange ratio at the Effective Time.

The unaudited pro forma condensed combined balance sheet assumes that the Disc pre-closing financing, and the merger were consummated as of September 30, 2022 and combines the historical balance sheets of Gemini and Disc as of such date. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2021 and the nine months ended September 30, 2022 assumes that the Disc pre-closing financing and the merger were consummated as of January 1, 2021 and combines the historical results of Gemini and Disc for the respective periods presented.

The selected unaudited pro forma condensed combined financial data are presented for illustrative purposes only and are not necessarily indicative of the combined financial position or results of operations of future periods or the results that would have been realized had the entities been a single entity during these periods.

The unaudited pro forma condensed combined financial information is based on the assumptions and adjustments that are described in the accompanying notes. The accounting for the merger requires the final calculation of net working capital for Gemini. Accordingly, the pro forma adjustments are preliminary, subject to further revision as additional information becomes available and additional analyses are performed and have been made solely for the purpose of providing unaudited pro forma condensed combined financial information. Differences between these preliminary estimates and the final accounting, expected to be completed after the closing, will occur and these differences could have a material impact on the accompanying unaudited pro forma condensed combined financial information and the combined organization's future results of operations and financial position.

The unaudited pro forma condensed combined financial information does not give effect to the potential impact of current financial conditions, regulatory matters, operating efficiencies or other savings or expenses that may be associated with the integration of the two companies. The unaudited pro forma condensed combined financial information is not necessarily indicative of the financial position or results of operations in future periods or the results that would have been realized had Gemini and Disc been a combined organization during the specified periods. The actual results reported in periods following the merger may differ significantly from those reflected in the unaudited pro forma condensed combined financial information presented herein for a number of reasons, including, but not limited to, differences in the assumptions used to prepare this pro forma financial information.

The unaudited pro forma condensed combined financial information, including the notes thereto, should be read in conjunction with the separate historical financial statements of Disc, and its Management's Discussion and Analysis of Financial Condition and Results of Operations included in Exhibit 99.4 of the Company's Current Report on Form 8-K of which this Exhibit 99.7 is a part, and Gemini's Management's Discussion and Analysis of Financial Condition and Results of Operations included in its Quarterly Report on Form 10-Q filed with the SEC on November 10, 2022.

Accounting rules require evaluation of certain assumptions, estimates, or determination of financial statement classifications. The accounting policies of Gemini may materially vary from those of Disc. During preparation of the unaudited pro forma condensed combined financial information, management has performed a preliminary analysis and is not aware of any material differences, and accordingly, this unaudited pro forma condensed combined financial information assumes no material differences in accounting policies. Following the acquisition, management will conduct a final review of Gemini's accounting policies in order to determine if differences in accounting policies require adjustment or reclassification of Gemini's results of operations or reclassification of assets or liabilities to conform to Disc's accounting policies and classifications. As a result of this review, management may identify differences that, when conformed, could have a material impact on these unaudited pro forma condensed combined financial statements.

**Unaudited Pro Forma Condensed Combined Balance Sheet**

**September 30, 2022**

**(in thousands)**

| | Disc Medicine | Gemini Therapeutics | Disc Pre-closing Financing Adjustments | Pro Forma Merger Adjustments | Notes | Pro Forma Combined |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | $ 55,473 | $ 101,737 | $ 53,500 | $ — | **B** | $ 210,710 |
| Prepaid expenses and other current assets | 4,425 | 2,927 | — | (2,331) | **D, E** | 5,021 |
| Total current assets | 59,898 | 104,664 | 53,500 | (2,331) | | 215,731 |
| Property and equipment, net | 181 | — | — | — | | 181 |
| Right-of-use assets, operating leases | 1,512 | — | — | — | | 1,512 |
| Other assets | 116 | 1,367 | — | — | | 1,483 |
| Total assets | $ 61,707 | $ 106,031 | $ 53,500 | $ (2,331) | | $ 218,907 |
| **Liabilities, Convertible Preferred Stock and Stockholders' Equity (Deficit)** | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | $ 3,397 | $ 1,139 | $ — | $ — | | $ 4,536 |
| Accrued expenses | 3,674 | 325 | — | 14,816 | **D, E, F, G** | 18,815 |
| Derivative liability | 9,900 | — | — | (9,900) | **J** | — |
| Operating lease liabilities, current | 301 | — | — | — | | 301 |
| Total current liabilities | 17,272 | 1,464 | — | 4,916 | | 23,652 |
| Operating lease liabilities, non-current | 1,106 | — | — | — | | 1,106 |
| Total liabilities | 18,378 | 1,464 | — | 4,916 | | 24,758 |
| Series Seed convertible preferred stock | 2,350 | — | — | (2,350) | **C** | — |
| Series A convertible preferred stock | 49,762 | — | — | (49,762) | **C** | — |
| Series B convertible preferred stock | 89,744 | — | — | (89,744) | **C** | — |
| Stockholders' deficit: | | | | | | |
| Common stock | 1 | 4 | 2 | (5) | **I** | 2 |
| Additional paid-in capital | 2,444 | 314,851 | 53,498 | (73,161) | **I** | 297,632 |
| Accumulated deficit | (100,972) | (210,288) | — | 207,775 | **I** | (103,485) |
| Total stockholders' equity (deficit) | (98,527) | 104,567 | 53,500 | 134,609 | | 194,149 |
| Total liabilities, convertible preferred stock and stockholders' equity (deficit) | $ 61,707 | $ 106,031 | $ 53,500 | $ (2,331) | | $ 218,907 |

The accompanying notes are an integral part of this unaudited pro forma condensed combined financial information.

**Unaudited Pro Forma Condensed Combined Statement of Operations**

**For the Nine Months Ended September 30, 2022**

**(in thousands, except share and per share amounts)**

| | Disc Medicine | Gemini Therapeutics | Pro Forma Merger Adjustments | Notes | Pro Forma Combined |
|---|---|---|---|---|---|
| Operating expenses: | | | | | |
| Research and development | $ 23,421 | $ 12,822 | $ — | | $ 36,243 |
| General and administrative | 9,033 | 13,326 | — | | 22,359 |
| Total operating expenses | 32,454 | 26,148 | — | | 58,602 |
| Loss from operations | (32,454) | (26,148) | — | | (58,602) |
| Other income (expense), net: | | | | | |
| Interest expense | — | (155) | 155 | **A** | — |
| Interest income | 321 | 657 | — | | 978 |
| Loss on conversion of convertible notes | — | — | — | | — |
| Change in fair value of derivative liability | (3,450) | — | 3,450 | **J** | — |
| Other income | — | 48 | — | | 48 |
| Total other income (expense), net | (3,129) | 550 | 3,605 | | 1,026 |
| Net loss and comprehensive loss | $ (35,583) | $ (25,598) | $ 3,605 | | $ (57,576) |
| Net loss attributable to common stockholders—basic and diluted | $ (35,583) | $ (25,598) | $ 3,605 | | $ (57,576) |
| Weighted-average common shares outstanding—basic and diluted | 8,604,591 | 43,236,171 | (34,474,350) | **K** | 17,366,412 |
| Net loss per share attributable to common stockholders—basic and diluted | $ (4.14) | $ (0.59) | $ — | | $ (3.32) |

The accompanying notes are an integral part of this unaudited pro forma condensed combined financial information.

**Unaudited Pro Forma Condensed Combined Statement of Operations**

**For the Year Ended December 31, 2021**

**(in thousands, except share and per share amounts)**

| | Disc Medicine | Gemini Therapeutics | Pro Forma Merger Adjustments | Notes | Pro Forma Combined |
|---|---|---|---|---|---|
| Operating expenses: | | | | | |
| Research and development | $ 25,170 | $ 48,717 | $ — | | $ 73,887 |
| General and administrative | 5,763 | 20,285 | 11,004 | **D, F, G, H** | 37,052 |
| Total operating expenses | 30,933 | 69,002 | 11,004 | | 110,939 |
| Loss from operations | (30,933) | (69,002) | (11,004) | | (110,939) |
| Other income (expense), net: | | | | | |
| Interest expense | — | (2,158) | 448 | **A** | (1,710) |
| Interest income | 14 | 15 | — | | 29 |
| Loss on conversion of convertible notes | — | (711) | — | | (711) |
| Change in fair value of derivative liability | (5,050) | — | 5,050 | **J** | — |
| Other expense | — | (13) | — | | (13) |
| Total other income (expense), net | (5,036) | (2,867) | 5,498 | | (2,405) |
| Net loss and comprehensive loss | $ (35,969) | $ (71,869) | $ (5,506) | | $ (113,344) |
| Net loss attributable to common stockholders—basic and diluted | $ (35,969) | $ (71,869) | $ (5,506) | | $ (113,344) |
| Weighted-average common shares outstanding—basic and diluted | 8,014,679 | 40,362,303 | (31,362,611) | **K** | 17,014,371 |
| Net loss per share attributable to common stockholders—basic and diluted | $ (4.49) | $ (1.78) | $ — | | $ (6.66) |

The accompanying notes are an integral part of this unaudited pro forma condensed combined financial information.

**Notes to the Unaudited Pro Forma Condensed Combined Financial Information**

All amounts below are in thousands, unless specifically noted otherwise, except share and per share amounts.

**1. Description of Transaction**

Upon the Effective Time, all shares of Disc common stock outstanding immediately prior to the Effective Time, after giving effect to the preferred stock conversion and the Disc pre-closing financing, will be converted into the right to receive approximately 12,531,640 shares of Gemini's common stock in the aggregate, based on the shares of Disc common stock outstanding on December 23, 2022 and an estimated exchange ratio of 0.1096 which has been adjusted to reflect the anticipated Gemini 1:10 reverse stock split, and, which is subject to certain adjustments, including Gemini's final Net Cash at closing. This exchange ratio is an estimate only and the final exchange ratio at closing will be determined pursuant to a formula described in more detail in the Merger Agreement.

Disc estimates that the aggregate value of the consideration to be paid in the merger will be approximately $67.9 million. The fair value of consideration transferred is based on the number of common shares Gemini stockholders will own of the combined company upon consummation of the merger, multiplied by the closing price of fair value of Gemini common stock on December 23, 2022, the most recent practicable date prior to the filing of this Current Report on Form 8-K. The number and value of the shares of Gemini common stock to be issued pursuant to the Merger Agreement will not be determined until the completion of the merger and therefore, the final aggregate value of the consideration paid in the merger, may be more or less than $67.9 million. The fair value of consideration transferred is not indicative of the combined entities enterprise value upon consummation of the merger. As the merger will be accounted for as a reverse recapitalization, any difference between the consideration to be transferred in the merger and the fair value of the net assets acquired will be recorded as an adjustment to additional paid-in capital.

Consummation of the merger is subject to certain closing conditions, including, among other things, approval by the Gemini stockholders and the Disc stockholders.

**2. Basis of Pro Forma Presentation**

The unaudited pro forma condensed combined financial information gives effect to the anticipated Gemini 1:10 reverse stock split.

The unaudited pro forma condensed combined financial information has been prepared in accordance with SEC Regulation S-X Article 11. The unaudited pro forma condensed combined statements of operations for the year ended December 31, 2021 and the nine months ended September 30, 2022, give effect to the Disc pre-closing financing and merger as if they had been consummated on January 1, 2021. The unaudited pro forma condensed combined balance sheet as of September 30, 2022 gives effect to the Disc pre-closing financing and the merger as if they had been consummated on September 30, 2022.

For accounting purposes, Disc is considered to be the acquiring company and the merger is expected to be accounted for as a reverse recapitalization of Gemini by Disc because on the merger date, the pre-combination assets of Gemini are expected to be primarily cash and cash equivalents and other non-operating assets.

For purposes of these pro forma financial statements, the total estimated purchase price is summarized as follows (in thousands, except share and per share amounts):

| | | |
|---|---|---|
| Estimated number of shares of the combined company to be owned by Gemini stockholders(i) | | 4,376,848 |
| Multiplied by the assumed price per share of Gemini common stock(ii) | $ | 15.50 |
| Total | $ | 67,841 |
| Estimated fair value of assumed Gemini equity awards based on precombination service(iii) | | 38 |
| Total estimated purchase price | $ | 67,879 |

i. Reflects the number of shares of common stock of the combined company that Gemini equity holders would own as of the closing pursuant to the Merger Agreement. This amount is calculated, for purposes of this unaudited pro forma condensed combined financial information, based on shares of Gemini common stock outstanding as of December 23, 2022. The estimated number of shares reflects the impact of the anticipated Gemini 1:10 reverse stock split that is expected to be effected prior to consummation of the merger.

ii. Reflects the price per share of Gemini common stock, which is the closing trading price of Gemini common stock outstanding as of December 23, 2022, adjusted to reflect the impact of the anticipated Gemini 1:10 reverse stock split.

iii. The estimated purchase price includes the estimated acquisition-date fair value of the assumed Gemini's equity awards attributable to pre-combination service (which amount is determined based on the closing trading price of Gemini common stock on December 23, 2022, the number of Gemini equity awards outstanding on this date, and the period of service provided by the holders of the awards prior to the merger closing date). The following table presents, on a weighted average basis, the assumptions used in the Black-Scholes option-pricing model to determine the estimated acquisition-date fair value of the assumed Gemini's equity awards:

| | |
|---|---|
| Expected term (in years) | 3.45 |
| Volatility | 57% |
| Risk free interest rate | 4.28% |
| Dividend yield | 0% |

The actual purchase consideration for the net assets of Gemini will vary based on the Net Cash calculation prior to closing, the exchange ratio, and Gemini share price at closing; however, any difference between the consideration transferred and the fair value of the net assets of Gemini following determination of the actual purchase consideration for Gemini will be reflected as an adjustment to additional paid-in capital. The estimated purchase consideration reflected in these unaudited pro forma condensed combined financial information does not purport to represent what the actual purchase consideration will be when the merger is completed. The actual purchase price will fluctuate until the Effective Time of the merger.

Under reverse recapitalization accounting, the subsequent financial statements of Disc will reflect the operations of the acquirer for accounting purposes together with a deemed issuance of shares, equivalent to the shares held by the former stockholders of the legal acquirer and a recapitalization of the equity of the accounting acquirer. The accompanying unaudited proforma condensed combined financial information is derived from the historical financial statements of Gemini and Disc, and include adjustments to give pro forma effect to reflect the accounting for the transaction in accordance with U.S. GAAP. The historical financial statements of Disc will become the historical financial statements of the combined company.

Disc and Gemini may incur significant costs associated with integrating the operations of Disc and Gemini after the merger is completed. The unaudited pro forma condensed combined financial information does not reflect the costs of any integration activities or benefits that may result from realization of future cost savings from operating efficiencies which may result from the merger.

**3. Shares of Gemini Common Stock Issued to Disc Stockholders upon Closing of the Merger**

Prior to the merger, all outstanding shares of Disc convertible preferred stock are expected to convert into Disc common stock, which will be exchanged for shares of Gemini common stock based on the exchange ratio determined in accordance with the Merger Agreement. The estimated exchange ratio for purposes of the unaudited pro forma condensed combined financial information was derived on a fully-diluted basis as of August 9, 2022 using a stipulated value of Disc of approximately $313.5 million (including the Disc pre-closing financing discussed above) and of Gemini of approximately $100.0 million. The estimated number of shares of common stock that Gemini expects to issue to Disc's common and preferred stockholders as of December 23, 2022 (ignoring rounding of fractional shares) is determined as follows:

| | |
|---|---|
| Shares of Disc common stock outstanding | 8,858,587 |
| Estimated shares of Disc common stock to be issued upon consummation of the Disc pre-closing financing | 21,314,737 |
| Shares of Disc common stock to be issued upon conversion of Disc convertible preferred stock | 84,166,665 |
| Total | 114,339,989 |
| Estimated exchange ratio | 0.1096 |
| Estimated shares of Gemini common stock to be issued to Disc shareholders upon closing of the merger | 12,531,640 |

The estimated exchange ratio and estimated shares of Gemini common stock issued to Disc's securityholders have been adjusted to give effect to the anticipated Gemini 1:10 reverse stock split.

**4. Pro Forma Adjustments**

Adjustments included in the column under the heading "Pro Forma Adjustments" are primarily based on information contained within the Disc pre-closing financing and the Merger Agreement. Further analysis will be performed after the completion of the merger to confirm the necessity of these estimates.

Both Disc and Gemini have a history of generating net operating losses and maintain a full valuation allowance against their net deferred tax asset. As a result, both entities have not previously reflected an income tax benefit or expense within the financial statement periods presented. Management has not identified any changes to the income tax positions due to the merger that would result in an incremental tax expense or benefit. Accordingly, no tax-related adjustments have been reflected for the pro forma adjustments.

The pro forma adjustments, based on preliminary estimates that could change materially as additional information is obtained, are as follows:

A. As a condition of the closing, Gemini repaid its term loan and accrued interest and other related fees in the third quarter of 2022. For the purposes of the unaudited pro forma condensed combined statements of operations, Gemini's repayment of its term loan is reflected as if it occurred on January 1, 2021, with interest expense related to the debt facility of $0.4 million and $0.2 million removed from the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2021 and the nine months ended September 30, 2022, respectively.

B. The Disc pre-closing financing is contingent on the merger and is expected to close concurrently with execution of the merger and immediately prior to the consummation of the merger. The Disc pre-closing financing consists of an executed subscription agreement to receive $53.5 million in proceeds. The potential use of proceeds from the Disc pre-closing financing has not yet been finalized, and as a result, for the purposes of the unaudited pro forma condensed combined statement of operations, no adjustments were made to reflect interest income or the use of proceeds from the Disc pre-closing financing.

C. Immediately prior to completing the merger, all classes of convertible preferred stock of Disc are expected to convert to common shares at a 1:1 conversion ratio, Series Seed convertible preferred stock are expected to convert to 5,000,000 Disc common shares, Series A convertible preferred stock are expected convert to 41,666,666 Disc common shares and Series B convertible preferred stock are expected to convert to 37,499,999 Disc common shares.

D. To reflect Gemini's estimated transaction costs of $8.1 million that were not accrued or expensed as of September 30, 2022, consisting of legal and accounting related fees of approximately $0.2 million, directors' and officers' liability tail insurance costs of approximately $6.1 million, and investment banking fees of approximately $1.8 million as an increase in accrued expenses, a reduction in prepaid insurance of $1.2 million and an increase to accumulated deficit of $8.1 million in the unaudited pro forma condensed combined balance sheet.

Gemini's transaction costs of $8.1 million are reflected as general and administrative expense in the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2021.

E. To reflect Disc's estimated transaction costs of $7.3 million that were not accrued or expensed as of September 30, 2022, consisting of legal and accounting related fees of approximately $0.5 million and investment banking fees of approximately $5.7 million as an increase in accrued expenses, a reduction in capitalized deferred transaction costs of $1.1 million and a reduction to additional paid-in capital of $7.3 million in the unaudited pro forma condensed combined balance sheet. As the merger will be accounted for as a reverse recapitalization equivalent to the issuance of equity for the net assets, primarily cash and cash equivalents, of Gemini, these direct and incremental costs are treated as a reduction of the net proceeds received within additional paid-in capital.

The adjustments for transaction costs exclude costs related to Disc's ongoing operations as a public company, which will be charged to expense as incurred.

F. Gemini's estimated compensation expense of $1.4 million related to change-in-control cash payments, retention and severance payments resulting from pre-existing employment agreements that will be payable in cash in connection with the merger but were not incurred as of September 30, 2022 is reflected as an increase to accrued expenses and accumulated deficit in the unaudited pro forma condensed combined balance sheet. Gemini's compensation costs of $1.4 million are reflected as general and administrative expense in the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2021.

G. Disc's estimated post-merger compensation expense of $0.3 million related to a change-in-control cash payment resulting from the decision to approve a one-time payment to an executive of Gemini that will be payable in cash in connection with the merger but was not incurred as of September 30, 2022 is reflected as an increase to accrued expenses and accumulated deficit in the unaudited pro forma condensed combined balance sheet. Disc's compensation costs of $0.3 million are reflected as general and administrative expense in the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2021.

H. Estimated share-based compensation costs are recognized as a result of the transaction based on the fair value of the outstanding unvested awards on the merger date. The amounts are either recognized as a post-merger expense or are recognized in part as pre-merger expense of Gemini and in part as post-merger expense of the combined company, based on the specific facts and circumstances of each award. Certain awards included accelerated vesting upon both a change of control and subsequent separation of the individual. As a result, a portion of the expense is recognized as pre-merger expense of Gemini and a portion is recognized as post-merger expense of the combined entity, based on the percentage of the original service period of the awards that had elapsed as of the merger date. Certain other awards did not include an acceleration of vesting term upon a change of control but were modified in August 2022 to include acceleration upon a change of control. This modification was deemed to be in contemplation of the merger. The expense for the modified awards is recognized as post-merger expense of the combined entity based on the fair value of the awards on the merger date. As a result, $0.1 million of expense was recognized as pre-merger expense of Gemini for certain awards that were not previously recognized, and are reflected as an increase to additional paid-in capital and accumulated deficit in the unaudited pro forma condensed combined balance sheet and $1.1 million of expense was recognized as post-merger expense of the combined entity for certain awards that were not previously recognized, and are reflected as an increase to additional paid-in capital and accumulated deficit in the unaudited pro forma condensed combined balance sheet. Total share-based compensation costs of $1.2 million are reflected as general and administrative expense in the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2021.

I. The impacts of the Disc Pre-closing Financing pro forma adjustments on the equity accounts are as follows:

| (amounts in thousands, except share amounts) | Common Disc Shares | Common Disc Amount | Common Gemini Shares | Common Gemini Amount | Additional Paid-In Capital | Accumulated Deficit | Total Stockholders' Deficit |
|---|---|---|---|---|---|---|---|
| Consummation of Disc pre-closing financing | 21,314,737 | $ 2 | — | $ — | $ 53,498 | $ — | **$ 53,500** |
| Total adjustment | 21,314,737 | $ 2 | — | $ — | $ 53,498 | $ — | **$ 53,500** |

The impacts of the Merger pro forma adjustments on the equity accounts, including the impacts to give effect to the anticipated Gemini 1:10 reverse stock split on the Gemini shares and the estimated exchange ratio, as well as the elimination of Gemini's historical common stock, additional paid-in capital and accumulated deficit balances and the capitalization of the fair value of the estimated number of common shares of the combined company to be owned by Gemini stockholders, are as follows:

| (amounts in thousands, except share amounts) | Common Disc Shares | Common Disc Amount | Common Gemini Shares | Common Gemini Amount | Additional Paid-In Capital | Accumulated Deficit | Total Stockholders' Deficit |
|---|---|---|---|---|---|---|---|
| Conversion of outstanding Disc convertible preferred stock into common stock | 84,166,665 | $ 8 | — | $ — | $ 141,848 | $ — | **$ 141,856** |
| Payment of transaction costs associated with the merger | — | $ — | — | $ — | $ (7,309) | $ (8,097) | **$ (15,406)** |
| Payment of change-in-control, retention and severance in connection with the merger | — | $ — | — | $ — | $ — | $ (1,741) | **$ (1,741)** |
| Stock-based compensation costs recognized by Gemini related to acceleration of vesting of equity awards upon Closing | — | $ — | 33,640 | $ — | $ 97 | $ (97) | **$ —** |
| Stock-based compensation costs recognized by Disc subsequent to the merger date related to Gemini equity awards | 23,267 | $ — | — | $ — | $ 1,069 | $ (1,069) | **$ —** |
| Elimination of Gemini's historical equity carrying values, after pro forma adjustments | — | $ — | (43,333,093) | $ (4) | $ (314,948) | $ 219,923 | **$ (95,029)** |
| The effect of the reverse recapitalization of Gemini | — | $ — | 4,363,575 | $ 1 | $ 95,028 | $ — | **$ 95,029** |
| Exchange of outstanding Disc common stock into Gemini common stock based on the estimated exchange ratio for purposes of these pro forma condensed combined financial information | (114,286,498) | $ (11) | 12,525,778 | $ 1 | $ 10 | $ — | **$ —** |
| Issuance of shares of combined company to Roche at the Closing | — | $ — | 482,064 | $ — | $ 11,044 | $ (1,144) | **$ 9,900** |
| Total adjustment | (30,096,566) | $ (3) | (25,928,036) | $ (2) | $ (73,161) | $ 207,775 | **$ 134,609** |

The amounts of the elimination of Gemini's historical equity carrying values within the table above include the impacts of the pro forma adjustments related to pre-merger expenses of Gemini. A reconciliation from the amounts of Gemini's historical equity carrying values contained within the unaudited pro forma condensed combined balance sheet as of September 30, 2022 is as follows:

| (amounts in thousands, except share amounts) | Common Disc Shares | Common Disc Amount | Common Gemini Shares | Common Gemini Amount | Additional Paid-In Capital | Accumulated Deficit | Total Stockholders' Deficit |
|---|---|---|---|---|---|---|---|
| Gemini's historical equity carrying values as of September 30, 2022 | — | $ — | 43,299,453 | $ 4 | $ 314,851 | $ (210,288) | **$ 104,567** |
| Pro form adjustments | | | | | | | |
| Payment of Gemini transaction costs associated with the merger | — | $ — | — | $ — | $ — | $ (8,097) | **$ (8,097)** |
| Payment of Gemini change-in-control, retention and severance in connection with the merger | — | $ — | — | $ — | $ — | $ (1,441) | **$ (1,441)** |
| Stock-based compensation costs recognized by Gemini related to acceleration of vesting of equity awards upon Closing | — | $ — | 33,640 | $ — | $ 97 | $ (97) | **$ —** |
| Gemini's historical equity carrying values as of September 30, 2022, after pro forma adjustments | — | $ — | 43,333,093 | $ 4 | $ 314,948 | $ (219,923) | **$ 95,029** |

J. Roche is expected to receive shares of the combined organization equal to 2.85% of the outstanding shares immediately following the closing of the merger, including the Disc pre-closing financing. This stock issuance is pursuant to the contractual terms of the existing license agreement between Roche and Disc and resulted in the settlement of the derivative liability of $9.9 million, increase in additional paid-in capital of $11.0 million and increase in accumulated deficit of $1.1 million.

In addition, for the purposes of the unaudited pro forma condensed combined statements of operations, the settlement of the Roche liability is treated as if the combined organization had issued shares to Roche on January 1, 2021. As the derivative liability would have been settled on January 1, 2021, the historical change in fair value of derivative liability of $(5.1) million and $(3.5) million were removed from the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2021 and the nine months ended September 30, 2022, respectively. The incremental expense upon settlement of $1.1 million is not reflected in the pro forma statements of operations because it is an expense directly related to the settlement of the obligation, which would have increased gradually in the normal course of business leading up to the consummation of the transaction, as if it occurred on January 1, 2021.

K. The pro forma combined basic and diluted earnings per share have been adjusted to reflect the pro forma net loss for the year ended December 31, 2021 and the nine months ended September 30, 2022. In addition, the weighted average shares outstanding for these periods have been adjusted to give effect to the issuance of Gemini's common stock in connection with the Disc pre-closing financing and the merger as of September 30, 2022. As the combined organization is in a net loss position for both periods presented, any adjustment for potentially dilutive shares would be anti-dilutive, and as such basic and diluted loss per share are the same for both periods presented. The following table presents the calculation of the pro forma weighted average number of common stock outstanding. The estimated number of shares reflects the impact of the anticipated Gemini 1:10 reverse stock split that is expected to be effected prior to consummation of the merger:

| | Year Ended December 31, 2021 | Nine Months Ended September 30, 2022 |
|---|---|---|
| Weighted-average Disc common shares outstanding-basic and diluted | 8,014,679 | 8,604,591 |
| Impact of Disc pre-closing financing assuming consummation as of January 1, 2021 | 21,314,737 | 21,314,737 |
| Impact of Disc convertible preferred stock assuming conversion as of January 1, 2021 | 84,166,665 | 84,166,665 |
| Total | 113,496,081 | 114,085,993 |
| Application of estimated exchange ratio to historical Disc weighted-average shares outstanding | 0.1096 | 0.1096 |
| Adjusted Disc weighted-average shares outstanding | 12,439,170 | 12,503,824 |
| Impact of Gemini common stock issued to Roche assuming issuance as of January 1, 2021 | 482,064 | 482,064 |
| Impact of Gemini common stock related to stock units that accelerated vesting as of January 1, 2021 | 33,640 | 33,640 |
| Impact of common shares issued upon vesting of equity awards for the combined company as of January 1, 2021 | 23,267 | 23,267 |
| Weighted-average Gemini common shares outstanding-basic and diluted | 4,036,230 | 4,323,617 |
| Pro forma combined weighted average number of shares of common stock-basic and diluted | 17,014,371 | 17,366,412 |