Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2026
OR

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

For the transition period from to
Commission file number 001-38223

RHYTHM PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**46-2159271**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

222 Berkeley Street
12th Floor
Boston, MA 02116
(Address of Principal Executive Offices)
(Zip Code)

(857) 264-4280
(Registrant's Telephone Number, Including Area Code)

N/A
(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, $0.001 par value per share	RYTM	The Nasdaq Stock Market LLC (Nasdaq Global Market)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐
Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒.

The number of shares outstanding of the registrant's Common Stock as of November 2, 2026 was 69,330,906.

RHYTHM PHARMACEUTICALS, INC.

FORM 10-Q

INDEX

		Page No.
PART I	FINANCIAL INFORMATION	
	Item 1. Condensed Consolidated Financial Statements (Unaudited)	3
	Condensed Consolidated Balance Sheets	3
	Condensed Consolidated Statements of Operations and Comprehensive Loss	4
	Condensed Consolidated Statements of Convertible Preferred Stock and Stockholders' Equity	5
	Condensed Consolidated Statements of Cash Flows	7
	Notes to Unaudited Condensed Consolidated Financial Statements	7
	Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	30
	Item 3. Quantitative and Qualitative Disclosures About Market Risk	44
	Item 4. Controls and Procedures	44
PART II	OTHER INFORMATION	46
	Item 1. Legal Proceedings	46
	Item 1A. Risk Factors	46
	Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	103
	Item 3. Defaults Upon Senior Securities	103
	Item 4. Mine Safety Disclosure	103
	Item 5. Other Information	103
	Item 6. Exhibits	105
SIGNATURES		106

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

Rhythm Pharmaceuticals, Inc.

Condensed Consolidated Balance Sheets
(in thousands, except share and per share data)
(Unaudited)

	September 30, 2026	December 31, 2025
Assets		
Current assets:		
Cash and cash equivalents	$ 39,981	$ 54,301
Short-term investments	280,963	334,648
Accounts receivable, net	39,120	26,081
Inventory	31,187	25,753
Prepaid expenses and other current assets	28,111	26,133
Total current assets	419,362	466,916
Property and equipment, net	569	1,104
Right-of-use asset	2,694	3,049
Intangible assets, net	16,678	5,319
Restricted cash	1,281	522
Other long-term assets	2,548	3,286
Total assets	$ 443,132	$ 480,196
Liabilities, Convertible Preferred Stock and Stockholders' equity		
Current liabilities:		
Accounts payable	$ 10,687	$ 13,947
Accrued expenses and other current liabilities	124,721	83,855
Lease liability	731	650
Deferred revenue	—	194
Deferred royalty obligation, current	14,751	7,296
Total current liabilities	150,890	105,942
Long-term liabilities:		
Deferred royalty obligation	87,915	100,886
Lease liability, non-current	2,784	3,342
Total liabilities	241,589	210,170
Commitments and contingencies (Note 14)		
Series A convertible preferred stock, $0.001 par value: 150,000 shares authorized; 115,000 and 132,500 shares issued and outstanding at September 30, 2026 and December 31, 2025, respectively. Liquidation preference of $116,725 and $132,500 as of September 30, 2026, and December 31, 2025, respectively.	113,577	130,957
Stockholders' equity:		
Preferred stock, $0.001 par value: 9,850,000 shares authorized; no shares issued and outstanding at September 30, 2026 and December 31, 2025	—	—
Common stock, $0.001 par value: 120,000,000 shares authorized; 69,314,825 and 67,205,321 shares issued and outstanding at September 30, 2026 and December 31, 2025, respectively	70	67
Additional paid-in capital	1,587,823	1,491,675
Accumulated other comprehensive loss	(1,744)	(796)
Accumulated deficit	(1,498,183)	(1,351,877)
Total stockholders' equity	87,966	139,069
Total liabilities, convertible preferred stock and stockholders' equity	$ 443,132	$ 480,196

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Rhythm Pharmaceuticals, Inc.
Condensed Consolidated Statements of Operations and Comprehensive Loss
(in thousands, except share and per share data)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
Revenues:				
Product revenue, net	$ 92,128	$ 51,298	$ 223,494	$ 137,518
License revenue	—	—	—	(5,014)
Total revenues	92,128	51,298	223,494	132,504
Costs and expenses:				
Cost of sales	12,166	5,499	28,254	14,690
Research and development	52,480	46,027	137,634	125,307
Selling, general, and administrative	66,752	52,425	197,793	137,460
Total costs and expenses	131,398	103,951	363,681	277,457
Loss from operations	(39,270)	(52,653)	(140,187)	(144,953)
Other income (expense):				
Other income (expense), net	(157)	274	(840)	1,207
Interest expense	(4,495)	(4,742)	(13,618)	(15,968)
Interest income	3,163	4,328	9,937	11,208
Total other expense, net	(1,489)	(140)	(4,521)	(3,553)
Loss before income taxes	(40,759)	(52,793)	(144,708)	(148,506)
Provision for income taxes	610	111	1,598	528
Net loss	$ (41,369)	$ (52,904)	$ (146,306)	$ (149,034)
Accrued dividends on convertible preferred stock	(984)	(1,375)	(3,153)	(4,046)
Net loss attributable to common stockholders	$ (42,353)	$ (54,279)	$ (149,459)	$ (153,080)
Net loss per share attributable to common stockholders, basic and diluted	$ (0.61)	$ (0.82)	$ (2.18)	$ (2.38)
Weighted-average common shares outstanding, basic and diluted	69,046,050	66,261,055	68,541,561	64,346,588
Net loss	$ (41,369)	$ (54,279)	$ (146,306)	$ (153,080)
Other comprehensive income (loss):				
Foreign currency translation adjustment	77	834	870	(1,272)
Unrealized gain (loss), net on marketable securities	$ (909)	$ 488	$ (1,818)	385
Comprehensive loss	$ (42,201)	$ (52,957)	$ (147,254)	$ (153,967)

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Rhythm Pharmaceuticals, Inc.
Condensed Consolidated Statements of Convertible Preferred Stock & Stockholders' Equity
(in thousands, except share data)
(Unaudited)

	Series A Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount	Shares	Amount				
Balance at December 31, 2025	**132,500**	**$ 130,957**	**67,205,321**	**$ 67**	**$ 1,491,675**	**$ (796)**	**$ (1,351,877)**	**$ 139,069**
Stock compensation expense	—	—	—	—	23,099	—	—	23,099
Issuance of common stock in connection with ESPP	—	—	15,875	—	1,251	—	—	1,251
Issuance of common stock in connection with exercise of stock options and vesting of restricted stock units	—	—	936,949	2	6,095	—	—	6,097
Tax withholding on vesting of restricted stock	—	—	(77,643)	—	(8,458)	—	—	(8,458)
Conversion of Series A preferred stock redeemable to common stock	(17,500)	(17,351)	364,582	—	17,351	—	—	17,351
Accretion of preferred stock dividends	—	1,104	—	—	(1,104)	—	—	(1,104)
Foreign currency translation adjustment	—	—	—	—	—	1,784	—	1,784
Net unrealized loss on marketable securities	—	—	—	—	—	(544)	—	(544)
Net loss	—	—	—	—	—	—	(55,639)	(55,639)
Balance at March 31, 2026	**115,000**	**$ 114,710**	**68,445,084**	**$ 69**	**$ 1,529,909**	**$ 444**	**$ (1,407,516)**	**$ 122,906**
Stock compensation expense	—	—	—	—	26,056	—	—	26,056
Issuance of common stock in connection with exercise of stock options and vesting of restricted stock units	—	—	386,582	—	6,997	—	—	6,997
Tax withholding on vesting of restricted stock	—	—	(14,798)		(1,257)			(1,257)
Accretion of preferred stock dividends	—	1,065	—	—	(1,065)	—	—	(1,065)
Declaration of preferred stock dividends to be paid in cash	—	(1,457)	—	—	—	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	(991)	—	(991)
Net unrealized loss on marketable securities	—	—	—	—	—	(365)	—	(365)
Net loss	—	—	—	—	—	—	(49,298)	(49,298)
Balance at June 30, 2026	**115,000**	**$ 114,318**	**68,816,868**	**$ 69**	**$ 1,560,640**	**$ (912)**	**$ (1,456,814)**	**$ 102,983**
Stock compensation expense	—	—	—	—	25,025	—	—	25,025
Issuance of common stock in connection with ESPP	—	—	11,495	—	906	—	—	906
Issuance of common stock in connection with exercise of stock options and vesting of restricted stock units	—	—	528,569	1	6,741	—	—	6,742
Tax withholding on vesting of restricted stock	—	—	(42,107)	—	(4,505)	—	—	(4,505)
Accretion of preferred stock dividends	—	984	—	—	(984)	—	—	(984)
Declaration of preferred stock dividends to be paid in cash		(1,725)	—	—	—	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	77	—	77
Net unrealized loss on marketable securities	—	—	—	—	—	(909)	—	(909)
Net loss	—	—	—	—	—	— —	(41,369)	(41,369)
Balance at September 30, 2026	**115,000**	**$ 113,577**	**69,314,825**	**$ 70**	**$ 1,587,823**	**$ (1,744)**	**$ (1,498,183)**	**$ 87,966**
Balance at December 31, 2024	**150,000**	**$ 142,820**	**62,390,654**	**$ 61**	**$ 1,177,045**	**$ (39)**	**$ (1,155,338)**	**$ 21,729**
Stock-based compensation expense	—	—	—	—	12,862	—	—	12,862
Issuance of common stock in connection with ESPP	—	—	21,875	—	854	—	—	854
Issuance of common stock in connection with exercise of stock options and vesting of restricted stock units	—	—	494,853	1	2,225	—	—	2,226
Issuance of common stock upon completion of ATM equity offering, net of $739 offering costs	—	—	587,510	—	32,108	—	—	32,108
Accretion of preferred stock dividends	—	1,322	—	—	(1,322)	—	—	(1,322)
Foreign currency translation adjustment	—	—	—	—	—	(2)	—	(2)
Unrealized loss on marketable securities	—	—	—	—	—	(10)	—	(10)
Net loss	—	—	—	—	—	—	(49,498)	(49,498)
Balance at March 31, 2025	**150,000**	**$ 144,142**	**63,494,892**	**$ 62**	**$ 1,223,772**	**$ (51)**	**$ (1,204,836)**	**$ 18,947**
Stock-based compensation expense	—	—	—	—	15,880	—	—	15,880
Issuance of common stock in connection with exercise of stock options and vesting of restricted stock units	—	—	418,293	2	3,441	—	—	3,443
Accretion of preferred stock dividends	—	1,349	—	—	(1,349)	—	—	(1,349)
Foreign currency translation adjustment	—	—	—	—	—	(2,104)	—	(2,104)
Unrealized loss on marketable securities	—	—	—	—	—	(93)	—	(93)
Net loss	—	—	—	—	—	—	(46,632)	(46,632)
Balance at June 30, 2025	**150,000**	**$ 145,491**	**63,913,185**	**$ 64**	**$ 1,241,744**	**$ (2,248)**	**$ (1,251,468)**	**$ (11,908)**
Stock-based compensation expense			—	—	18,810	—	—	18,810
Issuance of common stock in connection with ESPP	—	—	15,639	—	729	—	—	729
Issuance of common stock in connection with exercise of stock options and vesting of restricted stock units	—	—	387,606	1	5,485	—	—	5,486
Issuance of common stock upon completion of public offering, net of $12.6 million of offering costs	—	—	2,367,647	2	188,655	—	—	188,657
Accretion of preferred stock dividends	—	1,375	—	—	(1,375)	—	—	(1,375)
Foreign currency translation adjustment	—	—	—	—	—	834	—	834
Unrealized gain on marketable securities	—	—	—	—	—	488	—	488
Net loss	—	—	—	—	—	—	(52,904)	(52,904)
Balance at September 30, 2025	**150,000**	**$ 146,866**	**66,684,077**	**$ 67**	**$ 1,454,048**	**$ (926)**	**$ (1,304,372)**	**$ 148,817**

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Rhythm Pharmaceuticals, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(Unaudited)

	Nine months ended September 30,	
	2026	**2025**
Operating activities		
Net loss	$ (146,306)	$ (149,034)
Adjustments to reconcile net loss to net cash used in operating activities:		
Stock-based compensation expense	74,180	47,552
Depreciation and amortization	751	1,066
Non-cash interest expense	13,611	15,968
Non-cash accretion & amortization of short-term investments	(3,593)	(4,661)
Non-cash rent expense	355	319
Change in fair value of embedded derivative liability	720	(780)
Foreign currency (gain) loss	(121)	(439)
Other non-cash items	746	—
Changes in operating assets and liabilities:		
Accounts receivable	(13,039)	(13,745)
Inventory	(6,179)	(2,547)
Prepaid expenses and other current assets	(1,053)	(3,620)
Deferred revenue	(194)	(1,286)
Other long-term assets, net	16	284
Accounts payable, accrued expenses and other liabilities	23,707	20,637
Net cash used in operating activities	(56,399)	(90,286)
Investing activities		
Purchases of short-term investments	(176,671)	(328,322)
Maturities of short-term investments	232,130	200,822
Acquisition of IPR&D assets	—	(40,000)
Purchases of property and equipment	(500)	—
Net cash provided by (used in) investing activities	54,959	(167,500)
Financing activities		
Repayment of deferred royalty obligation	(19,127)	(14,517)
Proceeds from issuance of common stock upon completion of public offering, net of offering costs	—	188,655
Proceeds from the exercise of stock options	19,834	11,155
Tax withholding on vesting of restricted stock	(14,220)	—
Proceeds from issuance of common stock from ESPP	2,157	1,583
Dividend payment for Series A Preferred Stock	(1,457)	—
Proceeds from ATM equity offering	—	34,035
Net cash (used in) provided by financing activities	(12,813)	220,911
Effect of exchange rates on cash	692	23
Net decrease in cash, cash equivalents and restricted cash	(13,561)	(36,852)
Cash, cash equivalents and restricted cash at beginning of period	54,823	89,601
Cash, cash equivalents and restricted cash at end of period	$ 41,262	$ 52,749
Supplemental disclosure of non-cash investing and financing activities:		
Accretion of preferred stock dividends	$ 3,153	$ 4,046

The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.

Rhythm Pharmaceuticals, Inc.

Notes to Unaudited Condensed Consolidated Financial Statements

1. Nature of Business

Rhythm Pharmaceuticals, Inc. (the "Company" or "we") is a global, commercial-stage biopharmaceutical company dedicated to transforming the lives of patients and their families living with rare neuroendocrine diseases. We are focused on advancing our melanocortin-4 receptor agonists, including our lead asset, IMCIVREE (setmelanotide), as a precision medicine designed to treat hyperphagia and severe obesity caused by MC4R pathway diseases. While obesity affects hundreds of millions of people worldwide, we are developing therapies for a subset of individuals who have hyperphagia, a pathological hunger, and severe obesity due to an impaired MC4R pathway, which may be caused by traumatic injury or genetic variants. The MC4R pathway is an endocrine pathway in the brain that is responsible for regulating hunger, caloric intake and energy expenditure, which consequently affect body weight. IMCIVREE, an MC4R agonist for which we hold worldwide rights, is the first-ever therapy developed for patients with certain rare diseases that is approved or authorized in the United States, European Union (EU), Great Britain, Canada, Japan and other countries and regions.

The Company is a Delaware corporation organized in February 2013 under the name Rhythm Metabolic, Inc., and as of October 2015, under the name Rhythm Pharmaceuticals, Inc. The Company has wholly owned subsidiaries in the US, the United Kingdom, the Netherlands, France, Germany, Italy, Spain, Switzerland, Japan and Canada.

The Company is subject to risks and uncertainties common to commercial-stage companies in the biotechnology industry, including but not limited to, risks associated with the commercialization of approved products, completing preclinical studies and clinical trials, receiving regulatory approvals for product candidates, development by competitors of new biopharmaceutical products, dependence on key personnel, protection of proprietary technology, compliance with government regulations and the ability to secure additional capital to fund operations. Commercialization of approved products will require significant resources and in order to market IMCIVREE, the Company must continue to build its sales, marketing, managerial and other non-technical capabilities or make arrangements with third parties to perform these services. Product candidates currently under development will require significant additional research and development efforts, including preclinical and clinical testing and regulatory approval, prior to commercialization. These efforts require significant amounts of additional capital, adequate personnel and infrastructure and extensive compliance-reporting capabilities. Even though the Company has an approved product, and even if the Company's further product development efforts are successful, it is uncertain when, if ever, the Company will realize sufficient revenue from product sales to fund operations.

Liquidity

The Company has incurred operating losses and experienced negative cash flows from operations since inception. As of September 30, 2026, the Company had an accumulated deficit of $1.5 billion. The Company has funded these losses primarily from the proceeds from the sales of common and preferred stock, product revenue, asset sales, royalty financing, out-license arrangements, as well as capital contributions received from the former parent company, Rhythm Holdings LLC. While the Company is generating product revenue, management expects operating losses to continue for the foreseeable future. The Company has devoted substantially all of its resources to its drug development efforts, comprising research and development, the acquisition of in process research and development assets, manufacturing, conducting clinical trials for its product candidates, protecting its intellectual property, commercialization activities and general and administrative functions relating to these operations. The future success of the Company is dependent on its ability to continue to develop its product candidates and ultimately upon its ability to attain profitable operations.

As of September 30, 2026, the Company had $320.9 million of cash and cash equivalents and short-term investments on hand. In the future, the Company will be dependent on obtaining funding from third parties, such as proceeds from the issuance of debt, sale of equity, proceeds from out license arrangements, product sales and funded research and development programs to maintain the Company's operations and meet the Company's obligations. There is no guarantee that additional equity or other financing will be available to the Company on acceptable terms, or at all. If the

Company fails to obtain additional funding when needed, the Company would be forced to scale back, terminate its operations or seek to merge with or be acquired by another company. Management believes that the Company's existing cash resources will be sufficient to fund the Company's operations through at least the next 24 months from the filing of this Quarterly Report on Form 10-Q with the SEC.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Company's unaudited condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States, or GAAP, and the applicable rules and regulations of the Securities and Exchange Commission, or SEC, regarding interim financial reporting. Any reference in these notes to applicable guidance is meant to refer to the authoritative United States generally accepted accounting principles as found in the Accounting Standards Codification, or ASC, and Accounting Standards Updates, or ASU, of the Financial Accounting Standards Board, or FASB. As permitted under these rules, certain footnotes or other financial information that are normally required by GAAP have been condensed or omitted.

The accompanying condensed consolidated balance sheet as of September 30, 2026, the condensed consolidated statements of operations and comprehensive loss for the three and nine months ended September 30, 2026 and 2025, the condensed consolidated statements of convertible preferred stock and stockholders' equity for the three and nine months ended September 30, 2026 and 2025 and the condensed consolidated statements of cash flows for the nine months ended September 30, 2026 and 2025 and the related footnote disclosures are unaudited. In management's opinion, the unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements as of and for the year ended December 31, 2025 and include all adjustments, which are all normal recurring adjustments, necessary for the fair presentation of the interim financial statements. The results for the three and nine months ended September 30, 2026 are not necessarily indicative of the results expected for the full fiscal year, any other interim periods, or any future year or period.

The accompanying unaudited condensed consolidated financial statements reflect the application of certain significant accounting policies as described below and elsewhere in these notes to the unaudited condensed consolidated financial statements. As of September 30, 2026, there have been no material changes in the Company's significant accounting policies from those that were disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The Company bases its estimates on historical experience and other market-specific or other relevant assumptions that it believes to be reasonable under the circumstances. This process may result in actual results differing materially from those estimated amounts used in the preparation of the financial statements if these results differ from historical experience, or other assumptions do not turn out to be substantially accurate, even if such assumptions are reasonable when made. Significant estimates relied upon in preparing these financial statements include estimates related to determining our net product revenue and accruals related to research and development expenses. Estimates are periodically reviewed in light of changes in circumstances, facts and experience. Changes in estimates are recorded in the period in which they become known. Actual results could differ materially from those estimates.

Principles of Consolidation

The consolidated financial statements include the accounts of Rhythm Pharmaceuticals, Inc. and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

Segment and Geographic Information

Disclosure requirements about segments of an enterprise and related information establishes standards for reporting information regarding operating segments in annual financial statements and requires selected information of those segments to be presented in interim financial reports issued to shareholders. Operating segments are defined as

components of an enterprise about which separate discrete financial information is available that is evaluated regularly by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company's chief operating decision maker is the chief executive officer. The Company and the chief executive officer view the Company's operations and manage its business as one operating segment.

Off-Balance Sheet Risk and Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to significant concentration of credit risk, consist primarily of cash and cash equivalents and short-term investments, which are maintained at two federally insured financial institutions. The deposits held at these two institutions are in excess of federally insured limits. The Company has not experienced any losses in such accounts and management believes that the Company is not exposed to significant credit risk due to the financial position of the depository institutions in which those deposits are held. The Company has no off-balance sheet risk, such as foreign exchange contracts, option contracts, or other foreign hedging arrangements.

The Company is exposed to risks associated with extending credit to customers related to the sale of products. The Company does not require collateral to secure amounts due from its customers. For the three months ended September 30, 2026, and 2025, approximately 73% and 74% of all the Company's revenue was generated from a single customer in the United States. As of September 30, 2026, and December 31, 2025, approximately 66% and 56%, respectively, of the Company's accounts receivable was outstanding from a single customer in the United States.

The Company relies on third-party manufacturers and suppliers for the manufacture and supply of its product. The inability of the suppliers or manufacturers to fulfill supply requirements of the Company could materially impact future operating results. A change in the relationship with the suppliers or manufacturer, or an adverse change in their business, could materially impact future operating results.

The Company relies on separate third parties to perform genetic testing in the United States and Europe, respectively. The inability of the vendors to fulfill testing services for the Company could materially impact future operating results and adversely impact our ability to further develop setmelanotide. A change in the relationship with the genetic testing service providers, or an adverse change in their business, could materially impact future operating results.

Cash and Cash Equivalents

The Company considers all highly liquid investments with remaining maturity from the date of purchase of three months or less to be cash equivalents. Cash and cash equivalents include bank demand deposits, U.S. treasury bills and money market funds that invest primarily in U.S. government treasuries.

Short-Term Investments

Short-term investments consist of investments with maturities greater than 90 days, as of the date of purchase. The Company has classified its investments with maturities beyond one year as short term, based on their highly liquid nature and because such marketable securities represent the investment of cash that is available for current operations. The Company considers its investment portfolio available-for-sale. Accordingly, these investments are recorded at fair value, which is based on quoted market prices. Unrealized gains and losses are reported as a component of accumulated other comprehensive income (loss) in stockholders' equity. To the extent the amortized cost basis of the available-for-sale debt securities exceeds the fair value, management assesses the debt securities for credit loss; however, management considers the risk of credit loss to be minimized by the Company's policy of investing in financial instruments issued by highly-rated financial institutions. When assessing the risk of credit loss, management considers factors such as the severity and the reason for the decline in value (i.e., any changes to the rating of the security by a rating agency or other adverse conditions specifically related to the security) and management's intended holding period and time horizon for selling. During the three and nine months ended September 30, 2026 and 2025, the Company did not recognize any credit losses related to its available-for-sale debt securities. Further, as of September 30, 2026 and December 31, 2025, the Company did not record an allowance for credit losses related to its available-for-sale debt securities.

Accounts Receivable, net

Accounts receivable consists of amounts due from customers, net of customer allowances for cash discounts and any estimated expected credit losses. The Company's measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts

that affect the collectability of the reported amount. To date, the Company has not experienced any credit losses. The Company's contracts with its customers have customary payment terms that generally require payment within 90 days. The Company analyzes amounts that are past due for collectability, and periodically evaluates the creditworthiness of its customers. As of September 30, 2026 and December 31, 2025, the Company determined an allowance for credit losses was not required based upon our review of contractual payments and our customers' circumstances.

Revenue Recognition

The Company recognizes revenue in accordance with ASC Topic 606, *Revenue from Contracts with Customers*, or ASC 606. Under ASC 606, an entity recognizes revenue when its customer obtains control of promised goods or services in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services.

Product Revenue, net

In the United States (the "U.S."), which accounts for the largest portion of our total revenues, the Company sells its product to one specialty pharmacy. The product is distributed through a third-party logistics provider, or 3PL, distribution agent that does not take title to the product. Once the product is delivered to the Company's specialty pharmacy provider, our customer in the U.S., the customer (or "wholesaler") takes title to the product. The wholesaler then distributes the product to patients. In our distribution agreement with the 3PL company, the Company acts as principal because we retain control of the product. Internationally, we make sales primarily to specialty distributors and retail pharmacy chains, as well as hospitals, many of which are government-owned or supported. The Company offers returns of product sold to the customer on a limited basis, however, no material returns have been recognized to date.

Revenue from product sales is recognized when the customer obtains control of our product, which occurs at a point in time, upon transfer of title to the customer because at that point in time we have no ongoing obligations to the customer. There are no other performance obligations besides the sale of product. We classify payments to our customers or other parties in the distribution channel for services that are distinct and priced at fair value as selling, general and administrative expenses in our consolidated statements of operations and comprehensive loss. Otherwise, payments to a customer or other parties in the distribution channel that do not meet those criteria are classified as a reduction of revenue, as discussed further below. Taxes collected from the customer relating to product sales and remitted to governmental authorities are excluded from revenue. Because our payment terms are generally ninety days or less, the Company concluded there is not a significant financing component because the period between the transfer of a promised good or service to the customer and when the customer pays for that good or service will be one year or less. The Company expenses incremental costs of obtaining a contract as and when incurred since the expected amortization period of the asset that we would have recognized is one year or less.

Reserves for Variable Consideration

Revenues from product sales are recorded at the net sales price, or the transaction price, which includes estimates of variable consideration for which reserves are established and which result from discounts, rebates, and co-pay assistance that are offered within contracts between us and our customers, health care providers and other indirect customers relating to the sale of IMCIVREE. These reserves are based on the amounts earned or to be claimed on the related sales and are classified as reductions of accounts receivable (if the amount is payable to the customer) or a current liability (if the amount is payable to a party other than a customer). Where appropriate, these estimates take into consideration a range of possible outcomes that are probability-weighted for relevant factors such as our historical experience, current contractual and statutory requirements, specific known market events and trends, industry data and forecasted customer buying and payment patterns. Overall, these reserves reflect our best estimates of the amount of consideration to which we are entitled based on the terms of the contract. The amount of variable consideration that is included in the transaction price may be constrained and is included in the net sales price only to the extent that it is considered probable that a significant reversal in the amount of the cumulative revenue recognized will not occur in a future period. Actual amounts of consideration ultimately received may differ from our estimates. If actual results in the future vary from our estimates, we will adjust these estimates, which would affect net product revenue and earnings in the period such variances become known.

The following are the components of variable consideration related to product revenue:

Government rebates: The Company is subject to discount obligations under government programs, including Medicaid programs, Medicare and Tricare in the United States as well as certain government rebates and pricing

adjustments in certain international markets where we operate. We estimate these rebates based upon a range of possible outcomes that are probability-weighted for the estimated payer mix. These reserves are recorded in the same period the related revenue is recognized, resulting in a reduction of product revenue and the establishment of a liability that is included in accrued expenses and other current liabilities on our condensed consolidated balance sheets. On a quarterly basis, we update our estimates and record any adjustments in the period that we identify the adjustments.

Trade discounts and allowances: The Company provides customary invoice discounts on IMCIVREE sales to certain of our customers for prompt payment. These are recorded as a reduction of revenue in the period the related product revenue is recognized. In addition, we receive and pay for various distribution services from our customers in the distribution channel. For services that are not distinct from the sale of our product, such fees are classified as a reduction of product revenue.

Product returns: Our customers have limited return rights related to the product's damage or defect. The Company estimates the amount of product sales that may be returned and records the estimate as a reduction of revenue and a refund liability in the period the related product revenue is recognized. Based on the distribution model for IMCIVREE, the Company believes there will continue to be minimal returns and these reserves have not been material to date.

Other incentives: Other incentives include co-payment assistance the Company provides to patients with commercial insurance that have coverage and reside in states that allow co-payment assistance. The calculation of the accrual for co-pay assistance is based on an estimate of claims and the cost per claim that we expect to receive associated with product that has been recognized as revenue. The estimate is recorded as a reduction of revenue in the same period the related revenue is recognized.

Provisions for trade discounts, and allowances are recorded as reductions to accounts receivable, and returns, government rebates, and other incentives are recorded as a component of accrued expenses.

License Agreements

We generate revenue from license or similar agreements with pharmaceutical companies for the development and commercialization of certain of our products and product candidates. Such agreements may include the transfer of intellectual property rights in the form of licenses, transfer of technological know-how, delivery of drug substances, research and development services, and participation on certain committees with the counterparty. Payments made by the customers may include non-refundable upfront fees, payments upon the exercise of customer options, payments based upon the achievement of defined milestones, and royalties on sales of products and product candidates if they are approved and commercialized.

If a license to our intellectual property is determined to be distinct from the other performance obligations identified in the arrangement, we recognize the transaction price allocated to the license as revenue upon transfer of control of the license. We evaluate all other promised goods or services in the agreement to determine if they are distinct. If they are not distinct, they are combined with other promised goods or services to create a bundle of promised goods or services that is distinct. Optional future services where any additional consideration paid to us reflects their standalone selling prices do not provide the customer with a material right and, therefore, are not considered performance obligations. If optional future services are priced in a manner which provides the customer with a significant or incremental discount, they are material rights, and are accounted for as separate performance obligations.

We utilize judgment to determine the transaction price. In connection therewith, we evaluate contingent milestones at contract inception to estimate the amount which is not probable of a material reversal to include in the transaction price using the most likely amount method. Milestone payments that are not within our control, such as regulatory approvals, are not considered probable of being achieved until those approvals are received and therefore the variable consideration is constrained. The transaction price is then allocated to each performance obligation on a relative stand-alone selling price basis, for which we recognize revenue as or when the performance obligations under the contract are satisfied. At the end of each reporting period, we re-evaluate the probability of achieving development milestone payments that may not be subject to a material reversal and, if necessary, adjust our estimate of the overall transaction price. Any such adjustments are recorded on a cumulative catch-up basis, which would affect license and other revenue, as well as earnings, in the period of adjustment.

We then determine whether the performance obligations or combined performance obligations are satisfied over time or at a point in time and, if over time, the appropriate method of measuring progress for purposes of recognizing revenue from non-refundable, upfront fees. We evaluate the measure of progress, as applicable, for each reporting period and, if necessary, adjust the measure of performance and related revenue recognition.

When consideration is received, or such consideration is unconditionally due, from a customer prior to transferring goods or services to the customer under the terms of a contract, a contract liability is recorded within deferred revenue. Contract liabilities within deferred revenue are recognized as revenue after control of the goods or services is transferred to the customer and all revenue recognition criteria have been met.

For arrangements that include sales-based royalties, including sales-based milestone payments, and a license of intellectual property that is deemed to be the predominant item to which the royalties relate, we recognize revenue at the later of when the related sales occur or when the performance obligation to which some or all of the royalties have been allocated has been satisfied (or partially satisfied). See Note 12, *Significant Agreements*, for discussion related to the Company's accounting for the RareStone Group, Ltd. agreement.

Deferred Royalty Obligation

The Company treats the debt obligation to HealthCare Royalty Management, LLC as discussed further in Note 13, *Debt and Other Long Term Financing Arrangements*, as a deferred royalty obligation, amortized using the effective interest rate method over the estimated life of the revenue streams. The Company recognizes interest expense thereon using the effective rate, which is based on our current estimates of future revenues over the life of the arrangement. In connection therewith, the Company periodically assesses its expected revenues using internal projections, imputes interest on the carrying value of the deferred royalty obligation, and records interest expense using the imputed effective interest rate. To the extent the Company's estimates of future revenues are greater or less than previous estimates or the estimated timing of such payments is materially different than previous estimates, the Company will account for any such changes by adjusting the effective interest rate on a prospective basis, with a corresponding impact to the reclassification of our deferred royalty obligation. The assumptions used in determining the expected repayment term of the deferred royalty obligation and amortization period of the issuance costs require the Company to make estimates that could impact the classification of such costs, as well as the period over which such costs will be amortized.

Inventory

Prior to receiving approval from the FDA in November 2020 to sell IMCIVREE in the United States, the Company expensed all costs incurred related to the manufacture of IMCIVREE as research and development expense because of the inherent risks associated with the development of a drug candidate, the uncertainty about the regulatory approval process and the lack of history for the Company of regulatory approval of drug candidates. The Company values inventories at the lower of cost or estimated net realizable value. The Company determines the cost of inventories, which includes amounts related to materials and manufacturing overhead, on a first-in, first-out basis. Raw materials and work in process includes all inventory costs prior to packaging and labelling, including raw materials, active pharmaceutical ingredient, and drug product. Finished goods include packaged and labelled products. Raw materials and work in process that may be used for either research and development or commercial sale are classified as inventory until the material is consumed or otherwise allocated for research and development. If the material is intended to be used for research and development, it is expensed as research and development once that determination is made.

Cost of Product Sales

Cost of product sales consists of manufacturing costs, transportation and freight, amortization of capitalized intangibles, royalty payments and indirect overhead costs associated with the manufacturing and distribution of IMCIVREE. Cost of product sales may also include periodic costs related to certain manufacturing services and inventory adjustment charges. Finally, cost of sales may also include costs related to excess or obsolete inventory adjustment charges, abnormal costs, unabsorbed manufacturing and overhead costs, and manufacturing variances.

Intangible Assets, Net

Definite-lived intangible assets related to capitalized milestones under license agreements are amortized on a straight-line basis over their remaining useful lives, which are estimated to be the remaining patent life. If our estimate of

the product's useful life is shorter than the remaining patent life, then a shorter period is used. Amortization expense is recorded as a component of cost of sales on the consolidated statements of operations and comprehensive loss.

Impairment of Long-Lived Assets

The Company evaluates its long-lived assets, which consist primarily of property and equipment and definite-lived intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Factors that the Company considers in deciding when to perform an impairment review include significant underperformance of the business in relation to expectations, significant negative industry or economic trends and significant changes or planned changes in the use of the assets. The Company measures recoverability of assets to be held and used by comparing the carrying amount of an asset to the future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the Company measures the impairment to be recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset, less the cost to sell. No events or changes in circumstances existed to require an impairment assessment during the nine months ended September 30, 2026 and 2025, respectively.

Acquired IPR&D and Milestone Expenses

In an asset acquisition, payments incurred prior to regulatory approval to acquire rights to in-process research and development ("IPR&D") projects are expensed as acquired IPR&D and recorded as a component of research and development expense in the condensed consolidated statements of operations and comprehensive net loss unless the project has an alternative future use. These costs include upfront and development milestone payments related to licensing arrangements, or other asset acquisitions that provide rights to develop, manufacture and/or sell pharmaceutical products. Where contingent development milestone payments are due to third parties, prior to regulatory approval, the payment obligations are expensed when the achievement of the underlying milestone becomes probable. Regulatory and commercial milestone payments made to third parties subsequent to regulatory approval are capitalized as intangible assets and amortized to cost of products sold over the remaining useful life of the related product.

Foreign Currency Translation

The assets and liabilities of the Company's subsidiaries with functional currencies other than the U.S. dollar are translated into U.S. dollars at exchange rates in effect at the balance sheet date. Revenue and expense amounts for these subsidiaries are translated using the average exchange rates for the period. Changes resulting from foreign currency translation are included in accumulated other comprehensive income (loss) on the Company's consolidated statement of stockholders' equity. Net foreign currency exchange transaction gains (losses), which are included in other income (expense), net on our consolidated statements of operations, were $(0.1) million and $(0.4) million for the nine months ended September 30, 2026 and 2025, respectively.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

Level 1 — Quoted market prices in active markets for identical assets or liabilities.

Level 2 — Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 — Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The Company's cash equivalents and marketable securities and derivative asset as of September 30, 2026 and December 31, 2025 were carried at fair value, determined according to the fair value hierarchy. See Note 6, *Fair Value of Financial Assets and Liabilities,* for further discussion.

The carrying amounts reflected in the condensed consolidated balance sheets for accounts payable and accrued expenses and other current liabilities approximate their fair values due to their short-term maturities as of September 30, 2026 and December 31, 2025, respectively.

Net Loss Per Share

Basic net loss per share is computed by dividing the net loss attributable to common shareholders by the weighted average number of common shares outstanding during the period, without consideration of potential dilutive securities. Diluted net loss per common share is computed by adjusting the weighted average shares outstanding for the potential dilutive effects of common stock equivalents outstanding during the period calculated in accordance with the more dilutive of the if-converted or the treasury stock method. For purposes of the diluted net loss per share calculation, stock options, performance stock units and restricted stock units are considered to be common stock equivalents but have been excluded from the calculation of diluted net loss per share, as their effect would be anti-dilutive for all periods presented. Therefore, basic and diluted net loss per share is the same for all periods presented.

The following table includes the potential common shares that were excluded from the computation of diluted net loss per share as their effect would have been anti-dilutive for the periods indicated:

	Three and nine months ended September 30,	
	2026	2025
Stock options	5,873,992	6,591,676
Restricted stock units	2,816,876	2,793,310
Performance stock units	290,000	294,644
Common stock issuable upon the conversion of Series A convertible preferred stock	2,395,836	3,124,995
Potential common shares	11,376,704	12,804,625

Subsequent Events

The Company considers events or transactions that occur after the balance sheet date but prior to the issuance of the financial statements to provide additional evidence for certain estimates or to identify matters that require additional disclosure. Subsequent events have been evaluated as required. See Note 16, *Subsequent Events*.

Application of New or Revised Accounting Standards

From time to time, new accounting pronouncements are issued by the FASB and adopted by the Company as of the specified effective date. Unless otherwise discussed, the Company believes that the impact of recently issued standards that are not yet effective will not have a material impact on its financial position or results of operations upon adoption.

Recently adopted accounting pronouncements

In December 2023 the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures". The new guidance requires that an entity, on an annual basis, disclose additional income tax information, primarily related to the rate reconciliation and income taxes paid. The amendments in the ASU are intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in this update became effective for us beginning in fiscal year ending December 31, 2025. The Company has adopted this update on a prospective basis. The adoption of this guidance resulted in expanded disclosures in its consolidated financial statements.

Recently issued accounting pronouncements, not yet adopted

In December 2025, the FASB issued ASU 2025-12 "*Codification Improvement*s" to address suggestions received from stakeholders on the Accounting Standards Codification and to make other incremental improvements to U.S. GAAP. The update represents changes to the Codification that clarify, correct errors, or make minor improvements. The amendments make the Codification easier to understand and apply. The guidance is effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years. The Company is in the process of evaluating this guidance to determine the impact it may have on its consolidated financial statements.

In December 2025, the FASB issued ASU 2025-11, "*Interim Reporting (Topic 270) Narrow-Scope Improvements*." The amendments in this update provide clarity on interim disclosure requirements and the applicability of Topic 270. The amendments in this update also include a disclosure principle that requires entities to disclose events since the end of the last annual reporting period that have a material impact on the entity. The amendments in this ASU are required to be adopted for interim periods within annual reporting periods beginning after December 15, 2027. Early adoption is permitted. The Company is in the process of evaluating this guidance to determine the impact it may have on its consolidated financial statements.

In September 2025, the FASB issued ASU 2025-07, *"Derivatives and Hedging (Topic 815) and Revenue from Contracts with Customers (Topic 606): Derivatives Scope Refinements and Scope Clarification for Share-Based Noncash Consideration from a Customer in a Revenue Contract*." The amendments provide a derivative scope exception for certain contracts with underlyings based on operations or activities specific to one of the parties to the contract and clarify the accounting for share-based noncash consideration received from customers. The amendments are effective for the Company beginning January 1, 2027, with early adoption permitted. The Company is currently evaluating the amendments but does not expect adoption to have a material effect on its consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03 "Income Statement: Reporting Comprehensive Income—Expense Disaggregation Disclosures," which requires more detailed information about specified categories of expenses (purchases of inventory, employee compensation, depreciation, amortization, and depletion) included in certain expense captions presented on the face of the income statement, as well as disclosures about selling expenses. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026 and for interim periods within fiscal years beginning after December 15, 2027. Early adoption is permitted. The amendments may be applied either prospectively to financial statements issued for reporting periods after the effective date of this ASU or retrospectively to all prior periods presented in the financial statements. The Company is in the process of evaluating this guidance to determine the impact it may have on its consolidated financial statement disclosures.

3. Asset Acquisitions

LG Chem, Ltd.

On January 4, 2024, the Company entered into a license agreement and share issuance agreement with LG Chem, Ltd. ("LGC"). Under the terms of the license agreement, the Company obtained worldwide rights to LGC's proprietary compound bivamelagon.

The total purchase consideration of $92.4 million was composed of $40.0 million of cash paid at closing and issued shares of the Company's common stock with an aggregate value of $20.0 million. The shares were issued at a per share price equal to the ten-day volume weighted average closing price for our common stock, calculated as of the trading day immediately prior to January 4, 2024. As of January 4, 2024, the fair value of common stock issued was $18.7 million. The total purchase consideration also included an additional $40.0 million license fee payable in 18 months, which had a present value at closing of $33.7 million, and $0.8 million of transaction costs which are recorded as selling, general and administrative expenses. On July 1, 2025, the Company made this additional payment of $40.0 million to LGC.

In addition, under the terms of the license agreement, the Company agreed to pay LGC up to $205 million in cash upon achieving various regulatory and sales milestones based on net sales of bivamelagon. In addition, and subject to the completion of Phase 2 development of bivamelagon, the Company has agreed to pay LGC royalties of between low- to mid single digit percent of net revenues from its MC4R portfolio, including bivamelagon, commencing in 2029 and dependent upon achievement of various regulatory and indication approvals, and subject to customary deductions and anti-stacking. Royalties may further increase to a low double-digit percent royalty, though such royalty would only be applicable on net sales of bivamelagon in a region if bivamelagon is covered by a composition of matter or method of use patent controlled by LGC in such region and the Company's MC4R portfolio is not covered by any composition of matter or method of use patents controlled by the Company in such region. Such increased rate would only apply on net sales of bivamelagon for the limited remainder of the royalty term in the relevant region.

The assets acquired were IPR&D assets. However, since the IPR&D assets were determined to have no alternative future use, the Company recognized the $92.4 million of purchase consideration as research and development expense in the three months ended March 31, 2024.

The Company determined that the additional contingent consideration did not meet the definition of a derivative as of the acquisition date. Therefore, the Company did not record a contingent consideration liability on the acquisition date. The Company will recognize any future contingent consideration payments related to the LGC transaction in the period in which the achievement of the underlying milestones becomes probable.

On November 2 2026, the Company entered into an amendment to the license agreement with LGC (the "LGC Amendment"), refer to Note 16**.** *Subsequent Events.*

4. Inventory

Inventory consists of the following (in thousands):

	September 30, 2026	December 31, 2025
Raw Materials	$ 7,630	$ 6,745
WIP	4,363	1,631
Finished Goods	19,194	17,377
Total Inventory	$ 31,187	$ 25,753

5. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consisted of the following (in thousands):

	September 30, 2026	December 31, 2025
Research and development costs	$ 23,699	$ 17,084
Professional fees	5,781	5,827
Payroll related	25,790	22,433
Royalties	4,636	2,870
Sales allowances	45,161	31,564
Milestones	14,000	—
Other	5,654	4,078
Accrued expenses and other current liabilities	$ 124,721	$ 83,855

6. Fair Value of Financial Assets and Liabilities

As of September 30, 2026 and December 31, 2025, the carrying amount of cash and cash equivalents and short-term investments was $320.9 million and $388.9 million respectively, which approximates fair value. Cash and cash equivalents and short-term investments includes investments in U.S. treasury securities and money market funds that invest in U.S. government securities that are valued using quoted market prices. Accordingly, money market funds and government funds are categorized as Level 1. The financial assets valued based on Level 2 inputs consist of corporate debt securities and commercial paper, which consist of investments in highly-rated investment-grade corporations.

The following tables present information about the Company's financial assets measured at fair value on a recurring basis and indicate the level of the fair value hierarchy utilized to determine such fair value (in thousands):

	Fair Value Measurements as of September 30, 2026 using:			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 12,025	$ —	$ —	$ 12,025
Commercial Paper	—	4,741	—	4,741
Marketable securities:				
US treasury securities	115,035	—	—	115,035
Corporate debt securities and commercial paper	—	165,928	—	165,928
Derivative asset	—	—	460	460
Total	$ 127,060	$ 170,669	$ 460	$ 298,189

	Fair Value Measurements as of December 31, 2025 using:			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash equivalents:				
Money market funds	$ 33,949	$ —	$ —	$ 33,949
Marketable securities:				
US treasury securities	71,877	—	—	71,877
Corporate debt securities and commercial paper	—	262,771	—	262,771
Derivative asset	—	—	1,180	1,180
Total	$ 105,826	$ 262,771	$ 1,180	$ 369,777

The estimated fair value of the derivative asset related to our Revenue Interest Financing Agreement (RIFA) with HealthCare Royalty Management, LLC was determined using Level 3 inputs. The fair value measurement of the derivative asset is sensitive to changes in the unobservable inputs used to value the financial instrument. Changes in the inputs could result in changes to the fair value of each financial instrument.

The embedded derivative asset associated with our deferred royalty obligation, as discussed further in Note 13, *Debt and Other Long Term Financing Arrangements*, is measured at fair value using an option pricing Monte Carlo simulation model and is included as a component of the deferred royalty obligation on the condensed consolidated balance sheets. The embedded derivative asset is subject to remeasurement at the end of each reporting period, with changes in fair value recognized as a component of other (expense) income, net. The assumptions used in the option pricing Monte Carlo simulation model include: (1) our estimates of the probability and timing of related events; (2) the probability-weighted net sales of IMCIVREE, including worldwide net product sales, upfront payments, milestones and royalties; (3) our risk-adjusted discount rate that includes a company specific risk premium; (4) our cost of debt; (5) volatility; and (6) the probability of a change in control occurring during the term of the instrument.

The following tables set forth a summary of the changes in the estimated fair value of our embedded derivative liability (asset) (in thousands):

	Nine months ended September 30,	
	2026	2025
Beginning aggregate estimated fair value of Level 3 liability (asset)	$ (1,180)	$ (270)
Change in fair value of embedded derivative	720	(780)
Ending aggregate estimated fair value of Level 3 liability (asset)	$ (460)	$ (1,050)

Marketable Securities

The following tables summarize the Company's marketable securities (in thousands):

	September 30, 2026			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Assets				
Corporate debt securities and commercial paper (due within 1 year)	$ 166,541	$ —	$ (613)	$ 165,928
U.S. Treasury Securities	115,639	—	(604)	115,035
	$ 282,180	$ —	$ (1,217)	$ 280,963

	December 31, 2025			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Assets				
Corporate debt securities and commercial paper (due within 1 year)	$ 262,412	$ 370	$ (11)	$ 262,771
U.S. Treasury Securities	71,634	243	—	71,877
	$ 334,046	$ 613	$ (11)	$ 334,648

7. Intangible Assets

		As of September 30, 2026			As of December 31, 2025		
	Estimated life (years)	Cost	Accumulated Amortization	Net	Cost	Accumulated Amortization	Net
Capitalized Milestones	11	$ 21,000	$ (4,322)	$ 16,678	$ 9,000	$ (3,681)	$ 5,319

As of September 30, 2026, the Company’s finite-lived net intangible assets, which totaled $16.7 million, resulted from the capitalization of certain milestone payments made to Ipsen Pharma, S.A.S., or Ipsen, in accordance with the terms of the Company’s license agreement with Ipsen. During the nine months ended September 30, 2026 we capitalized $12.0 million of accrued milestones related to clinical and revenue milestones deemed probable of being met. As the amounts have not yet been paid, they are non-cash investing activities.

As of September 30, 2026, amortization expense for the next five years and beyond is summarized as follows (in thousands):

2026 (remainder)	$ 759
2027	3,036
2028	3,036
2029	3,036
2030	3,036
Thereafter	3,775
Total	$ 16,678

Amortization expense is included in cost of sales in the condensed consolidated statements of operations and comprehensive loss and totaled $0.2 million for each of the three months ended September 30, 2026 and 2025, respectively and $0.6 million for each of the nine months ended September 30, 2026 and 2025, respectively.

8. Income Taxes

The Company recorded an income tax provision of approximately $0.6 million and $0.1 million for the three months ended September 30, 2026, and 2025, respectively. The Company recorded an income tax provision of approximately $1.6 million and $0.5 million for the nine months ended September 30, 2026, and 2025, respectively. The income tax provision is a result of taxable income from the Company's foreign jurisdictions. The Company expects to maintain a full valuation allowance against its net deferred tax assets for the year ending December 31, 2026.

On July 4, 2025, the One Big Beautiful Bill Act ("OBBBA"), which includes a broad range of tax reform provisions, was signed into law in the United States. The Company has evaluated the income tax effects of the OBBBA in accordance with ASC 740, *Income Taxes,* and has determined that the enactment of the OBBBA does not have a material impact on its current or deferred income tax expense, financial position, or results of operations for the period ended September 30, 2026. The Company will continue to evaluate the provisions of OBBBA that go into effect in the future.

9. Series A Convertible Preferred Stock

On April 1, 2024, the Company entered into an Investment Agreement (the "Investment Agreement") with certain affiliates of Perceptive Advisors LLC ("Perceptive") and certain other investors (each, an "Investor" and collectively, the "Investors"), relating to the issuance and sale of 150,000 shares of a new series of the Company's Series A Convertible Preferred Stock, par value $0.001 per share, titled the "Series A Convertible Preferred Stock" (the "Convertible Preferred Stock"), for an aggregate purchase price of $147.8 million, net of $2.3 million of issuance costs, or $1,000 per share (the "Issuance"). The Issuance closed on April 15, 2024.

The Company determined the obligation to issue 150,000 shares of Convertible Preferred Stock to Perceptive and Investors in the future at a set price represented a forward contract which was required to be accounted for at fair value. The fair value of the forward contract was measured as the difference between the fair value of the Convertible Preferred Stock, as determined using a binomial lattice valuation model, and the consideration payable to the Company. The assumptions used in the binomial lattice model include: (1) the Company's common stock price on the issuance and settlement dates; (2) the Conversion Price of $48.00 as per the Agreement; (3) a 20-year term to maturity; (4) an estimate of the Company's credit risk-adjusted discount rate; and (5) volatility. The fair value of the forward contract upon issuance was determined to be $0. Upon closing, the value of the forward contract was determined to be $8.9 million and the fair value of the Convertible Preferred Stock was determined to be $141.1 million.

The Company classifies its Convertible Preferred Stock outside of stockholders' equity as the redemption of such shares is outside the Company's control. The Company did not adjust the carrying value of its Convertible Preferred Stock to redemption value as the shares are not probable of becoming redeemable as of September 30, 2026.

On December 4, 2025, and in accordance with the terms described below, a holder of the Company's Series A Convertible Preferred Stock exercised their right to convert 17,500 shares of Series A Convertible Preferred Stock to common shares. Each of the 17,500 shares of Series A Convertible Preferred Stock converted to 20.8333 shares of common stock, resulting in a total of 364,582 shares of common stock. The Company reclassified the carrying value of the converted shares of $17.2 million from Series A convertible Preferred Stock to common stock and additional paid in capital, for this non-cash financing event.

On January 26, 2026, and in accordance with the terms described below, the same holder exercised its right to convert another 17,500 shares of Series A Convertible Preferred Stock to common shares. Each of the 17,500 preferred shares converted to 20.8333 shares of common stock, resulting in a total of 364,582 shares of common stock. The Company reclassified the carrying value of the converted shares of $17.4 million from Series A convertible Preferred Stock to common stock and additional paid in capital, for this non-cash financing event.

The Convertible Preferred Stock has the following rights and privileges:

Liquidation:

The Convertible Preferred Stock will rank senior to the Company's common stock with respect to the distribution of assets upon the Company's liquidation, dissolution or winding up.

Upon any liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary ("Liquidation"), each holder of Convertible Preferred Stock shall be entitled to receive payment for the greater of (i) 1.75 multiplied by the sum of the Liquidation Preference (i.e., Initial Liquidation Preference of $1,000 per share plus Paid-in-Kind ("PIK") Dividends) plus unpaid Regular Dividends (to the extent such accumulated and unpaid Regular Dividends are not included in such Liquidation Preference) or (ii) the amount such holder would have received if the Convertible Preferred Stock were fully converted to common stock. If the assets available for distribution are not sufficient to pay the holders of the Convertible Preferred Stock pursuant to the preceding sentence, the assets will be distributed ratably to the holders of the Convertible Preferred Stock.

Voting:

Holders of the Convertible Preferred Stock have the right to vote with the holders of common stock on each matter submitted for a vote on an as-converted basis, subject to the terms of the Convertible Preferred Stock as specified in the Amended and Restated Certificate of Designations.

The holders of the Convertible Preferred Stock shall also have certain protective voting rights. Specifically, as long as the Convertible Preferred Stock are outstanding, each of the following events require at least a two thirds affirmative vote of the Convertible Preferred Stock holders: (a) any amendment or modification of the Certificate of Incorporation to authorize or create, or to increase the authorized number of shares of, any class or series of Dividend Parity Stock, Liquidation Parity Stock, Dividend Senior Stock or Liquidation Senior Stock, (b) any amendment, modification, repeal or waiver of any provision of the Certificate of Incorporation or the Amended and Restated Certificate of Designations that adversely affects the rights, preferences, privileges or powers of the Convertible Preferred Stock, (c) increase or decrease the number of authorized shares of Convertible Preferred Stock or issue additional shares of Convertible Preferred Stock, (d) the Company's consolidation or combination with, or merger with or into, another Person, or any binding or statutory share exchange or involving the Convertible Preferred Stock, in each case unless: (i) the Convertible Preferred Stock either (x) remains outstanding after such consolidation, combination, merger, share exchange or reclassification; or (y) is converted or reclassified into, or is exchanged for, or represents solely the right to receive, preference securities of the continuing, resulting or surviving Person of such consolidation, combination, merger, share exchange or reclassification, or the parent thereof; (ii) the Convertible Preferred Stock that remains outstanding or such preference securities, as applicable, have rights, preferences and voting powers that, taken as a whole, are not materially less favorable to the Holders or the holders thereof, as applicable, than the rights, preferences and voting powers, taken as a whole, of the Convertible Preferred Stock immediately before the consummation of such consolidation, combination, merger, share exchange or reclassification; and (iii) the issuer of the Convertible Preferred Stock that remains outstanding or such preference securities, as applicable, is a corporation duly organized and existing under the laws of the United States of America, any State thereof or the District of Columbia that, if not the Company, will succeed to the Company under the Amended and Restated Certificate of Designations and the Convertible Preferred Stock.

Redemption:

The Company has the right to redeem all Convertible Preferred Stock after the Redemption Trigger Date, which is the fifth anniversary of the Initial Issue Date of April 15, 2024. The amount payable on the redemption date is equal to the Liquidation Preference (i.e., Initial Liquidation Preference of $1,000 per share plus PIK Dividends) plus any unpaid Regular Dividends (to the extent such accumulated and unpaid Regular Dividends are not included in such Liquidation Preference).

If a change of control occurs, each holder shall have the right to require the Company to repurchase all, or any whole number of shares that is less than all, of the holder's Convertible Preferred Stock at an amount equal to 1.75 multiplied by the sum of the Liquidation Preference (i.e., Initial Liquidation Preference of $1,000 per share plus PIK Dividends) plus any unpaid Regular Dividends (to the extent such accumulated and unpaid Regular Dividends are not included in such Liquidation Preference). As of September 30, 2026, the Company did not adjust the carrying value of the Convertible Preferred Stock to its redemption value, since a change of control was determined to be not probable.

Dividends:

After the second anniversary, dividends on the Convertible Preferred Stock accrue quarterly, at a 6% annual rate, and if not paid out in cash before the quarter end, will become PIK Dividends and added to the liquidation preference, or original issue price plus PIK Dividends. Since dividends do not commence until the second anniversary of the Issuance, the Convertible Preferred Stock is considered increasing rate preferred stock. Accordingly, the Company accretes the

dividends, using the effective interest method, from Issuance to the first contractual call date, April 15, 2029. The Company accrued dividends of $3.2 million and $4.0 million for the nine months ended September 30, 2026 and September 30, 2025, respectively, as a reduction to Additional Paid-In Capital and an increase to the carrying value of Convertible Preferred Stock.

On July 1, 2026, the Company paid cash dividends of approximately $1.5 million in the aggregate to the holders of record on June 30, 2026, of the Series A Convertible Preferred Stock, pursuant to the terms of the Amended and Restated Certificate of Designations of the Series A Convertible Preferred Stock, dated May 7, 2024.

On October 1, 2026, the Company paid cash dividends of approximately $1.7 million in the aggregate to the holders of record on September 30, 2026, of the Series A Convertible Preferred Stock, pursuant to the terms of the Amended and Restated Certificate of Designations of the Series A Convertible Preferred Stock, dated May 7, 2024. As of September 30, 2026, accrued dividends of $1.7 million were classified as other current liabilities in the Company's condensed consolidated balance sheet.

The carrying value of Convertible Preferred Stock as of September 30, 2026 and December 31, 2025 is $113.6 million and $131.0 million, respectively.

Conversions:

Holders of Convertible Preferred Stock have the option to convert any number of whole shares at any time. The conversion is based on the sum of the Liquidation Preference plus unpaid Dividends divided by the $48.00 Conversion Price. Given the Initial Liquidation Preference of $1,000, each share of Convertible Preferred Stock would be convertible into 20.8333 shares of common stock, prior to any adjustments such as PIK Dividends, unpaid Dividends, stock splits, or voluntary conversion rate increases. Upon conversion, cash will be paid in lieu of any fractional share of common stock. However, based on certain restrictions on the conversion of the Convertible Preferred Stock specified in the Amended and Restated Certificate of Designations, a holder of Convertible Preferred Stock is not entitled to effect a conversion of any portion of its shares of Convertible Preferred Stock, or to vote in its capacity as a holder of shares of Convertible Preferred Stock with respect to matters submitted to holders of the common stock if, after giving effect to such conversion, that holder would beneficially own in excess of 4.99%, in the case of one holder, or 9.99%, in the case of the other holder, of the number of shares of common stock outstanding immediately after giving effect to such exercise.

The Company has the right to force mandatory conversion of Convertible Preferred Stock should the closing sale price per share of Common Stock exceed 250% of the Conversion Price for at least twenty (20) of thirty (30) consecutive trading days, subject to certain restrictions based on the liquidity of the Common Stock.

On May 7, 2024, the Company filed an Amended and Restated Certificate of Designations in respect of the Convertible Preferred Stock containing certain technical amendments to the terms of the Convertible Preferred Stock. The amendments contained in the Amended and Restated Certificate of Designations (x) limited the voting rights of the Convertible Preferred Stock to 24.9438 shares of the Company’s common stock per $1,000 liquidation preference of Convertible Preferred Stock and (y) eliminated a 1% step up in the interest rate that otherwise would have applied in the unlikely event that the Company was required to obtain and failed to obtain stockholder approval for certain conversion shares underlying the Convertible Preferred Stock.

On February 26, 2026, the Company filed with the Securities Exchange Commission (the “SEC”) a registration statement on Form S-3ASR containing a prospectus covering the resale from time to time by the Investors of up to an aggregate of 2,395,831 shares of common stock, to satisfy registration rights that the Company granted to such stockholders in connection with the Issuance.

The Company has 10,000,000 shares of Preferred Stock authorized, of which 115,000 shares are designated for the Series A Convertible Preferred Stock.

10. Common Stock

As of September 30, 2026, an aggregate of 18,953,289 shares of common stock were reserved for issuance under the Company’s stock plans, which include stock options, restricted stock units, and performance stock units that have been granted covering 8,980,868 shares of common stock, as well as 6,331,466 shares available under the Company’s 2017 Equity Incentive Plan (the “2017 Plan”) and 1,213,588 shares of common stock available for future grants under the Company’s Employee Stock Purchase Plan. Additionally, this reserve includes 2,395,836 shares of common stock for

issuance to satisfy the shares of common stock issuable upon conversion of the remaining 115,000 shares of Convertible Preferred Stock.

On January 26, 2026 one of the Company's Series A Convertible Preferred Stock holders exercised their conversion right and converted 17,500 Series A Convertible Preferred Stock into 364,582 shares of common stock. Refer to Note 9, *Series A Convertible Preferred Stoc*k, for further information

On July 9, 2025, the Company entered into an underwriting agreement (the "Underwriting Agreement") with Morgan Stanley & Co. LLC and BofA Securities, Inc., as the representatives of the several underwriters named in the Underwriting Agreement (collectively, the "Underwriters"), in connection with a follow-on offering, issuance and sale by the Company of 2,058,824 shares of the Company's common stock. The offering price of the shares of common stock to the public was $85.00 per share. In addition, under the terms of the Underwriting Agreement, the Company granted the Underwriters a 30-day option to purchase up to 308,823 additional shares of Common Stock, at the public offering price per share, less underwriting discounts and commissions. On July 10, 2025, the Underwriters exercised the option in full. The closing of the sale of the shares pursuant to the offering, including the shares sold pursuant to the exercise in full of the option, took place on July 11, 2025, resulting in net proceeds of approximately $188.7 million, net of $12.6 million of underwriting discounts and commissions, and other offering expenses incurred by the Company, for a total share issuance of 2,367,647.

On February 26, 2026, the Company and TD Securities (USA) LLC ("TD Cowen") entered into a Sales Agreement (the "Sales Agreement") pursuant to which the Company may issue and sell shares of its common stock, having an aggregate offering price of up to $200.0 million, from time to time through an "at the market" equity offering program under which TD Cowen acts as sales agent. The Sales Agreement supersedes the prior Sales Agreement between TD Cowen and the Company, dated November 2, 2021, as amended on February 29, 2024. In connection with the Sales Agreement, on February 26, 2026, the Company filed with the SEC a registration statement on Form S-3ASR containing a base prospectus and a prospectus supplement, each dated February 26, 2026, pursuant to which issuances and sales under the Sales Agreement will be made. Between December 10, 2024 and December 31, 2024, the Company sold 744,595 shares of common stock in the ATM Program for net proceeds of $41.2 million. Between January 1, 2025 and January 21, 2025, the Company sold an additional 587,510 shares of common stock in the ATM Program for net proceeds of approximately $32.1 million.

On February 9, 2022, the Company's board of directors adopted the Inducement Plan, without stockholder approval pursuant to Rule 5635(c)(4) of the Nasdaq Stock Market LLC listing rules or Rule 5635(c)(4). In accordance with Rule 5635(c)(4), awards under the Inducement Plan may only be made to a newly hired employee who has not previously been a member of the Company's board of directors, or an employee who is being rehired following a bona fide period of non-employment by the Company or a subsidiary, as a material inducement to the employee's entering into employment with the Company or its subsidiary. An aggregate of 1,000,000 shares of the Company's common stock have been reserved for issuance under the Inducement Plan. The Company continues to grant awards under the 2017 Plan pursuant to the terms thereof.

The exercise price of stock options granted under the Inducement Plan is not less than the fair market value of a share of the Company's common stock on the grant date. Other terms of awards, including vesting requirements, are determined by the Company's board of directors and are subject to the provisions of the Inducement Plan. Stock options granted to employees generally vest over a four-year period but may be granted with different vesting terms. Certain options may provide for accelerated vesting in the event of a change in control. Stock options granted under the Inducement Plan expire no more than 10 years from the date of grant. As of September 30, 2026, 523,056 stock option awards and 382,926 restricted stock unit awards have been granted under the Inducement Plan, net of forfeitures. As of September 30, 2026, 113,447 shares of common stock are available for future grant under the Inducement Plan.

11. Related-Party Transactions

Expenses paid directly to related parties for the three and nine months ended September 30, 2026 and 2025, were immaterial. Outstanding payments due to related parties as of September 30, 2026 and December 31, 2025 were also immaterial.

12. Significant Agreements

RareStone Group Ltd.

On March 14, 2025, we entered into a termination agreement (the "Termination Agreement") with RareStone Group Ltd. ("RareStone") and RareStone Medicine (Shenzhen) Co., Ltd. ("RareStone Shenzhen"), pursuant to which the Company, RareStone and RareStone Shenzhen have mutually agreed to terminate (i) the Exclusive License Agreement between the Company and RareStone, dated December 3, 2021 (the "License Agreement"); and (ii) the Share Purchase Agreement between the Company and RareStone, dated December 3, 2021 (the "Share Purchase Agreement", and with the License Agreement the "RareStone Agreements").

Under the Termination Agreement, the Company agreed to pay $6.3 million as a repayment of a portion of the upfront payment made pursuant to Section 7.1 of the License Agreement. In connection with the Termination Agreement, the Company and RareStone also entered into a Share Repurchase Agreement dated March 14, 2025, pursuant to which the Company has agreed to convey all of the shares acquired under the original Share Purchase Agreement back to RareStone, for no additional consideration. The Company had previously written off the value of the shares in the year ended December 31, 2023. Prior to executing the termination agreement, the Company had recorded $1.3 million of deferred revenue related to this arrangement for unsatisfied performance obligations. As a result of the Termination Agreement, the Company recognized the $6.3 million paid to RareStone as a reduction in previously-recognized license revenue as it represented consideration paid to a customer, and recognized all existing deferred revenue resulting in a net reduction in license revenue of $5.0 million during the three months ending March 31, 2025.

Pursuant to the Termination Agreement, the RareStone Agreements were terminated and all rights and obligations under such agreements ceased. In addition, each party to the Termination Agreement discharged and released the other parties, subsidiaries, divisions, affiliates, predecessors, successors, and each of their past and present officers, directors, employees, attorneys, agents, affiliates, assigns, and representatives of and from any and all claims, demands, actions, or causes of action, known or unknown, contingent or non-contingent, which the parties may or might have against them, by reason of any general, special, or consequential damages, losses, or potential losses, arising out of and/or relating to the RareStone Agreements.

13. Debt and Other Long Term Financing Arrangements

Revenue Interest Financing Agreement

On June 16, 2022, we entered into a RIFA with entities managed by HealthCare Royalty Management, LLC, collectively referred to as the Investors. Pursuant to the RIFA and subject to customary closing conditions, the Investors have agreed to pay the Company an aggregate investment amount of up to $100.0 million, or the Investment Amount. Under the terms of the RIFA, we received $37.5 million on June 29, 2022 upon FDA approval of IMCIVREE in Bardet-Biedl syndrome ("BBS"), referred to as the Initial Investment Amount, and we received an additional $37.5 million on September 29, 2022 of the Investment Amount upon EMA approval for BBS. On September 12, 2023, we received the remaining $24.4 million of the Investment Amount, net of debt issuance costs, following the achievement of a specified amount of cumulative net sales of IMCIVREE between July 1, 2022 and September 30, 2023.

As consideration for the Investment Amount and pursuant to the RIFA, we agreed to pay the Investors a tiered royalty on our annual net revenues, or Revenue Interest, including worldwide net product sales and upfront payments and milestones. The applicable tiered percentage will initially be 11.5% on annual net revenues up to $125 million, 7.5% on annual net revenues of between $125 million and $300 million and 2.5% on annual net revenues exceeding $300 million. If the Investors have not received cumulative minimum payments equal to 60% of the amount funded by the Investors to date by March 31, 2027, or 120% of the amount funded by the Investors to date by March 31, 2029, we must make a cash payment immediately following each applicable date to the Investors sufficient to gross the Investors up to such minimum amounts after giving full consideration of the cumulative amounts paid by us to the Investors through each date, referred to as the Under Performance Payment. As the repayment of the funded amount is contingent upon worldwide net product sales and upfront payments, milestones, and royalties, the repayment term may be shortened or extended depending on actual worldwide net product sales and upfront payments, milestones, and royalties. We made repayments of $19.1 million in the nine months ended September 30, 2026. As of September 30, 2026 we have made cumulative payments of $59.5 million.

The Investors' rights to receive the Revenue Interests will terminate on the date on which the Investors have received payments equal to a certain percentage of the funded portion of the Investment Amount including the aggregate of all payments made to the Investors as of such date, each percentage tier referred to as the Hard Cap, unless the RIFA is earlier terminated. The total Revenue Interests payable by us to the Investors is capped between 185% and 250% of the Investment Amount paid, dependent on the aggregate royalty paid between 2028 and 2032. If a change of control occurs, the Investors may accelerate payments due under the RIFA up to the Hard Cap plus any other obligations payable under the RIFA.

The repayment period commenced on July 8, 2022 for the Initial Investment Amount, and expires on the earlier of (i) the date at which the Investors received cash payments totaling an aggregate of a Hard Cap ranging from 185% to 250% of the Initial Investment Amount or (ii) the legal maturity date of July 8, 2034. If the Investors have not received payments equal to 250% of the Investment Amount by the twelve-year anniversary of the initial closing date, we will be required to pay an amount equal to the Investment Amount plus a specific annual rate of return less payments previously received by Investors. In the event of a change of control, we are obligated to pay Investors an amount equal to the Hard Cap in effect at the time, ranging from 185% to 250% plus any Under Performance Payment of the Investment Amount less payments previously received by Investors. In addition, upon the occurrence of an event of default, including, among others, our failure to pay any amounts due to Investors under the deferred royalty obligation, insolvency, our failure to pay indebtedness when due, the revocation of regulatory approval of IMCIVREE in the U.S. or our breach of any covenant contained in the RIFA and our failure to cure the breach within the prescribed time frame, we are obligated to pay Investors an amount equal to the Hard Cap in effect at the time of default ranging from 185% to 250% plus any Under Performance Payment of the Investment Amount less payments previously received by Investors. In addition, upon an event of default, Investors may exercise all other rights and remedies available under the RIFA, including foreclosing on the collateral that was pledged to Investors, which consists of all of our present and future assets relating to IMCIVREE.

We have evaluated the terms of the RIFA and concluded that the features are similar to those of a debt instrument. Accordingly, we have accounted for the transaction as long-term debt and presented it as a deferred royalty obligation on our condensed consolidated balance sheets. We have further evaluated the terms of the RIFA and determined that the repayment of the Hard Cap in effect at the time which ranges from 185% to 250% of the Investment Amount, less any payments made to date, upon a change of control is an embedded derivative that requires bifurcation from the debt instrument and fair value recognition. We determined the fair value of the derivative using an option pricing Monte Carlo simulation model taking into account the probability of change of control occurring and potential repayment amounts and timing of such payments that would result under various scenarios, as further described in Note 2, *Summary of Significant Accounting Policies*, to our condensed consolidated financial statements. The aggregate fair value of the embedded derivative asset (liability) was $0.5 million and $1.2 million as of September 30, 2026 and December 31, 2025, respectively. We remeasure the embedded derivative to fair value each reporting period until the time the features lapse and/or termination of the deferred royalty obligation. For the three months ended September 30, 2026 and 2025, we recognized other (expense) income of $(0.2) million and $0.4 million, respectively, due to the remeasurement of the embedded derivative asset. For the nine months ended September 30, 2026 and 2025, we recognized other (expense) income of $(0.7) million and $0.8 million, respectively, due to the remeasurement of the embedded derivative asset.

The carrying value of the deferred royalty obligation as of September 30, 2026 was $102.7 million based on $100.0 million of proceeds, net of the fair value of the bifurcated embedded derivative liability upon execution of the RIFA, and debt issuance costs incurred. The carrying value is classified as $14.8 million within current liabilities and $87.9 million within long-term liabilities on the consolidated balance sheet as of September 30, 2026. The carrying value of the deferred royalty obligation approximated fair value as of September 30, 2026 and December 31, 2025. The effective interest rate as of September 30, 2026 was 17.27%. In connection with the deferred royalty obligation, we incurred debt issuance costs totaling $3.3 million. Debt issuance costs have been netted against the debt and are being amortized over the estimated term of the debt using the effective interest method, adjusted on a prospective basis for changes in the underlying assumptions and inputs. The assumptions used in determining the expected repayment term of the debt and amortization period of the issuance costs requires that we make estimates that could impact the short and long-term classification of these costs, as well as the period over which these costs will be amortized.

Five-Year Term Loan and Amended Revenue Interest Financing Agreement

On November 2, 2026, the Company entered into a new term loan facility with entities affiliated with KKR & Co. Inc.'s HealthCare Royalty and entities affiliated with Blackstone (collectively, the "Lenders"), and in connection therewith, the Company entered into an amended and restated Revenue Interest Financing Agreement with Health Care Royalty Management, LLC (the "A&R RIFA"). Refer to Note 16. *Subsequent Events.*

14. Commitments and Contingencies

Legal Proceedings

The Company, from time to time, may be party to various litigation arising in the ordinary course of business. The Company is not presently subject to any pending or threatened litigation that it believes, if determined adversely to the Company, individually, or taken together, would reasonably be expected to have a material adverse effect on its business or financial results.

Other

The Company is party to various agreements, principally relating to licensed technology; milestones under these agreements are generally recognized in the period in which the achievement of the underlying milestones becomes probable. When the achievement of these milestones or sales have not occurred, such contingencies are not recorded in the Company's consolidated financial statements. The Company also has various contracts with CROs and CMOs that generally provide for termination on notice, with the exact amounts in the event of termination to be based on the timing of the termination and the terms of the agreement.

As of September 30, 2026, the Company estimates that potential milestone payments of up to $18 million could become payable by the Company during the next 12 months depending on the achievement and timing of specified milestones. Of this $18 million, the Company has accrued for $14 million related to these milestone payments as of September 30, 2026 as the underlying triggering event either occurred or was determined to be probable.

15. Segment and Geographic Information

Operating segments are defined as components of an entity about which separate discrete information is available for evaluation by the chief operating decision maker, or decision-making group, in deciding how to allocate resources and in assessing performance. The Company currently operates in two business segments, which are U.S. and international segments for the development and commercialization of therapies for patients with rare diseases. A single management team that reports to the Chief Executive Officer who comprehensively manages the entire business. The Company meets the aggregation criteria of ASC 280 and therefore has one reportable segment for the three and nine months ended September 30, 2026 and September 30, 2025.

The table below is a summary of the segment profit or loss, including significant segment expenses (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
Net product revenue - U.S.	$ 67,473	$ 38,214	$ 155,355	$ 94,565
Net product revenue - International	24,655	13,084	68,139	42,953
Total net product revenue	92,128	51,298	223,494	137,518
License revenue	-	-	—	(5,014)
Total revenue, net	92,128	51,298	223,494	132,504
Cost of sales	12,166	5,499	28,254	14,690
Global headcount expense	60,842	48,269	178,943	123,028
Preclinical, clinical and development expense	26,757	22,647	65,580	65,552
Commercial & medical affairs	19,407	18,582	61,550	48,861
Corporate, general & administrative	10,226	8,954	27,354	25,326
Milestone	2,000	—	2,000	—
Other income (expense), net	(157)	274	(840)	1,207
Interest income (expense), net	(1,332)	(414)	(3,681)	(4,760)
Income taxes	610	111	1,598	528
Net loss	$ (41,369)	$ (52,904)	$ (146,306)	$ (149,034)

Geographic Data

The Company allocates, for the purpose of geographic data reporting, its revenue based upon the location of its customers. Total product revenue, net, by geographic area was as follows (in thousands):

	Three months ended September 30,		Nine months ended September 30,	
	2026	2025	2026	2025
US	$ 67,473	$ 38,214	$ 155,355	$ 94,565
International	24,655	13,084	68,139	42,953
Total product revenue, net	$ 92,128	$ 51,298	$ 223,494	$ 137,518

As of September 30, 2026 and December 31, 2025, long-lived assets at locations outside the United States were not material.

16. Subsequent Events

The Company considers events or transactions that occur after the balance sheet date but prior to the issuance of the financial statements to provide additional evidence for certain estimates or to identify matters that require additional disclosure.

LGC Amendment

On November 2 2026, the Company entered into an amendment to the license agreement with LGC (the “LGC Amendment”). Under the LGC Amendment, the Company agreed to pay LGC additional non-refundable, non-creditable consideration of $350.0 million, consisting of $70.0 million payable within 15 business days of the effective date of the Amendment, $100.0 million payable in September 2027, $100.0 million payable in September 2028 and $80.0 million payable in September 2029. Subject to LGC’s prior written consent, the Company may elect to satisfy each of the payments due in 2027, 2028 and 2029 through low single digit increases to the royalty rate payable to LGC in lieu of the applicable upfront cash payment.

The LGC Amendment also modified the commercial milestone and royalty provisions of the license agreement. Under the LGC Amendment, the Company may be required to make commercial and developmental milestone payments of up to $405 million, inclusive of the $205 million from the original agreement, upon achievement of specified annual net sales thresholds, certain of which also require regulatory approval of bivamelagon in the United States. The LGC Amendment also provides for a base royalty rate of 1% on net sales of products within the Company's MC4R portfolio, commencing on the earlier of January 1, 2029, or first commercial sale of bivamelagon, subject to adjustment pursuant to its terms, including increases resulting from the Company's exercise of the option to satisfy certain of the additional payments through increased royalties.

Under the LGC Amendment, the royalty on net sales of bivamelagon in a region may increase by 3% in addition to the effective royalty rate then in effect, if bivamelagon is covered by a composition of matter or method of use patent controlled by LGC in such region and neither setmelanotide nor RM-718 is covered by any composition of matter or method of use patents controlled by the Company in such region. Such increased rate would only apply on net sales of bivamelagon for the remainder of the royalty term in the relevant region.

Term Loan Agreement with HealthCare Royalty Management, LLC, and Blackstone

On November 2, 2026, the Company entered into a Loan Agreement and Guaranty (the "Loan Agreement") with entities affiliated with KKR & Co. Inc.'s HealthCare Royalty and entities affiliated with Blackstone (collectively, the "Lenders"), and Wilmington Trust, National Association, as administrative agent and collateral agent, which provides for term loan financing of up to $750.0 million, consisting of:

- $250.0 million of initial term loans, to be funded on the closing date, and
- $250.0 million of delayed draw A term loan commitments, available following the closing date through June 30, 2028, subject to specified borrowing conditions, in no more than three draws, each in a principal amount of $50.0 million or $100.0 million; provided that no more than one draw may be in an amount of $50.0 million and no more than two draws may be in an amount of $100.0 million, in such order as the Company may elect; and
- up to an additional $250.0 million of uncommitted delayed draw B term loans, available through June 30, 2029, subject to the applicable lenders agreeing to provide such financing in their sole discretion.

Borrowings under the Loan Agreement bear interest, at the Company's election, at either Adjusted Term Secured Overnight Financing Rate ("SOFR") plus 4.60% or an alternative base rate plus 3.60%, with Adjusted Term SOFR subject to a 1.00% floor. Interest is payable quarterly in arrears. Each funding of term loans under the Loan Agreement, including the initial term loans and any delayed draw A or delayed draw B term loans, is subject to an original issue discount equal to 1.00% of the principal amount funded. The term loans mature and are payable in full on November 2, 2031. The Company may prepay the term loans in whole, but not in part, and any prepayment (whether optional, mandatory or upon acceleration) is subject to customary prepayment premiums that decline over the term of the loan.

The Loan Agreement requires the Company to maintain qualified cash of no less than $50.0 million plus the amount of any accounts payable that remain unpaid more than 150 days after their due date, and contains customary affirmative and negative covenants restricting, among other matters, the incurrence of indebtedness and liens, investments, restricted payments, asset transfers, and mergers and acquisitions. The obligations under the Loan Agreement are secured by the term loan collateral.

Amended and restated Revenue Interest Financing Agreement with Health Care Royalty, LLC

On November 2, 2026, in connection with the Company's entry into a new term loan facility as described above, the Company entered into an amended and restated Revenue Interest Financing Agreement with Health Care Royalty, LLC (the "A&R RIFA"). The A&R RIFA amended and restated the Company's existing RIFA to, among other things, limit the collateral securing the Company's obligations under the RIFA and remove or modify certain covenants and events of default.

Under the A&R RIFA, the tiered Revenue Interest payable to the Investors remains 11.5% on the portion of annual net revenues up to $125.0 million, 7.5% on the portion of annual net revenues exceeding $125.0 million and up to $300.0 million, and 2.5% on the portion of annual net revenues exceeding $300.0 million. The minimum cumulative payment requirements also remain unchanged. If the Investors have not received cumulative payments equal to 60% of the

Investment Amount by March 31, 2027 or 120% of the Investment Amount by March 31, 2029, the Company is required to make an underperformance payment sufficient to increase cumulative payments to the applicable minimum amount.

The A&R RIFA also maintains the existing Hard Cap structure. The Company's aggregate Revenue Interest payments are subject to a Hard Cap equal to 185% of the Investment Amount if the applicable payments are received by June 30, 2028, 200% if received by June 30, 2031, 225% if received by December 31, 2032, and 250% thereafter. The Company may make voluntary prepayments at any time, which are credited against both the Hard Cap and the applicable minimum payment requirements.

The A&R RIFA narrows the collateral securing the Company's obligations to primarily the Company's and its subsidiaries' gross receivables relating to IMCIVREE product sales, cash held in specified accounts used to collect the IMCIVREE related receivables. The collateral expressly excludes intellectual property and rights associated with IMCIVREE itself and other products that may be developed or marketed by the Company or its subsidiaries.

The Company is evaluating the accounting for the amendment to the RIFA, including whether the amendment will be accounted for as a modification or extinguishment of the existing deferred royalty obligation.

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

You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited condensed consolidated financial statements and related notes appearing elsewhere in this Quarterly Report on Form 10-Q. In addition to historical information, some of the information contained in this discussion and analysis or set forth elsewhere in this Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and is subject to the "safe harbor" created by those sections. All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q, including without limitation statements regarding: the promise or potential of any of our products or product candidates; the marketing, commercialization, and sales of IMCIVREE (setmelanotide); the design, success, cost and timing of our product development activities and clinical trials for setmelanotide, RM-718, bivamelagon, and our other product candidates; our ability to obtain regulatory approval for setmelanotide in further indications, as well as for RM-718, bivamelagon, and our other product candidates; our financial performance, including our expectations regarding our existing cash, operating losses, expenses and sources of future financing; the sufficiency of our cash, cash equivalents and short-term investments to fund our operations; expected milestone payments and the timing thereof; our ability to hire and retain necessary personnel; patient enrollments and the timing thereof; the timing of announcements regarding results of clinical trials; our ability to protect our intellectual property; ongoing activities under and our ability to negotiate our collaboration and license agreements, if needed, and the impact of termination; our marketing, commercial sales, revenue generation, and cost of revenue; expectations surrounding our manufacturing arrangements; the impact of the current or future economic conditions on our business and operations and our future financial results; and other statements identified by words such as "anticipates," "believes," "could," "estimates," "expects," "intends," "may," "might," "likely," "plans," "potential," "predicts," "projects," "seeks," "should," "target," "will," "would," or similar expressions and the negatives of those terms are forward-looking statements. These forward-looking statements are neither promises nor guarantees of future performance, and are subject to a variety of known and unknown risks, uncertainties, and other important factors, many of which are beyond our control, and which could cause actual results to differ materially from those contemplated in such forward-looking statements. We discuss factors that we believe could cause or contribute to these differences below and elsewhere in this report, including but not limited to those set forth in Part II, Item 1A under the heading "Risk Factors" of this Quarterly Report on Form 10-Q. Except as may be required by law, we have no plans to update our forward-looking statements to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q. We caution readers not to place undue reliance upon any such forward-looking statements, which speak only as of the date made.

Overview

We are a global, commercial-stage biopharmaceutical company dedicated to transforming the lives of patients living with rare neuroendocrine diseases. We are focused on advancing our melanocortin-4 receptor (MC4R) agonists, including our lead asset, IMCIVREE® (setmelanotide), as precision medicines designed to treat hyperphagia and severe obesity caused by MC4R pathway diseases. While obesity affects hundreds of millions of people worldwide, we are advancing therapies for a subset of individuals who have hyperphagia, a pathological, insatiable hunger and impaired satiety accompanied by persistent and abnormal food-seeking behaviors, decreased energy expenditure and severe obesity due to diseases such as acquired or congenital hypothalamic obesity, Prader-Willi syndrome (PWS), Bardet-Biedl syndrome (BBS) or other diseases caused by impaired MC4R pathway signaling. The MC4R pathway is a neuroendocrine pathway in the brain that is responsible for regulating hunger, caloric intake and energy expenditure, which consequently affect body weight. IMCIVREE, an MC4R agonist for which we hold worldwide rights, is the first-ever therapy developed for patients with certain rare diseases that is approved or authorized in the United States, European Union (EU), United Kingdom, Canada and other countries and regions.

IMCIVREE is approved by the U.S. Food and Drug Administration (FDA) to reduce excess body weight and maintain weight reduction long term in adult and pediatric patients aged 4 years and older with acquired hypothalamic obesity ("HO") and in adult and pediatric patients aged 2 years and older with syndromic or monogenic obesity due to BBS or pro-opiomelanocortin (POMC), proprotein convertase subtilisin/kexin type 1 (PCSK1), or leptin receptor (LEPR) deficiency as determined by genetic testing demonstrating variants in POMC, PCSK1, or LEPR genes that are interpreted as pathogenic, likely pathogenic, or of uncertain significance (VUS). The European Commission (EC) has authorized IMCIVREE for the treatment of obesity and the control of hunger in adults and children 4 years of age and above with acquired HO due to hypothalamic injury or impairment, and for the treatment of obesity and the control of hunger associated with genetically confirmed BBS or loss-of-function biallelic POMC, including PCSK1, deficiency or biallelic LEPR deficiency in adults and children 2 years of age and above. The United Kingdom's Medicines & Healthcare Products Regulatory Agency (MHRA) has authorized IMCIVREE for the treatment of obesity and the control of hunger associated with genetically confirmed BBS or loss-of-function biallelic POMC, including PCSK1, deficiency or biallelic LEPR

deficiency in adults and children 2 years of age and above. In addition to the United States, we have achieved market access or named patient sales of IMCIVREE for BBS or POMC and LEPR deficiencies, or both, in more than 25 countries outside the United States, and we continue to collaborate with authorities to achieve access in additional markets.

IMCIVREE's label expansion to treat patients living with acquired HO was approved by the U.S. FDA on March 19, 2026, and a similar expansion of its marketing authorization was approved by the European Commission on April 30, 2026. Japan's Ministry of Health, Labour and Welfare (MHLW) also approved IMCIVREE to treat patients with acquired HO on August 24, 2026, making it the first approved therapy in the United States, Europe and Japan for patients with this rare disease. These approvals were supported by the positive pivotal Phase 3 TRANSCEND trial of setmelanotide in 142 patients with acquired HO. The global study met its primary endpoint, with a statistically significant -18.4% placebo-adjusted reduction in body mass index (BMI). For the primary endpoint of mean BMI change from baseline, study participants on setmelanotide therapy (n=94) achieved a -15.8% reduction compared with a +2.6% increase among patients on placebo (n=48) at 52 weeks ($p<0.0001$). Setmelanotide was generally well tolerated in the Phase 3 trial. The most common adverse events (affecting >20% of participants) were skin hyperpigmentation, nausea, vomiting and headache.

Acquired HO is a rare form of obesity that occurs following damage to the hypothalamic region of the brain. This disease most frequently follows the growth or surgical removal of craniopharyngioma, astrocytoma or other rare brain tumors. Additional causes of injury may include traumatic brain injury, stroke, or inflammation. Patients experience accelerated weight gain, a reduction in energy expenditure, and hyperphagia (a chronic pathological condition characterized by insatiable hunger, impaired satiety, and persistent abnormal food-seeking behaviors) leading to accelerated onset of severe obesity. We estimate there are approximately 10,000 people living with hypothalamic obesity in the U.S., 5,000 to 8,000 people living with hypothalamic obesity in Japan, and approximately 10,000 people living with hypothalamic obesity in the E.U.

In addition to our commercial efforts and inclusive of late-stage development efforts, we are advancing what we believe is the most comprehensive clinical research and development program ever initiated in MC4R pathway diseases, with multiple ongoing and planned clinical trials. Our MC4R pathway program is designed to expand the total number of patients who we believe would benefit from setmelanotide therapy or advance one of our other drug candidates, including RM-718, which is designed to be a more selective MC4R agonist with weekly administration, and bivamelagon, an investigational oral small molecule MC4R agonist which we are preparing to evaluate further in a Phase 3 clinical trial. As mentioned above, our Phase 3 trial of setmelanotide in patients with acquired HO met the primary and key secondary endpoints, and we have initiated an additional, independent substudy in patients with congenital hypothalamic obesity as part of that trial.

We are advancing our next-generation MC4R agonists in clinical trials. In July 2025, we announced bivamelagon achieved statistically significant and clinically meaningful BMI reductions at 14 weeks of treatment in a Phase 2 trial in patients with acquired HO. We have also completed enrollment in Part C of the Phase 1 trial evaluating the weekly RM-718 in patients with acquired HO and announced preliminary, promising data on August 4, 2026.

We also are advancing MC4R agonists with the intention to improve the treatment landscape for patients living with Prader-Willi syndrome (PWS), a rare, complex genetic neurodevelopmental disorder characterized by hyperphagia, severe obesity risk, and significant metabolic, cognitive, and behavioral complications. We estimate there are between 12,500 and 16,000 patients living with PWS in the United States and a similar number in Europe, based on updated internal prevalence estimates developed using a bottoms-up methodology analyzing incidence, age-specific survival and claims-based validation. Further, we estimate that 80% to 90% of PWS patients are living with hyperphagia and obesity, or approximately 8,500 – 12,750 patients. There are currently limited therapeutic options that effectively reduce the extreme hyperphagia and address low resting energy expenditure associated with PWS. Based on the central role of MC4R pathway dysfunction in PWS, we believe that targeting this biology represents a compelling therapeutic approach. On June 13, 2026, we announced positive preliminary data from a Phase 2 trial evaluating setmelanotide in patients with PWS that demonstrated treatment with setmelanotide was associated with improvements across multiple clinically relevant endpoints, including BMI, BMI-Z and measures for hyperphagia and anxiety. In addition to this ongoing trial of setmelanotide, we have begun enrolling patients in a Phase 1/2 trial evaluating RM-718 in PWS.

We continue to leverage what we believe is the largest known DNA database focused on obesity - with approximately 120,000 sequencing samples as of December 31, 2025 - to improve the understanding, diagnosis and care of people living with severe obesity due to certain variants in genes associated with the MC4R pathway. Our Phase 3 EMANATE trial did not achieve the primary endpoint in each of its four independent substudies evaluating setmelanotide in genetically caused MC4R pathway diseases, but we did see positive signals in two genetic indications. We continue to analyze the EMANATE results and evaluate potential clinical development paths to develop one of our product candidates

in patients with SRC1 (NCOA1) deficiency and POMC insufficiency, including with our next-generation MC4R agonists bivamelagon or RM-718. In addition, we plan to continue to evaluate the potential for MC4R agonism in the genes and gene families previously identified through the exploratory Phase 2 DAYBREAK trial, including the SEMA3 family, PHIP, TBX3 or PLXNA family. Our sequencing-based epidemiology estimates show that each of these genetically-defined MC4R pathway deficiencies are considered rare diseases, according to established definitions based on patient populations. Our epidemiology estimates are approximately 4,600 to 7,500 for U.S. patients in setmelanotide's initial FDA-approved indications, including obesity due to biallelic POMC, PCSK1 or LEPR deficiencies, and BBS. Our epidemiology estimates for the two more prevalent indications studied in our Phase 3 EMANATE trial (SRC1 deficiency and POMC/PCSK1 insufficiency) suggest that approximately 26,000 U.S. patients with one of these genetically driven obesities have the potential to respond well to setmelanotide. Similarly, our epidemiology estimates for patients with genetic indications who demonstrated an initial response following stage 1 of our Phase 2 DAYBREAK trial is approximately 65,300. We believe that all these patients face similar challenges as other patients with rare diseases, namely lack of awareness, resources, tests, tools and, especially, therapeutic options.

Additional recent clinical, regulatory, corporate and commercial updates include:

- On November 3, 2026, we announced that more than 700 patient start forms for IMCIVREE for acquired HO had been received from more than 500 prescribers as of September 30, 2026, since the approval by the U.S. Food and Drug Administration (FDA) on March 19, 2026;
- Revenue from global sales of IMCIVREE was $92.1 million for the third quarter of 2026, an increase of 29% on a sequential basis from the second quarter of 2026. The number of patients on reimbursed therapy globally increased by 20% as compared to the second quarter of 2026.
    - U.S.: Revenue of $67.5 million, or 73% of product revenue, was generated in the United States in the third quarter of 2026, an increase of $16.5 million or 32% compared to the second quarter of 2026. The sequential quarter-over-quarter growth in U.S. revenue was driven primarily by increased patient demand for IMCIVREE in acquired HO, as well as continued growth in demand in Bardet-Biedl syndrome (BBS).
    - Ex-U.S.: Revenue of $24.7 million, or 27% of product revenue, was generated outside the United States, a sequential increase of $4.4 million or 22% compared to the second quarter of 2026. The number of reimbursed patients on IMCIVREE continued to increase in the third quarter of 2026;
- On November 3, 2026, we announced that five presentations have been accepted for presentation at ObesityWeek® 2026, taking place November 14-17, 2026. Presentations include:
    - Definition and Diagnostic Criteria for Acquired Hypothalamic Obesity: Global Expert Consensus;
    - Patient-Reported Outcomes From the TRANSCEND Trial in Acquired Hypothalamic Obesity;
    - Efficacy and Safety of Setmelanotide in Acquired Hypothalamic Obesity: Final Phase 3 Trial Results;
    - Two-Year Phase 3 Trial Results of Setmelanotide in Patients With Acquired Hypothalamic Obesity; and
    - Weight Category Improvement Following Setmelanotide in Patients With Acquired Hypothalamic Obesity.
- On November 2, 2026, we announced an amendment to our exclusive license agreement with LG Chem for bivamelagon. Under the terms of the amendment, Rhythm has agreed to pay LG Chem $350 million in fixed payments over four years in order to reduce the low-to-mid single digit royalty in the original agreement to 1% royalty on net product revenue generated by Rhythm’s MC4R portfolio;
- On November 2, 2026, we announced the Company entered into a five-year term loan facility led by KKR's HealthCare Royalty in partnership with Blackstone, providing access to up to $750 million of capital. In connection with entry into this loan facility the Company entered into an amended and restated Revenue Interest Financing Agreement with Health Care Royalty.
- On October 13, 2026, we announced the commercial launch of IMCIVREE® (setmelanotide) in Japan for patients with acquired HO;
- On September 22, 2026, we announced Health Canada approval of IMCIVREE (setmelanotide) for weight management in adult and pediatric patients 4 years of age and older with acquired HO;

- On September 10, 2026, the Company announced the presentation of six abstracts, including three oral presentations and three poster presentations, at the 64th Annual European Society for Paediatric Endocrinology (ESPE) Meeting. Presentations included;
    - Real-world data demonstrating reductions in BMI and hunger for up to 18 months in paediatric patients with acquired HO treated with setmelanotide through France's early-access program;
    - A Phase 3 post-hoc analysis demonstrating improvements across multiple cardiometabolic risk indices with setmelanotide in paediatric patients with acquired HO;
    - Long-term weight outcomes with setmelanotide in paediatric patients with Bardet-Biedl syndrome (BBS), POMC deficiency and LEPR deficiency; and
    - Additional analyses evaluating metabolic syndrome severity and risk in acquired HO and clinical characteristics associated with BBS.
- On August 24, 2026, we announced that Japan's Ministry of Health, Labour and Welfare (MHLW) approved IMCIVREE® (setmelanotide) for patients with acquired HO in Japan;
- On August 17, 2026, we announced the appointment of Manher ("AJ") Joshi, M.D., as Chief Medical Officer;
- On August 11, 2026, we announced that IMCIVREE® (setmelanotide) received expanded Marketing Authorization in the United Kingdom for the treatment of obesity and control of hunger in patients with acquired HO due to hypothalamic injury or impairment;

The LGC Amendment and term-loan facility mentioned above are intended to support the continued advancement of our MC4R portfolio, including the planned Phase 3 development of bivamelagon. The LGC Amendment modifies certain payment, commercial milestone and royalty provisions applicable to bivamelagon and other products in our MC4R portfolio, while the term-loan facility provides additional financial flexibility to support our commercial, clinical-development and general corporate activities. These transactions also increase our fixed and contingent payment obligations, future interest expense and debt-service requirements. See Note 16, *Subsequent Events*, to our unaudited condensed consolidated financial statements and "*Liquidity and Capital Resources*" below for additional information.

We currently anticipate the following, near-term milestones:

- Complete enrollment in the Phase 1/2, Part D trial evaluating RM-718 in PWS in the second half of 2026;
- Initiate a pivotal Phase 3 trial evaluating bivamelagon in acquired HO by year-end 2026;
- Complete enrollment in the setmelanotide substudy in congenital HO in 2027;
- Begin country-level launches of IMCIVREE for acquired HO in Europe beginning with Germany in 2027 and
- Initiate 6-month hyperphagia study to evaluate bivamelagon in Prader-Willi syndrome in 2027, pending alignment with the FDA.

Following IMCIVREE's initial approval in the United States and marketing authorizations in the EU, Great Britain and Canada, we are continuing to pursue a country-by-country strategy to establish market access and reimbursement for IMCIVREE in additional countries. Since our inception, we have raised funds through the issuance of common and preferred equity, the sale of assets, our Revenue Interest Financing Agreement, or RIFA, and as of November 2, 2026 a five-year term loan facility providing access to up to $750 million of capital. We expect we may need to continue to fund our operations through the sale of equity, debt financings or other sources. We have built our own marketing and commercial sales infrastructure in the United States and are in the process of building a similar infrastructure in several European markets and the United Kingdom. We may enter into arrangements with other parties for certain markets outside the United States. However, we may be unable to raise additional funds or enter into such other arrangements when needed on favorable terms, or at all. If we fail to raise capital or enter into such other arrangements as, and when, needed, we may have to significantly delay, scale back or discontinue the development or commercialization of setmelanotide.

As of September 30, 2026, we had an accumulated deficit of $1.5 billion. Our net loss was $41.4 million and $52.9 million for the three months ended September 30, 2026 and September 30, 2025. Our net loss was $146.3 million and $149.0 million for the nine months ended September 30, 2026 and September 30, 2025. We expect to continue to incur significant expenses and operating losses for the foreseeable future. Our expenses may increase in connection with our ongoing activities, as we:

- continue to conduct clinical trials for setmelanotide and our other product candidates;

- engage contract manufacturing organizations, or CMOs, for the manufacture of clinical and commercial-grade setmelanotide;
- seek regulatory approval for setmelanotide for future indications, and for our other product candidates;
- expand our clinical and financial operations and build a marketing and commercialization infrastructure;
- engage in the sales and marketing efforts necessary to support the continued commercial efforts of IMCIVREE globally;
- take into account the levels, timing and collection of revenue earned from sales of IMCIVREE and other products approved in the future, if any; and
- continue to operate as a public company.

As of September 30, 2026, our existing cash and cash equivalents and short-term investments were approximately $320.9 million. We expect that our cash and cash equivalents and short-term investments as of September 30, 2026, will be sufficient to fund our planned operations for at least 24 months.

Financial Operations Overview

Product revenue, net

Revenues from product sales are recorded at the net sales price, or the transaction price, which includes estimates of variable consideration for which reserves are established and which result from discounts, rebates, and co-pay assistance that are offered within contracts between us and our customers, health care providers and other indirect customers relating to the sale of IMCIVREE.

To date, we have generated approximately $646.0 million in product revenue. Our lead product candidate, IMCIVREE, was approved by the FDA in November 2020 for chronic weight management in adult and pediatric patients six years of age and older with obesity due to POMC, PCSK1 or LEPR deficiency confirmed by genetic testing. IMCIVREE became commercially available in the United States in the first quarter of 2021. We recorded our first sales of IMCIVREE in the United States in March 2021 and we made our first sales in the EU in March 2022 under the paid early access program. IMCIVREE was approved by the FDA and the EC in adult and pediatric patients six years of age and older with obesity due to BBS in June and September 2022, respectively.

In March 2026, IMCIVREE was approved by the FDA to reduce excess body weight and maintain reduction long term in adult and pediatric patients aged 4 years and older with acquired HO and a similar expansion of its marketing authorization was approved by the European Commission on April 30, 2026. Japan's Ministry of Health, Labour and Welfare (MHLW) also approved IMCIVREE to treat patients with acquired HO on August 24, 2026. Following these initial approvals, sales of IMCIVREE have grown, and we expect will continue to grow.

License revenue

In the nine months ended September 30, 2025, we recognized a reduction of previously-recognized license revenue of $5.0 million in connection with the termination of our exclusive license agreement with RareStone. See Note 12, *Significant Agreements*, to the unaudited condensed consolidated financial statements included under Part I, Item 1 of this Quarterly Report on Form 10-Q.

Cost of sales

All of our inventory of IMCIVREE produced prior to FDA approval is available for commercial or clinical use. Most of the manufacturing costs have been recorded as research and development expenses in prior periods. We expect cost of sales to increase in 2026 as we continue to sell inventory that is produced after we began capitalizing manufacturing costs for IMCIVREE commercial inventory.

Research and development expenses

Research and development expenses consist primarily of costs incurred for our research activities, including our drug discovery and genetic sequencing efforts, and the clinical development of setmelanotide, which include:

- expenses incurred under agreements with third parties, including CROs that conduct research and development and preclinical activities on our behalf, and the cost of consultants and CMOs that manufacture drug products for use in our preclinical studies and clinical trials;
- employee-related expenses including salaries, benefits and stock-based compensation expense;
- the cost of lab supplies and acquiring, developing and manufacturing preclinical and clinical study materials;
- the cost of genetic sequencing of potential patients in clinical studies; and
- facilities, depreciation, and other expenses, which include rent and maintenance of facilities, insurance and other operating costs.

We expense research and development costs to operations as incurred. 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. The capitalized amounts are expensed as the related goods are delivered or the services are performed.

The following table summarizes our current research and development expenses:

	Three months ended September 30,		Nine months ended September 30,	
Research and development summary	**2026**	**2025**	**2026**	**2025**
Research and development expense	$ 52,480	$ 46,027	$ 137,634	$ 125,307

We are unable to predict the duration and costs of the current or future clinical trials of our product candidates. The duration, costs, and timing of clinical trials and development of setmelanotide, RM-718, bivamelagon, and a potential therapeutic product candidate for congenital hyperinsulinism (CHI) will depend on a variety of factors, including:

- the scope, rate of progress, and expense of our ongoing, as well as any additional, clinical trials and other research and development activities;
- the rate of enrollment in clinical trials;
- the safety and efficacy demonstrated by setmelanotide and other product candidates in future clinical trials;
- changes in regulatory requirements;
- changes in clinical trial design; and
- the timing and receipt of any regulatory approvals.

A change in the outcome of any of these variables with respect to the development of our product candidates would significantly change the costs and timing associated with its development and potential commercialization.

Research and development activities are central to our business model. Product candidates in later stages of clinical development generally have higher development costs than those in earlier stages of clinical development, primarily due to the increased size and duration of later-stage clinical trials. We expect research and development costs to increase significantly for the foreseeable future as our setmelanotide and other development programs progress. However, we do not believe that it is possible at this time to accurately project total program-specific expenses to commercialization and there can be no guarantee that we can meet the funding needs associated with these expenses.

Selling, general and administrative expenses

Selling expenses consist of professional fees related to preparation for the continued commercialization of setmelanotide, as well as salaries and related benefits for commercial employees, including stock-based compensation. As we further implement and execute our commercialization plans to market setmelanotide in new territories and as we explore new collaborations to develop and commercialize setmelanotide, we anticipate that these expenses will materially increase.

General and administrative expenses consist primarily of salaries and other related costs, including stock-based compensation, relating to our full-time employees not involved in R&D or commercial activities. Other significant costs include rent, information technology, legal fees relating to patent and corporate matters and fees for accounting and consulting services.

The following table summarizes our current selling, general and administrative expenses:

	Three months ended September 30,		Nine months ended September 30,	
Selling, general and administrative summary	**2026**	**2025**	**2026**	**2025**
Selling, general and administrative expense	66,752	52,425	197,793	137,460

We anticipate that our selling, general and administrative expenses will increase in the future to support our continued and expanding commercialization efforts for IMCIVREE in the United States and the European Union as well as increased costs of operating as a global, commercial-stage biopharmaceutical public company. These increases will likely include increased costs related to the hiring of additional personnel and fees to outside consultants, lawyers and accountants, compliance with local rules and regulations in the United States and foreign jurisdictions, exchange listing and Securities and Exchange Commission, or SEC, expenses, insurance and investor relations costs, among other expenses.

Critical Accounting Policies and Estimates

Our management's discussion and analysis of our financial condition and results of operations are based on our financial statements, which we have prepared in accordance with accounting principles generally accepted in the United States, or GAAP. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting periods. These items are monitored and analyzed by us for changes in facts and circumstances on an ongoing basis, and material changes in these estimates could occur in the future. We base our estimates on historical experience and on various other factors that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about the
carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

There were no significant changes to our critical accounting policies as reported in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Results of Operations

Comparison of the three months ended September 30, 2026 and 2025

The following table summarizes our results of operations for the three months ended September 30, 2026 and 2025, together with the changes in those items in dollars and as a percentage:

	Three months ended September 30,		Change	
	2026	2025	$	%
	(in thousands)			
Statement of Operations Data:				
Product revenue, net	$ 92,128	$ 51,298	$ 40,830	80%
Total revenues	92,128	51,298	40,830	80%
Costs and expenses:				
Cost of sales	12,166	5,499	6,667	121%
Research and development	52,480	46,027	6,453	14%
Selling, general, and administrative	66,752	52,425	14,327	27%
Total costs and expenses	131,398	103,951	27,447	26%
Loss from operations	(39,270)	(52,653)	13,383	(25%)
Other income (expense), net	(1,489)	(140)	(1,349)	964%
Loss before income taxes	(40,759)	(52,793)	12,034	(23%)
Provision for income taxes	610	111	499	450 %
Net loss	$ (41,369)	$ (52,904)	$ 11,535	(22%)

Product revenue, net. Product revenue, net increased by $40.8 million to $92.1 million for the three months ended September 30, 2026 from $51.3 million for the three months ended September 30, 2025, an increase of 80%, primarily due to higher volume of product sold both domestically and internationally. We expect our sales of IMCIVREE to continue to increase. We have also achieved market access or named patient sales for IMCIVREE for BBS or POMC and LEPR deficiencies, or both, in more than 25 countries outside the United States, and we continue to collaborate with authorities to achieve access in additional markets. Additionally, we experienced continued revenue growth in the third quarter of 2026 for acquired HO in the United States, which was approved in March 2026. We expect sales of IMCIVREE for acquired HO to increase and we also continue to collaborate with authorities to achieve access in additional markets for acquired HO. For the three months ended September 30, 2026, and 2025, a substantial amount of our product revenue, or 73% and 74%, respectively, was generated from sales of our product to patients in the United States.

Cost of sales. Cost of sales increased by $6.7 million to $12.2 million for the three months ended September 30, 2026, from $5.5 million for the three months ended September 30, 2025, an increase of 121%, which was driven by an increase in net product revenue in the three months ended September 30, 2026. Cost of sales is composed of royalty expense due to Ipsen Pharma S.A.S., or Ipsen, on our net product revenue, amortization of our capitalized sales-based milestone payment made to Ipsen upon our first commercial sale in the United States and EU, the cost of product, as well as costs associated with our patient assistance programs. Specifically, the $6.7 million increase in cost of sales in the three months ended September 30, 2026, from the same period in 2025, was due to $2.1 million of additional royalties due to our growth in net product revenue and $4.6 million attributed to increased product costs associated with higher net product revenue. We expect cost of sales as a percentage of revenue to continue to be in a range of 10% to 12% in the foreseeable future.

Research and development expense. Research and development expense increased by $6.5 million to $52.5 million for the three months ended September 30, 2026, from $46.0 million for the three months ended September 30, 2025, an increase of 14%. The net increase was primarily due to the following:

- an increase of $2.2 million related to chemistry, manufacturing, and controls (CMC) costs, due to an increase of $1.4 million in Bivamelagon related costs, as well as a net increase of $0.8 million associated with continued development of RM-718,

- an increase of $1.0 million related to personnel costs including $0.7 million in stock-based compensation, and $0.3 million related to salaries, benefits and other compensation costs related to the hiring of additional full-time employees in order to support the growth of our research and development programs,

- $1.6 million net increase in clinical trial costs driven by an increase in costs related primarily to various Bivamelagon and RM-718 studies, partially offset by a decrease in clinical trial costs due to the wind-down of various studies including our EMANATE Phase 3 and Phase 3 HO Setmelanotide trials,

- an increase of $2.0 million due to our achievement of a development milestone in our program focused on developing a therapy for CHI.

Selling, general and administrative expense. Selling, general and administrative expense increased by $14.3 million to $66.8 million for the three months ended September 30, 2026, from $52.4 million for the three months ended September 30, 2025, an increase of 27%. The increase was primarily due to the following:

- an increase of $13.6 million related to personnel costs including $5.5 million of stock-based compensation, and $8.1 million related to salaries, benefits and other compensation costs related to the hiring of additional full-time employees to support our expanding business operations both domestically and internationally,

Other income (expense), net. Other expense, net increased by $(1.3) million to $(1.5) million for the three months ended September 30, 2026 from $(0.1) million for the three months ended September 30, 2025. The increase was primarily due to the following:

- a decrease of $1.2 million in interest income based on decreasing average cash and short-term investments.

- a decrease in other income of $0.6 million recognized on the change in fair value of the embedded derivative on our deferred royalty obligation as we recognized a $0.4 million gain on the change in value during the three months ending September 30, 2025, and we recognized a ($0.2) million loss on the change in value during the three months ending September 30, 2026.

The above decreases in other income were partially offset by:

- an increase of $0.2 million of non-cash interest expense in the three months ended September 30, 2026, associated with the deferred royalty obligation.

Comparison of the nine months ended September 30, 2026 and 2025

The following table summarizes our results of operations for the nine months ended September 30, 2026 and 2025, together with the changes in those items in dollars and as a percentage:

	Nine Months Ended September 30,		Change	
	2026	2025	$	%
	(in thousands)			
Statement of Operations Data:				
Product revenue, net	$ 223,494	$ 137,518	$ 85,976	63%
License revenue	—	(5,014)	5,014	(100)%
Total revenues	223,494	132,504	90,990	69%
Costs and expenses:				
Cost of sales	28,254	14,690	13,564	92%
Research and development	137,634	125,307	12,327	10 %
Selling, general, and administrative	197,793	137,460	60,333	44%
Total costs and expenses	363,681	277,457	86,224	31 %
Loss from operations	(140,187)	(144,953)	4,766	(3)%
Other income (expense), net	(4,521)	(3,553)	(968)	27 %
Loss before income taxes	(144,708)	(148,506)	3,798	(3)%
Provision for income taxes	1,598	528	1,070	203%
Net loss	$ (146,306)	$ (149,034)	$ 2,728	(2)%

Product revenue, net. Product revenue, net increased by $86.0 million to $223.5 million for the nine months ended September 30, 2026, from $137.5 million for the nine months ended September 30, 2025, an increase of 63% primarily due to higher volume of product sold both domestically and internationally. We expect our sales of IMCIVREE to continue to increase. We also have achieved market access or named patient sales of IMCIVREE for BBS or POMC and LEPR deficiencies, or both, in more than 25 countries outside the United States, and we continue to collaborate with authorities to achieve access in additional markets. Additionally, we experienced continued revenue growth in the third quarter of 2026 was for acquired HO in the United States, which was approved in March 2026. We expect sales of IMCIVREE for acquired HO to increase and we also continue to collaborate with authorities to achieve access in additional markets for acquired HO. For the nine months ended September 30, 2026, and 2025, the majority of our product revenue, or 70% and 69%, respectively, was generated from sales of our product to pharmacies for patients in the United States.

License revenue. For the nine months ended September 30, 2025, we recognized a reduction of previously-recognized license revenue of $5.0 million in connection with the termination of our exclusive license agreement with RareStone. See Note 12, *Significant Agreements*, to the unaudited condensed consolidated financial statements included under Part I, Item 1 of this Quarterly Report on Form 10-Q.

Cost of sales. Cost of sales increased by $13.6 million to $28.3 million for the nine months ended September 30, 2026 from $14.7 million for the nine months ended September 30, 2025, an increase of 92%, which was driven by an increase in sales volume and net product revenue in the nine months ended September 30, 2026. Cost of sales is composed of royalty expense due to Ipsen on our net product revenue; amortization of our capitalized sales-based milestone payment made to Ipsen, upon our first commercial sale in the United States and European Union, the cost of product, as well as costs associated with our patient assistance programs. Specifically, the $13.6 million increase in cost of sales in the nine months ended September 30, 2026 from the same period in 2025 was due to $4.3 million of additional royalties due to our growth in sales and the remaining $9.3 million attributed to increased product costs associated with higher sales volume. We expect cost of sales as a percentage of revenue to continue to be in a range of 10% to 12% in the foreseeable future.

Research and development expense. Research and development expense increased by $12.3 million to $137.6 million for the nine months ended September 30, 2026 from $125.3 million for the nine months ended September 30, 2025, an increase of 10%. The net increase was primarily due to the following:

- an increase of $11.6 million related to personnel costs, including $6.1 million related to salaries, benefits and other compensation costs related to the hiring of additional full-time employees in order to support the growth of our research and development programs, and $5.5 million of stock-based compensation,
- an increase of $2.0 million due to our achievement of a development milestone for our program focused on developing therapies for CHI,
- an increase of $1.5 million in data analytics primarily related to the Company's sponsored genetic testing program as well as an increase in costs related to global medical affairs,
- an increase of $1.2 million in non-clinical expenses due to an increase in CHI-related costs, and

The above increases were partially offset by:

- a decrease of $2.7 million due to phasing of spending associated with chemistry, manufacturing, and controls (CMC) costs for drug formulation and autoinjector development to support our ongoing RM-718 and bivamelagon trials, and
- a net decrease of $1.0 million in our clinical trial costs due to the completion and wind down of various studies including our long-term extension trial, EMANATE phase 3, HO Phase 3, partially offset by an uptick in Bivamelagon-related clinical trials.

Selling, general and administrative expense. Selling, general and administrative expense increased by $60.3 million to $197.8 million for the nine months ended September 30, 2026 from $137.5 million for the nine months ended September 30, 2025, an increase of 44%. The increase was primarily due to the following:

- an increase of $52.5 million related to personnel costs including $21.1 million of stock-based compensation, and $31.4 million related to salaries, benefits and other compensation costs related to the hiring of additional full-time employees to support our expanding business operations both domestically and internationally,
- an increase of $5.4 million related to increased marketing and promotion costs to support continued revenue growth, and our launch for acquired HO, primarily in the United States and Japan, and
- an increase of $2.8 million in market access and commercial services to support our expanding international business operations.

Other income (expense), net. Other income (expense), net increased by $(1.0) million to $(4.5) million for the nine months ended September 30, 2026 from $(3.6) million of other expense for the nine months ended September 30, 2025. The increase in other expense was primarily due to the following:

- an increase in expense of $1.5 million for the change in fair value of the embedded derivative of our deferred royalty obligation as we recognized a loss of $0.7 million during the nine months ended September 30, 2026 compared to a gain of $0.8 million during the nine months ended September 30, 2025, and
- a decrease of $1.3 million in interest income,
- an increase of $0.5 million in net loss on foreign currency.

The above increases were partially offset by:

- a decrease of $2.3 million of non-cash interest expense in the nine months ended September 30, 2026, associated with the accretion of the LG Chem liability, which was paid in July 2025.

Liquidity and Capital Resources

As of September 30, 2026, our cash and cash equivalents and short-term investments were approximately $320.9 million.

In November 2026, we amended our license agreement with LGC relating to bivamelagon and other products in our MC4R portfolio. The amendment modifies certain commercial milestone, upfront payments, and royalty provisions. The Amended agreement includes additional non-refundable, non-creditable upfront consideration totaling $350.0 million, including $70.0 million payable in November 2026 and $280.0 million payable in installments through September 2029. Subject to LGC's prior written consent, we may elect to satisfy certain installment obligations through increases in the applicable royalty rate rather than cash payments. The ultimate economic effect of the amendment will depend on future bivamelagon approvals and net sales, as well as the timing and form of the installment payments.

Also in November 2026, we entered into a five-year term-loan facility providing access to up to $750.0 million of capital, comprised of $250.0 million funded at closing, $250.0 million committed delay draw, and an additional $250.0 million at mutual agreement. The term-loan facility provides financing to support the upfront payments to LG Chem from the amended license agreement, as well as additional financial flexibility to support our commercial, clinical-development and general corporate activities, Amounts available under the delayed-draw tranches are subject to the conditions specified in the loan agreement and should not be considered cash currently available to fund our operations. The amended revenue-interest financing arrangement narrows the collateral securing our obligations, while the revenue-interest rates, minimum cumulative payment requirements and hard-cap structure remain unchanged.

After giving effect to the initial loan proceeds, the initial payment to LGC, transaction expenses and other closing uses of cash, we expect these transactions to enhance our financial flexibility to support our planned operations. However, the transactions also increase our fixed and contingent payment obligations, future interest expense and debt-service requirements and impose covenants that may restrict certain business activities. Our future liquidity will depend on, among other factors, the timing and amount of our operating expenditures, future product revenues, compliance with applicable covenants and satisfaction of the conditions to funding under the delayed-draw tranches.

Cash flows

The following table provides information regarding our cash flows for the nine months ended September 30, 2026 and 2025:

	Nine Months Ended September 30,	
	2026	2025
	(in thousands)	
Net cash (used in) provided by:		
Operating activities	(56,399)	(90,286)
Investing activities	54,959	(167,500)
Financing activities	(12,813)	220,911
Effect of exchange rates on cash	692	23
Net increase (decrease) in cash, cash equivalents and restricted cash	$ (13,561)	$ (36,852)

Net cash used in operating activities

The use of cash in all periods resulted primarily from our net loss adjusted for non-cash charges and changes in components of operating assets and liabilities.

Net cash used in operating activities was $56.4 million for the nine months ended September 30, 2026 and consisted primarily of a net loss of $146.3 million adjusted for non-cash items of $86.6 million, which consisted of stock-based compensation, depreciation and amortization, non-cash interest expense, non-cash accretion and amortization of short-term investments, non-cash rent expense, the change in the fair value of our embedded derivative asset, foreign currency impacts, and other non-cash items. Additionally, the change in operating assets and liabilities provided net cash of approximately $3.3 million and was primarily driven by cash used by increases in accounts receivable of $13.0 million, primarily due to the increase in product revenue, net increase in inventory of $6.2 million, net increase in prepaid expenses

and other current assets of $1.1 million, and a net decrease in deferred revenue of $0.2 million. These net uses of cash were offset by a net source of cash from increases in accounts payable, accrued expenses and other liabilities of $23.7 million.

Net cash used in operating activities was $90.3 million for the nine months ended September 30, 2025 and consisted primarily of a net loss of $149.0 million adjusted for non-cash items of $59.0 million, which consisted of stock-based compensation, non-cash interest expense, non-cash accretion and amortization of short-term investments, depreciation and amortization, non-cash rent expense, the change in the fair value of our embedded derivative asset, and the foreign currency impacts. The change in operating assets and liabilities used net cash of approximately $0.3 million and was primarily driven by net increases in accounts receivable of $13.7 million, the change in prepaids and other current assets of $3.6 million, the change in inventory of $2.5 million, and the change in deferred revenue of $1.3 million. These net uses of cash were offset by an increase in accounts payable, accrued expenses and other liabilities of $20.6 million.

Net cash provided by investing activities

Net cash provided by investing activities was $55.0 million for the nine months ending September 30, 2026 and relates to gross maturities of short-term investments of $232.1 million, offset by purchases of short-term investments for $176.7 million.

Net cash used in investing activities was $167.5 million for the nine months ended September 30, 2025 and relates to purchases of short-term investments for $328.3 million, offset by gross maturities of short-term investments of $200.8 million. Additionally, we made the final payment of $40.0 million to LGC for the Company's exclusive license of
their proprietary compound bivamelagon from January 2024.

Net cash (used in) provided by financing activities

Net cash used in financing activities was $12.8 million for the nine months ended September 30, 2026, and consisted of $19.1 million of repayments of our deferred royalty obligation, $14.2 million for the net settlement of equity awards, and $1.5 million of dividends paid to the holders of the Series A Convertible Preferred Stock. These net uses of cash were offset by proceeds of $22.0 million from the exercise of stock options and the issuance of common stock from our Employee Stock Purchase Plan.

Net cash provided by financing activities was $220.9 million for the nine months ended September 30, 2025, and consisted of net proceeds of $188.7 million from our follow-on offering in July 2025, $34.0 million from our ATM equity offering, as well as proceeds of $12.7 million from the exercise of stock options and the issuance of common stock from our Employee Stock Purchase Plan. These proceeds were offset by $14.5 million of repayments of our deferred royalty obligation.

Funding requirements

We expect our expenses to increase in connection with our ongoing activities, particularly as we continue the clinical development of and seek marketing approval for setmelanotide for future indications, continue the clinical development of our other product candidates and build out our global organization. In addition, we expect to incur significant commercialization expenses related to product sales, marketing, manufacturing and distribution to the extent that such sales, marketing and distribution are not the responsibility of potential collaborators. We also expect to incur additional costs associated with operating as a public company.

We expect that our cash and cash equivalents and short-term investments as of September 30, 2026, together with the net proceeds from the initial term loan funded in November 2026, will be sufficient to fund our planned operations for at least 24 months. Our funding requirements also include the additional consideration payable under the LGC amendment, interest and principal payments under the term-loan facility and payments under the A&R RIFA. Although the term-loan facility provides for additional delayed-draw financing, our ability to access those amounts is subject to the satisfaction of specified conditions, and certain amounts are subject to the applicable lenders agreeing to provide such financing. Accordingly, we may need to obtain substantial additional funding to support our research and development, commercialization and other operating activities and to satisfy our contractual obligations.

If we are unable to raise capital when needed or on favorable terms, we would be forced to delay, reduce or eliminate our research and development programs or future commercialization efforts.

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

- the cost to continue to commercialize setmelanotide, by growing our internal sales force or entering into collaborations with third parties and providing support services for patients;
- the scope, progress, results and costs of clinical trials for our setmelanotide program as well as for RM-718 and bivamelagon, and in connection with a therapeutic product candidate for CHI;
- the costs, timing and outcome of regulatory review of our setmelanotide program as well as for RM-718 and bivamelagon, and in connection with a therapeutic product candidate for CHI;
- the obligations owed to Ipsen, Camurus AB, and LGC pursuant to our license agreements;
- the extent to which we acquire or in-license other product candidates and technologies;
- the costs of preparing, filing and prosecuting patent applications, maintaining and enforcing our intellectual property rights and defending intellectual property-related claims;
- our ability to establish and maintain additional collaborations on favorable terms, if at all; and
- the costs of operating as a public company.

Although IMCIVREE has been approved by the FDA in certain indications, and became commercially available in the first quarter of 2021, IMCIVREE may not achieve commercial success. In addition, developing our setmelanotide program is a time-consuming, expensive and uncertain process that may take years to complete, and we may never generate the necessary data or results required to obtain future marketing approvals and achieve product sales. Accordingly, we will need to continue to rely on additional financing to achieve our business objectives. Adequate additional financing may not be available to us on acceptable terms, or at all.

Further, the global economy, including credit and financial markets, has recently experienced extreme volatility and disruptions, including severely diminished liquidity and credit availability, rising interest and inflation rates, declines and fluctuations in consumer confidence and economic growth, increases in unemployment rates, the imposition of tariffs and other trade barriers, uncertainty about economic stability, and rising political uncertainty. Any of these factors could impact our liquidity and future funding requirements, including but not limited to our ability to raise additional capital when needed on acceptable terms, if at all. The duration of this economic slowdown is uncertain and the impact on our business is difficult to predict. See “Risk Factors— Unfavorable global political or economic conditions could adversely affect our business, financial condition or results of operations.”

Until such time, if ever, as we can generate substantial product revenues, we expect to finance our cash needs through a combination of equity offerings, debt financings, collaborations, strategic alliances and licensing arrangements.

To the extent that we raise additional capital through the sale of equity or convertible debt securities, the ownership interest of our stockholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of our common stockholders. Debt financing, if available, involves agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends.

If we raise funds through additional collaborations, strategic alliances or licensing arrangements with third parties, we may have to relinquish valuable rights to our setmelanotide program on terms that may not be favorable to us. If we are unable to raise additional funds through equity or debt financings when needed, we may be required to delay, limit, reduce or terminate our product development or future commercialization efforts or grant rights to develop and market our setmelanotide program that we would otherwise prefer to develop and market ourselves.

ATM Program

On November 2, 2021, we entered into a Sales Agreement (the "Prior Sales Agreement") with TD Securities (USA) LLC (“TD Cowen”), pursuant to which we may issue and sell shares of our common stock, having an aggregate offering price of up to $100.0 million, from time to time through an “at the market” equity offering program under which

TD Cowen acts as sales agent (the "ATM Program"). Between August 10, 2023 and August 21, 2023, we sold approximately two million shares of our common stock in the ATM Program for net proceeds of approximately $48.9 million.

On February 29, 2024, the Company and TD Cowen entered into Amendment No. 1 to Sales Agreement (the "Amendment") to increase the aggregate offering price of the shares of common stock that may be issued and sold pursuant to the Prior Sales Agreement to $200.0 million (excluding the aggregate offering price of shares of common stock issued and sold pursuant to the Prior Sales Agreement prior to February 29, 2024). In connection with the Amendment, on February 29, 2024, we filed with the SEC a prospectus supplement, dated February 29, 2024, related to the issuances and sales under the Prior Sales Agreement, as amended by the Amendment.

From December 10, 2024 to December 31, 2024, the Company sold 744,595 shares of common stock in the ATM Program for net proceeds of $41.2 million as of December 31, 2024. The Company sold an additional 587,510 shares of common stock in the ATM Program from January 1, 2025 through January 21, 2025 for net proceeds of approximately $32.1 million in the quarter ending March 31, 2025.

On February 26, 2026, the Company and TD Cowen entered into a new Sales Agreement (the "Sales Agreement") pursuant to which the Company may issue and sell shares of its common stock, having an aggregate offering price of up to $200.0 million, through its ATM Program. The Sales Agreement supersedes the Prior Sales Agreement between TD Cowen and the Company, dated November 2, 2021, as amended on February 29, 2024, and the Prior Sales Agreement terminated upon the effectiveness of the Sales Agreement. In connection with the Sales Agreement, on February 26, 2026, the Company filed with the SEC a registration statement on Form S-3ASR containing a base prospectus and a prospectus supplement, each dated February 26, 2026, pursuant to which issuances and sales under the Sales Agreement will be made.

Contractual obligations

As previously disclosed in Note 14, *Commitments and Contingencies,* as of September 30, 2026, we estimate that potential milestone payments of up to $18 million could become payable by the Company during the next 12 months depending on the achievement and timing of specified milestones. Of this $18 million, the Company has accrued for $14 million related to these milestone payments as of September 30, 2026 as the underlying triggering event either occurred or was determined to be probable.

In November 2026, we entered into an amendment to our license agreement with LGC, a term-loan facility and an amended and restated revenue-interest financing arrangement, each of which creates, modifies or continues material payment obligations. See Note 16, *Subsequent Events*, to our unaudited condensed consolidated financial statements for additional information.

Other than the above, there were no other material changes to our principal contractual obligations and commitments as reported in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of September 30, 2026, there were no material changes to our quantitative and qualitative disclosures about market risks as reported in Part II, Item 7A "Quantitative and Qualitative Disclosures About Market Risks" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Item 4. Controls and Procedures

Limitations on Effectiveness of Controls and Procedures

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their cost.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on such evaluation, our principal executive officer and principal financial officer have concluded that, as of September 30, 2026, our disclosure controls and procedures were effective at the reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the fiscal quarter covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

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

PART II - OTHER INFORMATION

Item 1A. Risk Factors

Our operations and financial results are subject to various risks and uncertainties, including those described below, which could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our common stock. Additional risks and uncertainties that we currently do not know about or that we currently believe to be immaterial may also impair our business. You should carefully consider the risks described below and the other information in this Quarterly Report on Form 10-Q for the period ended September 30, 2026 (the "Quarterly Report"), including our unaudited condensed consolidated financial statements and the related notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Risks Related to Our Financial Position and Need for Capital

We are a commercial stage biopharmaceutical company with a limited operating history and have not generated significant revenue from product sales. We have incurred significant operating losses since our inception, anticipate that we will incur continued losses for the foreseeable future and may never achieve profitability.

We are a global, commercial-stage biopharmaceutical company with a limited operating history on which to base your investment decision. Our operations to date have been primarily focused on developing and commercializing IMCIVREE (setmelanotide) to treat patients living with hyperphagia and severe obesity caused by rare MC4R pathway diseases. We are currently in the early stages of commercializing IMCIVREE in its approved indications in the United States, Canada, and EU and the United Kingdom and advancing setmelanotide through clinical development for additional indications in the United States for potential additional approvals in other countries. Biopharmaceutical product development is a highly speculative undertaking and involves a substantial degree of risk. Our business activities have included acquiring rights to intellectual property, business planning, raising capital, developing our technology, identifying potential product candidates, undertaking preclinical studies and conducting research and development activities, including clinical trials, for setmelanotide.

We first commercialized IMCIVREE in the United States in the first quarter of 2021 and therefore do not have a long history operating as a commercial company. We are continuing to transition from a company with a research and development focus to a company capable of supporting commercial activities worldwide and we may not be successful in such transition. We are still at the early stages of demonstrating our ability to manufacture at commercial scale, or arrange for a third party to do so on our behalf, or conduct sales, marketing and distribution activities necessary for successful product commercialization. Consequently, any predictions made about our future success or viability may not be as accurate as they could be if we had a longer operating history.

In February 2023, in order to expand our pipeline and build on our focus on rare endocrinology diseases, we acquired Xinvento B.V., a Netherlands-based biotech company focused on developing therapies for congenital hyperinsulinism (CHI). Our CHI program remains in a pre-clinical phase and we do not expect to derive revenue from our CHI program for many years, if at all. Regulatory approvals may not be received when anticipated or not at all and ultimately we may fail to realize the anticipated benefits of our CHI program or those benefits may take longer to realize than expected.

Since our inception, we have focused substantially all our efforts and financial resources on the research and development of setmelanotide, which is approved by the FDA and Health Canada and authorized by the EC and the MHRA, as noted above, and is in development to address patients affected by several other indications. We have funded our operations to date primarily through the proceeds from the sales of common stock and preferred stock, asset sales, royalty interest financing, as well as capital contributions from our former parent, Rhythm Holdings LLC, and have incurred losses in each year since our inception.

Our net losses were $41.4 million, $146.3 million, $52.9 million and $149.0 million for the three and nine months ended September 30, 2026 and 2025, respectively. As of September 30, 2026, we had an accumulated deficit of $1,498.2 million. Substantially all our operating losses have resulted from costs incurred in connection with our development programs and from commercial and general and administrative costs associated with our operations. Our prior losses, combined with expected future losses, have had and will continue to have an adverse effect on our stockholders' deficit and working capital. We expect our research and development expenses to significantly increase in connection with our additional clinical trials of setmelanotide, with clinical trials of our product candidates (RM-718), which is designed to be a more selective MC4R agonist with weekly administration (now in Phase 1 trials), and bivamelagon, an investigational oral small molecule, which is also designed to be a more selective MC4R agonist, (recently completed a Phase 2 clinical trial), and with the development of our product candidate for CHI. We also expect to devote substantial financial resources to the research and development and potential commercialization of our product candidate for CHI.

In addition, since we have achieved market access or named patient sales of IMCIVREE for BBS or POMC and LEPR deficiencies, or both, in more than 25 countries outside of the United States, we expect to continue to incur significant sales, marketing and outsourced manufacturing expenses. Nevertheless, setmelanotide may not be a commercially successful drug. We have and will continue to incur additional costs associated with operating as a public company. As a result, we expect to continue to incur significant and increasing operating losses for the foreseeable future. Because of the numerous risks and uncertainties associated with developing pharmaceutical products, we are unable to predict the extent of any future losses or when we will become profitable, if at all. Even if we do become profitable, we may not be able to sustain or increase our profitability on a quarterly or annual basis.

Our ability to become profitable depends upon our ability to generate revenue. Our ability to generate revenue depends on a number of factors, including, but not limited to, our ability to:

- continue to commercialize setmelanotide by building a commercial organization and/or entering into collaborations with third parties;
- ensure IMCIVREE is available to patients;
- continue to achieve market acceptance of setmelanotide in the medical community and with third-party payors;
- continue to initiate and successfully complete later-stage clinical trials for setmelanotide, RM-718, bivamelagon, or other product candidates that meet their clinical endpoints;
- continue to initiate and successfully complete all studies required to obtain U.S. and foreign marketing approvals for setmelanotide as a treatment to address patients with deficiencies affecting the MC4R pathway; and
- successfully manufacture or contract with others to manufacture setmelanotide, or RM-718 and bivamelagon if approved.

We expect we may need to raise additional funding, which may not be available on acceptable terms, or at all. Failure to obtain this necessary capital when needed may force us to delay, limit or terminate our product development efforts or other operations.

We are currently in the early stages of commercializing IMCIVREE in its approved indications in the United States, Canada, the EU and the United Kingdom and advancing setmelanotide through clinical development for additional indications in the United States and for potential additional approvals in other countries. Developing pharmaceutical products is expensive and we expect our research and development expenses to increase substantially in connection with our ongoing activities, particularly as we advance setmelanotide in additional clinical trials, as well as in connection with research and development activities for setmelanotide, RM-718, and bivamelagon, and in connection with our CHI program. We intend to use our available cash resources to advance the clinical development of setmelanotide, for disease-education and community-building activities, patient identification, and commercialization activities related to IMCIVREE. Depending on the status of additional regulatory approvals and commercialization of setmelanotide, as well as the progress we make in sales of IMCIVREE, we may still require significant additional capital to fund the continued development of setmelanotide and our operating needs thereafter, as well as research and development activities for setmelanotide,

RM-718, bivamelagon, and our CHI program. We may also need to raise additional funds if we choose to pursue additional indications and/or geographies for setmelanotide or otherwise expand more rapidly than we presently anticipate.

Since our inception, we have raised funds through the issuance of common and preferred equity, the sale of assets and a Revenue Interest Financing Agreement, or RIFA. As of September 30, 2026, our cash and cash equivalents and short-term investments were approximately $320.9 million.

Our operating plan may change as a result of many factors currently unknown to us, and we may need to seek additional funds sooner than planned, through public or private equity or debt financings, government or other third-party funding, marketing and distribution arrangements and other collaborations, strategic alliances and licensing arrangements, or a combination of these approaches. We will also require additional capital to obtain additional regulatory approvals for, and to continue to commercialize, setmelanotide, as well as for research and development activities for setmelanotide, RM-718, bivamelagon, and our CHI program. Raising funds in the current economic and geopolitical environment may present additional challenges. Even if we believe we have sufficient funds for our current or future operating plans, we may seek additional capital if market conditions are favorable or if we have specific strategic considerations.

We maintain the majority of our cash and cash equivalents in accounts with major U.S. and multi-national financial institutions, and our deposits at certain of these institutions exceed insured limits. Market conditions can impact the viability of these institutions. In the event of failure of any of the financial institutions where we maintain our cash and cash equivalents, we may not be able to access uninsured funds in a timely manner or at all. Any inability to access or delay in accessing these funds could adversely affect our business and financial position.

Any additional fundraising efforts may divert our management from their day-to-day activities, which may adversely affect our ability to commercialize IMCIVREE and develop setmelanotide, RM-718, bivamelagon, and our product candidate for our CHI program. In addition, we cannot guarantee that future financing will be available in sufficient amounts or on terms acceptable to us, if at all. Moreover, the terms of any financing may adversely affect the holdings or the rights of our stockholders and the issuance of additional securities, whether equity or debt, by us, or the possibility of such issuance, may cause the market price of our shares to decline. The sale of additional equity or convertible securities would dilute all of our stockholders. The incurrence of indebtedness would result in increased fixed payment obligations, and we may be required to agree to certain restrictive covenants, such as limitations on our ability to incur additional debt, limitations on our ability to acquire, sell or license intellectual property rights, and other operating restrictions that could adversely impact our ability to conduct our business. We could also be required to seek funds through arrangements with collaborative partners or other third parties at an earlier stage than otherwise would be desirable and we may be required to relinquish rights to setmelanotide or technologies or otherwise agree to terms unfavorable to us, any of which may have a material adverse effect on our business, operating results and prospects.

If we are unable to obtain funding on a timely basis, we may be required to significantly curtail, delay or discontinue one or more of our research or development programs or the commercialization of setmelanotide or be unable to expand our operations or otherwise capitalize on our business opportunities, as desired, which could materially adversely affect our business, financial condition and results of operations.

Our Revenue Interest Financing Agreement with Healthcare Royalty Partners could restrict our ability to commercialize IMCIVREE, limit cash flow available for our operations and expose us to risks that could adversely affect our business, financial condition and results of operations.

On June 16, 2022, we entered into the RIFA, with entities managed by HealthCare Royalty Management, collectively referred to as the RIFA Investors. Pursuant to the RIFA and subject to customary closing conditions, the RIFA Investors agreed to pay us an aggregate investment amount of up to $100.0 million (the "RIFA Investment Amount"). Under the terms of the RIFA, we received $37.5 million on June 29, 2022 upon FDA approval of IMCIVREE in BBS, and an additional $37.5 million on September 29, 2022, following EMA approval for BBS on September 6, 2022. On September 12, 2023, we received the remaining $24.4 million of the RIFA Investment Amount, net of debt issuance costs, following the achievement of a specified amount of cumulative net sales of IMCIVREE between July 1, 2022 and September 30, 2023.

As consideration for the Investment Amount and pursuant to the RIFA, we agreed to pay the RIFA Investors a tiered royalty on our annual net revenues (the "Revenue Interest"), including worldwide net product sales and upfront payments and milestones. The applicable tiered percentage will initially be 11.5% on annual net revenues up to $125 million, 7.5% on annual net revenues of between $125 million and $300 million and 2.5% on annual net revenues

exceeding $300 million. If the RIFA Investors have not received cumulative minimum payments equal to 60% of the amount funded by the Investors to date by March 31, 2027 or 120% of the amount funded by the RIFA Investors to date by March 31, 2029, we must make a cash payment immediately following each applicable date to the Investors sufficient to gross the Investors up to such minimum amounts after giving full consideration of the cumulative amounts paid by us to the RIFA Investors through each date, referred to as the Under Performance Payment. As the repayment of the funded amount is contingent upon worldwide net product sales and upfront payments, milestones, and royalties, the repayment term may be shortened or extended depending on actual worldwide net product sales and upfront payments, milestones, and royalties. As of September 30, 2026 we have made $59.5 million of payments.

The RIFA Investors' rights to receive the Revenue Interests will terminate on the date on which the RIFA Investors have received payments equal to a certain percentage of the funded portion of the Investment Amount including the aggregate of all payments made to the RIFA Investors as of such date, each percentage tier referred to as the Hard Cap, unless the RIFA is earlier terminated. The total Revenue Interests payable by us to the RIFA Investors is capped between 185% and 250% of the RIFA Investment Amount paid to us, dependent on the aggregate royalty paid between 2028 and 2032. If a change of control event occurs, the RIFA Investors may accelerate payments due under the RIFA, up to the Hard Cap plus any other obligations payable under the RIFA.

On November 2, 2026, the Company entered into an amended and restated Revenue Interest Financing Agreement with Health Care Royalty Management, LLC (the "A&R RIFA"). Refer to Note 16. *Subsequent Events.*

Our obligations under the RIFA could have significant negative consequences for our security holders and our business, results of operations and financial condition by, among other things:

- increasing our vulnerability to adverse economic and industry conditions;
- limiting our ability to obtain additional financing or enter into IMCIVREE collaboration or other business agreements;
- requiring the dedication of a portion of our cash flow from operations to service our indebtedness, which will reduce the amount of cash available for other purposes;
- limiting our flexibility to plan for, or react to, changes in our business;
- placing us at a possible competitive disadvantage with competitors that are less leveraged than us or have better access to capital; and
- if we fail to comply with the terms of the RIFA, resulting in an event of default that is not cured or waived, Investors could seek to enforce their security interest in our cash and cash equivalents and all assets relating to IMCIVREE that secures such indebtedness.

To the extent we incur additional debt (including without limitation additional amounts under the RIFA), the risks described above could increase.

Our Term-Loan agreement contains restrictions that limit our flexibility in operating our business.

On November 2 2026, the Company entered into a Loan Agreement and Guaranty (the "Loan Agreement") with entities affiliated with KKR & Co. Inc.'s HealthCare Royalty and entities affiliated with Blackstone (collectively, the "Lenders"), and Wilmington Trust, National Association, as administrative agent and collateral agent, which provides for term loan financing of up to $750.0 million, Our Loan Agreement contains restrictions that limit our flexibility in operating our business and imposes significant operating and financial restrictions. These covenants may limit our ability, under certain circumstances, to, among other things,

- Incur additional indebtedness;
- Create or incur liens;
- Make capital expenditures;
- Engage in certain fundamental changes;
- Sell or transfer assets;
- Make acquisitions, investments, loans or advances; and

- Pay or modify the terms of certain indebtedness.

Our Loan Agreement also contains certain customary affirmative and negative covenants and events of default. As a result of these covenants and restrictions, we may be limited in how we conduct our business, and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants. We cannot guarantee that we will be able to maintain compliance with these covenants in the future and, if we fail to do so, that we will be able to obtain waivers from the lenders and/or amend the covenants. Non-compliance with one or more of these covenants could result in our debt becoming immediately due and payable, and the termination of the lenders' commitments under our Loan Agreement.

Risks Related to the Development of Setmelanotide, Bivamelagon, RM-718 and our CHI Program

Positive results from earlier clinical trials of setmelanotide may not be predictive of the results of later clinical trials of setmelanotide. If we cannot generate positive results in our later clinical trials of setmelanotide, we may be unable to successfully develop, obtain regulatory approval for, and commercialize additional indications for setmelanotide.

Positive results from any of our Phase 1, Phase 2, or Phase 3 clinical trials of setmelanotide, or initial results from other clinical trials of setmelanotide, may not be predictive of the results of later clinical trials. The duration of effect of setmelanotide tested in our Phase 1 and Phase 2 clinical trials was often for shorter periods than in our pivotal Phase 3 clinical trials. The duration of effect of setmelanotide has only been studied in long-term durations for a small number of patients in our Phase 2 and Phase 3 clinical trials and safety or efficacy issues may arise when more patients are studied in longer trials and on commercial drug. It is possible that the effects seen in short-term clinical trials will not be replicated in long-term or larger clinical trials. In addition, not all of our trials demonstrated statistically significant weight loss in all patient populations studied and there can be no guarantee that future trials will achieve their endpoints.

Positive results observed in one patient population are not necessarily predictive of positive results for other populations. We have demonstrated statistically significant and clinically meaningful reductions in weight and hunger in Phase 3 clinical trials in obesity due to POMC, PCSK1 or LEPR deficiencies, BBS and hypothalamic obesity, and believe we have demonstrated proof of concept in Phase 2 clinical trials in impairments due to a variant in one of the two alleles in the POMC, PCSK1, or LEPR genes (HET obesity), as well as the SRC1 and SH2B1 genes, all genetic diseases of extreme and unrelenting appetite and obesity. We hypothesize that patients with other upstream genetic variants in genes upstream of the MC4R in the MC4R pathway may also respond with reductions in weight and hunger after treatment with setmelanotide. However, patients with other upstream genetic variants may not have a similar response to setmelanotide, and until we obtain more clinical data in other genetic variants, we will not be sure that we can achieve proof of concept or magnitude of response sufficient to demonstrate statistical significance in such populations.

Success in a basket trial, or any trial in one cohort, may not predict success in another cohort. In contrast, in the event of an adverse safety issue, clinical hold, or other adverse finding in one or more cohorts being tested, such event could adversely affect our trials in the other cohorts and may delay or prevent completion of such clinical trials.

Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in later stage clinical trials after achieving positive results in early-stage development, and we cannot be certain that we will not face similar setbacks. These setbacks have been caused by, among other things, pre-clinical findings made while clinical trials were underway.

Additionally, setbacks may be caused by new safety or efficacy observations in clinical trials or in post-approval use in the real world, including previously unreported adverse events, or AEs. 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 FDA approval or a marketing authorization from the EC or foreign regulatory authorities. If we fail to obtain positive results in our Phase 3 clinical trials of setmelanotide, the development timeline and regulatory approval and commercialization prospects for setmelanotide and, correspondingly, our business and financial prospects, would be materially adversely affected, but even if we obtain results in our Phase 3 clinical trials that we believe are positive, there is no guarantee that the FDA or the EC or foreign regulatory authorities will agree that such results are sufficient to support submission or approval of an NDA or NDA supplement.

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

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

From time to time, we may also disclose interim data from our preclinical studies and clinical trials. Interim data from clinical trials that we may complete are subject to the risk that one or more of the clinical outcomes may materially change as patient enrollment continues and more patient data become available. Adverse differences between preliminary or interim data and final data could significantly harm our business prospects. Further, disclosure of interim data by us or by our competitors could result in volatility in the price of our common stock.

From time to time, we may also disclose real-world data from early access programs in particular patient cohorts, which are not controlled trials and may not be predictive of future results.

Further, others, including regulatory agencies, may not accept or agree with our assumptions, estimates, calculations, conclusions or analyses or may interpret or weigh the importance of data differently, which could impact the value of a particular program, the approvability or commercialization of the particular product candidate or product and our Company in general. In addition, the information we choose to publicly disclose regarding a particular study or clinical trial is based on what is typically extensive information, and others may not agree with what we determine is material or otherwise appropriate information to include in our disclosure.

If the interim, topline, or preliminary data that we report differ from actual results, or if others, including regulatory authorities, disagree with the conclusions reached, our ability to obtain approval for, and commercialize, our product candidates may be harmed, which could harm our business, operating results, prospects or financial condition.

The exclusive license agreement with LGC is important to our business. If we or LGC fail to adequately perform under the agreement, the development of bivamelagon could be delayed, or if we or LGC terminate the agreement, we would lose our rights to develop and commercialize bivamelagon.

In January 2024, we entered into a license agreement and share issuance agreement with LG Chem, Ltd. ("LGC"). Pursuant to the terms of the license agreement, we obtained exclusive worldwide rights to develop LGC's proprietary compound bivamelagon (the "LGC License"). On November 2, 2026, we entered into an amendment to the LGC License (the "Amendment"), pursuant to which we agreed to pay LGC a low-single-digit royalty of net sales from our MC4R portfolio, including bivamelagon, commencing on the earlier of January 1, 2029, or first commercial sale of bivamelagon, subject to adjustment pursuant to its terms, including increases resulting form the Company's exercise of the option to satisfy certain of the additional payments through increased royalties. Similar to the original agreement, the base royalty rate may increase by 3% on net sales of bivamelagon in a region if bivamelagon is covered by a composition of matter or method of use patent controlled by LGC in such region and neither setmelanotide nor RM-718 is covered by any composition of matter or method of use patents controlled by the Company in such region, in addition to any royalty increases resulting from the Company's exercise of the option to satisfy certain of the additional payments through increased royalties. Such increased rate would only apply on net sales of bivamelagon for the remainder of the royalty term in the relevant region. The license agreement will continue until the expiration of the obligation to pay royalties in all countries or regions, unless terminated earlier. We or LGC can terminate the license agreement in certain circumstances, including for the other party's material uncured breach. If the license agreement is terminated, we would lose our rights to develop and commercialize bivamelagon, and, we would be subject to certain ongoing payments, penalties and fees, all of which in turn would have a material adverse effect on our business.

The number of patients with each of the MC4R pathway variants we are targeting is small and has not been established with precision. If the actual number of patients is smaller than we estimate, our revenue and ability to achieve profitability may be materially adversely affected.

Due to the rarity of our target indications, there is no comprehensive patient registry or other method of establishing with precision the actual number of patients with MC4R pathway deficiencies. As a result, we have had to rely on other available sources to derive clinical prevalence estimates for our target indications. In addition, we have internal genetic sequencing results from individuals with severe obesity that provide another approach to estimating prevalence. As of December 31, 2025, our database had approximately 120,000 sequencing samples. Since the published epidemiology studies for these genetic variants are based on relatively small population samples, and are not amenable to robust statistical analyses, it is possible that these projections may significantly exceed the addressable population, particularly given the need to genotype patients to definitively confirm a diagnosis.

Based on multiple epidemiological methods, we have estimated the potential addressable patient populations with these MC4R pathway deficiencies based on the following sources and assumptions (which remain subject to change based on ongoing research and publications by us or any third party):

- *POMC Deficiency Obesity.* POMC Deficiency Obesity is defined by the presence of biallelic variants in the *POMC* or *PCSK1* genes that are interpreted as pathogenic, likely pathogenic, or of uncertain significance. Our addressable patient population estimate for POMC deficiency obesity is approximately 100 to 500 patients in the United States, with a comparable addressable patient population in Europe. Our estimates are based on:

- approximately 50 patients with POMC deficiency obesity noted in a series of published case reports, each mostly reporting a single or small number of patients. However, we believe our addressable patient population for this deficiency may be approximately 100 to 500 patients in the United States, and a comparable addressable patient population in Europe, as most of the reported cases are from a small number of academic research centers, and because genetic testing for POMC deficiency obesity is often unavailable and currently is rarely performed;

    - our belief, based on discussions with experts in rare diseases, that the number of diagnosed cases could increase several-fold with increased awareness of this deficiency and the availability of new treatments;

    - U.S. Census Bureau figures for adults and children, and Centers for Disease Control and Prevention, or CDC, prevalence numbers for adults with severe obesity (body mass index, or BMI, greater than 40 kg/m2) and for children with severe early-onset obesity (99th percentile at ages two to 17 years old); and

    - our internal sequencing yield for POMC deficiency obesity patients (including both POMC and PCSK1 gene diseases), defined as patients having biallelic variants in the POMC or PCSK1 genes that are interpreted as pathogenic, likely pathogenic, or of uncertain significance, of approximately 0.05%.

- *LEPR Deficiency Obesity*. LEPR Deficiency Obesity is defined by the presence of biallelic variants in the *LEPR* gene that are interpreted as pathogenic, likely pathogenic, or of uncertain significance. Our addressable patient population estimate for LEPR deficiency obesity is approximately 500 to 2,000 patients in the United States, with a comparable addressable patient population in Europe. Our estimates are based on:

    - epidemiology studies on LEPR deficiency obesity in small cohorts of patients comprising children with severe obesity and adults with severe obesity who have a history of early onset obesity;

    - U.S. Census Bureau figures for adults and children and CDC prevalence numbers for adults with severe obesity (BMI, greater than 40 kg/m2) and for children with severe early-onset obesity (99th percentile at ages two to 17 years old);

- with wider availability of genetic testing expected for LEPR deficiency obesity and increased awareness of new treatments, our belief that up to 40% of patients with these diseases may eventually be diagnosed; and
- our internal sequencing yield for LEPR deficiency obesity patients, defined as patients having biallelic variants in the LEPR gene that are interpreted as pathogenic, likely pathogenic, or of uncertain significance, of approximately 0.09%.

- *Bardet-Biedl Syndrome*. Our addressable patient population estimate for BBS is approximately 4,000 to 5,000 patients in the United States based on:
  - published prevalence estimates of one in 100,000 in North America, which projects to approximately 3,250 people in the United States. We believe the majority of these patients are addressable patients;
  - comparisons to our patient identification efforts in Europe where we believe there are approximately 1,500 patients diagnosed and being cared for at academic centers in Europe;
  - our patient identification efforts to date in the United States;
  - our internal sequencing yield for biallelic pathogenic or likely pathogenic variants in BBS genes of approximately 0.3%; and
  - our belief that with wider availability of genetic testing expected for BBS and increased awareness of new treatments, the number of patients diagnosed with this disorder will increase.

- *POMC, PCSK1, or LEPR Heterozygous Obesities; SRC1 and SH2B1 Obesities*. Our potential setmelanotide-responsive patient population estimate for POMC, PCSK1, or LEPR heterozygous, SRC1 and SH2B1 obesity patients with at least one variant interpreted as pathogenic, likely pathogenic, or of uncertain significance suspected pathogenic is approximately 53,000 patients in the United States. Our estimates are based on:
  - U.S. Census Bureau population data and CDC prevalence numbers for early onset obesity (≥120% the 95th percentile with onset prior to 6 years of age);
  - our internal sequencing yield of patients with POMC, PCSK1, or LEPR heterozygous, SRC1 or SH2B1 variants interpreted as pathogenic, likely pathogenic, or of uncertain significance of approximately 10-15%; and
  - a clinical response rate of 40% for patients carrying pathogenic or likely pathogenic variants, and 20% for patients carrying a variant of uncertain significance.

The clinical response rate used in this calculation is based on the clinical data currently available to us from our trials and may change as more data become available.

- *MC4R Deficiency Obesity*. Our addressable patient population estimate for MC4R-rescuable deficiency obesity is approximately 10,000 patients in the United States. This estimate is based on:
  - U.S. Census Bureau population data and CDC prevalence numbers for early onset obesity (≥120% the 95th percentile between the ages of 2-5 years);
  - a comprehensive biochemical screening study indicating there may be a defined subset of individuals who carry MC4R variants that may be rescued by an MC4R agonist; and
  - our internal sequencing yield for MC4R deficiency obesity patients of approximately 2.0% prior to application of functional filters.

- *Obesity due to a deficiency in the MC4R pathway caused by variants in the SEMA3 family, PHIP, TBX3 or PLXNA family*. Our addressable patient population estimate for obesity patient with variants in these genes is approximately 63,500 patients in the United States. This estimate is based on:

  - results from our URO genetic testing program with samples from more than 36,000 participants, classification of variants for pathogenic, likely pathogenic and 20% of with a variant of uncertain significance and applied to established estimate of approximately 5 million people in the United States with early-onset obesity.

We believe that the patient populations in the EU are similar to those in the United States. However, we do not have comparable epidemiological data from the EU and these estimates are therefore based solely on applying relative population percentages to the Company-derived estimates described above.

Defining the exact genetic variants that result in MC4R pathway diseases is complex, so if any approval that we obtain is based on a narrower definition of these patient populations than we had anticipated, then the potential market for setmelanotide for these indications will be smaller than we originally believed. In either case, a smaller patient population in our target indications would have a materially adverse effect on our ability to achieve commercialization and generate revenues.

- *Hypothalamic obesity*. Our addressable patient population estimate for hypothalamic obesity (HO) is approximately 10,000 patients in the United States. We estimate there are 5,000 to 8,000 people living with hypothalamic obesity in Japan, and approximately 10,000 people living with hypothalamic obesity in the E.U. These estimates are based on:

  - diagnosis of an underlying HO etiology such as craniopharyngioma (CP), astrocytoma, or other brain tumors with CP accounting for approximately 50% of HO etiologies;

  - an annual incidence of CP of approximately 1.3 to 2.2 per million per year in the United States, which projects to approximately 600 cases of CP per year based on a United States population of approximately 329 million;

  - approximately 50% (based on a published range of 6% to 91%) of CP patients develop HO;

  - published estimates of overall survival (OS) after CP diagnosis, with a 20-year OS of 84%;

  - allowing for patients that develop HO due to other factors besides CP, results in an estimated HO prevalence after CP diagnosis in the United States exceeding 2,500-7,500 patients; and

  - internal Company estimate is based on reported incidence of hypothalamic obesity following CP and long-term survival rates.

  Given the etiology of the disease, our estimates on HO are based on our internal review and interpretation of the literature and available prevalence data.

- *Prader-Willi Syndrome*. Our estimated prevalence of PWS is between approximately 12,500 and 16,000 patients in each of the United States and Europe, and we estimate that approximately 8,500 to 12,750 PWS patients are living with hyperphagia and obesity in each of the United States and Europe.

  These estimates are based on our internal review and interpretation of the literature and available prevalence data, combined with our analysis of survival rate data.

If we experience delays or difficulties in the enrollment and/or retention of patients in clinical trials, our regulatory submissions or receipt of additional marketing approvals could be delayed or prevented.

We may not be able to initiate or continue our planned clinical trials on a timely basis or at all for our product candidates if we are unable to recruit and enroll a sufficient number of eligible patients to participate in these trials through completion of such trials as required by the FDA or other comparable foreign regulatory authorities. Patient enrollment is a

significant factor in the timing of clinical trials. Our ability to enroll eligible patients may be limited or may result in slower enrollment than we anticipate.

Our clinical trials will compete with other clinical trials that are in the same therapeutic areas as our product candidates, including general obesity, and this competition reduces the number and types of patients available to us, as some patients who might have opted to enroll in our trials may instead opt to enroll in a trial being conducted by one of our competitors. Because the number of qualified clinical investigators and clinical trial sites is limited, we expect to conduct some of our clinical trials at the same clinical trial sites that some of our competitors use, which will reduce the number of patients who are available for our clinical trials at such clinical trial sites. In addition, there are limited patient pools from which to draw for clinical studies. In addition to the rarity of genetic diseases of obesity, the eligibility criteria of our clinical studies will further limit the pool of available study participants as we will require that patients have specific characteristics that we can measure or to assure their disease is either severe enough or not too advanced to include them in a study. Patient enrollment for our current or any future clinical trials may be affected by other factors, including:

- size and nature of the patient population;
- severity of the disease under investigation;
- availability and efficacy of approved drugs for the disease under investigation;
- patient eligibility criteria for the trial in question as defined in the protocol;
- perceived risks and benefits of the product candidate under study;
- clinicians' and patients' perceptions as to the potential advantages of the product candidate being studied in relation to other available therapies, including any new products that may be approved or future product candidates being investigated for the indications we are investigating;
- clinicians' willingness to screen their patients for genetic markers to indicate which patients may be eligible for enrollment in our clinical trials;
- delays in or temporary suspension of the enrollment of patients in our planned clinical trial due to public health emergencies;
- ability to obtain and maintain patient consents;
- patient referral practices of physicians;
- the ability to monitor patients adequately during and after treatment;
- proximity and availability of clinical trial sites for prospective patients; and
- the risk that patients enrolled in clinical trials will drop out of the trials before completion, including as a result of health conditions or being forced to quarantine, or, because they may be late-stage cancer patients or for other reasons, will not survive the full terms of the clinical trials.

In addition, the pediatric population is an important patient population for setmelanotide, RM-718, and bivamelagon, and our addressable patient population estimates include pediatric populations. However, it may be more challenging to conduct studies in younger participants, and to locate and enroll pediatric patients. These factors may make it difficult for us to enroll enough patients to complete our clinical trials in a timely and cost-effective manner. Our inability to enroll a sufficient number of patients for our clinical trials would result in significant delays or may require us to abandon one or more clinical trials altogether. Enrollment delays in our clinical trials may also result in increased development costs for setmelanotide and any future product candidates and jeopardize our ability to obtain additional marketing approvals for the sale of setmelanotide. Furthermore, even if we are able to enroll a sufficient number of patients for our clinical trials, we may have difficulty maintaining participation in our clinical trials through the treatment and any follow-up periods.

Failures or delays in the commencement or completion of our planned clinical trials could result in increased costs to us and could delay, prevent or limit our ability to generate revenue, achieve profitability and continue our business.

Successful completion of our ongoing and planned clinical trials is a prerequisite to submitting an NDA or NDA supplement to the FDA, a marketing authorization application ("MAA") to the EMA, and other applications for marketing authorization to equivalent competent authorities in foreign jurisdictions, and consequently, successful completion of such trials, at a minimum, will be required for regulatory approvals and the commercial marketing of setmelanotide for additional indications as well as RM-718 and bivamelagon.

We do not know whether our planned clinical trials will begin or whether any of our clinical trials will be completed on schedule, if at all, as the commencement and successful completion of clinical trials can be delayed or prevented for a number of reasons, including but not limited to:

- inability to generate sufficient preclinical or other *in vivo* or *in vitro* data to support the initiation of clinical studies;
- delays in the completion of preclinical laboratory tests, animal studies and formulation studies in accordance with FDA's good laboratory practice requirements and other applicable regulations;
- the FDA or other equivalent competent authorities in foreign jurisdictions may deny permission to proceed with our ongoing or planned trials or any other clinical trials we may initiate, or may place a clinical trial on hold or such trial may be suspended;
- delays in filing or receiving authorization to proceed under an additional investigational new drug application, or IND, or similar foreign application if required;
- delays in reaching a consensus with the FDA and other regulatory agencies on study design and obtaining regulatory authorization to commence clinical trials;
- delays in reaching or failing to reach agreement on acceptable terms with prospective CROs and clinical trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- difficulties in obtaining or maintaining Institutional Review Board, or IRB, and/or ethics committee approval or opinion to conduct a clinical trial at a prospective site or sites;
- since many already diagnosed patients are at academic sites, delays in conducting clinical trials at academic sites due to the particular challenges and delays typically associated with those sites, as well as the lack of alternatives to these sites which have already diagnosed patients;
- inadequate quantity or quality of setmelanotide, RM-718, bivamelagon or other materials necessary to conduct clinical trials, including delays in the manufacturing of sufficient supply of finished drug product;
- challenges in identifying, recruiting and training suitable clinical investigators;
- challenges in recruiting and enrolling suitable patients to participate in clinical trials;
- severe or unexpected drug related side effects experienced by patients in a clinical trial, including side effects previously identified in our completed clinical trials;
- difficulty collaborating with patient groups and investigators;
- failure by our CROs, other third parties or us to perform in accordance with the FDA's or any other regulatory authority's GCPs or applicable regulatory guidelines in other countries;
- occurrence of adverse events associated with setmelanotide, RM-718 or bivamelagon that are viewed to outweigh their potential benefits, or occurrence of adverse events in trial of the same or similar class of agents conducted by other companies;

- changes to the clinical trial protocols;
- clinical sites deviating from trial protocol or dropping out of a trial;
- changes in regulatory requirements and guidance that require amending or submitting new clinical protocols;
- changes in the standard of care on which a clinical development plan was based, which may require new or additional trials;
- selection of clinical endpoints that require prolonged periods of observation or analyses of resulting data;
- the cost of clinical trials of our product candidates being greater than we anticipate;
- clinical trials or related non-clinical trials of our product candidates producing negative or inconclusive results, which may result in our deciding, or regulators requiring us, to conduct additional clinical trials or delay or abandon development of such product candidates; and
- development of antibodies to the drug or adjuvants may result in loss of efficacy or safety events.

In addition, a clinical trial may be suspended or terminated by us, the FDA or other equivalent competent authorities in foreign jurisdictions, the IRB at the sites where the IRBs are overseeing a clinical trial, a data and safety monitoring board, or DSMB, or Safety Monitoring Committee, or SMC, overseeing the clinical trial at issue or other equivalent competent authorities due to a number of factors, including, among others:

- failure to conduct the clinical trial in accordance with regulatory requirements or our clinical trial protocols;
- inspection of the clinical trial operations or trial sites by the FDA or other equivalent competent authorities that reveals deficiencies or violations that require us to undertake corrective action, including the imposition of a clinical hold;
- inconclusive results, unforeseen safety issues, adverse side effects or lack of effectiveness;
- changes in government regulations or administrative actions;
- problems with clinical trial supply materials; and
- lack of adequate funding to continue the clinical trial.

Delays in the completion of any preclinical or non-clinical studies or clinical trials of setmelanotide, RM-718 or bivamelagon will increase our costs, slow down our product candidate development and the regulatory approval processes and delay or potentially jeopardize our ability to commence product sales, generate product revenue and achieve profitability. In addition, 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 a regulatory approval for setmelanotide, RM-718 or bivamelagon. Any delays to our preclinical studies or clinical trials that occur as a result could shorten any period during which we may have the exclusive right to commercialize setmelanotide, RM-718 or bivamelagon, in each case if approved, and our competitors may be able to bring products to market before we do, and the commercial viability of our product candidates could be significantly reduced. Any of these occurrences may harm our business, financial condition and prospects significantly.

In addition, the FDA's and other regulatory authorities' policies with respect to clinical trials may change and additional government regulations may be enacted. For instance, the EU Clinical Trials Regulation (CTR) which was adopted in April 2014 and repeals the EU Clinical Trials Directive, became applicable on January 31, 2022. While the EU Clinical Trials Directive required a separate clinical trial application (CTA) to be submitted in each member state in which the clinical trial takes place, to both the competent national health authority and an independent ethics committee, the CTR introduces a centralized process and only requires the submission of a single application for multi-center trials. The CTR allows sponsors to make a single submission to both the competent authority and an ethics committee in each member state, leading to a single decision per member state. The assessment procedure of the CTA has been harmonized as well, including a joint assessment by all member states concerned, and a separate assessment by each member state with respect

to specific requirements related to its own territory, including ethics rules. Each member state's decision is communicated to the sponsor via the centralized EU portal. Once the CTA is approved, clinical study development may proceed. The CTR transition period ended on January 31, 2025 and all clinical trials (and related applications) are now fully subject to the provisions of the CTR. Compliance with the CTR requirements by us and our third-party service providers, such as CROs, may impact our development plans.

Furthermore, on April 28, 2025, the UK adopted an amendment to the UK clinical trials regulations intended to support a more streamlined and flexible regulation of clinical trials, removing unnecessary administrative burdens on trial sponsors, whilst protecting the interests of trial participants. It also intends to bring the UK regulatory framework for clinical trials, which is still based on the EU Clinical Trials Directive, into closer alignment with the (EU) CTR. The amendment became applicable on April 28, 2026 following a one-year transition period.

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

Research and development in the pharmaceutical industry is costly, risky, time-intensive and complicated. In particular, our CHI program is a pre-clinical program and we may not succeed in developing a CHI program product candidate.

Research and development in the pharmaceutical industry is an expensive, high-risk, lengthy, complicated, resource intensive process. In order to develop a product successfully, we must, among other things:

- conduct scientific discovery in areas that are uncertain, unproven and complex;
- identify potential product candidates;
- submit for and receive regulatory approvals or allowances to perform clinical trials;
- design and conduct appropriate preclinical studies and clinical trials according to good laboratory practices and good clinical practices and disease-specific expectations of the FDA and other regulatory bodies;
- Select and recruit suitable clinical investigators and subjects for our clinical trials;
- Obtain and correctly interpret data establishing adequate safety of our product candidates and demonstrating that our product candidates are effective for their proposed indications;
- Submit for and receive regulatory approvals; and
- Manufacture the product candidates according to current Good Manufacturing Practices, or cGMPs, and other applicable standards and regulations.

There is a high rate of failure inherent in this process, and potential products that appear promising at early stages of the research and development process may fail for a number of reasons. Importantly, positive results from preclinical studies of a product candidate may not be predictive of similar results in human clinical trials, promising results from earlier clinical trials of a product candidate may not be replicated in later clinical trials, and observations from ongoing trials, including observations based on interim, preliminary, or blinded data, may not be representative of results after the trials are completed and all data are collected and analyzed. Many companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in late-stage clinical trials even after achieving positive results in earlier stages of development and have abandoned development efforts or sought partnerships in order to continue development.

In addition, there are many other difficulties and uncertainties inherent in pharmaceutical research and development that could significantly delay or otherwise materially impair our ability to develop future product candidates, including the following:

- Conditions imposed by regulators, ethics committees or institutional review boards for preclinical testing and clinical trials relating to the scope or design of our clinical trials, including selection of endpoints and number of required patients or clinical sites;

- Challenges in designing clinical trials that may support any potential claims of superiority over current standard of care or future competitive therapies;
- Restrictions placed upon, or other difficulties with respect to, clinical trials and clinical trial sites, including with respect to potential clinical holds or suspension or termination of clinical trials due to, among other things, potential safety or ethical concerns or noncompliance with regulatory requirements;
- Delayed or reduced enrollment in clinical trials, high discontinuation rates or overly concentrated patient enrollment in specific geographic regions;
- Failure by third-party contractors, contract research organizations, or CROs, clinical investigators, clinical laboratories, or suppliers to comply with regulatory requirements or meet their contractual obligations in a timely manner;
- Greater than anticipated cost of our clinical trials; and
- Insufficient product supply or inadequate product quality.
- Evolving competitive landscape for our products and product candidates, which could cause us to modify our development programs, notwithstanding positive data or trial results in existing trials, in order to seek alternate indications or routes of administration or to substitute or otherwise modify our product candidates in light of the evolving competitive landscape and changing commercial prospects for our product and product candidates.

In addition, we cannot state with certainty when or whether our product candidates now under development will be approved or launched; whether, if initially granted, such approval will be maintained; whether we will be able to develop, license, or otherwise acquire additional products or product candidates; or whether our products, once launched, will be commercially successful.

Failure to successfully develop setmelanotide for additional indications or to develop product candidates for any of the foregoing reasons may materially adversely affect our business, financial condition, results of operations and prospects and the value of our common stock.

Setmelanotide, RM-718 or bivamelagon may cause undesirable side effects that could delay or prevent additional regulatory approvals, limit the commercial profile of approved labeling, or result in significant negative consequences following marketing approval.

First generation MC4R agonists were predominantly small molecules that failed in clinical trials due to significant safety issues, particularly increases in blood pressure, and had limited efficacy. Undesirable side effects caused by setmelanotide, RM-718 or bivamelagon could cause us or regulatory authorities to interrupt, delay or halt clinical trials and could result in a more restrictive labeling or the delay or denial of additional regulatory approvals by the FDA or other equivalent competent authorities in foreign jurisdictions. 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. Any of these occurrences may prevent us from achieving or maintaining market acceptance of the affected product candidate and may adversely affect our business, financial condition and prospects significantly.

Setmelanotide, RM-718 and bivamelagon are MC4R agonists. Potential side effects of MC4R agonism, which have been noted either with setmelanotide or with other MC4R agonists in clinical trials and preclinical studies, may include:

- adverse effects on cardiovascular parameters, such as increases in heart rate and blood pressure;
- erections in males and similar effects in women, such as sexual arousal, clitoral swelling and hypersensitivity;
- nausea and vomiting;
- reduced appetite;

- headache;
- effects on mood, depression, anxiety and other psychiatric manifestations; and
- other effects, for which an investigator reported as unrelated to setmelanotide or for which no increased incidence or pattern or causal relationship is currently evident.

In addition, injection site reactions have been seen in subcutaneous, or SC, injections with setmelanotide. Also, setmelanotide has likely off target effects on the closely related MC1 receptor, which mediates skin pigmentation in response to sun exposure. Other MC1 receptor mediated effects include darkening of skin blemishes, such as freckles and moles, and hair color change. These MC1 receptor mediated skin effects are not tolerated by all patients, as a small number of patients have withdrawn from treatment due to skin darkening. These effects have generally been reversible in clinical trials after discontinuation of setmelanotide, but it is still unknown if they will be reversible with long term exposure. The MC1 receptor mediated effects may also carry risks. The long term impact of MC1 receptor activation has not been tested in clinical trials, and could potentially include increases in skin cancer, excess biopsy procedures and cosmetic blemishes. These skin changes may also result in unblinding, which could make interpretation of clinical trial results more complex and possibly subject to bias. We have also initiated trials of setmelanotide in potential new indications that include patients who might have more serious underlying conditions. It is possible that the underlying conditions in these patients, such as congestive heart failure and potentially other conditions, may confound the understanding of the safety profile of setmelanotide.

If these or other significant adverse events or other side effects are observed in any of our ongoing or planned clinical trials, we may have difficulty recruiting patients to the clinical trials, patients may drop out of our trials, or we may be required to abandon the trials or our development efforts of that product candidate altogether. We, the FDA, other comparable regulatory authorities or an IRB may also suspend 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. Some potential therapeutics developed in the biotechnology industry that initially showed therapeutic promise in early-stage trials have later been found to cause side effects that prevented their further development. Even if the side effects do not preclude setmelanotide, RM-718 or bivamelagon from obtaining or maintaining marketing approval or obtaining additional approvals, undesirable side effects may inhibit market acceptance due to its tolerability versus other therapies. Any of these developments could materially adversely affect our business, financial condition and prospects.

Further, if we or others identify undesirable side effects associated with or caused by the products, or any other similar product, before or after regulatory approvals, a number of potentially significant negative consequences could result, including:

- regulatory authorities may request that we withdraw the product from the market or may limit or vary their approval of the product through labeling or other means;
- regulatory authorities may require the addition of labeling statements, such as a “boxed” warning or a contraindication;
- the FDA, the EU competent authorities and other equivalent competent authorities in foreign jurisdictions may require the addition of a Risk Evaluation and Mitigation Strategy, or REMS, or other specific obligations as a condition for marketing authorization due to the need to limit treatment to rare patient populations, or to address safety concerns;
- we may be required to change the way the product is distributed or administered or change the labeling of the product;
- we may be required to conduct additional studies and clinical trials or comply with other post-market requirements to assess possible serious risks;
- we may be required to conduct long term safety follow-up evaluations, including setting up disease and drug based registries;
- we may decide to remove the product from the marketplace;

- our other MC4 agonist products or product candidates may be perceived by regulators or other third parties as unsafe, which could adversely affect our development efforts and product portfolio;
- we could be sued and held liable for injury caused to individuals exposed to or taking the product; and
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of setmelanotide, RM-718 or bivamelagon, and could substantially increase the costs of commercializing setmelanotide, RM-718 or bivamelagon and significantly impact our ability to successfully commercialize setmelanotide, RM-718 or bivamelagon and generate revenues.

We may not be able to obtain or maintain orphan drug designations for setmelanotide, RM-718 or bivamelagon or to obtain or maintain orphan exclusivity. Even with exclusivity, competitors may obtain approval for different drugs that treat the same indications as setmelanotide, RM-718 and bivamelagon.

The FDA may designate drugs for relatively small patient populations as orphan drugs. Under the Orphan Drug Act of 1983, or the Orphan Drug Act, the FDA may designate a product candidate as an orphan drug if it is intended to treat a rare disease or condition, which is defined under the Federal Food, Drug and Cosmetic Act, or FDCA, as having a patient population of fewer than 200,000 individuals in the United States, or a patient population greater than 200,000 in the United States where there is no reasonable expectation that the cost of developing the drug will be recovered from sales in the United States.

Generally, if a product candidate with an orphan drug designation receives the first marketing approval for the disease or condition for which it has such designation, the product is entitled to a period of seven years of marketing exclusivity, which precludes the FDA from approving another marketing application for a product that constitutes the same drug with the same approved use or indication within such disease or condition for that marketing exclusivity period, except in limited circumstances.

The exclusivity period in the United States can be extended by six months if the NDA sponsor submits pediatric data that fairly respond to a written request from the FDA for such data. Orphan drug exclusivity may be revoked if the FDA 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. Other potential benefits of orphan drug designation and/or approval of a designated drug include eligibility for: exemption from certain prescription drug user fees, tax credits for certain qualified clinical testing expenses, and waivers from the pediatric assessment requirements of the Pediatric Research Equity Act.

In the EU, orphan designation is granted by the EC based on a scientific opinion of the EMA's Committee for Orphan Medicinal Products. A medicinal product may be designated as orphan if its sponsor can establish that (i) the product is intended for the diagnosis, prevention or treatment of a life-threatening or chronically debilitating condition; (ii) either (a) such condition affects no more than 5 in 10,000 persons in the EU when the application is made, or (b) the product, without the benefits derived from orphan status, would not generate sufficient return in the EU to justify investment; and (iii) there exists no satisfactory method of diagnosis, prevention or treatment of such condition authorized for marketing in the EU, or if such a method exists, the medicinal product will be of significant benefit to those affected by the condition. The application for orphan designation must be submitted before the application for marketing authorization.

Grant of orphan designation by the EC also entitles the holder of this designation to financial incentives such as reduction of fees or fee waivers, protocol assistance, and access to the centralized marketing authorization procedure. In addition to a range of other benefits during the development and regulatory review, orphan medicinal products are, upon grant of marketing authorization and assuming the requirement for orphan designation are also met at the time the marketing authorization is granted, entitled to ten years of exclusivity in all EU member states for the approved therapeutic indication, which means that the competent authorities cannot accept another MAA, grant a marketing authorization, or accept an application to extend a marketing authorization for a similar product for the same indication for a period of ten years. The period of market exclusivity is extended by two years for orphan medicinal products that have also complied with an agreed pediatric investigation plan, or PIP. No extension to any supplementary protection certificate can be granted on the basis of pediatric studies for orphan indications. Orphan medicinal product designation does not convey any advantage in, or shorten the duration of, the regulatory review and approval process.

The ten-year market exclusivity in the EU may be reduced to six years if, at the end of the fifth year, it is established that the product no longer meets the criteria for which it received orphan designation, including where it is shown that the product is sufficiently profitable not to justify maintenance of market exclusivity, or where the prevalence of the condition has increased above the threshold. Additionally granting of an authorization for another similar orphan medicinal product where another product has market exclusivity can happen at any time: (i) the second applicant can establish that its product, although similar, is safer, more effective or otherwise clinically superior; (ii) the applicant cannot supply enough orphan medicinal product or (iii) where the applicant consents to a second orphan medicinal product application.

In connection with IMCIVREE's approval, the FDA granted us seven years of orphan drug exclusivity for setmelanotide for chronic weight management in adult and pediatric patients 6 years of age and older with obesity due to POMC, PCSK1, or LEPR deficiency confirmed by genetic testing demonstrating variants in *POMC, PCSK1,* or *LEPR* genes that are interpreted as pathogenic, likely pathogenic, or of uncertain significance. The FDA also granted us seven years of orphan drug exclusivity for setmelanotide for chronic weight management in adult and pediatric patients 6 years of age and older with monogenic or syndromic obesity due to BBS. In the EU, we obtained ten years of market exclusivity for setmelanotide for the treatment of obesity and the control of hunger associated with genetically confirmed loss-of-function biallelic POMC, including PCSK1, deficiency or biallelic LEPR deficiency in adults and children 6 years of age and above. Following the FDA's approval in December 2024 of the expanded indication for IMCIVREE to include patients as young as 2 years of age, in March 2025, the FDA expanded the scope of the current orphan drug exclusivity for IMCIVREE to provide for seven years of orphan-drug exclusivity for setmelanotide to reduce excess body weight and maintain weight reduction long term in pediatric patients aged 2 years to less than 6 years with syndromic or monogenic obesity due to POMC, PCSK1, LEPR deficiency as determined by an FDA-approved test demonstrating variants in POMC, PCSK1, or LEPR genes that are interpreted as pathogenic, likely pathogenic, or VUS.

We have also been granted orphan designation for setmelanotide for the treatment of: (i) Alström syndrome in both the United States and the EU; (ii) Prader-Willi syndrome in the United States and the EU; and (iii) acquired hypothalamic obesity in the EU and Japan.

We may not be able to maintain the benefits of orphan drug exclusivity, or that the FDA or the EC or Japan's Ministry of Health, Labour and Welfare will grant orphan designations for setmelanotide for other uses. In addition, orphan drug designation neither shortens the development time or regulatory review time of a drug nor gives the drug any advantage in the regulatory review or approval process.

Even though we have obtained orphan drug exclusivity for certain uses of setmelanotide, such exclusivities may not effectively protect setmelanotide from competition because different drugs can be approved for the same indications and uses. In the United States, even after an orphan drug is approved, the FDA may subsequently approve another drug for the same indication or use within the relevant rare disease or condition if the FDA concludes that the latter drug is not the same drug or is clinically superior with respect to the relevant indication or use in that it is shown to be safer, more effective or makes a major contribution to patient care. As discussed above, similar rules apply in the EU.

Although we have obtained Breakthrough Therapy designation for setmelanotide for the treatment of obesity associated with certain defects upstream of the MC4R in the leptin melanocortin pathway, which includes POMC deficiency obesity, LEPR deficiency obesity, Bardet-Biedl syndrome and Alström syndrome, as well as hypothalamic obesity in the United States and PRIME designation in the EU for setmelanotide for the treatment of obesity and the control of hunger associated with deficiency disorders of the MC4R pathway, the FDA may rescind the Breakthrough Therapy designation and the EMA may withdraw the PRIME designation and we may be unable to obtain Breakthrough Therapy designation or the PRIME designation for other uses. In addition, Breakthrough Therapy designation by the FDA or PRIME designation by the EMA may not lead to a faster development, regulatory review or approval process, and neither do they increase the likelihood that setmelanotide will receive additional marketing approvals in the United States or additional marketing authorizations in the EU.

The FDA is authorized under the FDCA to give certain product candidates "Breakthrough Therapy designation." A Breakthrough Therapy product candidate is defined as a product candidate 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, where preliminary clinical evidence indicates that such product candidate may demonstrate substantial improvement on one or more clinically significant endpoints over existing therapies. The FDA will seek to ensure the sponsor of Breakthrough Therapy product candidate receives intensive guidance on an efficient drug development program, intensive involvement of senior managers and experienced staff on a proactive, collaborative and cross disciplinary review. In addition, the FDA may consider

reviewing portions of an NDA before the sponsor submits the complete application, a process also known as rolling review. Product candidates designated as breakthrough therapies by the FDA may be eligible for other expedited programs, such as priority review, provided the relevant criteria are met.

Designation as Breakthrough Therapy is within the discretion of the FDA. Accordingly, even if we believe our product candidates meet the criteria for designation as Breakthrough Therapy, the FDA may disagree. In any event, the receipt of Breakthrough Therapy designation for a product candidate, or acceptance for one or more of the FDA's other expedited programs, may not result in a faster development process, review or approval compared to products considered for approval under conventional FDA procedures and does not guarantee ultimate approval by the FDA. Regulatory standards to demonstrate safety and efficacy must still be met. Additionally, the FDA may later decide that the product candidate no longer meets the conditions for designation and may withdraw designation at any time or decide that the time period for FDA review or approval will not be shortened.

The PRIME (PRIority MEdicines) scheme was launched by the EMA in 2016. In the EU, innovative products that target an unmet medical need and are expected to be of major public health interest may be eligible for a number of expedited development and review programs, such as the PRIME scheme, which provides incentives similar to the Breakthrough Therapy designation in the United States. PRIME is a voluntary scheme aimed at enhancing the EMA's support for the development of medicines that target unmet medical needs. It is based on increased interaction and early dialogue with companies developing promising medicines, to optimize their product development plans and speed up their evaluation to help them reach patients earlier. The benefits of a PRIME designation include the appointment of a rapporteur before submission of an MAA, early dialogue and scientific advice at key development milestones, and the potential to qualify products for accelerated review earlier in the application process. In late June 2018, setmelanotide was granted eligibility to PRIME by the Committee for Medicinal Products for Human Use, or CHMP for the treatment of obesity and the control of hunger associated with deficiency disorders of the MC4R receptor pathway. Acknowledging that setmelanotide targets an unmet medical need, the EMA offers enhanced support in the development of the medicinal product through enhanced interaction and early dialogue to optimize our development plans and speed up regulatory evaluation in the EU. As part of this designation, the EMA has provided guidance to us concerning the development of setmelanotide. However, the EMA may later decide that such product candidates no longer meet the conditions for qualification or decide that the time period for review or approval will not be shortened. Neither does the PRIME designation guarantee that the EC will grant additional marketing authorizations for setmelanotide.

Product developers that benefit from PRIME designation may be eligible for accelerated assessment (in 150 days instead of 210 days), which may be granted for medicinal products of major interest from a public health perspective or that target an unmet medical need, but this is not guaranteed.

We may not be able to translate the once-daily, subcutaneous injection formulations of setmelanotide into alternate formulations, including alternate methods of delivery for setmelanotide or alternative methods of delivery for or other product candidates that would be acceptable to the FDA or other equivalent competent authorities in foreign jurisdictions or commercially successful.

Setmelanotide is currently administered by once-daily subcutaneous (SC) injection using small insulin type needles and syringes. SC injection is generally less well received by patients than other methods of administration, such as oral administration. Considerable additional resources and efforts, including potential studies, may be necessary in order to translate the once-daily formulation of setmelanotide into a once-weekly formulation that may be well received by patients.

We have entered into a license agreement with Camurus AB, or Camurus, for the use of Camurus' drug delivery technology, FluidCrystal, to formulate once-weekly setmelanotide. This formulation, if successfully developed for setmelanotide, and approved by the FDA and other regulatory authorities, will be delivered subcutaneously, similar to our once-daily formulation, except that we anticipate it would be injected once weekly. In addition, we have initiated development of an auto-injector device designed to make administration of our once-weekly product candidate easier and more convenient for our patients.

While we have started consultations with regulatory authorities about the potential path for approval of the once-weekly formulation, and have initiated clinical studies of the once-weekly formulation, we cannot yet estimate the requirements for non-clinical and clinical data, manufacturing program, time, cost, and probability of success for approval. Regulatory authorities have limited experience evaluating Camurus' formulations, which further complicates our understanding regarding the information that may be required to obtain approval of a once-weekly formulation.

While we believe that this once-weekly formulation may be more convenient and less burdensome than setmelanotide, which is currently approved as a once-daily administration, we have paused development of this once-weekly formulation in favor of advancing RM-718. In the event RM-718 shows sufficiently positive efficacy and safety results, we plan to discontinue development of the weekly formulation of setmelanotide. Concurrently, we are engaging with applicable regulatory authorities to address the impact of our discontinuing development of the weekly formulation of setmelanotide, which was a component of our pediatric investigation plan, or PIP, in the EU (and the United Kingdom). In Q1 2025, we submitted a request to modify the PIP to remove elements related to the weekly formulation with agreement received in Q2 2025. We cannot estimate the probability of success with respect to our development of additional formulations, nor the resources and time needed to succeed. If we are unable to develop and gain approval of new formulations of setmelanotide or of our other product candidates, our products may not achieve significant market acceptance and our business, financial condition and results of operations may be materially harmed.

Our approach to treating patients with MC4R pathway deficiencies requires the identification of patients with unique genetic subtypes, for example, POMC genetic deficiency. The FDA or other equivalent competent authorities in foreign jurisdictions could require the clearance, approval or certification of an in vitro companion diagnostic device to ensure appropriate selection of patients as a condition of approving setmelanotide in additional indications. The requirement that we obtain clearance, approval or certification of an in vitro companion diagnostic device would require substantial financial resources, and could delay or prevent the receipt of additional regulatory approvals for setmelanotide, or adversely affect those approvals we have already obtained.

We have focused our development of setmelanotide as a treatment for obesity caused by certain genetic deficiencies affecting the MC4R pathway. To date, we have employed *in vitro* genetic diagnostic testing to select patients for enrollment in our clinical trials, including our clinical trials for IMCIVREE and for other potential indications for setmelanotide. If the safe and effective use of any of our product candidates depends on an *in vitro* diagnostic that is not otherwise commercially available, then the FDA may require approval or clearance of that diagnostic, known as a companion diagnostic, at the same time as, or in connection with, the FDA approval of such product candidates.

In the EU, until May 25, 2022, in vitro diagnostic medical devices were regulated by Directive 98/79/EC, or the IVDD, which has been repealed and replaced by Regulation (EU) No 2017/746, or the IVDR. Unlike the IVDD, the IVDR is directly applicable in EU member states without the need for member states to implement into national law. The regulation of companion diagnostics is now subject to further requirements set forth in the IVDR. Following subsequent legislative changes, European institutions adopted a "progressive" roll-out of the IVDR to prevent disruption in the supply of in vitro diagnostic medical devices. The IVDR became applicable on May 26, 2022 but there is a tiered system extending the grace period for many devices (depending on their risk classification) before they have to be fully compliant with the regulation. For instance, under these provisions, class C devices (including devices that are intended to be used as companion diagnostics) had until May 26, 2026 to comply with the new requirements. In June 2024, to address issues related to notified body capacity, the EC adopted an extension of the grace period, resulting in an extended transition period until December 31, 2028 for certain class C devices, subject to compliance with the transitional provisions. The IVDR introduces a new classification system for companion diagnostics which are now specifically defined as diagnostic tests that support the safe and effective use of a specific medicinal product, by identifying patients that are suitable or unsuitable for treatment. Companion diagnostics will have to undergo a conformity assessment by a notified body. Before it can issue an EU certificate, the notified body must seek a scientific opinion from the EMA on the suitability of the companion diagnostic to the medicinal product concerned if the medicinal product falls exclusively within the scope of the centralized procedure for the authorization of medicines, or the medicinal product is already authorized through the centralized procedure, or MAA for the medicinal product has been submitted through the centralized procedure. For other substances, the notified body can seek the opinion from a national competent authority or the EMA. These modifications may make it more difficult and costly for us to obtain regulatory clearances or approvals or certification for our companion diagnostics or to manufacture, market or distribute our products after clearance, approval or certification is obtained. Compliance with the new requirements may impact our development plans for setmelanotide.

If the FDA or a comparable regulatory authority requires clearance, approval or certification of a companion diagnostic for setmelanotide, RM-718 or bivamelagon, any delay or failure by us or our current and future collaborators to develop or obtain regulatory clearance or approval of, or certification of, such tests, if necessary, could delay or prevent us from obtaining additional approvals for setmelanotide, or adversely affect the approvals we have already obtained. For example, IMCIVREE is currently approved by the FDA for use in adults and pediatric patients two years of age and older with syndromic or monogenic obesity due to BBS and due to POMC, PCSK1, or LEPR deficiencies as confirmed by genetic testing demonstrating variants in *POMC, PCSK1*, or *LEPR* genes that are interpreted as pathogenic, likely pathogenic, or of uncertain significance; IMCIVREE is also approved by the FDA for use in adults and pediatric patients

four years of age and older with acquired hypothalamic obesity. Any delay or failure by us or our current or future collaborators to develop or obtain regulatory clearance or approval of, or certification of, such tests, if and when necessary, could delay or prevent us from obtaining such additional approvals for setmelanotide, or adversely affect the approvals we have already obtained.

We rely, and expect that we will continue to rely, on third parties to conduct research and discovery activities and in our clinical trials. If these third parties do not successfully carry out their contractual obligations or meet expected timelines, we may not be able to advance our pre-clinical and clinical programs or obtain, on a timely basis or at all, additional regulatory approvals for or commercialize our product candidates, and our business could be substantially harmed.

We have agreements with third-party CROs to operationalize, provide monitors for and to manage data for our research and discovery efforts and our ongoing clinical trials. We rely heavily on these parties for the execution of research and discovery activities and clinical trials and control only certain aspects of their activities. As a result, we have less direct control over the start-up, conduct, timing and completion of these activities and clinical trials, and the management of data developed through these activities and clinical trials than would be the case if we were relying entirely upon our own staff. Communicating with outside parties can also be challenging, potentially leading to mistakes as well as difficulties in coordinating activities. However, we remain responsible for the conduct of these activities and these trials and are subject to enforcement which may include civil and criminal liabilities for any violations of FDA rules and regulations and the comparable foreign regulatory provisions during the conduct of our clinical trials. Outside parties may:

- have staffing difficulties;
- fail to comply with contractual obligations;
- devote inadequate resources to our clinical trials;
- experience regulatory compliance issues;
- undergo changes in priorities or become financially distressed; or
- form more favorable relationships with other entities, some of which may be our competitors.

These factors, among others, may materially adversely affect the willingness or ability of third parties to conduct our research and discovery activities and our clinical trials and may subject us to unexpected cost increases that are beyond our control. Nevertheless, we are responsible for ensuring that all of our activities and each of our studies is conducted in accordance with the applicable protocol, legal, regulatory and scientific standards, and our reliance on third parties, including CROs, does not relieve us of our regulatory responsibilities. We and our CROs are required to comply with GCPs, which are regulations and guidelines enforced by the FDA, the competent authorities of the EU member states and equivalent competent authorities in foreign jurisdictions for any products in clinical development. The FDA and foreign regulatory authorities enforce GCPs through periodic inspections of clinical trial sponsors, principal investigators, and trial sites, and IRBs. If we or our CROs fail to comply with applicable GCPs, the clinical data generated in our clinical trials may be deemed unreliable and the FDA or other equivalent competent authorities in foreign jurisdictions may require us to perform additional clinical trials before approving our marketing applications, if ever. We cannot assure you that, upon inspection, the FDA or foreign regulatory authorities will determine that any of our clinical trials have complied with GCPs. In addition, our clinical trials must be conducted with products produced under cGMPs and similar foreign requirements. Our failure or the failure of our CROs to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process and could also subject us to enforcement action up to and including civil and criminal penalties.

If any of our relationships with these third-party CROs terminate, we may not be able to enter into arrangements with alternative CROs. If CROs do not successfully carry out their contractual obligations or meet expected timelines, if they need to be replaced or if the quality or accuracy of the clinical and other data they obtain are compromised due to the failure to adhere to our protocols, regulatory requirements or for other reasons, any related activities or clinical trials may be extended, delayed or terminated, and we may not be able to obtain regulatory approval for, or successfully commercialize a CHI therapeutic product, setmelanotide, RM-718 or bivamelagon. As a result, our financial results and the commercial prospects for setmelanotide, RM-718 or bivamelagon, would be harmed, our costs could increase and our ability to generate revenue could be delayed.

Risks Related to the Commercialization of IMCIVREE and, if Approved, our Product Candidates

The successful commercialization of IMCIVREE and any other product candidates for which we obtain approval will depend in part on the extent to which governmental authorities, private health insurers, and other third-party payors provide coverage and adequate reimbursement. Failure to obtain or maintain coverage and adequate reimbursement for

IMCIVREE or our other product candidates, if any and if approved, could limit our ability to market those products and decrease our ability to generate revenue.

Our ability to successfully commercialize IMCIVREE or any other product candidates for which we obtain approval will depend in part on the extent to which coverage and reimbursement for these product candidates and related treatments will be available from government authorities, private health insurers and other organizations. Government authorities and third-party payors, such as private health insurers and health maintenance organizations, decide which medications they will pay for and provide reimbursement.

Increasing efforts by governmental and third-party payors in the United States and abroad to cap or reduce healthcare costs may cause such organizations to limit both coverage and the level of reimbursement for recently approved products, such as IMCIVREE, and, as a result, they may not cover or provide adequate payment. Even if we show improved efficacy or improved convenience of administration, third-party payors may deny or revoke the reimbursement status of our product candidates, if approved, or establish prices for our product candidates at levels that are too low to enable us to realize an appropriate return on our investment. If reimbursement is not available or is available only at limited levels, we may not be able to successfully commercialize IMCIVREE or other product candidates, and may not be able to obtain a satisfactory financial return. Further, as we continue to grow as an organization, previously-established prices may no longer be sufficient and could create additional pricing pressure for us.

No uniform policy for coverage and reimbursement for products exist among third-party payors in the United States. Therefore, coverage and reimbursement for products can differ significantly from payor to payor. As a result, the coverage determination process is often a time-consuming and costly process that may require us to provide scientific and clinical support for the use of IMCIVREE to each payor separately, and coverage and adequate reimbursement may not be applied consistently or obtained in the first instance or that step edits or other conditions on reimbursement may be imposed. Furthermore, rules and regulations regarding reimbursement change frequently, in some cases on short notice, and we believe that changes in these rules and regulations are likely.

In some foreign countries, particularly in Canada, the United Kingdom and in the EU member states, the pricing and reimbursement of prescription only medicinal products is subject to strict governmental control which varies widely between countries. In these countries, pricing negotiations with governmental authorities can take six to twelve months or longer after the receipt of regulatory approval and product launch. To obtain favorable reimbursement for the indications sought or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost effectiveness of IMCIVREE with other available therapies. If reimbursement for IMCIVREE is unavailable in any country in which we seek reimbursement, if it is limited in scope or amount, if it is conditioned upon our completion of additional clinical trials or if pricing is set at unsatisfactory levels, our operating results could be materially adversely affected.

In the EU, in particular, each EU member state can restrict the range of medicinal products for which its national health insurance system provides reimbursement and can control the prices of medicinal products for human use marketed in its territory. As a result, following receipt of marketing authorization in an EU member state, through any application route, an applicant is required to engage in pricing discussions and negotiations with the competent pricing authority in the individual EU member states. Some EU member states operate positive and negative list systems under which products may only be marketed once a reimbursement price has been agreed upon. Other EU member states approve a specific price for the medicinal product or may instead adopt a system of direct or indirect controls on the profitability of the company placing the medicinal product on the market. The downward pressure on healthcare costs in general, particularly prescription drugs, has become more intense. As a result, increasingly high barriers are being erected to the entry of new products. In addition, we may face competition for IMCIVREE from lower priced products in foreign countries that have placed price controls on pharmaceutical products.

Health Technology Assessment, or HTA, of medicinal products, however, is becoming an increasingly common part of the pricing and reimbursement procedures in Canada, the United Kingdom and some EU member states, including France, Germany, Italy, Spain, the Netherlands, Belgium, Norway and Sweden. HTA is the procedure according to which the assessment of the public health impact, therapeutic impact and the economic and societal impact of use of a given medicinal product in the national healthcare systems of the individual country is conducted. HTA generally focuses on the clinical efficacy and effectiveness, safety, cost, and cost effectiveness of individual medicinal products as well as their potential implications for the healthcare system. Those elements of medicinal products are compared with other treatment options available on the market. The outcome of HTA regarding specific medicinal products will often influence the pricing and reimbursement status granted to these medicinal products by the competent authorities. The extent to which pricing and reimbursement decisions are influenced by the HTA of the specific medicinal product varies. In addition, in the

EU, pursuant to Directive 2011/24/EU on the application of patients' rights in cross border healthcare, a voluntary network of national authorities or bodies responsible for HTA in the individual EU member states was established. The purpose of the network is to facilitate and support the exchange of scientific information concerning HTAs. This may lead to harmonization of the criteria taken into account in the conduct of HTAs between EU member states and in pricing and reimbursement decisions and may negatively affect price in at least some EU member states.

On December 13, 2021, Regulation No 2021/2282 on HTA, amending Directive 2011/24/EU, was adopted. The Regulation entered into force in January 2022 and has been applicable since January 2025, with phased implementation based on the type of product, i.e. oncology and advanced therapy medicinal products as of 2025, orphan medicinal products as of 2028, and all other medicinal products by 2030. This Regulation intends to boost cooperation among EU member states in assessing health technologies, including new medicinal products, and provide the basis for cooperation at the EU level for joint clinical assessments in these areas. It will permit EU member states to use common HTA tools, methodologies, and procedures across the EU, working together in four main areas, including joint clinical assessment of the innovative health technologies with the highest potential impact for patients, joint scientific consultations whereby developers can seek advice from HTA authorities, identification of emerging health technologies to identify promising technologies early, and continuing voluntary cooperation in other areas. Individual EU member states will continue to be responsible for assessing non-clinical (e.g., economic, social, ethical) aspects of health technology, and making decisions on pricing and reimbursement.

Based on data from our Phase 2 trial, in 2023 setmelanotide was granted pre-marketing early-access authorization (AP1) in France for use in patients with hypothalamic obesity. This authorization was granted within France's early-access framework by the French National Agency for Medicines and Health Products Safety (ANSM), with the involvement of the French High Health Authority (HAS), and permits temporary access to a (presumed) innovative product candidate prior to European marketing authorization provided that certain conditions are met and especially when no suitable alternatives exist and when the benefit-risk profile is considered favorable. Through the AP1 program we have collected real-world evidence that we believe may support the potential of setmelanotide in this patient population; however, such data may not be predictive of outcomes in controlled trials or of any future regulatory decisions. Early-access authorization is time-limited, subject to ongoing review and renewal, may be modified, suspended, or terminated at any time by the competent authorities, and does not constitute, nor imply, marketing authorization in France, the EU, or elsewhere. AP1 status may not be maintained or extended, additional patients may not receive treatment under this program, and European or other regulatory authorities may not approve setmelanotide for hypothalamic obesity.

If we are unable to establish, maintain or expand our sales, marketing and distribution capabilities or enter into agreements with third parties to market, sell, and distribute IMCIVREE, we may not be able to generate revenue.

In order to market IMCIVREE, we must continue to build our sales, marketing, distribution, managerial and other non-technical capabilities or make arrangements with third parties to perform these services. Although we have received FDA and Health Canada approval, and EC and MHRA marketing authorization for certain indications, we are early in our commercialization efforts. Therefore, you should not compare us to commercial-stage biotechnology companies, and you should not expect that we will generate substantial revenues or become profitable in the near term. If we are unable to establish, maintain or expand our sales, marketing, market access, named patient sales, patient services, reimbursement and distribution capabilities, whether independently or with third parties, or if we are unable to do so on commercially reasonable terms, our business, results of operations, financial condition and prospects would be materially adversely affected.

In the United States, which accounts for the largest portion of our total revenues, the Company sells its product through a specialty pharmacy and through a 3PL company. Internationally, we make sales primarily to specialty distributors and retail pharmacy chains, as well as hospitals, many of which are government-owned or supported. We believe our pharmacy and distribution partners are appropriate and optimized for our commercialization efforts at present, however, these arrangements may not continue to operate as intended or be sufficient as we expand our commercialization efforts to include additional indications, such as acquired hypothalamic obesity. In particular, we partner with our U.S. specialty pharmacy for a significant portion of our revenue. Switching to an alternative, or adding another, specialty pharmacy or distributor would involve substantial cost and require extensive management time and focus. In addition, there is a natural transition period when a new specialty pharmacy or distributor commences work. If we choose to or are required to transition to a new specialty pharmacy or distributor, such transition could result in a material decline in our revenue, results of operations and cash flows.

We may never receive regulatory approval to market setmelanotide outside of the United States, Canada, the European Union, Japan and the United Kingdom.

We intend to seek marketing authorizations in various countries worldwide. For example, we have received marketing authorization for setmelanotide to treat acquired HO in Japan. In order to market any product outside of the United States, Canada, the EU or the United Kingdom, we must establish and comply with the numerous and varying safety, efficacy and other regulatory requirements of other countries. Marketing authorization procedures vary among countries and can involve additional setmelanotide testing and additional administrative review periods. The time required to obtain marketing authorization in other countries might differ from that required to obtain FDA approval or marketing authorization from the EC or the MHRA. The marketing authorization processes in other countries may implicate all of the risks detailed above regarding FDA approval in the United States as well as other risks. In particular, in many countries outside of the United States and Europe, products must receive pricing and reimbursement approval before the product can be commercialized. Obtaining this approval can result in substantial delays in bringing products to market in such countries. Grant of marketing authorization in one country does not ensure grant of marketing authorization in another country, but a failure or delay in obtaining marketing authorization in one country may have a negative effect on the regulatory process or commercial activities in others. Failure to obtain marketing authorization in other countries or any delay or other setback in obtaining such authorizations would impair our ability to market setmelanotide in such foreign markets. Any such impairment would reduce the size of our potential market share and could have a material adverse impact on our business, results of operations and prospects.

We may not achieve or maintain market acceptance for IMCIVREE, which would limit the revenue that we generate from the sale of IMCIVREE.

The commercial success of IMCIVREE will also depend upon the awareness and acceptance of IMCIVREE within the medical community, including physicians, patients and third-party payors. If IMCIVREE does not achieve or maintain an adequate level of acceptance by patients, physicians and third-party payors, we may not generate sufficient revenue to become or remain profitable. Before granting reimbursement approval, third-party payors may require us to demonstrate that, in addition to treating obesity caused by certain genetic deficiencies affecting the MC4R pathway, IMCIVREE also provides incremental health benefits to patients. Our efforts to educate the medical community and third-party payors about the benefits of IMCIVREE may require significant resources and may never be successful. All of these challenges may impact our ability to ever successfully market and sell IMCIVREE.

Market acceptance of IMCIVREE will depend on a number of factors, including, among others:

- the ability of IMCIVREE to provide chronic weight management in patients with obesity caused by certain genetic deficiencies affecting the MC4R pathway and, if required by any competent authority in connection with the approval for these indications, to provide patients with incremental health benefits, as compared with other available treatments, therapies, devices or surgeries;
- the complexities of clinical diagnosis and/or genetic testing, as needed, for certain of IMCIVREE's indications, including obtaining and interpreting clinical or genetic results that support patient treatment with IMCIVREE;
- the relative convenience and ease of SC injections as the necessary method of administration of IMCIVREE, including as compared with other treatments for patients with obesity;
- the prevalence and severity of any adverse side effects associated with IMCIVREE;
- limitations or warnings contained in the labeling approved for IMCIVREE by the FDA or the specific obligations imposed as a condition for marketing authorization imposed by other equivalent competent authorities in foreign jurisdictions, particularly by the EC;
- availability of alternative treatments, including a number of obesity therapies already approved or expected to be commercially launched in the near future;
- our ability to increase awareness of these diseases among our target populations through marketing and other cross-functional efforts;

- the size of the target patient population, and the willingness of the target patient population to try new therapies and of physicians to prescribe these therapies;
- the ability of IMCIVREE to treat the maximum range of pediatric patients, and any limitations on its indications for use;
- the strength of marketing and distribution support and timing of market introduction of competitive products;
- publicity concerning IMCIVREE or competing products and treatments;
- pricing and cost effectiveness;
- the effectiveness of our sales and marketing strategies and our ability to increase awareness of IMCIVREE through marketing efforts;
- our ability to obtain sufficient third-party coverage or reimbursement;
- the willingness of patients to pay out-of-pocket in the absence of third-party coverage (including in the case of named patient sales, which can be a costly and uncertain source of revenues) and the willingness of healthcare providers to obtain reimbursement, which can be challenging and may factor into their decision to prescribe IMCIVREE; and
- the likelihood that competent authorities in foreign jurisdictions may require development of a REMS or other specific obligations as a condition of approval or post-approval, may not agree with our proposed REMS or other specific obligations, or may impose additional requirements that limit the promotion, advertising, distribution or sales of IMCIVREE.

Our industry is intensely competitive. If we are not able to compete effectively against current and future competitors, we may not be able to generate revenue from the sale of IMCIVREE, our business will not grow and our financial condition and operations will suffer.

The biotechnology and pharmaceutical industries are intensely competitive and subject to rapid and significant technological change. We have competitors in a number of jurisdictions, many of which have substantially greater name recognition, commercial infrastructures and financial, technical and personnel resources than we have. Established competitors may invest heavily to quickly discover and develop compounds and generate data that could, even absent regulatory approvals, establish a perception of efficacy in our targeted patient population, which could make IMCIVREE appear obsolete or uneconomical. Any new product that competes with an approved product may need to demonstrate compelling advantages in efficacy, convenience, tolerability and safety to be commercially successful. In addition, payors may require that patients try other medications known as step therapy or a "step-edit," including medications approved for treatment of general obesity, before receiving reimbursement for IMCIVREE. Other competitive factors, including generic competition, could force us to lower prices or could result in reduced sales. In addition, new products developed by others could emerge as competitors to IMCIVREE and our other product candidates. If we are not able to compete effectively against our current and future competitors, our business will not grow and our financial condition and operations will suffer.

We face potential product liability exposure, and, if claims are brought against us, we may incur substantial liability.

The use of setmelanotide, RM-718, and bivamelagon in clinical trials and the sale of IMCIVREE exposes us to the risk of product liability claims. Product liability claims might be brought against us by patients, healthcare providers or others selling or otherwise coming into contact with IMCIVREE. For example, we may be sued if any product we develop allegedly causes injury or is found to be otherwise unsuitable during product testing, manufacturing, marketing or sale. Any such product liability claims may include allegations of defects in manufacturing, defects in design or a failure to warn of dangers inherent in the product, including as a result of interactions with alcohol or other drugs, negligence, strict liability and a breach of warranties. Claims could also be asserted under state consumer protection laws and any equivalent laws in foreign countries. If we become subject to product liability claims and cannot successfully defend ourselves against

them, we could incur substantial liabilities. In addition, regardless of merit or eventual outcome, product liability claims may result in, among other things:

- withdrawal of patients from our clinical trials;
- substantial monetary awards to patients or other claimants;
- decreased demand for IMCIVREE or any future product candidates following marketing approval, if obtained;
- damage to our reputation and exposure to adverse publicity;
- litigation costs;
- distraction of management's attention from our primary business;
- loss of revenue; and
- the inability to successfully commercialize IMCIVREE or any future product candidates, if approved.

We maintain product liability insurance coverage for our clinical trials and commercial product. Our insurance coverage may be insufficient to reimburse us for any expenses or losses we may suffer. Moreover, in the future, we may not be able to maintain insurance coverage at a reasonable cost or in sufficient amounts to protect us against losses, including if insurance coverage becomes increasingly expensive. Large judgments have been awarded in class action lawsuits based on drugs that had unanticipated side effects. The cost of any product liability litigation or other proceedings, even if resolved in our favor, could be substantial, particularly in light of the size of our business and financial resources. A product liability claim or series of claims brought against us could cause our stock price to decline and, if we are unsuccessful in defending such a claim or claims and the resulting judgments exceed our insurance coverage, our financial condition, business and prospects could be materially adversely affected.

We rely completely on third-party suppliers to manufacture our clinical and commercial drug supplies of setmelanotide, RM-718, and bivamelagon, and we intend to rely on third parties to produce preclinical, clinical and commercial supplies of any future product candidate.

We do not currently have, nor do we plan to acquire, the infrastructure or capability to manufacture our clinical and commercial drug supply internally for setmelanotide, RM-718, bivamelagon, or any future product candidates, for use in the conduct of our preclinical studies and clinical trials, and we lack the internal resources and the capability to manufacture any product candidate on a clinical or commercial scale. The facilities used by our contract manufacturing organizations, or CMOs, to manufacture the active pharmaceutical ingredient, or API, and final drug product must successfully complete inspection by the FDA and other equivalent competent authorities in foreign jurisdictions pursuant to inspections that have been and will be conducted following submission of NDAs, NDA supplements or comparable foreign regulatory submissions to the other equivalent competent authorities in foreign jurisdictions. Our failure or the failure of our CMOs to successfully complete any potential preapproval inspections of the manufacturing facilities of setmelanotide, RM-718, and bivamelagon could delay the regulatory approval process. In addition, our clinical trials must be conducted with products produced in accordance with GMP and similar foreign regulations. Our failure or the failure of our CROs or CMOs to comply with these regulations may require us to repeat clinical trials, which would delay the regulatory approval process and could also subject us to enforcement action, including civil and criminal penalties. When we import any drugs or drug substances, we would be subject to FDA, United States Department of Agriculture, and U.S. Bureau of Customs and Border Patrol import regulation requirements. Such enforcement for our failure or our CROs or CMOs' failure to comply with these regulations could result in import delays, detention of products, and, depending on criteria such as the history of violative activities, the FDA could place a foreign firm or certain drug substances or products on Import Alert and require that all such drug substances or products be subject to detention without physical examination which could significantly impact the global supply chain for setmelanotide, RM-718, and bivamelagon. With the exception of those on the FDA's drug shortage list or properly imported by individuals, the FDCA prohibits the importation of prescription drug products for commercial use if they were manufactured in a foreign country, unless they have been approved or are otherwise authorized to be marketed in the United States and are labeled accordingly.

We currently contract with third parties for the manufacture of setmelanotide, RM-718, and bivamelagon and intend to continue to do so in the future. We have entered into process development and manufacturing service agreements with our CMOs, PolyPeptide Group, Braine L'Alleud, or Polypeptide, Neuland Laboratories, and Astrea Monts S.A.S. (formerly Recipharm), or Astrea, for certain process development and manufacturing services for regulatory starting materials and/or raw materials in connection with the manufacture of setmelanotide. We have entered into commercial supply agreements with various CMOs, including with PolyPeptide and Astrea for manufacturing of drug substance and drug product for IMCIVREE. Under our agreements, we pay these third parties for services and/or manufacturing in accordance with the terms of mutually agreed upon work orders, which we may enter into from time to time. We may engage additional third-party suppliers to manufacture our clinical and/or commercial drug supplies in the future. We also have engaged other third parties to assist in, among other things, distribution, post-approval safety reporting and pharmacovigilance activities. We cannot be certain that we can engage third-party suppliers on terms as favorable as those that are currently in place. There are a limited number of companies that can produce raw materials and API in the quantities and with the quality and purity that we require for our product. We believe our current network of manufacturing partners are able to fulfill our requirements, and are capable of continuing to expand capacity as needed. However, if our current suppliers are not able to continue to provide us with the quantities, quality, or purity of raw materials and API that we currently require or in the future will require, it could materially harm our ability to manufacture our products until a new source of supply, if any, could be identified and qualified in a reasonable time or on commercially reasonable terms. Any performance failure on the part of our suppliers could interrupt production of our products, which could have a material adverse effect on our business.

Additionally, we have evaluated, and will continue to evaluate, potential relationships with additional suppliers to increase overall capacity as well as further reduce risks associated with reliance on a limited number of suppliers for manufacturing.

We do not perform the manufacturing of any drug products and are completely dependent on our CMOs to comply with GMPs and similar foreign requirements for manufacture of both drug substance, or API and finished drug product. We recognize that we are ultimately responsible for ensuring that our drug substances and finished drug product are manufactured in accordance with GMPs and similar foreign requirements, and, therefore, the company's management practices and oversight, including routine auditing, are critical. If our CMOs cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or other equivalent competent authorities in foreign jurisdictions, they may be subject to administrative and judicial enforcement for non-compliance and the drug products would be deemed misbranded or adulterated and prohibited from distribution into interstate commerce. Furthermore, all of our CMOs are engaged with other companies to supply and/or manufacture materials or products for such companies, which exposes our manufacturers to regulatory risks for the production of such materials and products. As a result, failure to satisfy the regulatory requirements for the production of those other company materials and products may affect the regulatory clearance of our CMOs' facilities generally. In addition, satisfying the regulatory requirements for production of setmelanotide, RM-718, and bivamelagon with multiple suppliers, while assuring more robust drug availability in the future, adds additional complexity and risk to regulatory approval. If the FDA or another equivalent competent foreign regulatory agency does not approve these facilities for the manufacture of setmelanotide, RM-718, and bivamelagon or if it withdraws its approval in the future, we may need to find alternative manufacturing facilities, which would adversely impact our ability to develop, obtain regulatory approval for or market setmelanotide, RM-718, or bivamelagon.

Our CMOs are manufacturing finished drug product for use in our upcoming or ongoing clinical trials and for commercial supply. We believe we currently have a sufficient amount of finished setmelanotide, RM-718, bivamelagon, and placebo to complete our ongoing and planned clinical trials, and for commercial IMCIVREE supply. However, these projections could change based on delays encountered with manufacturing activities, equipment scheduling and material lead times. Any such delays in the manufacturing of finished drug product could delay our planned clinical trials of setmelanotide, RM-718, and bivamelagon, and our commercial IMCIVREE supply, which could delay, prevent or limit our ability to generate revenue and continue our business.

We do not have long term supply agreements in place with all of our contractors involved with the manufacturing of our weekly formulation of setmelanotide, RM-718, and bivamelagon. We currently place individual batch or campaign orders with the CMOs/suppliers that are individually contracted under existing master services and quality agreements for the weekly formulation of setmelanotide, RM-718, and bivamelagon. If we engage new contractors, such contractors must be approved by the FDA and other equivalent competent authorities in foreign jurisdictions. We will need to submit information to the FDA and other equivalent competent authorities in foreign jurisdictions describing the manufacturing changes. If manufacturing changes occur post-approval, the FDA and foreign regulatory authorities may have to approve these changes. We plan to continue to rely upon CMOs and, potentially, collaboration partners to manufacture commercial quantities of setmelanotide, RM-718, and bivamelagon, if approved. Our current scale of manufacturing appears adequate

to support all of our current needs for clinical trial and initial commercial supplies for setmelanotide, RM-718, and bivamelagon, if approved. However, going forward, we may need to identify additional CMOs or partners to produce setmelanotide, RM-718, and bivamelagon on a larger scale.

Certain of our pharmaceutical products are manufactured outside of the United States. Recently, the U.S. government has initiated substantial changes in U.S. trade policy and U.S. trade agreements, including the initiation of tariffs on certain foreign goods, and has indicated an intention to impose tariffs on imported pharmaceutical products. In response to these tariffs, foreign governments have instituted or are considering imposing tariffs on certain U.S. goods, in addition to other retaliatory measures. If the U.S. imposes additional tariffs or other trade measures on pharmaceutical products, and in response other countries take further retaliatory trade measures, these actions could impose additional costs on our business.

Risks Related to Our Intellectual Property Rights

If we are unable to adequately protect our proprietary technology or maintain issued patents directed to setmelanotide, RM-718, and bivamelagon, others could compete against us sooner, which could have a material adverse impact on our business, results of operations, financial condition and prospects.

Our commercial success will depend in part on our success in obtaining and maintaining issued patents and other intellectual property rights in the United States and elsewhere and protecting our proprietary technology. If we do not adequately protect our intellectual property and proprietary technology, competitors may be able to use our technologies and erode or negate any competitive advantage we may have, which could harm our business and ability to achieve profitability.

Our patents may not have, and any of our pending patent applications that mature into issued patents may not include, claims with a scope sufficient to protect setmelanotide, RM-718, and bivamelagon. In addition, our CHI program intellectual property may not have the scientific value and commercial potential which we envision. Other parties have developed technologies that may be related or competitive to our approach, and may have filed or may file patent applications and may have received or may receive patents that may overlap with our patent applications, either by claiming the same methods or formulations or by claiming subject matter that could dominate our patent positions. The patent positions of biotechnology and pharmaceutical companies, including our patent positions, involve complex legal and factual questions, and, therefore, the issuance, scope, validity and enforceability of any patent claims that we may obtain cannot be predicted with certainty.

Although an issued patent is presumed valid and enforceable, its issuance is not conclusive as to its validity or its enforceability and such patent may not provide us with adequate proprietary protection or competitive advantages against competitors with similar products. Patents, if issued, may be challenged, deemed unenforceable, invalidated or circumvented. U.S. patents and patent applications or the patents and patent application obtained or submitted pursuant to comparable foreign laws, may also be subject to interference proceedings, *ex parte* reexamination, *inter partes* review proceedings, post-grant review proceedings, supplemental examination and challenges in court. Patents may be subjected to opposition or comparable proceedings lodged in various foreign, both national and regional, patent offices. These proceedings could result in either loss of the patent or denial of the patent application or loss or reduction in the scope of one or more of the claims of the patent or patent application. In addition, such proceedings may be costly. Thus, any patents that we may own or exclusively license may not provide any protection against competitors. Furthermore, an adverse decision in an interference proceeding can result in a third party receiving the patent right sought by us, which in turn could affect our ability to develop, market or otherwise commercialize setmelanotide, RM-718, or bivamelagon.

Competitors may also be able to design around our patents. Other parties may develop and obtain patent protection for more effective technologies, designs or methods. The laws of some foreign countries may not protect our proprietary rights to the same extent as the laws of the United States, and we may encounter significant problems in protecting our proprietary rights in these countries. If these developments were to occur, they could have a material adverse effect on our sales.

In addition, proceedings to enforce or defend our patents could put our patents at risk of being invalidated, held unenforceable or interpreted narrowly. Such proceedings could also provoke third parties to assert claims against us, including that some or all of the claims in one or more of our patents are invalid or otherwise unenforceable. If any of our patents covering setmelanotide, RM-718, or bivamelagon are invalidated or found unenforceable, our financial position and results of operations would be materially and adversely impacted. In addition, if a court found that valid, enforceable

patents held by third parties covered setmelanotide, RM-718, or bivamelagon, our financial position and results of operations would also be materially and adversely impacted.

The degree of future protection for our proprietary rights is uncertain, and we cannot ensure that:

- any of our patents, or any of our pending patent applications, if issued, will include claims having a scope sufficient to protect setmelanotide, RM-718, or bivamelagon;
- any of our pending patent applications will issue as patents;
- we will be able to successfully commercialize IMCIVREE or our other product candidates before our relevant patents expire;
- we were the first to make the inventions covered by each of our patents and pending patent applications;
- we were the first to file patent applications for these inventions;
- others will not develop similar or alternative technologies that do not infringe our patents;
- any of our patents will be found to ultimately be valid and enforceable;
- any patents issued to us will provide a basis for an exclusive market for our commercially viable products, will provide us with any competitive advantages or will not be challenged by third parties;
- we will develop additional proprietary technologies or product candidates that are separately patentable; or
- our commercial activities or products will not infringe upon the patents of others.

We rely upon unpatented trade secrets, unpatented know-how, and continuing technological innovation to develop and maintain our competitive positions, which we seek to protect, in part, by confidentiality agreements with employees, consultants, collaborators and vendors. We also have agreements with employees and selected consultants that obligate them to assign their inventions to us. It is possible that technology relevant to our business will be independently developed by a person who is not a party to such an agreement. We may not be able to prevent the unauthorized disclosure or use of our technical knowledge or trade secrets by consultants, collaborators, vendors, former employees and current employees. Furthermore, if the parties to our confidentiality agreements breach or violate the terms of these agreements, we may not have adequate remedies for any such breach or violation, and we could lose our trade secrets through such breaches or violations. Further, our trade secrets could otherwise become known or be independently discovered by our competitors.

We may be involved in lawsuits to protect or enforce our patents or the patents of our licensors, which could be expensive, time consuming and unsuccessful.

Competitors may infringe our patents or the patents of our licensors. To counter infringement or unauthorized use, we may be required to file infringement claims, which can be expensive and time consuming and divert the attention of our management and key personnel from our business operations. Even if we prevail in any lawsuits that we initiate, the damages or other remedies awarded may not be commercially meaningful. In addition, in an infringement proceeding, a court may decide that a patent of ours or our licensors is not valid, is unenforceable and/or is not infringed, or may refuse to stop the other party from using the technology at issue on the grounds that our patents do not cover the technology in question. An adverse result in any litigation or defense proceedings could put one or more of our patents at risk of being invalidated or interpreted narrowly and could put our patent applications at risk of not issuing.

Interference proceedings provoked by third parties or brought by us may be necessary to determine the priority of inventions with respect to our patents or patent applications or those of our licensors. An unfavorable outcome could require us to cease using the related technology or to attempt to license rights to it from the prevailing party. Our business could be harmed if the prevailing party does not offer us a license on commercially reasonable terms. Our defense of litigation or interference proceedings may fail and, even if successful, may result in substantial costs and distract our management and other employees. We may not be able to prevent, alone or with our licensors, misappropriation of our

intellectual property rights, particularly in countries where the laws may not protect those rights as fully as in the United States.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. There could also be public announcements of the results of hearings, motions or other interim proceedings or developments. If securities analysts or investors perceive these results to be negative, it could have a material adverse effect on the price of our common stock.

We may infringe the intellectual property rights of others, which may prevent or delay our product development efforts and stop us from commercializing or increase the costs of commercializing IMCIVREE or our other product candidates.

Our success will depend in part on our ability to operate without infringing the intellectual property and proprietary rights of third parties. We cannot assure you that our business, products and methods do not or will not infringe the patents or other intellectual property rights of third parties. For example, numerous third-party U.S. and non-U.S. patents and pending applications exist that cover melanocortin receptor analogs and methods of using these analogs.

The pharmaceutical industry is characterized by extensive litigation regarding patents and other intellectual property rights. Other parties may allege that setmelanotide, RM-718, or bivamelagon or the use of our technologies infringes patent claims or other intellectual property rights held by them or that we are employing their proprietary technology without authorization.

Patent and other types of intellectual property litigation can involve complex factual and legal questions, and their outcome is uncertain. Any claim relating to intellectual property infringement that is successfully asserted against us may require us to pay substantial damages, including treble damages and attorney's fees if we are found to be willfully infringing another party's patents, for past use of the asserted intellectual property and royalties and other consideration going forward if we are forced or choose to take a license. In addition, if any such claim were successfully asserted against us and we could not obtain such a license, we may be forced to stop or delay developing, manufacturing, selling or otherwise commercializing IMCIVREE or our other product candidates.

If we are unable to avoid infringing the patent rights of others, we may be required to seek a license, defend an infringement action or challenge the validity of the patents in court, or redesign our products. Patent litigation is costly and time consuming. We may not have sufficient resources to bring these actions to a successful conclusion.

In addition, in order to avoid infringing the intellectual property rights of third parties and any resulting intellectual property litigation or claims, we could be forced to do one or more of the following, which may not be possible and, even if possible, could be costly and time-consuming:

- cease development of setmelanotide and commercialization of IMCIVREE or our other product candidates;
- pay substantial damages for past use of the asserted intellectual property;
- obtain a license from the holder of the asserted intellectual property, which license may not be available on reasonable terms, if at all; and
- in the case of trademark claims, rename setmelanotide and/or its trade name IMCIVREE.

Any of these risks coming to fruition could have a material adverse effect on our business, results of operations, financial condition and prospects.

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

We may also be subject to claims that former employees, collaborators or other third parties have an inventorship or ownership interest in our patents or other intellectual property. Litigation may be necessary to defend against these and other claims challenging inventorship or ownership. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights, such as exclusive ownership of, or right to use, such intellectual

property. Such an outcome could have a material adverse effect on our business. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to management and other employees.

Issued patents covering setmelanotide or our other product candidates could be found invalid or unenforceable if challenged in court.

If we or one of our licensing partners threatened or initiated legal proceedings against a third party to enforce a patent covering setmelanotide or one of our other product candidates, the defendant could claim that the patent covering setmelanotide or the other product candidates are invalid and/or unenforceable. In patent litigation in the United States, defendant counterclaims alleging invalidity and/or unenforceability are commonplace. Grounds for a validity challenge include alleged failures to meet any one of several statutory requirements, including novelty, non-obviousness and enablement. Grounds for unenforceability assertions include allegations that someone connected with prosecution of the patent withheld material information from the U.S. PTO, or made a misleading statement, during patent prosecution. Third parties may also raise similar claims before administrative bodies in the United States 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, for example, opposition proceedings. Such proceedings could result in revocation or amendment of our patents in such a way that they no longer cover setmelanotide, our other product candidates, or competitive products. The outcome following legal assertions of invalidity and/or unenforceability is unpredictable. With respect to validity, for example, we cannot be certain that there is no invalidating prior art, of which we and the patent examiner were unaware during prosecution. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and perhaps all, of the patent protection on setmelanotide or our other product candidates. Such a loss of patent protection would have a material adverse impact on our business.

We do not seek to protect our intellectual property rights in all jurisdictions throughout the world and we may not be able to adequately enforce our intellectual property rights even in the jurisdictions where we seek protection.

Filing, prosecuting and defending patents on setmelanotide and our other product candidates in all countries and jurisdictions throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States could be less extensive than those in the United States. 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 United States. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States, or from selling or importing products made using our inventions in and into the United States or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patent protection to develop their own products and further, may export otherwise infringing products to territories where we have patent protection, but enforcement is not as strong as that in the United States. These products may compete with our product and our patents or other intellectual property rights may not be effective or sufficient to prevent them from competing.

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 and other intellectual property protection, particularly those relating to biopharmaceuticals, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. For example, an April 2024 report from the Office of the United States Trade Representative identified a number of countries, including India and China, where challenges to the procurement and enforcement of patent rights have been reported. Several countries, including India and China, have been listed in the report every year since 1989. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly, could put our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

We are dependent on licensed intellectual property. If we were to lose our rights to licensed intellectual property, we may not be able to continue developing or commercializing setmelanotide or bivamelagon.

We have licensed our rights to setmelanotide from Ipsen, and our rights to bivamelagon from LGC. Our licenses with Ipsen and LGC impose various obligations on us, and provide Ipsen and LGC the right to terminate the license in the event of our material breach of the license agreement, our failure to initiate or complete certain development of a licensed product, or our commencement of an action seeking to have an Ipsen or LGC licensed patent right declared invalid.

Termination of our license from Ipsen or LGC would result in our loss of the right to use the licensed intellectual property, which would materially adversely affect our ability to develop and commercialize setmelanotide and bivamelagon, respectively, as well as harm our competitive business position and our business prospects. Furthermore, if our license agreement with LGC were terminated, we will still be obligated to make certain payments to LGC.

We also have licensed from Camurus its drug delivery technology, FluidCrystal®, to formulate once-weekly setmelanotide. Our license with Camurus imposes various obligations on us, and provides Camurus the right to terminate the license in the event of our material breach of the license agreement. Termination of our license from Camurus would result in our inability to use the licensed intellectual property.

We may enter into additional license agreements to third-party intellectual property that are necessary or useful to our business. Future licensors may also allege that we have breached our license agreement and may accordingly seek to terminate our license with them. In addition, future licensors may have the right to terminate our license at will. Any termination could result in our loss of the right to use the licensed intellectual property, which could materially adversely affect our ability to develop and commercialize setmelanotide, as well as harm our competitive business position and our business prospects.

Any termination could result in our loss of the right to use the licensed intellectual property, which could materially adversely affect our ability to develop and commercialize setmelanotide or bivamelagon, as well as harm our competitive business position and our business prospects.

While we have registered trademarks for the commercial trade name IMCIVREE (setmelanotide) in the United States, the European Union, and other jurisdictions, we have not yet obtained trademark protection for IMCIVREE in certain foreign jurisdictions and failure to secure such registrations could adversely affect our business.

While we have received registered trademarks for the commercial trade name IMCIVREE (setmelanotide) and its logo in the United States, the EU, and other countries, we have not yet obtained trademark protection for IMCIVREE in certain foreign jurisdictions and are pursuing trademark registrations in other jurisdictions. Our trademark applications may be rejected during trademark registration proceedings. Although we would be given an opportunity to respond to those rejections, we may be unable to overcome them. In addition, in the U.S. PTO and in comparable agencies in many foreign jurisdictions, third parties are given an opportunity to oppose pending trademark applications and to seek to cancel registered trademarks. Opposition or cancellation proceedings may be filed against our trademarks, and our trademarks may not survive those proceedings.

If we do not obtain additional protection under the Hatch-Waxman Amendments and similar foreign legislation by extending the patent terms and obtaining product exclusivity for setmelanotide and our other product candidates, our business may be materially harmed.

Depending upon the timing, duration and specifics of FDA marketing approval for setmelanotide and our other product candidates, one or more of the U.S. patents we own or license may be eligible for limited patent term restoration under the Drug Price Competition and Patent Term Restoration Act of 1984, referred to as the Hatch Waxman Amendments. The Hatch Waxman Amendments permit a patent term restoration of up to five years as compensation for patent term lost during product development and the FDA regulatory review process. We have received patent term extension for IMCIVREE and will apply for patent term extension for our other product candidates at the appropriate time, however, we may not be granted an extension for these other product candidates because of, for example, failure to apply within applicable deadlines, failure to apply prior to expiration of relevant patents or otherwise failure to satisfy applicable requirements. Moreover, the applicable time period or the scope of patent protection afforded could be less than we request. If we are unable to obtain patent term extension or restoration or the term of any such extension is less than we request, our competitors may obtain approval of competing products following our patent expiration, and our ability to generate revenues could be materially adversely affected.

Because setmelanotide contains active ingredients that the FDA determined to be a new chemical entity, it was afforded five years of non-patent data exclusivity by the FDA. Following the expiration of this exclusivity period, the FDA may approve generic products referencing the information included in our NDA for setmelanotide. Manufacturers may seek to launch these generic products, even if we still have patent protection for setmelanotide. Legislation enacted by Congress has created, among other things, new causes of action against innovator companies that refuse to offer samples of drugs for purposes of testing and developing generic or biosimilar products or to allow companies to participate in a shared Risk Evaluation and Mitigation Strategy (REMS). Competition that setmelanotide may face from generic versions could

materially and adversely impact our future revenue, profitability and cash flows and substantially limit our ability to obtain a return on the investments we have made in setmelanotide.

If we fail to obtain an extension of patent protection under similar foreign legislation, where applicable, our competitors may obtain approval of competing products following our patent expiration, and our ability to generate revenues could be materially adversely affected in the foreign countries concerned.

Changes in U.S. patent law could diminish the value of patents in general, thereby impairing our ability to protect our products.

The United States enacted the America Invents Act of 2011, which is a wide-ranging patent reform legislation. Further, 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. In addition to increasing uncertainty with regard to our ability to obtain future patents, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on decisions by the U.S. Congress, the federal courts and the U.S. PTO, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce our existing patents or future patents.

We may be subject to damages resulting from claims that we or our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

Our employees have been previously employed at other biotechnology or pharmaceutical companies, including competitors or potential competitors. We may be subject to claims that these employees or we have inadvertently or otherwise used or disclosed trade secrets or other proprietary information of the former employers of our employees. Litigation may be necessary to defend against these claims. Even if we are successful in defending against these claims, litigation could result in substantial costs and be a distraction to management. If we fail in defending such claims, in addition to paying money damages, we may lose valuable intellectual property rights or personnel. A loss of key personnel or their work product could hamper or prevent our ability to commercialize setmelanotide or our other product candidates, which would materially adversely affect our commercial development efforts.

Risks Related to Regulatory Approval and Marketing of IMCIVREE and Other Legal and Compliance Matters

Even if we complete the necessary clinical trials, the regulatory and marketing approval process is expensive, time consuming and uncertain and may prevent us from obtaining additional approvals for the commercialization of our product candidates. If we are not able to obtain, or if there are delays in obtaining, required regulatory approvals for our product candidates, we will not be able to commercialize such candidates and our ability to generate revenue will be materially impaired.

Our business depends largely on its successful clinical development, regulatory approval and commercialization of our product candidates. In the United States, IMCIVREE is approved to reduce excess body weight and maintain weight reduction long term in adults and pediatric patients 2 years of age and older with syndromic or monogenic obesity due to BBS or POMC, PCSK1 or LEPR deficiency as determined by genetic testing demonstrating variants in *POMC, PCSK1* or *LEPR* genes that are interpreted as pathogenic, likely pathogenic, or of uncertain significance, and in adults and pediatric patients four years of age and older with acquired hypothalamic obesity. Health Canada has approved IMCIVREE for weight management in adult and pediatric patients 6 years of age and older with obesity due to BBS or genetically-confirmed POMC, PCSK1, or LEPR deficiency due to variants interpreted as pathogenic, likely pathogenic, or of VUS. The EC has authorized setmelanotide for the treatment of obesity and the control of hunger in adults and children 4 years of age and above with acquired hypothalamic obesity due to hypothalamic injury or impairment, and for the treatment of obesity and the control of hunger associated with genetically confirmed BBS or genetically confirmed loss-of-function biallelic POMC, including PCSK1, deficiency or biallelic LEPR deficiency in adults and children 2 years of age and above. The UK's MHRA authorized setmelanotide for the treatment of obesity and the control of hunger associated with genetically confirmed BBS or genetically confirmed loss-of-function biallelic POMC, including PCSK1, deficiency or biallelic LEPR deficiency in adults and children 2 years of age and above. Setmelanotide will require substantial additional clinical development, testing and regulatory approval before we are permitted to commence commercialization in indications beyond those currently approved for IMCIVREE in the United States, the EU and the United Kingdom, and our other product candidates will require similar efforts before we are permitted to commercialize them for any indication. The clinical trials, manufacturing and marketing of our product candidates are subject to extensive and rigorous review and

regulation by numerous government authorities in the United States and in other countries where we intend to test and, if approved, market such product candidates.

Before obtaining regulatory approvals for the commercial sale of any product candidate, we must demonstrate through nonclinical testing and clinical trials that the product candidate is safe and effective for use in each target indication. This process can take many years and approval, if any, may be conditional on postmarketing studies and surveillance, and will require the expenditure of substantial resources beyond our existing cash resources. Of the large number of drugs in development in the United States and in other countries, only a small percentage will successfully complete the FDA regulatory approval process or the equivalent process in foreign jurisdictions and will be commercialized. In addition, we have not discussed all of our proposed development programs with the FDA or the competent authorities of foreign jurisdictions. Accordingly, even if we are able to obtain the requisite financing to continue to fund our development and clinical trials, we cannot assure you that setmelanotide will be successfully developed or commercialized.

In addition, obtaining FDA or EC approval is a complex, lengthy, expensive and uncertain process, and the FDA, EMA or equivalent competent authorities in foreign jurisdictions may delay, limit or deny approval of our product candidates for many reasons, including, among others:

- the FDA, the EMA, or other equivalent competent authorities in foreign jurisdictions may disagree with our interpretation of data from clinical trials, or may change the requirements for approval even after it has reviewed and commented on the design for our clinical trials;
- we may not be able to demonstrate to the satisfaction of the FDA, the EMA, or other equivalent competent authorities in foreign jurisdictions that our product candidates are safe and effective for their intended uses;
- the results of our clinical trials may not be interpretable or meet the level of statistical or clinical significance required by the FDA, the EMA, or other equivalent competent authorities in foreign jurisdictions for marketing approval. For example, the potential unblinding of setmelanotide studies due to easily identifiable AEs may raise the concern that potential bias has affected the clinical trial results;
- the FDA, the EMA, or other equivalent competent authorities in foreign jurisdictions may disagree with the number, size, conduct or implementation of our clinical trials;
- the FDA, the EMA, or other equivalent competent authorities in foreign jurisdictions may require that we conduct additional clinical trials or pre-clinical studies;
- the FDA, the EMA, or other equivalent competent authorities in foreign jurisdictions or the applicable foreign regulatory agency may identify deficiencies in our chemistry, manufacturing or controls of our product candidates, or in the commercial production of such product candidates that may be required to support product approval;
- the CROs that we retain to conduct our clinical trials may take actions outside of our control that materially adversely impact our clinical trials;
- the FDA, the EMA, or other equivalent competent authorities in foreign jurisdictions may find the data from preclinical studies and clinical trials insufficient to demonstrate that clinical and other benefits of a product candidate outweigh its safety risks;
- the FDA, the EMA, or other equivalent competent authorities in foreign jurisdictions may disagree with our interpretation of data from our preclinical studies and clinical trials;
- the FDA or other equivalent competent authorities in foreign jurisdictions may not approve the formulation, labeling or specifications of our product candidates;
- the FDA, the EMA, or other equivalent competent authorities in foreign jurisdictions may not accept data generated at our clinical trial sites;

- the FDA, the EMA, or the equivalent competent authorities in foreign jurisdictions may require, as a condition of approval, additional preclinical studies or clinical trials, limitations on approved labeling or distribution and use restrictions;
- we may not be able to meet any post-market requirements or commitments agreed to in connection with regulatory approvals
- the FDA may require development of a REMS as a condition of additional approvals or may impose additional requirements that limit the promotion, advertising, distribution, or sales of our product candidate;
- the EC may grant only conditional marketing authorization or based on the EMA's opinion impose specific obligations as a condition for marketing authorization, or may require us to conduct post authorization safety studies as a condition of grant of marketing authorization;
- the FDA or other equivalent competent foreign regulatory agencies may deem our manufacturing processes or our facilities or the facilities of our CMOs inadequate to preserve the identity, strength, quality, purity, or potency of our product; or
- the FDA or the equivalent competent authorities in foreign jurisdictions may change its approval policies or adopt new regulations and guidance.

Any of these factors, many of which are beyond our control, could jeopardize our ability to obtain additional regulatory approvals, or to successfully market IMCIVREE. Moreover, because our business is largely dependent upon setmelanotide, any such setback in our pursuit of regulatory approvals would have a material adverse effect on our business and prospects.

Future regulatory legislation or regulation may increase the difficulty and cost for us to obtain marketing approval of and commercialize our product candidates.

The EU pharmaceutical legislation has been undergoing a complete review process, in the context of the Pharmaceutical Strategy for Europe initiative, launched by the EC in November 2020. The EC's proposal for a revision of several legislative instruments related to medicinal products was published on April 26, 2023. The proposed changes were since discussed and negotiated by the European Parliament and the Council of the EU as part of the EU ordinary legislative process. A provisional agreement has been reached by the European Parliament and Council of the EU on the proposed revisions on December 11, 2025. Following positive votes by Members States and the European Parliament on the provisional agreement in March 2026, the proposed revisions (affecting the duration of regulatory data protection and market protection, including for orphan medicinal products, revising the eligibility for expedited pathways, etc.) must now be formally adopted by the Ministers of Health in the Employment, Social Policy, Health and Consumer Affairs Council, or EPSCO, and the European Parliament Plenary, currently anticipated in Q3-Q4 2026. The proposed changes are not expected to become applicable before 2028 and may however have a significant impact on the pharmaceutical industry and our business in the long term. Furthermore, on April 28, 2025, the UK adopted an amendment to the UK clinical trials regulations intended to support a more streamlined and flexible regulation of clinical trials, removing unnecessary administrative burdens on trial sponsors, while protecting the interests of trial participants. It also intends to bring the UK regulatory framework for clinical trials, which is still based on the EU Clinical Trials Directive, into closer alignment with the (EU) CTR. The amendment became applicable April 28, 2026, following a one-year transition period. The revisions, may, however, have a significant impact on the pharmaceutical industry and our business in the long term.

In the United States, the FDA oversees the rare pediatric disease priority review voucher program (the "PRV Program"), which aims to incentivize drug development for rare pediatric diseases. Under the PRV Program, a company sponsor that receives a drug approval may qualify for a voucher that can be redeemed to receive priority review for a different product and these vouchers can be transferred or sold. Under the current provisions in the law enacting the PRV Program, the PRV Program will sunset after September 30, 2029. Any changes to the PRV Program could impact existing and future development programs and could negatively impact our business.

Disruptions at the FDA, including those caused by changing policy priorities, funding shortages staffing or other resource limitations could hinder their ability to hire, retain or deploy key leadership and other personnel, or otherwise prevent new or modified products from being developed, approved or commercialized in a timely manner or at all, which could negatively impact our business.

The ability of the FDA and foreign regulatory authorities to review and or approve new products can be affected by a variety of factors, including reductions in force or hiring freezes, government budget and funding levels, statutory, regulatory, and policy changes, the FDA's and foreign regulatory authorities' ability to hire and retain key personnel and accept the payment of user fees, and other events that may otherwise affect the FDA's and foreign regulatory authorities' ability to perform routine functions, including uncertainty associated with the current presidential administration in the United States. Average review times at the FDA and foreign regulatory authorities have fluctuated in recent years as a result of some of these factors and could also fluctuate in the future. In addition, government funding of other government agencies 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 drugs and biologics to be reviewed and/or approved by necessary government agencies, which would adversely affect our business. For example, in recent years, the U.S. government has shut down several times and certain regulatory agencies, such as the FDA, have had to furlough critical FDA employees and stop critical activities. In addition, the current U.S. Presidential administration has issued and started to implement certain policies and Executive Orders directed towards reducing the employee headcount and costs associated with U.S. administrative agencies, including the FDA, and it remains unclear the degree to which these efforts may limit or otherwise adversely affect the FDA's ability to conduct activities.

If a prolonged government shutdown occurs, or if policy changes, funding shortages or staffing limitations or any other disruptions prevent or hinder the FDA or other regulatory authorities from conducting their regular inspections, reviews, or other activities, including providing us with advice on our development programs in a timely manner, such events could significantly impact the ability of the FDA or other regulatory authorities to timely review and process our regulatory submissions, which could have a material adverse effect on our business. It could also impact our ability to access the public markets and obtain necessary capital in order to fund our operations.

The terms of our current and future potential marketing approvals for setmelanotide and other product candidates and ongoing regulation may limit how we manufacture and market setmelanotide and other products, and compliance with such requirements may involve substantial resources, which could materially impair our ability to generate revenue.

Regulatory authorities may impose significant restrictions on setmelanotide's indicated uses or marketing or impose ongoing requirements for potentially costly post approval studies, and the same may be true for our other product candidates, if approved. We and setmelanotide will also be subject to ongoing requirements by the FDA and foreign regulatory authorities, governing labeling, packaging, storage, advertising, promotion, marketing, distribution, importation, exportation, post-approval changes, manufacturing, recordkeeping, and submission of safety and other post market information. Advertising and promotional materials must comply with the FDCA and implementing regulations and foreign regulations and are subject to FDA and foreign regulatory authorities oversight and post-marketing reporting obligations, in addition to other potentially applicable federal and state laws. The FDA and the other competent foreign authorities have significant post market authority, including, for example, the authority to require labeling changes based on new safety information and to require post market studies or clinical trials to evaluate serious safety risks related to the use of a drug. The FDA and foreign regulatory authorities also has the authority to require, as part of an NDA or similar foreign application or post approval, the submission of a REMS or other specific obligations, which may include Elements to Assure Safe Use. Any REMS or other specific obligations required by the FDA or foreign regulatory authorities may lead to increased costs to assure compliance with new post approval regulatory requirements and potential requirements or restrictions on the sale of approved products, all of which could lead to lower sales volume and revenue. The holder of an approved NDA also must submit new or supplemental applications and obtain FDA approval for certain changes to the approved product, product labeling or manufacturing process, or adding new manufacturers. Similar requirements apply in foreign jurisdictions.

Manufacturers of drug products and their facilities may be subject to payment of application and program fees and are subject to continual review and periodic inspections by the FDA and other equivalent competent authorities for compliance with cGMPs and other regulations. If we or a regulatory agency discover problems with setmelanotide, such as AEs of unanticipated severity or frequency, or problems with the facility where setmelanotide is manufactured or disagrees with the promotion, marketing or labeling of the product, a regulatory agency may impose restrictions on setmelanotide, the manufacturer or us, including requiring withdrawal of setmelanotide from the market or suspension of manufacturing.

If we or the manufacturing facilities for setmelanotide fail to comply with applicable regulatory requirements, a regulatory agency may, among other things:

- issue warning letters or untitled letters;
- seek an injunction or impose civil or criminal penalties or monetary fines;
- vary, suspend or withdraw marketing approval;
- suspend any ongoing clinical trials;
- refuse to approve pending applications or supplements to applications submitted by us;
- suspend or impose restrictions on operations, including costly new manufacturing requirements; or
- seize or detain setmelanotide, refuse to permit the import or export of setmelanotide, or request that we initiate a product recall.

Any government investigation of alleged violations of law could require us to expend significant time and resources in response and could generate negative publicity. The occurrence of any event or penalty described above may inhibit our ability to commercialize our product candidates and adversely affect our business, financial condition, results of operations and prospects.

Accordingly, we and our CMOs will continue to expend time, money and effort in all areas of regulatory compliance, including manufacturing, production, product surveillance and quality control. If we are not able to comply with post-approval regulatory requirements, we could have the marketing approvals for setmelanotide withdrawn by regulatory authorities and our ability to market any future products could be limited, which could adversely affect our ability to achieve or sustain profitability. Thus, the cost of compliance with post-approval regulations may have a negative effect on our operating results and financial condition.

In addition, a sponsor's responsibilities and obligations under the FDCA and FDA regulations, and those of equivalent foreign regulatory agencies, may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of our product candidates. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the United States or abroad. If we are slow or unable to adapt to changes in existing requirements or the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may be subject to enforcement action and we may not achieve or sustain profitability.

Similar to the United States, both marketing authorization holders and manufacturers of medicinal products are subject to comprehensive regulatory oversight by the EMA and the competent authorities of the individual EU member states, both before and after grant of the manufacturing and marketing authorizations. This oversight includes control of compliance with GMP rules, which govern quality control of the manufacturing process and require documentation policies and procedures. We and our third-party manufacturers would be required to ensure that all of our processes, methods, and equipment are compliant with GMP. Failure by us or by any of our third-party partners, including suppliers, manufacturers, and distributors to comply with EU laws and the related national laws of individual EU member states governing the conduct of clinical trials, manufacturing approval, marketing authorization of medicinal products, both before and after grant of marketing authorization, and marketing of such products following grant of authorization may result in administrative, civil, or criminal penalties. These penalties could include delays in or refusal to authorize the conduct of clinical trials or to grant marketing authorization, product withdrawals and recalls, product seizures, suspension, revocation or variation of the marketing authorization, total or partial suspension of production, distribution, manufacturing, or clinical trials, operating restrictions, injunctions, suspension of licenses, fines, and criminal penalties.

In addition, EU legislation related to pharmacovigilance, or the assessment and monitoring of the safety of medicinal products, provides that the EMA and the competent authorities of the EU member states have the authority to require companies to conduct additional post-approval clinical efficacy and safety studies. The legislation also governs the obligations of marketing authorization holders with respect to additional monitoring, AE management and reporting. Under the pharmacovigilance legislation and its related regulations and guidelines, we may be required to conduct a labor intensive collection of data regarding the risks and benefits of marketed products and may be required to engage in ongoing

assessments of those risks and benefits, including the possible requirement to conduct additional clinical studies, which may be time consuming and expensive and could impact our profitability. Noncompliance with such obligations can lead to the variation, suspension or withdrawal of marketing authorization or imposition of financial penalties or other enforcement measures.

Current and future healthcare reform legislation or regulation may increase the difficulty and cost for us and any future collaborators to commercialize setmelanotide and may adversely affect the prices we, or they, may obtain and may have a negative impact on our business and results of operations.

In the United States and some foreign jurisdictions there have been, and continue to be, a number of legislative and regulatory changes and proposed changes regarding the healthcare system that could, among other things, restrict or regulate post-approval activities with respect to IMCIVREE and affect our ability, or the ability of any future collaborators, to profitably sell our products. Among policy makers and payors in the United States and elsewhere, there is significant interest in promoting changes in healthcare systems with the stated goals of containing healthcare costs, improving quality and/or expanding access. In the United States and elsewhere, the pharmaceutical industry has been a particular focus of these efforts and has been significantly affected by major legislative and regulatory initiatives. We expect that current laws, as well as other healthcare reform measures that may be adopted in the future, may result in more rigorous coverage criteria and additional downward pressure on the price that we, or any future collaborators, may receive for IMCIVREE or any product candidates approved for sale. New and changing laws and regulations may also create uncertainty about how such laws and regulations will be interpreted and applied. If the Company is found to have violated laws and regulations, it could materially adversely affect the Company's business, results of operations and financial condition.

The Patient Protection and Affordable Care Act (ACA) was signed into law in 2010. The ACA substantially changed the way healthcare is financed by both governmental and private insurers, and significantly affects the U.S. pharmaceutical industry. Among the provisions of the ACA of importance to our business, including, without limitation, our ability to commercialize and the prices we may obtain for any product candidates that are approved for sale, are the following:

- an annual, nondeductible fee on any entity that manufactures or imports specified branded prescription drugs and biologic agents, apportioned among these entities according to their market share in certain government healthcare programs, although this fee does not apply to sales of certain products approved exclusively for orphan indications;

- expansion of manufacturers' rebate liability under the Medicaid Drug Rebate Program by increasing the minimum rebate for both branded and generic drugs, revising the "average manufacturer price" definition, and extending manufacturer rebate liability from fee-for-service Medicaid utilization to include the utilization of Medicaid managed care organizations as well;

- expansion of the list of entity types eligible for participation in the Public Health Service 340B drug pricing program, or the 340B program, to include certain free-standing cancer hospitals, critical access hospitals, rural referral centers, and sole community hospitals, but exempting "orphan drugs," such as IMCIVREE, from the 340B ceiling price requirements for these covered entities;

- a Patient Centered Outcomes Research Institute to oversee, identify priorities in, and conduct comparative clinical effectiveness research, along with funding for such research; and

- establishment of the Center for Medicare and Medicaid Innovation within CMS to test innovative payment and service delivery models to lower Medicare and Medicaid spending, including prescription drug spending.

Since its enactment, certain provisions of the ACA have been subject to judicial, executive, and legislative challenges and may be subject to additional challenges in the future. In addition, other legislative changes have been proposed and adopted since the ACA was enacted. For example, additional changes that may affect our business include the expansion of new programs such as Medicare payment for performance initiatives for physicians under the Medicare Access and CHIP Reauthorization Act of 2015, or MACRA, which was fully implemented in 2019. The cost of prescription pharmaceuticals in the United States has also been the subject of considerable discussion in the United States. There have been several Congressional inquiries, as well as legislative and regulatory initiatives and executive orders designed to, among other things, bring more transparency to product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for drug products.

The Inflation Reduction Act or (IRA) was enacted in 2022. This statute marks the most significant action by Congress with respect to the pharmaceutical industry since adoption of the ACA in 2010. Among other things, the IRA requires manufacturers of certain drugs to engage in price negotiations with Medicare, with prices that can be negotiated subject to a cap; imposes rebates under Medicare Part B and Medicare Part D to penalize price increases that outpace inflation (first due in 2023); redesigns the Medicare Part D benefit (beginning in 2024); and replaces the Part D coverage gap discount program with a new manufacturer discount program (beginning in 2025). CMS has published the negotiated prices for the initial ten drugs, which became effective in 2026, and the subsequent 15 drugs, which will first be effective in 2027. CMS has also published the next set of 15 drugs that will be subject to negotiation. The IRA permits the Secretary of the Department of Health and Human Services (HHS) to implement many of these provisions through guidance, as opposed to regulation, for the initial years. HHS has and will continue to issue and update guidance as these programs are implemented, although the Medicare drug price negotiation program is currently subject to legal challenges. The impact of the IRA on us and the pharmaceutical industry cannot yet be fully determined, but is likely to be significant.

Under the IRA manufacturer discount program that replaced the coverage gap discount program as of January 1, 2025, manufacturers must give a 10 percent discount on Part D drugs in the initial coverage phase, and a 20 percent discount on Part D drugs in the so-called “catastrophic phase” (the phase after the patient incurs costs above the initial phase out-of-pocket threshold, which is $2,000 beginning in 2025). The IRA allows the 10 and 20 percent discounts to be phased in over time for certain drugs for “specified manufacturers.” In April 2024, CMS informed us that we are deemed a specified manufacturer. At present, we do not have coverage for IMCIVREE under Medicare Part D and, accordingly, the impact of the IRA manufacturer discount program is not currently material to our business, however, future changes to IMCIVREE's Part D coverage and/or the IRA could have a substantial impact on our future revenues.

IMCIVREE is not currently reimbursed under Medicare Part D, but if we were to be reimbursed under Medicare Part D in the future, the reimbursement amount will be impacted by the 10 and 20 percent discounts under the IRA’s new discounting program. We anticipate that these increased discounts could impact IMCIVREE revenues, while also having an industry-wide impact on the cost of Part D drugs. The impact on IMCIVREE revenues could be offset because the IRA’s redesign of certain Part D components, some of which went into effect in 2024, resulted in an increase in the number of patients able to afford this therapy. The amount of the offset, if any, is inherently uncertain and difficult to predict.

The IRA manufacturer discounting program also increases financial obligations of Part D prescription drug plans with respect to beneficiaries in the catastrophic coverage phase. This may incentivize Part D prescription drug plans to seek greater price concessions from us in order to include IMCIVREE on their formularies.

The One Big Beautiful Bill Act, which was enacted in July 2025, imposes significant reductions in the funding of the Medicaid program. Such reductions are expected to decrease the number of persons enrolled in Medicaid and reduce the services covered by Medicaid, which could adversely affect our sales of IMCIVREE or any other product candidate that we commercialize.

The Trump administration is pursuing a two-fold strategy to reduce drug costs in the U.S. While it is unclear whether and how the Trump proposals will be implemented, the Trump policies are likely to have a negative impact on the pharmaceutical industry and on our ability to receive adequate revenues for IMCIVREE. On the one hand, President Trump has threatened to impose significant tariffs on pharmaceutical manufacturers that do not adopt pricing policies such as most favored nation pricing, which would tie the price for drugs in the U.S. to the lowest price in a group of other countries. In response, multiple manufacturers have reportedly entered into confidential pricing agreements with the federal government. On the other hand, the Trump administration is pursuing traditional regulatory pathways to impose drug pricing policies, and published two proposed regulations in December 2025, referred to as Globe and Guard. If finalized, these regulations would implement mandatory payment models under which manufacturers of eligible drugs would be required to pay rebates to the federal government on a portion of the units of their drugs that are reimbursed by Medicare, with the rebate amount based on most favored nation pricing. Imposing a rebate in the U.S. that is based on drug prices outside the U.S. would mark a drastic and unprecedented shift in the U.S. pharmaceutical market, and while the impact of the Globe and Guard proposed regulations, if finalized, cannot yet be determined, it is likely to be significant. Even regulatory proposals or executive actions that are ultimately deemed unlawful could negatively impact the U.S. pharmaceutical sector and our business. In addition, pharmaceutical pricing and marketing has long been the subject of considerable discussion in Congress and among policymakers, and it is possible that Congress could enact additional laws that negatively affect the pharmaceutical industry.

Moreover, the individual states in the United States have become increasingly active in developing proposals, passing legislation and implementing regulations designed to control drug pricing, including price or patient reimbursement constraints, discounts, formulary flexibility, marketing cost disclosure, drug price increase reporting, and other

transparency measures. Some states have enacted legislation creating so-called prescription drug affordability boards, with the goal of imposing price limits on certain drugs in these states, and at least one state board is imposing an upper payment limit. States are also seeking to implement general, across the board price caps for pharmaceuticals, or are seeking to regulate drug distribution. Some measures are designed to encourage importation from other countries. These types of initiatives may result in additional reductions in Medicare, Medicaid, and other healthcare funding, and may otherwise affect the prices we may obtain for IMCIVREE or the frequency with which IMCIVREE is prescribed or used.

We expect that these and other healthcare reform measures that may be adopted in the future may result in more rigorous coverage and payment criteria and in additional downward pressure on the price that we receive for any approved drug. Any reduction in reimbursement from Medicare or other government programs may result in a similar reduction in payments from private payors. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to generate revenue, attain profitability, or commercialize our drugs. We expect 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 our product candidates or additional pricing pressures. We cannot predict with certainty what impact any federal or state health reforms will have on us, but such changes could impose new or more stringent regulatory requirements on our activities or result in reduced reimbursement for our products, any of which could adversely affect our business, results of operations and financial condition.

The pricing of prescription pharmaceuticals is also subject to governmental control outside the United States. In these countries, pricing negotiations with governmental authorities can take considerable time after the receipt of marketing approval for a product. To obtain reimbursement or pricing approval in some countries, we may be required to conduct a clinical trial that compares the cost effectiveness of setmelanotide to other available therapies. If reimbursement of our products is unavailable or limited in scope or amount, or if pricing is set at unsatisfactory levels, our ability to generate revenues and become profitable could be impaired. For more details concerning the risks related to pricing and reimbursement in the EU, please refer to the discussion in the risk factor *"The successful commercialization of IMCIVREE and any other product candidates for which we obtain approval will depend in part on the extent to which governmental authorities, private health insurers, and other third-party payors provide coverage and adequate reimbursement. Failure to obtain or maintain coverage and adequate reimbursement for IMCIVREE or our other product candidates, if any and if approved, could limit our ability to market those products and decrease our ability to generate revenue"* in this Quarterly Report.

If we fail to comply with our reporting and payment obligations under the Medicaid Drug Rebate Program or other governmental pricing programs in which we participate, we could be subject to additional reimbursement requirements, penalties, sanctions and fines, which could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Medicaid is a joint federal and state program administered by the states for low income and disabled beneficiaries. We participate in and have certain price reporting obligations under the Medicaid Drug Rebate Program, or the MDRP, as a condition of having covered outpatient drugs payable under Medicaid and, if applicable, under Medicare Part B. The MDRP requires us to pay a rebate to state Medicaid programs every quarter for each unit of our covered outpatient drugs dispensed to Medicaid beneficiaries and paid for by a state Medicaid program. The rebate is based on pricing data that we must report on a monthly and quarterly basis to the Centers for Medicare & Medicaid Services, or CMS, the federal agency that administers the MDRP and other governmental healthcare programs. These data include the average manufacturer price (AMP) for each drug and, in the case of innovator products, the best price, which in general represents the lowest price available from the manufacturer to certain entities in the United States in any pricing structure, calculated to include all sales and associated rebates, discounts and other price concessions. The Medicaid rebate consists of two components, the basic rebate and the additional rebate, which is triggered if the AMP for a drug increases faster than inflation. If we become aware that our MDRP government price reporting submission for a prior quarter was incorrect or has changed as a result of recalculation of the pricing data, we must resubmit the corrected data for up to three years after those data originally were due. If we fail to provide information timely or are found to have knowingly submitted false information to the government, we may be subject to civil monetary penalties and other sanctions, including termination from the MDRP. In the event that CMS terminates our rebate agreement pursuant to which we participate in the MDRP, no federal payments would be available under Medicaid or Medicare Part B for our covered outpatient drugs. Our failure to comply with our MDRP price reporting and rebate payment obligations could negatively impact our financial results.

The recently-enacted IRA imposes rebates under Medicare Part B and Medicare Part D that are triggered by price increases that outpace inflation (first due in 2023), as described under the risk factor *"Current and future healthcare reform*

legislation or regulation may increase the difficulty and cost for us and any future collaborators to commercialize setmelanotide and may adversely affect the prices we, or they, may obtain and may have a negative impact on our business and results of operations," above. The Medicare Part D rebate, if applicable, will be calculated on the basis of the AMP figures we report pursuant to the MDRP.

Federal law requires that any company that participates in the MDRP also participate in the Public Health Service's 340B drug pricing program in order for federal funds to be available for the manufacturer's drugs under Medicaid and, if applicable, Medicare Part B. We participate in the 340B program, which is administered by the Health Resources and Services Administration ("HRSA"), and requires us to charge statutorily defined covered entities no more than the 340B "ceiling price" for our covered outpatient drugs. These 340B covered entities include a variety of community health clinics and other entities that receive health services grants from the Public Health Service, as well as hospitals that serve a disproportionate share of low-income patients. The ACA expanded the list of covered entities to include certain free-standing cancer hospitals, critical access hospitals, rural referral centers and sole community hospitals, but exempts "orphan drugs," such as IMCIVREE, from the ceiling price requirements for these covered entities. The 340B ceiling price is calculated using a statutory formula based on the AMP and rebate amount for the covered outpatient drug as calculated under the MDRP, and in general, products subject to Medicaid price reporting and rebate liability are also subject to the 340B ceiling price calculation and discount requirement. We must report 340B ceiling prices to HRSA on a quarterly basis, and HRSA publishes those prices to 340B covered entities. In addition, HRSA has finalized regulations regarding the calculation of the 340B ceiling price and the imposition of civil monetary penalties on manufacturers that knowingly and intentionally overcharge covered entities for 340B-eligible drugs. HRSA has also finalized a revised regulation implementing an administrative dispute resolution process through which 340B covered entities may pursue claims against participating manufacturers for overcharges, and through which manufacturers may pursue claims against 340B covered entities for engaging in unlawful diversion or duplicate discounting of 340B drugs. Our failure to comply with 340B program requirements could negatively impact our financial results. Any additional future changes to the definition of average manufacturer price and the Medicaid rebate amount under legislation or regulation could affect our 340B ceiling price calculations and also negatively impact our financial results.

In order for IMCIVREE or any product candidates, if approved, to be paid for with federal funds under the Medicaid and Medicare Part B programs and purchased by certain federal agencies and grantees, we also participate in the U.S. Department of Veterans Affairs, or VA, Federal Supply Schedule, or FSS, pricing program. As part of this program, we are required to make our products available for procurement on an FSS contract under which we must comply with standard government terms and conditions and charge a price that is no higher than the statutory Federal Ceiling Price, or FCP, to four federal agencies (VA, U.S. Department of Defense, or DOD, Public Health Service, and U.S. Coast Guard). The FCP is based on the Non-Federal Average Manufacturer Price, or Non-FAMP, which we must calculate and report to the VA on a quarterly and annual basis. Pursuant to applicable law, knowing provision of false information in connection with a Non-FAMP filing can subject a manufacturer to significant civil monetary penalties for each item of false information. The FSS pricing and contracting obligations also contain extensive disclosure and certification requirements.

We also participate in the Tricare Retail Pharmacy program, under which we are required to pay quarterly rebates on utilization of innovator products that are dispensed through the Tricare Retail Pharmacy network to Tricare beneficiaries. The rebates are calculated as the difference between the annual Non-FAMP and FCP. We are required to list our innovator products on a Tricare Agreement in order for them to be eligible for DOD formulary inclusion. If we overcharge the government in connection with our FSS contract or Tricare Agreement, whether due to a misstated FCP or otherwise, we are required to refund the difference to the government. Failure to make necessary disclosures and/or to identify contract overcharges could result in allegations against us under the False Claims Act and other laws and regulations. Unexpected refunds to the government, and responding to a government investigation or enforcement action, would be expensive and time-consuming, and could have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Individual states continue to consider and have enacted legislation to limit the growth of healthcare costs, including the cost of prescription drugs and combination products. A number of states have either implemented or are considering implementation of drug price transparency legislation. Requirements of pharmaceutical manufacturers under such laws include advance notice of planned price increases, reporting price increase amounts and factors considered in taking such increases, wholesale acquisition cost information disclosure to prescribers, purchasers, and state agencies, and new product notice and reporting. Such legislation could limit the price or payment for certain drugs, and a number of states are authorized to impose civil monetary penalties or pursue other enforcement mechanisms against manufacturers who fail to comply with drug price transparency requirements, including the untimely, inaccurate, or incomplete reporting of drug pricing information.

Pricing and rebate calculations vary among products and programs. The calculations are complex and are often subject to interpretation by us, governmental or regulatory agencies, and the courts. CMS, the Department of Health & Human Services Office of Inspector General, and other governmental agencies have pursued manufacturers that were alleged to have failed to report these data to the government in a timely or accurate manner. Governmental agencies may also make changes in program interpretations, requirements or conditions of participation, some of which may have implications for amounts previously estimated or paid. We cannot assure you that any submissions we are required to make under the MDRP, the 340B program, the VA/FSS program, the Tricare Retail Pharmacy Program, and other governmental drug pricing programs will not be found to be incomplete or incorrect.

The FDA and other regulatory agencies actively enforce the laws and regulations prohibiting the promotion of off-label uses.

In the United States, the FDA strictly regulates marketing, labeling, advertising and promotion of prescription drugs. These regulations include standards and restrictions for direct-to-consumer advertising, industry-sponsored scientific and educational activities, promotional activities involving the internet and off-label promotion. Any regulatory approval that the FDA grants is limited to those specific diseases and indications for which a product is deemed to be safe and effective by the FDA. For example, the FDA-approved label for IMCIVREE is limited to the reduction of excess body weight and maintenance of weight reduction long term in adult and pediatric patients 2 years of age and older with monogenic or syndromic obesity due to BBS or POMC, PCSK1, or LEPR, deficiency confirmed by genetic testing demonstrating variants in POMC, PCSK1, or LEPR genes that are interpreted as pathogenic, likely pathogenic, or of uncertain significance, and in adults and pediatric patients four years of age and older with acquired hypothalamic obesity.

While physicians in the United States may choose, and are generally permitted, to prescribe drugs for uses that are not described in the product's labeling and for uses that differ from those tested in clinical trials and approved by the regulatory authorities, our ability to promote the products is narrowly limited to those indications that are specifically approved by the FDA. These "off-label" uses are common across medical specialties and may constitute an appropriate treatment for some patients in varied circumstances. For example, we are actively evaluating setmelanotide, the active ingredient in IMCIVREE, in subjects with other forms of obesity caused by defects in the MC4R pathway. We are not currently permitted to, and do not, market or promote setmelanotide for these uses.

Regulatory authorities in the United States generally do not regulate the behavior of physicians in their choice of treatments. Regulatory authorities do, however, restrict communications by pharmaceutical companies on the subject of off-label use. Although recent court decisions suggest that certain off-label promotional activities may be protected under the First Amendment, the scope of any such protection is unclear. If our promotional activities fail to comply with the FDA's regulations or guidelines, we may be subject to warnings from, or enforcement action by, these authorities. In addition, our failure to follow FDA rules and guidelines relating to promotion and advertising may cause the FDA to issue warning letters or untitled letters, bring an enforcement action against us, suspend or withdraw an approved product from the market, require a recall or institute fines or civil fines, or could result in disgorgement of money, operating restrictions, injunctions or criminal prosecution, any of which could harm our reputation and our business.

In the EU, the advertising and promotion of our products are subject to EU laws governing promotion of medicinal products, interactions with physicians, misleading and comparative advertising and unfair commercial practices. In addition, other legislation adopted by individual EU member states may apply to the advertising and promotion of medicinal products. These laws require that promotional materials and advertising in relation to medicinal products comply with the product's Summary of Product Characteristics, or SmPC, as approved by the competent authorities. The SmPC is the document that provides information to physicians concerning the safe and effective use of the medicinal product. It forms an intrinsic and integral part of the marketing authorization granted for the medicinal product. Promotion of a medicinal product that does not comply with the SmPC is considered to constitute off label promotion. The off label promotion of medicinal products is prohibited in the EU. The applicable laws at EU level and in the individual EU member states also prohibit the direct to consumer advertising of prescription only medicinal products. Violations of the rules governing the promotion of medicinal products in the EU could be penalized by administrative measures, fines and imprisonment. These laws may further limit or restrict the advertising and promotion of our products to the general public and may also impose limitations on our promotional activities with health care professionals.

We may be subject to federal, state and foreign healthcare laws and regulations, including fraud and abuse laws, health information privacy and security laws, and antitrust laws. If we are unable to comply or have not fully complied with

such laws and regulations, we could face criminal sanctions, damages, substantial civil penalties, reputational harm and diminished profits and future earnings.

Healthcare providers, physicians and others will play a primary role in the recommendation and prescription of setmelanotide, and other product candidates, if approved. Our arrangements and interactions with healthcare professionals, third-party payors, patients and others will expose us to broadly applicable fraud and abuse, antikickback, false claims and other healthcare laws and regulations that may constrain the business or financial arrangements and relationships through which we market, sell and distribute setmelanotide, if we obtain marketing approval. The U.S. federal, state and foreign healthcare laws and regulations that may affect our ability to operate include, but are not limited to:

- The United States federal healthcare Anti-Kickback Statute, which prohibits, among other things, persons and entities from knowingly and willfully soliciting, offering, paying, or receiving remuneration, (anything of value), directly or indirectly, in cash or in kind, to induce or reward either the referral of an individual for, or the purchase, lease order or arranging for or recommending the purchase, lease or order of any good or service for which payment may be made, in whole or in part, by federal healthcare programs such as Medicare and Medicaid. This statute has been interpreted to apply to arrangements between pharmaceutical companies on one hand and prescribers, purchasers, formulary managers, and patients on the other. Liability under the Anti-Kickback Statute may be established without proving actual knowledge of the statute or specific intent to violate it. Although there are a number of statutory exceptions and regulatory safe harbors to the federal Anti-Kickback Statute protecting certain common business arrangements and activities from prosecution or regulatory sanctions, the exceptions and safe harbors are drawn narrowly. Practices that involve remuneration to those who prescribe, purchase, or recommend pharmaceutical and biological products, including certain discounts, or engaging such individuals or patients as consultants, advisors, or speakers, may be subject to scrutiny if they do not fit squarely within an exception or safe harbor. Our practices may not in all cases meet all of the criteria for safe harbor protection from anti-kickback liability. Moreover, there are no safe harbors for many common practices, such as educational and research grants, charitable donations, product and patient support programs.

- The federal civil False Claims Act prohibits individuals or entities from, among other things, knowingly presenting, or causing to be presented a false or fraudulent claim for payment of government funds, or knowingly making, using or causing to made or used a false record or statement material to an obligation to pay money to the government or knowingly concealing or knowingly and improperly avoiding, decreasing or concealing an obligation to pay money to the federal government. Actions under the False Claims Act may be brought by the Attorney General or as a qui tam action by a private individual in the name of the government. Such private individuals may share in amounts paid by the entity to the government in recovery or settlement. Many pharmaceutical manufacturers have been investigated and have reached substantial financial settlements with the federal government under the civil False Claims Act for a variety of alleged improper activities including causing false claims to be submitted as a result of the marketing of their products for unapproved and thus non-reimbursable uses, inflating prices reported to private price publication services which are used to set drug payment rates under government healthcare programs, and other interactions with prescribers and other customers including those that may have affected their billing or coding practices and submission to the federal government. 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 civil False Claims Act. False Claims Act liability is potentially significant in the healthcare industry because the statute provides for treble damages and significant mandatory penalties per false or fraudulent claim or statement for violations. Because of the potential for large monetary exposure, healthcare and pharmaceutical companies often resolve allegations without admissions of liability for significant and material amounts to avoid the uncertainty of treble damages and per claim penalties that may be awarded in litigation proceedings. Settlements may require companies to enter into corporate integrity agreements with the government, which may impose substantial costs on companies to ensure compliance. Pharmaceutical and other healthcare companies also are subject to other federal false claims laws, including, among others, federal criminal healthcare fraud and false statement statutes that extend to non-government health benefit programs.

- The federal Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act, or HIPAA, imposes criminal and civil

liability for executing a scheme to defraud any healthcare benefit program, including private third-party payors, and also imposes obligations, with respect to safeguarding the privacy, security and transmission of individually identifiable health information. Penalties for failure to comply with a requirement of HIPAA vary significantly and include civil monetary penalties as well as criminal penalties for knowingly obtaining or disclosing individually identifiable health information in violation of HIPAA. The criminal penalties increase if the wrongful conduct involves false pretenses or the intent to sell, transfer or use identifiable health information for commercial advantage, personal gain or malicious harm. HIPAA also prohibits knowingly and willfully falsifying, concealing or covering up a material fact or making any materially false, fictitious or fraudulent statement or representation, or making or using any false writing or document knowing the same to contain any materially false, fictitious or fraudulent statement or entry in connection with the delivery of or payment for healthcare benefits, items or services. Similar to the federal healthcare Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it to have committed a violation.

- The federal Physician Payments Sunshine Act, implemented as the Open Payments Program, requires certain manufacturers of drugs, devices, biologics and medical supplies to report payments and other transfers of value to physicians for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program (with certain exceptions) to report annually to the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services, information related to physicians (defined to include doctors, dentists, optometrists, podiatrists, and chiropractors), certain non-physician practitioners (physician assistants, nurse practitioners, clinical nurse specialists, certified nurse anesthetists, anesthesiology assistants and certified nurse-midwives) and teaching hospitals, as well as ownership and investment interests held by physicians and their immediate family members. Manufacturers must submit reports on or before the 90th day of each calendar year disclosing reportable payments made in the previous calendar year.

- Analogous state laws and regulations, such as state anti-kickback and false claims laws, which may apply to items or services reimbursed under Medicaid and other state programs or, in several states, regardless of the payer, including private insurers. Some state laws require pharmaceutical companies to report expenses relating to the marketing and promotion of pharmaceutical products and to report gifts and payments to individual health care providers in those states. Some of these states also prohibit certain marketing-related activities including the provision of gifts, meals, or other items to certain health care providers. Some states restrict the ability of manufacturers to offer co-pay support to patients for certain prescription drugs. Some states require the posting of information relating to clinical studies and their outcomes. Other states and cities require identification or licensing of sales representatives. In addition, several states require pharmaceutical companies to implement compliance programs or marketing codes of conduct.

- Analogous foreign laws and regulations, including restrictions imposed on the promotion and marketing of medicinal products in the EU member states and other countries, restrictions on interactions with healthcare professionals and requirements for public disclosure of payments made to physicians. Laws (including those governing promotion, marketing and anti-kickback provisions), industry regulations and professional codes of conduct often are strictly enforced. Even in those countries where we may decide not to directly promote or market our products, inappropriate activity by our international distribution partners could have implications for us.

Ensuring that our business arrangements and interactions with healthcare professionals, third-party payors, patients and others comply with applicable healthcare laws and regulations will require substantial resources. Various state, federal and foreign regulatory and enforcement agencies continue actively to investigate violations of health care laws and regulations, and the United States Congress continues to strengthen the arsenal of enforcement tools.

It is possible that governmental authorities will conclude that our business practices do not comply with current or future statutes, regulations or case law involving applicable antitrust, fraud and abuse, privacy, or other healthcare laws and regulations. If our operations, including our engagements with healthcare professionals, researchers and patients, or our disease awareness and/or patient identification initiatives including genetic testing programs, or anticipated activities to be conducted by our field teams, were found to be in violation of any of these laws or any other governmental regulations that may apply to us, we may be subject to costly investigations, significant civil, criminal and administrative monetary

penalties, imprisonment, damages, fines, disgorgement, exclusion from government funded healthcare programs, such as Medicare and Medicaid, contractual damages, diminished profits and future earnings, and the curtailment or restructuring of our operations, any of which could substantially disrupt our operations or financial results. Although compliance programs can mitigate the risk of investigation and prosecution for violations of these laws, the risks cannot be entirely eliminated. Any action against us for violation of these laws or regulations, even if we successfully defend against it, could cause us to incur significant legal expenses and generate negative publicity, which could harm our financial condition and divert our management's attention from the operation of our business.

Our employees may engage in misconduct or other improper activities, whether knowingly or unknowingly, including violating applicable regulatory standards and requirements or engaging in insider trading, which could significantly harm our business.

We are exposed to the risk of employee fraud or other misconduct. Misconduct by employees could include intentional or unintentional failures to comply with the regulations of the FDA and applicable non U.S. regulators, provide accurate information to the FDA and applicable non U.S. regulators, comply with healthcare fraud and abuse laws and regulations in the United States and abroad, report financial information or data accurately or disclose unauthorized activities to us. 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 restrict or prohibit a wide range of pricing, discounting, marketing and promotion, sales commission, customer incentive programs and other business arrangements. Employee misconduct could also involve the improper use of, including trading on, information obtained in the course of clinical trials, which could result in regulatory sanctions and serious harm to our reputation. It is not always possible to identify and deter employee misconduct, and any precautions we take to detect and prevent this activity may be ineffective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with these laws or regulations. If any such actions are instituted against us, and we are not successful in defending ourselves or asserting our rights, those actions could have a significant impact on our business, including the imposition of significant fines or other sanctions. Some of these laws and related risks are described under the risk factor *"We may be subject to federal, state and foreign healthcare laws and regulations, including fraud and abuse laws, health information privacy and security laws, and antitrust laws. If we are unable to comply or have not fully complied with such laws and regulations, we could face criminal sanctions, damages, substantial civil penalties, reputational harm and diminished profits and future earnings"* of this Quarterly Report.

Actual or perceived failure to comply with data protection, privacy and security laws and regulations could lead to government enforcement actions and significant penalties against us, and adversely impact our operating results.

The global data protection landscape is rapidly evolving, and we are or may become subject to numerous state, federal and foreign laws, requirements and regulations governing the collection, use, disclosure, retention, and security of personal information. Implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future, and we cannot yet determine the impact future laws, regulations, standards, or perception of their requirements may have on our business. This evolution may create uncertainty in our business, affect our ability to operate in certain jurisdictions or to collect, store, transfer use and share personal information, necessitate the acceptance of more onerous obligations in our contracts, result in liability or impose additional costs on us. The cost of compliance with these laws, regulations and standards is high and is likely to increase in the future. Any failure or perceived failure by us to comply with federal, state or foreign laws or regulations, our internal policies and procedures, our contracts governing our processing of personal information, or other privacy and security obligations could result in negative publicity, government investigations and enforcement actions, claims by third parties and damage to our reputation, any of which could have a material adverse effect on our financial performance, business and operating results.

In the United States, numerous federal and state laws and regulations, including HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 and regulations implemented thereunder, collectively HIPAA, state data breach notification laws, state health information privacy laws and federal and state consumer protection laws, including Section 5 of the Federal Trade Commission Act, which govern the collection, use, disclosure and protection of health-related and other personal information, may apply to our operations and the operations of current and future collaborators. We may obtain health information from third parties, such as research institutions with which we collaborate, that are subject to privacy and security requirements under HIPAA. Although we do not believe that we are directly subject to HIPAA, other than potentially with respect to providing certain employee benefits, we could be subject to criminal penalties if we knowingly obtain or disclose individually identifiable health information maintained by a HIPAA covered entity in a manner that is not authorized or permitted by HIPAA. In addition, state laws govern the privacy

and security of health, research and genetic information in specified circumstances, many of which differ from each other in significant ways and may not have the same effect, thus complicating compliance efforts. Further, we may also be subject to other state laws governing the privacy, processing and protection of personal information. For example, the California Consumer Privacy Act as amended by the California Privacy Rights Act, collectively, the CCPA, requires covered businesses that process the personal information of California residents to, among other things: (i) provide certain disclosures to California residents regarding the business's collection, use, and disclosure of their personal information; (ii) receive and respond to requests from California residents to access, delete, and correct their personal information, or to opt out of certain disclosures of their personal information; and (iii) enter into specific contractual provisions with service providers that process California resident personal information on the business's behalf. Additional compliance investment and potential business process changes may also be required. Similar laws have been enacted in numerous other states, and are continuing to be proposed at the state and federal level, reflecting a trend toward more stringent privacy legislation in the United States. The enactment of such laws could have potentially conflicting requirements that would make compliance challenging. In addition, some of our research activities involve minors, which may be subject to additional laws and can require specialized consent processes, privacy protections, and compliance procedures. In the event that we are subject to or affected by HIPAA, the CCPA, or other domestic privacy and data protection laws, any liability from failure to comply with the requirements of these laws could adversely affect our financial condition.

Furthermore, the Federal Trade Commission, or FTC, and many state Attorneys General continue to enforce federal and state consumer protection laws against companies for the collection, use, and dissemination of personal information, and security practices that appear to be unfair or deceptive. For example, according to the FTC, failing to take appropriate steps to keep consumers' personal information secure can constitute unfair acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act. The FTC expects a company's data security measures to be reasonable and appropriate in light of the sensitivity and volume of consumer information it holds, the size and complexity of its business, and the cost of available tools to improve security and reduce vulnerabilities.

In 2024, the National Security Division of the U.S. Department of Justice (DOJ) issued a new rule—referred to as the "Data Security Program" (DSP)—to implement Executive Order 14117 aimed at preventing access to "bulk U.S. sensitive personal data" and "government-related data" by "countries of concern" (including China, Russia, Iran, North Korea, Cuba, and Venezuela) and "covered persons" (as all such terms are defined in the DSP). Effective as of April 8, 2025, and fully enforceable as of July 9, 2025, the DSP imposes stringent obligations on companies within its scope and prohibits or restricts "covered data transactions" that grant countries of concern or covered persons access to bulk U.S. sensitive personal data or any amount of government-related data. The DSP is new, complex and has yet to be enforced, and as such, there is a risk that our interpretation of its applicability, scope, and requirements is incorrect, incomplete, or misapplied. Compliance with the DSP may require us to invest in data security and compliance measures, such as implementing and complying with the Cybersecurity and Infrastructure Security Agency's guidelines and other burdensome recordkeeping, reporting, and auditing requirements. It may also require us to implement new processes, stop or restrict certain data transfers, alter the geographic scope of our operations, cease doing business with certain third parties or using certain tools or vendors, or change how data flows throughout our business, any of which could materially impact our business operations or hinder our ability to grow our business. Finally, non-compliance with the DSP could result in significant civil or criminal penalties, which could materially adversely affect our business, results of operations, and financial condition.

Our operations abroad may also be subject to increased scrutiny or attention from data protection authorities. For example, in Europe, we are subject to the European Union General Data Protection Regulation ("EU GDPR") and to the United Kingdom General Data Protection Regulation and Data Protection Act 2018 (collectively, the "UK GDPR") (the EU GDPR and UK GDPR together referred to as the "GDPR") The GDPR imposes strict requirements for the processing of the personal data of individuals within the European Economic Area, or EEA, and the UK or in the context of our activities in the EEA or UK, including health data from clinical trials and AE reporting. In particular, these requirements include certain obligations concerning the consent of the individuals to whom the personal data relates, the information provided to the individuals, the transfer of personal data out of the EEA or UK, security breach notifications, and security and confidentiality of the personal data, and violations of these requirements could result in substantial fines, up to the greater of 20 million Euros / 17.5 million GBP or 4% of total global annual turnover. In addition to the foregoing, a breach of the GDPR could result in regulatory investigations, reputational damage, orders to cease/change our processing of our data, enforcement notices, and/or assessment notices for a compulsory audit. We may also face civil claims including representative actions and other class action type litigation (where individuals have suffered harm), potentially amounting to significant compensation or damages liabilities, as well as associated costs, diversion of internal resources, and reputational harm. Data protection authorities from the different EU and EEA member states may also interpret the GDPR and national laws differently and impose additional requirements, which adds to the complexity of processing personal data in the EU and the EEA.

Among other requirements, the GDPR also regulates transfers of personal data subject to the GDPR to third countries that have not been found to provide adequate protection to such personal data, including the United States. Case law from the Court of Justice of the European Union, or the CJEU, states that reliance on the standard contractual clauses - a standard form of contract approved by the EC as an adequate personal data transfer mechanism - alone may not necessarily be sufficient in all circumstances and that transfers must be assessed on a case-by-case basis. We expect the existing legal complexity and uncertainty regarding international personal data transfers to continue and international transfers to the United States and to other jurisdictions more generally to continue to be subject to enhanced scrutiny by regulators. As the regulatory guidance and enforcement landscape in relation to data transfers continue to develop, we could suffer additional costs, complaints and/or regulatory investigations or fines, and/or if we are otherwise unable to transfer personal data between and among countries and regions in which we operate, it could affect the manner in which we operate our business, the geographical location or segregation of our relevant systems and operations, and could adversely affect our financial results.

Although we work to comply with applicable laws, regulations and standards, our contractual obligations and other legal obligations, these requirements are evolving and may be modified, interpreted and applied in an inconsistent manner from one jurisdiction to another, and may conflict with one another or other legal obligations with which we must comply. Our failure to comply with our obligations under privacy or data security-related laws could adversely impact our ability to use the data generated in our studies. And any actual or perceived failure to comply with these data protection laws or adequately address privacy and security concerns could lead to government enforcement actions and significant penalties against us, and adversely impact our operating results.

In addition, we may use artificial intelligence, or AI, machine learning, and automated decision-making technologies, collectively, AI Technologies, in our business. The regulatory framework for AI Technologies is rapidly evolving as many federal, state, and foreign government bodies and agencies have introduced or are currently considering additional laws and regulations. Additionally, existing laws and regulations may be interpreted in ways that would affect the operation of AI Technologies. As a result, implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future, and we cannot yet determine the impact future laws, regulations, standards, or market perception of their requirements may have on our business and may not always be able to anticipate how to respond to these laws or regulations.

It is possible that new laws and regulations will be adopted in the United States and in other non-U.S. jurisdictions, or that existing laws and regulations, including competition and antitrust laws, may be interpreted in ways that would limit our ability to use AI Technologies for our business, or require us to change the way we use AI Technologies in a manner that negatively affects the performance of our products, services, and business and the way in which we use AI Technologies. We may need to expend resources to adjust our products or services in certain jurisdictions if the laws, regulations, or decisions are not consistent across jurisdictions. Further, the cost to comply with such laws, regulations, or decisions and/or guidance interpreting existing laws, could be significant and would increase our operating expenses (such as by imposing additional reporting obligations regarding our use of AI Technologies). Such an increase in operating expenses, as well as any actual or perceived failure to comply with such laws and regulations, could adversely affect our business, financial condition and results of operations.

Our future growth depends, in part, on our ability to continue to penetrate foreign markets, where we will be subject to additional regulatory burdens and other risks and uncertainties.

Our future profitability will depend, in part, on our ability to continue to commercialize setmelanotide and our other product candidates in foreign markets for which we intend to rely on collaborations with third parties. As we continue to commercialize setmelanotide in foreign markets, we will be subject to additional risks and uncertainties, including:

- our customers' ability to obtain reimbursement for setmelanotide in foreign markets;
- our inability to directly control commercial activities because we are relying on third parties;
- the burden of complying with complex and changing foreign regulatory, tax, accounting and legal requirements;
- different medical practices and customs in foreign countries affecting acceptance in the marketplace;
- import or export licensing requirements;

- longer accounts receivable collection times;
- longer lead times for shipping;
- language barriers for technical training;
- reduced protection of intellectual property rights in some foreign countries;
- foreign currency exchange rate fluctuations; and
- the interpretation of contractual provisions governed by foreign laws in the event of a contract dispute.

Foreign sales of setmelanotide could also be adversely affected by the imposition of governmental controls, political and economic instability, trade restrictions and changes in tariffs, including the imposition of tariffs by the United States or any other tariffs that could apply directly or indirectly to the costs of goods required to manufacture setmelanotide.

Laws and regulations governing any international operations we may have in the future may impact our ability to develop, manufacture and sell setmelanotide or our other product candidates outside of the United States and require us to develop and implement costly compliance programs.

If we continue to expand our operations outside of the United States, we must dedicate additional resources to comply with numerous laws and regulations in each jurisdiction in which we plan to operate. For example, we enrolled patients from Japan for our Phase 3 TRANSCEND clinical trial and submitted our full data package to Japan's Pharmaceuticals and Medical Devices Agency to seek marketing authorization for setmelanotide to treat acquired hypothalamic obesity in Japan. In October 2026, we commercially launched IMCIVREE in Japan to treat patients living with hypothalamic obesity. The Foreign Corrupt Practices Act of 1977, or the FCPA, prohibits any U.S. individual or business from paying, offering, authorizing payment or offering anything of value, directly or indirectly, to any foreign official, political party or candidate for the purpose of influencing any act or decision of such third party 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 company, 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 we expand our presence outside of the United States, it will require us to dedicate additional resources to comply with these laws, and these laws may impact our ability to develop, manufacture or sell certain product candidates and products outside of the United States, which could limit our growth potential and increase our 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.

The results of the United Kingdom's departure from the EU, and the resulting impact of differing regulations, may have a negative effect on our business.

Since the end of the Brexit transition period on January 1, 2021, and the implementation of the Windsor Framework on January 1, 2025, the UK has not been directly subject to EU law with respect to medicinal products and has operated under a separate regulatory regime to the EU. As a result of the Northern Ireland Protocol, different rules applied in Northern Ireland than in Great Britain; broadly, Northern Ireland continued to follow the EU regulatory regime.

However, on January 1, 2025, an arrangement called the "Windsor Agreement" came into effect and reintegrated Northern Ireland under the regulatory authority of the MHRA with respect to medicinal products. The Windsor Framework removes EU licensing processes, and EU labeling and serialization requirements, in relation to Northern Ireland, and introduces a UK-wide licensing process for medicinal products. There could be additional uncertainty and risk around what these changes mean to our business. With the exception of the adopted amendment to the UK clinical trials regulations on April 28, 2025, it is currently unclear to what extent the UK government will seek to align its regulations with the EU with respect to medicinal products. EU law, which has been transposed into UK law through secondary legislation, still remains applicable in the UK, however, new EU legislation such as the CTR is not applicable in the UK. While the UK has indicated a general intention that new laws regarding the manufacture and commercialization of medicinal products in the UK will align closely with EU law, there remain limited detailed proposals for the future regulation of medicinal products.

While the EU-UK Trade and Cooperation Agreement (TCA) includes the mutual recognition of GMP inspections of manufacturing facilities for medicinal products and GMP documents issued, it does not contain wholesale mutual recognition of UK and EU pharmaceutical regulations and product standards. There may be divergent local requirements in the UK from the EU in the future, which may impact clinical and development activities that occur in the UK. Similarly, clinical trial submissions in the UK cannot be bundled with those of EU member states within the EMA Clinical Trial Information System (CTIS). Any divergent requirements may increase the cost and complexity of running our business, including with respect to the conduct of clinical trials.

Since a significant proportion of the regulatory framework in the UK applicable to our business and our product candidates is derived from EU directives and regulations, the withdrawal could continue to impact the regulatory regime with respect to the development, manufacture, importation, approval and commercialization of our product candidates in the UK. The UK is no longer covered by the EU's procedures for the grant of MA. A separate MA is required to market medicinal products in the UK. Such changes could increase our costs and otherwise adversely affect our business. Any delay in obtaining, or an inability to obtain regulatory approvals, as a result of Brexit or otherwise, may prevent us from commercializing our product candidates in the UK and restrict our ability to generate revenue and achieve or sustain profitability. If any of these outcomes occur, we may be forced to restrict or delay efforts to seek regulatory approval in the UK for our product candidates, which could significantly and materially harm our business.

Risks Related to Employee Matters and Managing Growth

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

We are highly dependent on our executive leadership team. We have employment agreements with these individuals, but any individual may terminate his or her employment with us at any time. The loss of their services might impede the achievement of our research, development and commercialization objectives. We also do not have any key-person life insurance on any of these key employees. We rely on consultants and advisors, including scientific and clinical advisors, to assist us in formulating our development and commercialization strategy. Our consultants and advisors may be employed by employers other than us and may have commitments under consulting or advisory contracts with other entities that may limit their availability to us and may not be subject to non-compete agreements. Recruiting and retaining qualified scientific, technical, clinical development, regulatory, and sales and marketing personnel will also be critical to our success. We may not be able to attract and retain these personnel on acceptable terms given the competition among numerous pharmaceutical and biotechnology companies for similar personnel. We also experience competition for the hiring of scientific 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 addition, we rely on existing employment-related visa programs to attract and retain qualified personnel. Immigration policy changes and uncertainty associated with the current presidential administration in the United States, including potential changes to the number of employment-related visas available as well as the process to obtain them, could make it more difficult to retain existing personnel and to recruit qualified candidates. For example, on September 19, 2025, it was announced that subject to limited exceptions, petitions for H-1B visas should be approved only if they are accompanied by a payment of $100,000. This policy is currently subject to litigation and could hamper our recruitment efforts for any new personnel who require such a visa. Additional changes in U.S. immigration policies, rules, laws or orders could further increase our recruitment costs or delay key projects that require specialized expertise. In addition, restrictions or delays in the issuance of other visas or in immigration processing could adversely affect our ability to collaborate effectively with our employees outside the U.S. and to retain the qualified personnel needed for our operations. If we and our impacted candidates or employees are unable to obtain work visas in sufficient quantities or at a sufficient rate for a significant period of time, our business could be adversely affected.

We will need to develop and expand our Company, and we may encounter difficulties in managing this development and expansion, which could disrupt our operations.

We expect to increase our number of employees and the scope of our operations. In particular, we will need to continue our transition from a research and development focused company to a commercial-stage company. To manage our anticipated development and expansion, we must continue to implement and improve our managerial, operational and financial systems, expand our facilities and continue to recruit and train additional qualified personnel. Also, our management may need to divert a disproportionate amount of its attention away from their day-to-day activities and devote a substantial amount of time to managing these development activities. Due to our limited resources, we may not be able to effectively manage the expansion of our operations or recruit and train additional qualified personnel. This may result in weaknesses in our infrastructure, and give rise to operational mistakes, loss of business and commercial opportunities, loss of employees and reduced productivity among remaining employees. We may not be able to successfully recruit the personnel we require to operate and expand our business, including our expansion into new countries and markets due to a number of factors, including a lack of understanding of local employment practices, cultural barriers, low or no brand recognition as a desired employer or place to work, or the perceived risk of joining a company with a limited operating history. If our management is unable to effectively manage our expected development and expansion, our expenses may increase more than expected, our ability to generate or increase our revenue could be reduced and we may not be able to implement our business strategy.

The physical expansion of our operations may lead to significant costs and may divert financial resources from other projects, such as the development of setmelanotide and our other product candidates. Many of our suppliers and collaborative and clinical trial relationships are located outside the United States, and we have and may continue to hire employees located outside of the United States. Accordingly, our business has and may continue to be subject to economic, political, regulatory and other risks associated with international operations, such as compliance with tax, employment, immigration and labor laws for employees living or traveling abroad, workforce uncertainty in countries where labor unrest is more common than in the United States, as well as difficulties associated with staffing and managing international operations, including differing labor relations. Any of these factors could materially affect our business, financial condition and results of operations. Our future financial performance and our ability to commercialize our approved products and compete effectively will depend, in part, on our ability to effectively manage the future development and expansion of our Company.

Our information technology systems, or those of our third-party CROs, CMOs or other contractors or consultants, may fail or suffer security breaches, which could result in a material disruption of setmelanotide and other product candidate development programs, regulatory investigations, enforcement actions and lawsuits.

In the ordinary course of our business, we produce, collect, process and store sensitive data, including intellectual property, our proprietary business information and that of our suppliers, as well as personally identifiable information, including of our employees. Similarly, our third-party CROs, CMOs and other contractors and consultants possess certain amounts of our sensitive data. We have implemented certain physical, administrative and technical controls intended to ensure the confidentiality, integrity and availability of such sensitive information, and the secure maintenance of this information is material to our operations and business strategy. Even with the implementation of security measures, our information technology systems and those of our third-party CROs, CMOs and other contractors and consultants are susceptible to attack, damage, or interruption from computer security incidents and cyberattacks such as malware (e.g., ransomware), phishing and other social engineering attacks employee or contractor theft, misuse or human error, denial or degradation of service attacks, supply chain attacks, advanced persistent threats from nation-state actors, attacks developed or enhanced using artificial intelligence, and unauthorized access or use by persons inside or outside our organization. As a result of our hybrid work environment, we also face increased cybersecurity risks due to employees accessing company resources from insecure networks, and using personal (i.e., “bring-your-own-device”) or unmanaged devices which often lack enterprise-grade security controls and all of which creates additional opportunities for cybercriminals to exploit vulnerabilities and use social engineering techniques to carry out a cyberattack. Any such attack, incident or breach could compromise our information technology systems which may result in sensitive information being accessed, publicly disclosed, lost, corrupted or stolen. Further, cyberattacks are increasing in their frequency, persistence, sophistication and intensity, often conducted by organized and well-funded criminal groups with a wide range of motives and expertise. Consequently, our security controls may not always prevent a cyberattack, and a threat actor may remain undetected in our systems for an extended period of time. Our cybersecurity risk management program and processes, including our policies, controls or procedures, may not be fully implemented, complied with or effective in protecting our systems and information. We maintain cyber liability insurance; however, it may not be sufficient to cover the financial, legal, business or reputational losses that may result from a service interruption or breach of our systems.

The global healthcare industry is increasingly integrating AI technologies and tools. However, like any emerging technology, AI presents its own set of risks, many of which are not yet fully understood. For example, AI algorithms may have inherent flaws, and data sets could be insufficient, low-quality, or biased. Additionally, inappropriate or controversial data practices by data scientists, engineers, and end-users could compromise results of AI processes. If AI applications generate flawed or inaccurate analyses or data, it could lead to competitive disadvantages, legal liabilities, and harm to our brand or reputation. Furthermore, the use of AI-based software might result in the inadvertent release of confidential information.

The legislative and regulatory landscape for privacy and data protection continues to evolve, and there has been an increasing amount of focus on privacy and data protection issues with the potential to affect our business, including laws in every state requiring security breach notification. Some laws also require implementation of reasonable security measures and provide a private right of action in the event of a breach. Costs of breach response, mitigation, investigation, remediation, notice and ongoing assessments can be considerable. Thus, any access, disclosure, damage or other loss of information, including our data being breached at our partners or third-party providers, could result in legal claims or proceedings and liability under state, federal and international privacy laws, disruption of our operations, and damage to our reputation, which could adversely affect our business.

We have put into place certain safeguards with technology, process and education to mitigate the risks inherent in our information technology systems and to defend against cyberattacks and security incidents. Although we do not believe that we have experienced any significant system failure, accident or security breach to date, including any significant or material cyberattacks and/or other information technology security incidents, if such an event were to occur and cause interruptions in our operations, it could result in a material disruption of our programs and material harm to our business and reputation. For example, the breach or loss of clinical trial data for setmelanotide or other product candidates could result in delays in our regulatory approval efforts and significantly increase our costs to recover or reproduce the data. To the extent that any disruption or security breach results in a loss of or damage to our data or applications or other data or applications relating to our technology or product candidates, or inappropriate disclosure of confidential or proprietary information, we could incur liabilities and the further development of setmelanotide and our product candidates could be delayed or prevented. It could also expose us to risks, including an inability to provide our services and fulfill contractual demands, and could cause management distraction and the obligation to devote significant financial and other resources to mitigate such problems, which would increase our future information security costs, including through organizational changes, deploying additional personnel, reinforcing administrative, physical and technical safeguards, further training of employees, changing third-party vendor control practices and engaging third-party subject matter experts and consultants and reduce the demand for our product and services.

Risks Related To Our Common Stock

Market volatility may affect our stock price and the value of your investment.

The market price for our common stock has been volatile and may continue to fluctuate significantly in response to a number of factors, most of which we cannot control, including, among others:

- plans for, progress of, or results from preclinical studies and clinical trials of setmelanotide and our other product candidates;
- the failure of the FDA or EMA to approve IMCIVREE for additional indications or to initially approve our other product candidates;
- announcements of new products, technologies, commercial relationships, acquisitions or other events by us or our competitors;
- the success or failure of other weight loss therapies and companies targeting the rare diseases we intend to address;
- regulatory or legal developments in the United States and other countries;
- failure of setmelanotide or our other product candidates, if approved, to achieve commercial success;
- fluctuations in stock market prices and trading volumes of similar companies;

- general market conditions and overall fluctuations in U.S. and global equity markets;
- global macroeconomic conditions or instability, including with respect to inflation rates or interest rates, curtailment of trade and other business restrictions such as tariffs or trade wars, boycotts, labor shortages, supply chain shortages, disruptions and instability in the banking industry and other parts of the financial services sector, outbreak of disease or epidemics, or other economic, political or legal changes, uncertainties or adverse developments;
- terrorism and/or political instability, unrest and wars, which could delay or disrupt our business, and if such political unrest escalates or spills over to or otherwise impacts additional regions it could heighten many of the other risk factors included in this sections;
- natural disasters and other extreme weather events (including as a result of climate change), which could cause significant damage to the infrastructure upon which our business operations rely, and the timing, nature or severity of which we may be unable to prepare for;
- global political changes and uncertainty, including in the United States with the changes arising from the current presidential administration and resulting changes and uncertainty in administrative agencies with authority over our business;
- variations in our quarterly operating results;
- changes in our financial guidance or securities analysts' estimates of our financial performance;
- changes in accounting principles;
- our ability to raise additional capital and the terms on which we can raise it;
- sales of large blocks of our common stock, including sales by our executive officers, directors and significant stockholders;
- additions or departures of key personnel;
- discussion of us or our stock price by the press and by online investor communities; and
- other risks and uncertainties described in these risk factors.

Our quarterly operating results may fluctuate significantly.

We expect our operating results to be subject to quarterly fluctuations, which may be significant and difficult to anticipate over time. Our net loss and other operating results will be affected by numerous factors, including:

- variations in the level of expenses related to our development programs;
- addition or termination of clinical trials;
- any lawsuit, including any intellectual property infringement lawsuit in which we may become involved;
- regulatory developments affecting setmelanotide and our other product candidates;
- our execution of any collaborative, licensing or similar arrangements, and the timing of payments we may make or receive under these arrangements;
- the achievement and timing of milestone payments under our existing collaboration and license agreements; and
- the level of underlying demand for setmelanotide and our customers' buying patterns.

If our quarterly operating results fall below the expectations of investors or securities analysts for any given quarter, the price of our common stock could decline substantially. Furthermore, any quarterly fluctuations in our operating results may, in turn, cause the price of our stock to fluctuate substantially.

Our ability to use certain net operating loss carryovers and other tax attributes may be limited.

Under the Code, a corporation is generally allowed a deduction for net operating losses, or NOLs, carried over from a prior taxable year, and can use such NOLs to offset future taxable income, if any, until such losses are used or, for NOLs arising in taxable years ending on or before December 31, 2017, until such NOLs expire. Other unused tax attributes, such as research tax credits may also be carried forward to offset future taxable income, if any, until such attributes are used or expire. As of December 31, 2025, we had approximately $917.3 million and $807.9 million of unused federal and state NOL carryforwards, respectively, and approximately $15.3 million and $4.6 million of unused federal and state carryforwards of research tax credits, respectively. Of the federal NOL carryforwards at December 31, 2025, $844.1 million can be carried forward indefinitely. Additionally, as of December 31, 2025, we had federal orphan drug credits related to qualifying research of $46.2 million.

If a corporation undergoes an "ownership change," very generally defined as a greater than 50% change by value in its equity ownership by certain shareholders or groups of shareholders over a rolling three-year period, Sections 382 and 383 of the Code limit the corporation's ability to use carryovers of its pre-change NOLs, credits and certain other tax attributes to reduce its tax liability for periods after the ownership change. Our issuance of common stock pursuant to prior public offerings may have resulted in a limitation under Code Sections 382 and 383, either separately or in combination with certain prior or subsequent shifts in the ownership of our common stock. Future changes in our stock ownership, some of which are outside of our control, could also result in an ownership change under Sections 382 and 383 of the Code. In addition, for taxable years beginning after December 31, 2020, utilization of federal NOLs generated in tax years beginning after December 31, 2017 are limited to a maximum of 80% of the taxable income for such year, after taking into account utilization of NOLs generated in years beginning before January 1, 2018 and determined without regard to such NOL deduction. Further regulatory changes could also limit our ability to utilize our NOLs. As a result, our ability to use carryovers of NOLs and credits to reduce our future U.S. federal income tax liability may be subject to limitations. This could result in increased U.S. federal income tax liability for us if we generate taxable income in a future period. Limitations on the use of NOLs and other tax attributes could also increase our state tax liability. Any such limitation could have a material adverse effect on our results of operations in future years. We have not completed a study to assess whether an ownership change for purposes of Section 382 or 383 has occurred, or whether there have been multiple ownership changes since our inception, due to the significant costs and complexities associated with such study.

The use of our tax attributes will also be limited to the extent that we do not generate positive taxable income in future tax periods. We do not expect to generate positive taxable income in the near future and we may never achieve tax profitability.

Substantial future sales or perceived potential sales of our common stock in the public market could cause the price of our common stock to decline significantly.

Sales of our common stock in the public market, or the perception that these sales could occur, could cause the market price of our common stock to decline significantly. As of September 30, 2026, we had 69,314,825 shares of common stock outstanding. In addition, on February 26, 2026, we filed with the SEC a registration statement on Form S-3ASR containing a prospectus covering the resale from time to time by the holders of the Convertible Preferred Stock of up to an aggregate of 2,395,831 shares of common stock, to satisfy registration rights that the Company granted to such holders in connection with the issuance of the Convertible Preferred Stock. Holders of the Convertible Preferred Stock have converted Convertible Preferred Stock to common stock, and to the extent they continue to convert their shares to common stock and sell such shares, the price of our common stock could be significantly impacted.

We may be at an increased risk of securities litigation, including class action litigation.

Historically, securities class action litigation has often been brought against a company following a decline in the market price of its securities. This risk is especially relevant for us because biotechnology and pharmaceutical companies have experienced significant stock price volatility in recent years and have an increased risk of securities litigation, including class action litigation. If we were to be sued, it could result in substantial costs and a diversion of management's attention and resources, which could harm our business.

We do not intend to pay dividends on our common stock and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

We have never declared or paid any cash dividends on our common stock and do not currently intend to do so in the foreseeable future. We currently anticipate that we will retain future earnings for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends in the foreseeable future. Additionally, our Convertible Preferred Stock ranks senior to the shares of the Company's common stock, with respect to the payment of dividends and the distribution of assets upon a liquidation, dissolution or winding up of the Company. Holders of the Convertible Preferred Stock will be entitled to a regular dividend at a rate as specified in the Amended and Restated Certificate of Designations filed by the Company with the Secretary of State of the State of Delaware.

Therefore, the success of an investment in shares of our common stock will depend upon any future appreciation in their value. There is no guarantee that shares of our common stock will appreciate in value or even maintain the price at which you purchased them.

Our common stock is subordinated to our Convertible Preferred Stock.

In connection with the closing of our Investment Agreement, the Company issued 150,000 shares of a new series of the Company's Convertible Preferred Stock for an aggregate purchase price of $150.0 million, or $1,000 per share. The Convertible Preferred Stock ranks senior to the shares of the Company's common stock, with respect to the payment of dividends and the distribution of assets upon a liquidation, dissolution or winding up of the Company. The Convertible Preferred Stock has an initial liquidation preference of $1,000 per share; provided that the liquidation preference in dissolution or upon a change of control shall be increased to be 175% of the then applicable liquidation preference, as described in the Amended and Restated Certificate of Designations. The Convertible Preferred Stock is convertible into shares of our common stock at the option of the holders thereof subject to the terms of the Amended and Restated Certificate of Designations.

Additionally, holders of the Convertible Preferred Stock generally will be entitled to vote with the holders of the shares of our common stock, subject to certain restrictions pursuant to the terms of the Amended and Restated Certificate of Designations, on all matters submitted for a vote of holders of shares of our common stock (voting together with the holders of shares of our common stock as one class) on an as-converted basis, subject to certain ownership limitations. On May 7, 2024, the Company filed an Amended and Restated Certificate of Designations in respect of the Convertible Preferred Stock containing certain technical amendments to the terms of the Convertible Preferred Stock. The amendments contained in the Amended and Restated Certificate of Designations (x) limited the voting rights of the Convertible Preferred Stock to 24.9438 shares of the Company's common stock per $1,000 liquidation preference of Convertible Preferred Stock and (y) eliminated a 1% step up in the interest rate that otherwise would have applied in the unlikely event that the Company was required to obtain and failed to obtain stockholder approval for certain conversion shares underlying the Convertible Preferred Stock. Additionally, certain matters will require the approval of the holders of two-thirds of the outstanding Convertible Preferred Stock, voting as a separate class, including (1) the authorization, creation, increase in the authorized amount of, or issuance of any class or series of senior or pari passu equity securities or any security convertible into, or exchangeable or exercisable for, shares of senior or pari passu equity securities, (2) amendments, modifications or repeal of any provision of the Company's charter or of the Amended and Restated Certificate of Designations that would adversely affect the rights, preferences or voting powers of the Convertible Preferred Stock, and (3) certain business combinations and binding or statutory share exchanges or involving the Convertible Preferred Stock unless such events do not adversely affect the rights, preferences or voting powers of the Convertible Preferred Stock.

In the future, we may make additional offerings of debt or preferred equity securities, including convertible or non-convertible senior or subordinated notes, convertible or non-convertible preferred stock, medium-term notes and trust preferred securities, to raise cash or bolster our liquidity, to refinance indebtedness, for working capital, to finance strategic initiatives and future acquisitions or for other purposes. Upon liquidation, holders of our debt securities and shares of preferred stock and lenders with respect to other borrowings may receive distributions of our available assets prior to the holders of our common stock. In addition, any preferred stock we may issue could have a preference on liquidating distributions or a preference on distribution payments that could limit our ability to make a distribution to the holders of our common stock. Since our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing or nature of our future offerings. Thus, our stockholders bear the risk of our future offerings reducing the market price of our common stock.

Provisions in our certificate of incorporation and bylaws and Delaware law might discourage, delay or prevent a change in control of our Company or changes in our management and, therefore, depress the market price of our common stock.

Our certificate of incorporation and bylaws contain provisions that could depress the market price of our common stock by acting to discourage, delay or prevent a change in control of our Company or changes in our management that the stockholders of our Company may deem advantageous. These provisions, among other things:

- establish a classified board of directors so that not all members of our board are elected at one time;
- permit only the board of directors to establish the number of directors and fill vacancies on the board;
- provide that directors may only be removed "for cause" and only with the approval of two-thirds of our stockholders;
- authorize the issuance of "blank check" preferred stock that our board could use to implement a stockholder rights plan (also known as a "poison pill");
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires all stockholder actions to be taken at a meeting of our stockholders;
- prohibit cumulative voting;
- authorize our board of directors to amend the bylaws;
- establish advance notice requirements for nominations for election to our board or for proposing matters that can be acted upon by stockholders at annual stockholder meetings; and
- require a super-majority vote of stockholders to amend some provisions described above.

In addition, Section 203 of the General Corporation Law of the State of Delaware, or the DGCL, prohibits a publicly-held Delaware corporation from engaging in a business combination with an interested stockholder, generally a person which together with its affiliates owns, or within the last three years has owned, 15% of our voting stock, for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner.

Any provision of our certificate of incorporation, bylaws or Delaware law that has the effect of delaying or preventing a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our capital stock and could also affect the price that some investors are willing to pay for our common stock.

Our certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for substantially all disputes between us and our stockholders and our bylaws designate the federal district courts of the United States as the exclusive forum for actions arising under the Securities Act, which could limit our stockholders' ability to obtain an alternate preferred judicial forum for disputes with us or our directors, officers or employees.

Our certificate of incorporation provides that the Court of Chancery of the State of Delaware is the exclusive forum for: (i) any derivative action or proceeding brought on our behalf; (ii) any action asserting a claim of breach of fiduciary duty; (iii) any action asserting a claim against us arising under the DGCL, our certificate of incorporation or our bylaws; and (iv) any action asserting a claim against us that is governed by the internal affairs doctrine. In addition, our bylaws provide that the federal district courts of the United States are the exclusive forum for any complaint raising a cause of action arising under the Securities Act. Any person or entity purchasing or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to the provisions of our certificate of incorporation and bylaws described above. These exclusive-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage lawsuits against us and our directors, officers and other employees. If a court were to find these provisions of our certificate of

incorporation or bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving the dispute in other jurisdictions, which could seriously harm our business.

General Risk Factors

We have in the past and may in the future acquire businesses or products, form strategic alliances or create joint ventures in the future, and we may not realize their benefits.

We may acquire additional businesses or products, form strategic alliances or create joint ventures with third parties that we believe will complement or augment our existing business. For example, in February 2023, in order to expand our pipeline and build on our focus on rare endocrinology diseases, we acquired Xinvento B.V., a Netherlands-based biotech company focused on developing therapies for CHI. As we acquire businesses with promising markets or technologies, we may not be able to realize the benefit of acquiring such businesses if we are unable to successfully integrate them with our existing operations and company culture. We may encounter numerous difficulties in developing, manufacturing and marketing any new products resulting from a strategic alliance, joint venture or acquisition that delay or prevent us from realizing their expected benefits or enhancing our business. We cannot assure you that, following any such acquisition, we will achieve the expected synergies to justify the transaction.

An active market for our common stock may not be maintained.

Our stock began trading on the Nasdaq Global Market in October 2017. We may not able to continue to maintain an active trading market on the Nasdaq Global Market or any other exchange in the future. If an active market for our common stock is not maintained, it may be difficult for our stockholders to sell shares without depressing the market price for the shares or at all. An inactive market may also impair our ability to raise capital by selling shares and may impair our ability to acquire other businesses, applications or technologies using our shares as consideration.

If securities or industry analysts do not continue to publish research or reports or publish unfavorable research or reports about our business, our stock price and trading volume could decline.

The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us, our business, our market or our competitors. We do not control these analysts. If we lose securities or industry analysts coverage of our Company, the trading price for our stock would be negatively impacted. If one or more of the analysts who covers us downgrades our stock, our stock price would likely decline. If one or more of these analysts issues unfavorable commentary or ceases to cover us or fails to regularly publish reports on us, interest in our stock could decrease, which could cause our stock price or trading volume to decline.

Raising additional capital may cause dilution to our existing stockholders, restrict our operations or require us to relinquish rights.

We may seek additional capital through a combination of private and public equity offerings, debt financings, collaborations and strategic and licensing arrangements. From time to time, we may raise additional capital through the sale of common stock or securities convertible or exchangeable into common stock, such as our sale of Convertible Preferred Stock under the Investment Agreement, which did cause in the case of the Investment Agreement and may cause in the future a stockholder's ownership interest in our Company to be diluted. In addition, the terms of any such securities may include liquidation or other preferences that materially adversely affect the rights of our stockholders. Debt financing, if available, would increase our fixed payment obligations and may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If we raise additional funds through collaboration, strategic partnerships and licensing arrangements with third parties, we may have to relinquish valuable rights to setmelanotide, our intellectual property or future revenue streams, or grant licenses on terms that are not favorable to us. See above, under the heading *"Our common stock is subordinated to our Convertible Preferred Stock."*

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

Our results of operations could be adversely affected by general conditions in the global political system, economy and in the global financial markets. The global economy, including credit and financial markets, has recently experienced extreme volatility and disruptions, including severely diminished liquidity and credit availability, rising

interest and inflation rates, declines in consumer confidence, declines in economic growth, increases in unemployment rates, the imposition of tariffs and other trade barriers, uncertainty about economic stability, and rising political uncertainty. A severe or prolonged economic downturn or recession and a continued increase in inflation rates or interest rates could result in a variety of risks to our business, including weakened demand for setmelanotide and our ability to raise additional capital when needed on acceptable terms, if at all. Further deterioration in credit and financial markets and confidence in economic conditions may occur. A weak or declining economy could also strain our suppliers, possibly resulting in supply disruption, or cause our customers to delay making payments for our services. Increased inflation rates and related increases in interest rates can adversely affect us by increasing our costs, including labor and employee benefit costs. In addition, geopolitical conflicts and war could disrupt or otherwise adversely impact our operations and those of third parties upon which we rely. Related sanctions, export controls or other actions have and may in the future be initiated by nations including the United States, the EU or Russia (e.g., potential cyberattacks, disruption of energy flows, etc.), which could adversely affect our business and/or our supply chain, our CROs, CMOs and other third parties with which we conduct business. The changes arising from a new presidential administration in the United States and the prospect of new leadership and reductions in the workforce or other resources in key administrative agencies (such as the FDA and SEC) as well as volatile political conditions in other countries in which we do business could also create additional uncertainty for our industry and our business, including in ways that we cannot foresee. Any of the foregoing could harm our business and we cannot anticipate all of the ways in which the current economic climate and financial market conditions could adversely impact our business.

Business interruptions could adversely affect our operations.

Our operations are vulnerable to interruption by fire, severe weather conditions, power loss, telecommunications failure, terrorist activity, public health crises and pandemic diseases, and other natural and man-made disasters or events beyond our control. Our facilities and employees are located in regions that experience severe weather from time to time. We have not undertaken a systematic analysis of the potential consequences to our business and financial results from a major tornado, flood, fire, earthquake, power loss, terrorist activity, public health crisis, pandemic diseases or other disasters and do not have a recovery plan for such disasters. In addition, we do not carry sufficient insurance to compensate us for actual losses from interruption of our business that may occur, and any losses or damages incurred by us could harm our business. The occurrence of any of these business disruptions could seriously harm our operations and financial condition and increase our costs and expenses.

We have incurred and will continue to incur substantial costs as a result of operating as a public company, our management will continue to devote substantial time to existing and new compliance initiatives and corporate governance policies, and we will need to hire additional qualified accounting, financial, legal and compliance personnel with appropriate public company experience.

As a public company, we have incurred and will continue to incur significant legal, accounting and other expenses. The Sarbanes Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the Nasdaq Global Market and other applicable securities rules and regulations impose various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Our management and other personnel will continue to devote a substantial amount of time to these compliance initiatives and we will need to continue to hire and retain additional accounting, financial, legal and compliance personnel with appropriate public company experience and technical accounting and securities laws knowledge. Even if we are able to hire appropriate personnel, our existing operating expenses and operations will be impacted by the direct costs of their employment and the indirect consequences related to the diversion of management resources from product development and commercialization efforts. Moreover, these rules and regulations will continue to increase our legal and financial compliance costs and make some activities more time consuming and costly.

These rules and regulations are often subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in future uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

We may in the future fail to maintain an effective system of internal control over financial reporting. This may prevent us from accurately reporting our financial results or preventing fraud. As a result, stockholders could lose confidence in our financial and other public reporting, which would harm our business and the trading price of our common stock.

Effective internal control over financial reporting is necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, is designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations.

Pursuant to Section 404, we are required to furnish a report by our management on our internal control over financial reporting. To continue to achieve and maintain compliance with Section 404, we engage in a process to document and evaluate our internal control over financial reporting, which is both costly and challenging. In this regard, we need to continue to dedicate internal resources, potentially engage outside consultants and adopt a detailed work plan to assess and document the adequacy of internal control over financial reporting, continue steps to improve control processes as appropriate, validate through testing that controls are functioning as documented and implement a continuous reporting and improvement process for internal control over financial reporting. Despite our efforts, from time to time we may not be able to conclude that our internal control over financial reporting is effective as required by Section 404.

In addition, we are required to include an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. If we are unable to maintain effective internal control over financial reporting, we may not have adequate, accurate or timely financial information, our independent registered public accounting firm may issue a report that is adverse. A material weakness could result in a restatement of our financial statements, failure to meet our reporting obligations in a timely manner, the imposition of sanctions, including the inability of registered broker dealers to make a market in our common stock, or investigation by regulatory authorities. Any such action or other negative results caused by our inability to meet our reporting requirements or comply with legal and regulatory requirements or by disclosure of an accounting, reporting or control issue could adversely affect the trading price of our securities and our business. Ineffective internal control over financial reporting could also reduce our ability to obtain financing or could increase the cost of any financing we obtain. Any of these could, in turn, result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of our financial statements.

We have previously identified a material weakness in our internal controls over financial reporting and may identify additional material weaknesses in the future or otherwise fail to maintain an effective system of internal controls, which may result in material misstatements of our consolidated financial statements or cause us to fail to meet our periodic reporting obligations.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of a company's annual or interim financial statements will not be prevented or detected on a timely basis. We previously identified a material weakness in internal control related to ineffective information technology general controls, or ITGCs, in the areas of user access and program change management over our key accounting and reporting information technology, or IT, system. As a result, the related business process controls (specifically, the IT application controls and IT-dependent manual controls) that are dependent on the ineffective ITGCs, or that use data produced from the system impacted by the ineffective ITGCs, were also ineffective. Although the material weakness identified above did not result in any material misstatements in our consolidated financial statements for the periods presented and there were no changes to previously released financial results, our management concluded that these control deficiencies constitute a material weakness and that our internal control over financial reporting was not effective as of December 31, 2023.

Our management designed and implemented new controls and measures to remediate this material weakness, and management has concluded that the material weaknesses described above have been remediated. However, we cannot assure you that the measures we are taking will be sufficient to avoid the identification of additional material weaknesses in the future. Our failure to implement and maintain effective internal control over financial reporting could result in errors in our consolidated financial statements that could result in a restatement of our financial statements and could cause us to fail to meet our periodic reporting obligations, any of which could diminish investor confidence in us, which could diminish investor confidence and cause a decline in the price of our common stock.

The increasing focus on environmental sustainability and social initiatives could increase our costs, harm our reputation and adversely impact our financial results.

There has been increasing public focus by investors, customers, environmental activists, the media and governmental and nongovernmental organizations on a variety of environmental, social and other sustainability matters. If we are not effective in addressing environmental, social and other sustainability matters affecting our business, or setting and meeting relevant sustainability goals, our reputation and financial results may suffer. We have undertaken certain initiatives, including disclosures, to improve the sustainability profile of our products and/or operations and respond to

stakeholder expectations; however, such initiatives may be costly and may not have the desired effect. For example, sustainability-related initiatives are often based on methodologies, standards, or data that are still evolving and subject to varying interpretations. Our approach is also expected to evolve with time and may not align with the expectations or interpretations of any particular stakeholder. In addition, this emphasis on environmental, social and other sustainability matters has resulted and may result in the adoption of new laws and regulations, including new reporting requirements. Such requirements and other expectations are not uniform, and may be inconsistently interpreted or applied, which can increase the complexity and cost of compliance. Simultaneously, there are efforts by some stakeholders to reduce companies' efforts on certain environmental, social and sustainability-related initiatives. Both advocates and opponents of these matters are increasingly resorting to a range of activism forms, including media campaigns and litigation, to advance their perspectives. Any failure to successfully navigate stakeholder expectations may result in additional costs, reputational harm, or other adverse impacts to our business. Additionally, many of our business partners and suppliers may be subject to similar reporting and stakeholder expectations, which may augment or create additional risks, including risks that may not be known to us.

Short sellers of our stock may be manipulative and may drive down the market price of our common stock.

Short selling is the practice of selling securities that the seller does not own, but rather has borrowed or intends to borrow from a third party, with the intention of buying identical securities at a later date to return to the lender. A short seller hopes to profit from a decline in the value of the securities between the sale of the borrowed securities and the purchase of the replacement shares, as the short seller expects to pay less in that purchase than it received in the sale. It is therefore in the short seller's interest for the price of the stock to decline, and some short sellers publish, or arrange for the publication of, opinions or characterizations regarding the relevant issuer, often involving misrepresentations of the issuer's business prospects and similar matters calculated to create negative market momentum, which may permit them to obtain profits for themselves as a result of selling the stock short.

As a public entity, we may be the subject of concerted efforts by short sellers to spread negative information in order to gain a market advantage. In addition, the publication of misinformation may also result in further lawsuits, the uncertainty and expense of which could adversely impact our business, financial condition, and reputation. We may face further short sellers' efforts or similar tactics in the future, and the market price of our common stock may decline as a result of their actions.

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

Unregistered Sales of Equity Securities

None.

Use of Proceeds

Not applicable.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(a) Disclosure in lieu of reporting on a Current Report on Form 8-K.

The Information set forth below is included for the purpose of providing disclosure under Item 1.01 – "Entry into a Material Definitive Agreement" and Item 2.03 – Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant" of Form 8-K.

On November 2, 2026, we entered into the LGC Amendment, the Loan Agreement and the A&R RIFA. For more information on the LGC Amendment, Loan Agreement and A&R RIFA for purposes of Item 1.01 of Form 8-K and the Loan Agreement and the A&R RIFA for purposes of Item 2.03 of Form 8-K, see Note 16. Subsequent Events, to our unaudited condensed consolidated financial statements. .

(b) Material changes to the procedures by which security holders may recommend nominees to the board of directors.

None.

(c) Insider Trading Arrangements and Policies.

On August 6, 2026, David McGirr, the Company's Director, adopted a trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act for the sale of up to 21,810 shares of the Company's common stock until February 7, 2027.

On August 18, 2026, Christophe Jean, the Company's Director, adopted a trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act for the sale of up to 10,000 shares of the Company's common stock until July 17, 2027.

On September 9, 2026, Alastair Garfield, the Company's Chief Scientific Officer, adopted a trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act for the sale of up to 100% of the shares of our common stock issued to Dr. Garfield upon the settlement of outstanding restricted stock units, less the number of shares surrendered to the issuer or sold to cover tax withholding obligations in connection with the vesting and settlement of such restricted stock units, until February 1, 2028.

On September 18, 2026 , David Meeker, the Company's Chief Executive Officer, terminated a trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act, which was previously adopted on June 15, 2026 and provided for the sale of up to 300,000 shares of the Company's common stock until March 15, 2027.

Other than as disclosed above, during the three months ended September 30, 2026, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference		
		Form	Date	Number
3.1	Amended and Restated Certificate of Incorporation of Rhythm Pharmaceuticals, Inc. dated October 10, 2017, and the Certificate of Amendment to the Amended and Restated Certificate of Incorporation of Rhythm Pharmaceuticals, Inc. dated June 25, 2025.	8-K	06/26/2025	3.1
3.2	Amended and Restated Bylaws.	8-K	12/18/2023	3.1
3.3	Certificate of Designations	8-K	04/16/2024	3.1
3.4	Amended and Restated Certificate of Designations	10-Q	05/07/2024	3.4
4.1	Form of Indenture	S-3ASR	2/26/2026	4.3
31.1*	Certification of the Principal Executive Officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).			
31.2*	Certification of the Principal Financial Officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).			
32.1**	Certification of the Principal Executive Officer, as required by Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).			
32.2**	Certification of the Principal Financial Officer, as required by Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350).			
101.INS*	Inline XBRL Instance Document - the Instance Document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.			
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.			
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.			
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.			
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.			
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.			
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).			

* Filed herewith.

** Furnished herewith.

SIGNATURES

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

RHYTHM PHARMACEUTICALS, INC.

Dated: November 3, 2026

By: /s/ David P. Meeker, M.D.
Name: David P. Meeker, M.D.
Title: President and Chief Executive Officer
(Principal Executive Officer)

Dated: November 3, 2026

By: /s/ Hunter C. Smith
Name: Hunter C. Smith
Title: Chief Financial Officer and Treasurer
(Principal Financial Officer)

Exhibit 31.1

CERTIFICATION

I, David P. Meeker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rhythm Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2026

/s/ David P. Meeker, M.D.

Name: David P. Meeker, M.D.

Title: President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Hunter C. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Rhythm Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2026

/s/ Hunter C. Smith

Name: Hunter C. Smith
Title: Chief Financial Officer and Treasurer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, David P. Meeker, M.D., certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge, the Quarterly Report on Form 10-Q of Rhythm Pharmaceuticals, Inc. for the fiscal quarter ended September 30, 2026 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Rhythm Pharmaceuticals, Inc.

/s/ David P. Meeker, M.D.

Name: David P. Meeker, M.D.

Title: President and Chief Executive Officer
(Principal Executive Officer)

November 3, 2026

Exhibit 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Hunter C. Smith, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge, the Quarterly Report on Form 10-Q of Rhythm Pharmaceuticals, Inc. for the fiscal quarter ended September 30, 2026 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Rhythm Pharmaceuticals Inc.

/s/ Hunter C. Smith

Name: Hunter C. Smith

Title: Chief Financial Officer and Treasurer
(Principal Financial Officer)

November 3, 2026