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

FORM 10-Q

(Mark One)

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

For the quarterly period ended December 31, 2019

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 001-37929

Myovant Sciences Ltd.

(Exact name of registrant as specified in its charter)

Bermuda	**98-1343578**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
Suite 1, 3rd Floor **11-12 St. James's Square** **London** **SW1Y 4LB** **United Kingdom**	**Not Applicable**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **+44 207 400 3347**

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

Title of each Class	Trading Symbol	Name of each exchange on which registered
Common Shares, $0.000017727 par value per share	MYOV	New York Stock Exchange

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 o

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 o

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	o	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. o

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 shares, $0.000017727 par value per share, on January 31, 2020, was 89,788,054.

MYOVANT SCIENCES LTD.
QUARTERLY REPORT ON FORM 10-Q
FOR THE QUARTER ENDED DECEMBER 31, 2019

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

MYOVANT SCIENCES LTD.
Condensed Consolidated Balance Sheets
(*unaudited; in thousands, except share and per share data*)

	December 31, 2019	March 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 83,073	$ 156,074
Marketable securities	15,815	—
Prepaid expenses and other current assets	12,086	10,194
Income tax receivable	—	524
Total current assets	110,974	166,792
Property and equipment, net	2,406	2,071
Operating lease right-of-use asset	11,491	—
Other assets	4,636	4,114
Total assets	$ 129,507	$ 172,977
Liabilities and shareholders' (deficit) equity		
Current liabilities:		
Accounts payable	$ 6,617	$ 11,019
Interest payable	—	1,077
Interest payable (related party)	16	—
Accrued expenses	45,214	53,735
Operating lease liability	1,449	—
Current maturities of long-term debt	—	6,142
Total current liabilities	53,296	71,973
Deferred rent	—	1,157
Deferred interest payable	—	2,273
Long-term operating lease liability	11,399	—
Long-term debt, less current maturities	—	93,240
Long-term debt, less current maturities (related party)	113,700	—
Total liabilities	178,395	168,643
Commitments and contingencies (Note 12)		
Shareholders' (deficit) equity:		
Common shares, par value $0.000017727 per share, 564,111,242 shares authorized, 89,787,654 and 72,057,490 issued and outstanding at December 31, 2019 and March 31, 2019, respectively	2	1
Additional paid-in capital	678,034	505,851
Accumulated other comprehensive (loss) income	(823)	507
Accumulated deficit	(726,101)	(502,025)
Total shareholders' (deficit) equity	(48,888)	4,334
Total liabilities and shareholders' (deficit) equity	$ 129,507	$ 172,977

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

MYOVANT SCIENCES LTD.
Condensed Consolidated Statements of Operations
(*unaudited; in thousands, except share and per share data*)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
Operating expenses:				
Research and development [1]	$ 48,927	$ 58,434	$ 150,847	$ 163,588
General and administrative [2]	29,142	10,686	59,897	29,738
Total operating expenses	78,069	69,120	210,744	193,326
Interest expense	3,641	1,634	11,222	4,831
Loss on extinguishment of debt	4,851	—	4,851	—
Interest expense (related party)	16	—	16	—
Interest income	(597)	—	(2,305)	—
Other (income) expense, net	(567)	(121)	(1,151)	147
Loss before income taxes	(85,413)	(70,633)	(223,377)	(198,304)
Income tax expense	191	—	699	233
Net loss	$ (85,604)	$ (70,633)	$ (224,076)	$ (198,537)
Net loss per common share — basic and diluted	$ (0.96)	$ (1.04)	$ (2.64)	$ (3.01)
Weighted average common shares outstanding — basic and diluted	88,893,579	67,616,419	84,750,114	65,873,779

[1] Includes $25 and $41 of costs allocated from the Company's former majority shareholder, during the three months ended December 31, 2019 and 2018, respectively, and $76 and $2,524 of costs allocated from the Company's former majority shareholder during the nine months ended December 31, 2019 and 2018, respectively. Also includes share-based compensation expense (see Note 10).

[2] Includes $195 and $470 of costs allocated from the Company's former majority shareholder during the three months ended December 31, 2019 and 2018, respectively, and $617 and $2,644 of costs allocated from the Company's former majority shareholder during the nine months ended December 31, 2019 and 2018, respectively. Also includes share-based compensation expense (see Note 10).

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

MYOVANT SCIENCES LTD.
Condensed Consolidated Statements of Comprehensive Loss
(unaudited; in thousands)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
Net loss	$ (85,604)	$ (70,633)	$ (224,076)	$ (198,537)
Other comprehensive (loss) income:				
Foreign currency translation adjustment	(792)	(150)	(1,330)	203
Total other comprehensive (loss) income	(792)	(150)	(1,330)	203
Comprehensive loss	$ (86,396)	$ (70,783)	$ (225,406)	$ (198,334)

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

MYOVANT SCIENCES LTD.
Condensed Consolidated Statements of Shareholders' (Deficit) Equity
(unaudited; in thousands, except share data)

	Common Shares		Additional Paid in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Shareholders' (Deficit) Equity
	Shares	Amount				
Balance at March 31, 2019	72,057,490	$ 1	$ 505,851	$ 507	$ (502,025)	$ 4,334
Issuance of shares in connection with "at-the-market" equity offering, net of commissions of $79	106,494	—	2,546	—	—	2,546
Issuance of shares in connection with public equity offering, net of commissions and offering costs of $9,212	17,424,243	1	134,537	—	—	134,538
Share-based compensation expense	—	—	6,410	—	—	6,410
Capital contribution from former majority shareholder — share-based compensation	—	—	42	—	—	42
Capital contribution from former majority shareholder	—	—	106	—	—	106
Foreign currency translation adjustment	—	—	—	(819)	—	(819)
Issuance of shares upon exercise of stock options and vesting of RSUs	34,399	—	314	—	—	314
Net loss	—	—	—	—	(67,904)	(67,904)
Balance at June 30, 2019	89,622,626	2	649,806	(312)	(569,929)	79,567
Public equity offering, additional offering costs	—	—	(80)	—	—	(80)
Share-based compensation expense	—	—	7,879	—	—	7,879
Capital contribution from former majority shareholder — share-based compensation	—	—	52	—	—	52
Capital contribution from former majority shareholder	—	—	123	—	—	123
Foreign currency translation adjustment	—	—	—	281	—	281
Issuance of shares upon vesting of RSUs	938	—	—	—	—	—
Net loss	—	—	—	—	(70,568)	(70,568)
Balance at September 30, 2019	89,623,564	2	657,780	(31)	(640,497)	17,254
Share-based compensation expense	—	—	19,740	—	—	19,740
Capital contribution from former majority shareholder — share-based compensation	—	—	55	—	—	55
Capital contribution from former majority shareholder	—	—	105	—	—	105
Foreign currency translation adjustment	—	—	—	(792)	—	(792)
Issuance of shares upon exercise of stock options and vesting of PSUs and RSUs	164,090	—	354	—	—	354
Net loss	—	—	—	—	(85,604)	(85,604)
Balance at December 31, 2019	89,787,654	$ 2	$ 678,034	$ (823)	$ (726,101)	$ (48,888)

	Common Shares		Additional Paid in Capital	Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Shareholders' Equity
	Shares	Amount				
Balance at March 31, 2018	60,997,856	$ 1	$ 266,178	$ 24	$ (228,474)	$ 37,729
Issuance of shares in connection with "at-the-market" equity offering, net of commissions and offering costs of $2,110	2,767,129	—	57,315	—	—	57,315
Issuance of shares in connection with Private Placement with former majority shareholder	1,110,015	—	22,500	—	—	22,500
Share-based compensation expense	—	—	4,053	—	—	4,053
Capital contribution from former majority shareholder — share-based compensation	—	—	191	—	—	191
Foreign currency translation adjustment	—	—	—	425	—	425
Issuance of shares upon exercise of stock options	16,218	—	76	—	—	76
Net loss	—	—	—	—	(62,134)	(62,134)
Balance at June 30, 2018	64,891,218	1	350,313	449	(290,608)	60,155
Share-based compensation expense	—	—	4,529	—	—	4,529
Capital contribution from former majority shareholder — share-based compensation	—	—	196	—	—	196
Capital contribution from former majority shareholder	—	—	212	—	—	212
Foreign currency translation adjustment	—	—	—	(72)	—	(72)
Issuance of shares in connection with public equity offering, net of commissions and offering costs of $5,110	3,533,399	—	74,391	—	—	74,391
Issuance of shares upon exercise of stock options and vesting of RSUs	60,271	—	460	—	—	460
Net loss	—	—	—	—	(65,770)	(65,770)
Balance at September 30, 2018	68,484,888	1	430,101	377	(356,378)	74,101
Share-based compensation expense	—	—	4,669	—	—	4,669
Capital contribution from former majority shareholder — share-based compensation	—	—	125	—	—	125
Capital contribution from former majority shareholder	—	—	384	—	—	384
Foreign currency translation adjustment	—	—	—	(150)	—	(150)
Shares issued to NovaQuest, net of issuance costs	2,286,284	—	37,982	—	—	37,982
Issuance of shares upon exercise of stock options and vesting of RSUs	30,349	—	257	—	—	257
Net loss	—	—	—	—	(70,633)	(70,633)
Balance at December 31, 2018	70,801,521	$ 1	$ 473,518	$ 227	$ (427,011)	$ 46,735

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

MYOVANT SCIENCES LTD.
Condensed Consolidated Statements of Cash Flows
(unaudited; in thousands)

	Nine Months Ended December 31,	
	2019	**2018**
Cash flows from operating activities:		
Net loss	$ (224,076)	$ (198,537)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based compensation	34,178	13,763
Depreciation and amortization [(1)]	1,236	298
Amortization of debt discount and issuance costs	1,486	1,378
Loss on extinguishment of debt	4,851	—
Other items	(1,174)	799
Changes in operating assets and liabilities:		
Prepaid expenses and other current assets	(1,892)	(7,235)
Income tax receivable	524	233
Other assets	(272)	(146)
Accounts payable	(4,402)	893
Interest payable	(1,077)	147
Interest payable (related party)	16	—
Accrued expenses	(8,400)	18,079
Operating lease liabilities	(547)	—
Due to former majority shareholder	(121)	(1,894)
Deferred rent	—	724
Deferred interest payable	(2,273)	518
Net cash used in operating activities	(201,943)	(170,980)
Cash flows from investing activities:		
Purchases of marketable securities	(32,076)	—
Maturities of marketable securities	16,440	—
Purchases of property and equipment	(824)	(718)
Net cash used in investing activities	(16,460)	(718)
Cash flows from financing activities:		
Proceeds from issuance of common shares in “at-the-market” equity offering, net of issuance costs paid	2,546	57,315
Proceeds from issuance of common shares in public equity offering, net of issuance costs paid	134,458	74,391
Proceeds from issuance of common shares in private placement with former majority shareholder	—	22,500
Proceeds from third party debt financings, net of financing costs paid	—	54,000
Proceeds from related party debt financings	113,700	—
Proceeds from issuance of common shares to NovaQuest, net of issuance costs paid	—	38,000
Proceeds from stock option exercises	667	771
Payments on third party debt financings and redemption fees	(105,420)	—
Payment of annual debt administration fee to NovaQuest	(300)	(300)
Net cash provided by financing activities	145,651	246,677
Net change in cash, cash equivalents and restricted cash	(72,752)	74,979
Cash, cash equivalents and restricted cash, beginning of period	157,199	108,624
Cash, cash equivalents and restricted cash, end of period	$ 84,447	$ 183,603
Non-cash financing activities:		
Offering costs included in accounts payable and accrued expenses	$ —	$ 18
Deferred financing costs included in accrued expenses	$ —	$ 26
Stock options exercised receivables, included in prepaid expenses and other current assets	$ —	$ (22)

[(1)] Includes amortization of operating lease right-of-use asset.

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

MYOVANT SCIENCES LTD.
Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 1—Description of Business

Myovant Sciences Ltd. (or together with its wholly-owned subsidiaries, the "Company") is a healthcare company focused on developing innovative treatments for women's health and prostate cancer. The Company is developing a relugolix combination tablet (relugolix 40 mg plus estradiol 1.0 mg and norethindrone acetate 0.5 mg) for women with heavy menstrual bleeding associated with uterine fibroids and for pain associated with endometriosis, a relugolix monotherapy tablet (120 mg) for men with advanced prostate cancer, and an additional product candidate, MVT-602, an oligopeptide kisspeptin-1 receptor agonist, for the treatment of female infertility as part of assisted reproduction. Both relugolix and MVT-602 were licensed to the Company by Takeda Pharmaceuticals International AG, or Takeda, on April 29, 2016.

The Company is an exempted company limited by shares incorporated under the laws of Bermuda in February 2016 under the name Roivant Endocrinology Ltd. The Company changed its name to Myovant Sciences Ltd. in May 2016. Since its inception, the Company has devoted substantially all of its efforts to identifying and in-licensing its product candidates, organizing and staffing the Company, raising capital, preparing for and advancing the clinical development of its product candidates, and preparing for potential future regulatory approvals and commercialization of relugolix combination tablet and relugolix monotherapy tablet.

The Company has incurred, and expects to continue to incur, significant operating losses and negative operating cash flows as it continues to develop its product candidates and prepares for potential future regulatory approvals and commercialization of relugolix combination tablet and relugolix monotherapy tablet. To date, the Company has not generated any revenue, and it does not expect to generate revenue unless and until it successfully completes development and obtains regulatory approval for at least one of its product candidates. The Company has funded its operations primarily from the issuance and sale of its common shares and from debt financing arrangements. See Note 2(C), Summary of Significant Accounting Policies—Going Concern and Management's Plans.

On December 27, 2019, Sumitovant Biopharma Ltd. ("Sumitovant"), a subsidiary of Sumitomo Dainippon Pharma Co., Ltd. ("DSP") became the Company's majority shareholder and a related party after acquiring 45,008,604 of the Company's outstanding common shares, representing approximately 50.2% of the Company's common shares outstanding on December 27, 2019. The common shares were acquired from the Company's former majority shareholder, Roivant Sciences Ltd. ("Roivant," "RSL," or "former majority shareholder") at the closing of a transaction between Roivant and DSP. See Note 7 for additional information.

Note 2—Summary of Significant Accounting Policies

(A) Basis of Presentation

The Company's fiscal year ends on March 31, and its first three fiscal quarters end on June 30, September 30 and December 31. The Company has determined that it has one operating and reporting segment as it allocates resources and assesses financial performance on a consolidated basis.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with United States, or U.S., generally accepted accounting principles, or U.S. GAAP, for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and disclosures required by U.S. GAAP for complete financial statements. These unaudited condensed consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2019, filed with the U.S. Securities and Exchange Commission, or the SEC, on May 24, 2019. The unaudited consolidated balance sheet at March 31, 2019 has been derived from the audited consolidated financial statements at that date. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary to present fairly the financial position of the Company and its results of operations and cash flows for the interim periods presented have been included. Operating results for the three and nine months ended December 31, 2019 are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2020, for any other interim period or for any other future year.

Any reference in these notes to applicable accounting guidance is meant to refer to the authoritative U.S. GAAP included in the Accounting Standards Codification, or ASC, and Accounting Standards Update, or ASU, issued by the Financial Accounting Standards Board, or FASB. The unaudited condensed consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. The Company has no unconsolidated subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

There have been no significant changes in the Company's accounting policies from those disclosed in its Annual Report on Form 10-K for the fiscal year ended March 31, 2019, filed with the SEC on May 24, 2019, except for the adoption of ASU 2016-02, *Leases* (Topic 842), on April 1, 2019. See Note 2(I).

(B) Use of Estimates

The preparation of unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions in certain circumstances that affect the amounts reported in the unaudited condensed consolidated financial statements and accompanying notes. The Company regularly evaluates estimates and assumptions related to assets, liabilities, costs, and expenses, including the evaluation of the Company's ability to continue as a going concern, share-based compensation expenses, research and development, or R&D, expenses and accruals, and income taxes. The Company bases its estimates and assumptions on historical experience and on various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities at the date of the unaudited condensed consolidated financial statements and the reported amounts of expenses incurred during the reporting period, that are not readily apparent from other sources. Estimates and assumptions are periodically reviewed in light of changes in circumstances, facts, or experience. Changes in estimates and assumptions are reflected in reported results in the period in which they become known. Actual results could differ from those estimates.

(C) Going Concern and Management's Plans

The Company has evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date the unaudited condensed consolidated financial statements are issued. During the nine months ended December 31, 2019, the Company incurred net losses of $224.1 million and used $201.9 million of cash and cash equivalents in operations. The Company expects to continue to incur significant and increasing operating losses and negative operating cash flows as it continues to develop its product candidates and prepares for potential future regulatory approvals and commercialization of relugolix combination tablet and relugolix monotherapy tablet. In addition, the Company expects that its outstanding debt levels will increase in future periods, which will result in an increase in its quarterly interest payment obligations. The Company has not generated any revenue to date and does not expect to generate revenue unless and until it successfully completes development and obtains regulatory approval for at least one of its product candidates. Based on its current operating plan, the Company expects that its existing cash, cash equivalents, and marketable securities will be sufficient to fund its operating expenses and capital expenditure requirements at least through the end of the Company's fiscal year ending March 31, 2020. This estimate is based on the Company's current assumptions, including assumptions relating to its ability to manage its spend, that might prove to be wrong, and it could use its available capital resources sooner than it currently expects. Current cash, cash equivalents and marketable securities will not be sufficient to enable the Company to complete all necessary development and regulatory activities and commercially launch relugolix combination tablet or relugolix monotherapy tablet. The Company anticipates that it will continue to incur net losses and negative operating cash flows for the foreseeable future.

To continue as a going concern, the Company will need, among other things, additional capital resources. The Company continually assesses multiple options to obtain additional funding to support its operations, including through financing activities in public or private capital markets. Management can provide no assurances that any sources of a sufficient amount of financing will be available to the Company on favorable terms, if at all. Although the Company expects to draw under the DSP Loan Agreement (see Note 7) on a quarterly basis, such draws are contingent upon the consent of the Company's board of directors. If DSP fails to own at least a majority of the Company's common shares, the Company would not be able to continue to borrow additional amounts under the DSP Loan Agreement. ASC 240-40, *Going Concern*, does not allow the Company to consider future financing activities that are uncertain in its assessment of the Company's future cash burn for the purpose of its liquidity assessment. Although the Company believes that it will continue to raise capital to fund its operations as it has in the past, the DSP Loan Agreement involves, and any agreements for future debt or preferred equity financings, if available, may include covenants limiting or restricting the Company's ability to take specific actions, such as incurring additional debt and raising capital through equity offerings.

Due to these uncertainties, there is substantial doubt about the Company's ability to continue as a going concern. The unaudited condensed consolidated financial statements and footnotes have been prepared on the basis that the Company will continue as a going concern, and do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the possible inability of the Company to continue as a going concern.

(D) Net Loss per Common Share

Basic net loss per common share is computed by dividing net loss applicable to common shareholders by the weighted-average number of common shares outstanding during the period, reduced, where applicable, for outstanding yet unvested shares of restricted common stock. The computation of diluted net loss per common share is based on the weighted-average number of common shares outstanding during the period plus, when their effect is dilutive, incremental shares consisting of shares subject to stock options, restricted stock units, restricted stock awards, performance stock units, and warrants. In periods in which the Company reports a net loss, all common share equivalents are deemed anti-dilutive such that basic net loss per common share and diluted net loss per common share are equal. Potentially dilutive common shares have been excluded from the diluted net loss per common share computations in all periods presented because such securities have an anti-dilutive effect on net loss per common share due to the Company's net loss. There are no reconciling items used to calculate the weighted-average number of total common shares outstanding for basic and diluted net loss per common share.

As of December 31, 2019 and 2018, potentially dilutive securities were as follows:

	December 31,	
	2019	2018
Stock options	7,744,257	5,351,908
Restricted stock awards (unvested)	705,137	987,193
Restricted stock units (unvested)	683,729	40,325
Performance stock units (unvested)	299,870	—
Warrants	73,710	73,710
Total	9,506,703	6,453,136

(E) Cash, Cash Equivalents, and Restricted Cash

Cash and cash equivalents include cash deposits in banks and all highly liquid investments that are readily convertible to cash. The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. As of December 31, 2019, cash and cash equivalent balances are diversified between three financial institutions. The Company is exposed to credit risk in the event of default by the financial institutions holding its cash and the issuers of its money market funds and commercial paper. The Company maintains its cash deposits and cash equivalents in highly rated, federally insured financial institutions in excess of federally insured limits. The Company has established guidelines relative to diversification and maturities to maintain safety and liquidity. The Company has not experienced any credit losses related to these financial instruments and does not believe that it is exposed to any significant credit risk related to these instruments. Interest income consists of interest earned on money market funds and the accretion of discounts to maturity for commercial paper and corporate bonds.

Restricted cash consists of non-interest bearing legally restricted deposits held as compensating balances against the Company's corporate credit card program and an irrevocable standby letter of credit provided as security for the Company's office lease.

Cash as reported on the unaudited condensed consolidated statements of cash flows includes the aggregate amounts of cash, cash equivalents, and restricted cash and consists of the following (in thousands):

	December 31,	
	2019	2018
Cash and cash equivalents	$ 83,073	$ 183,003
Restricted cash [(1)]	1,374	600
Total cash, cash equivalents and restricted cash	$ 84,447	$ 183,603

[(1)] Included in other assets on the unaudited condensed consolidated balance sheets.

(F) Marketable Securities

Investments in marketable securities are held in a custodial account at a financial institution and managed by the Company's investment advisor based on the Company's investment guidelines. The Company considers all highly liquid investments in securities with a maturity of greater than three months at the time of purchase to be marketable securities. As of December 31, 2019, the Company's marketable securities consisted of commercial paper and highly rated corporate bonds with maturities of greater than three months but less than twelve months at the time of purchase. These short-term commercial paper and corporate debt securities are classified as current assets on the Company's unaudited condensed consolidated balance sheets under the caption marketable securities.

The Company classifies its marketable securities as available-for-sale at the time of purchase and reevaluates such designation at each balance sheet date. Unrealized gains and losses on available-for-sale commercial paper and short-term corporate debt securities are excluded from earnings and are recorded in accumulated other comprehensive (loss) income until realized. Any unrealized losses are evaluated for other-than-temporary impairment at each balance sheet date. Realized gains and losses are determined based on the specific identification method and are recorded in other (income) expense, net. See Note 3 for additional information.

(G) Fair Value Measurements

The Company utilizes fair value measurement guidance prescribed by accounting standards to value its financial instruments. The guidance establishes a fair value hierarchy for financial instruments measured at fair value that distinguishes between assumptions based on market data (observable inputs) and the Company's own assumptions (unobservable inputs). Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the inputs that market participants would use in pricing the asset or liability and are developed based on the best information available in the circumstances.

Fair value is defined as the exchange price, or exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the reporting date. As a basis for considering market participant assumptions in fair value measurements, the guidance establishes a three-tier fair value hierarchy that distinguishes among the following:

- Level 1-Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access.
- Level 2-Valuations are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active and models for which all significant inputs are observable, either directly or indirectly.
- Level 3-Valuations are based on inputs that are unobservable (supported by little or no market activity) and significant to the overall fair value measurement.

To the extent the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Company's financial instruments include cash, cash equivalents consisting of commercial paper, corporate bonds, and money market funds, marketable securities consisting of commercial paper and corporate bonds, accounts payable and debt obligations. Cash, cash equivalents, and accounts payable are stated at their respective historical carrying amounts, which approximate fair value due to their short-term nature. Marketable securities are recorded at their estimated fair value and are included in Level 2 of the fair value hierarchy. The carrying value of the Company's debt approximates fair value and is included in Level 2 of the fair value hierarchy.

(H) Pushdown Accounting

In November 2014, the FASB issued ASU 2014-17, *Business Combinations* (Topic 805): *Pushdown Accounting*. The ASU provides an acquired entity with an option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. An acquired entity may elect the option to apply pushdown accounting in the reporting period in which the change in control event occurs. If pushdown accounting is applied to an individual change in control event, that election is irrevocable. The Company elected not to apply pushdown accounting in its unaudited condensed consolidated financial statements upon the change in control of the Company on December 27, 2019. See Note 7 for additional information.

(I) Recently Adopted Accounting Standards

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which is a comprehensive new lease standard that amends various aspects of existing accounting guidance for leases. The core principle of Topic 842 requires lessees to recognize on the consolidated balance sheets a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term for both finance and operating leases with lease terms greater than twelve months. The lease liability is measured at the present value of the unpaid lease payments and the right-of-use asset is derived from the calculation of the lease liability. Topic 842 also requires lessees to disclose key information about leasing arrangements. Topic 842 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018, with early adoption permitted.

A modified retrospective transition approach is required, applying the new standard to all leases existing at the date of initial application ("Transition Date"). An entity may choose to use either (i) its effective date or (ii) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. The Company adopted the new standard on April 1, 2019 and used the effective date as its date of initial application.

The new standard provides a number of optional practical expedients in transition. The Company elected the "package of practical expedients," which permitted it to not reassess under the new standard its prior conclusions about lease identification, lease classification, and initial direct costs. As a result, the Company has continued to account for existing leases - i.e. leases for which the commencement date is before April 1, 2019 - in accordance with Topic 840 throughout the entire lease term, including periods after the effective date, with the exception that the Company applied the new balance sheet recognition guidance for operating leases and applied Topic 842 for remeasurements and modifications after the Transition Date.

The most significant impact of the adoption of Topic 842 on the Company's unaudited condensed consolidated financial statements was the recognition of a $9.4 million operating lease right-of-use asset, a $0.8 million current operating lease liability, and a $9.8 million long-term operating lease liability on the Company's unaudited condensed consolidated balance sheet related to its existing facility operating lease. In addition, the Company reclassified the $1.2 million deferred rent liability for its existing facility lease to the related operating lease right-of-use asset. There was no material impact to the Company's unaudited condensed consolidated statement of operations, and no cumulative-effect adjustment to accumulated deficit. See Note 11 for additional information.

In February 2018, the FASB issued ASU 2018-02, *Income Statement-Reporting Comprehensive Income* (Topic 220): *Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income*, or ASU 2018-02. ASU 2018-02 allows companies to reclassify stranded tax effects resulting from the newly enacted federal corporate income tax rate under the Tax Cuts and Jobs Act, from accumulated other comprehensive (loss) income to retained earnings. ASU 2018-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018 and early adoption is permitted. The Company adopted the new standard on April 1, 2019. The adoption of ASU 2018-02 did not have an impact on the Company's unaudited condensed consolidated financial statements and related disclosures.

In June 2018, the FASB issued ASU 2018-07, *Compensation-Stock Compensation* (Topic 718)*: Improvements to Nonemployee Share-Based Payment Accounting*, or ASU 2018-07. ASU 2018-07 simplifies the accounting for share-based payments to nonemployees by aligning it with the accounting for share-based payments to employees, with certain exceptions. ASU 2018-07 is effective for interim and annual reporting periods beginning after December 15, 2018 and early adoption is permitted. The Company adopted the new standard on April 1, 2019. The adoption of ASU 2018-07 did not have a material impact on the Company's unaudited condensed consolidated financial statements and related disclosures**.**

In July 2018, the FASB issued ASU 2018-09, *Codification Improvements*, to make changes to a variety of topics to clarify, correct errors in, or make minor improvements to the ASC. Certain items in the amendments in ASU 2018-09 will be effective for the Company in annual periods beginning after December 15, 2018. The adoption of ASU 2018-09 on April 1, 2019 did not have a material impact on the Company's unaudited condensed consolidated financial statements and related disclosures**.**

Other recent accounting pronouncements issued by the FASB, (including its Emerging Issues Task Force), the American Institute of Certified Public Accountants, and the SEC did not, or are not believed by the Company to, have a material impact on the Company's unaudited condensed consolidated financial statements and related disclosures.

(J) Recently Issued Accounting Standards

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*, or ASU 2016-13, which requires the measurement and recognition of expected credit losses for financial assets held at amortized cost. ASU 2016-13 replaces the existing incurred loss impairment model with an expected loss model that requires the use of forward-looking information to calculate credit loss estimates. It also eliminates the concept of other-than-temporary impairment and requires credit losses on available-for-sale debt securities to be recorded through an allowance for credit losses instead of as a reduction in the amortized cost basis of the securities. ASU 2016-13 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2019. Early adoption is permitted, including adoption in any interim period. The Company is currently assessing the impact the adoption of this new standard will have on its unaudited condensed consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement* (Topic 820): *Disclosure Framework-Changes to the Disclosure Requirements for Fair Value Measurement*, or ASU 2018-13. ASU 2018-13 amends the disclosure requirements in Topic 820 to promote the exercise of discretion by entities when considering fair value measurement disclosures and clarifies that materiality is an appropriate consideration when evaluating fair value measurement disclosure requirements. Certain required disclosures were added, modified, or removed, including removing the required disclosure of the amount and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy. ASU 2018-13 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2019. Early adoption is permitted, including adoption in any interim period. The Company does not currently expect that the adoption of this new standard will have a material impact on its unaudited condensed consolidated financial statements and related disclosures.

In August 2018, the FASB issued ASU 2018-15, *Intangibles-Goodwill and Other-Internal-Use Software* (Subtopic 350-40): *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract*, or ASU 2018-15, which amends ASC 350-40, *Internal-Use Software*, to include in its scope implementation costs of a cloud computing arrangement that is a service contract. Consequently, the accounting for costs incurred to implement a cloud computing arrangement that is a service arrangement is aligned with the guidance on capitalizing costs associated with developing or obtaining internal-use software. ASU 2018-15 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2019. Early adoption is permitted, including adoption in any interim period. The Company is currently assessing the impact the adoption of this standard will have on its unaudited condensed consolidated financial statements and related disclosures.

In December 2019, the FASB issued ASU No. 2019-12, *Simplifying the Accounting for Income Taxes* (Topic 740), that eliminates certain exceptions to the general principles in ASC 740 related to intra-period tax allocation, deferred tax liability and general methodology for calculating income taxes. The ASU also simplifies U.S. GAAP by making other changes for matters such as, franchise taxes that are partially based on income, transactions with a government that result in a step up in the tax basis of goodwill, separate financial statements of legal entities that are not subject to tax, and enacted changes in tax laws in interim periods. ASU 2019-12 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2020. Early adoption is permitted, including adoption in any interim period. The Company is currently assessing the impact the adoption of this standard will have on its unaudited condensed consolidated financial statements and related disclosures.

Note 3—Marketable Securities

As of December 31, 2019, the Company's $15.8 million marketable securities balance consisted of available-for-sale commercial paper and short-term corporate bonds. There were no material unrealized gains or losses on marketable securities as of December 31, 2019. There were no marketable securities as of March 31, 2019.

Note 4—Fair Value Measurements

As of December 31, 2019, and March 31, 2019, assets measured at fair value on a recurring basis consisted of money market funds and commercial paper, which are included in cash and cash equivalents on the unaudited condensed consolidated balance sheets, and short-term corporate bonds and commercial paper, which are included in marketable securities on the unaudited condensed consolidated balance sheets.

The following table summarizes the Company's assets measured at fair value on a recurring basis and their assigned levels within the fair value hierarchy as of December 31, 2019 (in thousands):

	Level 1	Level 2	Level 3	Total Fair Value
Assets:				
Money market funds	$ 93	$ —	$ —	$ 93
Commercial paper	—	79,026	—	79,026
Corporate bonds	—	5,050	—	5,050
Total assets	$ 93	$ 84,076	$ —	$ 84,169

The following table summarizes the Company's assets measured at fair value on a recurring basis and their assigned levels within the fair value hierarchy as of March 31, 2019 (in thousands):

	Level 1	Level 2	Level 3	Total Fair Value
Assets:				
Money market funds	$ 83	$ —	$ —	$ 83
Commercial paper	—	126,050	—	126,050
Total assets	$ 83	$ 126,050	$ —	$ 126,133

Money market funds are included in Level 1 of the fair value hierarchy and are valued at the closing price reported by an actively traded exchange. Commercial paper and short-term corporate bonds are included in Level 2 of the fair value hierarchy and are valued using third-party pricing services. The pricing services utilize industry standard valuation models, including both income and market-based approaches, for which all significant inputs are observable, either directly or indirectly.

There were no liabilities measured at fair value on a recurring basis as of December 31, 2019 or March 31, 2019. There were no transfers of assets or liabilities between the fair value hierarchy levels that occurred during the nine months ended December 31, 2019.

Note 5—Accrued Expenses

As of December 31, 2019, and March 31, 2019, accrued expenses consisted of the following (in thousands):

	December 31, 2019	March 31, 2019
Accrued R&D expenses	$ 30,941	$ 46,947
Accrued compensation-related expenses	8,666	5,024
Accrued professional service fees	1,446	370
Accrued other expenses	4,161	1,394
Total accrued expenses	$ 45,214	$ 53,735

Note 6—Financing Arrangements

(A) NovaQuest

In October 2017, the Company, its subsidiaries, as guarantors, and NovaQuest Capital Management, or NovaQuest, entered into (i) a Securities Purchase Agreement, or the NovaQuest Securities Purchase Agreement, and (ii) an Equity Purchase Agreement, or the NovaQuest Equity Purchase Agreement. Pursuant to the NovaQuest Securities Purchase Agreement, the Company issued $60.0 million aggregate principal amount of notes, of which $6.0 million was issued in October 2017 and $54.0 million was issued in December 2018. Concurrent with each purchase of notes, NovaQuest was obligated to purchase up to $20.0 million of the Company's common shares on a pro rata basis, subject to certain terms and conditions. With the issuance of $6.0 million aggregate principal amount of notes in October 2017, NovaQuest purchased 138,361 common shares for $2.0 million, and with the issuance of $54.0 million aggregate principal amount of notes in December 2018, NovaQuest purchased 1,082,977 common shares for $18.0 million. The equity purchase price for each such purchase was equal to 105% of the average of the volume-weighted average price for the five consecutive trading days immediately prior to the relevant purchase date. Pursuant to the NovaQuest Equity Purchase Agreement, NovaQuest committed to purchase an additional $20.0 million of the Company's common shares from time to time at the Company's discretion. In December 2018, the Company exercised this option and issued and sold 1,203,307 common shares for $20.0 million. The purchase price for the common shares issued was equal to 105% of the average of the volume-weighted average price for the five consecutive trading days immediately prior to the relevant purchase date.

The notes bore interest at a rate of 15% per annum, of which 5% was payable quarterly, and 10% was payable on a deferred basis on the earlier of the Amortization Date (as defined below) and the repayment in full of the notes. The scheduled maturity of the notes was October 16, 2023. The Company was required to amortize the principal amount of the notes in equal quarterly installments commencing on November 1, 2021, or the Amortization Date, provided certain terms and conditions were met. Early redemption of the notes was subject to a redemption charge. The Company's obligations under the NovaQuest Securities Purchase Agreement were secured by a second-lien security interest in substantially all of the Company's and its subsidiaries' respective assets (other than intellectual property). The NovaQuest Securities Purchase Agreement included customary affirmative and restrictive covenants and representations and warranties, including a minimum cash covenant that applied commencing on the Amortization Date, and also included customary events of default and a default interest rate of an additional 5% applied to the outstanding note balance.

During each of the three and nine months ended December 31, 2019 and 2018, interest expense included $0.1 million and $0.3 million, respectively, of amortized deferred financing costs related to the NovaQuest notes. During each of the three-month periods ended December 31, 2019 and 2018, the Company paid NovaQuest an annual debt administration fee of $0.3 million.

The Company repaid all of its obligations to NovaQuest on December 31, 2019, including $60.0 million of principal repayment of the notes, accrued and unpaid interest of $7.6 million, and an early redemption fee of $2.4 million.

(B) Hercules

In October 2017, the Company, its subsidiaries, as guarantors, and Hercules Capital, Inc., or Hercules, entered into a Loan Agreement, or the Hercules Loan Agreement, which provided up to $40.0 million principal amount of term loans, or the Term Loans. A first tranche of $25.0 million principal amount was funded upon execution of the Hercules Loan Agreement in October 2017 and the remaining $15.0 million principal amount was funded in March 2018.

The Term Loans bore interest at a variable per annum rate at the greater of (i) the prime rate plus 4.00% and (ii) 8.25%. The interest rate on the Term Loans was 8.75% as of December 31, 2019. The scheduled maturity date of the Term Loans was November 1, 2021. The Company was obligated to make monthly interest payments during the Interest-only Period (through June 1, 2020), subject to certain terms and conditions, followed by monthly installments of principal and interest through the maturity date. Prepayment of the Term Loans was subject to a prepayment charge and the Company was also obligated to pay an end of term charge of 6.55% of the principal amount of the Term Loans funded under the Hercules Loan Agreement. The Company's obligations under the Hercules Loan Agreement were secured by a first lien security interest in substantially all of the Company's and its subsidiaries' respective assets (other than intellectual property). The Hercules Loan Agreement included customary affirmative and restrictive covenants and representations and warranties.

Concurrent with each funding of the Term Loans, the Company was required to issue to Hercules a warrant, or the Warrants, to purchase a number of its common shares equal to 3.00% of the principal amount of the relevant Term Loan funded divided by the exercise price, which was based on the lowest three-day volume-weighted average price for the three consecutive trading days prior to the funding date for such Term Loan. The Warrants may be exercised on a cashless basis and are immediately exercisable through the seventh anniversary of the applicable funding date. In connection with the first tranche funded under the Hercules Loan Agreement, the Company issued a Warrant to Hercules exercisable for an aggregate of 49,800 of its common shares at an exercise price of $15.06 per common share. Concurrent with the funding of the second tranche, the Company issued a Warrant to Hercules exercisable for an aggregate of 23,910 of its common shares at an exercise price of $18.82 per common share.

During the three and nine months ended December 31, 2019, interest expense included $0.4 million and $1.3 million, respectively, of amortized debt discount and issuance costs related to the Term Loans. During the three and nine months ended December 31, 2018, interest expense included $0.3 million and $1.0 million, respectively, of amortized debt discount and issuance costs related to the Term Loans.

The Company repaid all of its obligations to Hercules on December 31, 2019, including $40.0 million of principal repayment of the Term Loans, accrued and unpaid interest of $0.3 million, a prepayment penalty of $0.4 million, and an end of term charge of $2.6 million.

(C) Extinguishment of Debt

On December 27, 2019, the Company and its subsidiary, Myovant Sciences GmbH, entered into the DSP Loan Agreement which is further discussed in Note 7. On December 30, 2019, the Company borrowed $113.7 million under the DSP Loan Agreement, the proceeds of which were used to repay all outstanding obligations under the NovaQuest Securities Purchase Agreement and the Hercules Loan Agreement and to satisfy certain other fees and expenses. The repayments resulted in a loss on extinguishment of debt of $4.9 million, which is included under the caption loss on extinguishment of debt in the Company's unaudited condensed consolidated statements of operations for the three and nine months ended December 31, 2019. The loss on extinguishment of debt was calculated as the difference between the carrying amount of the debt and the amounts paid to retire the debt.

Note 7—Related Party Transactions

(A) Sumitomo Dainippon Pharma Co., Ltd.

On October 31, 2019, the Company's former majority shareholder, Roivant, and Sumitovant, a subsidiary of DSP, entered into a Transaction Agreement (the "DSP-Roivant Agreement"), which among other things, provided for DSP to acquire all of the Company's outstanding common shares held by Roivant. In addition, on October 31, 2019, the Company and DSP entered into a letter agreement pursuant to which, among other things, the Company and DSP would enter into an investor rights agreement and loan agreement upon the closing of the transactions contemplated by the DSP-Roivant Agreement (the "Closing").

On December 27, 2019, the Closing occurred and, as a result, all of the Company's outstanding common shares held directly or indirectly by Roivant and not already held by Sumitovant were transferred to Sumitovant, and Roivant transferred all of the outstanding equity of Sumitovant to DSP, resulting in Sumitovant directly, and DSP indirectly, owning 45,008,604 of the Company's outstanding common shares, representing approximately 50.2% of the Company's common shares outstanding on December 27, 2019. As a result of the transfer of these common shares, Roivant no longer beneficially owns any common shares of the Company.

DSP Loan Agreement

On December 27, 2019, the Company and its subsidiary, Myovant Sciences GmbH ("MSG"), entered into a Loan Agreement with DSP (the "DSP Loan Agreement"). Pursuant to the DSP Loan Agreement, DSP agreed to make revolving loans to the Company in an aggregate principal amount of up to $400.0 million. On December 30, 2019, the Company borrowed $113.7 million under the DSP Loan Agreement, the proceeds of which were used to repay all outstanding obligations of the Company to Hercules and NovaQuest (See Note 6) and to satisfy certain other fees and expenses. Additional funds may be drawn down by the Company no more than once any calendar quarter, subject to certain terms and conditions, including consent of the Company's board of directors. If DSP fails to own at least a majority of the Company's common shares, the Company would not be able to continue to borrow additional amounts under the DSP Loan Agreement. Interest is due and payable quarterly, and the outstanding principal amounts are due and payable in full on the five-year anniversary of the closing date of the DSP Loan Agreement. Loans under the DSP Loan Agreement are prepayable at any time without premium or penalty upon 10 business days' prior written notice.

Loans under the DSP Loan Agreement bear interest at a rate per annum equal to 3-month London Interbank Offered Rate ("LIBOR") plus a margin of 3% payable on the last day of each calendar quarter. The interest rate under the DSP Loan Agreement was 4.96% as of December 31, 2019. The Company's obligations under the DSP Loan Agreement are fully and unconditionally guaranteed by the Company and its subsidiaries. The loans and other obligations are senior unsecured obligations of the Company, MSG, and subsidiary guarantees. The DSP Loan Agreement includes customary representations and warranties and affirmative and negative covenants.

The DSP Loan Agreement also includes customary events of default, including payment defaults, breaches of representations and warranties, breaches of covenants following any applicable cure period, cross acceleration to certain other debt, failure to pay certain final judgments, certain events relating to bankruptcy or insolvency, failure of material provisions of the loan documents to remain in full force and effect or any contest thereto by the Company or any of its subsidiaries and certain breaches by the Company under the Investor Rights Agreement. Upon the occurrence of an event of default, a default interest rate of an additional 5.0% will apply to the outstanding principal amount of the loans, DSP may terminate its obligations to make loans to the Company and declare the principal amount of loans to become immediately due and payable, and DSP may take such other actions as set forth in the DSP Loan Agreement. Upon the occurrence of certain bankruptcy and insolvency events, the obligations of DSP to make loans to the Company would automatically terminate and the principal amount of the loans would automatically become due and payable. In addition, if it becomes unlawful for DSP to maintain the loans under the DSP Loan Agreement or within 30 days of a change of control with respect to the Company, the Company would be required to repay the outstanding principal amount of the Loans.

As of December 31, 2019, the outstanding loan balance of $113.7 million is classified as a long-term liability on the Company's unaudited condensed consolidated balance sheets under the caption long-term debt, less current maturities (related party). As of December 31, 2019, approximately $286.3 million of borrowing capacity remains available to the Company, subject to the terms of the DSP Loan Agreement. Interest expense under the DSP Loan Agreement was less than $0.1 million for the three and nine months ended December 31, 2019 and is included in interest expense (related party) in the Company's unaudited condensed consolidated statements of operations.

Investor Rights Agreement

On December 27, 2019, the Company entered into an Investor Rights Agreement with DSP and Sumitovant (the "Investor Rights Agreement"). Pursuant to the Investor Rights Agreement, among other things, the Company agreed, at the request of Sumitovant, to register for sale, under the Securities Act of 1933, common shares beneficially owned by Sumitovant, subject to specified conditions and limitations. In addition, the Company agreed to periodically provide Sumitovant (i) certain financial statements, projections, capitalization summaries and other information and (ii) access to the Company's books, records, facilities and employees during the Company's normal business hours as Sumitovant may reasonably request.

The Investor Rights Agreement also contains certain protections for the Company's minority shareholders for so long as DSP or certain of its affiliates beneficially owns more than 50% of the Company's common shares. These protections include: (i) a requirement that Sumitovant vote its shares for the election of independent directors in accordance with the recommendation of the Company's board of directors (the "board") or in the same proportion as the shareholders not affiliated with Sumitovant vote their shares; (ii) a requirement that the audit committee of the Company's board be composed solely of three independent directors; (iii) a requirement that any transaction proposed by DSP or certain of its affiliates that would increase DSP's beneficial ownership to over 60% of the outstanding voting power of the Company must be approved by the Company's audit committee (if occurring prior to December 27, 2022), and be conditioned on the approval of shareholders not affiliated with Sumitovant approving the transaction by a majority of the common shares held by such shareholders; and a requirement that any related person transactions between DSP or certain of its affiliates and the Company must be approved by the Company's audit committee.

Pursuant to the Investor Rights Agreement, the Company also agreed that at all times that DSP beneficially owns more than 50% of the Company's common shares, DSP, by purchasing common shares in the open market or from the Company in certain specified circumstances, will have the right to maintain its percentage ownership in the Company's common shares in the event of a financing event or acquisition event conducted by the Company, or specified other events, subject to specific conditions.

(B) Roivant Sciences Ltd.

As a result of the closing of the DSP-Roivant Agreement described above, on December 27, 2019 all of the Company's outstanding common shares held directly or indirectly by Roivant and not already held by Sumitovant were transferred to Sumitovant, and Roivant transferred all of the outstanding equity of Sumitovant to DSP. As a result of the transfer of these common shares, Roivant no longer beneficially owns any common shares of the Company. On December 27, 2019, in connection with the closing of the DSP-Roivant Agreement, the then existing Information Sharing and Cooperation Agreement between the Company and Roivant, the then existing Services Agreements between the Company and certain of its subsidiaries and Roivant and certain of its subsidiaries, and the then existing Option Agreement between the Company and Roivant were terminated.

Under the Services Agreements, for the three months ended December 31, 2019 and 2018, the Company incurred expenses (inclusive of third-party pass-through costs billed to the Company) of $0.2 million and $0.4 million, respectively, inclusive of the mark-up. Under the Services Agreements, for the nine months ended December 31, 2019 and 2018, the Company incurred expenses (inclusive of third-party pass-through costs billed to the Company) of $0.6 million and $4.6 million, respectively, inclusive of the mark-up. In addition, Roivant previously allocated share-based compensation expense to the Company based upon the relative percentage of time spent by Roivant and its subsidiaries' employees on the Company's matters. The Company recorded share-based compensation expense allocated from Roivant of $0.1 million for each of the three months ended December 31, 2019 and 2018, respectively, and $0.3 million and $0.5 million for the nine months ended December 31, 2019 and 2018, respectively.

In April 2018, the Company sold to Roivant 1,110,015 of its common shares at a purchase price of $20.27 per common share, for gross proceeds of $22.5 million, in a private placement. In addition, Roivant purchased 2,424,242 of the Company's common shares in the Company's June 4, 2019 underwritten public equity offering at the same price offered to the public of $8.25 per common share, for a total purchase price of $20.0 million. See Note 9 for additional information.

(C) Amended and Restated Bye-Laws

On December 22, 2019, the Company's board of directors approved, subject to the closing of the DSP-Roivant transaction and shareholder approval and certain other conditions, the adoption of the Company's Fifth Amended and Restated Bye-Laws (the "New Bye-Laws"), which amended and restated the Company's bye-laws to, among other things, (i) remove the procedures established in June 2019 providing RSL with the power, under certain circumstances, to appoint a majority of directors on the Company's board and related powers, (ii) revises certain other aspects of the Company's corporate governance and (iii) make other minor wording changes and additions, removal and revisions of defined terms. The New Bye-Laws became effective on January 23, 2020.

Note 8—Income Taxes

The Company is not subject to taxation under the laws of Bermuda since it was organized as a Bermuda Exempted Limited Company, for which there is no current tax regime. The Company's income tax expense is primarily based on income taxes in the U.S. for federal, state and local taxes. The Company's effective tax rate for the three months ended December 31, 2019 and 2018 was (0.22)% and 0.00%, respectively. The Company's effective tax rate for the nine months ended December 31, 2019 and 2018 was (0.31)% and (0.12)%, respectively. The Company's effective tax rate is driven by the Company's jurisdictional earnings by location and a valuation allowance that eliminates the Company's global net deferred tax assets.

The Company assesses the realizability of the deferred tax assets at each balance sheet date based on available positive and negative evidence in order to determine the amount which is more likely than not to be realized and records a valuation allowance as necessary.

Section 382 of the U.S. Internal Revenue Code imposes an annual limitation on the amount of existing tax attributes that might be used to offset income tax when a corporation has undergone a significant change in stock ownership. On December 27, 2019, Sumitovant became the Company's majority shareholder after acquiring approximately 50.2% of the Company's outstanding common shares which triggered an ownership change under Section 382. The Company is evaluating the impact of the annual limitation. The Company does not believe that annual limitation had a significant impact on the Company's income tax provision during the three and nine months ended December 31, 2019.

Note 9—Shareholders' Equity

(A) Underwritten Public Equity Offering of Common Shares

On June 4, 2019, the Company completed an underwritten public equity offering of 17,424,243 of its common shares (including 2,272,727 common shares sold pursuant to the underwriters' exercise in full of their option to purchase additional common shares) at a public offering price of $8.25 per common share. After deducting the underwriting discounts and commissions and offering costs payable by the Company, the net proceeds to the Company in connection with the underwritten public equity offering, including from the exercise of the underwriters' option to purchase additional shares, were approximately $134.5 million.

(B) Private Placement with RSL

In April 2018, the Company entered into a share purchase agreement, or the Purchase Agreement, with Roivant, its former majority shareholder, pursuant to which the Company sold to Roivant 1,110,015 of its common shares at a purchase price of $20.27 per common share, for gross proceeds of $22.5 million, in a private placement.

(C) At-the-Market Equity Offering Program

In April 2018, the Company entered into a sales agreement, or the Sales Agreement, with Cowen and Company, LLC, or Cowen, to sell its common shares 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 Cowen acts as the Company's agent. During the nine months ended December 31, 2019 and 2018, the Company issued and sold 106,494 and 2,767,129, respectively, of its common shares under the Sales Agreement. The common shares were sold at a weighted-average price of $24.65 and $21.47 per common share, respectively, for aggregate net proceeds to the Company of approximately $2.5 million and $57.3 million, respectively, after deducting underwriting commissions and offering costs paid by the Company. During the three months ended December 31, 2019 and 2018, no shares were issued and sold under the Sales Agreement. As of December 31, 2019, the Company had approximately $10.4 million of capacity available to it under its "at-the-market" equity offering program.

Note 10—Share-Based Compensation

(A) Myovant 2016 Equity Incentive Plan

In June 2016, the Company adopted its 2016 Equity Incentive Plan, or as amended, the 2016 Plan, under which 4.5 million common shares were originally reserved for issuance. Pursuant to the "evergreen" provision contained in the 2016 Plan, the number of common shares reserved for issuance under the 2016 Plan automatically increases on April 1 of each year, commencing on (and including) April 1, 2017 and ending on (and including) April 1, 2026, in an amount equal to 4% of the total number of shares of capital stock outstanding on March 31 of the preceding fiscal year, or a lesser number of shares as determined by the Company's board of directors. On April 1, 2019, the number of common shares authorized for issuance increased automatically by 2.9 million shares in accordance with the evergreen provision of the 2016 Plan. As of December 31, 2019, a total of 1.5 million common shares were available for future issuance under the 2016 Plan.

The Company's employees, directors, officers and consultants are eligible to receive non-qualified and incentive stock options, stock appreciation rights, restricted stock awards, restricted stock unit awards, and other share awards under the 2016 Plan.

(B) Stock Option Repricing

On August 26, 2019 (the "repricing date"), the Company's Board of Directors approved a stock option repricing program (the "repricing") whereby certain previously granted and still outstanding vested and unvested stock options held by current employees and certain executives were repriced on a one-for-one basis to $7.78 per share, which represented the closing market price of the Company's common shares on the repricing date. To be eligible to participate in the stock option repricing program, 735,428 vested stock options to certain executives as of the repricing date are subject to a one-year exercise restriction period beginning from the repricing date. No other terms of the repriced stock options were modified, and the repriced stock options will continue to vest according to their original vesting schedules and will retain their original expiration dates. As a result of the repricing, 5,095,013 vested and unvested stock options outstanding with original exercise prices ranging from $8.82 to $24.44, and a median exercise price of $17.28 per share, were repriced under this program. The repricing resulted in one-time incremental stock-based compensation expense of $9.2 million, which will be recognized over the remaining term of the repriced stock options.

(C) Stock Options

A summary of stock option activity under the Company's 2016 Plan is as follows:

	Number of Options
Options outstanding at March 31, 2019	5,396,465
Granted	2,768,700
Exercised	(80,548)
Forfeited	(340,360)
Options outstanding at December 31, 2019	7,744,257
Options vested and expected to vest at December 31, 2019	7,744,257
Vested options subject to one-year exercise restriction period beginning on August 26, 2019	735,428
Options exercisable at December 31, 2019	2,857,183

As a result of the change in control of the Company described in Note 7, the vesting of 849,212 stock options was accelerated on December 27, 2019, resulting in the recognition of $11.2 million of share-based compensation expense upon the change in control.

(D) Restricted Stock Awards and Restricted Stock Units

A summary of restricted stock award and restricted stock unit activity under the Company's 2016 Plan is as follows:

	Number of Shares
Unvested balance at March 31, 2019	956,066
Granted	724,554
Vested	(221,781)
Forfeited	(69,973)
Unvested balance at December 31, 2019	1,388,866

(E) Performance Stock Units

On August 26, 2019, the Company's Board of Directors granted performance stock units covering a total of 408,510 common shares, of which two-thirds of the shares (272,338 shares) subject to each performance stock unit vests based upon the passage of time, and the remaining one-third of the shares (136,172 shares) subject to each performance stock unit vests if the Company achieves certain clinical trial and regulatory milestones. Total share-based compensation expense associated with the performance stock units is based on the fair value of the Company's common shares on the grant date, which equals the closing market price of the Company's common shares on the grant date. The Company recognizes the share-based compensation expense related to the performance stock unit awards subject to time-based vesting on a straight-line basis over the requisite service period, which is generally the vesting period of the respective awards. The Company will recognize the share-based compensation expense related to the performance stock unit awards subject to vesting based upon the achievement of certain clinical trial and regulatory milestones only if such milestones are achieved. As of December 31, 2019, the performance conditions had not been met and were deemed not probable of being met. As a result of the change in control of the Company described in Note 7, the vesting of certain performance stock units covering a total of 108,640 common shares was accelerated on December 27, 2019, resulting in the recognition of $0.8 million of share-based compensation expense upon the change in control. As of December 31, 2019, performance stock units covering a total of 299,870 common shares are unvested.

(F) Share-Based Compensation Expense

Share-based compensation expense was as follows (in thousands):

	Three Months Ended December 31,	
	2019	2018
Share-based compensation expense recognized as:		
R&D expenses	$ 5,399	$ 1,840
G&A expenses	14,396	2,954
Total	$ 19,795	$ 4,794

	Nine Months Ended December 31,	
	2019	2018
Share-based compensation expense recognized as:		
R&D expenses	$ 11,565	$ 5,247
G&A expenses	22,613	8,516
Total	$ 34,178	$ 13,763

Share-based compensation expense is included in R&D and G&A expenses in the accompanying unaudited condensed consolidated statements of operations consistent with the grantee's salary. Total unrecognized share-based compensation expense was approximately $58.8 million as of December 31, 2019 and is expected to be recognized over a weighted-average period of approximately 2.8 years. Share-based compensation expense included in R&D and G&A expenses for the three and nine months ended December 31, 2019 include $1.8 million and $10.2 million, respectively, related to the acceleration of vesting of certain share-based payment awards as a result of the change in control of the Company described previously.

(G) RSL RSUs

The Company's Principal Executive Officer was granted 66,845 RSL RSUs during the fiscal year ended March 31, 2017. These RSUs will vest to the extent certain RSL performance criteria are achieved and certain RSL liquidity conditions are satisfied within specified years of the grant date, provided that the Company's Principal Executive Officer has provided continued service to RSL, the Company, or any of their respective subsidiaries through such date. As of December 31, 2019, the performance conditions had not been met and were deemed not probable of being met. For the three and nine months ended December 31, 2019 and 2018, the Company recorded no share-based compensation expense related to these RSL RSUs.

Note 11—Leases

The Company leases 40,232 square feet of office space located in Brisbane, California pursuant to an operating lease agreement, as amended, that expires in May of 2026. The Company has the option to extend the lease term for an additional seven years but is not reasonably certain that it will exercise the option and has therefore excluded it from the lease term. The lease agreement, as amended, required the Company to deliver an irrevocable standby letter of credit for the duration of the lease in the amount of $0.5 million to the landlord, the amount of which is subject to reduction of approximately $0.2 million if certain conditions are met.

During October 2019, the Company entered into a Sublease Agreement, or sublease, for an additional 20,116 square feet of office space within the same building as its current corporate office space located in Brisbane, California. The sublease term expires in February of 2024, with total expected minimum payments over the sublease term of approximately $3.7 million. The sublease required the Company to deliver an irrevocable standby letter of credit to the sublessor for the duration of the lease in the amount of $0.2 million.

The Company currently has no other significant operating, financing, or short-term leases.

The components of operating lease expense for the Company's Brisbane, California office space were as follows (in thousands):

	Three Months Ended December 31, 2019	Nine Months Ended December 31, 2019
Operating lease cost	$ 729	$ 1,767
Variable lease cost [1]	66	121
Total operating lease cost	$ 795	$ 1,888

[1] Variable lease cost includes common area maintenance and utilities costs which are not included in operating lease liabilities and which are expensed as incurred.

Certain information related to the Company's operating lease right-of-use assets and operating lease liabilities for its Brisbane, California office space was as follows (in thousands):

	Nine Months Ended December 31, 2019
Cash paid for operating lease liabilities	$ 1,569
Operating lease right-of-use assets obtained in exchange for new operating lease liabilities	$ 12,237

As of December 31, 2019, the Company's operating leases for its Brisbane, California office space had a weighted average remaining lease term of 5.9 years and a weighted average discount rate of 12.3%.

As of December 31, 2019, maturities of operating lease liabilities for the Company's Brisbane, California office space were as follows (in thousands):

Years Ended March 31,	
2020 (remainder of year)	$ 720
2021	2,939
2022	3,028
2023	3,127
2024	3,053
Thereafter	5,307
Total lease payments	18,174
Less imputed interest [1]	(5,326)
Present value of future minimum lease payments	12,848
Less operating lease liability, current portion	(1,449)
Operating lease liability, long-term portion	$ 11,399

[1] The Company's lease contracts do not provide an implicit rate. The imputed interest was determined using the Company's incremental borrowing rate, which represents an estimated rate of interest that it would have to pay to borrow equivalent funds on a collateralized basis over a similar term at the lease inception date.

Note 12—Commitments and Contingencies

(A) Legal Contingencies

The Company may be, from time to time, a party to various disputes and claims arising from normal business activities. The Company accrues for loss contingencies when available information indicates that it is probable that a liability has been incurred and the amount of such liability can be reasonably estimated. In the cases where the Company believes that a reasonably possible loss exists, the Company discloses the facts and circumstances of the loss contingency, including an estimable range, if possible. The Company is currently not involved in any material legal proceedings.

(B) Contract Service Providers

In the normal course of business, the Company enters into agreements with contract service provides to assist in the performance of its R&D and clinical and commercial manufacturing activities. Subject to required notice periods and the Company's obligations under binding purchase orders, the Company can elect to discontinue the work under these agreements at any time. The Company expects to enter into additional collaborative research, contract research, clinical and commercial manufacturing, and supplier agreements in the future, which may require upfront payments and long-term commitments of capital resources.

(C) Indemnification Agreements

The Company has agreed to indemnify its officers and directors for certain events or occurrences, subject to certain limits, while the officer or director was serving at the Company's request in such capacity. The maximum amount of potential future indemnification liability is unlimited; however, the Company holds directors' and officers' liability insurance which limits the Company's exposure and may enable it to recover a portion of any future amounts paid. In the normal course of business, the Company also enters into contracts and agreements with service providers and other parties with which it conducts business that contain indemnification provisions pursuant to which the Company has agreed to indemnify the party against certain types of third-party claims. The Company has agreed to indemnify DSP against certain losses, claims, liabilities and related expenses incurred by DSP, subject to the terms of the DSP Loan Agreement (See Note 7). The Company has not experienced any material losses related to these indemnification obligations, and no material claims with respect thereto were outstanding. The Company does not expect significant claims related to these indemnification obligations and, consequently, concluded that the fair value of these obligations is negligible, and no related accruals have been established.

(D) Takeda Agreements

Under the Takeda License Agreement, the Company will pay Takeda a fixed, high single-digit royalty on net sales of relugolix and MVT-602 products in the Company's territory, subject to certain agreed reductions. Takeda will pay the Company a royalty at the same rate on net sales of relugolix products for prostate cancer in the Takeda Territory, subject to certain agreed reductions. Royalties are required to be paid, on a product-by-product and country-by-country basis, until the latest to occur of the expiration of the last to expire valid claim of a licensed patent covering such product in such country, the expiration of regulatory exclusivity for such product in such country, or 10 years after the first commercial sale of such product in such country. Under the Takeda License Agreement, there was no upfront payment and there are no payments upon the achievement of clinical development or marketing approval milestones. As the amount and timing of any potential future payments under the Takeda License Agreement are not probable and estimable, no such potential commitments have been included in the unaudited condensed consolidated balance sheet.

In May 2018, the Company entered into a Commercial Manufacturing and Supply Agreement with Takeda, or the Takeda Commercial Supply Agreement. Pursuant to the Takeda Commercial Supply Agreement, Takeda agreed to supply the Company and the Company agreed to obtain from Takeda certain quantities of relugolix drug substance according to agreed-upon quality specifications and in order to commercialize relugolix in accordance with the Takeda Agreement. Under the Takeda Commercial Supply Agreement, the Company and Takeda entered into an initial firm order in which Takeda supplied the Company with relugolix drug substance at a fixed price per kilogram through December 31, 2019. For relugolix drug substance manufactured or delivered on or after such date, the Company will pay Takeda a price per kilogram of relugolix drug substance to be agreed upon between the parties at the beginning of each fiscal year.

The initial term of the Takeda Commercial Supply Agreement began on May 30, 2018 and will continue for five years. At the end of the initial term, the Takeda Commercial Supply Agreement will automatically renew for successive one-year terms, unless either party gives notice of termination to the other at least 12 months prior to the end of the then-current term. The Takeda Commercial Supply Agreement may be terminated by either party upon 90 days' notice of an uncured material breach of its terms by the other party, or immediately upon notice to the other party of a party's bankruptcy. Each party will also have the right to terminate the Takeda Commercial Supply Agreement, in whole or in part, for any reason upon 180 days' prior written notice to the other party, provided that any then-open purchase orders will remain in effect and be binding on both parties. The Takeda Commercial Supply Agreement, including any then-open purchase order thereunder, will terminate immediately upon the termination of the Takeda Agreement in accordance with its terms.

The Takeda Commercial Supply Agreement also includes customary provisions relating to, among others, delivery, inspection procedures, warranties, quality management, storage, handling and transport, intellectual property, confidentiality and indemnification.

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

The following discussion and analysis of our financial condition, results of operations and cash flows should be read in conjunction with (1) the unaudited condensed consolidated financial statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q, and (2) the audited consolidated financial statements and notes thereto and management's discussion and analysis of financial condition and results of operations for the fiscal year ended March 31, 2019 included in our Annual Report on Form 10-K, filed with the U.S. Securities and Exchange Commission, or the SEC, on May 24, 2019. Unless the context requires otherwise, references in this Quarterly Report on Form 10-Q to "Myovant," the "Company," "we," "us," and "our" refer to Myovant Sciences Ltd. and its wholly-owned subsidiaries.

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, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements are often identified by the use of words such as "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "intend," "likely," "may," "might," "objective," "ongoing," "plan," "potential," "predict," "project," "should," "to be," "will," "would," or the negative or plural of these words, or similar expressions or variations, although not all forward-looking statements contain these words. We cannot assure you that the events and circumstances reflected in the forward-looking statements will be achieved or occur and actual results could differ materially from those expressed or implied by these forward-looking statements.

The forward-looking statements appearing in a number of places throughout this Quarterly Report on Form 10-Q include, but are not limited to, statements regarding our intentions, beliefs, projections, outlook, analyses or current expectations concerning, among other things:

- the success and anticipated timing of our clinical studies for relugolix combination therapy (relugolix 40 mg plus estradiol 1.0 mg and norethindrone acetate 0.5 mg), relugolix 120 mg as a monotherapy, and MVT-602;
- the anticipated start dates, durations and completion dates of our ongoing and future nonclinical and clinical studies;
- the anticipated designs of our future clinical studies;
- the anticipated future regulatory submissions and the timing of, and our ability to, obtain and maintain regulatory approvals for relugolix combination tablet, relugolix monotherapy tablet, MVT-602 and any future product candidates;
- our plans to commercialize relugolix combination tablet and relugolix monotherapy tablet, if approved;
- our ability to achieve commercial sales of any approved products, whether alone or in collaboration with others;
- our ability to obtain coverage and adequate reimbursement for our products if commercialized;
- the rate and degree of market acceptance and clinical utility of any approved products;
- our ability to initiate and continue relationships with third-party clinical research organizations and manufacturers;
- our ability to quickly and efficiently identify and develop product candidates;
- our ability to hire and retain our key scientific and management personnel;
- our ability to obtain, maintain and enforce intellectual property rights for our product candidates;
- our estimates regarding our results of operations, financial condition, liquidity, capital requirements, access to capital, prospects, growth and strategies;
- our ability to continue to fund our operations with the cash, cash equivalents, and marketable securities currently on hand, including our expectations as to for how long these capital resources will enable us to fund our operations;
- our ability to draw under the Loan Agreement with Sumitomo Dainippon Pharma Co., Ltd.;
- our ability to raise additional capital;
- industry trends;
- developments and projections relating to our competitors or our industry; and
- the success of competing drugs that are or may become available.

Such forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors known and unknown that could cause actual results and the timing of certain events to differ materially from future results expressed or implied by the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those identified herein, particularly in the section titled "Risk Factors" set forth in Part II. Item 1A. of this Quarterly Report on Form 10-Q, and in our other filings with the United States, or U.S., Securities and Exchange Commission, or SEC. These risks are not exhaustive. New risk factors emerge from time to time and it is not possible for our management to predict all risk factors, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements.

All brand names or trademarks appearing in this Quarterly Report on Form 10-Q are the property of their respective owners. Unless the context requires otherwise, references in this Quarterly Report on Form 10-Q to "Myovant," the "Company," "we," "us," and "our" refer to Myovant Sciences Ltd. and its wholly-owned subsidiaries.

Business Overview

We are a healthcare company focused on developing innovative treatments for women's health and prostate cancer. Our lead product candidate is relugolix, a once-daily, oral, gonadotropin-releasing hormone, or GnRH, receptor antagonist that is currently being evaluated in multiple Phase 3 clinical studies across three distinct indications. We are developing a relugolix combination tablet (relugolix 40 mg plus estradiol 1.0 mg and norethindrone acetate 0.5 mg) for women with heavy menstrual bleeding associated with uterine fibroids and for pain associated with endometriosis, and a relugolix monotherapy tablet (120 mg) for men with advanced prostate cancer. In addition, we are developing MVT-602, an oligopeptide kisspeptin-1 receptor agonist, for the treatment of female infertility as a part of assisted reproduction. Both relugolix and MVT-602 were licensed to us by Takeda Pharmaceuticals International AG, or Takeda, on April 29, 2016.

Since our inception, we have devoted substantially all of our efforts to identifying and in-licensing our product candidates, organizing and staffing our company, raising capital, preparing for and advancing the clinical development of our product candidates and preparing for potential future regulatory approvals and commercialization of relugolix combination tablet and relugolix monotherapy tablet.

On May 14, 2019 and July 23, 2019, we announced that the Phase 3 LIBERTY 1 and LIBERTY 2 studies, respectively, evaluating once-daily relugolix combination therapy in women with heavy menstrual bleeding associated with uterine fibroids, met their primary efficacy endpoint and six key secondary endpoints. Relugolix combination therapy in these studies consisted of relugolix 40 mg plus estradiol 1.0 mg and norethindrone acetate 0.5 mg. On July 23, 2019, we also announced that a separate clinical study of relugolix combination tablet met all required and pre-specified U.S. Food and Drug Administration, or FDA, criteria for bioequivalence. The relugolix combination tablet is the formulation intended to be offered to women should relugolix combination tablet receive FDA approval. On February 10, 2020, we announced positive one-year safety and efficacy data from the Phase 3 LIBERTY open-label extension study, including an 87.7% response rate on the primary endpoint, an 89.9% mean reduction in menstrual loss from baseline to one year, and maintenance of one-year bone mineral density consistent with the 6-month LIBERTY 1 and 2 results. We currently expect to submit a New Drug Application ("NDA") to the FDA for a once-daily, oral, relugolix combination tablet for the treatment of heavy menstrual bleeding associated with uterine fibroids in April 2020. We expect that this submission will include complete one-year safety and efficacy data from the LIBERTY open-label extension study, key data that may positively impact the labeled duration of use of the relugolix combination tablet. The priority review voucher previously expected to be received from Roivant Sciences and Sumitomo Dainippon Pharma Co., Ltd. ("DSP") was not issued to Roivant Sciences and DSP and therefore we expect to submit the NDA for heavy menstrual bleeding associated with uterine fibroids without a priority review voucher. We also plan to submit a Marketing Authorisation Application ("MAA") to the European Medicines Agency in the first quarter of calendar year 2020.

On November 19, 2019, we announced that the Phase 3 HERO study evaluating the safety and efficacy of once-daily, oral relugolix monotherapy (120 mg) in men with advanced prostate cancer met its primary efficacy endpoint with a 96.7% response rate, and all tested key secondary endpoints, while demonstrating 54% fewer major cardiovascular events as compared with leuprolide injections administered every 3 months. Based on the positive HERO results, we currently expect to submit an NDA to the FDA for relugolix monotherapy tablet for men with advanced prostate cancer in the second quarter of calendar year 2020. We enrolled 434 men with metastatic prostate cancer in the HERO study, comprised of 295 men from the original HERO study and an additional cohort of 139 men that completed enrollment in July 2019. A key objective of enrolling these men was to assess the secondary objective of demonstrating that relugolix monotherapy can delay the time to progression of the lethal state of the disease, castration-resistant prostate cancer, as compared to leuprolide. We currently expect to present top-line results on the castration resistance-free survival endpoint in the cohort of 434 men with metastatic disease in the third quarter of calendar year 2020.

On December 27, 2019, Sumitovant Biopharma Ltd. (“Sumitovant”), a subsidiary of DSP, became our majority shareholder and a related party after acquiring 45,008,604 of our outstanding common shares, representing approximately 50.2% of our common shares outstanding on December 27, 2019. These shares were acquired from our former majority shareholder, Roivant Sciences Ltd. (“Roivant,” “RSL,” or “former majority shareholder”) at the closing of a transaction between Roivant and DSP. As a result of the transfer of these common shares, Roivant no longer beneficially owns any of our common shares.

Third Fiscal Quarter Ended December 31, 2019 and Recent Business Highlights

The following summarizes our third fiscal quarter ended December 31, 2019 and recent business highlights:

Relugolix Phase 3 Clinical Programs

- In November 2019, we announced that the Phase 3 HERO study evaluating the safety and efficacy of once-daily, oral relugolix monotherapy (120 mg) over 48 weeks in 934 men with advanced prostate cancer met its primary efficacy endpoint with a 96.7% response rate, and all tested key secondary endpoints, while demonstrating 54% fewer major cardiovascular events as compared with leuprolide injections administered every 3 months. We currently anticipate submitting an NDA to the FDA for relugolix monotherapy tablet for men with advanced prostate cancer in the second quarter of calendar year 2020.
- In December 2019, we successfully completed one-year stability studies for our relugolix combination tablet in support of potential commercialization.
- In February 2020, we announced positive one-year safety and efficacy data from the Phase 3 LIBERTY open-label extension study in women with heavy menstrual bleeding associated with uterine fibroids with an 87.7% response rate and, on average, an 89.9% reduction in menstrual blood loss from baseline. Changes in bone mineral density through one year demonstrated maintenance of bone density and were consistent with those in LIBERTY 1 and 2. We currently expect to submit an NDA to the FDA for relugolix combination tablet for women with heavy menstrual bleeding associated with uterine fibroids in April 2020. The NDA submission, for which we no longer expect to use a priority review voucher, will include complete one-year safety and efficacy data from the LIBERTY open-label extension study, key data that may positively impact the labeled duration of use of the relugolix combination tablet. We also plan to submit an MAA to the European Medicines Agency in the first quarter of calendar year 2020.
- We completed patient recruitment in SPIRIT 2 in August 2019 and SPIRIT 1 in October 2019, and the enrollment of 623 and 638 patients in the SPIRIT 2 and SPIRIT 1 studies, respectively. The SPIRIT 1 and 2 studies are replicate Phase 3 studies evaluating the safety and efficacy of relugolix combination therapy (relugolix 40 mg plus estradiol 1.0 mg and norethindrone acetate 0.5 mg) in women with pain associated with endometriosis. We expect to report top-line results from SPIRIT 2 and SPIRIT 1 in the first and second quarters of calendar year 2020, respectively.

Corporate

- On December 27, 2019, Sumitovant became our majority shareholder and a related party after acquiring 45,008,604 of our outstanding common shares, representing approximately 50.2% of our common shares outstanding on December 27, 2019. These shares were acquired from our former majority shareholder, Roivant, at the closing of a transaction between Roivant and DSP.
- On December 27, 2019, we entered into an Investor Rights Agreement with DSP and Sumitovant that provides certain protections for our minority shareholders for so long as DSP or certain of its affiliates beneficially own more than 50% of our common shares. Pursuant to the Investor Rights Agreement, among other things, we agreed, at the request of Sumitovant, to register for sale, under the Securities Act of 1933, common shares beneficially owned by Sumitovant, subject to specified conditions and limitations. In addition, we agreed to periodically provide Sumitovant (i) certain financial statements, capitalization summaries and other information and (ii) access to our books, records, facilities and employees.

- On December 27, 2019, we, and our subsidiary, Myovant Sciences GmbH ("MSG"), entered into a Loan Agreement with DSP (the "DSP Loan Agreement") under which DSP agreed to make revolving loans to us in an aggregate principal amount of up to $400.0 million, subject to the terms of the DSP Loan Agreement. The interest rate for any draws under the DSP Loan Agreement is the 3-month London Interbank Offered Rate, or LIBOR, plus a margin of 3%. As of December 31, 2019, approximately $286.3 million of borrowing capacity remains available to us under the DSP Loan Agreement. See section below titled "Contractual Obligations—Loan Agreement with Sumitomo Dainippon Pharma Co., Ltd."
- On December 30, 2019, we borrowed $113.7 million under the DSP Loan Agreement, the proceeds of which were used to repay all outstanding obligations of us and our subsidiaries to Hercules Capital, Inc. ("Hercules") and NovaQuest Capital Management ("NovaQuest") and to satisfy certain other fees and expenses.

Financial History

We have incurred, and expect to continue to incur, significant operating losses and negative operating cash flows as we continue to develop our product candidates and prepare for the potential future regulatory approvals and commercialization of relugolix combination tablet and relugolix monotherapy tablet. To date, we have not generated any revenue, and we do not expect to generate revenue unless and until we successfully complete development and obtain regulatory approval for one of our product candidates. We have funded our operations primarily from the issuance and sale of our common shares and from debt financing arrangements.

As of December 31, 2019, and March 31, 2019, we had an accumulated deficit of $726.1 million and $502.0 million, respectively. We had net losses of $85.6 million and $70.6 million for the three months ended December 31, 2019 and 2018, respectively, and $224.1 million and $198.5 million for the nine months ended December 31, 2019 and 2018, respectively. As of December 31, 2019, we had $98.9 million of cash, cash equivalents, and marketable securities available to us, as compared to $156.1 million of cash and cash equivalents available to us as of March 31, 2019. As of December 31, 2019, approximately $286.3 million of borrowing capacity remains available to us under the DSP Loan Agreement. We are permitted to request quarterly draws under the DSP Loan Agreement, subject to certain terms and conditions, including consent of our board of directors.

Our Product Candidates

Relugolix

We are currently developing relugolix in three target indications: heavy menstrual bleeding associated with uterine fibroids; pain associated with endometriosis; and advanced prostate cancer. Relugolix is an oral, once-daily, small molecule that acts as a GnRH receptor antagonist that binds to and inhibits GnRH receptors in the anterior pituitary gland. Inhibition of GnRH receptors decreases the release of gonadotropins (luteinizing hormone and follicle-stimulating hormone), thereby decreasing the downstream production of estrogen and progesterone by the ovaries in women and testosterone by the testes in men.

As a GnRH receptor antagonist, relugolix has a clinically validated mechanism of action in each of our three target indications. Lowering estrogen and progesterone levels has previously been demonstrated to effectively decrease heavy menstrual bleeding in women with uterine fibroids and to reduce the pelvic pain associated with endometriosis. We are developing relugolix combination therapy (relugolix 40 mg plus estradiol 1.0 mg and norethindrone acetate 0.5 mg) administered orally once-daily, with the goal of optimizing estradiol levels to achieve the long-term benefit of relugolix on symptoms of uterine fibroids and endometriosis, while maintaining bone health and mitigating side effects from a low-estrogen state such as vasomotor symptoms. We expect to launch in our women's health indications with a single-tablet regimen of relugolix combination therapy administered orally once-daily. We have recently conducted a bioequivalence study to demonstrate the bioequivalence of the relugolix combination tablet with the co-administered regimen used in the LIBERTY clinical program (one relugolix 40 mg tablet and one tablet containing estradiol 1.0 mg and norethindrone acetate 0.5 mg). The relugolix combination tablet met FDA bioequivalence criteria. During December 2019, we successfully completed one-year stability studies, which are required for FDA approval of the relugolix combination tablet. We believe our combination approach with relugolix has the potential to have a better safety and tolerability profile than the currently approved GnRH agonist therapies and has the potential to be used longer-term. One-year safety and efficacy data from the Phase 3 LIBERTY open-label extension study demonstrated an 87.7% response rate in reducing heavy menstrual bleeding, an average reduction of 89.9% in blood loss from baseline at one year, and maintenance of bone mineral density, consistent with the results of LIBERTY 1 and 2.The goal of our relugolix combination tablet is to provide women with uterine fibroids and endometriosis a once-daily oral medical alternative to hysterectomy and other invasive procedures often recommended to treat these conditions.

Decreasing testosterone slows the growth and progression of advanced prostate cancer, such as when the disease recurs or the prostate-specific antigen, or PSA, is rising following prostatectomy or radiation therapy. We are evaluating relugolix monotherapy as a once-daily oral treatment to lower testosterone. It is being evaluated at a three-times higher dose in men with advanced prostate cancer than the women's health indications (120 mg orally once-daily following a single 360 mg loading dose compared to 40 mg once daily). We are developing our women's health relugolix combination and our advanced prostate cancer relugolix monotherapy treatments with the potential of bringing to market two distinct branded products.

Myovant Sciences GmbH, our wholly-owned subsidiary, holds global commercial rights to relugolix, excluding Japan, China, Hong Kong, Indonesia, Korea, Malaysia, Philippines, Singapore, Taiwan, Thailand, and Vietnam, including the territories and possessions of each of the foregoing. In May 2018, Takeda announced that it had entered into a licensing agreement granting ASKA Pharmaceutical Co., Ltd. exclusive commercialization rights to relugolix for uterine fibroids and exclusive development and commercialization rights to relugolix for endometriosis, in each indication in Japan, and in January 2019 Takeda and ASKA Pharmaceutical Co., Ltd. announced that Takeda obtained marketing authorization in Japan for Relumina® Tablets 40 mg (generic name: relugolix) for the improvement of symptoms of uterine fibroids including heavy menstrual bleeding, lower abdominal pain, lower back pain, and anemia.

Our Phase 3 Program for the Treatment of Heavy Menstrual Bleeding Associated with Uterine Fibroids

We initiated a Phase 3 clinical program in January 2017, evaluating relugolix combination therapy in women with heavy menstrual bleeding associated with uterine fibroids. The program consisted of two multinational, replicate pivotal clinical studies (LIBERTY 1 and LIBERTY 2) of relugolix combination therapy (relugolix 40 mg plus estradiol 1.0 mg and norethindrone acetate 0.5 mg) in women with heavy menstrual bleeding associated with uterine fibroids. Women in the LIBERTY 1 and LIBERTY 2 studies underwent a screening period requiring up to two menstrual cycles to document heavy menstrual bleeding and were randomized in a 1:1:1 ratio to one of three groups. Women received treatment either with relugolix combination therapy for 24 weeks, relugolix 40 mg once-daily monotherapy for 12 weeks followed by relugolix combination therapy once-daily for an additional 12 weeks, or placebo once-daily for 24 weeks.

We enrolled 388 women in LIBERTY 1 and 382 women in LIBERTY 2. To be enrolled, women must have had a monthly menstrual blood loss volume of at least 80 mL in two consecutive cycles or 160 mL in one cycle, measured by the alkaline hematin method, a quantitative measure of menstrual blood loss from an assessment of collected menstrual products.

Eligible women who completed the LIBERTY 1 or LIBERTY 2 studies were offered the opportunity to enroll in an active treatment extension study in which all women receive relugolix combination therapy for an additional 28-week period for a total treatment period of 52 weeks, designed to evaluate the safety and sustained efficacy of longer-term treatment. On February 10, 2020, we announced positive one-year safety and efficacy data from the Phase 3 LIBERTY open-label extension study. Upon completion of this 52-week total treatment period, eligible women could elect to participate in a second 52-week randomized withdrawal study designed to provide two-year safety and efficacy data on relugolix combination therapy, and to evaluate the need for maintenance therapy. We are also conducting a one-year observational study of bone mineral density in women with uterine fibroids or endometriosis to provide additional context for our phase 3 clinical programs.

The primary efficacy endpoint for LIBERTY 1 and LIBERTY 2 was the proportion of all women enrolled who achieved a menstrual blood loss volume of less than 80 mL and at least a 50% reduction in menstrual blood loss volume from baseline during the last 35 days of the 24-week treatment period as measured by the alkaline hematin method. The secondary endpoints included the proportion of women who achieved amenorrhea during the last 35 days of treatment, reduction in pelvic pain, reduction in fibroid volume, reduction in uterine volume, percent change from baseline to week 24 in menstrual blood loss, increase in hemoglobin, and an assessment of the impact of therapy on quality-of-life. Safety, including bone mineral density changes as measured by dual-energy x-ray absorptiometry (DXA), was also assessed.

On May 14, 2019 and July 23, 2019, we announced top-line results for the LIBERTY 1 and LIBERTY 2 studies, respectively. In addition, on July 23, 2019, we announced that a separate clinical study of single-tablet relugolix combination therapy met all required and pre-specified FDA criteria for bioequivalence, providing data necessary to include the one tablet, once-daily dosing regimen of relugolix combination therapy in the NDA submission for approval of the treatment for uterine fibroids. In December 2019, we successfully completed one-year stability studies, which are required for FDA approval of the relugolix combination tablet. On February 10, 2020, we announced positive one-year safety and efficacy data from the Phase 3 LIBERTY open-label extension study with an 87.7% response rate and, on average, an 89.9% reduction in menstrual blood loss from baseline.

We currently expect to submit an NDA to the FDA for a once-daily, oral, relugolix combination tablet for the treatment of heavy menstrual bleeding associated with uterine fibroids in April 2020. We expect that the NDA submission will include complete one-year safety and efficacy data from the Phase 3 LIBERTY open-label extension study, key data that may positively impact the labeled duration of use of the relugolix combination tablet. The priority review voucher previously expected to be received from Roivant Sciences and DSP was not issued to Roivant Sciences and DSP and therefore we expect to submit the NDA for heavy menstrual bleeding associated with uterine fibroids without a priority review voucher. We also plan to submit an MAA to the European Medicines Agency in the first quarter of calendar year 2020.

LIBERTY 1

On May 14, 2019, we announced that LIBERTY 1, the first of two Phase 3 studies evaluating once-daily relugolix combination therapy in women with heavy menstrual bleeding associated with uterine fibroids, met its primary efficacy endpoint and six key secondary endpoints. Relugolix combination therapy maintained bone mineral density at levels comparable to placebo over 24 weeks and was generally well tolerated.

In the primary endpoint analysis, 73.4% of women receiving once-daily oral relugolix combination therapy (relugolix 40 mg plus estradiol 1.0 mg and norethindrone acetate 0.5 mg) achieved the responder criteria compared with 18.9% of women receiving placebo ($p < 0.0001$). A response was defined as a menstrual blood loss volume of less than 80 mL and a 50 percent or greater reduction from baseline in menstrual blood loss volume during the last 35 days of the 24-week treatment period measured using the alkaline hematin method. On average, women receiving relugolix combination therapy experienced an 84.3% reduction in menstrual blood loss from baseline, a clinically relevant secondary endpoint.

Bone mineral density was comparable between the relugolix combination therapy and placebo groups. The distribution of the change in bone mineral density, including outliers, was similar for the relugolix combination therapy and placebo groups at 24 weeks, as assessed by DXA.

The 24-week study achieved six key secondary endpoints with statistical significance compared to placebo including mean change in menstrual blood loss from baseline to week 24, reduction in pain in women with pain at baseline, improvement in quality of life, amenorrhea (defined as no or negligible blood loss), improvement in anemia in those women with anemia at baseline, and reduction in uterine volume. The seventh key secondary endpoint, reduction in uterine fibroid volume, did not achieve statistical significance.

The overall incidence of adverse events in the relugolix combination therapy and placebo groups was comparable (62% vs. 66%). In the relugolix combination therapy group, 5% of women discontinued treatment early due to adverse events compared with 4% in the placebo group. The only adverse event in the relugolix combination therapy arm occurring in at least 10% of women and more frequently than in the placebo arm was hot flash (11% versus 8%). There were no pregnancies in the relugolix combination therapy group and one in the placebo group. There were two serious adverse events related to study drug: one fibroid expulsion and one for pelvic pain.

LIBERTY 2

On July 23, 2019, we announced that LIBERTY 2, the second of two Phase 3 studies evaluating once-daily relugolix combination therapy in women with heavy menstrual bleeding associated with uterine fibroids, met its primary efficacy endpoint and the same six key secondary endpoints as were achieved in LIBERTY 1. In addition, relugolix combination therapy maintained bone mineral density at levels comparable to placebo over 24 weeks and was generally well tolerated.

In the primary endpoint analysis, 71.2% of women receiving once-daily relugolix combination therapy achieved the responder criteria compared with 14.7% of women receiving placebo ($p < 0.0001$). A response was defined as a menstrual blood loss volume of less than 80 mL and a 50% or greater reduction from baseline in menstrual blood loss volume during the last 35 days of treatment measured using the alkaline hematin method. On average, women receiving relugolix combination therapy experienced a highly significant 84.3% reduction in menstrual blood loss from baseline to Week 24 ($p < 0.0001$). In addition, a significantly greater proportion of women suffering from moderate-to-severe pain from uterine fibroids at baseline experienced no pain or minimal pain during the last 35 days of treatment with relugolix combination therapy compared with women on placebo ($p < 0.0001$).

Changes in bone mineral density were comparable between the relugolix combination therapy and placebo groups at the end of treatment. The distribution of the change in bone mineral density, including outliers, was similar for the relugolix combination therapy and placebo groups at 24 weeks, as assessed by DXA.

The 24-week study achieved six key secondary endpoints with statistical significance compared to placebo including mean change in menstrual blood loss from baseline to week 24, reduction in pain in women with pain at baseline, improvement in quality of life, amenorrhea (defined as no or negligible blood loss), improvement in anemia in those women with anemia at baseline, and a reduction in uterine volume. The seventh key secondary endpoint, reduction in uterine fibroid volume, did not achieve statistical significance.

The overall incidence of adverse events in the relugolix combination therapy and placebo groups was comparable (60.3% vs. 58.9%). In the relugolix combination therapy group, 1.6% of women discontinued treatment early due to adverse events compared with 4.7% in the placebo group. There were no adverse events in the relugolix combination therapy group reported by at least 10% of women and more frequently than in the placebo group. The incidence of hot flashes in the relugolix combination therapy group was similar to placebo (5.6% versus 3.9%). There were no pregnancies in the relugolix combination therapy group and one in the placebo group.

LIBERTY Open-Label Extension Study

On February 10, 2020, we announced positive one-year safety and efficacy data from the Phase 3 LIBERTY open-label extension study of once-daily, oral relugolix combination therapy (relugolix 40 mg plus estradiol 1.0 mg and norethindrone acetate 0.5 mg) in women with heavy menstrual bleeding associated with uterine fibroids.

In the primary endpoint analysis, 87.7% of women achieved the responder criteria defined as a menstrual blood loss volume of less than 80 mL and a 50% or greater reduction from baseline in menstrual blood loss volume during the last 35 days of treatment measured using the alkaline hematin method. The primary endpoint result in the Phase 3 LIBERTY open-label extension study was consistent with LIBERTY 1 and 2, demonstrating a durability of response through one year. In addition, women experienced, on average, an 89.9% reduction in menstrual blood loss from baseline at one year.

Changes in bone mineral density through one year, as assessed by DXA every 3 months, demonstrated maintenance of bone density and were consistent with those in LIBERTY 1 and 2. The adverse events over one year were consistent with those observed in LIBERTY 1 and 2, with no new safety signals. Adverse events reported in more than 10% of women treated with relugolix combination therapy for one-year and more frequently than those reported in the placebo group after 6 months included only hot flash. There were no pregnancies reported in the relugolix combination therapy group.

Our Phase 3 Program for the Treatment of Pain Associated with Endometriosis

We initiated a Phase 3 clinical program in June 2017, evaluating relugolix combination therapy in women with pain associated with endometriosis. The program consists of two multinational replicate pivotal clinical studies, which we refer to as SPIRIT 1 and SPIRIT 2. Each study randomized women 1:1:1 to one of three treatment arms: relugolix 40 mg once-daily co-administered in combination with commercially available low-dose hormonal therapy for 24 weeks (1.0 mg estradiol and 0.5 mg norethindrone acetate); relugolix 40 mg once-daily monotherapy for 12 weeks followed by relugolix 40 mg once-daily co-administered with low-dose hormonal therapy for an additional 12 weeks; or placebo once-daily for a period of 24 weeks. We completed patient recruitment into SPIRIT 2 in August 2019 and SPIRIT 1 in October 2019 and the enrollment of 623 and 638 patients in the SPIRIT 2 and SPIRIT 1 studies, respectively. Eligible women completing the initial 24-week period are offered an active treatment extension with relugolix 40 mg once-daily co-administered in combination with low-dose hormonal therapy for an additional 80-week period, or a total treatment period of 104 weeks, to evaluate the safety of longer-term treatment.

The co-primary efficacy endpoints for the SPIRIT 1 and SPIRIT 2 studies are the proportion of all women enrolled with reductions in both dysmenorrhea, or menstrual pelvic pain, and nonmenstrual pelvic pain, as assessed by an endometriosis-specific patient questionnaire administered daily, with no increase in background pain medication. Secondary endpoints include additional questionnaires assessing functional changes associated with endometriosis-specific pain and quality of life, and the use of pain medications to treat endometriosis. Safety, including bone mineral density changes as measured by DXA, is assessed.

We expect to report top-line results from SPIRIT 2 and SPIRIT 1 in the first and second quarters of calendar year 2020, respectively.

Our Phase 3 Program for the Treatment of Advanced Prostate Cancer

We initiated a Phase 3 clinical study in March of 2017, evaluating the safety and efficacy of relugolix in men with advanced prostate cancer, which we refer to as the HERO study. The HERO study randomized 934 men with advanced prostate cancer who require androgen deprivation therapy, or ADT, in a 2:1 ratio to treatment with either oral relugolix 120 mg once-daily (after a single oral loading dose of 360 mg) or a depot injection of leuprolide (per national or regional product label) for a period of at least 48 weeks. Based on FDA discussions, we believe that we will be required to conduct only one Phase 3 study with a single relugolix arm to gain approval for relugolix in men with advanced prostate cancer in the U.S. Nonetheless, we designed the study to include a second arm with leuprolide to demonstrate that treatment with relugolix is noninferior to leuprolide in achieving sustained suppression of testosterone to castrate levels over 48 weeks, an outcome expected to be required for approval in other major markets such as Europe and Japan.

On November 19, 2019, we announced that the Phase 3 HERO study evaluating the safety and efficacy of once-daily, oral relugolix monotherapy (120 mg) over 48 weeks in 934 men with advanced prostate cancer met its primary efficacy endpoint with a 96.7% response rate, and all tested key secondary endpoints, while demonstrating 54% fewer major cardiovascular events as compared with leuprolide injections administered every 3 months. We currently anticipate submitting an NDA for relugolix monotherapy tablet for men with advanced prostate cancer in the second quarter of calendar year 2020.

The primary efficacy endpoint accepted by the FDA is testosterone suppression (≤ 50 ng/dL) from week 5, day 1 through week 48, day 7. Relugolix monotherapy was required to demonstrate that the lower bound of the 2-sided 95% confidence interval for the percent of patients achieving testosterone suppression through 48 weeks was at least 90%. In the primary endpoint responder analysis, 96.7% (95% CI: 94.9%, 97.9%) of men receiving once-daily, oral relugolix achieved sustained testosterone suppression to castrate levels.

The secondary efficacy endpoint is PSA reduction as a percentage change from baseline. Testosterone suppression is an approvable endpoint in the U.S. and several hormonal therapies have been approved based on this endpoint. In the HERO study, five key secondary endpoints demonstrated superiority to leuprolide acetate, including rapid suppression of testosterone at Day 4 and Day 15, profound suppression of testosterone at Day 15, rapid suppression of PSA at Day 15, and suppression of follicle-stimulating hormone (FSH) at Week 24 (all p-values < 0.0001). In addition, relugolix demonstrated non-inferiority to leuprolide acetate on sustained testosterone suppression through 48 weeks (96.7% vs. 88.8%, respectively) with a between-group difference of 7.9% (95% CI: 4.1%, 11.8%), the primary endpoint required for regulatory submissions outside of the U.S. In addition, the pharmacodynamic results showed no testosterone flare after initiation of relugolix and mean testosterone levels returned to normal levels within 90 days after treatment discontinuation.

The overall incidence of adverse events in the relugolix and leuprolide acetate groups was comparable (92.9% vs. 93.5%, respectively). In the relugolix group, 3.5% of men discontinued the study early due to adverse events compared with 2.6% of men in the leuprolide acetate group. The most frequently reported adverse events, reported in at least 10% of men in the relugolix group, were hot flashes, fatigue, constipation, diarrhea, and arthralgia. Major adverse cardiovascular events were reported in 2.9% of men in the relugolix group versus 6.2% of men in the leuprolide acetate group. These events included non-fatal myocardial infarction, non-fatal stroke, and all-cause mortality and were not adjudicated.

We enrolled 434 men with metastatic prostate cancer in the HERO study, comprised of 295 men from the original HERO study and an additional cohort of 139 men that completed enrollment in July 2019. We filed an amendment to the HERO study protocol to enroll 139 additional men with metastatic prostate cancer and to add the secondary objective of demonstrating that relugolix can delay the time to progression to the lethal state of the disease, castration-resistant prostate cancer, as compared to leuprolide. We believe that relugolix, a direct GnRH receptor antagonist, has the potential to delay the time to castration-resistant disease as compared with leuprolide, a GnRH agonist, because relugolix more rapidly suppresses testosterone and PSA and more fully suppresses FSH than leuprolide. We currently expect to report top-line results on the castration resistance-free survival endpoint in the cohort of 434 men with metastatic prostate cancer in the third quarter of calendar year 2020. We may conduct additional clinical studies to further support the commercial potential of relugolix in prostate cancer in the U.S. and other major markets.

MVT-602

As part of our license agreement with Takeda, or the Takeda License Agreement, we acquired the worldwide rights to MVT-602, our second product candidate, which previously has been evaluated in over 150 men. MVT-602 is an oligopeptide kisspeptin-1 receptor agonist. Kisspeptin, the ligand, is a naturally occurring peptide that stimulates GnRH release and is required for puberty and maintenance of normal reproductive function, including production of sperm, follicular maturation and ovulation, and production of estrogen and progesterone in women and testosterone in men. MVT-602 is being developed as a potential treatment for female infertility in women as part of assisted reproduction, such as in vitro fertilization, or IVF. Approximately 1.5 million assisted reproduction cycles are performed each year worldwide. Further, approximately 25% of women suffering from infertility have problems achieving ovulation, including the inability to produce fully matured eggs or the failure to ovulate, most commonly resulting from hormonal dysfunction in the GnRH-luteinizing hormone/follicle-stimulating hormone axis. We believe MVT-602 has the potential to be a safer alternative to human chorionic gonadotropin as a part of assisted reproduction for the treatment of female infertility.

We believe that MVT-602, an analog of the naturally-occurring kisspeptin peptide in humans, may mimic natural physiology by inducing a luteinizing hormone surge during IVF and other assisted reproductive technologies, enhancing the likelihood of successful egg maturation and ovulation at the right time without the serious side effect of ovarian hyperstimulation syndrome, or OHSS. While assisted reproductive technologies are effective, typically resulting in pregnancy in 20% to 35% of patients, the standard procedure has remained largely unchanged since inception and has potentially serious side effects. The most serious side effect of assisted reproduction is OHSS. Severe OHSS has been reported to occur in up to 2% of the general assisted reproduction population, and in up to 20% of patients at high-risk for developing OHSS. OHSS is thought to occur as a result of the nonphysiologic elevations in luteinizing hormone that occur as a result of egg maturation triggered with human chorionic gonadotropin and to a lesser extent the GnRH receptor agonists.

By acting upstream in the GnRH-axis to promote the release of physiologically normal levels of key hormones in the assisted reproduction cycle such as luteinizing hormone, kisspeptin agonists, such as MVT-602, may have the potential to trigger egg maturation without causing OHSS. A recently published investigator-sponsored trial where a native kisspeptin peptide (specifically, kisspeptin 54) was used in place of human chorionic gonadotropin as the egg-maturation trigger in the assisted reproduction cycle showed that none of the 60 high-risk patients developed moderate-to-severe OHSS and resulted in a live birth rate of up to 65.1% at the maximally efficacious dose tested. These results validate the potential use of kisspeptin analogs as an alternative to the standard egg maturation trigger in assisted reproduction protocols. To our knowledge, MVT-602 is the only kisspeptin-1 receptor agonist in clinical development and thus has the potential to become a safe alternative egg-maturation trigger in this space.

In October 2018, we presented data from a Phase 1 study of MVT-602 at the American Society of Reproductive Medicine (ASRM) Annual Congress. Results of the study showed that administration of MVT-602 in healthy premenopausal women in the follicular phase produced a dose-related increase in luteinizing hormone concentrations and expected effects on follicle-stimulating hormone and estradiol. A total of 24 women were randomized to one of three MVT-602 dose groups (0.3 µg, 1 µg or 3 µg) and then subsequently randomized within the assigned group to receive a single subcutaneous dose of MVT-602 or placebo in a 3:1 ratio. Results showed that administration of single subcutaneous doses of MVT-602 demonstrated dose-related increases in luteinizing hormone concentrations and expected post-dose increases in follicle-stimulating hormone and estradiol concentrations, with little effect observed on progesterone as expected. No serious adverse events were reported, and no subject discontinued from the study due to an adverse event. Adverse events were similar between the placebo and MVT-602 groups with no apparent dose-related effects.

Further assessment of the exposure-response profile of MVT-602 was conducted in a Phase 2a study during the pre-ovulatory phase in 75 fertile women following a minimal controlled ovarian stimulation protocol. After ovarian stimulation, women were randomized to one of four MVT-602 dose groups (0.1 µg, 0.3 µg, 1 µg or 3 µg), to triptorelin, 0.2 mg, or to placebo. Top-line results from this Phase 2a study were presented at the European Society of Human Reproduction in Vienna, Austria in June 2019. The study demonstrated that MVT-602 was generally well-tolerated and produced the desired luteinizing hormone surge associated with high and dose-dependent rates of ovulation in healthy women following a minimal controlled ovarian stimulation protocol. This study provides information for dose selection for a future study of MVT-602 in infertile women seeking pregnancy.

Financial Operations Overview

Revenue

To date, we have not generated any revenue, and we do not expect to generate any revenue, from the sale of any products unless and until we obtain regulatory approval of and commercialize relugolix combination tablet, relugolix monotherapy tablet, MVT-602, or a potential future product candidate.

Research and Development Expenses

Our research and development, or R&D, expenses to date have been primarily limited to the in-licensing of the rights to relugolix and MVT-602, the expansion of our team, and the initiation and ongoing activities of our clinical programs. Our R&D expenses include program-specific costs, as well as costs that are not allocated to a specific program.

Program-specific costs primarily include third-party costs, which include expenses incurred under agreements with contract research organizations, or CROs, and contract manufacturing organizations, or CMOs, the cost of consultants who assist with the development of our product candidates on a program-specific basis, investigator grants, sponsored research, manufacturing costs in connection with producing materials for use in conducting nonclinical and clinical studies, as well costs related to manufacturing activities in connection with preparations for our anticipated commercial launches and regulatory submissions for relugolix combination tablet and relugolix monotherapy tablet, and other third-party expenses directly attributable to the development of our product candidates.

Unallocated costs primarily include employee-related expenses, such as salaries, share-based compensation, benefits and travel for employees engaged in R&D activities, and the cost of contractors and consultants who assist with R&D activities not specific to a program.

R&D activities have been central to our business model. We expect our overall R&D expenses to decrease over the next few quarters as we expect to complete our Phase 3 studies. However, we also expect the decreases in clinical study expenses will be partially offset by increases in other R&D expenses as we prepare regulatory submissions for our product candidates and establish a medical affairs function, and incur manufacturing expenses in connection with preparations for our anticipated commercial launches of relugolix combination tablet and relugolix monotherapy tablet. Product candidates in later stages of clinical development, such as relugolix, 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 studies.

We cannot determine with certainty the duration and costs of the current or future clinical studies of our product candidates. The duration, costs and timing of clinical studies and development of relugolix combination therapy, relugolix monotherapy, MVT-602 and any other product candidates will depend on a variety of factors that include, but are not limited to:

- the number of studies required for approval;
- the per patient study costs;
- the number of patients who participate in the studies;
- the number of sites included in the studies;
- the countries in which the studies are conducted;

- the length of time required to recruit and enroll eligible patients;
- the number of patients who fail to meet the study's inclusion and exclusion criteria;
- the number of study drugs that patients receive;
- the drop-out or discontinuation rates of patients;
- the potential additional safety monitoring or other studies requested by regulatory agencies;
- the duration of patient follow-up;
- the timing and receipt of regulatory approvals;
- the costs of clinical study material; and
- the efficacy and safety profile of the product candidate.

In addition, the probability of success for relugolix combination tablet, relugolix monotherapy tablet, MVT-602 and any other product candidates will depend on numerous factors, including competition, manufacturing capability and commercial viability. As a result, we are unable to determine with certainty the duration and completion costs of our clinical programs or when and to what extent we will generate revenue from commercialization and sale of any of our product candidates. Our R&D activities may be subject to change from time to time as we evaluate our priorities and available resources.

General and Administrative Expenses

General and administrative, or G&A, expenses consist primarily of personnel costs, such as salaries, benefits, share-based compensation and travel expenses for our executive, finance, human resources, legal, commercial operations and other administrative functions. G&A expenses also include expenses incurred under agreements with third parties relating to legal, accounting, auditing and tax services, rent and facilities costs, information technology costs, commercial operations, and general overhead. G&A expenses in the periods presented also include costs billed and allocated to us from our former majority shareholder pursuant to Services Agreements that were terminated on December 27, 2019 (See Note 7 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q).

We anticipate that our G&A expenses will increase in future periods as we expand our operations. These increases will likely include costs related to the hiring of additional personnel, costs to implement and upgrade certain information technology systems, professional services fees and additional rent and other facilities related costs. In particular, we expect to incur increased costs associated with establishing sales, marketing, and commercialization functions in advance of potential regulatory approvals and commercialization of our product candidates. If relugolix combination tablet, relugolix monotherapy tablet, or MVT-602 obtains regulatory approval for marketing, we expect sales, marketing, and commercialization costs to be significant.

Interest Expense

Interest expense consists of interest expense related to our previously outstanding debt with Hercules and NovaQuest, as well as the associated non-cash amortization of debt discounts and issuance costs.

Interest Expense (Related Party)

Interest expense (related party) consists of interest expense pursuant to the DSP Loan Agreement, which bears interest at a rate per annum equal to 3-month LIBOR plus a margin of 3% payable on the last day of each calendar quarter. The anticipated increases in our outstanding debt under the DSP Loan Agreement will result in an increase in interest expense (related party) in future periods.

Interest Income

Interest income consists primarily of interest earned on corporate bonds and money market funds and the accretion of discounts to maturity for commercial paper.

Loss on Extinguishment of Debt

Loss on extinguishment of debt represents the difference between the carrying amount of our previously outstanding debt with Hercules and NovaQuest and the amounts we paid to retire the outstanding debt obligations on December 31, 2019.

Results of Operations

The following table summarizes our results of operations for the three and nine months ended December 31, 2019 and 2018 (in thousands):

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2019	2018	2019	2018
Operating expenses:				
Research and development	$ 48,927	$ 58,434	$ 150,847	$ 163,588
General and administrative	29,142	10,686	59,897	29,738
Total operating expenses	78,069	69,120	210,744	193,326
Interest expense	3,641	1,634	11,222	4,831
Loss on extinguishment of debt	4,851	—	4,851	—
Interest expense (related party)	16	—	16	—
Interest income	(597)	—	(2,305)	—
Other (income) expense, net	(567)	(121)	(1,151)	147
Loss before income taxes	(85,413)	(70,633)	(223,377)	(198,304)
Income tax expense	191	—	699	233
Net loss	$ (85,604)	$ (70,633)	$ (224,076)	$ (198,537)

Research and Development Expenses

For the three and nine months ended December 31, 2019 and 2018, our R&D expenses consisted of the following (in thousands):

	Three Months Ended December 31,		
	2019	2018	Change
Program-specific costs:			
Relugolix	$ 29,708	$ 47,800	$ (18,092)
MVT-602	486	1,779	(1,293)
Unallocated costs:			
Share-based compensation	5,399	1,840	3,559
Personnel expense	9,230	6,353	2,877
Other expense	4,104	662	3,442
Total R&D expenses	$ 48,927	$ 58,434	$ (9,507)

	Nine Months Ended December 31,		
	2019	2018	Change
Program-specific costs:			
Relugolix	$ 105,047	$ 134,023	$ (28,976)
MVT-602	1,561	4,820	(3,259)
Unallocated costs:			
Share-based compensation	11,565	5,247	6,318
Personnel expense [(1)]	24,280	16,279	8,001
Services Agreements with former majority shareholder	—	748	(748)
Other expense [(1)]	8,394	2,471	5,923
Total R&D expenses	$ 150,847	$ 163,588	$ (12,741)

[(1)] Certain prior period amounts have been reclassified to conform to the current period presentation.

R&D expenses decreased by $9.5 million, to $48.9 million, in the three months ended December 31, 2019 compared to $58.4 million in the three months ended December 31, 2018. R&D expenses in both periods primarily includes expenses related to our Phase 3 clinical programs, manufacturing expenses, as well as personnel-related expenses for employees engaged in R&D activities. R&D expenses related to our clinical programs have continued to decline, driven primarily by the wind down of our Phase 3 studies. The decrease in study costs were partially offset by increases in other R&D expenses related predominantly to our manufacturing activities in connection with preparations for our anticipated commercial launches and regulatory submissions for relugolix combination tablet and relugolix monotherapy tablet in multiple indications and jurisdictions, as well as increases in personnel expenses, share-based compensation expense, and other R&D expenses.

R&D expenses in the three months ended December 31, 2019 consisted primarily of program specific costs comprised of CRO, drug supply and other study and manufacturing related costs of $30.2 million, personnel expenses of $9.2 million, share-based compensation expense of $5.4 million, and other R&D costs of $4.1 million, which primarily includes contractors, consultants, and information technology costs. Share-based compensation expense includes $1.8 million related to the accelerated vesting of certain equity awards as a result of a change in control in Myovant in connection with the closing of the transaction between Roivant and DSP (See Note 10 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q).

R&D expenses in the three months ended December 31, 2018 consisted primarily of CRO, clinical drug supply and other study-related costs of $49.6 million, personnel expenses of $6.4 million, and share-based compensation expense of $1.8 million, of which less than $0.1 million was allocated to us by our former majority shareholder (see Note 7 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q).

R&D expenses decreased by $12.7 million, to $150.8 million, in the nine months ended December 31, 2019 compared to $163.6 million in the nine months ended December 31, 2018. R&D expenses in both periods primarily includes expenses related to our Phase 3 clinical programs, manufacturing expenses, as well as personnel-related expenses for employees engaged in R&D activities. R&D expenses for the nine months ended December 31, 2018 reflected a ramp up in relugolix Phase 3 study costs primarily related to study enrollment, whereas R&D expenses for the nine months ended December 31, 2019 reflect declining relugolix Phase 3 study costs as certain studies are in the process of winding down. The decrease in relugolix Phase 3 study costs were partially offset by increases in other R&D expenses related predominantly to our manufacturing activities in connection with preparations for our anticipated commercial launches and regulatory submissions for relugolix combination tablet and relugolix monotherapy tablet in multiple indications and jurisdictions, as well as increases in personnel expenses, share-based compensation expense, and other R&D expenses.

R&D expenses in the nine months ended December 31, 2019 consisted primarily of program specific costs comprised of CRO, drug supply and other study and manufacturing related costs of $106.6 million, personnel expenses of $24.3 million, share-based compensation expense of $11.6 million, and other R&D costs of $8.4 million, which primarily includes contractors, consultants, and information technology costs. Share-based compensation expense includes $1.8 million related to the accelerated vesting of certain equity awards.

R&D expenses in the nine months ended December 31, 2018 consisted primarily of CRO, clinical drug supply and other study-related costs of $137.2 million, personnel expenses of $16.3 million, share-based compensation expense of $5.2 million, of which $0.2 million was allocated to us by our former majority shareholder, and costs billed to us under the then existing Services Agreements with our former majority shareholder of $2.3 million, including unallocated personnel expenses and third-party pass-through costs associated with our clinical and other research programs.

General and Administrative Expenses

G&A expenses increased by $18.5 million, to $29.1 million, in the three months ended December 31, 2019 compared to $10.7 million in the three months ended December 31, 2018, primarily due to an increase in share-based compensation expense of $11.4 million, as well as increases in personnel-related expenses, professional service fees, expenses related to commercial operations activities in advance of potential future regulatory approvals of relugolix combination tablet and relugolix monotherapy tablet, other general overhead and administrative expenses to support our headcount growth and expanding operations and the assumption of activities previously provided by our former majority shareholder, partially offset by a reduction of costs billed to us under the then existing Services Agreements with our former majority shareholder as a result of our assumption of these activities by our own personnel and other third party service providers.

G&A expenses in the three months ended December 31, 2019 consisted primarily of share-based compensation expense of $14.4 million, personnel-related, commercial operations, and general overhead expenses of $11.9 million, professional service fees of $1.9 million, and rent and other facilities related costs of $0.8 million. Share-based compensation expense includes $10.2 million related to the accelerated vesting of certain equity awards as a result of a change in control in Myovant in connection with the closing of the transaction between Roivant and DSP (See Note 10 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q).

G&A expenses in the three months ended December 31, 2018 consisted primarily of personnel-related and general overhead expenses of $5.8 million, share-based compensation expense of $3.0 million, of which $0.1 million was allocated to us by our former majority shareholder, professional service fees of $1.0 million, rent and other facilities related costs of $0.5 million, and costs of $0.4 million billed to us under the then existing Services Agreements with our former majority shareholder, including personnel expenses, overhead allocations and third-party pass-through costs.

G&A expenses increased by $30.2 million, to $59.9 million, in the nine months ended December 31, 2019 compared to $29.7 million in the nine months ended December 31, 2018, primarily due to an increase in personnel-related expenses, share-based compensation, professional service fees, expenses related to commercial operations activities in advance of potential future regulatory approvals of relugolix combination tablet and relugolix monotherapy tablet, other general overhead and administrative expenses to support our headcount growth and expanding operations and the assumption of activities previously provided by our former majority shareholder, partially offset by a reduction of costs billed to us under the then existing Services Agreements with our former majority shareholder as a result of our assumption of these activities by our own personnel and other third party service providers.

G&A expenses in the nine months ended December 31, 2019 consisted primarily of personnel-related, commercial operations, and general overhead expenses of $30.5 million, share-based compensation expense of $22.6 million, professional service fees of $4.4 million, and rent and other facilities related costs of $1.9 million. Share-based compensation expense includes $10.2 million related to the accelerated vesting of certain equity awards.

G&A expenses in the nine months ended December 31, 2018 consisted primarily of personnel-related and general overhead expenses of $14.6 million, share-based compensation expense of $8.5 million, of which $0.3 million was allocated to us by our former majority shareholder, costs of $2.3 million billed to us under the then existing Services Agreements with our former majority shareholder, including personnel expenses, overhead allocations and third-party pass-through costs, professional service fees of $2.7 million, and rent and other facilities related costs of $1.6 million.

Interest Expense

Interest expense was $3.6 million and $1.6 million for the three months ended December 31, 2019 and 2018, respectively, and $11.2 million and $4.8 million for the nine months ended December 31, 2019 and 2018, respectively. The increase was primarily the result of higher outstanding debt balances under our financing arrangements with NovaQuest and Hercules during the three and nine months ended December 31, 2019 as compared to the prior year periods. On December 31, 2019, we repaid all outstanding obligations to NovaQuest and Hercules.

Interest Expense (Related Party)

Interest expense (related party) was less than $0.1 million for the three and nine months ended December 31, 2019, and represents interest expense on our initial draw under the DSP Loan Agreement that we made on December 30, 2019. There were no such amounts in the comparable prior year periods. We expect our interest expense (related party) to increase in future periods as a result of expected draws under the DSP Loan Agreement, which we entered into on December 27, 2019.

Interest Income

Interest income was $0.6 million and $2.3 million for the three and nine months ended December 31, 2019, respectively. There was no interest income for the three and nine months ended December 31, 2018. During the three and nine months ended December 31, 2019, we invested a portion of our cash in a combination of money market funds, commercial paper, and short-term corporate bonds. There were no such investments in the comparable prior year periods.

Loss on Extinguishment of Debt

In the three and nine months ended December 31, 2019, we incurred a $4.9 million loss on extinguishment of debt associated with the write-off of unamortized debt issuance costs and debt discounts, prepayment penalties and early redemption fees in connection with the repayment of outstanding obligations to NovaQuest and Hercules. There were no such amounts in the comparable prior year periods.

Other (Income) Expense, net

Other (income) expense, net consists of the impact of changes in foreign currency exchange rates on our foreign exchange denominated liabilities. The impact of foreign exchange rates on our results of operations fluctuates period over period based on our foreign currency exposures resulting from changes in applicable exchange rates associated with our foreign denominated liabilities. For the three months ended December 31, 2019, we recorded a foreign exchange gain of $0.6 million, and for the three months ended December 31, 2018, we recorded a foreign exchange gain of $0.1 million. For the nine months ended December 31, 2019, we recorded a foreign exchange gain of $1.2 million, and for the nine months ended December 31, 2018, we recorded a foreign exchange loss of $0.1 million.

Income Tax Expense

Our income tax expense was $0.2 million and $0.0 million for the three months ended December 31, 2019 and 2018, respectively, and $0.7 million and $0.2 million for the nine months ended December 31, 2019 and 2018, respectively. Our effective tax rate for the three months ended December 31, 2019 and 2018 was (0.22)% and 0.00%, respectively, and (0.31)% and (0.12)% for the nine months ended December 31, 2019 and 2018, respectively, and is driven by our jurisdictional earnings by location and a valuation allowance that eliminates our global net deferred tax assets.

Liquidity and Capital Resources

Sources of Liquidity

Since our inception, we have funded our operations primarily from the issuance and sale of our common shares and from debt financing arrangements. As of December 31, 2019, we had $98.9 million of cash, cash equivalents, and marketable securities available to us, as compared to $156.1 million of cash and cash equivalents available to us as of March 31, 2019.

As of December 31, 2019, we had $286.3 million of borrowing capacity available to us under the DSP Loan Agreement. Additional funds may be drawn down by us no more than once any calendar quarter, subject to certain terms and conditions, including consent of our board of directors. Additional information about the DSP Loan Agreement is included below in the section titled, “Contractual Obligations—Loan Agreement with Sumitomo Dainippon Pharma Co., Ltd.”

As of December 31, 2019, we had approximately $10.4 million of capacity available to us under our “at-the-market” equity offering program that we established in April 2018.

Capital Requirements

For the three months ended December 31, 2019 and 2018, we had net losses of $85.6 million and $70.6 million, respectively, and for the nine months ended December 31, 2019 and 2018, we had net losses of $224.1 million and $198.5 million, respectively. As of December 31, 2019, we had an accumulated deficit of $726.1 million.

We have incurred, and expect to continue to incur, significant operating losses and negative operating cash flows as we continue to develop our product candidates and prepare for the potential future regulatory approvals and commercialization of relugolix combination tablet and relugolix monotherapy tablet. We have not generated any revenue to date and do not expect to generate revenue unless and until we successfully complete development and obtain regulatory approval for one of our product candidates. Our operating losses and negative operating cash flows may fluctuate significantly from quarter-to-quarter and year-to-year, depending on the timing of our planned clinical studies, anticipated regulatory filings, pre-commercialization efforts, and our expenditures on other R&D and G&A activities.

We anticipate that our capital requirements will be significant as we:

- submit our NDA for relugolix combination tablet for the treatment of heavy menstrual bleeding associated with uterine fibroids, advance our Phase 3 program for pain associated with endometriosis and submit our NDA for relugolix monotherapy tablet for advanced prostate cancer;
- expand our chemistry, manufacturing, and control and other manufacturing related activities;
- seek to identify, acquire, develop, and commercialize additional product candidates;
- integrate acquired technologies into a comprehensive regulatory and product development strategy;
- maintain, expand, and protect our intellectual property portfolio;
- hire scientific, clinical, regulatory, quality, and administrative personnel;
- add operational, accounting, finance, quality, commercial, and management information systems and personnel;
- seek regulatory approvals for any product candidates that successfully complete clinical studies;
- establish a medical affairs group with a medical scientific liaison team;
- establish a sales, marketing, and distribution infrastructure and increase the scale of our external manufacturing capabilities to commercialize any product candidates for which we may obtain regulatory approval;
- service our debt obligations and associated interest payments; and
- operate as a public company.

Our primary use of cash has been to fund the development of relugolix combination therapy, relugolix monotherapy, and MVT-602. We expect our operating expenses to continue to increase over the near term as we expand our operations to continue to develop our product candidates and prepare for potential future regulatory approvals and commercialization of relugolix combination tablet and relugolix monotherapy tablet. In addition, we expect that our outstanding debt levels will increase in future periods, which will result in an increase in our quarterly interest payment obligations.

Based on our current operating plan, we expect that our existing cash, cash equivalents, and marketable securities will be sufficient to fund our operating expenses and capital expenditure requirements at least through the end of our fiscal year ending March 31, 2020. This estimate is based on our current assumptions, including assumptions relating to our ability to manage our spend, that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. Our current cash, cash equivalents and marketable securities will not be sufficient to enable us to complete all necessary development and regulatory activities and commercially launch relugolix combination tablet or relugolix monotherapy tablet. We anticipate that we will continue to incur net losses and negative operating cash flows for the foreseeable future.

To continue as a going concern, we will need, among other things, additional capital resources. We continually assess multiple options to obtain additional funding to support our operations, including through financing activities in public or private capital markets. We can provide no assurances that any sources of a sufficient amount of financing will be available to us on favorable terms, if at all. Although we expect to draw under the DSP Loan Agreement on a quarterly basis, such draws are contingent upon the consent of our board of directors. If DSP fails to own at least a majority of our common shares, we would not be able to continue to borrow additional amounts under the DSP Loan Agreement. ASC 240-40, *Going Concern*, does not allow us to consider future financing activities that are uncertain in our assessment of our future cash burn for the purpose of our liquidity assessment. Due to these uncertainties, there is substantial doubt about our ability to continue as a going concern. If we are unable to raise capital in sufficient amounts and on terms acceptable to us, we may have to significantly delay, scale back, or discontinue operations.

Until such time, if ever, as we can generate substantial revenue from sales of relugolix combination tablet, relugolix monotherapy tablet, MVT-602, or any future product candidate, we expect to finance our operations through a combination of cash, cash equivalents, and marketable securities currently on hand, equity offerings, debt financings, structured transactions such as royalty financings, collaboration, license or development agreements, or other collaborations, as well as quarterly draws under the DSP Loan Agreement, subject to the consent of our board of directors. To the extent that we raise additional capital through the sale of equity or convertible debt securities, our common shareholders' ownership interest may experience substantial dilution, and the terms of these securities may include liquidation or other preferences that adversely affect our common shareholders' rights. The DSP Loan Agreement involves, and any agreements for future debt or preferred equity financings, if available, may involve, covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, raising capital through equity offerings, making capital expenditures or declaring dividends.

In addition, if we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may be required to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or to grant licenses on terms that may not be favorable to us. If we are unable to raise additional funds when needed, we may be required to delay, limit, reduce or terminate our drug development or future commercialization efforts or grant rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves.

Cash Flows

The following table sets forth a summary of our cash flows for the nine months ended December 31, 2019 and 2018 (in thousands):

	Nine Months Ended December 31,	
	2019	**2018**
Net cash used in operating activities	$ (201,943)	$ (170,980)
Net cash used in investing activities	$ (16,460)	$ (718)
Net cash provided by financing activities	$ 145,651	$ 246,677

Operating Activities

For the nine months ended December 31, 2019, we used $201.9 million in operating activities primarily due to our ongoing development and clinical studies, activities related to our preparation for potential regulatory approvals and commercialization of relugolix combination tablet and relugolix monotherapy tablet, and the expansion of our company. This was primarily attributable to a net loss for the period of $224.1 million and decreases of $8.4 million in accrued expenses resulting primarily from a decrease in accrued R&D expenses and $4.4 million in accounts payable due to the timing of vendor invoice payments as well as decreases of $2.3 million and $1.1 million in deferred interest payable and interest payable, respectively, related to our previously outstanding debt which was repaid in full on December 31, 2019. These amounts were partially offset by $34.2 million of non-cash share-based compensation expense including $12.0 million related to the accelerated vesting of certain equity awards as a result of the change in control in Myovant in connection with the closing of the transaction between Roivant and DSP and the remainder as a result of an increase in headcount, $2.7 million of total depreciation and amortization expense, and a $4.9 million loss on extinguishment of debt associated with the write-off of unamortized debt issuance costs and debt discounts, prepayment penalties and early redemption fees in connection with the repayment of outstanding obligations to NovaQuest and Hercules on December 31, 2019.

For the nine months ended December 31, 2018, we used $171.0 million in operating activities primarily due to our ongoing development and clinical studies for relugolix and MVT-602. This was primarily attributable to a net loss for the period of $198.5 million along with an increase of $7.2 million in prepaid expenses and other current assets and a decrease of $1.9 million in amounts due to our former majority shareholder and its subsidiaries. These amounts were partially offset by an increase in accrued expenses of $18.1 million and an increase in accounts payable of $0.9 million which were primarily due to the progress of our ongoing Phase 3 clinical studies of relugolix, $13.8 million of non-cash share-based compensation expense as a result of an increase in headcount, and $1.7 million of total depreciation and amortization expense.

Investing Activities

For the nine months ended December 31, 2019, we used $16.5 million in investing activities, of which $32.1 million was for the purchase of marketable securities and $0.8 million was for the purchase of property and equipment. These amounts were partially offset by proceeds of $16.4 million from the maturities of marketable securities.

For the nine months ended December 31, 2018, we used $0.7 million in investing activities, all for the purchase of property and equipment.

Financing Activities

For the nine months ended December 31, 2019, $145.7 million was provided by financing activities. This was primarily due to the net proceeds of $134.5 million we received from the issuance and sale of 17,424,243 common shares in our underwritten public equity offering (including the exercise of the underwriters' option to purchase additional shares), proceeds of $113.7 million borrowed under the DSP Loan Agreement, and net proceeds of $2.5 million we received from the sale of 106,494 common shares through our "at-the-market" equity offering program. In addition, we received proceeds of $0.7 million from the exercise of stock options under our 2016 Equity Incentive Plan. These amounts were partially offset by the repayment of our financing obligations and redemption fees to NovaQuest and Hercules, including payments to NovaQuest of $60.0 million for repayment of principal, an early redemption fee of $2.4 million, and an annual debt administration fee of $0.3 million, and payments to Hercules of $40.0 million for repayment of principal, a prepayment penalty of $0.4 million, and an end of term charge of $2.6 million.

For the nine months ended December 31, 2018, $246.7 million was provided by financing activities. This was primarily due to the net proceeds of $74.4 million we received from the issuance and sale of 3,533,399 common shares in our underwritten public equity offering (including the partial exercise of the underwriters' option to purchase additional shares), $57.3 million we received from the sale of 2,767,129 common shares through our "at-the-market" equity offering program, proceeds of $22.5 million we received from the sale of 1,110,015 common shares to our former majority shareholder in a private placement, net proceeds from debt financings with NovaQuest of $54.0 million, and net proceeds of $38.0 million from the issuance and sale of 2,286,284 common shares to NovaQuest. In addition, we received proceeds of $0.8 million from the exercise of stock options under our 2016 Equity Incentive Plan and paid an annual debt administration fee of $0.3 million to NovaQuest.

Contractual Obligations

During the nine months ended December 31, 2019, there were no material changes to our contractual obligations and commitments described under Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended March 31, 2019, except as indicated below.

Sublease Agreement

During October 2019, we entered into a Sublease Agreement, or sublease, for 20,116 square feet of office space within the same building as our current corporate office space located in Brisbane, California. The sublease term expires in February of 2024, with total expected minimum payments over the sublease term of approximately $3.7 million. The sublease required us to deliver an irrevocable standby letter of credit to the sublessor for the duration of the lease in the amount of $0.2 million.

Loan Agreement with Sumitomo Dainippon Pharma Co., Ltd.

On December 27, 2019, we and our subsidiary, MSG, entered into the DSP Loan Agreement. Pursuant to the DSP Loan Agreement, DSP agreed to make revolving loans to us in an aggregate principal amount of up to $400.0 million. On December 30, 2019, we borrowed $113.7 million under the DSP Loan Agreement, the proceeds of which were used to repay all outstanding obligations of us and our subsidiaries to Hercules and NovaQuest and to satisfy certain other fees and expenses. Additional funds may be drawn down by us no more than once any calendar quarter, subject to certain terms and conditions, including consent of our board of directors. If DSP fails to own at least a majority of our common shares, we would not be able to continue to borrow additional amounts under the DSP Loan Agreement.

Interest is due and payable quarterly, and the outstanding principal amounts are due and payable in full on the five-year anniversary of the closing date of the DSP Loan Agreement. Loans under the DSP Loan Agreement are prepayable at any time without premium or penalty upon 10 business days' prior notice. As of December 31, 2019, approximately $286.3 million of borrowing capacity remains available to us, subject to the terms of the DSP Loan Agreement.

Loans under the DSP Loan Agreement bear interest at a rate per annum equal to 3-month LIBOR plus a margin of 3% payable on the last day of each calendar quarter. The interest rate under the DSP Loan Agreement was 4.96% as of December 31, 2019. Our obligations under the DSP Loan Agreement are fully and unconditionally guaranteed by us and our subsidiaries. The loans and other obligations are senior unsecured obligations of Myovant, MSG, and subsidiary guarantees.

The DSP Loan Agreement includes customary representations and warranties and affirmative and negative covenants. The DSP Loan Agreement also includes customary events of default, including payment defaults, breaches of representations and warranties, breaches of covenants following any applicable cure period, cross acceleration to certain other debt, failure to pay certain final judgments, certain events relating to bankruptcy or insolvency, failure of material provisions of the loan documents to remain in full force and effect or any contest thereto by us or any of our subsidiaries, and certain breaches by us under the Investor Rights Agreement. Upon the occurrence of an event of default, a default interest rate of an additional 5.0% will apply to the outstanding principal amount of the loans, DSP may terminate its obligations to make loans to us and declare the principal amount of loans to become immediately due and payable, and DSP may take such other actions as set forth in the DSP Loan Agreement. Upon the occurrence of certain bankruptcy and insolvency events, the obligations of DSP to make loans to us would automatically terminate and the principal amount of the loans would automatically become due and payable. In addition, if it becomes unlawful for DSP to maintain the loans under the DSP Loan Agreement or within 30 days of a change of control with respect to our company, we would be required to repay the outstanding principal amount of the loans.

Extinguishment of Debt

We repaid all of our obligations to NovaQuest and Hercules on December 31, 2019. See Note 6 to the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on 10-Q.

Off-Balance Sheet Arrangements

We did not have during the periods presented, and we do not currently have, any off-balance sheet arrangements, as defined in the rules and regulations of the SEC.

Critical Accounting Policies and Significant Judgments and Estimates

Our management's discussion and analysis of our financial condition and results of operations is based on our unaudited condensed consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles, or U.S. GAAP. The preparation of these unaudited condensed consolidated financial statements requires us to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the dates of the unaudited condensed consolidated financial statements and the reported amounts of expenses incurred during the reporting periods. We base our estimates on historical experience and on various other information available to us at the time we make the estimates and judgments 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. On an ongoing basis, we evaluate our judgments and estimates in light of changes in circumstances, facts, or experience. Changes in estimates and assumptions are reflected in reported results in the period in which they become known.

We define our critical accounting policies as those under U.S. GAAP that require us to make subjective estimates and judgments about matters that are inherently uncertain and are likely to have a material impact on our financial condition and results of operations, as well as the specific manner in which we apply those principles.

Our critical accounting policies are more fully described in "Critical Accounting Policies and Significant Judgments and Estimates" in Part II. Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended March 31, 2019, filed with the SEC on May 24, 2019. We believe there have been no material changes to our critical accounting policies and use of estimates as disclosed in our Annual Report on Form 10-K, other than to leases upon the adoption of ASU 2016-02, *Leases* (Topic 842), as discussed below.

Leases

Prior to April 1, 2019, we recognized our leases in accordance with ASC 840, *Leases*, and all of our leases were classified as operating leases. Rent expense was recognized on a straight-line basis over the terms of the leases and, accordingly, we recorded the cumulative difference between cash rent payments and the recognition of rent expense as a deferred rent liability. When an operating lease included lease incentives, such as rent abatements or leasehold improvement allowances, or required fixed escalations of the minimum lease payments, the aggregate rental expense, including such incentives or increases, was recognized on a straight-line basis over the term of the lease.

Effective April 1, 2019, we adopted ASU 2016-02, *Leases* (Topic 842), under which all of our outstanding leases continue to be classified as operating leases. Rent expense is recognized on a straight-line basis. When an operating lease includes rent abatements or requires fixed escalations of the minimum lease payments, the aggregate rental expense is recognized on a straight-line basis over the term of the lease. When an operating lease includes lease incentives such as leasehold improvement allowances, the lease incentive is included in the right-of-use asset. Operating lease right-of-use assets and operating lease liabilities are recognized at the commencement date based on the present value of the future minimum lease payments over the lease term. As our leases do not provide an implicit rate, in determining the net present value of lease payments, management used judgment in order to estimate the appropriate incremental borrowing rate, which is the rate incurred to borrow equivalent funds on a collateralized basis over a similar term in a similar economic environment.

Recent Accounting Pronouncements

For information regarding the impact of recently adopted accounting pronouncements and the expected impact of recently issued accounting pronouncements not yet adopted on our consolidated financial statements, see Note 2, “Summary of Significant Accounting Policies,” to our unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the potential loss arising from adverse changes in market rates and market prices such as interest rates, foreign currency exchange rates, and changes in the market value of equity instruments.

Our investment policy establishes guidelines for the investment of cash in a conservative and diversified investment portfolio which seeks to provide adequate liquidity for our operations while minimizing the loss of any principal. The securities permitted under our investment policy may be subject to market risk related to changes in interest rates and other market factors. We manage our sensitivity to these risks by investing in short-term, investment grade marketable securities. Due to the short-term duration of our investment portfolio, the limited amount of investments classified as marketable securities, and the low risk profile of our investments, we do not believe that a hypothetical 10% change in market rates would have a material impact on the realized value of our investments. As of December 31, 2019, we had cash, cash equivalents, and marketable securities of $98.9 million and as of March 31, 2019, we had cash and cash equivalents of $156.1 million.

We also have certain related party debt with DSP that bears interest at a 3-month LIBOR-based variable rate payable on the last day of each calendar quarter. The interest rate under the DSP Loan Agreement was 4.96% as of December 31, 2019. A hypothetical 10% change in this interest rate would have an approximate $0.6 million impact on our annual interest expense based upon the $113.7 million outstanding debt as of December 31, 2019. We do not believe we are currently exposed to any material market risk.

We do not believe that we have any material exposures to foreign currency rate fluctuations. Although we conduct some activities outside of the U.S., most of our transactions are denominated in U.S. dollars. For the nine months ended December 31, 2019, we recorded a foreign exchange gain of $1.2 million, and for the nine months ended December 31, 2018, we recorded a foreign exchange loss of $0.1 million. These amounts are included in other (income) expense, net on the unaudited condensed consolidated statements of operations.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our principal executive officer and principal financial officer, after evaluating the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934 as amended) as of the end of the period covered by this Quarterly Report on Form 10-Q, have concluded that, based on such evaluation, our disclosure controls and procedures were effective at the reasonable assurance level. In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Disclosure controls and procedures include, without limitation, controls and procedures designed to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate, to allow for timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

We continually seek to improve the efficiency and effectiveness of our internal control over financial reporting. No changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the fiscal quarter ended December 31, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures, or our internal controls, will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within Myovant Sciences Ltd. have been detected.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may become involved in legal proceedings related to claims arising from the ordinary course of business. We are not currently a party to any material legal proceedings, and we are not aware of any pending or threatened legal proceedings against us that we believe could have a material adverse effect on our business, operating results, or financial condition.

Item 1A. Risk Factors

You should carefully consider the following risk factors, in addition to the other information contained in this Quarterly Report on Form 10-Q, including the section of this report titled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our unaudited condensed consolidated financial statements and related notes. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties that we are unaware of, or that we currently believe are not material, may also become important factors that adversely affect our business. If any of the events described in the following risk factors and the risks described elsewhere in this Quarterly Report on Form 10-Q occurs, our business, operating results and financial condition could be seriously harmed and the trading price of our common shares could decline and you could lose all or part of your investment in our common shares.

Risks Related to Our Business, Financial Position and Capital Requirements

We believe our current cash, cash equivalents, marketable securities, and borrowing capacity under the Loan Agreement with Sumitomo Dainippon Pharma Co., Ltd. ("DSP") will be sufficient to fund our business only for a limited amount of time.

As of December 31, 2019, we had approximately $98.9 million of cash, cash equivalents, and marketable securities and $286.3 million of borrowing capacity available to us under our loan agreement with DSP (the "DSP Loan Agreement") for which we can draw upon on a quarterly basis subject to certain terms and conditions, including the consent of our board of directors. Based on our current operating plan, we believe that our existing cash, cash equivalents, and marketable securities will be sufficient to fund our operating expenses and capital expenditure requirements at least through the end of our fiscal year ending March 31, 2020. This estimate is based on our current assumptions, including assumptions relating to our ability to manage our spend, that may prove to be wrong, and we could use our available capital resources sooner than we currently expect. These funds will not be sufficient to enable us to complete all necessary development and regulatory activities and commercially launch relugolix combination tablet or relugolix monotherapy tablet. We anticipate that we will continue to incur net losses and negative operating cash flows for the foreseeable future. These factors raise substantial doubt about our ability to continue as a going concern for the one-year period following the filing of this Quarterly Report on Form 10-Q. We may be required to delay, limit, reduce, or terminate our drug development programs, commercialization efforts, and/or limit or cease our operations if we are unable to obtain additional funding to support our current operating plan. Management's plans in this regard are described in Note 2 of the unaudited condensed consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q. In the event that these plans cannot be effectively realized, there can be no assurance that we will be able to continue as a going concern.

We will require substantial additional capital to fund our operations, and if we fail to obtain necessary funding, we may not be able to complete the development of, seek regulatory approval for, and commercialize our product candidates.

We expect to spend substantial amounts to complete the development of, seek regulatory approvals for and commercialize our product candidates. These expenditures will include costs associated with the Takeda License Agreement, pursuant to which we are obligated to cover substantial development costs of our product candidates and make royalty payments in connection with the net sales of resulting products, if any. Our future funding requirements, both near and long-term, will depend on many factors, including, but not limited to:

- the initiation, progress, timing, costs and results of our planned and ongoing clinical studies for our candidate products;
- the outcome, timing and cost of meeting regulatory requirements established by the U.S. Food and Drug Administration, or the FDA, and comparable foreign regulatory authorities;
- the cost of filing, prosecuting, defending and enforcing our patent claims and other intellectual property rights;
- the cost of defending potential intellectual property disputes, including patent infringement actions brought by third parties against us or our products or any future product candidates;
- the effect of competing technological and market developments;
- the cost and timing of completion of commercial-scale manufacturing activities;
- the cost of establishing sales, marketing and distribution capabilities for our products in regions where we choose to commercialize our products on our own; and
- the initiation, progress, timing and results of our commercialization of our product candidates, if approved for commercial sale.

On December 27, 2019, we and our subsidiary, Myovant Sciences GmbH, or MSG, entered into a loan agreement with DSP, or the DSP Loan Agreement, pursuant to which DSP agreed to make revolving loans to us in an aggregate principal amount up to $400.0 million. On December 30, 2019, we borrowed $113.7 million under the DSP Loan Agreement to repay our and our subsidiaries' outstanding obligations under the loan and security agreement with Hercules Capital Inc. and the securities purchase agreement with NovaQuest Pharma Opportunities Fund IV, L.P. and the other purchasers party thereto and to pay for certain other costs and expenses. We may draw down additional funds under the DSP Loan Agreement no more than once any calendar quarter, subject to certain terms and conditions, including the consent of our board of directors and no change of control having occurred with respect to us. Our current cash, cash equivalents, marketable securities, and amounts available to us under the DSP Loan Agreement will not be sufficient for us to complete all necessary development and regulatory activities and commercially launch our product candidates. Accordingly, we will need to obtain substantial further funding through other public or private offerings of our capital shares, debt financings, collaboration or licensing arrangements, or other sources. We cannot be certain that additional capital will be available to us on acceptable terms, or at all. Even if additional capital is available to us, under the terms of the DSP Loan Agreement, we may not raise additional capital without obtaining the consent of DSP. In addition, if DSP fails to own at least a majority of the outstanding common shares of Myovant, it may become unlawful under Japanese law for DSP to fund loans to us, in which case we would not be able to continue to borrow under the DSP Loan Agreement. Furthermore, within 30 days of a change of control having occurred with respect to us, we will be obligated to repay the outstanding amount of loans and accrued interest under the DSP Loan Agreement. We may not be able to meet such terms and conditions in the future and may not be able to secure additional funds. If we are unable to raise additional capital in sufficient amounts or on terms acceptable to us, when needed, we may have to significantly delay, scale back, or discontinue the development or commercialization of our product candidates or potentially discontinue operations. In addition, attempting to secure additional capital may divert the time and attention of our management from day-to-day activities and harm our product candidate development and commercialization efforts. Because of the numerous risks and uncertainties associated with the development and potential commercialization of our product candidates, we are unable to estimate the amounts of increased capital outlays, operating expenditures and capital requirements associated with our current and anticipated product development programs and commercialization efforts.

Raising additional funds by issuing equity securities may cause dilution to existing shareholders; raising additional funds through new debt financings may involve additional restrictive covenants, and raising funds through collaboration or licensing arrangements may restrict our operations or require us to relinquish proprietary rights.

Until such time, if ever, that we can generate substantial revenue, we expect to finance our operations through a combination of cash, cash equivalents, the marketable securities currently on hand, equity offerings, debt financings, and other structured transactions, such as royalty financings, collaboration or license and development agreements or other collaborations as well as quarterly draws under the DSP Loan Agreement. To the extent that we raise additional capital by issuing equity or convertible debt securities, our existing shareholders' ownership interest may experience substantial dilution, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of a common shareholder. The DSP Loan Agreement involves, and any agreements for future debt or preferred equity financings, if available, may involve, covenants limiting or restricting our ability to take specific actions, such as raising additional capital, incurring additional debt, making capital expenditures, or declaring dividends. In addition, if we raise additional funds through collaborations, strategic alliances or marketing, distribution or licensing arrangements with third parties, we may be required to relinquish valuable rights to our technologies, future revenue streams, research programs or product candidates or grant licenses on terms that may not be favorable to us or grant rights to develop and market product candidates that we would otherwise develop and market ourselves.

We have a limited operating history and no history of commercializing products, which may make it difficult to evaluate our business and prospects.

We are a clinical-stage biopharmaceutical company with a limited operating history. We were formed in February 2016, and our operations to date have been limited to identifying and in-licensing our product candidates, organizing and staffing our company, raising capital, preparing for and advancing the clinical development of our product candidates, and preparing for potential future regulatory approvals and commercialization of our product candidates. Certain of our Phase 3 clinical studies are still ongoing and we have not yet demonstrated an ability to obtain marketing approval, manufacture a commercial scale product, or conduct sales and marketing activities necessary for successful product commercialization. We may encounter unforeseen expenses, difficulties, complications, delays and other known and unknown difficulties in achieving our business objectives. If our product candidates are approved by the FDA, we will need to expand our capabilities to support commercial activities and we may not be successful in adding such capabilities. Consequently, any predictions about our future success or viability may not be as accurate as they could be if we had a longer operating history or a history of successfully developing, obtaining marketing approval, and commercializing pharmaceutical products.

We have incurred significant operating losses and negative operating cash flows since our inception and expect to continue to incur significant operating losses and negative operating cash flows; and we have not generated any revenue from any commercial products and may never achieve or maintain profitability.

Investment in pharmaceutical product development is highly speculative because it entails substantial upfront capital expenditures and significant risk that a product candidate will fail to gain regulatory approval or fail to become commercially viable. Since inception, we have focused most of our efforts on research and development and have incurred significant operating losses and negative operating cash flows. Our net loss was $224.1 million and $198.5 million for the nine months ended December 31, 2019 and 2018, respectively, and, as of December 31, 2019, we had an accumulated deficit of $726.1 million.

We expect to continue to incur significant operating losses and negative operating cash flows as we continue to develop our product candidates and prepare for potential future regulatory approvals and commercialization of our product candidates. Past operating losses, combined with expected future operating losses, have had and will continue to have an adverse effect on our results of operations, financial position and working capital. If we obtain regulatory approval for our product candidates, we expect to incur increased sales, marketing and manufacturing expenses.

We have not obtained marketing approval for our product candidates anywhere in the world, and we may never receive such approval. We have not previously submitted an application for approval or obtained FDA approval for any product and the FDA may not accept our NDAs for submission. Even if accepted for submission, any NDA may be subject to advisory committee input, which may be unfavorable to approval and may adversely impact our common share price. The FDA may extend or be unable to meet its Prescription Drug User Fee Act (PDUFA) goal date for completion of review of an NDA, and may issue a complete response letter, rather than an approval.

As a result, we have never generated any revenue. We are uncertain when or if we will achieve profitability and, if so, whether we will be able to sustain it. Our ability to generate revenue and achieve profitability is dependent on our ability to complete the development of our product candidates, obtain necessary regulatory approvals for, and have our product candidates manufactured and successfully marketed. We cannot assure you that we will be profitable even if we successfully commercialize our product candidates. Even if we successfully obtain regulatory approvals to market our product candidates, our revenue will be dependent upon, in part and among other things, the size of the markets in the territories for which we gain regulatory approval, the number of competitors in such markets, the accepted price for our product candidates and whether we own the commercial rights for those territories. For example, AbbVie launched ORILISSA™, an oral GnRH receptor antagonist, for the management of moderate to severe pain associated with endometriosis in August 2018 after receiving FDA approval as monotherapy (150 mg once a day or 200 mg twice a day). In the third quarter of 2019, AbbVie also announced its submission of an NDA to the FDA for elagolix (300 mg twice a day) in combination with estradiol and norethindrone acetate, for the management of heavy menstrual bleeding associated with uterine fibroids in women. The launch and commercialization of ORILISSA™ or other competing drugs may limit the revenue from relugolix. If the indication or label approved by regulatory authorities is narrower than we expect, or the treatment population is narrowed by competition, physician choice or treatment guidelines, or if we are unable to obtain a favorable price for our product candidates, we may not generate significant revenue from sales of our product candidates, even if approved. Even if we do achieve profitability, we may not be able to sustain or increase profitability on a quarterly or annual basis. Failure to become and remain profitable may adversely affect the market price of our common shares and our ability to raise capital and continue operations.

We are heavily dependent on the success of relugolix combination tablet (relugolix 40 mg, estradiol 1.0 mg and norethindrone acetate 0.5 mg) for our women's health indications of uterine fibroids and endometriosis, relugolix monotherapy tablet (relugolix 120 mg) for men with advanced prostate cancer, and MVT-602, which are still under clinical development. If relugolix combination tablet, relugolix monotherapy tablet or MVT-602 does not receive regulatory approval or is not successfully commercialized, our business will be harmed.

We are a clinical-stage biopharmaceutical company with no products approved for commercial sale. We have invested and expect to continue to invest a substantial portion of our efforts and expenditures in the development and advancement of our product candidates, relugolix combination tablet, relugolix monotherapy tablet, and MVT-602. Our business and our ability to generate revenue depends heavily on the successful clinical development, regulatory approval and commercialization of these product candidates, which may never occur. We currently generate no revenue from sales of any product and have never received regulatory approval for any indication for our product candidates and may never be able to develop or commercialize a marketable product. The research, testing, manufacturing, labeling, approval, sale, marketing and distribution of products are and will remain subject to extensive regulation by the FDA and other regulatory authorities in the U.S. and other countries. We are not permitted to market our product candidates in the U.S. until we receive approval of NDAs or in any foreign country until we receive the requisite approvals from the appropriate regulatory authorities in such countries.

Obtaining approval of an NDA or similar foreign regulatory approval is an extensive, lengthy, expensive and inherently uncertain process, and the FDA or other foreign regulatory authority may delay, limit or deny approval of our product candidates. See the Risk Factor titled "The regulatory approval processes of the FDA and comparable foreign authorities are lengthy, time consuming, and inherently unpredictable, and even if we obtain approval for a product candidate in one country or jurisdiction, we may never obtain approval for or commercialize it in any other jurisdiction which would limit our ability to realize our product candidates' full market potential." In addition, we will incur additional expense in 2020 with the anticipated submission of two NDAs to the FDA, including the fees associated with NDA and foreign equivalent submissions. As an organization, we have never submitted an NDA, had the FDA accept an NDA for submission, or obtained FDA approval of an NDA, and the process of responding to the FDA information requests in the review process, potentially preparing for and appearing at a public advisory committee and preparing our manufacturers and investigators to successfully complete inspection by the FDA during the approval process will requiring significant human and financial resources in 2020 and beyond. We may receive a refusal-to-file letter or complete response letter for any of our NDAs and may not be successful in obtaining FDA approval of any product candidate.

Even if we receive regulatory approval for our product candidates, our ability to generate revenues from our product candidates will depend upon our ability to:

- set an acceptable price for our product candidates and obtain coverage and adequate reimbursement from third-party payors;
- establish effective sales, marketing, and distribution systems in jurisdictions around the world for our product candidates;
- initiate and continue relationships with Takeda and/or other third-party manufacturers and have adequate commercial quantities of our product candidates manufactured at acceptable cost and quality levels;
- attract and retain experienced management, employees and consultants;
- achieve broad market acceptance of our products in the medical community and with third-party payors and consumers;
- launch commercial sales of our products, whether alone or in collaboration with others;
- establish the safety and efficacy of our product candidates in comparison to competing products, including through differentiated approved labeling; and
- maintain, expand, and protect our intellectual property rights.

If we cannot successfully execute any one of the foregoing, our business may not succeed and your investment in us may be adversely affected.

If we are unable to obtain regulatory approvals for a single-tablet fixed-dose combination version of relugolix with low-dose estradiol and a progestin (relugolix combination tablet) for our women's health indications, its potential commercial opportunity and competitive advantage could be limited.

GnRH receptor antagonists, like relugolix, when taken alone, may cause loss of bone mineral density due to the induced hypoestrogenic state that may limit duration of use. This risk, and a related risk of hot flash or vasomotor symptoms, may be mitigated by the co-administration of relugolix in combination with low-dose estradiol and a progestin. A key part of our relugolix clinical development strategy was to formulate a single-tablet fixed-dose combination of relugolix with low-dose estradiol and a progestin (relugolix combination tablet) to maintain bone health and mitigate side effects of a low-estrogen state such as vasomotor symptoms, and to facilitate patient convenience and compliance. We have conducted a bioequivalence study to demonstrate the bioequivalence of the relugolix combination tablet with the co-administered regimen used in the LIBERTY clinical program (one relugolix 40 mg tablet and one tablet containing estradiol 1.0 mg and norethindrone acetate 0.5 mg). The relugolix combination tablet met FDA bioequivalence criteria. In December 2019, we also successfully completed the one-year stability studies that are required by the FDA. If the FDA concludes that the data from these studies are insufficient to support regulatory approvals, we may be required to conduct further studies and we could face delays and increased expenses associated with our development programs and our commercial opportunity could be limited. If we are not able to obtain required regulatory approvals for the relugolix combination tablet or if our competitors develop a fixed-dose combination with hormonal therapy before we do, we would be at a competitive disadvantage and this could limit our commercial opportunity.

The terms of the DSP Loan Agreement place restrictions on our operating and financial flexibility.

In December 2019, we, MSG and DSP entered into the DSP Loan Agreement. Our obligations under the DSP Loan Agreement are senior unsecured obligations including customary representations and warranties as well as and affirmative and negative covenants, that are guaranteed on a full and unconditional basis by all our subsidiaries.

The negative covenants include limitations on additional indebtedness, liens, certain corporate changes, certain restricted payments, investments transactions with affiliates, entry into certain restrictive agreements, change in the nature of business, and use of proceeds. Compliance with these covenants may limit our flexibility in operating our business and our ability to take actions that might be advantageous to us and our shareholders.

Additionally, the DSP Loan Agreement also includes customary events of default, including payment defaults, breaches of representations and warranties and certain covenants following any applicable cure period, cross acceleration to certain debt, other failure to pay certain final judgments, certain events relating to bankruptcy or insolvency, certain breaches by us under the Investor Rights Agreement and failure of material provisions of the loan documents to remain in full force and effect or any contest thereto by us or any of our subsidiaries. Upon the occurrence of an event of default, a default interest rate of an additional 5.0% will apply to the outstanding principal amount of the loans, DSP may terminate its obligations to make loans to us and declare the principal amount of all outstanding loans and other obligations under the DSP Loan Agreement to become immediately due and payable, and DSP may take such other actions as set forth in the DSP Loan Agreement. Upon the occurrence of certain bankruptcy and insolvency events, the obligations of DSP to make loans to us would automatically terminate and the principal amount of all outstanding loans and other obligations due under the DSP Loan Agreement would automatically become due and payable. In addition, if it becomes unlawful for DSP to maintain the loans under the DSP Loan Agreement, we would be required to repay the outstanding principal amount of the loans and if a change of control occurs with respect to us, we would be required to repay the outstanding principal amount of the loans within 30 days of such change of control. We may not have enough available cash or be able to raise additional funds through equity or debt financings to repay these outstanding obligations at the time any event of default occurs. In that case, we may be required to delay, limit, reduce or terminate our clinical development efforts or grant to others rights to develop and market product candidates that we would otherwise prefer to develop and market ourselves. Our business, financial condition and results of operations could be substantially harmed as a result of any of these events.

The phase-out of the London Interbank Offered Rate (LIBOR), or the replacement of LIBOR with a different reference rate, may adversely affect interest rates.

On July 27, 2017, the Financial Conduct Authority (the authority that regulates LIBOR) announced that it would phase out LIBOR by the end of 2021. It is unclear whether new methods of calculating LIBOR will be established such that it continues to exist after 2021, or if alternative rates or benchmarks will be adopted. The interest rate under the DSP Loan Agreement is calculated based on LIBOR and, when this occurs, we may need to agree with DSP to a new method of calculating the interest rate under the DSP Loan Agreement, which we may not be able to do. Changes in the method of calculating LIBOR, or the replacement of LIBOR with an alternative rate or benchmark, may adversely affect interest rates and result in higher borrowing costs. This could materially and adversely affect our results of operations, cash flows and liquidity. We cannot predict the effect of the potential changes to LIBOR or the establishment and use of alternative rates or benchmarks.

We may not be successful in our efforts to identify and acquire or in-license additional product candidates.

Part of our strategy involves diversifying our product development risk by identifying and acquiring or in-licensing novel product candidates. We may fail to identify and acquire or in-license product candidates, including for reasons discussed in these risk factors and also:

- the process by which we identify and decide to acquire product candidates may not be successful;
- the competition to acquire or in-license promising product candidates is fierce and many of our competitors are large, multinational pharmaceutical, biotechnology and medical device companies with considerably more financial, development and commercialization resources and experience than we have;
- potential product candidates may, upon further study during the acquisition process, be shown to have harmful side effects or other characteristics that indicate that they are unlikely to be products that will receive marketing approval or achieve market acceptance; and
- potential product candidates may not be effective in treating their targeted diseases.

In addition, we may choose to focus our efforts and resources on potential product candidates that ultimately prove to be unsuccessful. Further, time and resources spent searching for, identifying, acquiring, and developing potential product candidates may distract management’s attention from our primary business. If we are unable to identify and acquire or in-license suitable product candidates, we will be unable to diversify our product risk. We believe that any such failure could have a significant negative impact on our prospects because the risk of failure of any particular development program in the pharmaceutical field is high.

We rely on agreements with Takeda to provide rights to the core intellectual property relating to our existing product candidates and to supply us with clinical trial and commercial material to support development and potential commercialization of relugolix. Any termination or loss of significant rights under those agreements would adversely affect our development or commercialization of relugolix.

In June 2016, we and one of Takeda's affiliates, Takeda Pharmaceutical Company Limited, or Takeda Limited, entered into an agreement for the manufacture and clinical supply of relugolix, or the Takeda Clinical Supply Agreement. Under the Takeda Clinical Supply Agreement, Takeda Limited is supplying us, and we are obtaining from Takeda Limited, all of our requirements for relugolix drug substance and drug product to be used under our development plans for all indications. On May 30, 2018, we entered into a Commercial Manufacturing and Supply Agreement with Takeda, or the Takeda Commercial Supply Agreement, pursuant to which Takeda will manufacture and supply us with relugolix drug substance to support the commercial launch of relugolix, if marketing authorization is granted. If Takeda fails to fulfill its obligations to manufacture and supply clinical and/or commercial quantities of relugolix, our development plans and commercialization of relugolix, if approved, could be significantly delayed or otherwise adversely affected.

Our future success depends on our ability to attract and retain key personnel.

We expect to hire additional employees for our managerial team and other teams supporting G&A, commercial, clinical, medical affairs, operations and other functions. The market for talent in our industry is very competitive. Many of the other pharmaceutical companies we compete against for qualified personnel and consultants have greater financial and other resources, more favorable risk profiles and a longer operating history in the biopharmaceutical industry than we do. They also may provide more diverse opportunities and better chances for career advancement. Some of these opportunities may be more appealing to high-quality candidates and consultants than what we have to offer. In addition, our current majority shareholder is a subsidiary of DSP which is a foreign investor. Having a majority foreign investor and the volatility or decrease in the market price of our common shares may make the attraction and retention of personnel more challenging. Due to these reasons, we may not be able to attract or retain qualified personnel.

In addition, our industry has experienced a high rate of turnover of management personnel in recent years. We are highly dependent on the skills and leadership of our management team and key employees. Our senior management and key employees may terminate their positions with us at any time. In addition, we do not maintain "key person" insurance for any of our executives or other employees. If we lose one or more members of our senior management team or key employees, our ability to successfully implement our business strategies could be seriously harmed. Replacing these individuals may be difficult, cause disruption, and may take an extended period of time because of the limited number of individuals in our industry with the breadth of skills and experience required to develop, gain regulatory approval of, and commercialize products successfully. If we are not able to attract and retain necessary personnel to accomplish our business objectives, we may experience constraints that will significantly impede the achievement of our development objectives, our ability to raise additional capital, our ability to commercialize our product candidates if we obtain regulatory approvals, and our ability to implement our business strategies.

We plan to expand our organization, and we may experience difficulties in managing this growth, which could disrupt our operations.

We expect to expand our organization and hire additional employees. Our management is expected to have increasing responsibilities to identify, recruit, maintain, motivate, and integrate additional employees, consultants and contractors which may divert a disproportionate amount of its time and attention away from our day-to-day activities. The expected growth may also require significant capital expenditures and divert financial resources from other projects. If our management is unable to effectively manage our growth, our expenses may increase more than expected, our ability to generate or grow revenue could be adversely affected, and we may not be able to implement our business strategy. As a result, our future financial performance and our ability to complete clinical development, obtain regulatory approval, and commercialize our product candidates or any potential future product candidate may be adversely affected.

Our employees, independent contractors, principal investigators, consultants, commercial collaborators, service providers, and other vendors, or those of our affiliates, may engage in misconduct or other improper activities, including noncompliance with regulatory or legal standards and requirements, which could have an adverse effect on our results of operations.

We are exposed to the risk that our employees, contractors, advisers, including principal investigators, consultants, commercial collaborators, service providers, and other vendors, or those of our affiliates, may engage in fraudulent, illegal activity, or other misconduct. Misconduct by these parties could include intentional, reckless or negligent conduct or other unauthorized activities that violate the laws and regulations of the FDA or other regulatory bodies, including: those laws that require the reporting of true, complete, and accurate information to such regulatory bodies; laws that require manufacturing by current Good Manufacturing Practice, or cGMP, standards; federal, state and foreign healthcare fraud and abuse laws and data privacy laws; or laws and regulations that require the true, complete, and accurate reporting of financial information or data. In particular, sales, marketing and other business arrangements in the healthcare industry are subject to extensive regulations intended to prevent fraud, kickbacks, self-dealing, bribery, corruption, antitrust violations, and other abusive practices.

See the Risk Factors titled “Our current and future relationships with investigators, healthcare professionals, consultants, third-party payors, and customers will be subject to applicable healthcare regulatory laws, which could expose us to penalties,” “International expansion of our business exposes us to business, legal, regulatory, political, operational, financial, economic, and other risks associated with conducting business outside of the U.S.,” and “If we obtain approval to market any products outside of the U.S., a variety of risks associated with international operations could materially adversely affect our business.” These laws may restrict or prohibit a wide range of business activities, including research, manufacturing, distribution, pricing, discounting, marketing and promotion, sales commission, customer incentive programs, and other business arrangements. Activities subject to these laws also involve the improper use or misrepresentation of information obtained in the course of clinical studies, creating fraudulent data in our nonclinical studies or clinical studies or illegal misappropriation of drug product, which could result in regulatory sanctions and serious harm to our reputation. We have a Code of Business Conduct and Ethics and other corporate compliance policies, but it is not always possible to identify and deter employee or third-party misconduct, and the precautions we take to detect and prevent this activity may not be effective in controlling unknown or unmanaged risks or losses or in protecting us from governmental investigations or other actions or lawsuits stemming from a failure to comply with such laws or regulations. Additionally, we are subject to the risk that a person or government agency could allege such fraud or other misconduct, even if none occurred.

If our employees, independent contractors, principal investigators, consultants, commercial collaborators, service providers or other vendors, or those of our affiliates, are found to be in violation of any such regulatory or legal standards or requirements, it could have a significant impact on our business and financial results, including the imposition of significant civil, criminal, and administrative penalties, damages, monetary fines, suspension or delay in our clinical studies, possible exclusion from participation in Medicare, Medicaid, and other federal healthcare programs, FDA debarment, contractual damages, reputational harm, diminished future earnings and profits, additional reporting requirements, and regulatory oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, and curtailment of our operations, any of which could adversely affect our ability to operate our business and our results of operations.

International expansion of our business exposes us to business, legal, regulatory, political, operational, financial, economic, and other risks associated with conducting business outside of the U.S.

Part of our business strategy involves international expansion, including establishing and maintaining operations outside of the U.S. and establishing and maintaining relationships with health care providers, payors, government officials, distributors and manufacturers globally. Conducting business internationally involves a number of risks, including:

- multiple conflicting and changing laws and regulations such as tax laws, export and import restrictions, employment laws, privacy and cybersecurity laws, anti-bribery and anti-corruption laws, regulatory requirements and other governmental approvals, permits and licenses;
- possible failure by us or our distributors to obtain appropriate licenses or regulatory approvals for the sale or use of our product candidates, if approved, in various countries;
- difficulties in managing foreign operations;
- complexities associated with managing multiple payor-reimbursement regimes or self-pay systems;
- financial risks, such as longer payment cycles, difficulty enforcing contracts and collecting accounts receivable, and exposure to foreign currency exchange rate fluctuations;
- reduced protection for intellectual property rights;
- business interruptions resulting from geopolitical actions, economic instability, or natural disasters, including, but not limited to, wars and terrorism, political unrest, outbreak of disease (such as the outbreak of the virus known as the coronavirus in 2020), earthquakes, boycotts, curtailment of trade, and other business restrictions;
- failure to comply with foreign laws, regulations, standards and regulatory guidance governing the collection, use, disclosure, retention, security and transfer of personal data, including the European Union General Data Protection Regulation, or the GDPR, which introduced strict requirements for processing personal data of individuals within the European Union, or the EU; and
- failure to comply with the Foreign Corrupt Practices Act, including its books and records provisions and its anti-bribery provisions, the United Kingdom Bribery Act 2010, and similar antibribery and anticorruption laws in other jurisdictions, for example by failing to maintain accurate information and control over sales or distributors’ activities.

Any of these risks, if encountered, could significantly harm our future international expansion and operations and, consequently, negatively impact our financial condition, results of operations, and cash flows.

Our internal computer systems, and our third-party collaborators, consultants or contractors, may fail or suffer cybersecurity breaches and data leakage, which could result in a material disruption of our business and operations or liabilities that adversely affect our financial performance.

Our computer systems, as well as those of our contract research organizations, or CROs, contract manufacturing organizations, or CMOs, and other contractors, consultants, and law and accounting firms, may sustain damage or data leakage from computer viruses, unauthorized access or disclosure, data breaches, cybercriminals, natural disasters (including hurricanes and earthquakes), terrorism, war, and telecommunication and electrical failures. A significant breakdown, invasion, corruption, destruction or interruption of critical information technology systems or infrastructure, by our workforce, others with authorized access to our information systems or unauthorized persons, could cause interruptions in our operations and result in a material disruption of our drug development programs. For example, the loss of nonclinical or clinical study data from completed, ongoing or planned clinical studies 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 were to result in a loss of or damage to our data or applications, or inappropriate disclosure of personal, confidential or proprietary information, we could incur liability, suffer reputational damage, and the further development of any current or future product candidate could be delayed.

The ever-increasing use and evolution of technology, including cloud-based computing, creates opportunities for the unintentional dissemination or intentional destruction of personal and confidential information stored in our or our third-party providers' systems, portable media or storage devises. We could also experience a business interruption, theft of or unauthorized access to personal or confidential information, intellectual property or reputational damage from industrial espionage attacks, malware or other cyber-attacks, which may compromise our information system infrastructure or lead to data leakage, either internally or at our third-party providers, and could result in liabilities that adversely affect our financial performance. While we have invested in the protection of data and information technology, there can be no assurance that our efforts will prevent services interruptions or security breaches.

The withdrawal of the United Kingdom (the "U.K.") from the EU, commonly referred to as "Brexit," may adversely impact our ability to obtain regulatory approvals of our product candidates in the EU, result in restrictions or imposition of taxes and duties for importing our product candidates into the EU, and may require us to incur additional expenses in order to develop, manufacture and commercialize our product candidates in the EU.

On January 31, 2020, the U.K. withdrew from withdrew from the EU. The U.K.'s withdrawal from the EU is commonly referred to as Brexit. Under the Withdrawal Agreement, the U.K. will be subject to a transition period until December 31, 2020, or the Transition Period, during which EU rules will continue to apply. Negotiations between the U.K. and the EU are expected to continue in relation to the customs and trading relationship between the U.K. and the EU following the expiration of the Transition Period.

Since a significant proportion of the regulatory framework in the U.K. applicable to our business and certain of our product candidates are derived from EU directives and regulations, Brexit following the Transition Period could materially impact the regulatory regime with respect to the development, manufacture, importation, approval and commercialization of our product candidates in the U.K. or the EU. For example, as a result of the uncertainty surrounding Brexit, the European Medicines Agency (known as the "EMA") relocated to Amsterdam from London. Following the Transition Period, the U.K. will no longer be covered by the centralized procedures for obtaining EU-wide marketing authorization from the EMA and, unless a specific agreement is entered into, a separate process for authorization of drug products, including certain of our product candidates, will be required in the U.K., the potential process for which is currently unclear. Any delay in obtaining, or an inability to obtain, any marketing approvals, as a result of Brexit or otherwise, would prevent us from commercializing our product candidates in the U.K. or the EU and restrict our ability to generate revenue and achieve and sustain profitability. In addition, we may be required to pay taxes or duties or be subjected to other hurdles in connection with the importation of certain of our product candidates into the EU, or we may incur expenses in establishing a manufacturing facility in the EU in order to circumvent such hurdles.

If any of these outcomes occur, we may be forced to restrict or delay efforts to seek regulatory approval in the U.K. or the EU for certain of our product candidates, or incur significant additional expenses to operate our business, which could significantly and materially harm or delay our ability to generate revenues or achieve profitability of our business. Any further changes in international trade, tariff and import/export regulations as a result of Brexit or otherwise may impose unexpected duty costs or other non-tariff barriers on us. These developments, or the perception that any of them could occur, may significantly reduce global trade and, in particular, trade between the impacted nations and the U.K. It is also possible that Brexit may negatively affect our ability to attract and retain employees, particularly those from the EU.

If we fail to comply with applicable U.S. and foreign privacy and data protection laws and regulations, we may be subject to liabilities that adversely affect our business, operations and financial performance.

We are subject to federal and state laws and regulations requiring that we take measures to protect the privacy and security of certain information we gather and use in our business. For example, federal and state security breach notification laws, state health information privacy laws and federal and state consumer protection laws impose requirements regarding the collection, use, disclosure and storage of personal information. In addition, in June 2018, California enacted the California Consumer Privacy Act, or CCPA, which took effect on January 1, 2020. The CCPA gives California residents expanded rights to access and require deletion of their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used.

The CCPA provides for civil penalties for violations, as well as a private right of action for data breaches that may increase data breach litigation. Although the CCPA includes exemptions for certain clinical study data, and HIPAA protected health information, the law may increase our compliance costs and potential liability with respect to other personal information we collect about California residents. The CCPA has prompted a number of proposals for new federal and state privacy legislation that, if passed, could increase our potential liability, increase our compliance costs and adversely affect our business. We may also be subject to or affected by foreign laws and regulations, including regulatory guidance, governing the collection, use, disclosure, security, transfer and storage of personal data, such as information that we collect about patients and healthcare providers in connection with clinical studies and our other operations in the U.S. and abroad. The global legislative and regulatory landscape for privacy and data protection continues to evolve, and implementation standards and enforcement practices are likely to remain uncertain for the foreseeable future. This evolution may create uncertainty in our business, 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. For example, the EU has adopted the GDPR, which introduces strict requirements for processing personal data. The GDPR increases our compliance burden with respect to data protection, including by mandating potentially burdensome documentation requirements and granting certain rights to individuals to control how we collect, use, disclose, retain and leverage information about them. The processing of sensitive personal data, such as information about health conditions, entails heightened compliance burdens under the GDPR and is a topic of active interest among foreign regulators. In addition, the GDPR provides for breach reporting requirements, more robust regulatory enforcement and fines of up to the greater of 20 million euros or 4% of annual global revenue. While companies are afforded some flexibility in determining how to comply with the GDPR's various requirements, significant effort and expense are required to ensure continuing compliance with the GDPR. Moreover, the requirements under the GDPR and guidance issued by different EU member states may change periodically or may be modified, and such changes or modifications could have an adverse effect on our business operations if compliance becomes substantially costlier than under current requirements. It is also possible that each of these privacy laws may be interpreted and applied in a manner that is inconsistent with our practices. Further, Brexit has created uncertainty with regard to data protection regulation in the U.K. In particular, it is unclear whether, post Brexit, the U.K. will enact data protection legislation equivalent to the GDPR and how data transfers to and from the U.K. will be regulated. Any failure or perceived failure by us to comply with federal, state, or foreign laws or self-regulatory standards could result in negative publicity, diversion of management time and effort and proceedings against us by governmental entities or others. In many jurisdictions, enforcement actions and consequences for noncompliance are rising. As we continue to expand into other foreign countries and jurisdictions, we may be subject to additional laws and regulations that may affect how we conduct business.

Use of social media platforms presents new risks.

We believe that our potential patient population is active on social media. Social media practices in the pharmaceutical and biotechnology industries are evolving, which creates uncertainty and risk of noncompliance with regulations applicable to our business. For example, patients may use social media platforms to comment on the effectiveness of, or adverse experiences with, a product candidate, which could result in reporting obligations. In addition, there is a risk of inappropriate disclosure of sensitive information or negative or inaccurate posts or comments about us or our product candidates on any social networking website. If any of these events were to occur or we otherwise fail to comply with applicable regulations, we could incur liability, face restrictive regulatory actions or incur other harm to our business.

The failure to successfully implement an enterprise resource planning system could adversely affect our business and results of operations or the effectiveness of internal controls over financial reporting.

We have implemented and continue to optimize a company-wide enterprise resource planning, or ERP, system to upgrade certain existing business, operational, and finance processes and to ensure our operations are adequately scalable in support of our anticipated commercial launches. ERP implementations are complex and time-consuming projects that require transformations of business, operational, and finance processes. Any such transformation involves risk inherent in the conversion to a new system, including loss of information and potential disruption to normal operations. The implementation of the new ERP system has required, and will continue to require, the investment of significant financial and human resources.

Any disruptions, delays, or deficiencies in the design or the ongoing maintenance and optimization of the new ERP system could adversely affect our ability to accurately maintain our books and records, provide accurate, timely and reliable reports on our financial and operating results, or otherwise operate our business. Additionally, if the ERP system does not operate as intended, the effectiveness of our internal controls over financial reporting could be adversely affected and could cause us to fail to comply with the U.S. Securities and Exchange Commission, or the SEC, reporting obligations related to our management's assessment of our internal control over financial reporting, and could result in the issuance of an adverse opinion on the effectiveness of internal control over financial reporting by our independent registered public accounting firm. In addition, if we experience interruptions in service or operational difficulties and are unable to effectively manage our business following the implementation of the ERP system, our business and results of operations could be harmed.

Potential product liability lawsuits against us could cause us to incur substantial liabilities and could impact ongoing and planned clinical studies as well as limit commercialization of any products that we may develop.

The use of any of our product candidates in clinical studies and the sale of any products for which we obtain marketing approval exposes us to the risk of product liability claims. Product liability claims might be brought against us by regulatory or governmental agencies, consumers, health care providers, other pharmaceutical companies or others taking or otherwise coming into contact with our products. On occasion, large monetary judgments have been awarded in class action lawsuits where drugs have had unanticipated adverse effects. If we cannot successfully defend against product liability claims, we could incur substantial liability and costs. In addition, regardless of merit or eventual outcome, product liability claims may result in:

- impairment of our business reputation and significant negative media attention;
- withdrawal of participants from our clinical studies;
- significant costs to defend related litigation;
- distraction of management's attention from our primary business;
- substantial monetary awards to patients or other claimants;
- inability to commercialize our products or any future product candidates;
- product recalls, withdrawals or labeling, marketing or promotional restrictions;
- decreased demand for our products or any future product candidate, if approved for commercial sale; and
- loss of revenue.

The product liability and clinical study insurance we currently carry, and any additional product liability and clinical study insurance coverage we acquire in the future, may not be sufficient to reimburse us for any expenses or losses we may suffer. Moreover, insurance coverage is becoming increasingly expensive and, 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 due to liability. If we obtain marketing approval for any of our product candidates, we intend to acquire insurance coverage to include the sale of commercial products; however, we may be unable to obtain product liability insurance on commercially reasonable terms or in adequate amounts. A successful product liability claim or series of claims brought against us could cause our common share price to decline and, if judgments exceed our insurance coverage, could adversely affect our results of operations and business, including preventing or limiting the commercialization of any product candidates we develop.

Legislation enacted in Bermuda in response to the EU's review of harmful tax competition could be harmful to our business.

During 2017, the EU's Economic and Financial Affairs Council, or ECOFIN, released a list of noncooperative jurisdictions for tax purposes. The stated aim of this list, and accompanying report, was to promote good governance worldwide in order to maximize efforts to prevent tax fraud and tax evasion. In an effort to remain off this list, Bermuda committed to address concerns relating to economic substance by December 31, 2018. In accordance with that commitment, Bermuda has enacted legislation that requires certain entities in Bermuda engaged in "relevant activities" to maintain a substantial economic presence in Bermuda and to satisfy economic substance requirements. The list of "relevant activities" includes carrying on as a business any one or more of: banking, insurance, fund management, financing, leasing, headquarters, shipping, distribution and service center, intellectual property and holding entities. As we are tax resident in the U.K., we believe that we are excluded from the requirement to satisfy substance requirements in Bermuda. If we were in future required to satisfy economic substance requirements in Bermuda but failed to do so, we could face automatic disclosure to competent authorities in the EU of the information filed by the entity with the Bermuda Registrar of Companies in connection with the economic substance requirements and may also face financial penalties, restriction or regulation of its business activities and/or may be struck off as a registered entity in Bermuda.

Risks Related to Clinical Development, Regulatory Approval and Commercialization

Clinical studies are very expensive, time-consuming, difficult to design and implement, and involve uncertain outcomes. The results of previous clinical studies may not be predictive of future results, and interim or top-line data may be subject to change or qualification based on the complete analysis of data.

Any product candidates will require extensive clinical testing resulting in sufficiently positive outcomes before we are prepared to submit an NDA or other similar application for regulatory approval. We cannot predict with certainty if or when we might submit an NDA for regulatory approval for relugolix combination therapy, relugolix monotherapy or MVT-602 in any indication or whether any such application will be approved by the relevant regulatory authorities. Human clinical studies are very expensive and difficult to design and implement, in part because they are subject to rigorous regulatory requirements. For example, the FDA or other regulatory authorities may not agree with our proposed plans for any clinical studies of relugolix combination therapy, relugolix monotherapy or MVT-602, which may delay the approval of an NDA or similar application. The clinical study process is also very time-consuming. Failures can occur at any stage of clinical studies, and we could encounter problems that cause us to abandon or repeat clinical studies. In addition, results from clinical studies may require further evaluation, delaying the next stage of clinical development or submission of an NDA. Further, product candidates in later stages of clinical studies may fail to show the desired safety and efficacy traits despite having progressed through nonclinical studies and initial clinical studies. For example, product candidates may not meet the criteria for success for their primary endpoint specified in the statistical analysis plan, highlighting the importance of appropriate selection of the primary endpoint, statistical powering of a clinical study, and diligent oversight of the treatment compliance of those patients enrolled into the trial. A number of companies in the biopharmaceutical industry have suffered significant setbacks in or the discontinuation of advanced clinical studies due to lack of efficacy or adverse safety profiles, notwithstanding promising results in earlier studies. Likewise, we may publicly disclose top-line or interim data from time to time, 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 top-line results that we report may differ from future results of the same studies, or different conclusions or considerations may qualify such results, once additional data have been received and fully evaluated.

Top-line data also remain subject to audit and verification procedures that may result in the final data being materially different from the preliminary data we previously published. Positive results from any of our clinical studies of relugolix combination therapy, relugolix monotherapy and MVT-602 may not be predictive of the results of any of our other ongoing and potential future clinical studies, and there can be no assurance that the results of studies conducted by third parties will be viewed favorably or are indicative of our own future study results. Product candidates in clinical studies, including Phase 3 clinical studies, often fail to show the desired safety and efficacy outcomes despite having progressed successfully through prior stages of preclinical and clinical testing. Even where we achieve positive results in clinical studies, subsequent clinical studies may fail, even if those subsequent studies are designed similarly to their predecessors.

The commencement and completion of clinical studies may be delayed by several factors, including:

- failure to obtain regulatory approval to commence a trial;
- unforeseen safety issues;
- lack of effectiveness during clinical studies;
- identification of dosing issues;
- inability to reach agreement on acceptable terms with prospective CROs and/or clinical study sites, the terms of which can be subject to extensive negotiations and may vary significantly among different CROs and trial sites;
- slower than expected rates of patient recruitment and enrollment or failure to recruit suitable patients to participate in a trial;
- failure to open a sufficient number of clinical study sites;
- unanticipated impact from changes in or modifications to clinical study design;
- inability or unwillingness of clinical investigators or study participants to follow our clinical and other applicable protocols;
- premature discontinuation of study participants from clinical studies or missing data;
- failure to manufacture or release sufficient quantities of relugolix, MVT-602, estradiol, progestin or placebo or failure to obtain sufficient quantities of concomitant medication, that in each case meet our quality standards, for use in clinical studies;
- inability to monitor patients adequately during or after treatment; or
- inappropriate unblinding of study results.

Further, we, the FDA or an institutional review board, or IRB, or other regulatory authority may suspend our clinical studies at any time if it appears that we or our collaborators are failing to conduct a clinical study in accordance with regulatory requirements, including, the FDA's current Good Clinical Practice, or cGCP, or cGMP regulations, that we are exposing participants to unacceptable health risks, or if the FDA or other regulatory authority, as the case may be, finds deficiencies in our Investigational New Drug application, or IND, or other submissions or the manner in which the clinical studies are conducted. Therefore, we cannot predict with any certainty the timing for commencement or completion of current or future clinical studies. If we experience delays in the commencement or completion of our clinical studies, or if we terminate a clinical study prior to completion, the commercial prospects of relugolix combination therapy, relugolix monotherapy or MVT-602 could be harmed, and our ability to generate product revenue from relugolix combination therapy, relugolix monotherapy or MVT-602 may be delayed. In addition, any delays in our clinical studies could increase our costs, cause a decline in our common share price, slow down the regulatory approval process, and jeopardize our ability to commence product sales and generate revenue. Any of these occurrences may harm our business, financial condition, and results of operations. In addition, many of the factors that cause or lead to a delay in the commencement or completion of clinical studies may also ultimately lead to the denial of regulatory approval of our product candidates.

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

In addition, prior to our acquisition of worldwide rights (excluding Japan and certain other Asian countries) to relugolix and worldwide rights to MVT-602, we had no involvement with or control over the nonclinical or clinical development of relugolix or MVT-602. We are dependent on Takeda having conducted such research and development in accordance with the applicable protocols, legal, regulatory, and scientific standards, having accurately reported the results of all clinical studies and other research conducted prior to our acquisition of the rights to relugolix and MVT-602, having correctly collected and interpreted the data from these studies and other research, and having supplied us with complete information, data sets, and reports required to adequately demonstrate the results reported through the date of our acquisition of these assets. Problems related to any of such non-clinical or clinical work could result in increased costs and delays in the development of our product candidates, which could adversely affect our ability to generate any future revenue from these product candidates.

Recruitment, enrollment and retention of patients in clinical studies is an expensive and time-consuming process and could be made more difficult or rendered impossible by multiple factors outside our control.

We may encounter delays in enrolling, or be unable to enroll, a sufficient number of patients to complete any of our clinical studies on our current timelines, or at all, and even once enrolled we may be unable to retain a sufficient number of patients to satisfactorily complete any of our clinical studies. Enrollment in our clinical studies may be slower than we anticipated, leading to delays in our development timelines. Patient enrollment and retention in clinical studies depends on many factors, including the size of the patient population, the nature of the trial protocol, our ability to recruit clinical study investigators with the appropriate competencies and experience, the existing body of safety and efficacy data with respect to the study drug, the number and nature of competing treatments and ongoing clinical studies of competing drugs for the same indication, the proximity of patients to clinical sites, the eligibility criteria for the study and the proportion of patients screened that meets those criteria, our ability to obtain and maintain patient consents, and the risk that patients enrolled in clinical studies will drop out of the studies before completion. Furthermore, any negative results we or Takeda may report in clinical studies of our product candidates may make it difficult or impossible to recruit, enroll, and retain patients in other clinical studies of that same product candidate. Similarly, negative results reported by our competitors about their drug candidates may negatively affect patient recruitment, enrollment, or retention in our clinical studies. Also, marketing authorization of competitors in the same class of product candidates may impair our ability to recruit, enroll, or retain patients into our clinical studies, delaying or potentially preventing us from completing clinical studies. Delays or failures in planned patient enrollment or retention may result in increased costs, program delays or both, which could have a harmful effect on our ability to develop our product candidates, or could render further development impossible.

The results of our clinical studies may not support our proposed claims for relugolix combination therapy, relugolix monotherapy or MVT-602.

Even if our clinical studies are completed as planned, we cannot be certain that their results will support the efficacy or safety of relugolix combination therapy, relugolix monotherapy or MVT-602. Success in nonclinical testing and early clinical studies does not ensure that later clinical studies will be successful, and we cannot be sure that the results of later clinical studies will replicate the results of prior clinical studies and nonclinical testing. Likewise, promising results in interim analyses or other preliminary analyses do not ensure that the clinical study as a whole will be successful. In addition, the FDA may not agree that clinical study results are sufficient for approval for any product candidate, or even if approved, may not support a label that is capable of competing with existing treatments. A number of companies in the pharmaceutical industry, including biotechnology companies, have suffered significant setbacks in clinical studies, even after having achieved promising results in earlier nonclinical or clinical studies. These setbacks have been caused by, among other things, nonclinical findings made while clinical studies were underway and safety or efficacy observations made in clinical studies, including previously unreported adverse events. The results of nonclinical and early clinical studies of our product candidates may not be predictive of the results of later-stage nonclinical studies or clinical studies. Product candidates in later stages of clinical studies may fail to show the desired safety and efficacy traits despite having progressed through nonclinical and initial clinical studies. A future failure of a clinical study to meet its predetermined endpoints would likely cause us to abandon a product candidate and may delay development of any other product candidates. Any delay in, or termination of, our clinical studies will delay the submission of our NDAs to the FDA or other similar applications with other relevant foreign regulatory authorities and, ultimately, our ability to commercialize relugolix combination therapy, relugolix monotherapy and MVT-602 and generate product revenue.

Reported data or other clinical development announcements by Takeda may adversely affect our clinical development plan.

Takeda has developed relugolix for the treatment of women with uterine fibroid-associated pain and heavy menstrual bleeding in Japan. Takeda reported positive top-line results from its two Phase 3 clinical studies in Japan in women with uterine fibroids and announced that it had obtained market authorization in Japan from the Ministry of Health, Labor and Welfare for Relumina® Tablets 40 mg (generic name: relugolix) for the improvement of symptoms of uterine fibroids, including heavy menstrual bleeding, lower abdominal pain, lower back pain, and anemia. Favorable announcements by Takeda do not guarantee that the results of our clinical studies will also be favorable as the designs of our Phase 3 clinical studies differ from those of Takeda. Further, if clinical study or post marketing adverse events regarding Relumina® are reported, or subsequent announcements by Takeda regarding relugolix are unfavorable, it could negatively impact our clinical development plans for or opinions of the FDA or other regulatory authorities with respect to relugolix. Additionally, the Phase 3 data from the Takeda studies of Relumina® will be available to us, and may be used to support our submissions to relevant regulatory authorities. We cannot provide assurance that the FDA will allow us to use the data from Takeda's clinical studies in support of any NDA that we may submit, and such data may be interpreted differently by the FDA and provide contradictory evidence in support of FDA's evaluation. If the FDA does not allow us to use the data from Takeda's clinical studies, we may be required to perform additional clinical studies.

We face significant competition from other biotechnology and pharmaceutical companies, and our operating results will suffer if we fail to compete effectively.

Drug development is highly competitive and subject to rapid and significant technological advancements. As a significant unmet medical need exists for the treatment of each of uterine fibroids, endometriosis, and advanced prostate cancer, as well as infertility in women, there are several large and small pharmaceutical companies focused on delivering therapies for the treatment of these indications. For example, AbbVie launched ORILISSA™, an oral GnRH receptor antagonist, for the management of moderate to severe pain associated with endometriosis in August 2018 after receiving FDA approval as monotherapy (150 mg once a day or 200 mg twice a day). In the third quarter of 2019, AbbVie also announced its submission of an NDA to the FDA for elagolix (300 mg twice a day) in combination with estradiol and norethindrone acetate, for the management of heavy menstrual bleeding associated with uterine fibroids in women. Further, it is likely that additional drugs will become available in the future for the treatment of each of our target indications.

We are aware of several companies that are developing and commercializing drugs that would compete against relugolix for the treatment of heavy menstrual bleeding associated with uterine fibroids, pain associated with endometriosis, and/or advanced prostate cancer and against MVT-602 for the treatment of female infertility as part of assisted reproduction. Many of our current and potential future competitors have significantly more experience commercializing drugs that have been approved for marketing. Mergers and acquisitions in the pharmaceutical and biotechnology industries could result in even more resources being concentrated among a smaller number of our competitors. Competition may reduce the number and types of patients available to us to participate in our clinical studies, because some patients who might have opted to enroll in our studies may instead opt to enroll in a trial being conducted by one of our competitors or opt to take an approved product.

Competition may increase further as a result of advances in the commercial applicability of technologies and greater availability of capital for investment in these industries. Our competitors may succeed in developing, acquiring or licensing, on an exclusive basis, drugs that are more effective or less costly than any product candidate that we may develop.

We will face competition from other drugs currently approved or that will be approved in the future for the treatment of uterine fibroids, endometriosis, or advanced prostate cancer, as well as infertility in women. Therefore, our ability to compete successfully will depend largely on our ability to:

- develop and commercialize medicines that are superior in safety and efficacy to other products in the market;
- demonstrate through our clinical studies that relugolix combination therapy, relugolix monotherapy or MVT-602 are differentiated from existing and future therapies;
- attract and retain qualified scientific, clinical, product development, and commercial personnel;
- obtain patent or other proprietary protection for our medicines;
- obtain required regulatory approvals;
- competitively label and differentiate our products in, among other things, duration and scope of use, if approved by the FDA;
- obtain market access, coverage and adequate reimbursement from third-party payors; and
- successfully collaborate with pharmaceutical companies in the discovery, development, and commercialization of new medicines.

The availability and pricing of our competitors' products could limit the demand and the price we are able to charge for any product candidate we develop. The inability to compete with existing or subsequently introduced drugs would have an adverse impact on our business, financial condition and prospects.

Established pharmaceutical companies may invest heavily to accelerate discovery and development of novel compounds or to in-license novel compounds that could make relugolix combination therapy, relugolix monotherapy or MVT-602 less competitive. In addition, any new product that competes with an approved product must demonstrate compelling advantages in efficacy, convenience, tolerability and safety to overcome price competition and to be commercially successful. Accordingly, our competitors may succeed in obtaining patent protection, discovering, developing, receiving the FDA or other regulatory authority approval for or commercializing medicines before we do, which would have an adverse impact on our business and results of operations.

In addition, if the competing drugs that are mechanistically similar to our product candidates do not meet the expectations of the marketplace or have safety or efficacy issues, the market perception of our product candidates may be negatively affected, and the commercial performance of our product candidates may suffer.

If we are not able to obtain required regulatory approvals, we will not be able to commercialize relugolix combination therapy, relugolix monotherapy or MVT-602, and our ability to generate product revenue will be materially impaired.

Relugolix combination therapy, relugolix monotherapy and MVT-602 and the activities associated with their development and commercialization, including their design, research, testing, manufacture, formulations, safety, efficacy, recordkeeping, labeling, packaging, storage, approval, advertising, promotion, sale, and distribution, are subject to comprehensive regulation by the FDA and other regulatory agencies in the U.S. and by similar regulatory authorities outside the U.S. Failure to obtain marketing approval for relugolix combination therapy, relugolix monotherapy and MVT-602 will prevent us from commercializing them.

We have not received approval from regulatory authorities to market any product candidate in any jurisdiction, and it is possible that neither relugolix combination therapy, relugolix monotherapy, MVT-602 nor any product candidates we may seek to develop in the future will ever obtain the appropriate regulatory approvals necessary for us to commence product sales. Neither we nor Takeda, nor any future collaborator is permitted to market any of our product candidates in the U.S. or any other jurisdiction until regulatory approval of an NDA from the FDA or similar regulatory authorities outside of the U.S. is received.

The time required to obtain approval of an NDA by the FDA or similar regulatory authorities outside of the U.S. is unpredictable but typically takes many years following the commencement of clinical studies and depends upon numerous factors, including the substantial discretion of the regulatory authority. In addition, approval policies, regulations, or the type and amount of clinical data necessary to gain approvals may change during the course of a product candidate's clinical development and may vary among jurisdictions.

Securing marketing approvals requires the submission of extensive nonclinical and clinical data and supporting information to regulatory authorities for each therapeutic indication to establish the safety and efficacy of relugolix combination therapy, relugolix monotherapy and MVT-602 for the specified indication. If the information from our completed clinical studies are insufficient to support regulatory approvals, we may have to complete ongoing or additional clinical studies. Further, because we are exploring the use of relugolix in combination with low-dose estradiol and a progestin as a longer-term therapy (i.e., greater than 6 months) for the treatment of heavy menstrual bleeding associated with uterine fibroids and for the treatment of pain associated with endometriosis, we expect to be required to submit data on a patient population followed for at least one year.

We rely on third-party CROs and consultants to assist us in filing and supporting the applications necessary to gain marketing approvals. Securing marketing approval also requires the submission of information about the product manufacturing process to, and inspection of manufacturing facilities by, the regulatory authorities. Delays or errors in the submission of applications for marketing approval or issues, including those related to gathering the appropriate data and the inspection process, may ultimately delay or affect our ability to obtain regulatory approvals, commercialize our product candidates, and generate product revenue.

Relugolix combination therapy, relugolix monotherapy and MVT-602 may cause adverse effects or have other properties that could delay or prevent their regulatory approval or limit the scope of any approved label or market acceptance.

Adverse events associated with relugolix or MVT-602 could cause us, other reviewing entities, clinical study sites or regulatory authorities to interrupt, delay, request modification of, or halt clinical studies and could result in the denial of regulatory approval. If an unacceptable frequency or severity of adverse events are reported in our clinical studies for relugolix combination therapy, relugolix monotherapy or MVT-602 or any future product candidates, our ability to obtain regulatory approval or a desirable label for such product candidates may be negatively impacted. 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. In addition, these side effects may not be appropriately recognized or managed by the treating medical staff. Any of these occurrences may harm our business, financial condition and prospects.

In addition, the FDA has raised concern about a potential increase in the risk of diabetes and certain cardiovascular diseases in men with prostate cancer treated with GnRH receptor agonists. Further, on May 18, 2018, the European Medicines Agency, or the EMA, Pharmacovigilance Risk Assessment Committee, or PRAC, completed its review of Esmya (ulipristal acetate) following reports of serious liver injury. The PRAC concluded that Esmya may have contributed to the development of some cases of serious liver injury. The PRAC has recommended that Esmya must not be used in women with known liver problems and should be used for more than one treatment course only in women who are not eligible for surgery. Liver function testing should be performed at the start of each treatment course and once a month and for two to four weeks after stopping treatment for the first two treatment courses. In August 2018, Allergan, Inc. announced that it received a Complete Response Letter from the FDA in which the FDA cited safety concerns regarding Esmya post-marketing reports outside the U.S., indicated that Esmya could not be approved in its current form, and requested additional information. Although Esmya is in a different class of drugs from relugolix, the review of post-marketing events of liver toxicity for Esmya by regulatory bodies may lead to increased scrutiny regarding liver function for GnRH antagonists. Further, if post marketing adverse events related to Relumina® are reported, it could negatively impact our clinical development plans for relugolix.

If any of our product candidates are approved and then cause serious or unexpected side effects, a number of potentially significant negative consequences could result, including:

- regulatory authorities may withdraw their approval of the product or require a Risk Evaluation and Mitigation Strategy, or a REMS (or equivalent outside the U.S.) to impose restrictions on its distribution or other risk management measures;
- we may be required to recall a product;
- additional restrictions may be imposed on the marketing of the particular product or the manufacturing processes for the product or any component thereof;
- we may be required to conduct post-marketing studies or clinical studies;
- regulatory authorities may require the addition of labeling statements, such as warnings or contraindications or limit the duration of use;
- we may be required to change the way the product is administered or to conduct additional clinical studies;
- we may be required to repeat a nonclinical study or clinical study or terminate a program, even if other studies or studies related to the program are ongoing or have been successfully completed;
- we could be sued and held liable for harm caused to patients;
- we could elect to discontinue the sale of our product;
- the product may become less competitive; and
- our reputation may suffer.

Any of these events could prevent us from achieving or maintaining market acceptance of the affected product candidate and could substantially increase the costs of commercializing relugolix combination therapy, relugolix monotherapy or MVT-602.

The regulatory approval processes of the FDA and comparable foreign authorities are lengthy, time consuming, and inherently unpredictable, and even if we obtain approval for a product candidate in one country or jurisdiction, we may never obtain approval for or commercialize it in any other jurisdiction which would limit our ability to realize our product candidates' full market potential.

Prior to obtaining approval to commercialize a product candidate in any jurisdiction, we or our collaborators must demonstrate with substantial evidence from well-controlled clinical studies, and to the satisfaction of the FDA or foreign regulatory agencies, that such product candidates are safe and effective for their intended uses. Results from nonclinical studies and clinical studies can be interpreted in different ways. Even if we believe the nonclinical or clinical data for our product candidates are promising, such data may not be sufficient to support approval by the FDA and other regulatory authorities. To market any products in any particular jurisdiction, we must establish and comply with numerous and varying regulatory requirements on a country-by-country basis regarding safety and efficacy. Approval by the FDA in the U.S. does not ensure approval by regulatory authorities in any other country or jurisdiction. In addition, clinical studies conducted in one country may not be accepted by regulatory authorities in other countries, and regulatory approval in one country does not guarantee regulatory approval in any other country. Approval processes vary among countries and can involve additional product testing and validation and additional administrative review periods. Seeking regulatory approval could result in difficulties and costs for us and require additional nonclinical studies or clinical studies which could be costly and time consuming. Regulatory requirements can vary widely from country to country and could delay or prevent the introduction of our products in those countries. We do not have any product candidates approved for sale in any jurisdiction, including in international markets, and we do not have experience in obtaining regulatory approval. If we fail to comply with regulatory requirements in international markets or to obtain and maintain required approvals, or if regulatory approvals in international markets are delayed, our target market will be reduced and our ability to realize the full market potential of any product we develop will be unrealized.

Even if we obtain regulatory approval for our product candidates, we will still face extensive regulatory requirements and our products may face future development risks and regulatory difficulties.

Any product candidate for which we obtain marketing approval, along with the manufacturing processes, post-approval clinical data, labeling, packaging, distribution, adverse event reporting, storage, recordkeeping, export, import, advertising, and promotional activities for such product, among other things, will be subject to extensive and ongoing requirements of and review by the FDA and other regulatory authorities. These requirements include submissions of safety and other post-marketing information and reports, establishment of registration and drug listing requirements, continued compliance with cGMP requirements relating to manufacturing, quality control, quality assurance and corresponding maintenance of records and documents, requirements regarding the distribution of drug product samples to physicians, recordkeeping, and cGCP requirements for any clinical studies that we conduct post-approval.

Even if marketing approval of a product candidate is granted, the approval may be subject to limitations on the indicated uses for which the product may be marketed or to the conditions of approval or the FDA or other regulatory authorities may require that contraindications, warnings or precautions-including in some cases, a boxed warning-be included in the product labeling. If relugolix combination therapy, relugolix monotherapy or MVT-602 receives marketing approval, the accompanying label may limit the approved use of our product, which could limit sales of the product.

Regulatory authorities closely regulate the post-approval marketing and promotion of drugs to ensure drugs are marketed only for the approved indications and in accordance with the provisions of the approved labeling. The FDA does not regulate the behavior of physicians in their choice of treatments and physicians may, in their independent medical judgment, prescribe legally available products for off-label uses. However, the FDA does restrict manufacturer's communications on the subject of off-label use of their products. Regulatory authorities impose stringent restrictions on manufacturers' communications regarding off-label use, and if regulatory authorities believe that we are in violation of these restrictions, we may be subject to enforcement action for off-label marketing. Violations of the Federal Food, Drug, and Cosmetic Act in the U.S., and other comparable regulations in foreign jurisdictions, relating to the promotion of prescription drugs may lead to enforcement actions and investigations by the FDA, Department of Justice, State Attorney Generals and other foreign regulatory agencies alleging violations of U.S. federal and state health care fraud and abuse laws, as well as state consumer protection laws and comparable laws in foreign jurisdictions.

In addition, later discovery of previously unknown adverse events or other problems with our products, manufacturers or manufacturing processes, or failure to comply with regulatory requirements may yield various results, including:

- restrictions on the manufacture of such products;
- restrictions on the labeling or marketing of such products;
- restrictions on product distribution or use;
- requirements to conduct post-marketing studies or clinical studies;
- requirement of a REMS (or equivalent outside the U.S.);

- Warning or Untitled Letters;
- withdrawal or recall of the products from the market;
- fines, restitution or disgorgement of profits or revenues;
- suspension or withdrawal of marketing approvals;
- refusal to permit the import or export of such products;
- product seizure; or
- injunctions or the imposition of civil or criminal penalties.

The FDA and other regulatory authorities' policies may change and additional government regulations may be enacted that could prevent, limit or delay regulatory approval of relugolix combination therapy, relugolix monotherapy or MVT-602 or any future product candidate. We cannot predict the likelihood, nature or extent of government regulation that may arise from future legislation or administrative action, either in the U.S. or abroad. If we are slow or unable to adapt to changes in existing requirements or to the adoption of new requirements or policies, or if we are not able to maintain regulatory compliance, we may lose any marketing approval that we may have obtained.

Even if one of our product candidates receives marketing approval, it may fail to achieve market acceptance by physicians, patients, third-party payors or others in the medical community necessary for commercial success.

Even if one of our product candidates receives marketing approval, it may nonetheless fail to gain sufficient market acceptance by physicians, patients, third-party payors, and others in the medical community. If it does not achieve an adequate level of acceptance, we may not generate significant product revenue or become profitable. The degree of market acceptance of a product candidate, if approved for commercial sale, will depend on a number of factors, including but not limited to:

- the efficacy and potential advantages compared to alternative treatments, including the convenience and ease or duration of administration;
- the prevalence and severity of any side effects;
- the content of the approved product label and our ability to make compelling product claims;
- the effectiveness of sales and marketing efforts;
- the patient out-of-pocket costs in relation to alternative treatments, including any similar generic treatments;
- our ability to offer our products for sale at competitive prices;
- the willingness of the potential patient population to try new therapies and of physicians to prescribe these therapies;
- the breadth and cost of distribution support;
- the availability of third-party payor coverage and adequate reimbursement;
- whether diagnosis and treatment rates increase for the diseases our products treat; and
- any restrictions on the use of our product together with other medications.

Because we expect sales of relugolix combination therapy, relugolix monotherapy and MVT-602, if approved, to generate substantially all of our product revenue for the foreseeable future, the failure of these product candidates to obtain market acceptance would harm our business and could require us to seek additional financing.

If we are unable to establish sales, market access, marketing, and distribution capabilities, either on our own or in collaboration with third parties, we may not be successful in commercializing our product candidates, if approved.

To market any product that may be approved, we must build our sales, market access, marketing, distribution, managerial, and certain other capabilities or make arrangements with third parties to perform these services. To achieve commercial success for any product for which we obtain marketing approval, we will need a sales and marketing organization. We are currently building our sales and marketing infrastructure; however, we currently do not have an established infrastructure for the sales, market access, marketing, or distribution of our products, and the cost of establishing and maintaining such an organization may exceed the cost-effectiveness of doing so. We expect to build a focused sales, market access, distribution, and marketing infrastructure to market our product candidates in the U.S., if approved. There are significant expenses and risks involved with establishing our own sales, market access, marketing and distribution capabilities, including our ability to hire, retain, and appropriately incentivize qualified individuals, generate sufficient sales, provide adequate training to sales and marketing personnel, and effectively manage geographically dispersed sales and market access teams.

Any failure or delay in the development of our internal sales, market access, marketing and distribution capabilities could delay any product launch, which would adversely impact its commercialization. For example, if the commercial launch of relugolix combination therapy, relugolix monotherapy or MVT-602, if approved, for which we recruit a sales force and establish marketing capabilities is delayed or does not occur for any reason, we would have prematurely or unnecessarily incurred these commercialization expenses. This may be costly, and our investment would be lost if we cannot retain or reposition our sales and marketing personnel.

Factors that may inhibit our efforts to commercialize our products on our own include:

- our inability to recruit, train, and retain adequate numbers of qualified and effective sales, market access and marketing personnel;
- the inability of sales personnel to attain access to adequate numbers of physicians to prescribe any drugs;
- the inability to negotiate with payors regarding reimbursement and formulary access for our products; and
- unforeseen costs and expenses associated with creating and sustaining an independent sales and marketing organization.

We may not have the resources in the foreseeable future to allocate to the sales, market access, marketing and distribution of our product candidates in certain markets overseas. Therefore, our future success will depend, in part, on our ability to enter into and maintain collaborative relationships for such capabilities, the collaborator's strategic interest in our products, and such collaborator's ability to successfully market and sell the products. We intend to pursue collaborative arrangements regarding the sales, market access, marketing and distribution of our product candidates, if approved, for certain markets overseas; however, it might be difficult for us to find third parties that are willing to enter into such transactions on acceptable economic terms, or at all. We also will be competing with many other companies as we seek sales partners for our product candidates and we may not be able to compete successfully against those other companies. We cannot assure you that we will be able to establish or maintain such collaborative arrangements on terms favorable to us, or even if we are able to do so, that they will have effective sales forces. To the extent that we depend on third parties for sales, market access, marketing and distribution, the financial returns to us will depend on our future collaborators' capabilities. If any such future collaborator terminates its collaboration with us or fails to perform or satisfy its obligations to us, the sales, distribution and marketing of our product candidates would be delayed or may not occur and our business and prospects could be materially and adversely affected.

If we are unable to build our own sales force or negotiate a collaborative relationship for the commercialization of our product candidates, we may be forced to delay their potential commercialization or reduce the scope of our sales or marketing activities for them. If we elect to increase our expenditures to fund commercialization activities ourselves, we will need to obtain additional capital, which may not be available to us on acceptable terms, or at all. If we do not have sufficient funds, we will not be able to bring our product candidates to market or generate product revenue. We could enter into arrangements with collaborative partners at an earlier stage than otherwise would be ideal and we may be required to relinquish certain rights to our product candidates or otherwise agree to terms unfavorable to us, any of which may have an adverse effect on our business, operating results, and prospects.

If we are unable to establish adequate sales, market access, marketing and distribution capabilities, either on our own or in collaboration with third parties, we will not be successful in commercializing our product candidates and may not become profitable. We will be competing with companies that currently have extensive and well-funded marketing and sales operations. Without an internal team or the support of a third party to perform marketing and sales functions, we may be unable to compete successfully against these more established companies.

If we obtain approval to market any products outside of the U.S., a variety of risks associated with international operations could materially adversely affect our business.

If either relugolix combination therapy, relugolix monotherapy or MVT-602 is approved for marketing outside of the U.S., we may enter into agreements with third parties to market these products in certain jurisdictions. We expect that we will be subject to additional risks related to international operations or entering into international business relationships, including:

- different regulatory requirements for drug approvals and rules governing drug commercialization in foreign countries;
- reduced or no protection over intellectual property rights;
- unexpected changes in tariffs, trade barriers, and regulatory requirements;
- economic weakness, including inflation, or political instability in particular foreign economies and markets;
- compliance with tax, employment, immigration and labor laws for employees living or traveling abroad;
- foreign reimbursement, pricing, and insurance regimes;
- foreign taxes;

- foreign currency fluctuations, which could result in increased operating expenses and reduced revenue, and other obligations incidental to doing business in another country;
- workforce uncertainty in countries where labor unrest is more common than in the U.S.;
- potential noncompliance with the U.S. Foreign Corrupt Practices Act, the United Kingdom Bribery Act 2010, or similar antibribery and anticorruption laws in other jurisdictions as well as various regulations pertaining to data privacy, such as the GDPR;
- production shortages resulting from any events affecting raw material supply or manufacturing capabilities abroad; and
- business interruptions resulting from geopolitical actions, including war and terrorism, or natural disasters including earthquakes, typhoons, floods, and fires.

Also, see the Risk Factors titled "International expansion of our business exposes us to business, legal, regulatory, political, operational, financial, economic, and other risks associated with conducting business outside of the U.S.," and "The withdrawal of the U.K. from the EU, commonly referred to as "Brexit," may adversely impact our ability to obtain regulatory approvals of our product candidates in the EU, result in restrictions or imposition of taxes and duties for importing our product candidates into the EU, and may require us to incur additional expenses in order to develop, manufacture and commercialize our product candidates in the EU." We have no prior experience in these countries, and many biopharmaceutical companies have found the process of marketing their products in foreign countries to be very challenging.

Our current and future relationships with investigators, healthcare professionals, consultants, third-party payors, and customers will be subject to applicable healthcare regulatory laws, which could expose us to penalties.

Our business operations and current and future arrangements with investigators, healthcare professionals, consultants, third-party payors, patient support channels, charitable organizations and customers may expose us to broadly applicable fraud and abuse and other healthcare laws and regulations. These laws regulate the business or financial arrangements and relationships through which we conduct our operations, including how we research, market, sell, and distribute our products for which we obtain marketing approval. Such laws include, among others:

- the federal Anti-Kickback Statute, which prohibits, among other things, persons and entities from knowingly and willfully soliciting, offering, receiving or providing remuneration, directly or indirectly, in cash or in kind, to induce or reward, or in return for, either the referral of an individual for, or the purchase, lease, order or recommendation of, any good, facility, item or service, for which payment may be made, in whole or in part, under a federal healthcare program such as Medicare and Medicaid. A person or entity does not need to have actual knowledge of the federal Anti-Kickback Statute or specific intent to violate it to have committed a violation; in addition, the government may assert that a claim including items or services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal civil False Claims Act;
- the federal false claims laws, including the federal civil False Claims Act which can be enforced by individuals, on behalf of the government, through civil whistleblower or qui tam actions, and civil monetary penalties laws, prohibit, among other things, individuals or entities for knowingly presenting, or causing to be presented, to the federal government, claims for payment that are false or fraudulent, knowingly making, using or causing to be made or used, a false record or statement material to a false or fraudulent claim, or knowingly making or causing to be made, a false statement to avoid, decrease or conceal an obligation to pay money to the federal government; in addition, the government may assert that a claim including items and services resulting from a violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal civil False Claims Act;
- the federal Health Insurance Portability and Accountability Act of 1996, or HIPAA, which imposes criminal and civil liability for, among other things, knowingly and willfully executing, or attempting to execute, a scheme to defraud any healthcare benefit program or making false or fraudulent statements relating to healthcare matters; similar to the federal Anti-Kickback Statute, a person or entity does not need to have actual knowledge of the statute or specific intent to violate it to have committed a violation;
- HIPAA, as amended by the Health Information Technology for Economic and Clinical Health Act, or HITECH, and their implementing regulations, which also impose obligations, including mandatory contractual terms, with respect to safeguarding the privacy, security, and transmission of individually identifiable health information on health plans, health care clearing-houses, and certain healthcare providers, known as covered entities, and their business associates, defined as independent contractors or agents of covered entities that create, receive or obtain protected health information in connection with providing a service for or on behalf of a covered entity;
- a number of federal, state and foreign laws, regulations, guidance and standards that impose requirements regarding the protection of health or other personal data that are applicable to or affect our operations;

- the federal Physician Payments Sunshine Act, which requires certain manufacturers of drugs, devices, biologics, and medical supplies for which payment is available under Medicare, Medicaid or the Children's Health Insurance Program (with certain exceptions) to report annually to the government information related to payments or other "transfers of value" made to physicians, as defined by such law, and teaching hospitals, and requires applicable manufacturers and group purchasing organizations to report annually to the government ownership and investment interests held by the physicians described above and their immediate family members; and
- analogous state and foreign laws and regulations, such as state anti-kickback and false claims laws, which may apply to our business practices, including but not limited to, research, distribution, sales, and marketing arrangements and claims involving healthcare items or services reimbursed by non-governmental third party payors, including private insurers, or otherwise restrict payments that may be made to healthcare providers and other potential referral sources; and state laws that require pharmaceutical companies to comply with the pharmaceutical industry's voluntary compliance guidelines and the relevant compliance guidance promulgated by the federal government, and state laws that require drug manufacturers to report information related to payments and other transfers of value to physicians and other healthcare providers, marketing expenditures, or drug pricing, as well as state and local laws that require the registration of pharmaceutical sales representatives; and state and foreign laws governing the privacy and security of health information in some circumstances, many of which differ from each other in significant ways and often are not preempted by HIPAA, thus complicating compliance efforts.

Efforts to ensure that our current and future business arrangements with third parties will comply with applicable healthcare laws and regulations will involve substantial costs. It is possible that governmental authorities will conclude that our business practices do not comply with current or future statutes, regulations, agency guidance or case law involving applicable healthcare laws. If our operations are found to be in violation of any of these or any other health regulatory laws that may apply to us, we may be subject to significant penalties, including the imposition of significant civil, criminal, and administrative penalties, damages, monetary fines, disgorgement, imprisonment, possible exclusion from participation in Medicare, Medicaid, and other federal healthcare programs or similar programs in other countries or jurisdictions, contractual damages, reputational harm, diminished profits, and future earnings, additional reporting requirements and oversight if we become subject to a corporate integrity agreement or similar agreement to resolve allegations of non-compliance with these laws, and curtailment or restructuring of our operations, any of which could adversely affect our ability to operate our business and our results of operations. Even the mere issuance of a subpoena or the fact of an investigation alone, regardless of the merit, may result in negative publicity, a drop in our share price, and other harm to our business, financial condition, and results of operations. Defending against any such actions can be costly, time- consuming and may require significant financial and personnel resources. Therefore, even if we are successful in defending against any such actions that may be brought against us, our business may be impaired.

Changes in legislation may increase the difficulty and cost for us to obtain marketing approval for and commercialize relugolix combination therapy, relugolix monotherapy or MVT-602 and affect the prices we may obtain.

In the U.S. and some foreign jurisdictions, there have been, and we expect there will continue to be, a number of legislative and regulatory changes and proposed changes regarding the healthcare system that could, among other things, prevent or delay marketing approval of relugolix, combination therapy, relugolix monotherapy or MVT-602, restrict or regulate post-approval activities, and affect our ability to profitably sell any products for which we obtain marketing approval.

For example, in the U.S. in March 2010, the Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act, collectively the Affordable Care Act, or ACA, was enacted to broaden access to health insurance, reduce or constrain the growth of healthcare spending, enhance remedies against fraud and abuse, add new transparency requirements for health care and health insurance industries, impose new taxes and fees on the healthcare industry, and impose additional healthcare policy reforms. The law has continued the downward pressure on pharmaceutical pricing, especially under the Medicare program, and increased the industry's regulatory burdens and operating costs.

There remain judicial and Congressional challenges to certain aspects of the ACA, as well as efforts by the Trump administration to repeal or replace certain aspects of the ACA. Since January 2017, President Trump has signed two Executive Orders and other directives designed to delay the implementation of certain provisions of the ACA or otherwise circumvent some of the requirements for health insurance mandated by the ACA. Concurrently, Congress has considered legislation that would repeal or repeal and replace all or part of the ACA. The tax legislation enacted on December 22, 2017, titled "an Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018," or the Tax Act, included a provision which repealed, effective January 1, 2019, the tax-based shared responsibility payment on certain individuals who fail to maintain qualifying health coverage, commonly known as the individual mandate.

In addition, the 2020 federal spending package permanently eliminates, effective January 1, 2020, the ACA-mandated "Cadillac" tax on high-cost employer-sponsored health coverage and medical device tax and, effective January 1, 2021, also eliminates the health insurer tax. The Bipartisan Budget Act of 2018, or the BBA, among other things, amended the ACA, effective January 1, 2019, to increase the point-of-sale discount that is owed by pharmaceutical manufacturers who participate in Medicare Part D and to close the coverage gap in most Medicare drug plans. In December 2018, the Centers for Medicare & Medicaid Services, or CMS, published a final rule permitting further collections and payments to and from certain ACA qualified health plans and health insurance issuers under the ACA risk adjustment program in response to the outcome of federal district court litigation regarding the method CMS uses to determine this risk adjustment.

On December 14, 2018, a Texas U.S. District Court Judge ruled that the ACA is unconstitutional in its entirety because the individual mandate was repealed by Congress as part of the Tax Cuts and Jobs Act of 2017. Additionally, on December 18, 2019, the U.S. Court of Appeals for the 5th Circuit upheld the District Court ruling that the individual mandate was unconstitutional and remanded the case back to the District Court to determine whether the remaining provisions of the ACA are invalid as well. It is unclear how this decision, future decisions, subsequent appeals, and other efforts to repeal and replace the ACA will impact the ACA.

In addition, other legislative changes have been proposed and adopted in the U.S. since the ACA was enacted. These changes included aggregate reductions to Medicare payments to providers of 2% per fiscal year, which went into effect in April 2013 and, due to subsequent legislative amendments to the statute, will remain in effect through 2029 unless additional action is taken by Congress. In January 2013, the American Taxpayer Relief Act of 2012 was signed into law, which, among other things, further reduced Medicare payments to several types of providers and increased the statute of limitations period in which the government may recover overpayments to providers from three to five years.

Further, there has been heightened governmental scrutiny over the manner in which manufacturers set prices for their marketed products. Such scrutiny has resulted in several Congressional inquiries and proposed and enacted federal and state legislation designed to, among other things, bring more transparency to drug product pricing, review the relationship between pricing and manufacturer patient programs, and reform government program reimbursement methodologies for products. At the federal level, the Trump administration's budget proposal for fiscal year 2020 contained further drug price control measures that could be enacted during the budget process or in other future legislation, including, for example, measures to permit Medicare Part D plans to negotiate the price of certain drugs under Medicare Part B, to allow some states to negotiate drug prices under Medicaid, and to eliminate cost sharing for generic drugs for low-income patients. Additionally, on May 11, 2018, President Trump released a "Blueprint" to lower drug prices and reduce out of pocket costs of drugs, that contains additional proposals to increase manufacturer competition, increase the negotiating power of certain federal healthcare programs, incentivize manufacturers to lower the list price of their products and reduce the out of pocket costs of drug products paid by consumers. The U.S. Department of Health and Human Services has solicited feedback on some of these measures and, at the same, has implemented others under its existing authority. For example, in May 2019, CMS issued a final rule to allow Medicare Advantage plans the option to use step therapy for Part B drugs beginning January 1, 2020.This final rule codified CMS's policy change that was effective January 1, 2019. Although a number of these and other measures may require authorization to become effective, Congress and the Trump administration have each indicated that it will continue to seek new legislative and/or administrative measures to control drug costs.

At the state level, individual states in the U.S. have increasingly passed legislation and implemented regulations designed to control pharmaceutical and biological product pricing, including price or patient reimbursement constraints, discounts, restrictions on certain product access and marketing cost disclosure and transparency measures, and, in some cases, designed to encourage importation from other countries and bulk purchasing.

Legislative and regulatory proposals have also been made to expand post-approval requirements and restrict sales and promotional activities for pharmaceutical products. We cannot be sure whether additional legislative changes will be enacted, or whether the FDA regulations, guidance, or interpretations will be changed, or what the impact of such changes on the marketing approvals of our product candidates, if any, may be. In addition, increased scrutiny by the U.S. Congress of the FDA's approval process may significantly delay or prevent marketing approval, as well as subject us to more stringent product labeling and post-marketing testing and other requirements.

Coverage and adequate reimbursement may not be available for our product candidates, which could make it difficult for us to sell them profitably, if approved.

Market acceptance and sales of any approved product that we develop will depend in part on the extent to which coverage and adequate reimbursement for these products and related treatments will be available from third-party payors, including government health administration authorities and private health insurers. In the U.S., no uniform policy of coverage and reimbursement for products exists among third-party payors. Third-party payors decide which drugs they will pay for and establish reimbursement levels. Third-party payors often rely upon Medicare coverage policy and payment limitations in setting their own coverage and reimbursement policies. However, decisions regarding the extent of coverage and amount of reimbursement to be provided for any product candidates that we develop through approval will be made on a plan-by-plan basis. One payor's determination to provide coverage for a product does not assure that other payors will also provide coverage, and adequate reimbursement, for the product. Additionally, a third-party payor's decision to provide coverage for a drug does not imply that an adequate reimbursement rate will be approved. Each plan determines whether or not it will provide coverage for a drug, what amount it will pay the manufacturer for the drug, on what tier of its formulary the drug will be placed, and whether to require step therapy. The position of a drug on a formulary generally determines the co-payment that a patient will need to make to obtain the drug and can strongly influence the adoption of a drug by patients and physicians. Patients who are prescribed treatments for their conditions and providers prescribing such services generally rely on third-party payors to reimburse all or part of the associated healthcare costs. Patients are unlikely to use our products unless coverage is provided and reimbursement is adequate to cover a significant portion of the cost of our products.

The process for determining whether a third-party payor will provide coverage for a product may be separate from the process for setting the price of a product or for establishing the reimbursement rate that such a payor will pay for the product. Even if we do obtain adequate levels of reimbursement, third-party payors, such as government or private healthcare insurers, carefully review and increasingly question the coverage of, and challenge the prices charged for, products. A primary trend in the U.S. healthcare industry and elsewhere is cost containment. Increasingly, third-party payors are requiring that pharmaceutical companies provide them with predetermined discounts from list prices and are challenging the prices charged for products. We may also be required to conduct expensive pharmacoeconomic studies to justify the coverage and the amount of reimbursement for particular medications. We cannot be sure that coverage and reimbursement will be available for any product that we commercialize and, if reimbursement is available, what the level of reimbursement will be. Inadequate coverage or reimbursement may impact the demand for, or the price of, any product for which we obtain marketing approval. If coverage and adequate reimbursement are not available, or are available only to limited levels, we may not be able to successfully commercialize any product candidates that we develop.

Additionally, there have been a number of legislative and regulatory proposals to change the healthcare system in the U.S. and in some foreign jurisdictions that could affect our ability to sell any future drugs profitably. These legislative and regulatory changes may negatively impact the reimbursement for any future drugs, if approved.

Risks Related to Our Dependence on Third Parties

We do not have our own manufacturing capabilities and will rely on Takeda and its affiliates and other third parties to produce clinical and commercial supplies of drug substance and drug product.

We do not own or operate, and we do not expect to own or operate, facilities for product manufacturing, storage and distribution, or testing. While relugolix and MVT-602 were being developed by Takeda, they were also being manufactured by Takeda and third-party CMOs. Under the Takeda Clinical Supply Agreement, Takeda is supplying us, and we are obtaining from Takeda, all of our requirements for relugolix drug substance and drug product to be used under our development plans for all indications. We expect that manufacturing support provided by Takeda will be sufficient for us to complete our ongoing Phase 3 programs for relugolix.

Takeda is no longer developing MVT-602. Additional process development and manufacturing would be required for us to complete further Phase 2 and Phase 3 clinical studies for MVT-602. Third-party vendors may be difficult to identify for MVT-602 process and formulation development and manufacturing due to special capabilities required and they may not be able to meet our quality standards.

Any significant delay in the supply of a product candidate, or the raw material components thereof, due to the need to replace a third-party manufacturer could considerably delay completion of our clinical studies, product testing, and potential regulatory approval of our product candidates. If our manufacturers or we are unable to purchase these raw materials after regulatory approval has been obtained for our product candidates, the commercial launch of our product candidates would be delayed or there would be a shortage in supply, which would impair our ability to generate revenue from the sale of our product candidates.

We also will rely on Takeda or other third-party manufacturers to supply us with sufficient quantities of drug substance and drug product to be used, if approved, for the commercialization of any of our products. The facilities used by Takeda and our other contract manufacturers to manufacture our product candidates must be approved by the FDA pursuant to inspections that will be conducted after we submit our NDA to the FDA. We do not control the manufacturing process of, and are completely dependent on, our contract manufacturing partners for compliance with cGMP requirements for the manufacture of drug products. If our contract manufacturers cannot successfully manufacture material that conforms to our specifications and the strict regulatory requirements of the FDA or comparable foreign regulatory authorities, they will not be able to secure or maintain regulatory approval for their manufacturing facilities. In addition, we have no control over the ability of our contract manufacturers to maintain adequate quality control, quality assurance, and qualified personnel. If the FDA or comparable foreign regulatory authorities do not approve these facilities for the manufacture of our product candidates or if they withdraw any such approval in the future, we may need to find alternative manufacturing facilities, which would significantly impact our ability to develop, obtain regulatory approval for or market our product candidates, if approved.

Both relugolix and MVT-602 are potent hormonal therapies and therefore require specialized manufacturing facilities. Depending on actual commercial demand, additional third-party manufacturing facilities will have to be established to meet the demand through technology transfer, process validation and regulatory approval before product manufactured at the new facilities can be marketed. Any delay in the technology transfer and process validation could limit adequate supply to meet our commercial demand.

Further, our reliance on third-party manufacturers entails risks to which we would not be subject if we manufactured product candidates ourselves, including:

- delay or inability to manufacture relugolix combination therapy;
- failure of the drug substance transferred from Takeda or our other CMOs to meet our product specifications and quality requirements;
- inability to meet our product specifications and quality requirements consistently;
- delay or inability to procure or expand sufficient manufacturing capacity;
- manufacturing and product quality issues related to scale-up of manufacturing;
- costs and validation of new equipment and facilities required for scale-up;
- failure to comply with applicable laws, regulations, and standards, including GMP and similar foreign standards;
- deficient or improper record-keeping;
- inability to negotiate manufacturing agreements with third parties under commercially reasonable terms;
- termination or nonrenewal of manufacturing agreements with third parties in a manner or at a time that is costly or damaging to us;
- reliance on a limited number of sources, and in some cases, single sources for product components, such that if we are unable to secure a sufficient supply of these product components, we will be unable to manufacture and sell relugolix combination therapy, relugolix monotherapy, or MVT-602, if approved, or any future product candidate in a timely fashion, in sufficient quantities or under acceptable terms;
- lack of qualified backup suppliers for those components that are currently purchased from a sole or single source supplier;
- operations of our third-party manufacturers or suppliers could be disrupted by conditions unrelated to our business or operations, including the bankruptcy of the manufacturer or supplier or other regulatory sanctions related to the manufacture of another company’s products;
- carrier disruptions or increased costs that are beyond our control; and
- failure to deliver our products under specified storage conditions and in a timely manner.

Any of these events could also lead to clinical study delays, cost overruns, delay or failure to obtain regulatory approval or impact our ability to successfully commercialize our products, as well as potential product liability litigation, product recalls or product withdrawals. Some of these events could be the basis for the FDA or other regulatory authority action, including injunction, recall, seizure, or total or partial suspension of production.

We may not be able to obtain materials or supplies necessary to conduct clinical studies or to manufacture and sell any of our product candidates, if approved.

To sustain our business, we need access to sufficient quantities of our product candidates to satisfy our clinical study needs and to manufacture commercial inventories of our product candidates, if approved. If we are unable to purchase sufficient quantities of these materials or find suitable alternate materials in a timely manner, our development efforts for our product candidates may be delayed or our ability to manufacture commercial products would be limited.

Suppliers of key components and materials must be named in the NDA or marketing authorization application filed with the FDA, the EMA, or other regulatory authority for any product candidate for which we are seeking marketing approval, and significant delays can occur if the qualification of a new supplier is required. Even after a manufacturer is qualified by the regulatory authority, the manufacturer must continue to expend time, money, and effort in the area of production and quality control to ensure full compliance with GMP. Manufacturers are subject to regular, periodic inspections by the regulatory authorities following initial approval. If, as a result of these inspections, a regulatory authority determines that the equipment, facilities, laboratories or processes do not comply with applicable regulations and conditions of product approval, the regulatory authority may suspend the manufacturing operations. If the manufacturing operations of any single suppliers for any of our products are suspended, we may be unable to generate sufficient quantities of commercial or clinical supplies of product to meet demand, which could harm our business. In addition, if delivery of materials from our suppliers was interrupted for any reason, we may be unable to ship commercial products that may be approved for marketing or supply our products in development for clinical studies. In addition, some of our products and the materials that we utilize in our operations are made only at one facility, which we may not be able to replace in a timely manner and on commercially reasonable terms, or at all. Problems with any of the single suppliers we depend on, including in the event of a disaster, including an earthquake, equipment failure, or other difficulty, may negatively impact our development and commercialization efforts. If we were to encounter any of these difficulties, our ability to provide our products, if approved, and product candidates to patients would be jeopardized.

We are reliant on third parties to conduct, supervise, and monitor our clinical studies, and if those third parties perform in an unsatisfactory manner, it may harm our business.

We currently do not have the ability to independently conduct nonclinical studies that comply with Good Laboratory Practice, or GLP, requirements. We also do not currently have the ability to independently conduct any clinical studies. We rely substantially on CROs and clinical study sites to ensure the proper and timely conduct of our clinical studies, and we have limited influence over their actual performance.

We rely upon CROs to monitor and manage data for our clinical programs, as well as for the execution of nonclinical studies. We control only certain aspects of our CROs' activities. Nevertheless, we are responsible for ensuring that each of our studies is conducted in accordance with the applicable protocol, legal, regulatory, and scientific standards, and our reliance on the CROs does not relieve us of our regulatory responsibilities.

We and our CROs are required to comply with current GLP and GCP regulations and guidelines enforced by the FDA and are also required by the competent authorities of the member states of the European Economic Area and comparable foreign regulatory authorities to comply with the International Council for Harmonization guidelines for any of our product candidates that are in nonclinical and clinical development, respectively. The regulatory authorities enforce GCP regulations through periodic inspections of trial sponsors, principal investigators, and clinical study sites. Although we rely on CROs to conduct our GLP-compliant nonclinical studies and GCP-compliant clinical studies, we remain responsible for ensuring that each of our GLP nonclinical studies and GCP clinical studies is conducted in accordance with its investigational plan and protocol and applicable laws and regulations, and our reliance on the CROs does not relieve us of our regulatory responsibilities. If we or our CROs fail to comply with current GCP requirements, the clinical data generated in our clinical studies may be deemed unreliable and the FDA or comparable foreign regulatory authorities may reject our marketing applications or require us to perform additional clinical studies before approving our marketing applications. Accordingly, if we or our CROs fail to comply with these regulations or other applicable laws, regulations or standards, or fail to recruit a sufficient number of subjects, we may be required to repeat clinical studies, which would delay the relevant regulatory approval process. Failure by our CROs to properly execute study protocols in accordance with applicable law could also create product liability and healthcare regulatory risks for us as the sponsor of those studies.

While we have agreements governing their activities, our CROs are not our employees, and we do not control whether or not they devote sufficient time and resources to our future clinical and nonclinical programs. These CROs may also have relationships with other commercial entities, including our competitors, for whom they may also be conducting clinical studies, or other drug development activities which could harm our competitive position. We face the risk of potential unauthorized disclosure or misappropriation of our intellectual property by CROs, which may reduce our trade secret and intellectual property protection and allow our potential competitors to access and exploit our proprietary technology. If our CROs do not successfully carry out their contractual duties or obligations, fail to meet expected deadlines, or if the quality or accuracy of the clinical data they obtain is compromised due to the failure to adhere to our (or their own) clinical protocols or regulatory requirements or for any other reasons, our clinical studies may be extended, delayed or terminated, and we may not be able to obtain regulatory approval for, or successfully commercialize any product candidate that we develop. As a result, our financial results and the commercial prospects for any product candidate that we develop could be harmed, our costs could increase, and our ability to generate revenue could be delayed.

In addition, we and our CROs are subject to various data privacy laws in the U.S., Europe, and elsewhere that are often uncertain, contradictory, and evolving. It is possible that these data privacy laws may be interpreted and applied inconsistent with our or our CROs practices. If so, this could result in government-imposed fines or orders requiring that we or our CROs change our practices, which could adversely affect our business. Also, see the Risk Factor titled “If we fail to comply with applicable U.S. and foreign privacy and data protection laws and regulations, we may be subject to liabilities that adversely affect our business, operations and financial performance.”

If our relationships with these CROs terminate, we may not be able to enter into arrangements with alternative CROs or do so on commercially reasonable terms or in a timely manner. Switching or adding additional CROs involves substantial cost and requires management time and focus. In addition, there is a natural transition period when a new CRO commences work. As a result, delays occur, which can materially impact our ability to meet our desired clinical development timelines. Though we carefully manage our relationships with our CROs, there can be no assurance that we will not encounter challenges or delays in the future or that these delays or challenges will not have an adverse impact on our business, financial condition, and prospects.

Risks Related to Our Intellectual Property

If we are unable to obtain and maintain patent protection for our technology and products, or if the scope of the patent protection obtained is not sufficiently broad, we may not be able to compete effectively in our markets.

We rely upon a combination of patents, trademarks, trade secret protection, and confidentiality agreements to protect the intellectual property related to our drug development programs and product candidates. Our success depends in large part on our ability to obtain and maintain patent protection in the U.S. and other countries with respect to relugolix, MVT-602, and any future product candidates. We seek to protect our proprietary position by filing patent applications in the U.S. and abroad related to our development programs and product candidates. The patent prosecution process is expensive and time-consuming, and we may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner.

The patents and patent applications that we own or have in-licensed may fail to result in issued patents with claims that protect relugolix, MVT-602 or any future product candidate in the U.S. or in other foreign countries. There is no assurance that all of the potentially relevant prior art relating to our patents and patent applications has been found, which can prevent a patent from issuing from a pending patent application, or be used to invalidate a patent. Even if patents do successfully issue and even if such patents cover relugolix, MVT-602 or any future product candidate, third parties may challenge their validity, enforceability or scope, which may result in such patents being narrowed, invalidated or held unenforceable. Any successful opposition to these patents or any other patents owned by or licensed to us could deprive us of rights necessary for the successful commercialization of any product candidates or companion diagnostic that we may develop. Further, if we encounter delays in regulatory approvals, the period of time during which we could market a product candidate under patent protection could be reduced.

If the patent applications we hold or have in-licensed with respect to our development programs and product candidates fail to issue, if their breadth or strength of protection is threatened, or if they fail to provide meaningful exclusivity for relugolix, MVT-602 or any future product candidate, it could dissuade companies from collaborating with us to develop product candidates, and threaten our ability to commercialize future drugs. Any such outcome could have a materially adverse effect on our business.

The patent position of biotechnology and pharmaceutical companies generally is highly uncertain, involves complex legal and factual questions, and has been and will continue to be the subject of litigation and new legislation. In addition, the laws of foreign countries may not protect our rights to the same extent as the laws of the U.S. For example, many countries restrict the patentability of methods of treatment of the human body. Publications of discoveries in scientific literature often lag behind the actual discoveries, and patent applications in the U.S. and other jurisdictions are typically not published until 18 months after filing, or in some cases not at all. Therefore, we cannot know with certainty whether we were the first to make the inventions claimed in our owned or licensed patents or pending patent applications, or that we were the first to file for patent protection of such inventions.

As a result of these and other factors, the issuance, scope, validity, enforceability, and commercial value of our patent rights are highly uncertain. Our pending and future patent applications may not result in patents being issued which protect our technology or products, in whole or in part, or which effectively prevent others from commercializing competitive technologies and products. Changes in either the patent laws or interpretation of the patent laws in the U.S. and other countries may diminish the value of our patents or narrow the scope of our patent protection.

Moreover, we may be subject to a third-party pre-issuance submission of prior art to the U.S. Patent and Trademark Office, or the USPTO, or become involved in opposition, derivation, reexamination, *inter partes* review, post-grant review or interference proceedings challenging our patent rights or the patent rights of others. The costs of defending our patents or enforcing our proprietary rights in post-issuance administrative proceedings and litigation can be substantial and the outcome can be uncertain. An adverse determination in any such submission, proceeding or litigation could reduce the scope of, or invalidate, our patent rights, allow third parties to commercialize our technology or products and compete directly with us, without payment to us, or result in our inability to manufacture or commercialize products without infringing third party patent rights. In addition, if the breadth or strength of protection provided by our patents and patent applications is threatened, it could dissuade companies from collaborating with us to license, develop or commercialize current or future product candidates.

The issuance of a patent is not conclusive as to its inventorship, scope, validity or enforceability, and our owned and licensed patents may be challenged in the courts or patent offices in the U.S. and abroad. Such challenges may result in loss of exclusivity or freedom to operate or in patent claims being narrowed, invalidated or held unenforceable, in whole or in part, which could limit our ability to stop others from using or commercializing similar or identical technology and products, or limit the duration of the patent protection of our technology and products. Generally, issued patents are granted a term of 20 years from the earliest claimed non-provisional filing date. In certain instances, patent term can be adjusted to recapture a portion of delay by the USPTO in examining the patent application (patent term adjustment) or extended to account for term effectively lost as a result of the FDA regulatory review period (patent term extension), or both. The scope of patent protection may also be limited. Without patent protection for our current or future product candidates, we may be open to competition from generic versions of such products. Given the amount of time required for the development, testing, and regulatory review of new product candidates, patents protecting such candidates might expire before or shortly after such candidates are commercialized. As a result, our owned and licensed patent portfolio may not provide us with sufficient rights to exclude others from commercializing products similar or identical to ours.

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

We have licensed certain intellectual property rights covering our current product candidates from Takeda. If, for any reason, the Takeda License Agreement is terminated or we otherwise lose those rights, it could adversely affect our business. The Takeda License Agreement imposes, and any future collaboration agreements or license agreements we enter into are likely to impose various development, commercialization, funding, milestone, royalty, diligence, sublicensing, insurance, patent prosecution and enforcement or other obligations on us. If we breach any material obligations, or use the intellectual property licensed to us in an unauthorized manner, we may be required to pay damages and the licensor may have the right to terminate the license, which could result in us being unable to develop, manufacture, and sell products that are covered by the licensed technology or enable a competitor to gain access to the licensed technology.

Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment, and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for noncompliance with these requirements.

Periodic maintenance fees on any issued patent are due to be paid to the USPTO and other foreign patent agencies in several stages over the lifetime of the patent. The USPTO and various foreign national or international patent agencies require compliance with a number of procedural, documentary, fee payment, and other similar provisions during the patent application process. While an inadvertent lapse can in many cases be cured by payment of a late fee or by other means in accordance with the applicable rules, there are situations in which noncompliance can result in abandonment or lapse of the patent or patent application, resulting in partial or complete loss of patent rights in the relevant jurisdiction. Noncompliance events that could result in abandonment or lapse of patent rights include, but are not limited to, failure to timely file national and regional stage patent applications based on our international patent application, failure to respond to official actions within prescribed time limits, non-payment of fees, and failure to properly legalize and submit formal documents. If we or our licensors fail to maintain the patents and patent applications covering relugolix, MVT-602 or any future product candidate, our competitors might be able to enter the market, which would have an adverse effect on our business.

Third party claims or litigation alleging infringement of patents or other proprietary rights, or seeking to invalidate our patents or other proprietary rights, may delay or prevent the development and commercialization of relugolix combination therapy, relugolix monotherapy, MVT-602, and any future product candidate.

Our commercial success depends in part on our avoiding infringement and other violations of the patents and proprietary rights of third parties. There is a substantial amount of litigation, both within and outside the U.S., involving patent and other intellectual property rights in the biotechnology and pharmaceutical industries, including patent infringement lawsuits, interferences, derivation, and administrative law proceedings, *inter partes* review, and post-grant review before the USPTO, as well as oppositions and similar processes in foreign jurisdictions. Numerous U.S. and foreign issued patents and pending patent applications, which are owned by third parties, exist in the fields in which we and our collaborators are developing product candidates. As the biotechnology and pharmaceutical industries expand and more patents are issued, and as we gain greater visibility and market exposure as a public company, the risk increases that our product candidates or other business activities may be subject to claims of infringement of the patent and other proprietary rights of third parties. Third parties may assert that we are infringing their patents or employing their proprietary technology without authorization.

Also, there may be third-party patents or patent applications with claims to materials, formulations, methods of manufacture or methods for treatment related to the use or manufacture of our product candidates. Because patent applications can take many years to issue, there may be currently pending patent applications which may later result in issued patents that our product candidates may infringe.

In addition, third parties may obtain patent rights in the future and claim that use of our technologies infringes upon rights. If any third-party patents were held by a court of competent jurisdiction to cover the manufacturing process of any of our product candidates, any molecules formed during the manufacturing process or any final product itself, the holders of any such patents may be able to block our ability to commercialize such product candidate unless we obtained a license under the applicable patents, or until such patents expire. Similarly, if any third-party patent were held by a court of competent jurisdiction to cover aspects of our formulations, processes for manufacture or methods of use, including combination therapy, the holders of any such patent may be able to block our ability to develop and commercialize the applicable product candidate unless we obtained a license or until such patent expires. In either case, such a license may not be available on commercially reasonable terms or at all. In addition, we may be subject to claims that we are infringing other intellectual property rights, such as trademarks or copyrights, or misappropriating the trade secrets of others, and to the extent that our employees, consultants or contractors use intellectual property or proprietary information owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Parties making claims against us may obtain injunctive or other equitable relief, which could effectively block our ability to further develop and commercialize one or more of our product candidates. Defense of these claims, regardless of their merit, would involve substantial litigation expense and would be a substantial diversion of employee resources from our business. In the event of a successful infringement or other intellectual property claim against us, we may have to pay substantial damages, including treble damages and attorneys' fees for willful infringement, obtain one or more licenses from third parties, pay royalties or redesign our affected products, which may be impossible or require substantial time and monetary expenditure. We cannot predict whether any such license would be available at all or whether it would be available on commercially reasonable terms. Furthermore, even in the absence of litigation, we may need to obtain licenses from third parties to advance our research or allow commercialization of our product candidates, and we have done so from time to time. We may fail to obtain any of these licenses at a reasonable cost or on reasonable terms, if at all. In that event, we would be unable to further develop and commercialize one or more of our product candidates, which could harm our business significantly. We cannot provide any assurances that third-party patents do not exist which might be enforced against our drugs or product candidates, resulting in either an injunction prohibiting our sales, or, with respect to our sales, an obligation on our part to pay royalties or other forms of compensation to third parties.

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

Competitors may infringe or otherwise violate our patents, the patents of our licensors or our other intellectual property rights. To counter infringement or unauthorized use, we may be required to file legal claims, which can be expensive and time-consuming. In addition, in an infringement proceeding, a court may decide that a patent of ours or our licensors is not valid or is unenforceable, 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. The initiation of a claim against a third party may also cause the third party to bring counter claims against us such as claims asserting that our patents are invalid or unenforceable. In patent litigation in the U.S., defendant counterclaims alleging invalidity or unenforceability are commonplace. Grounds for a validity challenge could be an alleged failure to meet any of several statutory requirements, including lack of novelty, obviousness, non-enablement or lack of statutory subject matter. Grounds for an unenforceability assertion could be an allegation that someone connected with prosecution of the patent withheld relevant material information from the USPTO, or made a materially misleading statement, during prosecution.

Third parties may also raise similar validity claims before the USPTO in post-grant proceedings such as ex parte reexaminations, *inter partes* review, or post-grant review, or oppositions or similar proceedings outside the U.S., in parallel with litigation or even outside the context of litigation. The outcome following legal assertions of invalidity and unenforceability is unpredictable. We cannot be certain that there is no invalidating prior art, of which we and the patent examiner were unaware during prosecution. For the patents and patent applications that we have licensed, we may have limited or no right to participate in the defense of any licensed patents against challenge by a third party. If a defendant were to prevail on a legal assertion of invalidity or unenforceability, we would lose at least part, and perhaps all, of any future patent protection on our current or future product candidates. Such a loss of patent protection could harm our business.

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 U.S. Our business could be harmed if in litigation the prevailing party does not offer us a license on commercially reasonable terms. Any litigation or other proceedings to enforce our intellectual property rights may fail, and even if successful, may result in substantial costs and distract our management and other employees.

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 an adverse effect on the price of our common shares.

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

The U.S. has enacted and implemented wide-ranging patent reform legislation. 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 patents in the future, this combination of events has created uncertainty with respect to the value of patents, once obtained. Depending on actions by the U.S. Congress, the federal courts, and the USPTO, the laws and regulations governing patents could change in unpredictable ways that would weaken our ability to obtain new patents or to enforce patents that we have licensed or that we might obtain in the future. Similarly, changes in patent law and regulations in other countries or jurisdictions or changes in the governmental bodies that enforce them or changes in how the relevant governmental authority enforces patent laws or regulations may weaken our ability to obtain new patents or to enforce patents that we have licensed or that we may obtain in the future.

We may not be able to protect our intellectual property rights throughout the world, which could impair our business.

Filing, prosecuting, and defending patents covering relugolix, MVT-602, and any future product candidate throughout the world would be prohibitively expensive. 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 may obtain patent protection, but where patent enforcement is not as strong as that in the U.S. These products may compete with our products in jurisdictions where we do not have any issued or licensed patents and any future patent claims or other intellectual property rights may not be effective or sufficient to prevent them from so competing.

Our reliance on third parties requires us to share our trade secrets, which increases the possibility that a competitor will discover them or that our trade secrets will be misappropriated or disclosed.

Because we expect to rely on third parties to manufacture relugolix combination therapy, relugolix monotherapy, MVT-602, and any future product candidates, and we expect to collaborate with third parties on the development of relugolix, MVT-602, and any future product candidates, we must, at times, share trade secrets with them. We also conduct joint R&D programs that may require us to share trade secrets under the terms of our R&D partnerships or similar agreements. We seek to protect our proprietary technology in part by entering into confidentiality agreements and, if applicable, material transfer agreements, consulting agreements or other similar agreements with our advisors, employees, third-party contractors, and consultants prior to beginning research or disclosing proprietary information. These agreements typically limit the rights of the third parties to use or disclose our confidential information, including our trade secrets. Despite the contractual provisions employed when working with third parties, the need to share trade secrets and other confidential information increases the risk that such trade secrets become known by our competitors, are inadvertently incorporated into the technology of others, or are disclosed or used in violation of these agreements. Given that our proprietary position is based, in part, on our know-how and trade secrets, a competitor’s discovery of our trade secrets or other unauthorized use or disclosure would impair our competitive position and may have an adverse effect on our business and results of operations.

In addition, these agreements typically restrict the ability of our advisors, employees, third-party contractors, and consultants to publish data potentially relating to our trade secrets, although our agreements may contain certain limited publication rights. Despite our efforts to protect our trade secrets, our competitors may discover our trade secrets, either through breach of our agreements with third parties, independent development or publication of information by any of our third-party collaborators. A competitor's discovery of our trade secrets would impair our competitive position and have an adverse impact on our business.

We may be subject to claims that our employees, consultants or independent contractors have wrongfully used or disclosed confidential information of their former employers or other third parties.

We employ individuals who were previously employed at other biotechnology or pharmaceutical companies. Although we seek to protect our ownership of intellectual property rights by ensuring that our agreements with our employees, collaborators, and other third parties with whom we do business include provisions requiring such parties to assign rights in inventions to us, we may be subject to claims that we or our employees, consultants or independent contractors have inadvertently or otherwise used or disclosed confidential information of our employees' former employers or other third parties. We may also be subject to claims that former employers or other third parties have an ownership interest in our patents. Litigation may be necessary to defend against these claims. There is no guarantee of success in defending these claims, and 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, valuable intellectual property. Even if we are successful, litigation could result in substantial cost and be a distraction to our management and other employees.

Risks Related to Our Common Shares

We have agreements with Sumitovant Biopharma Ltd. ("Sumitovant"), our majority shareholder, and with Sumitovant's parent, DSP, that may be perceived to create conflicts of interest which, if other investors perceive that Sumitovant or DSP will not act in the best interests of all of our shareholders, may affect the price of our common shares and have other effects on our company.

There are a number of relationships that may give rise to certain conflicts of interest between Sumitovant and DSP, on the one hand, and the other investors of our common shares and us, on the other hand. We are party to a loan agreement with DSP that creates restrictions, including limiting or restricting our ability to take specific actions, such as raising additional capital, incurring additional debt, making capital expenditures, or declaring dividends. Further, we are party to an investor rights agreement with Sumitovant and DSP that, although designed in part to provide protections for our minority shareholders, also provides rights to Sumitovant and DSP, such as the ability of DSP to appoint directors on our board, to maintain their share ownership percentage in our company, and provide DSP with certain information and give them access to certain of our records. Sumitovant and DSP may have interests which differ from our interests or those of the minority holders of our common shares. Any material transaction between us and DSP and its affiliates is subject to our related party transaction policy, which requires prior approval of such transaction by our Audit Committee. To the extent we fail to appropriately deal with any such conflicts of interests, it could negatively impact our reputation and ability to raise additional funds and the willingness of counterparties to conduct business with us, all of which could have an adverse effect on our business, financial condition, results of operations, and cash flows, and on the market price of our common shares. Further, our agreements with Sumitovant and DSP may result in unanticipated risks or other unintended consequences on our business and on investor perception that could have a significant impact on the market price of our common shares.

An active trading market for our common shares may not be sustained.

Although our common shares are listed on the New York Stock Exchange, or NYSE, we cannot assure you that an active trading market for our common shares will continue to be sustained. In addition, as a result of a large proportion of our common shares being held by a small number of investors, including by Sumitovant, DSP's subsidiary, trading in our common shares has been less liquid than the shares of companies with broader public active institutional investor ownership. If an active market for our common shares is not sustained, your ability to trade our common shares may be limited. An inactive market may also impair our ability to raise capital to continue to fund operations by selling common shares and may impair our ability to acquire other companies or technologies by using our common shares as consideration.

The market price of our common shares has been and is likely to continue to be highly volatile, and you may lose some or all of your investment.

The market price of our common shares has been and is likely to continue to be highly volatile and may be subject to significant fluctuations in response to a variety of factors, including the following:

- inability to obtain additional funding, or investor perception that we may be unable to obtain additional funding or funding on desirable terms;
- any delay in the commencement, enrollment, and ultimate completion of our clinical studies;
- actual or anticipated results of clinical studies of relugolix combination therapy, relugolix monotherapy, MVT-602 or those of our competitors;

- any delay in submitting an NDA or similar application for relugolix combination therapy, relugolix monotherapy, or MVT-602 and any adverse development or perceived adverse development with respect to the FDA or other regulatory authority's review of that NDA or similar application, as the case may be;
- failure to successfully develop and commercialize relugolix combination therapy, relugolix monotherapy, MVT-602 or any future product candidate;
- regulatory or legal developments in the U.S. or other countries or jurisdictions applicable to relugolix combination therapy, relugolix monotherapy, MVT-602, or any future product candidate;
- adverse regulatory decisions;
- changes in the structure of healthcare payment systems;
- inability to obtain adequate product supply for relugolix combination therapy, relugolix monotherapy, MVT-602 or any future product candidate, or the inability to do so at acceptable prices;
- introduction of new products, services or technologies by our competitors;
- failure to meet or exceed financial projections we provide to the public;
- failure to maintain effective internal control over financial reporting;
- failure to meet or exceed the estimates and projections of the investor community;
- changes in the market valuations of similar companies;
- market conditions in the pharmaceutical and biotechnology sectors, and the issuance of new or changed securities analysts' reports or recommendations;
- announcements of significant acquisitions, strategic partnerships, joint ventures or capital commitments by us or our competitors;
- variations in our financial results or the financial results of companies that are perceived to be similar to us;
- changes in estimates of financial results or investment recommendations by securities analysts;
- significant lawsuits, including patent or shareholder litigation, and disputes or other developments relating to our proprietary rights, including patents, litigation matters, and our ability to obtain patent protection for our technologies;
- additions or departures of key scientific or management personnel;
- short sales of our common shares;
- sales or purchases of a substantial number of our common shares in the public market, by any of our larger shareholders, or the perception in the market that the holders of a large number of our common shares intend to sell or purchase common shares;
- sales or purchases of our common shares by our executive officers;
- issuance of additional shares of our common shares, or the perception that such issuances may occur, including through our "at-the-market" equity offering program;
- negative coverage in the media or analyst reports, whether accurate or not;
- any changes in our relationship with DSP, or actions taken or omission of actions with respect to our loan agreement or investor rights agreement with DSP;
- issuance of subpoenas or investigative demands, or the public fact of an investigation by a government agency, whether meritorious or not;
- trading liquidity of our common shares;
- investors' general perception of our company, our business, and our majority shareholder;
- general political, economic, industry, and market conditions;
- effects of natural or man-made catastrophic events; and
- the other factors described in this "Risk Factors" section.

In addition, the stock markets have experienced extreme price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. These fluctuations have often been unrelated or disproportionate to the operating performance of those companies. Broad market and industry factors, as well as general economic, political, regulatory, and market conditions, may negatively affect the market price of our common shares, regardless of our actual operating performance.

Volatility in our share price could subject us to securities class action litigation.

In the past, 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 share price volatility in recent years. If we face such litigation, it could result in substantial costs and a diversion of management's attention and resources, which could harm our business.

We are a "controlled company" within the meaning of the applicable rules of the NYSE and, as a result, qualify for exemptions from certain corporate governance requirements. If we rely on these exemptions, you will not have the same protections afforded to shareholders of companies that are subject to such requirements.

We are currently a "controlled company" within the meaning of the NYSE corporate governance requirements. Under these rules, a "controlled company" may elect not to comply with certain corporate governance requirements. We have elected to use certain of these exemptions and we may continue to use all or some of these exemptions in the future. As a result, you may not have the same protections afforded to shareholders of companies that are subject to all of the NYSE corporate governance requirements.

If securities or industry analysts cease to publish research or reports about our business, or publish negative reports about our business, our common share price could decline.

The trading market for our common shares depends, in part, on the research and reports that securities or industry analysts publish about us or our business. We do not have any control over these analysts. If our financial performance fails to meet analyst estimates, or one or more of the analysts who covers us downgrades their investment recommendation on our common shares, our share price would likely decline. If one or more of these analysts cease coverage of our company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our common share price to decline.

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

We have never declared or paid any cash dividends on our common shares. 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 for the foreseeable future. We are also subject to Bermuda legal constraints that may affect our ability to pay dividends on our common shares and make other payments. Additionally, our ability to pay dividends is currently restricted by the terms of the DSP Loan Agreement. As a result, capital appreciation, if any, of our common shares would be your sole source of gain on an investment in our common shares for the foreseeable future.

Future sales of our common shares, or the perception that such sales may occur, including through our "at-the-market" equity offering program, could depress our common share price, even if our business is doing well.

Sales of a substantial number of our common shares in the public market, or the perception by investors that our executive officers or significant shareholders intend to sell substantial amounts of our common shares in the public market, could depress the market price of our common shares even if our business is doing well. Such a decrease in our share price could in turn impair our ability to raise capital through the sale of additional equity securities.

All of the common shares held by shareholders other than Sumitovant or our executive officers and directors, are freely transferable without restrictions or further registration under the Securities Act. If Sumitovant, or any of our executive officers or directors were to sell a substantial portion of our common shares, or if the market perceived that Sumitovant or any of our executive officers or directors intends to sell our common shares, it could negatively affect our common share price.

We have filed a registration statement on Form S-8 under the Securities Act to register the common shares that may be issued under our equity incentive plan. In addition, for so long as we continue to satisfy the requirements to be deemed a "well-known seasoned issuer," we can utilize a shelf registration statement currently on file with the SEC to allow us to issue an unlimited number of securities from time to time. The issuance of such securities may have an adverse effect on the trading price of our common shares. The number of our new common shares issued in connection with raising additional capital could constitute a material portion of our then outstanding common shares and result in dilution to the market price of our common shares.

In April 2018, we entered into an "at-the-market" sales agreement with Cowen and Company, LLC, or Cowen pursuant to which we may sell from time to time, common shares having an aggregate offering price of up to $100.0 million through Cowen, acting as our agent. Through December 31, 2019, we have sold an aggregate of 4,076,623 common shares for aggregate net proceeds of approximately $86.6 million pursuant to this "at-the-market" equity offering program. Whether we choose to affect future sales under the "at-the-market" equity offering program will depend on a number of factors, including, among others, market conditions and the trading price of our common shares relative to other sources of capital. The issuance from time to time of common shares through our "at-the-market" equity offering program or in any other equity offering, or the perception that such sales may occur, could have the effect of depressing the market price of our common shares.

We have incurred and will continue to incur substantial and increasing costs as a result of operating as a public company, and our management has been and will be required to continue to devote substantial time to compliance with our public company responsibilities and corporate governance practices.

As a public company, we have incurred and will continue to incur significant legal, accounting, and other expenses and these expenses will continue to increase further. The Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, the listing requirements of the NYSE, and other applicable securities rules and regulations impose various requirements on public companies. Our management and other personnel devote a substantial amount of time to compliance with these requirements. Moreover, changing rules and regulations may increase our legal and accounting compliance costs and make some activities more time-consuming and costly. If, notwithstanding our efforts to comply with new or changing laws, regulations, and standards, we fail to comply, regulatory authorities may initiate legal proceedings against us, and our business may be harmed. Further, failure to comply with these laws, regulations and standards may make it more difficult and more expensive for us to obtain directors' and officers' liability insurance, which could make it more difficult for us to attract and retain qualified members to serve on our board of directors or committees or as members of senior management.

If we are unable to develop and maintain proper and effective internal control over financial reporting and disclosure controls and procedures, investor confidence in our company and, as a result, the value of our common shares, may be adversely affected.

We are required, pursuant to Section 404 of the Sarbanes-Oxley Act, or Section 404, to furnish a report by management on, among other things, the effectiveness of our internal control over financial reporting as of the end of each fiscal year. This assessment needs to include disclosure of any material weaknesses identified by our management in our internal control over financial reporting. In addition, we are also required to include in our annual report an attestation report on internal control over financial reporting issued by our independent registered public accounting firm. If we have a material weakness, we would receive an adverse opinion regarding our internal control over financial reporting from our independent registered public accounting firm, which could negatively impact the value of our common shares. We are also required to disclose significant changes in our internal control over financial reporting on a quarterly basis.

During the evaluation and testing process of our internal control over financial reporting, if we or our independent registered public accounting firm identify one or more material weaknesses in our internal control over financial reporting, we will be unable to assert that our internal control over financial reporting is effective and our independent registered public accounting firm will be required to issue an adverse opinion on the effectiveness of our internal control over financial reporting. We cannot assure you that there will not be material weaknesses or significant deficiencies in our internal control over financial reporting in the future. Any failure to maintain effective internal control over financial reporting could severely inhibit our ability to accurately report our financial condition or results of operations. If we are unable to conclude that our internal control over financial reporting is effective, we could lose investor confidence in the accuracy and completeness of our financial reports, the market price of our common shares could decline, and we could be subject to sanctions or investigations by the NYSE, the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also negatively impact our ability to access the capital markets.

In addition, effective disclosure controls and procedures enable us to make timely and accurate disclosure of financial and non-financial information that we are required to disclose. If our disclosure controls and procedures are ineffective in the future, we may be unable to report our financial results or make other disclosures accurately on a timely basis, which could cause our reported financial results or other disclosures to be materially misstated and result in the loss of investor confidence and cause the market price of our common shares to decline.

We are an exempted company limited by shares incorporated under the laws of Bermuda and it may be difficult for you to enforce judgments against us or our directors and executive officers.

We are an exempted company limited by shares incorporated under the laws of Bermuda. As a result, the rights of our shareholders are governed by Bermuda law and our memorandum of association and bye-laws. The rights of shareholders under Bermuda law may differ from the rights of shareholders of companies incorporated in another jurisdiction. It may be difficult for investors to enforce in the U.S. judgments obtained in U.S. courts against us based on the civil liability provisions of the U.S. securities laws. It is doubtful whether courts in Bermuda will enforce judgments obtained in other jurisdictions, including the U.S., against us or our directors or officers under the securities laws of those jurisdictions or entertain actions in Bermuda against us or our directors or officers under the securities laws of other jurisdictions.

Bermuda law differs from the laws in effect in the U.S. and may afford less protection to our shareholders.

We are incorporated under the laws of Bermuda. As a result, our corporate affairs are governed by the Bermuda Companies Act 1981, as amended, or the Companies Act, which differs in some material respects from laws typically applicable to U.S. corporations and shareholders, including the provisions relating to interested directors, amalgamations, mergers and acquisitions, takeovers, shareholder lawsuits, and indemnification of directors. Generally, the duties of directors and officers of a Bermuda company are owed to the company only. Shareholders of Bermuda companies typically do not have rights to take action against directors or officers of the company and may only do so in limited circumstances. Shareholder class actions are not available under Bermuda law. The circumstances in which shareholder derivative actions may be available under Bermuda law are substantially more proscribed and less clear than they would be to shareholders of U.S. corporations. The Bermuda courts, however, would ordinarily be expected to permit a shareholder to commence an action in the name of a company to remedy a wrong to the company where the act complained of is alleged to be beyond the corporate power of the company or illegal, or would result in the violation of the company's memorandum of association or bye-laws. Furthermore, consideration would be given by a Bermuda court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of the company's shareholders than those who actually approved it.

When the affairs of a company are being conducted in a manner that is oppressive or prejudicial to the interests of some shareholders, one or more shareholders may apply to the Supreme Court of Bermuda, which may make such order as it sees fit, including an order regulating the conduct of the company's affairs in the future or ordering the purchase of the shares of any shareholders by other shareholders or by the company. Additionally, under our bye-laws and as permitted by Bermuda law, each shareholder has waived any claim or right of action against our directors or officers for any action taken by directors or officers in the performance of their duties, except for actions involving fraud or dishonesty. In addition, the rights of our shareholders and the fiduciary responsibilities of our directors under Bermuda law are not as clearly established as under statutes or judicial precedent in existence in jurisdictions in the U.S., particularly the State of Delaware. Therefore, our shareholders may have more difficulty protecting their interests than would shareholders of a corporation incorporated in a jurisdiction within the U.S.

There are regulatory limitations on the ownership and transfer of our common shares.

Common shares may be offered or sold in Bermuda only in compliance with the provisions of the Companies Act and the Bermuda Investment Business Act 2003, which regulates the sale of securities in Bermuda. In addition, the Bermuda Monetary Authority must approve all issues and transfers of shares of a Bermuda exempted company. However, the Bermuda Monetary Authority has, pursuant to its statement of June 1, 2005, given its general permission under the Exchange Control Act 1972 and related regulations for the issue and free transfer of our common shares to and among persons who are non-residents of Bermuda for exchange control purposes as long as the shares are listed on an appointed stock exchange, which includes the NYSE. Additionally, we have sought and have obtained a specific permission from the Bermuda Monetary Authority for the issue and transfer of our common shares up to the amount of our authorized capital from time to time, and options, warrants, depository receipts, rights, loan notes, debt instruments, and our other securities to persons resident and non-resident for exchange control purposes with the need for prior approval of such issue or transfer. The general permission or the specific permission would cease to apply if we were to cease to be listed on the NYSE or another appointed stock exchange.

Our bye-laws enable our board of directors to issue preference shares, which may discourage a change of control.

Our bye-laws contain provisions that enable our board of directors to determine the powers, preferences, and rights of our preference shares and to issue the preference shares without shareholder approval.

This could discourage, delay or prevent a transaction involving a change in control of our company and may prevent our shareholders from receiving the benefit from any premium to the market price of our common shares offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of this provision may adversely affect the prevailing market price of our common shares if it is viewed as discouraging takeover attempts in the future.

We may become subject to unanticipated tax liabilities and higher effective tax rates.

We are incorporated under the laws of Bermuda, where we are not subject to any income or withholding taxes. We are centrally managed and controlled in the U.K., and under current U.K. tax law, a company which is centrally managed and controlled in the U.K. is regarded as resident in the U.K. for taxation purposes. Accordingly, we expect to be subject to U.K. taxation on our income and gains, and subject to U.K.'s controlled foreign company rules, except where an exemption applies. We may be treated as a dual resident company for U.K. tax purposes. As a result, our right to claim certain reliefs from U.K. tax may be restricted, and changes in law or practice in the U.K. could result in the imposition of further restrictions on our right to claim U.K. tax reliefs. We may also become subject to income, withholding or other taxes in certain jurisdictions by reason of our activities and operations, and it is also possible that taxing authorities in any such jurisdictions could assert that we are subject to greater taxation than we currently anticipate. Any such additional tax liability could adversely affect our results of operations.

The intended tax effects of our corporate structure and intercompany arrangements depend on the application of the tax laws of various jurisdictions and on how we operate our business.

We are incorporated under the laws of Bermuda. We currently have subsidiaries in the U.K., Switzerland, Ireland, and the U.S. If we succeed in growing our business, we expect to conduct increased operations through our subsidiaries in various countries and tax jurisdictions, in part through intercompany service agreements between our subsidiaries and us. In that case, our corporate structure and intercompany transactions, including the manner in which we develop and use our intellectual property, will be organized so that we can achieve our business objectives in a tax-efficient manner and in compliance with applicable transfer pricing rules and regulations. If two or more affiliated companies are located in different countries or tax jurisdictions, the tax laws and regulations of each country generally will require that transfer prices be the same as those between unrelated companies dealing at arm's length and that appropriate documentation be maintained to support the transfer prices. While we believe that we operate in compliance with applicable transfer pricing laws and intend to continue to do so, our transfer pricing procedures are not binding on applicable tax authorities.

Significant judgment is required in evaluating our tax positions and determining our provision for income taxes. During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. For example, our effective tax rates could be adversely affected by changes in foreign currency exchange rates or by changes in the relevant tax, accounting, and other laws, regulations, principles, and interpretations. In addition, our effective tax rate and the availability of any tax holidays could be adversely affected if we do not obtain favorable tax rulings from certain taxing authorities. As we intend to operate in numerous countries and taxing jurisdictions, the application of tax laws can be subject to diverging and sometimes conflicting interpretations by tax authorities of these jurisdictions. It is not uncommon for taxing authorities in different countries to have conflicting views, for instance, with respect to, among other things, the manner in which the arm's length standard is applied for transfer pricing purposes, or with respect to the valuation of intellectual property. If tax authorities in any of these countries were to successfully challenge our transfer prices as not reflecting arm's length transactions, they could require us to adjust our transfer prices and thereby reallocate our income to reflect these revised transfer prices, which could result in a higher tax liability to us. In addition, if the country from which the income is reallocated does not agree with the reallocation, both countries could tax the same income, potentially resulting in double taxation. If tax authorities were to allocate income to a higher tax jurisdiction, subject our income to double taxation or assess interest and penalties, it would increase our consolidated tax liability, which could adversely affect our financial condition, results of operations, and cash flows.

In addition, tax laws are dynamic and subject to change as new laws are passed and new interpretations of the law are issued or applied. We continue to assess the impact of such changes in tax laws on our business and may determine that changes to our structure, practice, tax positions or the manner in which we conduct our business are necessary in light of such changes and developments in the tax laws of other jurisdictions in which we operate. Such changes may nevertheless be ineffective in avoiding an increase in our consolidated tax liability, which could adversely affect our financial condition, results of operations and cash flows.

Changes in our effective tax rate may reduce our net income in future periods.

Our tax position could be adversely impacted by changes in tax rates, tax laws, tax practice, tax treaties or tax regulations or changes in the interpretation thereof by the tax authorities in Europe (including the U.K. and Switzerland), the U.S., Bermuda, and other jurisdictions, as well as being affected by certain changes currently proposed by the Organization for Economic Co-operation and Development and their action plan on Base Erosion and Profit Shifting. Such changes may become more likely as a result of recent economic trends in the jurisdictions in which we operate, particularly if such trends continue. If such a situation was to arise, it could adversely impact our tax position and our effective tax rate. Failure to manage the risks associated with such changes, or misinterpretation of the laws providing such changes, could result in costly audits, interest, penalties, and reputational damage, which could adversely affect our business, results of our operations, and our financial condition.

Our actual effective tax rate may vary from our expectation and that variance may be material. A number of factors may increase our future effective tax rates, including: (1) the jurisdictions in which profits are determined to be earned and taxed; (2) the resolution of issues arising from any future tax audits with various tax authorities; (3) changes in the valuation of our deferred tax assets and liabilities; (4) increases in expenses not deductible for tax purposes, including transaction costs and impairments of goodwill in connection with acquisitions; (5) changes in the taxation of share-based compensation; (6) changes in tax laws or the interpretation of such tax laws, and changes in generally accepted accounting principles; and (7) challenges to the transfer pricing policies related to our structure.

U.S. holders that own 10 percent or more of the vote or value of our common shares may suffer adverse tax consequences because we and our non-U.S. subsidiaries are expected to be characterized as "controlled foreign corporations," or CFCs, under Section 957(a) of the U.S. Internal Revenue Code of 1986, as amended, or the Code.

A non-U.S. corporation is considered a CFC if more than 50 percent of (1) the total combined voting power of all classes of stock of such corporation entitled to vote, or (2) the total value of the stock of such corporation, is owned, or is considered as owned by applying certain constructive ownership rules, by U.S. shareholders (U.S. persons who own stock representing 10% or more of the vote or value of all outstanding stock of such non-U.S. corporation) on any day during the taxable year of such non-U.S. corporation. Certain U.S. shareholders of a CFC generally are required to include currently in gross income such shareholders' share of the CFC's "Subpart F income", a portion of the CFC's earnings to the extent the CFC holds certain U.S. property, and a portion of the CFC's "global intangible low-taxed income" (as defined under Section 951A of the Code). Such U.S. shareholders are subject to current U.S. federal income tax with respect to such items, even if the CFC has not made an actual distribution to such shareholders. "Subpart F income" includes, among other things, certain passive income (such as income from dividends, interests, royalties, rents and annuities or gain from the sale of property that produces such types of income) and certain sales and services income arising in connection with transactions between the CFC and a person related to the CFC. "Global intangible low-taxed income" may include most of the remainder of a CFC's income over a deemed return on its tangible assets.

We believe that we and our non-U.S. subsidiaries will be classified as CFCs in the current taxable year. For U.S. holders who hold 10% or more of the vote or value of our common shares, this may result in adverse U.S. federal income tax consequences, such as current U.S. taxation of Subpart F income and of any such shareholder's share of our accumulated non-U.S. earnings and profits (regardless of whether we make any distributions), taxation of amounts treated as global intangible low-taxed income under Section 951A of the Code with respect to such shareholder, and being subject to certain reporting requirements with the U.S. Internal Revenue Service. Any such U.S. holder who is an individual generally would not be allowed certain tax deductions or foreign tax credits that would be allowed to a U.S. corporation. If you are a U.S. holder who holds 10% or more of the vote or value of our common shares, you should consult your own tax advisors regarding the U.S. tax consequences of acquiring, owning, or disposing our common shares.

U.S. holders of our common shares may suffer adverse tax consequences if we are characterized as a passive foreign investment company.

Generally, if, for any taxable year, at least 75% of our gross income is passive income, or at least 50% of the value of our assets is attributable to assets that produce passive income or are held for the production of passive income, including cash, we would be characterized as a passive foreign investment company, or PFIC, for U.S. federal income tax purposes. For purposes of these tests, passive income includes dividends, interest, and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business. Additionally, a look-through rule generally applies with respect to 25% or more owned subsidiaries. If we are characterized as a PFIC, U.S. holders of our common shares may suffer adverse tax consequences, including having gains realized on the sale of our common shares treated as ordinary income rather than capital gain, the loss of the preferential tax rate applicable to dividends received on our common shares by individuals who are U.S. holders, and having interest charges apply to distributions by us and the proceeds of sales of our common shares. In addition, special information reporting may be required.

Our status as a PFIC will depend on the nature and composition of our income and the nature, composition and value of our assets from time to time. The 50% passive asset test described above is generally based on the fair market value of each asset, with the value of goodwill and going concern value determined in large part by reference to the market value of our common shares, which may be volatile. With respect to the taxable year that ended on March 31, 2019, we believe that we were not a PFIC; however, with respect to the current taxable year and foreseeable future taxable years, because the PFIC tests are based upon the value of our assets, including any goodwill and going concern value, and the nature and composition of our income and assets, which cannot be known at this time, we cannot predict whether we will or will not be classified as a PFIC. Because the determination of whether we are a PFIC for any taxable year is a fact-intensive determination made annually after the end of each taxable year, and because certain aspects of the PFIC rules are uncertain, we cannot provide any assurances regarding our PFIC status for the current or future taxable years.

We have implemented structures and arrangements intended to mitigate the possibility that we will be classified as a PFIC. There can be no assurance that the IRS will not successfully challenge these structures and arrangements, which may result in an adverse impact on the determination of whether we are classified as a PFIC. In addition, recently proposed U.S. Treasury Regulations, which we are continuing to assess the impact of, may also adversely affect the treatment of these structures and arrangements with respect to our PFIC status.

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

Not applicable.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

On February 6, 2020, the Compensation Committee of our Board approved an incentive bonus opportunity to the following executive officers: Lynn Seely, our Principal Executive Officer, Frank Karbe, our Principal Financial and Accounting Officer, Matthew Lang, our General Counsel and Corporate Secretary, Juan Camilo Arjona Ferreira, our Chief Medical Officer, and Kim Sablich, our Chief Commercial Officer (each, an "executive officer").

The amount of the incentive bonus opportunity to be awarded to each executive officer will be equal to his or her respective base salary for the fiscal year ending on March 31, 2021 and will be paid in two equal installments within 30 days following December 31, 2020 and July 31, 2021 (each, a "Retention Date"), subject to performance by the executive officer at a satisfactory level, as determined by our company in its sole discretion and the executive officer remaining actively employed with us through the end of the associated Retention Date.

If an executive officer's employment is involuntarily terminated by us without cause solely as part of a restructuring or reduction in force, or if his or her employment is terminated due to death, before the associated Retention Date, the applicable installment of the incentive bonus will be pro-rated and will be made within 30 calendar days after his or her termination date. However, if before the applicable Retention Date, (i) the executive officer is involuntarily terminated for any other reason, including without cause, (ii) the executive officer voluntarily ends his or her employment, (iii) the executive officer's employment is terminated for cause or due to disability, or (iv) the executive officer violates any of the terms of a letter agreement that provides for the incentive bonus opportunity, any unpaid portions of the incentive bonus will not vest and will be forfeited.

Item 6. Exhibits.

Exhibit Number	Description of Document	Schedule / Form	File No.	Exhibit No.	Filing Date
3.1	Certificate of Incorporation.	S-1	333-213891	3.1	09/30/2016
3.2	Memorandum of Association.	S-1	333-213891	3.2	09/30/2016
3.3†	Fifth Amended and Restated Bye-laws.				
10.1†	Letter Agreement, dated October 31, 2019, by and between the Registrant and Sumitomo Dainippon Pharma Co., Ltd.				
10.2†	Loan Agreement, dated as of December 27, 2019, by and among Sumitomo Dainippon Pharma Co., Ltd., as the Lender, the Registrant, as the Parent, and Myovant Sciences GmbH, as the Borrower.				
10.3†	Investor Rights Agreement, dated as of December 27, 2019, by and among the Registrant, Sumitovant Biopharma Ltd. and Sumitomo Dainippon Pharma Co., Ltd.				
31.1†	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
31.2†	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				
32.1††**	Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
32.2††**	Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				
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				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase				
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase				
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.				

†Filed herewith.

†† Furnished herewith.

** These certifications are being furnished solely to accompany this Quarterly Report on Form 10-Q pursuant to 18 U.S.C. Section 1350, and are not being filed for purposes of Section 18 of the Exchange Act, as amended, and are not to be incorporated by reference into any filing of the Registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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.

MYOVANT SCIENCES LTD.

By: /s/ Frank Karbe

Frank Karbe
(Duly Authorized Officer and Principal Financial and Accounting Officer)

Date: February 10, 2020

Exhibit 3.3

FIFTH AMENDED AND RESTATED BYE-LAWS OF

MYOVANT SCIENCES LTD.

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INTERPRETATION

1. Definitions

1.1 In these Bye-laws, the following words and expressions shall, where not inconsistent with the context, have the following meanings, respectively:

Act	the Companies Act 1981 as amended from time to time;
Affiliate	with respect to any specified Person, any other Person who directly or indirectly controls, is controlled by, or is under common control with such Person; *provided*, *however*, that, for purposes of these Bye-laws, unless expressly indicated otherwise (i) neither the Company nor any of its Subsidiaries will be deemed to be an Affiliate of a Major Member and (ii) neither a Major Member nor any of its Subsidiaries will be deemed an Affiliate of the Company;
Alternate Director	an alternate Director appointed in accordance with these Bye-laws;
Audit Committee	a committee of the Board composed of not less than three Independent Directors (each of whom is either an Initial Independent Director or an Independent Director who has been appointed to such committee by Audit Committee Approval or pursuant to Bye-law 38.3 or Bye-law 41.3), and to which is delegated oversight responsibilities with respect to, inter alia, (i) the Company's corporate accounting and financial reporting processes, (ii) the Company's systems of internal control over financial reporting and audits of financial statements, (iii) the quality and integrity of the Company's financial statements and reports, (iv) the qualifications, independence and performance of the registered public accounting firm or firms of certified public accountants engaged as the Company's independent outside auditors for the purpose of preparing or issuing an audit report or performing audit services, (v) the performance of the Company's internal audit function and independent auditors and, if the Company does not yet have an internal audit function, the oversight of its design and implementation and (vi) the approval functions set forth in the Investor Rights Agreement;
Audit Committee Approval	the affirmative approval of a majority of the Independent Directors then serving on the Audit Committee, including, if applicable, approval by a sole remaining member of the Audit Committee;
Auditor	includes a company or partnership appointed by the Board or the Members to audit the financial statements of the Company;
Beneficial Owner or Beneficially Own	has the meaning specified in Rule 13d-3 promulgated under the Securities Exchange Act of 1934;
Board	the Board of Directors appointed or elected pursuant to these Bye-laws and acting by resolution in accordance with the Act and these Bye-laws or the Directors present at a meeting of Directors at which there is a quorum;
Code	the United States Internal Revenue Code of 1986, as amended;
Company	the company for which these Bye-laws are approved and confirmed;
Compensation Committee	the committee of the Board to which is delegated, inter alia, the authority to approve executive compensation in satisfaction of the requirements of applicable Designated Stock Exchange Rules;
control, controlling, controlled by or under common control with	the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting shares, by contract or otherwise;
Designated Stock Exchange	the New York Stock Exchange, The Nasdaq Stock Market LLC, or any other stock exchange on which the shares of the Company are listed for trading, for so long as the shares of the Company are there listed;
Designated Stock Exchange Rules	the relevant code, rules and regulations, as amended from time to time, that are then applicable to the Company as a result of the listing of any shares of the Company on a Designated Stock Exchange;

Director	a director of the Company and shall include an Alternate Director;
Eligible Member	a Member that, together with shares of the Company held by its Affiliates, owns of record shares that constitute five percent or more of the voting power of all issued shares of the Company that are eligible to vote at a general meeting and who has held such shares for at least three years;
Immediate Family Member	a child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, of a natural person;
Independent Director	a Director who (a) the Board reasonably determines qualifies as an "independent director" of the Company under the Designated Stock Exchange Rules, (b) is not and within the last three years has not been a director, officer or employee of a Major Member, (c) does not have any Immediate Family Member who is or within the last three year has been a director, officer or employee of a Major Member;
indirect	when referring to a holder or owner of shares, ownership of shares within the meaning of section 958(a)(2) of the Code;
Initial Independent Director	a Director who is identified as an Initial Independent Director in the Investor Rights Agreement;
Investor Rights Agreement	that certain Investor Rights Agreement by and among the Company, Sumitovant Biopharma Ltd. and Sumitomo Dianippon Pharma Co., Ltd.;
Major Member	a Member who, together with its controlled Affiliates, Beneficially Owns more than 50% of the voting power of all issued shares of the Company;
Member	the person registered in the Register of Members as the holder of shares in the Company and, when two or more persons are so registered as joint holders of shares, means the person whose name stands first in the Register of Members as one of such joint holders or all of such persons, as the context so requires;
Nominating and Corporate Governance Committee	a committee of the Board to which is delegated the authority to, inter alia, (i) identify individuals qualified to become Directors, consistent with criteria approved by the Board, (ii) select, or recommend that the Board select, the Director nominees for election to the Board, (iii) develop and recommend to the Board a set of corporate governance guidelines applicable to the Company; and (d) oversee the evaluation of the Board and management;
notice	written notice as further provided in these Bye-laws unless otherwise specifically stated;
Officer	any person appointed by the Board to hold an office in the Company;
Other Independent Director	means an Independent Director other than Independent Directors then serving on the Audit Committee;
Register of Directors and Officers	the register of Directors and officers referred to in these Bye-laws;
Register of Members	the register of members referred to in these Bye-laws;
Resident Representative	any person appointed to act as resident representative and includes any deputy or assistant resident representative;
Secretary	the person appointed to perform any or all of the duties of secretary of the Company and includes any deputy or assistant secretary and any person appointed by the Board to perform any of the duties of the Secretary;
Sumitomo Director	has the meaning set forth in the Investor Rights Agreement during the Trigger Period and at all other times means an Independent Director;

Timely Manner	with respect to an Eligible Member's notice under Bye-law 24.1 or the Audit Committee's proposal of a Director under Bye-law 38.3, receipt by the Secretary at the registered office of the Company or the Nominating and Corporate Governance Committee of the Board, respectively, not less than 90 days (or 60 days in the case of the Audit Committee's proposal of a Director) nor more than 120 days prior to the first anniversary of the preceding year's annual general meeting; *provided*, that (i) in the event that the date of the annual general meeting is called for a date that is 30 days or more before or after such anniversary then to be timely such notice or proposal must be received not later than 10 days following the earlier of (a) the date on which notice of the annual general meeting was posted to shareholders or (b) if and as applicable, the date on which public announcement of the date of the annual general meeting was made; (ii) in no event shall the public announcement of an adjournment or postponement of an annual general meeting commence a new time period (or extend any time period) for the giving of an Eligible Member's notice or for the Audit Committee to propose a Director; and (iii) for purposes of this definition, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, the Associated Press, PR Newswire, Businesswire, Bloomberg or any comparable news service in the United States or, as and when applicable, in a document publicly filed by the Company with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Securities Exchange Act of 1934;
Treasury Share	a share of the Company that was or is treated as having been acquired and held by the Company and has been held continuously by the Company since it was so acquired and has not been cancelled; and
Trigger Period	the time during which the Investor Rights Agreement is in effect and entities within the Sumitomo Group satisfy the Voting Threshold (as such terms are defined in the Investor Rights Agreement).

1.2 In these Bye-laws, where not inconsistent with the context:

(a) words denoting the plural number include the singular number and vice versa;

(b) words denoting the masculine gender include the feminine and neuter genders;

(c) words importing persons include companies, associations or bodies of persons whether corporate or not;

(d) the words:

(i) "may" shall be construed as permissive; and

(ii) "shall" shall be construed as imperative;

(e) a reference to a statutory provision shall be deemed to include any amendment or re-enactment thereof;

(f) the word "corporation" means a corporation whether or not a company within the meaning of the Act;

(g) unless otherwise provided herein, words or expressions defined in the Act shall bear the same meaning in these Bye-laws.

1.3 In these Bye-laws expressions referring to writing or its cognates shall, unless the contrary intention appears, include facsimile, printing, lithography, photography, electronic mail and other modes of representing words in visible form.

1.4 Headings used in these Bye-laws are for convenience only and are not to be used or relied upon in the construction hereof.

SHARES

2. Power to Issue Shares

2.1 Subject to these Bye-laws and to any resolution of the Members to the contrary, and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, the Board shall have the power to issue any unissued shares on such terms and conditions as it may determine.

2.2 Subject to the Act, any preference shares may be issued or converted into shares that (at a determinable date or at the option of the Company or the holder) are liable to be redeemed on such terms and in such manner as may be determined by the Board (before the issue or conversion).

2.3 Notwithstanding the foregoing or any other provision of these Bye-laws, the Company may not issue any shares in a manner that the Board determines in its sole discretion may result in a non de minimis adverse tax, legal or regulatory consequence to the Company, any of its subsidiaries or any direct or indirect holder of shares or its Affiliates.

3. Power of the Company to Purchase its Shares

3.1 The Company may purchase its own shares for cancellation or acquire them as Treasury Shares in accordance with the Act on such terms as the Board shall think fit.

3.2 The Board may exercise all the powers of the Company to purchase or acquire all or any part of its own shares in accordance with the Act.

3.3 Notwithstanding the foregoing or any other provision of these Bye-laws, any such purchase or acquisition may not be made if the Board determines in its sole discretion that the purchase or acquisition may result in a non de minimis adverse tax, legal or regulatory consequence to the Company, any of its subsidiaries or any direct or indirect holder of shares or its Affiliates.

4. Rights Attaching to Shares

4.1 At the date these Bye-laws are adopted, the authorised share capital of the Company is divided into five hundred and sixty four million one hundred and eleven thousand two hundred and forty two (564,111,242) common shares of par value US$0.000017727 each (the "**Common Shares**"), the holders of which shall, subject to these Bye-laws:

(a) be entitled to one vote per share;

(b) be entitled to such dividends as the Board may from time to time declare;

(c) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganisation or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and

(d) generally be entitled to enjoy all of the rights attaching to shares.

4.2 The Board is authorised to provide for the creation and issuance of preference shares (the "**Preference Shares**") in one or more series, and to establish from time to time the number of shares to be included in each such series, and to fix the terms, including designation, powers, preferences, rights, qualifications, limitations and restrictions of the shares of each such series (and, for the avoidance of doubt, such matters and the issuance of such Preference Shares with prior ranking shall not be deemed to vary the rights attached to the Common Shares or, subject to

the terms of any other series of Preference Shares, to vary the rights attached to any other series of Preference Shares). The authority of the Board with respect to each series shall include, but not be limited to, determination of the following:

(a) the number of shares constituting that series and the distinctive designation of that series;

(b) the dividend rate on the shares of that series, whether dividends shall be cumulative and, if so, from which date or dates, and the relative rights of priority, if any, of the payment of dividends on shares of that series;

(c) whether that series shall have voting rights, in addition to the voting rights provided by law, and if so, the terms of such voting rights;

(d) whether that series shall have conversion or exchange privileges (including, without limitation, conversion into Common Shares), and, if so, the terms and conditions of such conversion or exchange, including provision for adjustment of the conversion or exchange rate in such events as the Board shall determine;

(e) whether or not the shares of that series shall be redeemable or repurchaseable, and, if so, the terms and conditions of such redemption or repurchase, including the manner of selecting shares for redemption or repurchase if less than all shares are to be redeemed or repurchased, the date or dates upon or after which they shall be redeemable or repurchaseable, and the amount per share payable in case of redemption or repurchase, which amount may vary under different conditions and at different redemption or repurchase dates;

(f) whether that series shall have a sinking fund for the redemption or repurchase of shares of that series, and, if so, the terms and amount of such sinking fund;

(g) the right of the shares of that series to the benefit of conditions and restrictions upon the creation of indebtedness of the Company or any subsidiary, upon the issue of any additional shares (including additional shares of such series or any other series) and upon the payment of dividends or the making of other distributions on, and the purchase, redemption or other acquisition by the Company or any subsidiary of any issued shares of the Company;

(h) the rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company, and the relative rights of priority, if any, of payment in respect of shares of that series;

(i) the rights of holders of that series to elect or appoint Directors; and

(j) any other relative participating, optional or other special rights, qualifications, limitations or restrictions of that series.

4.3 Any Preference Shares of any series which have been redeemed (whether through the operation of a sinking fund or otherwise) or which, if convertible or exchangeable, have been converted into or exchanged for shares of any other class or classes shall have the status of authorised and unissued Preference Shares of the same series and may be reissued as a part of the series of which they were originally a part or may be reclassified and reissued as part of a new series of Preference Shares to be created by resolution or resolutions of the Board or as part of any other series of Preference Shares, all subject to the conditions and the restrictions on issuance set forth in the resolution or resolutions adopted by the Board providing for the issue of any series of Preference Shares.

4.4 At the discretion of the Board, whether or not in connection with the issuance and sale of any shares or other securities of the Company, the Company may issue securities, contracts, warrants

or other instruments evidencing any shares, option rights, securities having conversion or option rights, or obligations on such terms, conditions and other provisions as are fixed by the Board, including, without limiting the generality of this authority, conditions that preclude or limit any person or persons owning or offering to acquire a specified number or percentage of the issued Common Shares, other shares, option rights, securities having conversion or option rights, or obligations of the Company or transferee of the person or persons from exercising, converting, transferring or receiving the shares, option rights, securities having conversion or option rights, or obligations.

4.5 All the rights attaching to a Treasury Share shall be suspended and shall not be exercised by the Company while it holds such Treasury Share and, except where required by the Act, all Treasury Shares shall be excluded from the calculation of any percentage or fraction of the share capital, or shares, of the Company.

5. Calls on Shares

5.1 The Board may make such calls as it thinks fit upon the Members in respect of any moneys (whether in respect of nominal value or premium) unpaid on the shares allotted to or held by such Members (and not made payable at fixed times by the terms and conditions of issue) and, if a call is not paid on or before the day appointed for payment thereof, the Member may at the discretion of the Board be liable to pay the Company interest on the amount of such call at such rate as the Board may determine, from the date when such call was payable up to the actual date of payment. The Board may differentiate between the holders as to the amount of calls to be paid and the times of payment of such calls.

5.2 Any amount which by the terms of allotment of a share becomes payable upon issue or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall for all the purposes of these Bye-laws be deemed to be an amount on which a call has been duly made and payable on the date on which, by the terms of issue, the same becomes payable, and in case of non-payment all the relevant provisions of these Bye-laws as to forfeiture, payment of interest, costs and expenses, forfeiture or otherwise shall apply as if such amount had become payable by virtue of a duly made and notified call.

5.3 The joint holders of a share shall be jointly and severally liable to pay all calls and any interest, costs and expenses in respect thereof.

5.4 The Company may accept from any Member the whole or a part of the amount remaining unpaid on any shares held by him, although no part of that amount has been called up or become payable.

6. Forfeiture of Shares

6.1 If any Member fails to pay, on the day appointed for payment thereof, any call in respect of any share allotted to or held by such Member, the Board may, at any time thereafter during such time as the call remains unpaid, direct the Secretary to forward such Member a notice in writing in the form, or as near thereto as circumstances admit, of the following:

Notice of Liability to Forfeiture for Non-Payment of Call

Myovant Sciences Ltd. (the "**Company**")

You have failed to pay the call of [amount of call] made on the [ ] day of [ ], 20[ ], in respect of the [number] share(s) [number in figures] standing in your name in the Register of Members of the Company, on the [ ] day of [ ], 20[ ], the day appointed for payment of such call. You are hereby notified that unless you pay such call together with interest thereon at the rate of [ ] per annum

computed from the said [ ] day of [ ], 20[ ] at the registered office of the Company the share(s) will be liable to be forfeited.

Dated this [ ] day of [ ], 20[ ]

_____

[Signature of Secretary] By Order of the Board

6.2 If the requirements of such notice are not complied with, any such share may at any time thereafter before the payment of such call and the interest due in respect thereof be forfeited by a resolution of the Board to that effect, and such share shall thereupon become the property of the Company and may be disposed of as the Board shall determine. Without limiting the generality of the foregoing, the disposal may take place by sale, repurchase, redemption or any other method of disposal permitted by and consistent with these Bye-laws and the Act.

6.3 A Member whose share or shares have been so forfeited shall, notwithstanding such forfeiture, be liable to pay to the Company all calls owing on such share or shares at the time of the forfeiture, together with all interest due thereon and any costs and expenses incurred by the Company in connection therewith.

6.4 The Board may accept the surrender of any shares which it is in a position to forfeit on such terms and conditions as may be agreed. Subject to those terms and conditions, a surrendered share shall be treated as if it had been forfeited.

7. Share Certificates

7.1 Every Member shall be entitled to a certificate under the common seal (or a facsimile thereof) of the Company or bearing the signature (or a facsimile thereof) of a Director or Secretary or a person expressly authorized to sign specifying the number and, where appropriate, the class of shares held by such Member and whether the same are fully paid up and, if not, specifying the amount paid on such shares. The Board may by resolution determine, either generally or in a particular case, that any or all signatures on certificates may be printed thereon or affixed by mechanical means.

7.2 The Company shall be under no obligation to complete and deliver a share certificate unless specifically called upon to do so by the person to whom the shares have been allotted.

7.3 If any share certificate shall be proved to the satisfaction of the Board to have been worn out, lost, mislaid, or destroyed the Board may cause a new certificate to be issued and request an indemnity for the lost certificate if it sees fit.

7.4 Notwithstanding any provisions of these Bye-laws:

(a) the Directors shall, subject always to the Act and any other applicable laws and regulations and the facilities and requirements of any relevant system concerned, have power to implement any arrangements they may, in their absolute discretion, think fit in relation to the evidencing of title to and transfer of uncertificated shares and to the extent such arrangements are so implemented, no provision of these Bye-laws shall apply or have effect to the extent that it is in any respect inconsistent with the holding or transfer of shares in uncertificated form; and

(b) unless otherwise determined by the Directors and as permitted by the Act and any other applicable laws and regulations, no person shall be entitled to receive a certificate in respect

of any share for so long as the title to that share is evidenced otherwise than by a certificate and for so long as transfers of that share may be made otherwise than by a written instrument.

8. Fractional Shares

The Company may issue its shares in fractional denominations and deal with such fractions to the same extent as its whole shares. Shares in fractional denominations shall have, solely in proportion to the respective fractions represented thereby, all of the rights of whole shares including (but without limiting the generality of the foregoing) the right to vote, to receive dividends and distributions and to participate in a winding-up.

REGISTRATION OF SHARES

9. Register of Members

9.1 The Board shall cause to be kept in one or more books a Register of Members and shall enter therein the particulars required by the Act.

9.2 The Register of Members shall be open to inspection without charge at the registered office of the Company on every business day, subject to such reasonable restrictions as the Board may impose, so that not less than two hours in each business day be allowed for inspection. The Register of Members may, after notice has been given in accordance with the Act, be closed for any time or times not exceeding in the whole thirty days in each year.

10. Registered Holder Absolute Owner

The Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not be bound to recognise any equitable claim or other claim to, or interest in, such share on the part of any other person.

11. Transfer of Registered Shares

11.1 An instrument of transfer shall be in writing in the form of the following, or as near thereto as circumstances admit, or in such other form as the Board may accept:

Transfer of a Share or Shares
Myovant Sciences Ltd. (the "**Company**")

FOR VALUE RECEIVED [amount], I, [name of transferor] hereby sell, assign and transfer unto [transferee] of [address], [number] shares of the Company.

DATED this [ ] day of [ ], 20[ ]

Signed by:	In the presence of:
_____	_____
Transferor	Witness
_____	_____
Transferee	Witness
_____	_____

11.2 Such instrument of transfer shall be signed by (or in the case of a party that is a corporation) on behalf of the transferor and transferee, *provided* that, in the case of a fully paid up share, the Board may accept the instrument signed by or on behalf of the transferor alone. The transferor shall be

deemed to remain the holder of such share until the same has been registered as having been transferred to the transferee in the Register of Members.

11.3 The Board may refuse to recognise any instrument of transfer unless it is accompanied by the certificate in respect of the shares to which it relates and by such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer.

11.4 The joint holders of any share may transfer such share to one or more of such joint holders, and the surviving holder or holders of any share previously held by them jointly with a deceased Member may transfer any such share to the executors or administrators of such deceased Member.

11.5 The Board may in its absolute discretion and without assigning any reason therefor refuse to register the transfer of a share which is not fully paid up. The Board shall refuse to register a transfer unless all applicable consents, authorisations and permissions of any governmental body or agency in Bermuda have been obtained. If the Board refuses to register a transfer of any share the Secretary shall, within three months after the date on which the transfer was lodged with the Company, send to the transferor and transferee notice of the refusal.

11.6 Shares may be transferred without a written instrument if transferred by an appointed agent or otherwise in accordance with the Act.

11.7 Notwithstanding anything to the contrary in these Bye-laws, shares that are listed or admitted to trading on an appointed stock exchange may be transferred in accordance with the rules and regulations of such exchange.

11.8 Notwithstanding the foregoing, the Board may decline to approve or register or permit the registration of any transfer of shares if it appears to the Board that any non-de minimis adverse tax, regulatory or legal consequences to the Company, any subsidiary of the Company or any direct or indirect holder of shares or its Affiliates would result from such Transfer.

12. Transmission of Registered Shares

12.1 In the case of the death of a Member, the survivor or survivors where the deceased Member was a joint holder, and the legal personal representatives of the deceased Member where the deceased Member was a sole holder, shall be the only persons recognised by the Company as having any title to the deceased Member’s interest in the shares. Nothing herein contained shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by such deceased Member with other persons. Subject to the Act, for the purpose of this Bye-law, legal personal representative means the executor or administrator of a deceased Member or such other person as the Board may, in its absolute discretion, decide as being properly authorised to deal with the shares of a deceased Member.

12.2 Any person becoming entitled to a share in consequence of the death or bankruptcy of any Member may be registered as a Member upon such evidence as the Board may deem sufficient or may elect to nominate some person to be registered as a transferee of such share, and in such case the person becoming entitled shall execute in favour of such nominee an instrument of transfer in writing in the form, or as near thereto as circumstances admit, of the following:

Transfer by a Person Becoming Entitled on Death/Bankruptcy of a Member

Myovant Sciences Ltd. (the "**Company**")

I/We, having become entitled in consequence of the [death/bankruptcy] of [name and address of deceased/bankrupt Member] to [number] share(s) standing in the Register of Members of the Company in the name of the said [name of deceased/bankrupt Member] instead of being registered myself/ourselves, elect to have [name of transferee] (the "**Transferee**") registered as a transferee of such share(s) and I/we do hereby accordingly transfer the said share(s) to the Transferee to hold the same unto the Transferee, his or her executors, administrators and assigns, subject to the conditions on which the same were held at the time of the execution hereof; and the Transferee does hereby agree to take the said share(s) subject to the same conditions.

DATED this [ ] day of [ ], 20[ ]

Signed by:	In the presence of:
_____	_____
Transferor	Witness
_____	_____
Transferee	Witness
_____	_____

12.3 On the presentation of the foregoing materials to the Board, accompanied by such evidence as the Board may require to prove the title of the transferor, the transferee shall be registered as a Member. Notwithstanding the foregoing, the Board shall, in any case, have the same right to decline or suspend registration as it would have had in the case of a transfer of the share by that Member before such Member's death or bankruptcy, as the case may be.

12.4 Where two or more persons are registered as joint holders of a share or shares, then in the event of the death of any joint holder or holders the remaining joint holder or holders shall be absolutely entitled to such share or shares and the Company shall recognise no claim in respect of the estate of any joint holder except in the case of the last survivor of such joint holders.

ALTERATION OF SHARE CAPITAL

13. Power to Alter Capital

13.1 The Company may if authorised by resolution of the Members increase, divide, consolidate, subdivide, change the currency denomination of, diminish or otherwise alter or reduce its share capital in any manner permitted by the Act.

13.2 Where, on any alteration or reduction of share capital, fractions of shares or some other difficulty would arise, the Board may deal with or resolve the same in such manner as it thinks fit.

14. Variation of Rights Attaching to Shares

14.1 If, at any time, the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, whether or not the Company is being wound-up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class or with the sanction of a resolution passed by a majority of the votes cast at a separate general meeting of the holders of the shares of the class at which meeting the necessary quorum shall be at least two persons holding or representing by proxy one-third or more of the issued shares of the class. The rights conferred upon the holders of the shares of any class or series issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class or series, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

14.2 Notwithstanding the foregoing or any other provision of these Bye-laws, the Company shall not vary or alter the rights attaching to any class of shares if the Board determines in its sole discretion that any non de minimis adverse tax, regulatory or legal consequences to the Company, any subsidiary of the Company, or any direct or indirect holders of shares or its Affiliates may result from such variation.

DIVIDENDS AND CAPITALISATION

15. Dividends

15.1 The Board may, subject to these Bye-laws and in accordance with the Act, declare a dividend to be paid to the Members, in proportion to the number of shares held by them, and such dividend may be paid in cash or wholly or partly in specie in which case the Board may fix the value for distribution in specie of any assets. No unpaid dividend shall bear interest as against the Company.

15.2 The Board may fix any date as the record date for determining the Members entitled to receive any dividend.

15.3 The Company may pay dividends in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others.

15.4 The Board may declare and make such other distributions (in cash or in specie) to the Members as may be lawfully made out of the assets of the Company. No unpaid distribution shall bear interest as against the Company.

16. Power to Set Aside Profits

The Board may, before declaring a dividend, set aside out of the surplus or profits of the Company, such amount as it thinks proper as a reserve to be used to meet contingencies or for equalising dividends or for any other purpose.

17. Method of Payment

17.1 Any dividend or other moneys payable in respect of a share may be paid by cheque or draft sent through the post directed to the address of the Member in the Register of Members (in the case of joint Members, the senior joint holder, seniority being determined by the order in which the names stand in the Register of Members), or by direct transfer to such bank account as such Member may direct. Every such cheque shall be made payable to the order of the person to whom it is sent or to

such persons as the Member may direct, and payment of the cheque or draft shall be a good discharge to the Company. Every such cheque or draft shall be sent at the risk of the person entitled to the money represented thereby. If two or more persons are registered as joint holders of any shares any one of them can give an effectual receipt for any dividend paid in respect of such shares.

17.2 The Board may deduct from the dividends or distributions payable to any Member all moneys due from such Member to the Company on account of calls or otherwise.

17.3 Any dividend and/or other moneys payable in respect of a share which has remained unclaimed for 6 years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by the Company. The payment of any unclaimed dividend or other moneys payable in respect of a share may (but need not) be paid by the Company into an account separate from the Company's own account. Such payment shall not constitute the Company a trustee in respect thereof.

17.4 The Company shall be entitled to cease sending dividend cheques and drafts by post or otherwise to a Member if those instruments have been returned undelivered to, or left uncashed by, that Member on at least two consecutive occasions, or, following one such occasion, reasonable enquiries have failed to establish the Member's new address. The entitlement conferred on the Company by this Bye-law 17.4 in respect of any Member shall cease if the Member claims a dividend or cashes a dividend cheque or draft.

18. Capitalisation

18.1 The Board may capitalise any amount for the time being standing to the credit of any of the Company's share premium or other reserve accounts or to the credit of the profit and loss account or otherwise available for distribution by applying such amount in paying up unissued shares to be allotted as fully paid up bonus shares pro-rata (except in connection with the conversion of shares of one class to shares of another class) to the Members.

18.2 The Board may capitalise any amount for the time being standing to the credit of a reserve account or amounts otherwise available for dividend or distribution by applying such amounts in paying up in full, partly or nil paid up shares of those Members who would have been entitled to such amounts if they were distributed by way of dividend or distribution.

MEETINGS OF MEMBERS

19. Annual General Meetings

Notwithstanding the provisions of the Act entitling the Members of the Company to elect to dispense with the holding of an annual general meeting, an annual general meeting of the Company shall be held in each year at such time and place as the Principal Executive Officer or the Chairman of the Board or any two Directors or any Director and the Secretary or the Board shall appoint.

20. Special General Meetings

The Principal Executive Officer, the Chairman of the Board, any two Directors, any Director and the Secretary, or the Board may convene a special general meeting whenever in their judgment such a meeting is necessary.

21. Requisitioned Special General Meetings

The Board shall, on the requisition of Members holding not less than one-tenth of the paid-up share capital of the Company carrying the right to vote at general meetings as at the date of the deposit of the requisition, forthwith proceed to convene a special general meeting and the provisions of the Act shall apply.

22. Notice

22.1 At least 14 days' notice of an annual general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, place and time at which the meeting is to be held, that the election of Directors will take place thereat, and as far as practicable, the other business to be conducted at the meeting.

22.2 At least 10 days' notice of a special general meeting shall be given to each Member entitled to attend and vote thereat, stating the date, time, place and the general nature of the business to be considered at the meeting.

22.3 The Board may fix any date as the record date for determining the Members entitled to receive notice of and to vote at any general meeting.

22.4 A general meeting shall, notwithstanding that it is called on shorter notice than that specified in these Bye-laws, be deemed to have been properly called if it is so agreed by (i) all the Members entitled to attend and vote thereat in the case of an annual general meeting; and (ii) by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving a right to attend and vote thereat in the case of a special general meeting.

22.5 The accidental omission to give notice of a general meeting to, or the non-receipt of a notice of a general meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

23. Giving Notice and Access

23.1 A notice may be given by the Company to a Member:

(a) by delivering it to such Member in person, in which case the notice shall be deemed to have been served upon such delivery; or

(b) by sending it by post to such Member's address in the Register of Members, in which case the notice shall be deemed to have been served seven days after the date on which it is deposited, with postage prepaid, in the mail; or

(c) by sending it by courier to such Member's address in the Register of members, in which case the notice shall be deemed to have been served two days after the date on which it is deposited, with courier fees paid, with the courier service; or

(d) by transmitting it by electronic means (including facsimile and electronic mail, but not telephone) in accordance with such directions as may be given by such Member to the Company for such purpose, in which case the notice shall be deemed to have been served at the time that it would in the ordinary course be transmitted; or

(e) by delivering it in accordance with the provisions of the Act pertaining to delivery of electronic records by publication on a website, in which case the notice shall be deemed to have been served at the time when the requirements of the Act in that regard have been met; or in accordance with Bye-law 23.4.

23.2 Any notice required to be given to a Member shall, with respect to any shares held jointly by two or more persons, be given to whichever of such persons is named first in the Register of Members and notice so given shall be sufficient notice to all the holders of such shares.

23.3 In proving service under paragraphs 23.1 (b), (c) and (d), it shall be sufficient to prove that the notice was properly addressed and prepaid, if posted or sent by courier, and the time when it was posted, deposited with the courier, or transmitted by electronic means.

23.4 Where a Member indicates his or her consent (in a form and manner satisfactory to the Board) to receive information or documents by accessing them on a website rather than by other means, or receipt in this manner is otherwise permitted by the Act, the Board may deliver such information or documents by notifying the Member of their availability and including therein the address of the website, the place on the website where the information or document may be found, and instructions as to how the information or document may be accessed on the website.

23.5 In the case of information or documents delivered in accordance with Bye-law 23.4, service shall be deemed to have occurred when (i) the Member is notified in accordance with that Bye-law; and (ii) the information or document is published on the website.

24. Notice of Nominations and Member Business

24.1 Annual General Meetings

(a) Nominations of persons for election as a Director or the proposal of other business to be transacted by the Members may be made at an annual general meeting only (i) by or at the direction of the Board or (ii) subject to any applicable law (including as provided for in Bye-law 24.1(e), in the case of proposals of any business other than in respect of Director nominations), by any Eligible Member of record at the time of giving of notice as provided for in this Bye-law 24.1 who complies with the notice procedures set forth in this Bye-law 24.1;

(b) For Director nominations or other business to be properly brought before an annual general meeting by an Eligible Member pursuant to clause (ii) of Bye-law 24.1(a), the Eligible Member must have given notice thereof in writing to the Secretary in a Timely Manner and any such proposed business must constitute a proper matter for Member action.

(c) An Eligible Member's notice to the Secretary shall set forth (A) as to each person whom the Eligible Member proposes to nominate for election or reelection as a Director all information relating to such person that is required to be disclosed in solicitations of proxies for election of Directors, or is otherwise required, as and when applicable, in each case pursuant to Section 14(a) of the Securities Exchange Act of 1934 (including such person's written consent to being named in the proxy statement as a nominee and to serving as a Director if elected), (B) as to any other business that the Member proposes to bring before the general meeting, a brief description of the business desired to be brought before the general meeting, the text of the proposal or business, the reasons for conducting such business at the general meeting and any material interest in such business of such Eligible Member and the Beneficial Owner, if any, on whose behalf the proposal is made, and (C) as to the Eligible Member giving the notice and the Beneficial Owner, if any, on whose behalf the proposal is made:

(i) the name and address of such Member (as they appear in the Register of Members) and any such Beneficial Owner;

(ii) the class or series and number of shares of the Company which are held of record or are Beneficially Owned by such Member and by any such Beneficial Owner;

(iii) a description of any agreement, arrangement or understanding between or among such Member and any such Beneficial Owner, any of their respective Affiliates or associates, and any other person or persons (including their names) in connection with the proposal of such nomination or other business;

(iv) a description of any agreement, arrangement or understanding (including, regardless of the form of settlement, any derivative, long or short positions, profit interests, forwards, futures, swaps, options, warrants, convertible securities, share appreciation or similar rights, hedging transactions and borrowed or loaned shares) that has been entered into by or on behalf of, or any other agreement, arrangement or understanding that has been made, the effect or intent of which is to create or mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such Member or any such Beneficial Owner or any such nominee with respect to the Company's securities (a "**Derivative Instrumen**t");

(v) to the extent not disclosed pursuant to clause (iv) above, the principal amount of any indebtedness of the Company or any of its subsidiaries Beneficially Owned by such Member or by any such Beneficial Owner, together with the title of the instrument under which such indebtedness was issued and a description of any Derivative Instrument entered into by or on behalf of such Member or such Beneficial Owner relating to the value or payment of any indebtedness of the Company or any such subsidiary;

(vi) a representation that the Member is an Eligible Member and a holder of record of shares of the Company entitled to vote at such general meeting, and intends to appear in person or by proxy at the general meeting to bring such nomination or other business before the general meeting; and

(vii) a representation as to whether such Member or any such Beneficial Owner intends or is part of a group that intends to (A) deliver a proxy statement and/or form of proxy to holders of at least the percentage of the voting power of the Company's outstanding shares required to approve or adopt the proposal or to elect each such nominee and/or (B) otherwise to solicit proxies from Members in support of such proposal or nomination;

(d) If requested by the Company, the information required under clauses (ii), (iii), (iv) and (v) of Bye-law 24.1(c) shall be supplemented by such Member and any such Beneficial Owner not later than 10 days after the record date for notice of the general meeting to disclose such information as of such record date;

(e) Notwithstanding anything to the contrary, the notice requirements set forth herein with respect to the proposal of any business pursuant to this Bye-law 24.1 other than a Director nomination shall be deemed satisfied by a Member if such Member has submitted a proposal to the Company in compliance with Rule 14a-8 promulgated under the Securities and Exchange Act of 1934, as and when applicable to the Company.

24.2 Special General Meetings

(a) Only such business shall be conducted at a special general meeting as shall have been brought before the general meeting in accordance with the Company's notice of meeting pursuant to Bye-laws 22 and 23.

(b) Nominations of persons for election as Directors at a special general meeting may be made (i) pursuant to the Company's notice of meeting (or any supplement thereto), (ii) by or at the direction of the Board or (iii) subject to any applicable law, by any Eligible Member of record at the time of giving of notice who complies with the notice procedures set forth in this Bye-law 24.

(c) For nominations to be properly brought before a special general meeting by an Eligible Member pursuant to Bye-law 24.2(b)(iii), the Eligible Member must have given timely notice thereof in writing to the Secretary. To be timely, an Eligible Member's notice and nominations of persons for election as Directors shall specify whether those persons nominated are nominated as replacements of existing Directors and, if so, which Directors they are proposed to replace and (i) be set out in such Eligible Member's requisition of a special general meeting made under Bye-law 21 or (ii) be delivered to or mailed and received at the registered office of the Company not later than seven days following the earlier of (x) the date on which notice of the special general meeting was posted to shareholders or (y) as and when applicable, the date on which public announcement (as defined in the definition of Timely Manner) of the date of the special general meeting was made.

(d) An Eligible Member's notice to the Secretary pursuant to Bye-law 24(c), and any Member's notice of requisition pursuant to Bye-law 21, shall comply, as applicable, with the notice requirements of Bye-law 24.1(c) and (d).

24.3 General

(a) At the request of the Board, any person nominated by the Board for election as a Director shall furnish to the Secretary the information that is required to be set forth in an Eligible Member's notice of nomination pursuant to Bye-law 24.1(c).

(b) No person shall be eligible to be nominated by an Eligible Member to serve as a Director of the Company unless nominated in accordance with the procedures set forth in this Bye-law 24.

(c) The chairman of the general meeting shall, if the facts warrant, determine and declare to the general meeting that a nomination was not made in accordance with the procedures prescribed by these Bye-laws or that business was not properly brought before the general meeting, and if he or she should so determine and declare, the defective nomination shall be disregarded or such business shall not be transacted, as the case may be.

(d) Notwithstanding the foregoing provisions of this Bye-law 24, unless otherwise required by the Act, if the Member (or a qualified representative of the Member) does not appear at the annual or special general meeting to present a nomination or other proposed business, such nomination shall be disregarded or such proposed business shall not be transacted, as the case may be, notwithstanding that proxies in respect of such vote may have been received by the Company. For purposes of this Bye-law 24.3, to be considered a qualified representative of the Member, a person must be a duly authorized officer, manager or partner of such Member or must be authorized by a writing executed by such Member or an electronic transmission delivered by such Member to act for such Member as proxy at the general meeting and such person must produce such writing or electronic transmission, or a reliable reproduction of the writing or electronic transmission, at the general meeting.

24.4 Without limiting the foregoing provisions of this Bye-law 24, a Member shall also comply with, when and as applicable, all applicable requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder with respect to the matters set forth in this Bye-law 24; *provided*, that any references in these Bye-laws to the Securities Exchange Act of 1934 or the rules and regulations promulgated thereunder are not intended to and shall not limit any requirements applicable to nominations or proposals as to any other business to be considered pursuant to this Bye-law, and compliance with Bye-law 24.1 or 24.2 shall be the exclusive means for a Member to make nominations or submit other business (other than as provided in Bye-law 24.1(e)).

25. Postponement or Cancellation of General Meeting

The Secretary may, and on instruction from the Chairman of the Board (if any) or the Principal Executive Officer shall, postpone or cancel any general meeting called in accordance with these Bye-laws (other than a meeting requisitioned under these Bye-laws) *provided* that notice of postponement or cancellation is given to each Member before the time for such meeting. Fresh notice of the date, time and place for the postponed or cancelled meeting shall be given to the Members in accordance with these Bye-laws.

26. Electronic Participation and Security at General Meetings

26.1 Members may participate in any general meeting by such telephonic, electronic or other communications facilities or means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

26.2 The Board may, and at any general meeting, the chairman of such meeting may make any arrangement and impose any requirement or restriction it or he or she considers appropriate to ensure the security of a general meeting including, without limitation, requirements for evidence of identity to be produced by those attending the meeting, the searching of their personal property and the restriction of items that may be taken into the meeting place. The Board and, at any general meeting, the chairman of such meeting are entitled to refuse entry to a person who refuses to comply with any such arrangements, requirements or restrictions.

27. Quorum at General Meetings

27.1 At any general meeting two or more persons present at the start of the meeting and representing in person or by proxy in excess of 50% of the total issued voting shares in the Company shall form a quorum for the transaction of business.

27.2 If within half an hour from the time appointed for the meeting a quorum is not present, then, in the case of a meeting convened on a requisition, the meeting shall be deemed cancelled and, in any other case, the meeting shall stand adjourned to the same day one week later, at the same time and place or to such other day, time or place as the Secretary may determine. Unless the meeting is adjourned to a specific date, place and time announced at the meeting being adjourned, fresh notice of the date, place and time for the resumption of the adjourned meeting shall be given to each Member entitled to attend and vote thereat in accordance with these Bye-laws.

28. Chairman at General Meetings

Unless otherwise agreed by a majority of those attending and entitled to vote thereat, a person designated by the Chairman of the Board shall act as chairman at all general meetings at which such person is present. In their absence, a chairman shall be appointed or elected by those present at the meeting and entitled to vote.

29. Voting on Resolutions

29.1 Subject to the Act and these Bye-laws, any question proposed for the consideration of the Members at any general meeting shall be decided by the affirmative votes of a majority of the votes cast in accordance with these Bye-laws and in the case of an equality of votes the resolution shall fail.

29.2 No Member shall be entitled to vote at a general meeting unless such Member has paid all the calls on all shares held by such Member.

29.3 At any general meeting a resolution put to the vote of the meeting shall, in the first instance, be voted upon by a show of hands and, subject to these Bye-laws and any rights or restrictions for the time being lawfully attached to any class of shares, every Member present in person and every person holding a valid proxy at such meeting shall be entitled to one vote for each share of which such person is the holder or for which such person holds a proxy and shall cast such votes by raising his or her hand.

29.4 In the event that a Member participates in a general meeting by telephone, electronic or other communications facilities or means, the chairman of the meeting shall direct the manner in which such Member may cast his or her vote on a show of hands.

29.5 At any general meeting if an amendment is proposed to any resolution under consideration and the chairman of the meeting rules on whether or not the proposed amendment is out of order, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling.

29.6 At any general meeting a declaration by the chairman of the meeting that a question proposed for consideration has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in a book containing the minutes of the proceedings of the Company shall, subject to these Bye-laws, be conclusive evidence of that fact.

30. Power to Demand a Vote on a Poll

30.1 Notwithstanding the foregoing, a poll may be demanded by any of the following persons:

(a) the chairman of such meeting; or

(b) at least three Members present in person or represented by proxy; or

(c) any Member or Members present in person or represented by proxy and holding between them not less than one-tenth of the total voting rights of all the Members having the right to vote at such meeting; or

(d) any Member or Members present in person or represented by proxy holding shares in the Company conferring the right to vote at such meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total amount paid up on all such shares conferring such right.

30.2 Where a poll is demanded, subject to any rights or restrictions for the time being lawfully attached to any class of shares, every person present at such meeting shall have one vote for each share of which such person is the holder or for which such person holds a proxy and such vote shall be counted by ballot as described herein, or in the case of a general meeting at which one or more Members are present by telephone, electronic or other communications facilities or means, in such manner as the chairman of the meeting may direct and the result of such poll shall be deemed to be the resolution of the meeting at which the poll was demanded and shall replace any previous

resolution upon the same matter which has been the subject of a show of hands. A person entitled to more than one vote need not use all his or her votes or cast all the votes he or she uses in the same way.

30.3 A poll demanded for the purpose of electing a chairman of the meeting or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time and in such manner during such meeting as the chairman (or acting chairman) of the meeting may direct. Any business other than that upon which a poll has been demanded may be conducted pending the taking of the poll.

30.4 Where a vote is taken by poll, each person physically present and entitled to vote shall be furnished with a ballot paper on which such person shall record his or her vote in such manner as shall be determined at the meeting having regard to the nature of the question on which the vote is taken. Each ballot paper shall be signed or initialled or otherwise marked so as to identify the voter and the registered holder in the case of a proxy. Each person present by telephone, electronic or other communications facilities or means shall cast his or her vote in such manner as the chairman of the meeting shall direct. At the conclusion of the poll, the ballot papers and votes cast in accordance with such directions shall be examined and counted by a committee of not less than two Members or proxy holders appointed by the chairman of the meeting for the purpose. The result of the poll shall be declared by the chairman of the meeting.

31. Voting by Joint Holders of Shares

In the case of joint holders, the vote of the senior who tenders a vote (whether in person or by proxy) shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

32. Votes of Members – General

Subject to any rights and restrictions for the time being attached to any class or classes or series of shares, every Member shall have one vote for each share carrying the right to vote on the matter in question of which he or she is the holder.

33. Instrument of Proxy

33.1 A Member may appoint a proxy by (a) an instrument appointing a proxy in writing in substantially the following form or such other form as the Board may determine from time to time or the chairman of the meeting shall accept:

Proxy

Myovant

Sciences Ltd. (the "**Company**")

I/We, [insert names here], being a Member of the Company with [number] shares, HEREBY APPOINT [name] of [address] or failing him or her, [name] of [address] to be my/our proxy to vote for me/us at the meeting of the Members to be held on the [ ] day of [ ], 20[ ] and at any adjournment thereof. (Any restrictions on voting to be inserted here.)

Signed this [ ] day of [], 20[ ]

_____

Member(s)

or (b) such telephonic, electronic or other means as may be approved by the Board from time to time.

33.2 The appointment of a proxy must be received by the Company at the registered office or at such other place or in such manner as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Company in relation to the meeting at which the person named in the appointment proposes to vote, and an appointment of proxy which is not received in the manner so permitted shall be invalid.

33.3 A Member who is the holder of two or more shares may appoint more than one proxy to represent such Member and vote on his or her behalf in respect of different shares.

33.4 The decision of the chairman of any general meeting as to the validity of any appointment of a proxy shall be final.

34. Representation of Corporate Member

34.1 A corporation which is a Member may, by written instrument, authorise such person or persons as it thinks fit to act as its representative at any meeting and any person so authorised shall be entitled to exercise the same powers on behalf of the corporation which such person represents as that corporation could exercise if it were an individual Member, and that Member shall be deemed to be present in person at any such meeting attended by its authorised representative or representatives.

34.2 Notwithstanding the foregoing, the chairman of the meeting may accept such assurances as he or she thinks fit as to the right of any person to attend and vote at general meetings on behalf of a corporation which is a Member.

35. Adjournment of General Meeting

35.1 The chairman of any general meeting at which a quorum is present may with the consent of Members holding a majority of the voting rights of those Members present in person or by proxy (and shall if so directed by Members holding a majority of the voting rights of those Members present in person or by proxy), adjourn the meeting.

35.2 In addition, the chairman of the meeting may adjourn the meeting to another time and place without such consent or direction if it appears to him or her that:

(a) it is likely to be impracticable to hold or continue that meeting because of the number of Members wishing to attend who are not present; or

(b) the unruly conduct of persons attending the meeting prevents, or is likely to prevent, the orderly continuation of the business of the meeting; or

(c) an adjournment is otherwise necessary so that the business of the meeting may be properly conducted.

35.3 Unless the meeting is adjourned to a specific date, place and time announced at the meeting being adjourned, fresh notice of the date, place and time for the resumption of the adjourned meeting

shall be given to each Member entitled to attend and vote thereat in accordance with these Bye-laws.

36. Written Resolutions

36.1 Subject to these Bye-laws anything which may be done by resolution of the Company in general meeting or by resolution of a meeting of any class of the Members may, without a meeting be done by written resolution in accordance with this Bye-law.

36.2 Notice of a written resolution shall be given, and a copy of the resolution shall be circulated to all Members who would be entitled to attend a meeting and vote on the resolution in the same manner as that required for a notice of a meeting of Members at which the resolution could have been considered, except that any requirement in the Act or in these Bye-laws as to the length of the period of notice shall not apply. The accidental omission to give notice to, or the non-receipt of a notice by, any Member does not invalidate the passing of a resolution.

36.3 A written resolution is passed when it is signed by, or in the case of a Member that is a corporation on behalf of, the Members who at the date that the notice is given represent such majority of votes as would be required if the resolution was voted on at a meeting of Members at which all Members entitled to attend and vote thereat were present and voting.

36.4 A resolution in writing may be signed by any number of counterparts.

36.5 A resolution in writing made in accordance with this Bye-law 36 is as valid as if it had been passed by the Company in general meeting or by a meeting of the relevant class of Members, as the case may be (*provided* that (i) any such resolution shall be valid only if the signature of the last Member to sign is affixed outside the United States (unless the Board dispenses with this requirement), and (ii) the Board may declare such resolution to be invalid if the Board determines that the use of a resolution in writing would result in a non-de minimis adverse tax, regulatory or legal consequence to the Company, any subsidiary of the Company, or any direct or indirect holder of shares or its Affiliates), and any reference in any Bye-law to a meeting at which a resolution is passed or to Members voting in favour of a resolution shall be construed accordingly.

36.6 A resolution in writing made in accordance with this Bye-law 36 shall constitute minutes for the purposes of the Act.

36.7 This Bye-law 36 shall not apply to:

(a) a resolution passed to remove an Auditor from office before the expiration of his or her term of office; or

(b) a resolution passed for the purpose of removing a Director for cause before the expiration of his or her term of office.

36.8 For the purposes of this Bye-law 36, the effective date of the resolution is the date when the resolution is signed by, or in the case of a Member that is a corporation whether or not a company within the meaning of the Act, on behalf of, the last Member whose signature results in the necessary voting majority being achieved and any reference in any Bye-law to the date of passing of a resolution is, in relation to a resolution made in accordance with this Bye-law 36, a reference to such date.

37. Directors Attendance at General Meetings

The Directors shall be entitled to receive notice of, attend and be heard at any general meeting.

38. Number, Election and Term of Directors

38.1 The authorized number of Directors shall be determined from time to time by resolution of the Nominating and Corporate Governance Committee of the Board.

38.2 Each Director shall hold office until the next annual general meeting at which his or her successor is elected or appointed or if earlier, the next special general meeting called for the purpose of ending the term of such Director and replacing that Director, in each case, subject to his or her office being vacated sooner pursuant to Bye-law 41.

38.3 Only persons who are proposed or nominated in accordance with Bye-law 24 shall be eligible for election as Directors, except in the case of a vacancy which shall be filled pursuant to Bye-law 41. The Board's authority to nominate persons for election as a Director, other than a member of the Audit Committee or a Director being nominated to the Board to serve on the Audit Committee, shall be exercised exclusively by action of the Nominating and Corporate Governance Committee of the Board. The Board shall take action to nominate Independent Directors to serve on the Board and as members of the Audit Committee by utilizing the following process: the Audit Committee, acting by Audit Committee Approval, shall initially propose at least three Independent Directors (who, for the avoidance of doubt, may be themselves), and each of such Independent Directors shall be nominated to serve on the Board and as a member of the Audit Committee unless their nomination is rejected by the Nominating and Corporate Governance Committee of the Board, subject to the following:

(a) the Audit Committee shall not propose, and the Nominating and Corporate Governance Committee of the Board shall not be obligated to approve, an individual to serve on the Audit Committee who has been proposed by the Audit Committee and rejected by the Nominating and Corporate Governance Committee at any time within the prior two years; and

(b) if (i) the Audit Committee fails to propose in a Timely Manner a number of Independent Directors to serve such that the Audit Committee would have at least three members or (ii) the Audit Committee (A) proposes a Director to serve in a position on the Audit Committee who is rejected by the Nominating and Corporate Governance Committee of the Board (which rejection shall be within the sole discretion of the Nominating and Corporate Governance Committee of the Board) and (B) the Audit Committee has proposed a second Director to serve in such position who is also rejected by the Nominating and Corporate Governance Committee of the Board (but the Nominating and Corporate Governance Committee of the Board may reject such Director only if such Director is not an Independent Director, does not meet generally recognized minimum standards of qualification to serve on a corporate board of directors such as the Board or is a person whose employment or other board memberships would reasonably be expected to create a material conflict of interest with such Director's service on the Board), then in each of the foregoing cases of (i) and (ii), a majority of the Other Independent Directors then in office shall nominate an Independent Director (who shall not be one of the Other Independent Directors then in office) to serve in such position on the Audit Committee and if there are no Other Independent Directors then in office the size of the Board shall be increased to create a vacancy or vacancies and the full Board shall take action to appoint one or more Independent Directors to fill such vacancy or vacancies and such Independent Director(s) will take the foregoing action.

38.4 Where the number of persons validly proposed for re-election or election as a Director is greater than the number of Directors to be elected, the persons receiving the most votes (up to the number

of Directors to be elected) shall be elected as Directors, and an absolute majority of the votes cast shall not be a prerequisite to the election of such Directors.

39. Alternate Directors

39.1 Any Director may appoint a person or persons to act as a Director in the alternative to himself by notice deposited with the Secretary.

39.2 Any person so elected or appointed pursuant to this Bye-law 39 shall have all the rights and powers of the Director or Directors for whom such person is elected or appointed in the alternative *provided* that such person shall not be counted more than once in determining whether or not a quorum is present.

39.3 An Alternate Director shall be entitled to receive notice of all meetings of the Board and to attend and vote at any such meeting at which a Director for whom such Alternate Director was appointed in the alternative is not personally present and generally to perform at such meeting all the functions of such Director for whom such Alternate Director was appointed.

39.4 An Alternate Director's office shall terminate:

(a) on the occurrence in relation to the Alternate Director of any event which, if it occurred in relation to his or her appointor, would result in the termination of the appointor's directorship; or

(b) when the Alternate Director's appointor revokes the appointment by notice to the Company in writing specifying when the appointment is to terminate; or

(c) if the Alternate Director's appointor ceases for any reason to be a Director.

40. Removal of Directors for Cause

40.1 Subject to any provision to the contrary in these Bye-laws, and in addition to the right of Members pursuant to Bye-laws 21 and 24.2 to requisition the Board to convene a special general meeting for purposes of ending the term of the then-current Directors and replacing them with new Directors, the Members holding a majority of the issued and outstanding shares of the Company may also, at any special general meeting convened and held in accordance with these Bye-laws, by the affirmative vote of all such Members, remove a Director for cause, *provided* that the notice of any such meeting convened for the purpose of removing a Director shall contain a statement of the intention so to do and be served on such Director not less than 14 days before the meeting and at such meeting the Director shall be entitled to be heard on the motion for such Director's removal.

40.2 If a Director is removed from the Board under the provisions of Bye-law 40.1, then, except as otherwise provided in Bye-law 41.3, the Nominating and Corporate Governance Committee may fill the vacancy and a Director so appointed shall hold office until the earliest of (i) the next annual general meeting, (ii) the date such Director's term of office is ended pursuant to Bye-law 38.2 and (iii) the date such Director's office is otherwise vacated pursuant to Bye-law 41.

40.3 For the purpose of Bye-law 40.1, "cause" shall mean a conviction for a criminal offence involving dishonesty or engaging in conduct which brings the Director or the Company into disrepute and which results in material financial detriment to the Company.

41. Vacancy in the Office of Director

41.1 The office of Director shall be vacated immediately if the Director:

(a) is removed from office pursuant to these Bye-laws or is prohibited from being a Director by law;

(b) is or becomes bankrupt, or makes any arrangement or composition with his or her creditors generally;

(c) is or becomes of unsound mind or dies;

(d) resigns his or her office by notice to the Company (unless such other later date is agreed by the Board); or

(e) is not re-elected at an annual general meeting, or at a special general meeting called for the purpose of replacing them with a newly elected Director.

41.2 Except as otherwise provided in Bye-law 41.3, at any time, the Nominating and Corporate Governance Committee of the Board shall have the power to nominate or appoint any person as a Director to fill a vacancy on the Board occurring for any reason (including as a result of an increase in the size of the Board) and to appoint an Alternate Director to any Director so appointed.

41.3 In the event that (i) the office of an Independent Director serving on the Audit Committee is vacated for any reason, including removal from the Board under the provisions of Bye-law 40.1, and (ii) there are not at least three Independent Directors then in office and serving on the Audit Committee, such vacancy may be filled (or a person may be nominated to fill such vacancy) only by action of the Board utilizing the following process: the Audit Committee, acting by Audit Committee Approval, shall initially propose an Independent Director to serve on the Board and as a member of the Audit Committee and such Independent Director shall be appointed to the Board and to serve on the Audit Committee unless their appointment is rejected by the Nominating and Corporate Governance Committee of the Board; subject to the following:

(a) the Audit Committee shall not propose, and the Nominating and Corporate Governance Committee of the Board shall not be obligated to approve, an individual to serve on the Audit Committee who has been proposed by the Audit Committee and rejected by the Nominating and Corporate Governance Committee at any time within the prior two years; and

(b) if (i) the Audit Committee fails to propose an Independent Director to fill such vacancy within 45 days after the occurrence of such vacancy or (ii) the Audit Committee (A) proposes an Independent Director to fill such vacancy who is rejected by the Nominating and Corporate Governance Committee of the Board (which rejection shall be within the sole discretion of the Nominating and Corporate Governance Committee of the Board) and (B) the Audit Committee has proposed a second Director to fill such vacancy who is also rejected by the Nominating and Corporate Governance Committee of the Board (but the Nominating and Corporate Governance Committee of the Board may reject such Director only if such Director is not an Independent Director, does not meet generally recognized minimum standards of qualification to serve on a corporate board of directors such as the Board or is a person whose employment or other board memberships would reasonably be expected to create a material conflict of interest with such Director's service on the Board), then in each of the foregoing cases of (i) and (ii), a majority of the Other Independent Directors then in office shall appoint an Independent Director (who shall not be one of the Other Independent Directors then in office) to fill such vacancy and if there are no Other Independent Directors then in office the size of the Board shall be increased to create a vacancy or vacancies and the full Board shall take action to appoint one or more Independent

Directors to fill such vacancy or vacancies and such Independent Director(s) will take the foregoing action.

42. Remuneration of Directors

The remuneration (if any) of the Directors shall be determined by the Board or a committee thereof and shall be deemed to accrue from day to day. The Directors may also be paid all travel, hotel and other expenses properly incurred by them in attending and returning from the meetings of the Board, any committee appointed by the Board, general meetings, or in connection with the business of the Company or their duties as Directors generally.

43. Defect in Appointment

All acts done in good faith by the Board, any Director, a member of a committee appointed by the Board, any person to whom the Board may have delegated any of its powers shall, or any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or person acting as aforesaid, or that he or she was, or any of them were, disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director or act in the relevant capacity.

44. Directors to Manage Business

The business of the Company shall be managed and conducted by the Board. In managing the business of the Company, the Board may exercise all such powers of the Company as are not, by the Act or by these Bye-laws, required to be exercised by the Company in general meeting.

45. Powers of the Board of Directors

The Board may:

(a) appoint, suspend, or remove any manager, secretary, clerk, agent or employee of the Company and may fix their remuneration and determine their duties;

(b) exercise all the powers of the Company to borrow money and to mortgage or charge or otherwise grant a security interest in its undertaking, property and uncalled capital, or any part thereof, and may issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company or any third party;

(c) appoint one or more Directors to the office of managing director or Principal Executive Officer of the Company, who shall, subject to the control of the Board, supervise and administer all of the general business and affairs of the Company;

(d) appoint a person to act as manager of the Company's day-to-day business and may entrust to and confer upon such manager such powers and duties as it deems appropriate for the transaction or conduct of such business;

(e) by power of attorney, appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be an attorney of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board) and for such period and subject to such conditions as it may think fit and any such power of attorney may contain such provisions for the protection and convenience of persons dealing with any such attorney as the Board may think fit and may also authorise any such attorney to sub-delegate all or any of the powers, authorities and discretions so vested in the attorney;

(f) procure that the Company pays all expenses incurred in promoting and incorporating the Company and listing the shares of the Company;

(g) subject to the provisions of the Investor Rights Agreement during the Trigger Period, delegate any of its powers (including the power to sub-delegate) to a committee of one or more persons appointed by the Board which may consist partly or entirely of non-Directors, *provided* that (i) every such committee shall conform to such directions as the Board shall impose on them; (ii) the meetings and proceedings of any such committee shall be governed by these Bye-laws regulating the meetings and proceedings of the Board, so far as the same are applicable and are not superseded by directions imposed by the Board; (iii) the Board shall appoint: (A) an Audit Committee with at least three members, each of whom is an Independent Director who is an Initial Independent Director or has been nominated or appointed to serve on the Board and the Audit Committee pursuant to Bye-law 38.3 or Bye-law 41.3; (B) a Compensation Committee with three members, at least two of whom are Independent Directors who also serve on the Audit Committee and at least one of whom is a Sumitomo Director; and (C) a Nominating and Corporate Governance Committee with three members, at least one of whom is an Independent Director who also serves on the Audit Committee and at least two of whom are Sumitomo Directors; and (iv) the composition of each of the committees referenced in clause (iii) above shall comply with the applicable Designated Stock Exchange Rules (taking account of any controlled company exception).

(h) delegate any of its powers (including the power to sub-delegate) to any person on such terms and in such manner as the Board may see fit;

(i) present any petition and make any application in connection with the liquidation or reorganisation of the Company;

(j) in connection with the issue of any share, pay such commission and brokerage as may be permitted by law; and

(k) authorise any company, firm, person or body of persons to act on behalf of the Company for any specific purpose and in connection therewith to execute any deed, agreement, document or instrument on behalf of the Company.

46. Register of Directors and Officers

The Board shall cause to be kept in one or more books at the registered office of the Company a Register of Directors and Officers and shall enter therein the particulars required by the Act.

47. Appointment of Officers

The Board may appoint such officers (who may or may not be Directors) as the Board may determine for such terms as the Board deems fit.

48. Appointment of Secretary

The Secretary shall be appointed by the Board from time to time for such terms as the Board deems fit.

49. Duties of Officers

The Officers shall have such powers and perform such duties in the management, business and affairs of the Company as may be delegated to them by the Board from time to time.

50. Remuneration of Officers

The Officers shall receive such remuneration as the Board may determine.

51. Conflicts of Interest

51.1 Any Director, or any Director's firm, partner or any company with whom any Director is associated, may act in any capacity for, be employed by or render services to the Company and such Director or such Director's firm, partner or company shall be entitled to remuneration as if such Director were not a Director. Nothing herein contained shall authorise a Director or Director's firm, partner or company to act as Auditor to the Company.

51.2 If a Director or an Immediate Family Member of a Director is directly or indirectly interested in a contract or proposed contract or arrangement with the Company such Director shall declare the nature of such interest as required by the Act.

51.3 Following a declaration being made pursuant to this Bye-law, a Director may not vote in respect of a contract or proposed contract or arrangement in which such Director is interested, and may not be counted in the quorum for such meeting, unless the chairman of the relevant Board meeting determines that such Director is not disqualified from voting. For the avoidance of doubt, no Director or Immediate Family Member of a Director shall be considered "interested" with respect to any transaction in which all of the Members participate or are offered to participate. The chairman of a Board meeting may require a Director to leave the meeting to enable the Board to discuss and/or vote on a matter in which the chairman considers the Director or an Immediate Family Member of the Director to be interested. If a majority in number of the Directors in attendance at a Board meeting considers the chairman of the meeting or an Immediate Family Member of the chairman to be interested in a particular matter, they may require the chairman to leave the meeting to enable the Board to discuss and/or vote on such matter.

52. Indemnification and Exculpation of Directors and Officers

52.1 The Directors, Resident Representative, Secretary and other Officers (such term to include any person appointed to any committee by the Board) acting in relation to any of the affairs of the Company or any subsidiary thereof and the liquidator or trustees (if any) acting in relation to any of the affairs of the Company or any subsidiary thereof and every one of them (whether for the time being or formerly), and their heirs, executors and administrators (each of which an "indemnified party"), shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, or in their respective offices or trusts, and no indemnified party shall be answerable for the acts, receipts, neglects or defaults of the others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto, *provided* that this indemnity shall not extend to any matter in respect of any fraud or dishonesty to the extent prohibited by the Act in relation to the Company which may attach to any of the indemnified parties. Each Member agrees to waive any claim or right of action such Member might have, whether individually or by or in the right of the Company, against any Director or Officer on account of any action taken by such Director or Officer, or the failure of such Director or Officer to take any action in the performance of his or her duties with or for the Company or any subsidiary thereof, *provided* that such waiver shall not extend to any matter in respect of any fraud or dishonesty in relation to the Company which may attach to such Director or Officer.

52.2 The Company may purchase and maintain insurance for the benefit of any Director or Officer against any liability incurred by him or her under the Act in his or her capacity as a Director or Officer or indemnifying such Director or Officer in respect of any loss arising or liability attaching to him or her by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which the Director or Officer may be guilty in relation to the Company or any subsidiary thereof.

52.3 The Company may advance moneys to a Director or Officer for the costs, charges and expenses incurred by the Director or Officer in defending any civil or criminal proceedings against him, on condition that the Director or Officer shall repay the advance if any allegation of fraud or dishonesty in relation to the Company is proved against him.

52.4 No amendment or repeal of any provision of this Bye-law 52 shall alter, to the detriment of any person, the right of such person to the indemnification or advancement of expenses related to a claim based on an act or failure to act which took place prior to such amendments.

MEETINGS OF THE BOARD OF DIRECTORS

53. Board Meetings

The Board may meet for the transaction of business, adjourn, and otherwise regulate its meetings as it sees fit. A resolution put to the vote at a meeting of the Board shall be carried by the affirmative votes of a majority of the votes cast and in the case of an equality of votes the resolution shall fail.

54. Notice of Board Meetings

The Chairman of the Board (if any) or the Principal Executive Officer or a majority of the Directors then in office may, and the Secretary on the requisition thereof shall, at any time summon a meeting of the Board. Notice of a meeting of the Board shall be deemed to be duly given to a Director if it is given to such Director verbally (including in person or by telephone) or otherwise communicated or sent to such Director by post, electronic means or other mode of representing words in a visible form at such Director's last known address or in accordance with any other instructions given by such Director to the Company for this purpose at least 72 hours prior to such Board meeting, unless each Director attends or gives his or her prior written consent to the meeting being held on such shorter notice.

55. Electronic Participation in Meetings

Directors may participate in any meeting by such telephonic, electronic, or other communications facilities or means as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

56. Quorum at Board Meetings

The quorum necessary for the transaction of business at a meeting of the Board shall be a majority of the Directors then in office.

57. Board to Continue in the Event of Vacancy

The Board may act notwithstanding any vacancy in its number but, if and so long as its number is reduced below the number fixed by these Bye-laws as the quorum necessary for the transaction of business at meetings of the Board, the continuing Directors or Director may act for the purpose of (i) summoning a general meeting; or (ii) preserving the assets of the Company.

58. Chairman to Preside

Unless otherwise agreed by a majority of the Directors attending, the Chairman of the Board, if there be one, shall act as chairman at all meetings of the Board at which such person is present. In his or her absence a chairman shall be appointed or elected by the Directors present at the meeting.

59. Written Resolutions

59.1 Subject to these Bye-laws, anything which may be done by resolution of the Board at a meeting duly called and constituted may be done without a meeting by unanimous written resolution in accordance with this Bye-law 59.

59.2 A resolution signed by all the Directors, which may be in counterparts, shall be as valid as if it had been passed at a meeting of the Board duly called and constituted, such resolution to be effective on the date on which the last Director signs the resolution, *provided*, that (i) any such resolution shall be valid only if the signature of the last Director to sign is affixed outside the United States (unless the Board dispenses with this requirement), and (ii) the Board may declare such resolution to be invalid if the Board determines that the use of a resolution in writing would result in a non-de minimis adverse tax, regulatory or legal consequence to the Company, any subsidiary of the Company, or any direct or indirect holder of shares or its Affiliates. For the purposes of this Bye-law only, "the Directors" shall not include an Alternate Director.

59.3 A resolution in writing made in accordance with this Bye-law 59 shall constitute minutes for the purposes of the Act.

60. Validity of Prior Acts of the Board

No regulation or alteration to these Bye-laws made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation or alteration had not been made.

CORPORATE RECORDS

61. Minutes

The Board shall cause minutes to be duly entered in books provided for the purpose:

(a) of all elections and appointments of Officers;

(b) of the names of the Directors present at each meeting of the Board and of any committee appointed by the Board; and

(c) of all resolutions and proceedings of general meetings of the Members, meetings of the Board, and meetings of committees appointed by the Board.

62. Place Where Corporate Records Kept

Minutes prepared in accordance with the Act and these Bye-laws shall be kept by the Secretary at the registered office of the Company.

63. Form and Use of Seal

63.1 The Company may adopt a seal in such form as the Board may determine. The Board may adopt one or more duplicate seals for use in or outside Bermuda.

63.2 A seal may, but need not be affixed to any deed, instrument, share certificate or document, and if the seal is to be affixed thereto, it shall be attested by the signature of (i) any Director; or (ii) any Officer; or (iii) the Secretary; or (iv) any person authorized by the Board for that purpose.

63.3 A Resident Representative may, but need not, affix the seal of the Company to certify the authenticity of any copies of documents.

ACCOUNTS

64. Books of Account

64.1 The Board shall cause to be kept proper records of account with respect to all transactions of the Company and in particular with respect to:

(a) all sums of money received and expended by the Company and the matters in respect of which the receipt and expenditure relates;

(b) all sales and purchases of goods by the Company; and

(c) all assets and liabilities of the Company.

64.2 Such records of account shall be kept at the registered office of the Company, or subject to the Act, at such other place as the Board thinks fit and shall be available for inspection by the Directors during normal business hours.

65. Financial Year End

The financial year end of the Company may be determined by resolution of the Board and failing such resolution shall be 31st March in each year.

AUDITS

66. Annual Audit

Subject to any rights to waive laying of accounts or appointment of an Auditor pursuant to the Act, the accounts of the Company shall be audited at least once in every year.

67. Appointment of Auditor

67.1 Subject to the Act, the Audit Committee of the Board shall annually appoint an auditor to the Company for each fiscal year. Such appointment shall be submitted to the Members for their ratification and approval at the annual general meeting or at a subsequent special general meeting.

67.2 The Auditor may be a Member but no Director, Officer or employee of the Company shall, during his or her continuance in office, be eligible to act as an Auditor of the Company.

68. Remuneration of Auditor

The remuneration of the Auditor shall be fixed by the Audit Committee of the Board.

69. Duties of Auditor

69.1 The financial statements provided for by these Bye-laws shall be audited by the Auditor in accordance with generally accepted auditing standards. The Auditor shall make a written report thereon in accordance with generally accepted auditing standards.

69.2 The generally accepted auditing standards referred to in this Bye-law may be those of a country or jurisdiction other than Bermuda or such other generally accepted auditing standards as may be provided for in the Act. If so, the financial statements and the report of the Auditor shall identify the generally accepted auditing standards used.

70. Access to Records

The Auditor shall at all reasonable times have access to all books kept by the Company and to all accounts and vouchers relating thereto, and the Auditor may call on the Directors or Officers of the Company for any information in their possession relating to the books or affairs of the Company.

71. Financial Statements

Subject to any rights to waive laying of accounts pursuant to the Act, financial statements as required by the Act shall be laid before the Members in general meeting. A resolution in writing made in accordance with Bye-law 36 receiving, accepting, adopting, approving or otherwise acknowledging financial statements shall be deemed to be the laying of such statements before the Members in general meeting.

72. Distribution of Auditor's report

The report of the Auditor shall be submitted to the Members in general meeting.

73. Vacancy in the Office of Auditor

If the office of Auditor becomes vacant by the resignation or death or the Auditor, or by the Auditor becoming incapable of acting by reason of illness or other disability at a time when the Auditor's services are required, the vacancy thereby created shall be filled by the Audit Committee of the Board.

BUSINESS COMBINATIONS

74. Business Combinations

74.1 (a) Any Business Combination with any Interested Shareholder within a period of three years following the time of the transaction in which the person become an Interested Shareholder must be approved by the Board and authorised at an annual or special general meeting, by the affirmative vote of at least 66 and 2/3% of the issued and outstanding voting shares of the Company that are not owned by the Interested Shareholder unless:

(i) prior to the time that the person became an Interested Shareholder, the Board approved either the Business Combination or the transaction which resulted in the person becoming an Interested Shareholder; or

(ii) upon consummation of the transaction which resulted in the person becoming an Interested Shareholder, the Interested Shareholder owned at least 85% of the number of issued and outstanding voting shares of the Company at the time the transaction commenced, excluding for the purposes of determining the number of shares issued and outstanding those shares owned (i) by persons who are Directors and also officers and (ii) employee share plans in which employee participants do not have the right to determine whether shares held subject to the plan will be tendered in a tender or exchange offer.

(b) The restrictions contained in this Bye-law 74.1 shall not apply if:

(i) a Member becomes an Interested Shareholder inadvertently and (i) as soon as practicable divests itself of ownership of sufficient shares so that the Member ceases to be an Interested Shareholder; and (ii) would not, at any time within the three-year period immediately prior to a Business Combination between the Company and such Member, have been an Interested Shareholder but for the inadvertent acquisition of ownership; or

(ii) the Business Combination is proposed prior to the consummation or abandonment of, and subsequent to the earlier of the public announcement or the notice required hereunder of, a proposed transaction which (i) constitutes one of the transactions described in the following sentence; (ii) is with or by a person who either was not an Interested Shareholder during the previous three years or who became an Interested Shareholder with the approval of the Board; and (iii) is approved or not opposed by a majority of the members of the Board then in office who were Directors prior to any person becoming an Interested Shareholder during the previous three years or were recommended for election or elected to succeed such Directors by resolution of the Board approved by a majority of such Directors. The proposed transactions referred to in the preceding sentence are limited to:

(a) a merger, amalgamation or consolidation of the Company (except an amalgamation or merger in respect of which, pursuant to the Act, no vote of the shareholders of the Company is required);

(b) a sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), whether as part of a dissolution or otherwise, of assets of the Company or of any entity directly or indirectly wholly-owned or majority-owned by the Company (other than to the Company or any entity directly or indirectly wholly-owned by the Company) having an aggregate market value equal to 50% or more of either the aggregate market value of all of the assets of the Company determined on a consolidated basis or the aggregate market value of all the issued and outstanding shares of the Company; or

(c) a proposed tender or exchange offer for 50% or more of the issued and outstanding voting shares of the Company.

The Company shall give not less than 20 days notice to all Interested Shareholders prior to the consummation of any of the transactions described in subparagraphs (a) or (b) of the second sentence of this paragraph (ii).

(c) For the purpose of this Bye-law 74 only, the term:

(i) “associate,” when used to indicate a relationship with any person, means: (i) any company, partnership, unincorporated association or other entity of which such person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting shares; (ii) any trust or other estate in which such person has at least a 20% beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and (iii) any relative or spouse of such person, or any relative of such spouse, who has the same residence as such person;

(ii) “**Business Combination**,” when used in reference to the Company and any Interested Shareholder of the Company, means:

(a) any merger, amalgamation or consolidation of the Company or any entity directly or indirectly wholly-owned or majority-owned by the Company, wherever incorporated, with (A) the Interested Shareholder or any of its Affiliates, or (B) with any other company, partnership, unincorporated association or other entity if the merger, amalgamation or consolidation is caused by the Interested Shareholder;

(b) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), except proportionately as a shareholder of the Company, to or with the Interested Shareholder, whether as part of a dissolution or otherwise, of assets of the Company or of any entity directly or indirectly wholly-owned or majority-owned by the Company which assets have an aggregate market value equal to 10% or more of either the aggregate market value of all the assets of the Company determined on a consolidated basis or the aggregate market value of all the issued and outstanding shares of the Company;

(c) any transaction which results in the issuance or transfer by the Company or by any entity directly or indirectly wholly-owned or majority-owned by the Company of any shares of the Company, or any share of such entity, to the Interested Shareholder, except: (A) pursuant to the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into shares of the Company, or shares of any such entity, which securities were issued and outstanding prior to the time that the Interested Shareholder became such; (B) pursuant to a dividend or distribution paid or made, or the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into shares of the Company, or shares of any such entity, which security is distributed, pro rata to all holders of a class or series of shares subsequent to the time the Interested Shareholder became such; (C) pursuant to an exchange offer by the Company to purchase shares made on the same terms to all holders of such shares; or (D) any issuance or transfer of shares by the Company; *provided however*, that in no case under items (B) -(D) of this subparagraph shall there be an increase in the Interested Shareholder's proportionate share of any class or series of shares;

(d) any transaction involving the Company or any entity directly or indirectly wholly-owned or majority-owned by the Company which has the effect, directly or indirectly, of increasing the proportionate share of any class or series of shares, or securities convertible into any class or series of shares of the Company, or shares of any such entity, or securities convertible into such shares, which is owned by the Interested Shareholder, except as a result of immaterial changes due to fractional share adjustments or as a result of any repurchase or redemption of any shares not caused, directly or indirectly, by the Interested Shareholder; or

(e) any receipt by the Interested Shareholder of the benefit, directly or indirectly (except proportionately as a shareholder of the Company), of any loans, advances, guarantees, pledges or other financial benefits (other than those expressly permitted in subparagraphs (a)-(d) of this paragraph) provided by or through the Company or any entity directly or indirectly wholly-owned or majority-owned by the Company;

(iii) "control," including the terms "controlling," "controlled by" and "under common control with," means the possession, directly or indirectly, of the power to direct or

cause the direction of the management and policies of a person, whether through the ownership of voting shares, by contract or otherwise. A person who is the owner of 20% or more of the issued and outstanding voting shares of any company, partnership, unincorporated association or other entity shall be presumed to have control of such entity, in the absence of proof by a preponderance of the evidence to the contrary; *provided* that notwithstanding the foregoing, such presumption of control shall not apply where such person holds voting shares, in good faith and not for the purpose of circumventing this provision, as an agent, bank, broker, nominee, custodian or trustee for one or more owners who do not individually or as a group have control of such entity;

(iv) "**Interested Shareholder**" means any person (other than the Company and any entity directly or indirectly wholly-owned or majority-owned by the Company) that (i) is the owner of 15% or more of the issued and outstanding voting shares of the Company, (ii) is an Affiliate or associate of the Company and was the owner of 15% or more of the issued and outstanding voting shares of the Company at any time within the three year period immediately prior to the date on which it is sought to be determined whether such person is an Interested Shareholder or (iii) is an Affiliate or associate of any person listed in (i) or (ii) above; *provided*, *however*, that the term "Interested Shareholder" shall not include any person whose ownership of shares in excess of the 15% limitation set forth herein is the result of action taken solely by the Company unless such person referred to in this proviso acquires additional voting shares of the Company otherwise than as a result of further corporate action not caused, directly or indirectly, by such person. For the purpose of determining whether a person is an Interested Shareholder, the voting shares of the Company deemed to be issued and outstanding shall include voting shares deemed to be owned by the person through application of paragraph (viii) below, but shall not include any other unissued shares which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise;

(v) "person" means any individual, company, partnership, unincorporated association or other entity;

(vi) "voting shares" means, with respect to any company, shares of any class or series entitled to vote generally in the election of Directors and, with respect to any entity that is not a company, any equity interest entitled to vote generally in the election of the governing body of such entity;

(vii) "owner," including the terms "own" and "owned," when used with respect to any shares, means a person that individually or with or through any of its Affiliates or associates:

(a) Beneficially Owns such shares, directly or indirectly; or

(b) has (A) the right to acquire such shares (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; *provided*, *however*, that a person shall not be deemed the owner of shares tendered pursuant to a tender or exchange offer made by such person or any of such person's Affiliates or associates until such tendered shares are accepted for purchase or exchange; or (B) the right to vote such shares pursuant to any agreement, arrangement or understanding; *provided*, *however*, that a person shall not be

deemed the owner of any shares because of such person's right to vote such shares if the agreement, arrangement or understanding to vote such shares arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to 10 or more persons; or

(c) has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as described in item (B) of subparagraph (b) of this paragraph), or disposing of such shares with any other person that Beneficially Owns, or whose Affiliates or associates Beneficially Own, directly or indirectly, such shares.

74.2 In respect of any Business Combination to which the restrictions contained in Bye-law 74.1 do not apply but which the Act requires to be approved by the Members, the necessary general meeting quorum and Members' approval shall be as set out in Bye-laws 27 and 29 respectively.

74.3 The Board shall ensure that the bye-laws or constitutional documents of each entity wholly-owned or majority-owned by the Company shall contain any provisions necessary to ensure that the intent of Bye-law 74.1, as it relates to the actions of such entities, is achieved.

VOLUNTARY WINDING-UP AND DISSOLUTION

75. Winding-Up

If the Company shall be wound up the liquidator may, with the sanction of a resolution of the Members, divide amongst the Members in specie or in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he or she deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in the trustees upon such trusts for the benefit of the Members as the liquidator shall think fit, but so that no Member shall be compelled to accept any shares or other securities or assets whereon there is any liability.

CHANGES TO CONSTITUTION

76. Changes to Bye-laws

76.1 No Bye-law may be rescinded, altered or amended and no new Bye-law may be made save in accordance with the Act and until the same has been approved by a resolution of the Board and by a resolution of the Members.

77. Changes to the Memorandum of Association

No alteration or amendment to the Memorandum of Association may be made save in accordance with the Act and until same has been approved by a resolution of the Board and by a resolution of the Members.

78. Discontinuance

The Board may exercise all the powers of the Company to discontinue the Company to a jurisdiction outside Bermuda pursuant to the Act.

79. Amalgamation or Merger

Any resolution proposed for consideration at any general meeting to approve the amalgamation or merger of the Company with any other company, wherever incorporated, shall (other than in respect of any amalgamation or merger constituting a Business Combination to which the restrictions in Bye-law 76 shall apply) require the approval of a simple majority of votes cast at such meeting and the quorum for such meeting shall be that required in Bye-law 27 and a poll may be demanded in respect of such resolution in accordance with the provisions of Bye-law 30.

Exhibit 10.1

October 31, 2019

Sumitomo Dainippon Pharma Co., Ltd.
6-9, Doshomachi 2-chome, Chuo-ku, Osaka 541-0045, Japan
Phone: (81) 6 (6203)
Telefax: (81) 6 (6203)

Dear Myovant Sciences Board Members:

Sumitomo Dainippon Pharma, Co., Ltd. (DSP) proposes to obtain the approval of the Myovant Sciences Ltd. (Myovant) Board of the transactions described in the publicly announced Memorandum of Understanding entered into by Roivant Sciences Ltd. (Roivant) and DSP. As provided in the Memorandum of Understanding, DSP, or an entity that will become a subsidiary of DSP (DSP or such entity, the Acquiring Entity), will acquire Roivant's ownership interest in Myovant and become a significant shareholder of Myovant (the Transactions). We believe that Myovant Board approval of the Transactions would be beneficial to both Myovant and DSP and would signal to each of our various stakeholders the mutual outstanding benefits to be derived as a result of the Transactions.

In this regard, and in order to induce DSP to enter into the Transactions and Myovant to approve the Transactions, DSP and Myovant agree that the following actions will be taken and announced concurrently with the signing of the Roivant: DSP definitive agreements (the Definitive Agreements) pursuant to an agreed upon communication plan:

Myovant Board Approval: The Myovant Board has approved:

- the terms in this letter agreement and has delegated authority to management to execute and deliver, this letter agreement;
- the Transactions, including the transactions through which the Acquiring Entity will acquire Roivant's interest in Myovant, for purposes of Bye-law 74 of the Fourth Amended and Restated Bye-Laws of Myovant;
- subject to and at or prior to the completion of the Transactions (the Closing), the appointment of the Acquiring Entity's director designees to the Myovant Board as described below and a determination that such appointment does not constitute a Change of Control under Myovant's 2016 Equity Incentive Plan.

DSP's Anticipated Ownership of Myovant and Board Membership: Myovant understands that Roivant has committed in the Definitive Agreements that, at or prior to the Closing, Roivant will ensure that the Acquiring Entity will obtain more than 50% of the outstanding shares of Myovant by purchasing additional Myovant shares at prices not below market trading prices and delivering such shares, or voting rights with respect thereto, to the Acquiring Entity. Roivant and the Myovant Board will also cooperate to (i) replace the three Roivant-selected directors serving on the Myovant Board with three DSP-selected directors, (ii) replace two of the Independent Directors on the Nominating and Corporate Governance Committee with directors selected by DSP, and (iii) replace one of the Independent Directors on the Compensation Committee, with a director selected by DSP.

Loan Agreement: At or promptly following the Closing, Myovant and DSP will enter into a secured low-interest Loan Agreement under which DSP will commit to provide Myovant a five-year term loan facility of US$350 million on mutually agreed terms with amounts under the facility to be drawn not more often than quarterly and to be used solely to fund Myovant's working capital needs (the Loan Facility). The total interest rate on the Loan Facility will be in the single digits subject to further transfer pricing analysis. All amounts drawn under the Loan Facility will be subject to customary conditions precedent and pre-approval by Myovant's Board of Myovant's proposed quarterly working capital needs. Myovant will provide DSP with the Board-approved budgets for Myovant on an annual basis and, to the extent revised, before any amounts under the Loan Facility are funded to Myovant. No repayments shall be due from Myovant under the Loan Agreement until the end of the Loan Facility term.

Access to Commercial Infrastructure: Following the Closing and upon Myovant's request, DSP and Myovant will discuss, in a good faith, terms upon which DSP will provide Myovant with access to DSP's U.S. commercial

infrastructure and operational support so as to leverage Myovant's path toward product commercialization and operational efficiencies.

Pre-Closing Operating Covenants: Myovant understands that there are certain interim operating covenants contained in the Definitive Agreements that relate to Myovant. Upon DSP's and Roivant's execution of the Definitive Agreements and until the Closing (as defined in the Definitive Agreements), Myovant will reasonably assist and reasonably cooperate with Roivant in complying with the interim operating covenants contained in the Definitive Agreements that relate to Myovant.

Myovant Bye-Law Amendment: At or prior to the Closing, the Myovant Bye-Laws will be amended to (i) remove the requirement that each of the Nominating and Corporate Governance Committee and the Compensation Committee be made up solely of Independent Directors (provided that the Audit Committee shall continue to be made up solely of Independent Directors); and (ii) provide that after the Trigger Date (as defined in the Myovant Bye-Laws), the Board delegates all of its rights to fix the size of the Board and fill vacancies on the Board to the Nominating and Corporate Governance Committee, other than three Independent Directors to serve on the Myovant Board and their direct or indirect successors.

Investor Rights Agreement: At the Closing, Myovant and the Acquiring Entity will enter into an Investor Rights Agreement that contains the following provisions:

1. Registration and Information Rights. Myovant will provide the Acquiring Entity with customary registration rights and, subject to customary confidentiality provisions, customary information rights. The Acquiring Entity will hold such rights until such time as it and its affiliates collectively hold less than 10% of Myovant's outstanding shares.
2. DSP Membership on Nominating and Governance Committee and Compensation Committee; Approval of Bye-Law Amendment. At all times that DSP and its affiliates (including the Acquiring Entity) hold 50% or more of the outstanding shares of Myovant (the Ownership Threshold) (i) the Nominating and Corporate Governance Committee shall comprise two DSP-selected directors and one Independent Director, (ii) the Compensation Committee shall comprise one DSP-selected director and two Independent Directors, and (iii) the Bye-Law pursuant to which the Board delegates its right to Nominating and Governance Committee will not be revised without prior written consent by DSP.
3. Independent Directors and Audit Committee: Following the Closing, and at all times that the Ownership Threshold is satisfied:
    - The Myovant Board will include a minimum of three directors who each meet the definition of "independent director" as is required by New York Stock Exchange rules, who are independent of DSP and the Acquiring Entity (the Independent Directors) and at least one of which is a financial expert. DSP agrees that following the Closing and provided that the existing Independent Directors serving on the Myovant Board continue to satisfy the requirements to serve as an independent director, the term of the current independent directors serving on the Myovant Board will continue.
    - The Independent Directors will comprise the Audit Committee of the Myovant Board.
    - DSP will vote its shares in connection with each election of Independent Directors in the same proportion as the shares held by shareholders other than DSP and its subsidiaries and will not, with respect to the election of Independent Directors engage in any solicitation of proxies.
4. Myovant Actions Requiring Independent Director Approval: Until such time as DSP or its subsidiaries hold less than 35% of the outstanding shares of Myovant and its subsidiaries will not be permitted to cause Myovant to take or commit to taking the following actions without prior approval of the Independent Directors:
    - participation in specified "related-party transactions" between Myovant and DSP or any affiliate of DSP including use of DSPs commercial infrastructure (other than pursuant to the Loan Agreement in accordance with its terms);
    - any amendment of Myovant's Certificate of Incorporation, Memorandum of Association, Board Committee Charters or Bye-Law amendments that would remove the Independent Directors, cause

the appointment of any member of the Audit Committee who is not an Independent Director or change the right of the Independent Directors to approve the "related-party transactions" discussed above; or

- making any modification of or causing Myovant to waive any rights under the Loan Agreement or the Investor Rights Agreement to expand DSP's or the Acquiring Entity's, as the case may be, rights thereunder.

5. Standstill: Until such time as DSP or its subsidiaries hold less than 35% of the outstanding shares of Myovant, any transaction proposed by DSP or its controlled affiliates that would cause DSP or its subsidiaries to hold beneficial ownership of greater than 60% of the outstanding voting power of Myovant must be either (i):

   - made on a confidential basis to the Independent Directors; provided that after the three year anniversary of the Closing, this requirement will only require a period of confidential discussions with the Independent Directors prior to making a public announcement thereof and shall except disclosures that are required by law;
   - until the three-year anniversary of the Closing, subject to approval by a majority of the Independent Directors, and
   - subject to a non-waivable condition requiring approval or acceptance by the holders of a majority of the Myovant shares voting and that are not beneficially owned by DSP or its affiliates;
   - or (ii) effected under the circumstances set forth in Section 74.1(b)(ii) of Myovant's Bye-Laws.

Roivant has agreed with DSP to cooperate to effect the foregoing actions that may require action by Roivant, and as such, Roivant is to be a deemed a beneficiary of the terms of this letter.

We are very pleased to join teams with Myovant as we work together to ensure the commercial success of relugolix and the growth of Myovant.

Sincerely Yours,

/s/ Hiroshi Nomura
Hiroshi Nomura
Representative Director,
President and CEO

ACCEPTED AND AGREED

MYOVANT SCIENCES LTD.
By: /s/ Marianne L. Romeo
Name: Marianne L. Romeo
Title: Head, Global Transaction & Risk Management

Exhibit 10.2

LOAN AGREEMENT

This Loan Agreement, dated as of December 27, 2019 (this "Agreement"), is among Sumitomo Dainippon Pharma Co., Ltd., a company (*Kabushiki Kaisha*) incorporated under the laws of Japan (the "Lender"), Myovant Sciences Ltd., an exempted company organized under the laws of Bermuda (the "Parent"), and Myovant Sciences GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) organized under the laws of Switzerland (the "Borrower" and, together with the Parent and the Lender, the "Parties" and each, a "Party").

PRELIMINARY STATEMENTS:

A. The Borrower is a subsidiary of the Lender.

B. The Borrower has requested the Lender provide it with loans in the maximum principal amount not to exceed $400,000,000.

C. The Borrower's obligations to the Lender will be guaranteed by the Parent and certain of the Parent's subsidiaries pursuant to the terms of the Guaranty (as defined below).

D. This Agreement and the loans made hereunder constitute the loan agreement and the term loan facility referred to in the letter agreement dated as of October 31, 2019, from the Lender to the Parent.

AGREEMENT:

In consideration of the foregoing and the mutual agreements contained in this Agreement, the receipt and sufficiency of which are acknowledged, the Parties hereby agree as follows:

SECTION 1. INTERPRETATION:

This Agreement is to be interpreted in accordance with the rules of construction set forth on Annex A. Capitalized terms used in this Agreement and not otherwise defined have the meanings set forth for such terms on Annex A. All annexes, schedules and exhibits to this Agreement are deemed to be a part of this Agreement.

SECTION 2. LOAN FACILITY:

2.1 Loans. Subject the terms and conditions of this Agreement, the Lender shall make loans (collectively, the "Loans" and each, a "Loan") to the Borrower from time to time from the Closing Date to, but not including, the Drawdown Termination Date as requested by the Borrower in accordance with the terms of Section 2.2 so long as the aggregate outstanding principal amount of the Loans does not exceed $400,000,000. All Loans will be made in Dollars. Subject to the terms and conditions hereof, the Borrower may borrow, repay and reborrow the Loans until the Drawdown Termination Date.

2.2 Drawdown Procedures. The Borrower may not request a Loan more than once in any calendar quarter. The Borrower shall give the Lender prior written notice of its intention to borrow a Loan substantially in the form of Exhibit A (a "Drawdown Notice") not later than 12:00 p.m., Japan Standard Time, at least ten Business Days prior to the first day of the calendar quarter in which such Loan is to be made, specifying (a) the calendar quarter in which such Loan is to be made, (b) the principal amount of such Loan, which must be at least $1,000,000 and may not exceed the amount for which the Borrower can use the proceeds thereof as set forth in Section 2.3 and (c) the location and number of the Borrower's deposit account to which the proceeds of such Loan are to be disbursed (provided that within one Business Day after the Closing Date, the Lender shall disburse to the Borrower the proceeds of a Loan in the amount of $113,700,000 to be used as described in Section 2.3(A)). A Borrowing Notice received after 12:00 p.m., Japan Standard Time, is deemed received on the next Business Day. If the Parent Board consents to the Borrower's Drawdown Notice, the Lender shall disburse the proceeds of the Loan requested in such Drawdown Notice in immediately available funds on the first day of the calendar quarter for such Loan was requested (or if such day is not a Business Day, then the next succeeding day that is a Business Day and in the case of the Loan to be disbursed within one Business Day

after the Closing Date, on such Business Day) by crediting or wiring such proceeds to the deposit account of the Borrower identified in the Drawdown Notice or as may be otherwise agreed upon by the Borrower and the Lender.

2.3 Use of Proceeds. The Borrower shall, and shall cause each of its Subsidiaries to, use the proceeds of the Loans:

(A) with respect to the Loan to be disbursed within one Business Day after the Closing Date, to (i) repay in full the outstanding loans and other obligations under the Hercules Facility, (ii) to repay or redeem in full the outstanding notes issued, and pay other obligations, under the NQ Facility, (iii) to finance the costs and expenses incurred by the Borrower in connection with the Loan Documents and (iv) as provided in Section 2.3(B) with respect to the calendar quarter following the Closing Date; and

(B) with respect to Loans made with respect to a specified calendar quarter, to finance the business operating expenditures of the Parent and its Subsidiaries incurred during such calendar quarter in accordance with the Rolling Forecast in effect at such time (and expressly excluding any distributions to the shareholders of the Parent) or as otherwise approved by the Lender from time to time.

The Borrower shall not use the proceeds of the Loans, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry Margin Stock, or to extend credit to others for the purpose of purchasing or carrying Margin Stock or to refund indebtedness originally incurred for such purpose.

2.4 Evidence of Debt. The Lender shall maintain records evidencing the Borrower's indebtedness resulting from the Loans, and the entries made in such records are prima facie evidence, absent manifest error, of the existence and amounts of the obligations recorded therein. The Lender's failure to maintain such records or make any entry therein or any error therein does not in any manner affect the obligations of the Borrower under the Loan Documents. Upon the Lender's request, the Borrower shall prepare, execute and deliver a promissory note to the Lender to evidence the amount of the Lender's commitment to make the Loans, in a form reasonably approved by the Lender.

2.5 Repayment of the Loans. The Borrower shall repay the outstanding principal amount of the Loans in full on the Maturity Date. The Borrower shall repay the outstanding principal amount of the Loans upon the Lender's demand (a) within 30 days of the occurrence of a Change of Control or (b) if the Lender reasonably determines in good faith it is unlawful under applicable law, or that any Governmental Authority has asserted that it is unlawful under applicable law, for the Lender to maintain the Loans, or any Governmental Authority has imposed material restrictions on the authority of the Lender to maintain the Loans.

2.6 Prepayment of the Loans. The Borrower may at any time and from time to time prepay the Loans, in whole or in part, with irrevocable prior written notice to the Lender substantially in the form attached as Exhibit B (a "Prepayment Notice") given not later than 12:00 p.m., Japan Standard Time, at least ten Business Days before the proposed prepayment date, specifying the date and amount of the prepayment. If a Prepayment Notice is given, the Borrower shall prepay the amount specified in such Prepayment Notice on the prepayment date set forth therein. A partial prepayment of the Loans must be in a minimum amount of $100,000 or any whole multiple of $100,000 in excess thereof. A Prepayment Notice received after 12:00 p.m., Japan Standard Time, is deemed received on the next Business Day. Subject to the terms and conditions hereof, amounts prepaid under this Section 2.6 may be reborrowed. Notwithstanding the foregoing, any Prepayment Notice delivered in connection with any refinancing of the Obligations with the proceeds of such refinancing or of any other incurrence of Indebtedness may be, if expressly so stated to be, contingent upon the consummation of such refinancing or incurrence and may be revoked by the Borrower in the event such refinancing is not consummated.

2.7 Interest. The Borrower shall pay interest on the outstanding principal amount of the Loans at a rate per annum equal to the Benchmark Rate in effect from time to time plus the Margin. After the occurrence and during the continuation of an Event of Default, the Borrower shall pay interest on the outstanding principal amount of the Loans from the date of such Event of Default until such Event of Default has been waived by the Lender in writing at a rate per annum equal to 5% in excess of the interest rate then applicable to the Loans, such interest being payable on demand.

(A) Accrued and unpaid interest is payable on the last day of each of calendar quarter (commencing with the first full calendar quarter ended after the Closing Date), on the date of any prepayment of the Loans, on the Maturity Date and, after the Maturity Date, on demand. The Lender shall provide to the Borrower a calculation of interest prior to any interest payment date, together with remittance information for the Lender (but the Lender's failure to provide such information does not in any manner affect the obligations of the Borrower under the Loan Documents).

(B) If LIBOR becomes unavailable, the Lender and the Borrower will negotiate in good faith to select an alternative interest rate to replace LIBOR that is an industry accepted successor rate for determining an interest rate as a replacement to LIBOR for floating rate obligations at such time, and such alternative interest rate (plus the Margin) will be the interest rate for purposes of this Agreement. In the event that the Lender and the Borrower cannot, within 30 days after LIBOR becomes unavailable, agree to such an alternative interest rate, the Lender shall select such alternative interest rate.

(C) Notwithstanding anything in the Loan Documents to the contrary, if at any time the interest rate applicable to the Loans, together with all fees, charges and other amounts that are treated as interest on the Loans under applicable law (collectively, "charges"), exceed the maximum lawful rate (the "Maximum Rate") that may be contracted for, charged, taken, received or reserved by the Lender in accordance with applicable law, the rate of interest payable in respect of the Loans, together with all charges payable in respect thereof, is limited to the Maximum Rate. The Lender shall apply any amount it collected that exceeds the maximum amount collectible at the Maximum Rate to the reduction of the outstanding principal amount of the Loans or refunded to the Borrower so that at no time will the interest and charges paid or payable in respect of the Loans exceed the maximum amount collectible at the Maximum Rate.

(D) All computations of interest under this Agreement are made on the actual number of days elapsed over a year of 360 days.

2.8 Manner of Payment. The Borrower shall make each payment on account of the principal of or interest on the Loans or of any other amounts payable under this Agreement (a) not later than 12:00 p.m., Japan Standard Time, on the date specified for payment by this Agreement, (b) to the Lender at the Lender's address as set forth in Section 8.5 or such other location as the Lender may identify in writing to the Borrower for such purpose, (c) in Dollars and in immediately available funds and (d) without condition or deduction for any counterclaim, defense, recoupment or setoff. Any payment received after 12:00 p.m., Japan Standard Time, is deemed to have been made on the next succeeding Business Day for all purposes. If any payment under this Agreement is specified to be made upon a day that is not a Business Day, then the Borrower shall make such payment on the next succeeding day that is a Business Day and such extension of in such case will be included in computing any interest if payable along with such payment.

2.9 Recalculation of Interest.

(A) When entering into this Agreement, the Parties assumed that interest at the rates set out in this Agreement is not and will not become subject to Swiss Withholding Tax. If, contrary to such assumption, a deduction for Swiss Withholding Tax is required by Swiss law to be made by the Borrower in respect of any interest payable by it under this Agreement and should Section 2.10 be unenforceable for any reason, the applicable interest rate in relation to that interest payment will be (i) the interest rate which would have applied to that interest payment (as provided for in Section 2.7) in the absence of this Section 2.9 divided by (ii) one minus the rate at which the relevant deduction is required to be made pursuant to the Swiss Withholding Tax Act or any applicable tax treaty (where the rate at which the relevant deduction is required to be made is for this purpose expressed as a fraction of one rather than as a percentage) and (a) the Borrower is obliged to pay the relevant interest at the adjusted rate in accordance with this Section 2.9, (b) the Borrower shall make the deduction or withholding on the interest so recalculated and (c) all references to a rate of interest in Section 2.7 will be construed accordingly.

(B) No recalculation of interest will be made under this Section 2.9 (i) with respect to a specific Lender (other than a Lender which is a Permitted Non-Qualifying Bank) in relation to which the Borrower makes payments under this Agreement if Swiss Withholding Tax is imposed on such payments as a result of a violation of the Non-Bank Rules which occurred because such Lender (a) was a Qualifying Bank when it became a Lender under this Agreement but on that date such Lender is not or has ceased to be Qualifying Bank other than as a result of any change of law after the date it became a Lender under the Agreement, (b) made an incorrect declaration of its status as Qualifying Bank or (c) failed to comply with its obligations under Section 8.7 or (ii) if Swiss Withholding Taxes is imposed on payments of the Borrower pursuant to this Agreement that are recharacterized as dividends as a result of and to the extent that the rate of interest on the Loans exceeds the safe haven provided by the Swiss Federal Tax Administration on advances and loans between related parties.

2.10 Withholding.

(A) The Borrower shall make all payments to the Lender under this Agreement without deduction for any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority (including any interest, additions to tax or penalties applicable thereto) unless required by a Governmental Authority or applicable law, regulation or international agreement. If at any time a Governmental Authority or applicable law, regulation or international agreement requires the Borrower to make any withholding or deduction from a payment to the Lender under this Agreement, the amount due from the Borrower with respect to such payment will be increased to the extent necessary to ensure that, after the making of such required withholding or deduction, the Lender receives a net sum equal to the sum which it would have received had no withholding or deduction been required, and the Borrower shall pay the full amount withheld or deducted to the relevant Governmental Authority unless the Borrower is contesting the amount or validity of such withholding payment in good faith by appropriate and timely proceedings and as to which payment in full is bonded or reserved against by the Borrower. The Borrower shall, upon request, furnish the Lender with proof reasonably satisfactory to the Lender indicating that the Borrower has made such withholding payment. No increase of the sum payable with respect to any Swiss Withholding Tax is made under this Section 2.10 if one of the exemptions set forth in Section 2.9(B) applies. The Borrower's obligations under this Section 2.10 survive the termination of the Loan Documents and payment of the Obligations.

(B) The Parties agree to cooperate with one another and use reasonable efforts to avoid or reduce tax withholding or similar obligations in respect to payments made by the Borrower to the Lender under this Agreement. Without limiting the generality of the foregoing, the Lender shall provide the Borrower any tax forms and other information that may be reasonably necessary in order for the Borrower to not withhold Tax or to withhold Tax at a reduced rate under an applicable bilateral income tax treaty. The Lender shall provide any such tax forms to the Borrower at least 30 days prior to the due date for any payment for which the Lender desires that the Borrower apply a reduced withholding rate. Each Party shall provide the other with reasonable assistance to enable the recovery, as permitted by applicable law, of withholding taxes, value added taxes, or similar obligations resulting from payments made under this Agreement, such recovery to be for the benefit of the Party bearing such withholding tax or value added tax.

2.11 Indemnity. The Borrower shall indemnify the Lender and each Related Party of the Lender (each such Person, an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the fees, charges and disbursements of any counsel for any Indemnitee) incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Borrower) arising out of, in connection with, or as a result of (a) the execution or delivery of each Loan Document, the performance by the Parties of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (b) the Loans or the use or proposed use of the proceeds therefrom, (c) any actual or alleged presence or release of hazardous materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any environmental liability related in any way to the Borrower or any of its Subsidiaries or (d) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower, and regardless of whether any Indemnitee is a party thereto. The indemnity provided by this Section 2.11 is not, as to any Indemnitee, available to the extent that such losses, claims, damages, liabilities or related expenses (i) are determined by a court of competent jurisdiction by final

and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee, (ii) result from a claim brought by the Borrower against an Indemnitee for breach in bad faith of such Indemnitee's obligations under any Loan Document, if the Borrower has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction or (iii) result from a claim not involving an act or omission of the Borrower and that is brought by an Indemnitee against another Indemnitee. The Borrower's obligations under this Section 2.11 survive the termination of the Loan Documents and payment of the Obligations. This Section 2.11 does not apply with respect to Taxes other than any Taxes that represent losses, claims, damages, liabilities or related expenses arising from any non-Tax claim.

SECTION 3. REPRESENTATIONS:

The Parent and the Borrower, as applicable, make the following representations to the Lender, which representations survive the execution and delivery of this Agreement:

3.1 Existence, Qualification and Power. The Parent and each Subsidiary (a) is duly organized or formed, validly existing and, as applicable, in good standing under the laws of the jurisdiction of its organization, (b) has all requisite power and authority and all material requisite governmental licenses, authorizations, consents and approvals to (i) own or lease its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party and (c) is duly qualified and is licensed and, as applicable, in good standing under the laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

3.2 Authorization; No Contravention. The execution, delivery and performance by each Loan Party of each Loan Document to which it is party have been duly authorized by all necessary organizational action, and do not and will not (a) contravene the terms of its organizational documents, (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any material security issued by such Loan Party or any material agreement, instrument or other undertaking to which such Loan Party is a party or affecting such Loan Party or the properties of such Loan Party or any Subsidiary (other than the payments contemplated in Section 2.3(A)) or (ii) any material order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Loan Party or any Subsidiary or its property is subject or (c) violate any law in any material respect.

3.3 Governmental Authorization; Other Consents. No material approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, each Loan Party of each Loan Document to which it is a party, except for such approvals, consents, exemptions, authorizations, actions or notices that have been duly obtained, taken or made and in full force and effect.

3.4 Execution and Delivery; Binding Effect. This Agreement has been, and each other Loan Document, when delivered hereunder, will have been, duly executed and delivered by each Loan Party that is a party thereto. This Agreement constitutes, and each other Loan Document when so delivered will constitute, a legal, valid and binding obligation of each Loan Party that is a party thereto, enforceable against such Loan Party in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, receivership, moratorium or other laws affecting creditors' rights generally and by general principles of equity.

3.5 Litigation. There are no actions, suits, proceedings, claims, disputes or investigations pending or, to the knowledge of the Parent or the Borrower, threatened, at law, in equity, in arbitration or before any Governmental Authority, by or against the Parent or any Subsidiary or against any of their properties or revenues that (a) either individually or in the aggregate could reasonably be expected to have a Material Adverse Effect or (b) purport to affect or pertain to any Loan Document or any of the transactions contemplated hereby.

3.6 No Material Adverse Effect. Neither the Parent nor any Subsidiary is in default under or with respect to any security issued by such Person or any agreement, instrument or other undertaking to which such Person is a party or affecting such Person or its properties that, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

3.7 Solvency. The fair value of the property of the Loan Parties, taken as a whole, is greater than the total amount of their liabilities, including contingent liabilities, the present fair saleable value of the Loan Parties, taken as a whole, is not less than the amount that will be required to pay the probable liability of such Loan Parties, taken as a whole, on their debts as they become absolute and matured, the Loan Parties do not intend to, or believes that they will, incur debts or liabilities beyond their ability to pay such debts and liabilities as they mature and the Loan Parties are not engaged in a business or a transaction, and are not about to engage in a business or a transaction, for which their property, taken as a whole, would constitute an unreasonably small capital. The amount of any contingent liability at any time is computed as the amount that, in light of all of the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

3.8 Property. Each of the Parent and its Subsidiaries has good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of its business, except for such defects in title that, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

3.9 Taxes. The Parent and its Subsidiaries have filed all federal, state and other tax returns and reports required to be filed, and have paid all federal, state and other taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except (a) taxes that are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves are being maintained in accordance with GAAP or (b) to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

3.10 Compliance with Laws. Each of the Parent and its Subsidiaries is in compliance with the requirements of all laws (including ERISA and Environmental Laws) and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to so comply, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying Margin Stock, or extending credit for the purpose of purchasing or carrying Margin Stock, and no part of the proceeds of the Loans will be used to buy or carry any Margin Stock. Neither the Parent nor any of its Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

3.11 Sanctions; Anti-Corruption.

(A) None of the Parent, any of its Subsidiaries or, to the knowledge of the Parent or the Borrower, any director, officer, employee, agent or Affiliate of the Parent or any of its Subsidiaries is a Person that is, or is owned or controlled by Persons that are (i) the subject of any sanctions administered or enforced by the U.S. Department of the Treasury's Office of Foreign Assets Control, the U.S. Department of State, the United Nations Security Council, the European Union, Her Majesty's Treasury or other relevant sanctions authority (collectively, "Sanctions") or (ii) located, organized or resident in a country or territory that is, or whose government is, the subject of Sanctions (including, currently, Crimea, Cuba, Iran, North Korea and Syria).

(B) The Parent, its Subsidiaries and their respective directors, officers and employees and, to the knowledge of the Parent or the Borrower, the agents of the Parent and its Subsidiaries, are in compliance, in all material respects, with all applicable Sanctions and with the Foreign Corrupt Practices Act of 1977 and the rules and regulations thereunder (the "FCPA") and any other applicable anti-corruption law. The Parent and its Subsidiaries have instituted and maintain policies and procedures designed to ensure continued compliance with applicable Sanctions, the FCPA and any other applicable anti-corruption laws.

3.12 Disclosure. The reports, financial statements, certificates and other written information (other than projected or pro forma financial information and information of a general industry nature) furnished by or on behalf of the Parent or its Subsidiaries to the Lender in connection with the transactions contemplated by this Agreement and the negotiation of the Loan Documents or delivered under any Loan Document (as modified or supplemented by other written information so furnished), taken as a whole, do not contain any material misstatement of fact or omit to state any material fact necessary to make the statements therein (when taken as a whole), in the light of the circumstances under which they were made, not misleading. All projected or pro forma financial information was prepared in good

faith based upon assumptions believed to be reasonable at the time of preparation and delivery (it being understood that such projected information may vary from actual results and that such variances may be material).

3.13 Non-Bank Rules. The Borrower is in compliance with the Non-Bank Rules, provided, that, the Borrower shall not be in breach of this representation if its number of creditors that are not Qualifying Banks in respect of either the 10 Non-Bank Rule or the 20 Non-Bank Rule is exceeded solely because a Lender having (a) made an incorrect declaration of its status as to whether or not it is a Qualifying Bank, (b) failed to comply with its obligation under Section 8.7 or (c) ceased to be a Qualifying Bank other than as a result of a change in law after the date it became a Lender under this Agreement. For the purpose of its compliance with the 20 Non-Bank Rule under this Section 3.13, the number of Lenders under this Agreement which are not Qualifying Banks shall be deemed to be ten (irrespective of whether or not there are, at any time, any such Lenders).

SECTION 4. CONDITIONS:

4.1 Closing Date. This Agreement, and the obligations of the Lender under this Agreement, becomes effective when (a) it is fully executed by all Parties and (b) each of the conditions set forth on Annex B has been satisfied or waived in writing by the Lender.

4.2 Conditions Precedent to Drawdown. The obligation of the Lender to make a Loan (including the initial Loan to be disbursed within one Business Day after the Closing Date) is subject to the satisfaction of the following conditions:

(A) other than with respect to the initial Loan to be disbursed within one Business Day after the Closing Date, the Lender has received a written Borrowing Request in accordance with the requirements hereof and the requested Loan is made in accordance with the Rolling Forecast in effect at such time;

(B) the representations of the Borrower set forth in the Loan Documents are true and correct in all material respects on and as of the date of such Loan is made (or, in the case of any such representation expressly stated to have been made as of a specific date, as of such specific date);

(C) no Default has occurred and is continuing or would result from the making of such Loan or from the application of proceeds thereof;

(D) no Disruption Event is continuing;

(E) no Change of Control has occurred;

(F) other than with respect to the initial Loan to be disbursed within one Business Day after the Closing Date, the Indebtedness under the NQ Facility and the Hercules Facility has been repaid in full, the commitments (if any) in respect thereof have been terminated and all guarantees and security therefor have been released (and the Borrower has delivered to the Lender documentation in form and substance satisfactory to the Lender evidencing such repayment, termination and release); and

(G) the Lender has not reasonably determined in good faith that it is unlawful under applicable law, and no Governmental Authority has asserted that it is unlawful under applicable law, for the Lender to make, maintain or fund the Loans, and no Governmental Authority has imposed material restrictions on the authority of the Lender to make, maintain or fund the Loans.

Each Drawdown Notice by the Borrower and the making of each Loan is deemed to constitute a representation by the Borrower on and as of the date of the applicable Loan as to the matters specified in Sections 4.2(B) and 4.2(C).

SECTION 5. AFFIRMATIVE COVENANTS:

Until the Obligations have been indefeasibly repaid in full (other than contingent indemnification obligations not then due) and the Lender has no further commitment to the Borrower under this Agreement:

5.1 Financial Statements. The Parent shall furnish to the Lender (in English):

(A) Within 90 days after the end of each of the Parent's fiscal years commencing with the fiscal year ending March 31, 2020, a consolidated balance sheet of the Parent and its Subsidiaries as at the end of such fiscal year and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, audited and accompanied by a report and opinion of independent public accountants of nationally recognized standing, which report and opinion must be prepared in accordance with GAAP to the effect that such consolidated financial statements present fairly in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Parent and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(B) Within 45 days after the end of each of the Parent's first three fiscal quarters of any fiscal year, a consolidated balance sheet of the Parent and its Subsidiaries as at the end of such fiscal quarter, the related consolidated statements of income or operations and shareholders' equity for such fiscal quarter and for the portion of the Parent's fiscal year then ended and the related consolidated statements of cash flow for the portion of the Parent's fiscal year then ended, in each case setting forth in comparative form, as applicable, the figures for the corresponding period of the previous fiscal year and the corresponding portion of the previous fiscal year, certified by a Responsible Officer of the Parent as fairly presenting in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Parent and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject only to normal year-end audit adjustments and the absence of notes;

(C) As soon as practicable after approval by the Parent Board, the Parent's Rolling Forecast for each calendar quarter and any other extension, amendment, modification or supplement to the Rolling Forecast; and

(D) As soon as available (and in any event within 90 days after the end of each of the Parent's fiscal years), an annual report on Form 10-K of the Parent for such fiscal year.

Notwithstanding the foregoing, the Parent may deliver the documents required to be delivered under Sections 5.1(A),(B) and (D) electronically and such documents are deemed to have been delivered on the date on which the Parent files such documents with the Commission and such documents are publicly available on the Commission's EDGAR filing system or any successor thereto and for purposes hereof, any certifications filed in connection therewith under Section 906 of the Sarbanes Oxley Act of 2002, as amended, are deemed to satisfy the requirements of Section 5.1(B).

5.2 Notices. The Parent shall promptly notify the Lender of (a) the occurrence of any Default, (b) the filing or commencement of any action, suit, investigation or proceeding by or before any arbitrator or Governmental Authority against or affecting the Parent or any Affiliate thereof that could reasonably be expected to be adversely determined, and, if so determined, could reasonably be expected to result in liability of the Parent and its Subsidiaries in an aggregate amount exceeding $2,500,000 and (c) the occurrence of any matter or development (including with respect to matters governed by ERISA or any Environmental Law) that has had or could reasonably be expected to have a Material Adverse Effect. Each notice delivered under this Section 5.2 must be accompanied by a statement of a Responsible Officer of the Parent setting forth the details of the occurrence requiring such notice and stating what action the Parent has taken and proposes to take with respect thereto.

5.3 Preservation of Existence. The Parent shall, and shall cause each of its Subsidiaries to, (a) preserve, renew and maintain in full force and effect its legal existence and good standing under the laws of the jurisdiction of its organization except in a transaction permitted by Section 6.3 or Section 6.4, (b) take all reasonable action to maintain all rights, licenses, permits, privileges and franchises necessary or desirable in the normal conduct of its business, except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect and (c) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

5.4 Maintenance of Properties. The Parent shall, and shall cause each of its Subsidiaries to, (a) maintain, preserve and protect all of its properties and equipment necessary in the operation of its business in good working order and condition (ordinary wear and tear excepted) and (b) make all necessary repairs thereto and renewals and replacements thereof, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

5.5 Maintenance of Insurance. The Parent shall, and shall cause each of its Subsidiaries to, maintain with financially sound and reputable insurance companies, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts (after giving effect to any self-insurance reasonable and customary for similarly situated Persons engaged in the same or similar businesses as the Parent and its Subsidiaries) as are customarily carried under similar circumstances by such Persons.

5.6 Payment of Obligations. The Parent shall, and shall cause each of its Subsidiaries to, pay, discharge or otherwise satisfy as the same shall become due and payable, all of its obligations and liabilities, including tax liabilities, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by Parent or such Subsidiary, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

5.7 Compliance with Laws. The Parent shall, and shall cause each of its Subsidiaries to, comply with the requirements of all laws (including ERISA and Environmental Laws) and all orders, writs, injunctions and decrees applicable to it or to its business or property, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

5.8 Books and Records. The Parent shall, and shall cause each of its Subsidiaries to, maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Parent or such Subsidiary, as the case may be.

5.9 Inspection Rights. The Parent shall, and shall cause each of its Subsidiaries to, permit representatives and independent contractors of the Lender to visit and inspect any of its properties, to examine its organizational, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at the reasonable expense of the Borrower and at such reasonable times during normal business hours and as often as may be reasonably requested. Other than with respect to visits and inspections during the continuation of an Event of Default, the Lender may not exercise its rights under this Section 5.9 more than two times during any calendar year. When an Event of Default exists, the Lender (or any of its representatives or independent contractors) may take any of the actions under this Section 5.9 at the expense of the Borrower and at any time during normal business hours and without advance notice.

5.10 Pari Passu Ranking. The Borrower shall ensure that the Obligations rank at least *pari passu* with its other present and future obligations to any other lender or for any other debt, except with respect to Permitted Liens.

5.11 Sanctions; Anti-Corruption Laws. The Parent shall maintain in effect policies and procedures designed to ensure compliance by the Parent, its Subsidiaries and their respective directors, officers, employees and agents with applicable Sanctions and with the FCPA and any other applicable anti-corruption laws.

5.12 Anti-Social Forces. The Parent shall, and shall cause any of its Subsidiaries to, maintain that none of the Parent or its Subsidiaries:

(A) has a relationship with any Anti-Social Force in such a way that its management is controlled by such Anti-Social Force;

(B) has a relationship with any Anti-Social Force in such a way that such Anti-Social Force is substantially involved in its management;

(C) has a relationship with any Anti-Social Force in such a way that such it unduly uses such Anti-Social Force for the purpose of unfair benefit for itself, its own company or any third party or for the purpose of causing damage to any third party;

(D) has a relationship with any Anti-Social Force in such a way as to provide funds to or extend credit for such Anti-Social Force; or

(E) has a relationship with any Anti-Social Force in such a way that any of its officers or any other Person substantially involved in its management has any socially repugnant relationship with such Anti-Social Force.

5.13 Non-Bank Rules. The Borrower shall ensure that it is at all times in compliance with the Non-Bank Rules, provided that the Borrower shall not be in breach of this undertaking if its number of creditors in respect of either the 10 Non-Bank Rule or the 20 Non-Bank Rule is exceeded solely because a Lender having (a) made an incorrect declaration of its status as to whether or not it is a Qualifying Bank, (b) failed to comply with its obligations under Section 8.7 or (c) ceased to be Qualifying Bank other than as a result of any change in law after the date it became a Lender under this Agreement. For the purpose of its compliance with the 20 Non-Bank Rule under this Section 5.13, the number of Lenders under this Agreement which are not Qualifying Banks shall be deemed to be ten (irrespective of whether or not there are, at any time, any such Lenders).

5.14 Hercules Facility and NQ Facility. Within ten Business Days after the Closing Date (or such longer period as may be agreed by the Lender in its sole discretion), the Borrower shall repay the Indebtedness under the NQ Facility and the Hercules Facility in full, terminate all commitments (if any) in respect thereof and obtain the release of all guarantees and security therefor, and the Borrower shall deliver to the Lender documentation in form and substance satisfactory to the Lender evidencing such repayment, termination and release. The Lender consents to the Indebtedness under the NQ Facility and the Hercules Facility, the guarantees and Liens thereunder and the payments required under this Section 5.14 with respect thereto from the Closing Date until the tenth Business Day after the Closing Date (or such longer period as the Lender may agree hereunder).

5.15 People with Significant Control Regime. The Parent shall, and shall cause any of its Subsidiaries to, (a) within the relevant timeframe, comply with any notice it receives pursuant to Part 21A of the Companies Act 2006 (U.K.) from any company incorporated in the United Kingdom and (b) promptly provide the Lender with a copy of that notice.

SECTION 6. NEGATIVE COVENANTS:

Until the Obligations have been indefeasibly repaid in full (other than contingent indemnification obligations not then due) and the Lender has no further commitment to the Borrower under this Agreement:

6.1 Indebtedness. The Parent shall not, nor shall it permit any Subsidiary to, create, incur, assume or suffer to exist any Indebtedness other than Permitted Indebtedness.

6.2 Liens. The Parent shall not, nor shall it permit any Subsidiary to, create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than Permitted Liens.

6.3 Fundamental Changes. The Parent shall not, nor shall it permit any Subsidiary to, merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person, except that, so long as no Default exists or would result therefrom:

(A) any Subsidiary that is a Guarantor may merge with (i) the Borrower so long as the Borrower is the continuing or surviving Person or (ii) another Guarantor;

(B) any Subsidiary that is not a Guarantor may merge with (i) the Borrower or a Guarantor so long as the Borrower or such Guarantor is the continuing or surviving Person or (ii) any one or more other Subsidiaries so long as when any wholly owned Subsidiary is merging with another Subsidiary, a wholly owned Subsidiary is the continuing or surviving Person;

(C) the Parent and its Subsidiaries may make Permitted Dispositions;

(D) any Permitted Investment may be structured as a merger, consolidation or amalgamation; and

(E) any Subsidiary (other than the Borrower) may dissolve, liquidate or wind up its affairs if it owns no material assets, engages in no business and otherwise has no activities other than activities related to the maintenance of its existence and good standing.

6.4 Dispositions. The Parent shall not, and shall not permit any Subsidiary to, make any Disposition or enter into any agreement to make any Disposition other than Permitted Dispositions or with respect to Permitted Dispositions.

6.5 Restricted Payments. The Parent shall not, and shall not permit any Subsidiary to, declare or make, directly or indirectly, any Restricted Payment other than Restricted Payments made (a) by a Subsidiary to the Parent or any other Subsidiary, (b) pursuant to employee, director or consultant repurchase plans or other similar agreements in accordance with applicable law (so long as the aggregate amount of such Restricted Payment do not exceed the original consideration received by the Parent or Subsidiary for the equity interests related thereto), (c) to repurchase such shares, stock or other equity interests deemed to occur upon exercise of stock options or warrants if such repurchased shares, stock or equity interest represents a portion of the exercise price of such options or warrants and (d) to repurchase such shares, stock or other equity interests deemed to occur upon the withholding of a portion of such shares, stock or equity interest granted or awarded to a current or former officer, director, employee or consultant to pay for the taxes payable by such Person upon such grant or award (or upon vesting thereof).

6.6 Investments. The Parent shall not, and shall not permit any Subsidiary to, make any Investments other than Permitted Investments.

6.7 Transactions with Affiliates. The Parent shall not, and shall not permit any Subsidiary to, enter into any transaction of any kind with any Affiliate of the Parent, whether or not in the ordinary course of business, other than (a) on fair and reasonable terms substantially as favorable to the Parent or such Subsidiary as would be obtainable by the Parent or such Subsidiary at the time in a comparable arm's-length transaction with a Person other than an Affiliate, (b) transactions between or among the Parent and any of its Subsidiaries or between and among any Subsidiaries, (c) Restricted Payments permitted by Section 6.5, (d) Permitted Investments, (e) payment of customary compensation, fees and reasonable out of pocket costs to, and indemnities for the benefit of, directors, officers and employees of the Parent and its Subsidiaries in the ordinary course of business, (f) transactions pursuant to the agreements set forth on the Disclosure Schedule and (g) transactions with the Lender and with the other Strategic Alliance Entities approved by the Parent Board.

6.8 Certain Restrictive Agreements. The Parent shall not, and shall not permit any Subsidiary to, issue a security or enter into any agreement, instrument or other undertaking to which such Person is a party or affecting such Person or the properties of such Person (other than the Loan Documents) that, directly or indirectly, (a) limits the ability of (i) any Subsidiary to make Restricted Payments to the Borrower or the Parent or to otherwise transfer property to the Borrower or the Parent, (ii) any Subsidiary to guarantee Indebtedness of the Borrower or (iii) the Parent or any Subsidiary to create, incur, assume or suffer to exist Liens on property of such Person to secure the Obligations or (b) requires the grant of a Lien to secure an obligation of such Person if a Lien is granted to secure another obligation of such Person. The provisions of this Section 6.8 will not apply to: (1) restrictions and conditions imposed by law or by any Loan Document; (2) restrictions and conditions existing on the date hereof and any amendments or modifications thereof that do not materially expand the scope of any such restriction or condition taken as a whole; (3) customary restrictions and conditions contained in any agreement relating to any Permitted Disposition pending the consummation of such Disposition; (4) customary provisions restricting the transfer or encumbrance of the specific property subject to a Permitted Lien; (5) restrictions or conditions set forth in any agreement governing Permitted Indebtedness; (6) any restriction arising in connection with any agreement or instrument governing equity interests of any joint venture or Person that is not a Subsidiary that is formed after the Closing Date; (7) customary provisions restricting assignment of any agreement entered into in the ordinary course of business; (8) restrictions on cash or other deposits (including escrowed funds) or net worth imposed under contracts entered into in the ordinary course of business; and (9) customary restrictions on Liens in licensing or collaboration agreements relating to intellectual property provided that such restrictions do not prohibit the Liens granted to the Lender pursuant to the Loan Documents.

6.9 Changes in Nature of Business. The Parent shall not, and shall not permit any Subsidiary to, engage to any material extent in any business other than those businesses conducted by the Parent and its Subsidiaries on the date hereof or any business reasonably related or incidental thereto or representing a reasonable expansion thereof.

6.10 Sanctions; Anti-Corruption Use of Proceeds. The Parent shall not, directly or indirectly, use the proceeds of the Loans, or lend, contribute or otherwise make available such proceeds to any Subsidiary, joint venture partner or other Person, (a) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of the FCPA or any other applicable anti-corruption law, (b) to fund any activities or business of or with any Person, or in any country or territory, that, at the time of such funding, is, or whose government is, the subject of Sanctions or (c) in any other manner that would result in a violation of Sanctions by any Person.

SECTION 7. DEFAULT; REMEDIES:

7.1 Events of Default. Each of the following events is an "Event of Default" for purposes of the Loan Documents:

(A) the Borrower fails to pay (i) any principal of the Loans when and as the same becomes due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise or (ii) any interest on the Loans or any other amount (other than the principal of the Loans) payable under any Loan Document when and as the same becomes due and payable, and such failure continues unremedied for a period of three or more Business Days;

(B) any representation or warranty made or deemed made by or on behalf of a Loan Party in or in connection with any Loan Document or any amendment or modification thereof, or any waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document or any amendment or modification thereof, or any waiver thereunder, is incorrect in any material respect when made or deemed made;

(C) the Parent or the Borrower fails to observe or perform any covenant, condition or agreement contained in Section 2.3, Section 5.2(a), Section 5.3 (with respect to the Borrower's existence), Section 5.14 or in Section 6;

(D) a Loan Party fails to observe or perform any covenant, condition or agreement contained in any Loan Document (other than those specified in Section 7.1(A), Section 7.1(B) or Section 7.1(C)) and such failure continues unremedied for a period of 30 or more days after the earlier of (i) the Parent or the Borrower obtaining knowledge thereof or (ii) notice thereof by the Lender to the Borrower;

(E) the Parent or any Subsidiary fails to (i) make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) in respect of any Indebtedness (other than Indebtedness under the Loan Documents and intercompany Indebtedness) having an aggregate principal amount of more than $1,000,000, in each case beyond the applicable grace period with respect thereto, if any, or the Parent or any Subsidiary fails to (ii) observe or perform any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event is to cause, or to permit the holder or holders or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity;

(F) there is entered against the Parent or any Subsidiary (i) a final judgment or order for the payment of money in an aggregate amount (as to all such judgments and orders) exceeding $1,000,000 (to the extent not covered by independent third-party insurance as to which the insurer has been notified of such judgment or order and has not denied or failed to acknowledge coverage) or (ii) a non-monetary final judgment or order that, either individually or in the aggregate, has or could reasonably be expected to have a Material Adverse Effect and, in either case, (a) enforcement proceedings are commenced by any creditor upon such judgment or order or

(b) there is a period of 30 consecutive days during which a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect;

(G) an involuntary proceeding is commenced or an involuntary petition is filed seeking (i) liquidation, reorganization or other relief in respect of the Parent or any Subsidiary or its debts, or of a substantial part of its assets, under any Debtor Relief Law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, conservator or similar official for the Parent or any Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition continues undismissed for a period of 60 or more days or an order or decree approving or ordering any of the foregoing shall be entered;

(H) the Parent or any Subsidiary (i) voluntarily commences any proceeding or files any petition seeking liquidation, examinership, reorganization or other relief under any Debtor Relief Law now or hereafter in effect (other than a proceeding for the liquidation or dissolution of a Subsidiary (other than the Borrower) permitted pursuant to Section 5.3), (ii) consents to the institution of, or fails to contest in a timely and appropriate manner, any proceeding or petition described in Section 7.1(G), (iii) applies for or consents to the appointment of a receiver, examiner, trustee, custodian, conservator or similar official for the Parent or any Subsidiary or for a substantial part of its assets, (iv) files an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) makes a general assignment for the benefit of creditors or (vi) takes any action for the purpose of effecting any of the foregoing;

(I) the Parent or any Subsidiary becomes unable, admits in writing its inability or fails generally to pay its debts as they become due;

(J) the Parent, the Parent Board or any committee of the Parent Board breaches or fails to comply with its agreements under Sections 4.4(b), 4.4(c) or 4.4(d) of the Investor Rights Agreement dated as of or about the Closing Date, among the Parent, Vant Alliance Ltd. and the Lender; or

(K) any material provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted thereunder or satisfaction in full of all Obligations, ceases to be in full force and effect; or the Parent or any Subsidiary contests in writing the validity or enforceability of any provision of any Loan Document; or a Loan Party denies in writing that it has any or further liability or obligation under any Loan Document, or purports in writing to revoke, terminate or rescind any Loan Document.

7.2 Remedies. Upon the occurrence and during the continuance of an Event of Default, the Lender may:

(A) terminate its obligation to make Loans to the Borrower (provided that upon the occurrence of an Event of Default specified in Section 7.1(G) or Section 7.1(H), the Lender's obligation to make Loans to the Borrower automatically terminates without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the Borrower);

(B) declare the outstanding principal of the Loans to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued and unpaid interest thereon and all other Obligations accrued hereunder, become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower (provided that upon the occurrence of an Event of Default specified in Section 7.1(G) or Section 7.1(H), all Obligations automatically become due and payable without presentment, demand, protest or other notice of any kind, all of which are expressly waived by the Borrower); and

(C) exercise all rights and remedies available to it under the Loan Documents and applicable law.

7.3 Right of Setoff. If an Event of Default has occurred and is continuing, the Lender and each of its Affiliates is authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held, and other obligations (in whatever currency) at any time owing, by the Lender or any such Affiliate, to or for the credit or the account of the Parent or the Borrower against any and all of the Obligations, irrespective of whether

or not the Lender or such Affiliate has made any demand under any Loan Document and although any Obligations may be contingent or unmatured.

7.4 Application of Payments. Following the occurrence and during the continuance of an Event of Default, the Lender has the exclusive right to determine the order and manner in which all payments received on account of the Obligations may be applied to the Obligations, including the right to reverse and re-apply any such payments.

7.5 Remedies Cumulative; Waiver. The rights of the Lender and its Affiliates under the Loan Documents are in addition to any other right or remedy (including rights of setoff) that the Lender or any such Affiliates may have. No failure to exercise and no delay in exercising any right or remedy under the Loan Documents operates as a waiver thereof. No single or partial exercise of any right or remedy under the Loan Documents, or any abandonment or discontinuance thereof, precludes any other or further exercise thereof or the exercise of any other right or remedy.

SECTION 8. MISCELLANEOUS:

8.1 Governing Law. This Agreement is governed by, and construed in accordance with, the laws of the State of New York.

8.2 Expenses. The Borrower shall pay (a) $75,000 to the Lender to reimburse the Lender for its reasonable out-of-pocket costs and expenses (including the reasonable fees, charges and disbursements of counsel) incurred in connection with the transactions contemplated by the Loan Documents prior to and including the Closing Date, (b) all reasonable out-of-pocket costs and expenses (including the reasonable fees, charges and disbursements of counsel) incurred by the Lender in connection with any amendments, modifications or waivers of the Loan Documents after the Closing Date (whether or not the transactions contemplated thereby are consummated) and (c) all out-of-pocket costs and expenses incurred by the Lender (including the fees, charges and disbursements of any counsel) in connection with the enforcement or protection of its rights (i) in connection with the Loan Documents, including its rights under this Section 8.2 or (ii) in connection with the Loans, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of the Loans. The Borrower's obligations under this Section 8.2 survive the termination of the Loan Documents and payment of the Obligations.

8.3 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction is, as to such jurisdiction, ineffective to the extent of such invalidity, illegality or unenforceability without effecting the validity, legality and enforceability of the remaining provisions of this Agreement; and the invalidity of a particular provision in a particular jurisdiction does not invalidate such provision in any other jurisdiction.

8.4 Integration. The Loan Documents constitute the entire contract among the Parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

8.5 Notices. All notices and other communications provided for in the Loan Documents must be in writing and delivered by hand or overnight courier service, mailed by certified or registered mail or sent by email to a Party at its address (or email address) set forth on Annex C. Notices and other communications sent by hand or overnight courier service, or mailed by certified or registered mail, are deemed to have been given when received and notices and other communications sent to an e-mail address are deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement). Any Party may change its address or email address for notices and other communications hereunder by notice to the other Parties.

8.6 Amendments; Waivers. Neither this Agreement nor any provision hereof may be amended, modified or waived except pursuant to an agreement or agreements in writing entered into by the Parties. No waiver or consent under this Agreement is applicable to any events, acts or circumstances except those specifically covered thereby.

8.7 Successors and Assigns. This Agreement is binding upon, and inures to the benefit of, the Parties and their respective successors and permitted assigns. The Borrower may not assign or transfer any of its interests or rights, or delegate its duties or obligations, under this Agreement, in whole or in part, without the Lender's prior written consent. The Lender may assign to one or more assignees all or a portion of its rights and obligations under this

Agreement (including all or a portion of the Loans at the time owing to it or its commitment to make the Loans) with the consent of the Borrower (such consent not to be unreasonably withheld, conditioned or delayed), such consent not being required if an Event of Default has occurred and is continuing at the time of such assignment or such assignment is to an Affiliate of the Lender to the extent such Affiliate is a Qualifying Bank (provided that the Borrower is deemed to have consented to any such assignment unless it objects thereto by written notice to the Lender within ten Business Days after having received notice thereof and further provided that (a) the notice by the Lender shall contain a confirmation as to whether or not the assignee or transferee is a Qualifying Bank, (b) consent by the Borrower is deemed to be reasonably withheld if the relevant assignment or transfer could reasonably be expected to violate the 10 Non-Bank Rule or the 20 Non-Bank Rule and (c) the consent by the Borrower given to an assignment or transfer proposed to be made to a party which is not a Qualifying Bank (for the avoidance of doubt, with the consent given by the Borrower being a Permitted Non-Qualifying Bank) is deemed to be a confirmation by the Borrower that the 10 Non-Bank Rule or the 20 Non-Bank Rule is not violated). The Lender may at any time, without the consent of, or notice to, the Borrower, sell participations to any Person in all or a portion of its rights and obligations under this Agreement (including all or a portion of the Loans at the time owing to it or its commitment to make the Loans) so long as (a) the Lender's obligations under this Agreement remain unchanged, (b) the Lender remains solely responsible to the other Parties for the performance of such obligations and (c) the Borrower will continue to deal solely and directly with the Lender in connection with its rights and obligations under this Agreement. Nothing in this Agreement, expressed or implied, may be construed to confer upon any Person (other than the parties hereto, their respective successors and permitted assigns) any legal or equitable right, remedy or claim under or by reason of this Agreement.

8.8 Submission to Jurisdiction; Waiver of Jury Trial.

(A) Subject to, and without limiting the applicability of, Section 8.9, the Parties agree that any action or proceeding with respect to this Agreement or any judgment entered by any court in respect thereof may be brought in the United States District Court for the Southern District of New York or the courts of the State of New York and each Party submits to the jurisdiction of such court for the purpose of any such action, proceeding or judgment.

(B) Each Party irrevocably consents to service of process in the manner provided for notice in Section 8.5. Nothing in this Agreement affects the right of any Party to service process in any other manner permitted by applicable law.

(C) Each Party irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of venue of any action or proceeding arising out of or relating to this Agreement in any court referred to in Section 8.8(A). Each Party irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(D) EACH PARTY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER REASON).

8.9 Arbitration. Any dispute, claim or controversy arising out of or relating to this Agreement or the breach, termination, enforcement, interpretation or validity of this Agreement will be determined by binding arbitration in Paris, France. The arbitration will be conducted in accordance with the Rules of Arbitration of the International Chamber of Commerce ("ICC"). The arbitration will be conducted before three arbitrators. The Lender shall nominate one arbitrator and the Borrower shall nominate another arbitrator. The third arbitrator will be selected by the two party-appointed arbitrators or, if the two party-appointed arbitrators cannot agree on the third arbitrator, by the ICC. The arbitration proceedings will be conducted in English. The award rendered by the arbitrators is final and binding upon the Parties. Judgment upon such award may be entered in any court having jurisdiction thereof. Each Party to the arbitration shall pay its own costs and expenses in connection with the arbitration.

8.10 Waiver of Consequential Damages. To the fullest extent permitted by applicable law, each Party shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, any Loan Document, the transactions contemplated thereby, the Loans or the use of the proceeds thereof.

8.11 Reinstatement. To the extent that any payment by or on behalf of the Borrower is made to the Lender, or the Lender exercises its right of set-off, and such payment or the proceeds of such set-off or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then, to the extent of such recovery, the obligation or part thereof originally intended to be satisfied is revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred.

8.12 Counterparts. This Agreement may be executed in counterparts (and by different Parties in different counterparts), each of which constitutes an original, but all of which when taken together constitute a single contract. Delivery of an executed counterpart of a signature page of this Agreement by electronic transmission is as effective as delivery of a manually executed counterpart of this Agreement.

(Signature page(s) follow)

The Parties have executed and delivered this Agreement as of the date first above written.

MYOVANT SCIENCES GMBH

By:/s/Sacha Bucher
Name: Sascha Bucher
Title: Director and Head of Global Transactions

MYOVANT SCIENCES LTD.

By: /s/ Marianne Romeo
Name: Marianne Romeo
Title: Head, Global Transactions and Risk Management

SUMITOMO DAINIPPON PHARMA CO., LTD.

By: /s/ Hiroyuki Baba
Name: Hiroyuki Baba
Title: Senior Executive Officer

[Signature Page to Loan Agreement]

ANNEX A

Rules of Construction

1. Definitions. As used in this Agreement, the plural includes the singular and the singular includes the plural. As used in this Agreement, the following terms have the following meanings:

"10 Non-Bank Rule" means the rule that the aggregate number of Lenders under this Agreement which are not Qualifying Banks must not at any time exceed ten, all in accordance with the meaning of the Guidelines or legislation or explanatory notes addressing the same issues that are in force at such time.

"20 Non-Bank Rule" means the rule that the aggregate number of creditors (including the Lenders), other than Qualifying Banks, of the Borrower under all its outstanding debts relevant for classification as debenture (*Kassenobligation*) (including debt arising under this Agreement) must not at any time exceed 20, all in accordance with the meaning of the Guidelines or legislation or explanatory notes addressing the same issues that are in force at such time.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the specified Person, where "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise, and "controlled" has the meaning correlative thereto.

"Agreement" has the meaning set forth for such term in the introduction.

"Anti-Social Force" means an organized crime group, an organized crime group member, a Person who has been an organized crime group member within the past five years, an organized crime group sub-member, an organized crime group affiliate company, a corporate extortionist, an extortionist who pretends to undertake social movements, a special intellectual organized crime group or any other Person or group similar to the above.

"Benchmark Rate" means, as of any date of determination, (a) until such time as an alternative rate is established under Section 2.7(B), a rate per annum equal to LIBOR for such date and (b) if an alternative rate is established under Section 2.7(B), then such alternative as of such date; provided that if the Benchmark Rate is less than 0%, then the Benchmark Rate will be deemed to be 0% for purposes of this Agreement.

"Borrower" has the meaning set forth for such term in the introduction.

"Business Day" means any day that is not a Saturday, Sunday or other day that is a legal holiday under the laws of Japan or is a day on which banking institutions in London, New York or Zurich are authorized or required by law to close.

"Change of Control" means any of the following events: (a) any third party (or group of third parties acting in concert), other than Lender or any of its Affiliates, becomes the beneficial owner, directly or indirectly, of more than 50% of the total voting power of the capital stock then outstanding of the Parent normally entitled to vote in elections of directors; (b) the Parent consolidates with or merges into another corporation or entity, or any corporation or entity consolidates with or merges into the Parent, in either event pursuant to a transaction (or series of transactions) in which more than 50% of the total voting power of the stock outstanding of the surviving entity normally entitled to vote in elections of directors is not held by the parties holding at least 50% of the outstanding shares of such Person preceding such consolidation or merger; (c) the Parent or the Borrower conveys, transfers, assigns, leases, or otherwise disposes all or substantially all of its assets to any Person or (d) the Borrower ceases to be a direct or indirect wholly owned Subsidiary of the Parent.

"Closing Date" means the date of this Agreement.

"Commission" means the United States Securities and Exchange Commission.

"Disclosure Schedule" means the disclosure schedule attached to this Agreement as of the Closing Date.

"Drawdown Notice" has the meaning set forth for such term in Section 2.2.

"Drawdown Termination Date" means the date occurring three months prior to the fifth anniversary of the Closing Date.

"Debtor Relief Laws" means the United States Bankruptcy Code, the Insolvency Act 1986 (U.K.), Enterprise Act 2002 (U.K.), Companies Act 2006 (U.K.) and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, examinership, reorganization, or similar debtor relief laws of the United States, the United Kingdom, Ireland, Switzerland or Bermuda or other applicable jurisdictions from time to time in effect.

"Default" means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

"Disposition" or "Dispose" means the sale, transfer, license, lease or other disposition of any property by any Person (including any sale and leaseback transaction and any issuance of equity interests by a Subsidiary of such Person), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith.

"Disqualified Equity Interests" means any equity interests that, by their terms (or by the terms of any security or other equity interest into which they are convertible or for which they are exchangeable) or upon the happening of any event or condition, (a) mature or are mandatorily redeemable (other than solely for Qualified Equity Interests and cash in lieu of fractional shares), pursuant to a sinking fund obligation or otherwise (except as a result of a change of control, fundamental change, asset sale or similar event so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and the termination of the Lender's commitment hereunder), (b) are redeemable at the option of the holder thereof (other than solely for Qualified Equity Interests and cash in lieu of fractional shares) (except as a result of a change of control fundamental change, asset sale or similar event so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and the termination of the Lender's commitment hereunder), in whole or in part, (c) provides for scheduled payments of dividends in cash or (d) are or become convertible into or exchangeable for Indebtedness or any other equity interests that would constitute Disqualified Equity Interests, in each case, prior to the date that is 91 days after the Maturity Date; provided that if such equity interests are issued pursuant to a plan for the benefit of the Parent or its Subsidiaries or their directors, officers, employees or consultants or by any such plan to directors, officers, employees or consultants of the Parent or any of its Subsidiaries, such equity interests shall not constitute Disqualified Equity Interests solely because they may be required to be repurchased by the Parent or its Subsidiaries in order to satisfy applicable statutory or regulatory obligations or as a result of such director, officer, employee or consultant's termination, death or disability.

"Disruption Event" means the inability of the Lender to fund a Loan due to (a) the occurrence of any natural disaster or war, (b) any suspension or disruption of electrical, communications or various clearing and settlement systems, (c) any event that occurs within the relevant interbank market that makes impossible for banks to provide or borrow loans in Dollars or (d) any other force majeure event not attributable to the Lender.

"Dollar" and "$" mean lawful money of the United States.

"Drawdown Notice" has the meaning set forth for such term in Section 2.2.

"Environmental Laws" means any and all federal, state, local, and foreign statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions, including all common law, relating to pollution or the protection of health, safety or the environment or the release of any materials into the environment, including those related to hazardous materials, air emissions, discharges to waste or public systems and health and safety matters.

"ERISA" means the Employee Retirement Income Security Act of 1974.

"Event of Default" has the meaning set forth for such term in Section 7.1.

"Excluded Subsidiary" means (a) any Subsidiary that is prohibited by applicable law, rule or regulation or by any contractual obligation to which such Subsidiary is a party or by which it or any of its property or assets is bound from guaranteeing the Obligations so long as any such agreement, instrument or other undertaking was not entered into in connection with, or in contemplation of, the provisions of this definition, (b) any Subsidiary to the extent the guarantee by such Subsidiary of the Obligations would violate the fiduciary duties of its directors or would create a material risk of personal or criminal liability on the part of any director or officer of such Subsidiary (including as a result of "thin capitalization" rules and limitations on financial assistance), (c) any Subsidiary that as a result of providing a guarantee of the Obligations by such Subsidiary would subject the Parent or any of its Subsidiaries to material and adverse tax consequences and (d) any Subsidiary with respect to which guaranteeing the Obligations would require consent, approval, license or authorization from any Governmental Authority, unless such consent, approval, license or authorization has been obtained.

"FCPA" has the meaning set forth for such term in Section 3.11(B).

"GAAP" means United States generally accepted accounting principles as in effect as of the date of determination thereof. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein are construed, and all computations of amounts and ratios referred to herein are made, without giving effect to (a) any election under Financial Accounting Standards Board Accounting Standards Codification 825 (or any other Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Parent or any Subsidiary at "fair value", as defined therein, (b) any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness will at all times be valued at the full stated principal amount thereof and (c) Accounting Standards Codification 842, Leases (or any other Accounting Standards Codification having similar result or effect) (and related interpretations) to the extent any lease (or similar arrangement) would be required to be treated as a capital lease thereunder where such lease (or arrangement) would have been treated as an operating lease under GAAP as in effect immediately prior to the effectiveness of such Accounting Standards Codification.

"Governmental Authority" means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank).

"Guarantors" means, collectively, the Parent and each Subsidiary of Parent (other than the Borrower or any Excluded Subsidiary).

"Guaranty" means the Guaranty dated as of the Closing Date made by the Guarantors in favor of the Lender.

"Guidelines" means, together, guideline S-02.123 in relation to interbank loans of September 22, 1986 (*Merkblatt "Verrechnungssteuer auf Zinsen von Bankguthaben, deren Gläubiger Banken sind* (*Interbankguthaben*)" vom 22. September 1986), guideline S-02.130.1 in relation to money market instruments and book claims of April 1999 (*Merkblatt vom April 1999 betreffend Geldmarktpapiere und Buchforderungen inländischer Schuldner*), circular letter No. 34 of July 26, 2011 (1-034-V-2011) in relation to deposits (*Kreisschreiben Nr. 34 "Kundenguthaben" vom 26. Juli 2011*) and the circular letter No. 15 of October 3, 2017 (1-015-DVS-2017) in relation to bonds and derivative financial instruments as subject matter of taxation of Swiss federal income tax, Swiss withholding tax and Swiss stamp taxes (*Kreisschreiben Nr. 15 "Obligationen und derivative Finanzinstrumente als Gegenstand der direkten Bundesssteuer, der Verrechnungssteuer und der Stempelabgaben" vom 3. Oktober 2017*), circular letter No. 46 of July 24, 2019 (1-046-VS-2019) in relation to syndicated credit facilities (*Kreisschreiben Nr. 46 betreffend steuerliche Behandlung von Konsortialdarlehen, Schuldscheindarlehen, Wechseln und Unterbeteiligungen vom 24. Juli 2019*) and circular letter No. 47 of July 25, 2019 (1-047-V-2019) in relation to bonds (*Kreisschreiben Nr. 47 betreffend Obligationen*

vom 25. Juli 2019), in each case as issued, amended or replaced from time to time, by the Swiss Federal Tax Administration (*Eidgenössische Steuerverwaltung*) or as substituted or superseded and overruled by any law, statute, ordinance, court decision, regulation or the like as in force from time to time.

"Hercules Facility" means the transactions evidenced by the Loan and Security Agreement dated October 16, 2017, by and between the Loan Parties and Hercules Capital, Inc.

"Indebtedness" means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(A) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(B) all direct or contingent obligations of such Person arising under (i) letters of credit (including standby and commercial), bankers' acceptances and bank guaranties and (ii) surety bonds, performance bonds and similar instruments issued or created by or for the account of such Person;

(C) net obligations of such Person under any Swap Contract;

(D) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business and deferred compensation and severance, pension, health and welfare retirement and equivalent benefits to current or former employees, directors or managers of such Person and its Subsidiaries);

(E) indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse;

(F) any capitalized lease of such Person that would appear on its balance sheet in accordance with GAAP or any synthetic, off-balance sheet, tax retention lease or other similar arrangement of such Person that would appear on its balance sheet in accordance with GAAP if such arrangement were accounted for as a capital lease;

(G) all obligations of such Person in respect of any Disqualified Equity Interests; and

(H) all guarantees or contingent obligations of such Person in respect of any of the foregoing.

For all purposes hereof, the Indebtedness of any Person includes the Indebtedness of any partnership or joint venture (other than a joint venture that is itself a corporation or limited liability company) in which such Person is a general partner or a joint venturer, unless such Indebtedness is expressly made non-recourse to such Person.

"Indemnitee" has the meaning set forth for such term in Section 2.9.

"Investment" means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of equity interests or debt or other securities of another Person, (b) a loan, advance or capital contribution to, guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person or (c) the purchase or other acquisition (in one transaction or a series of transactions) of all or substantially all of the property and assets or business of another Person or assets constituting a business unit, line of business or division of such Person.

"Lender" has the meaning set forth for such term in the introduction.

"LIBOR" means, as of any date of determination, the London Interbank Offered Rate for a three months period as displayed on any applicable screen page the Lender designates (or on any successor or substitute page or service providing quotations of interest rates comparable to those currently provided on such page) as published at approximately

11:00 a.m. (London time) three Business Days prior to the first day of the calendar quarter in which such date of determination occurs.

"Lien" means any security interest, pledge, mortgage, encumbrance, lien or charge of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement or any lease in the nature thereof).

"Loans" has the meaning set forth for such term in Section 2.1.

"Loan Documents" means this Agreement, any promissory notes issued pursuant hereto, the Guaranty and all other agreements, instruments, certificates or other documents now or hereafter executed or delivered to, or in favor of, the Lender in connection with the Loan Agreement or the transactions contemplated thereby.

"Loan Parties" means, collectively, the Borrower and the Guarantors.

"Margin" means 3% per annum.

"Margin Stock" means (a) margin stock within the meaning of Regulations T, U and X of the Federal Reserve Board and all official rulings and interpretations thereunder or thereof and (b) financial instruments within the meaning of the Swiss Federal Act on Financial Services of June 15, 2018 (*Bundesgesetz über die Finanzdienstleistungen*).

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect on, the operations, business, properties, liabilities (actual or contingent) or condition (financial or otherwise) of the Parent and its Subsidiaries, taken as a whole, or (b) a material adverse effect on (i) the ability of the Loan Parties to perform the Obligations, (ii) the legality, validity, binding effect or enforceability against the Borrower of any Loan Document to which it is a party or (iii) the rights, remedies and benefits available to, or conferred upon, the Lender under any Loan Document.

"Maturity Date" means the earlier to occur of (a) the fifth anniversary of the Closing Date and (b) the date the outstanding principal of the Loans is declared due and payable pursuant to Section 7.2(B).

"Non-Bank Rules" means, together, the 10 Non-Bank Rule and the 20 Non-Bank Rule.

"NQ Facility" means the transactions evidenced by the Securities Purchase Agreement dated as of October 16, 2017, between the Borrower and NovaQuest Pharma Opportunities Fund IV, L.P.

"Obligations" means all advances to, and debts, liabilities, obligations, covenants and duties of, the Borrower arising under any Loan Document or otherwise with respect to the Loans, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against the Borrower or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. Without limiting the foregoing, the Obligations include (a) the obligation to pay principal, interest, charges, expenses, fees, indemnities and other amounts payable by the Borrower under any Loan Document and (b) the obligation of the Borrower to reimburse any amount in respect of any of the foregoing that the Lender, in its sole discretion, may elect to pay or advance on behalf of the Borrower.

"Parent" has the meaning set forth for such term in the introduction.

"Parent Board" means the board of directors of the Parent.

"Parties" has the meaning set forth for such term in the introduction.

"Permitted Affiliate Investments" means, with respect to any Person, an Investment by such Person in, or a Disposition by such Person to, (a) with respect to any Loan Party, (i) any other Loan Party or (ii) any Subsidiary that is not a Loan Party in an amount (for Investments and Dispositions in the aggregate) not to exceed $1,000,000 in the

aggregate and (b) with respect to any Subsidiary of the Parent that is not a Loan Party, (i) any Loan Party or (ii) any other Subsidiary that is wholly owned by a Loan Party.

"Permitted Dispositions" means:

(A) Dispositions of obsolete or worn out property, whether now owned or hereafter acquired, in the ordinary course of business;

(B) Dispositions of inventory and Investments in the ordinary course of business;

(C) Dispositions of equipment or real property to the extent that (i) such property is exchanged for credit against the purchase price of similar replacement property or (ii) the proceeds of such Disposition are reasonably promptly applied to the purchase price of such replacement property;

(D) Dispositions permitted by Section 6.3, Restricted Payments permitted by Section 6.5 and Permitted Investments;

(E) leases, licenses, subleases or sublicenses (including the provision of open source software under an open source license) granted in the ordinary course of business and on ordinary commercial terms that do not interfere in any material respect with the business of the Parent and its Subsidiaries;

(F) Permitted Affiliate Investments;

(G) Dispositions of intellectual property rights that are no longer used or useful in the business of the Parent and its Subsidiaries;

(H) the surrender, waiver or settlement of contractual rights in the ordinary course of business, or the surrender, waiver or settlement of claims and litigation claims, whether or not in the ordinary course of business;

(I) the discount, write-off or Disposition of overdue accounts receivable or the sale of any such accounts receivable for the purpose of collection to any collection agency, in each case in the ordinary course of business;

(J) other Dispositions that are approved by the Parent Board; and

(K) Dispositions by the Borrower and its Subsidiaries not otherwise permitted under this definition so long as that the aggregate book value of all property Disposed of pursuant to this clause (K) in any fiscal year does not exceed $1,000,000

"Permitted Indebtedness" means:

(A) Indebtedness under the Loan Documents;

(B) guarantees of the Parent or any Subsidiary in respect of Indebtedness otherwise permitted hereunder;

(C) obligations (contingent or otherwise) of the Parent or its Subsidiaries existing or arising under any Swap Contract so long as such obligations are entered into in the ordinary course of business for the purpose of mitigating risks associated with liabilities, commitments, investments, assets or property held or reasonably anticipated, or changes in the value of securities issued, and not for speculative purposes;

(D) Indebtedness in respect of capital leases and purchase money obligations for fixed or capital assets within the limitations set forth in clause (H) of the definition of Permitted Liens so long as the aggregate outstanding amount of such Indebtedness does not exceed $1,500,000;

(E) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds and completion guarantees and similar obligations not in connection with money borrowed, in each case provided in the ordinary course of business, including those incurred to secure health, safety and environmental obligations in the ordinary course of business;

(F) Indebtedness in respect of Permitted Affiliate Investments;

(G) Indebtedness (i) resulting from a bank or other financial institution honoring a check, draft or similar instrument in the ordinary course of business or (ii) arising under or in connection with letters of credit and cash management services (including credit cards, merchant cards, purchase cards and debit cards) in the ordinary course of business;

(H) Indebtedness incurred to finance insurance premiums; and

(I) other unsecured Indebtedness in a principal amount not to exceed $1,000,000 at any time outstanding.

"Permitted Investments" means:

(A) Investments held in the form of cash or cash equivalents or other Specified Permitted Investments;

(B) (i) Investments in Subsidiaries in existence on the Closing Date and (ii) other Investments in existence on the Closing Date and identified on the Disclosure Schedule and any refinancing, refunding, renewal or extension of any such Investment that does not increase the amount thereof;

(C) Permitted Affiliate Investments;

(D) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(E) Investments consisting of the indorsement by the Parent or any Subsidiary of negotiable instruments payable to such Person for deposit or collection in the ordinary course of business;

(F) Investments accepted in connection with Permitted Dispositions;

(G) Investments consisting of loans not involving the net transfer on a substantially contemporaneous basis of cash proceeds to employees, officers or directors relating to the purchase of shares of the Parent pursuant to employee share or stock purchase plans or other similar agreements approved by the Parent Board;

(H) Investments consisting of travel advances, relocation loans, and other loan advances (or guarantees thereof) to employees, officers and directors in the ordinary course of business;

(I) Swap Contracts permitted under clause (C) of the definition of Permitted Indebtedness;

(J) to the extent constituting an Investment, transactions otherwise permitted by Section 6.1, Section 6.3 and Section 6.5;

(K) other Investments that are approved by the Parent Board; and

(L) additional Investments that do not exceed $1,500,000 in the aggregate net outstanding amount.

"Permitted Liens" means:

(A) Liens for Taxes not yet due or that are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(B) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business that are not overdue for a period of more than 60 days or that are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person;

(C) pledges and deposits to secure the performance of obligations (including by way deposits to secure letters of credit issued to secure the same) under commercial supply or manufacturing agreements;

(D) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA;

(E) deposits to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(F) easements, rights-of-way, restrictions and other similar encumbrances affecting real property that, in the aggregate, are not substantial in amount, and that do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person, and any zoning or similar law or right reserved to or vested in any Governmental Authority to control or regulate the use of any real property that does not materially interfere with the ordinary conduct of the business of the Borrower and its Subsidiaries;

(G) Liens securing judgments for the payment of money not constituting an Event of Default;

(H) Liens securing Indebtedness permitted under clause (D) of the definition of Permitted Indebtedness so long as (i) such Liens do not at any time encumber any property other than the property financed by such Indebtedness and (ii) the Indebtedness secured thereby does not exceed the cost of the property being financed with such Indebtedness;

(I) Liens (i) of a collecting bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection, (ii) in favor of a banking institution arising as a matter of law encumbering deposits (including the right of setoff) that are customary in the banking industry and (iii) on cash and cash equivalents to secure obligations in respect of letters of credit and cash management services permitted pursuant to clause (G) of the definition of Permitted Indebtedness;

(J) any interest or title of a lessor, sublessor, licensor or sublicensor under leases or licenses permitted by this Agreement that are entered into in the ordinary course of business;

(K) leases, licenses, subleases or sublicenses granted to others in the ordinary course of business that do not (i) interfere in any material respect with the ordinary conduct of the business of the Borrower and its Subsidiaries or (ii) secure any Indebtedness;

(L) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(M) Liens to secure obligations under Swap Contracts permitted pursuant to clause (C) of the definition of Permitted Indebtedness; and

(N) Liens on insurance proceeds securing the payment of financed insurance premiums.

"Permitted Non-Qualifying Bank" means a Lender which is not a Qualifying Bank but has been accepted as a Lender by the Borrower under Section 8.7.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, governmental authority or other entity.

"Prepayment Notice" has the meaning set forth for such term in Section 2.6.

"Qualified Equity Interests" means equity interests that are not Disqualified Equity Interests.

"Qualifying Bank" means:

(A) any bank as defined in the Swiss Federal Code for Banks and Savings Banks dated 8 November 1934 (*Bundesgesetz über die Banken und Sparkassen*), or

(B) a person or entity which effectively conducts banking activities with its own infrastructure and staff as its principal purpose and which has a banking license in full force and effect issued in accordance with the banking laws in force in its jurisdiction of incorporation, or if acting through a branch, issued in accordance with the banking laws in the jurisdiction of such branch, all and in each case within the meaning of the Guidelines.

"Related Party" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees, administrators, managers, advisors and representatives of such Person and of such Person's Affiliates.

"Responsible Officer" means the Parent's chief executive officer, president, chief financial officer, chief accounting officer or any executive vice president.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any equity interest of any Person, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such equity interest, or on account of any return of capital to such Person's shareholders, partners or members (or the equivalent Persons thereof).

"Rolling Forecast" means the 18-month forward projections including cash sources and uses, the initial form of which is attached as Exhibit C, as it may be extended, amended, modified or supplemented from time to time (including any quarterly updates thereto) as approved by the Parent Board and delivered to the Lender in accordance with Section 5.1(C).

"Sanctions" has the meaning set forth for such term in Section 3.11(A).

"Specified Permitted Investments" means (a) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof maturing within one year from the date of acquisition thereof, (b) commercial paper maturing no more than one year from the date of creation thereof and currently having a rating of at least A-2 or P-2 from either Standard & Poor's Corporation or Moody's Investors Service, (c) certificates of deposit issued by any bank with assets of at least $500,000,000 maturing no more than one year from the date of investment therein, (d) money market accounts, (e) investments denominated in the currency of foreign jurisdictions with a maturity of not more than one year from the date of acquisition thereof which are substantially similar (including creditworthiness) to the items specified in clauses (a) through (d) above made in the ordinary course of business, (f) securities of government sponsored entities having ratings of at least AAA by Moody's (or the then equivalent grade) or AAA by S&P (or the then equivalent grade) as of the date of acquisition and having maturities not more than one year from the date of acquisition thereof, (g) in the case of the Parent or any non-United States Subsidiary, other short-term investments that are analogous to those referenced in the foregoing clauses (a) through (f), are of comparable credit quality and are customarily used by the companies in the jurisdiction of the Parent or such non-United States Subsidiary for cash management purposes and (h) other Investments described in Parent's investment policy as approved by the Parent Board from time to time.

"Strategic Alliance Entities" means, collectively, the Parent, Urovant Sciences Ltd., an exempted company organized under the laws of Bermuda, Enzyvant Therapeutics Ltd., an exempted company organized under the laws

of Bermuda, Spirovant Sciences Ltd., an exempted company organized under the laws of Bermuda, Altavant Sciences Ltd., an exempted company organized under the laws of Bermuda, Vant Alliance Ltd., an exempted company organized under the laws of Bermuda, and any other Person entity that is an Affiliate of the Lender and designated by the lender as part of such alliance.

"Subsidiary" of any Person (the "parent") means and includes any other Person in which the parent directly or indirectly through one or more Persons holds more than 50% of the equity interests of such other Person. Unless otherwise expressly provided, all references to "Subsidiary" herein mean a Subsidiary of the Parent.

"Swap Contract" means any rate swap transactions, foreign exchange transactions, currency swap transactions, credit derivative transactions, commodity swaps, equity or bond swaps or any other similar transactions or any combination thereof (including any options with respect thereto).

"Swiss Federal Tax Administration" means the tax authorities referred to in article 34 of the Swiss Withholding Tax Act.

"Swiss Withholding Tax" means taxes imposed under Swiss Withholding Tax Act.

"Swiss Withholding Tax Act" means the Swiss Federal Act on the Withholding Tax of 13 October 1965 (*Bundesgesetz über die Verrechnungssteuer*), as amended from time to time.

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"United States" means the United States of America.

2. Use of Certain Terms. As used in this Agreement, "include," "includes" and "including" have the inclusive meaning of "including without limitation." All pronouns and any variations thereof refer to masculine, feminine, neuter, singular or plural as the identity of the Person or Persons may require.

3. Irish Terms. Where it relates to Loan Party organized under the laws of Ireland. (a) a reference to "examiner" and "examinership" have the meaning given to such terms in Part 10 of the Irish Companies Act 2014 and (b) a Person being unable to pay its debts includes such Person being unable to pay its debts within the meaning of Sections 509(3) and 570 of the Irish Companies Act 2014.

4. Headings and References. Section and other headings are for reference only, and do not affect the interpretation or meaning of any provision of this Agreement. Unless otherwise provided, references to articles, sections, clauses, annexes, schedules and exhibits refer to articles, sections, clauses, annexes, schedules and exhibits of this Agreement. The words "hereof," "herein," "hereby," "hereunder" and other similar terms of this Agreement refer to this Agreement as a whole and not exclusively to any particular provision of this Agreement. Unless otherwise expressly indicated in this Agreement, the words "above" and "below," when following a reference to a clause of any Loan Document, refer to a clause within the same section of such Loan Document. References in this Agreement to any Loan Document or any other agreement are deemed to (a) refer to such Loan Document or such other agreements, as the case may be, as the same may be amended, restated, supplemented or otherwise modified from time to time under the provisions hereof or thereof, unless expressly stated otherwise or unless such amendment, restatement, supplement or modification is not permitted by the terms of this Agreement and (b) include all schedules, exhibits and appendices thereto. References in this Agreement to any law, rule, statute or regulation are deemed to refer to such law, rule, statute or regulation as it may be amended, supplemented or otherwise modified from time to time, and any successor law, rule, statute or regulation, in each case as in effect at the time any such reference is operative. Any reference to a Person includes the successors, assigns, participants and transferees of such Person, but such reference will not increase, decrease or otherwise modify in any way the provisions in any Loan Document governing the assignment of rights and obligations under or the binding effect of any provision of any Loan Document.

ANNEX B

Closing Conditions

The effectiveness of this Agreement is subject to the satisfaction or waiver of the following conditions (and, in the case of each document specified in this Annex B to be received by the Lender, such document is in form and substance satisfactory to the Lender):

(A) Executed Loan Documents. This Agreement and each of the other Loan Documents have been duly authorized, executed and delivered to the Lender by the Parties

(B) Payoff Letters. The Lender has received pay-off letters in respect of the NQ Facility and the Hercules Facility in form and substance satisfactory to it.

(C) Consents and Approvals. The Loan Parties have received all consents and approvals (including from its other lenders) to enter into the Loan Documents, incur the Loan and grant the security interests contemplated thereby.

(D) Certificates. The Lender has received such customary certificates of resolutions or other action, incumbency and other certification of the officers of the Loan Parties as the Lender may require evidencing the identity, authority and capacity of each officer authorized to act in connection with the Loan Documents.

(E) Organizational Documents. The Lender has received such certificates and other documents (including, as applicable, good standing certificates) as the Lender may request relating to the organization, existence and, as applicable, good standing of the Loan Parties and any other legal matters relating to the Loan Parties, the Loan Documents or the transactions contemplated thereby.

(F) Legal Opinions. The Lender has received opinions of counsel to the Loan Parties covering such customary matters as are required by the Lender.

(G) Fees and Expenses. The Borrower has paid all fees, costs and expenses (including legal fees and expenses) required to be paid by it to the Lender in connection herewith to the extent due.

(H) KYC Information. Upon the reasonable request of Lender made in writing at least ten days prior to the Closing Date, the Borrower has provided to the Lender all documentation and information so requested about the Borrower and its Subsidiaries in connection with applicable “know your customer” and anti-money-laundering rules and regulations, in each case at least five days prior to the Closing Date.

(I) Other Documents. The Lender has received such other documents as the Lender may request.

Exhibit 10.3

INVESTOR RIGHTS AGREEMENT

dated as of December 27, 2019

by and among

Myovant Sciences Ltd.,

Sumitovant Biopharma Ltd.

and

Sumitomo Dainippon Pharma Co., Ltd.

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INVESTOR RIGHTS AGREEMENT

THIS INVESTOR RIGHTS AGREEMENT (this "**Agreement**") is made as of December 27, 2019 (the "**Effective Time**"), by and among Myovant Sciences Ltd., an exempted limited company incorporated under the laws of Bermuda (the "**Company**"), Sumitovant Biopharma Ltd., a Bermuda exempted company limited by shares ("**Sumitovant Bio**") and Sumitomo Dainippon Pharma Co., Ltd., a company organized under the laws of Japan ("**Sumitomo**").

RECITALS

WHEREAS, pursuant to a Transaction Agreement, dated as of October 31, 2019, by and among Roivant Sciences Ltd. ("**Roivant**"), Sumitomo, Sumitovant Bio (f/k/a Vant Alliance Ltd.) and certain subsidiaries of Roivant, Roivant has, among other things, contributed all of the issued and outstanding common shares of the Company, par value US$0.000017727 per share (the "**Common Shares**"), owned by it to Sumitovant Bio and, subsequent to such contribution, Sumitomo has acquired all of the issued and outstanding common shares of Sumitovant Bio;

WHEREAS, the Board has validly and unanimously approved the Bye-Laws (as defined below), and filed a preliminary information statement relating to the approval of the Bye-Laws (the "**Preliminary Statement**") by the holder of greater than a majority of the Total Current Voting Power (as defined herein), and set a record date of December 30, 2019 for determining shareholders entitled to receive the definitive information statement relating thereto when filed; and

WHEREAS, the Company, Sumitovant Bio, and Sumitomo wish to set forth in this Agreement certain terms and conditions regarding the rights of Sumitovant Bio to cause the Company to register its Common Shares, the composition of the Board and committees thereof, and certain other matters as set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and promises contained in this Agreement and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. For purposes of this Agreement:

"**13D Group**" means any group of persons formed for the purpose of acquiring, holding, voting or disposing of Voting Shares which would be required under Section 13(d) of the Exchange Act, and the rules and regulations promulgated thereunder, to file a statement on Schedule 13D pursuant to Rule 13d-1(a) or a Schedule 13G pursuant to Rule 13d-1(c) with the SEC as a "person" within the meaning of Section 13(d)(3) of the Exchange Act if such group beneficially owned Voting Shares representing more than 5% of any class of Voting Shares then outstanding.

"**Acquisition Transaction**" means (i) the acquisition by the Sumitomo Group of Beneficial Ownership of an aggregate percentage of Total Current Voting Power in excess of the Standstill Limit; *provided that* any increase in the percentage of Total Current Voting Power of the Company Beneficially Owned by the Sumitomo Group as a result of a recapitalization or a reduction of the outstanding Common Shares or other equity securities of the Company will not be deemed an Acquisition Transaction or a violation of the Standstill Limit; or (ii) the acquisition of all or substantially all of the Company's assets by the Sumitomo Group.

"**Affiliate**" means, with respect to any specified Person, any other Person who directly or indirectly controls, is controlled by, or is under common control with such Person; *provided, however*, that, for purposes of this Agreement, unless expressly indicated otherwise (i) neither the Company nor any of its Subsidiaries will be deemed

to be an Affiliate of Sumitovant Bio, Sumitomo or any other member of the Sumitomo Group and (ii) neither Sumitomo, nor any of its Subsidiaries or any other member of the Sumitomo Group will be deemed an Affiliate of the Company.

"**Agreement**" has the meaning set forth in the preamble.

"**Antitrust Laws**" means the Sherman Act of 1890, as amended; the Clayton Act of 1914, as amended; the Federal Trade Commission Act of 1914, as amended; the HSR Act, and all other federal, state, foreign or supranational statutes, orders, decrees, administrative and judicial doctrines and other Laws in effect from time to time that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening of competition through merger or acquisition.

"**Audit Committee Approval**" has the meaning set forth in the Bye-Laws.

"**Beneficial Ownership**," "**Beneficially Owned**" and "**Beneficially Owns**" have the meanings specified in Rule 13d-3 promulgated under the Exchange Act.

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

"**Business Acquisition Transaction**" has the meaning set forth in Section 6.3(a).

"**Business Day**" means any day, other than Saturday, Sunday or any day that is a legal holiday under the laws of the State of California or of Japan or is a day on which banking institutions in the State of California or in Japan are authorized or required by law or other governmental action to close.

"**Bye-Laws**" means the Fifth Amended and Restated Bye-Laws of the Company, as approved by the Board on December 22, 2019 and in the form attached to the information statement on Schedule 14C filed with the SEC on December 23, 2019.

"**Bye-Law Effective Time**" means the time at which the Bye-Laws fully effective under all applicable Laws, including the Bermuda Companies Act and the Exchange Act.

"**Common Shares**" has the meaning set forth in the recitals.

"**Company**" has the meaning set forth in the preamble.

"**Company Acquisition Issuance Notice**" has the meaning set forth in Section 6.3(a).

"**Company Consolidation Package**" has the meaning set forth in Section 3.1.

"**Company Financing Issuance Notice**" has the meaning set forth in Section 6.2(b).

"**Company Other Issuance Notice**" has the meaning set forth in Section 6.4.

"**Control**," including the terms "**controlling**," "**controlled by**" and "**under common control with**," means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting shares, by contract or otherwise.

"**Convertible Securities**" means any securities of the Company that are or by their terms will be convertible into, exchangeable for or otherwise exercisable to acquire Voting Shares of the Company, including convertible securities, warrants, rights or options to purchase Voting Shares of the Company, whether or not then in the money.

"**Damages**" means any loss, damage, claim or liability (joint or several) to which a party hereto may become subject under the Securities Act, the Exchange Act, or other federal or state law, insofar as such loss, damage, claim or liability (or any action in respect thereof) arises out of or is based upon (i) any untrue statement or alleged untrue statement of a material fact contained in any registration statement of the Company, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto; (ii) an omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or (iii) any violation or alleged violation by the indemnifying party (or any of its agents or Affiliates) of the Securities Act, the Exchange Act, any state securities law, or any rule or regulation promulgated under the Securities Act, the Exchange Act, or any state securities law.

"**Demand Notice**" has the meaning set forth in Section 2.1(a).

"**Direct Purchase Securities**" has the meaning set forth in Section 6.2(c).

"**Disinterested Shareholder**" means any shareholder of the Company who is not an Entity that is a member of the Sumitomo Group.

"**Effective Time**" has the meaning set forth in the preamble.

"**Entity**" means any corporation (including any non-profit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, company (including any limited liability company or joint stock company), branch office, firm or other enterprise, association, organization or entity.

"**Excess Share Ownership Notice**" has the meaning set forth in Section 5.3.

"**Excess Share Repurchase Notice**" has the meaning set forth in Section 5.3(a).

"**Excess Shares**" has the meaning set forth in Section 5.2(a).

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"**Excluded Registration**" means (i) a registration relating to the sale of securities to employees of the Company or its Subsidiaries pursuant to an equity option, equity purchase, or similar plan; (ii) a registration relating to an SEC Rule 145 transaction; or (iii) a registration on any form that does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities.

"**Exempt Excess Shares**" has the meaning set forth in Section 5.2(b).

"**Fair Market Value**" means, with respect to the securities of any Person as of any date of determination, the average of the closing sale prices of such securities of such Person during the 20 trading days immediately preceding such date of determination on the principal U.S. or foreign securities exchange on which such securities of such Person is listed or, if such securities are not listed or primarily traded on any such exchange, the average of the closing sale prices or, in the absence of a closing sale price, the closing bid quotations, of such security during the 20 trading day period preceding such date of determination on any quotation system then in use; *provided* that, all such closing sales prices or, in the absence of a closing sale price, closing bid quotations, will be appropriately adjusted to take into account the effect of any dividends, stock splits, recapitalization, spin-offs or similar transactions that affect such closing sale prices or bid quotations during such 20 trading day period.

"**Financing Transaction**" has the meaning set forth in Section 6.2(a).

"**Form S-3**" means such form under the Securities Act as in effect on the date hereof or any registration form under the Securities Act subsequently adopted by the SEC that permits incorporation of substantial information by reference to other documents filed by the Company with the SEC.

"**GAAP**" means generally accepted accounting principles in the United States.

"**Grace Period**" means with respect to any Voting Shares or Convertible Securities that are subject to a Sumitovant Bio Maintenance Notice, the earlier of (i) 11:59 p.m. California time on the date two months from the date of the delivery of the applicable Sumitovant Bio Financing Participation Notice, Company Acquisition Issuance Notice or Company Other Issuance Notice, and (ii) with respect to the number of shares of Voting Shares or Convertible Securities that are reduced by the delivery by Sumitovant Bio of a revised Sumitovant Bio Maintenance Notice stating a determination to acquire a lesser number of, or no, shares of Voting Shares or Convertible Securities, the date of delivery of such revised Sumitovant Bio Maintenance Notice (*provided* that the Grace Period set forth in the foregoing clause (i) will continue to apply to the shares of Voting Shares and Convertible Securities that continue to be subject to such revised Sumitovant Bio Maintenance Notice).

"**Holder**" means Sumitovant Bio or its valid transferees that are holders of Registrable Securities under this Agreement and have agreed to the provisions of Article II.

"**Immediate Family Member**" means a child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, of a natural person referred to herein.

"**Independent Director**" means any Director of the Company who (i) the Board reasonably determines qualifies as an "independent director of the Company under Rule 303A(2) of the NYSE Listed Company Manual, (ii) is not and within the last three years has not been a director, officer or employee of an Entity within the Sumitomo Group, and (iii) does not have any Immediate Family Member who is or within the last three years has been a director, officer or employee of an Entity within the Sumitomo Group.

"**Initial Board**" has the meaning set forth in Section 4.1.

"**Initial Independent Directors**" has the meaning set forth in Section 4.1(b).

"**Initiating Holder**" has the meaning set forth in Section 2.1(a).

"**Law**" means national, supranational, EU, state, provincial, municipal or local statute, law, resolution, constitution, treaty, ordinance, code, regulation, statute, rule, notice, regulatory requirement, interpretation, agency guidance, order, stipulation, determination, certification standard, accreditation standard, permit, requirement or rule of law (including common law), code or edict issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any governmental authority, including the rules and regulations of any stock exchange.

"**New Securities**" means an issuance by the Company of Voting Shares or Convertible Securities, excluding (i) Convertible Securities issued or granted to directors, officers, bona fide individual consultants and employees of the Company or its Subsidiaries issued pursuant to an equity incentive plan approved by the Board or the Compensation Committee of the Board, as distinguished from the issuance of Voting Shares issued upon the exercise, vesting or conversion of such Convertible Securities, (ii) Common Shares issued after the date hereof to give effect to any stock dividend or distribution, stock split, reverse stock split or combination or other similar pro rata recapitalization event affecting the outstanding Common Shares equally, and (iii) Voting Shares or Convertible Securities issued to any Entity that is a member of the Sumitomo Group.

"**NYSE**" means the New York Stock Exchange.

"**Organizational Documents**" means, with respect to any Entity, its certificate of incorporation or formation, memorandum of association, bye-laws or similar organizational documents.

"**Person**" means any individual, Entity or governmental authority.

"**Preliminary Statement**" has the meaning set forth in the recitals.

"**Purchase Price**" has the meaning set forth in Section 6.2(a).

"**Qualified Acquisition Transaction**" means each of (i) a merger providing for the acquisition by an Entity that is a member of the Sumitomo Group of 100% of the Voting Shares (other than shares owned by members of the Sumitomo Group) and is conditioned (which condition may not be waived) on a majority of the Voting Shares held by Disinterested Shareholders being voted in favor of such merger, (ii) a *bona fide* public tender offer subject to the provisions of Regulation 14D when first commenced within the meaning of Rule 14d-2(a) under the Exchange Act, by an Entity that is a member of the Sumitomo Group to purchase 100% of the Voting Shares (other than Shares owned by members of the Sumitomo Group) and is conditioned (which condition may not be waived) on a majority of the Voting Shares held by Disinterested Shareholders being tendered and not withdrawn with respect to such offer, (iii) the acquisition of all or substantially all of the assets of the Company and its Subsidiaries by the Sumitomo Group, which acquisition is conditioned (which condition may not be waived) on a majority of the Voting Shares held by Disinterested Shareholders being voted in favor of such acquisition, and (iv) a license, commercial transaction or similar transaction between a member of the Sumitomo Group, on the one hand, and the Company or any of its Subsidiaries, on the other hand, that is conditioned (which condition may not be waived) on a majority of the Voting Shares held by Disinterested Shareholders being voted in favor of such transaction.

"**Registrable Securities**" means, collectively, (i) the Common Shares held by any Holder, including Common Shares issued or issuable (directly or indirectly) upon conversion, exchange and/or exercise of any other securities of the Company, acquired by any Holder on or after the date hereof, (ii) Common Shares issued as (or issuable upon the conversion or exercise of any warrant, right, or other security that is issued as) a dividend or other distribution with respect to, or in exchange for or in replacement of, the securities referenced in clause (i) (excluding in all cases of (i) and (ii), any Registrable Securities sold by a Person in a registered offering, or pursuant to SEC Rule 144, or in a transaction in which the applicable rights under this Agreement are not assigned pursuant to Section 8.2, and excluding for purposes of Article II any securities for which registration rights have terminated pursuant to Section 2.12 of this Agreement).

"**Related Party Transaction**" has the meaning set forth in Section 4.6(a)(iv).

"**Responsible Officer**" means the Company's principal executive officer, chief executive officer, president, principal financial officer, chief financial officer, principal accounting officer or any executive vice president.

"**Restricted Securities**" means the Registrable Securities that are "restricted securities" as defined in SEC Rule 144.

"**Rolling Forecast**" means the 18-month forward projections and sources and uses, the initial form of which is attached as Exhibit C to the Sumitomo Loan Agreement, as it may be extended, amended, modified or supplemented from time to time (including any quarterly updates thereto) as approved by the Board.

"**SEC**" means the Securities and Exchange Commission.

"**SEC Rule 144**" means Rule 144 promulgated by the SEC under the Securities Act.

"**SEC Rule 145**" means Rule 145 promulgated by the SEC under the Securities Act.

"**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**Selling Expenses**" means all underwriting discounts, selling commissions, and share transfer taxes applicable to the sale of Registrable Securities, and fees and disbursements of counsel for any Holder, except for the fees and disbursements of the Selling Holder Counsel borne and paid by the Company as provided in Section 2.6.

"**Selling Holder Counsel**" has the meaning set forth in Section 2.6.

"**Standstill Limit**" means 60% of the Total Current Voting Power then in effect.

"**Standstill Termination Event**" means the earliest to occur of: (i) the Sumitomo Group collectively holds less than 35% of the Total Current Voting Power, (ii) an acquisition by any Person or 13D Group (which is not and does not include any member of the Sumitomo Group) of direct or indirect Beneficial Ownership of 50% or more of the Total Current Voting Power of the Company then in effect, (iii) the completion of a merger, consolidation or other business combination or transaction to which the Company is a party (but to which no member of the Sumitomo Group is a party) if the shareholders of the Company immediately prior to the effective date of such merger, consolidation or other business combination or transaction have aggregate Beneficial Ownership of Voting Shares representing less than 50% of the Total Current Voting Power of the surviving corporation following such merger, consolidation or other business combination or transaction, (iv) the completion of a sale of all or substantially all of the assets of the Company to a third party (which is not and does not include any member of the Sumitomo Group), (v) a liquidation or dissolution of the Company or (vi) the completion of a transaction that is within the transactions identified in subsection (i), (ii) or (iii) of a Qualified Acquisition Transaction.

"**Subsidiary**" means with respect to any Entity, that such Entity will be deemed to be a "Subsidiary" of another Person if (i) such other Person directly or indirectly owns, beneficially or of record, (A) an amount of voting securities or other interests in such Entity, or a Contractual or similar right, that is sufficient to enable such Person to elect at least a majority of the members of such Entity's board of directors or other governing body or (B) at least a majority of the outstanding equity interests of such Entity, (ii) such other Person is a managing or controlling member or general partner of such Entity or (iii) such other Person holds the power or is otherwise contractually entitled to direct and control such Entity.

"**Sumitomo**" has the meaning set forth in the preamble.

"**Sumitovant Bio**" has the meaning set forth in the preamble.

"**Sumitovant Bio Acquisition Participation Notice**" has the meaning set forth in Section 6.3(b).

"**Sumitovant Bio Financing Participation Notice**" has the meaning set forth in Section 6.2(c).

"**Sumitovant Bio Maintenance Notice**" means a Sumitovant Bio Financing Participation Notice or a Company Acquisition Issuance Notice.

"**Sumitomo Director**" means a director designated or appointed by Sumitomo or Sumitovant Bio to be a director of the Company who is not an Independent Director (unless Sumitomo or Sumitovant Bio designates a director who would otherwise qualify as an Independent Director to be a Sumitomo Director).

"**Sumitomo Group**" means Sumitomo and any Entity that is a controlled Affiliate of Sumitomo (but in all events excluding the Company and its Subsidiaries).

"**Sumitomo Group Pro Rata Portion**" means a number of New Securities determined by the following:

X = NS x PI

Where:

X = the number of New Securities that may be purchased by Sumitovant Bio

NS = the number of New Securities being issued by the Company

PI = the percentage of the Total Outstanding Company Equity Beneficially Owned by all members of the Sumitomo Group prior to the issuance of New Securities (including in the Beneficial Ownership of the Sumitomo Group all Voting Shares and Convertible Securities for which the applicable Grace Period, if any, has not expired), expressed as a decimal

"**Sumitomo Loan Agreement**" means that certain Loan Agreement, dated as of the date hereof, between Sumitomo and the Company, pursuant to which Sumitomo has agreed to provide the Company a term loan facility of US$400 million, subject to the terms and conditions of the Loan Agreement.

"**Third Party Tender Offer**" means a bona fide public tender offer subject to the provisions of Regulation 14D when first commenced within the meaning of Rule 14d-2(a) of the rules and regulations under the Exchange Act, by a person or 13D Group (which is not made by and does not include an Entity within the Sumitomo Group) to purchase securities constituting 30% or more of the Total Current Voting Power then outstanding.

"**Total Current Voting Power**" means the total number of votes that may be cast in the election of members of the Board if all securities entitled to vote in the election of such directors are present and voted.

"**Total Outstanding Company Equity**" means the total number of shares of outstanding capital stock of the Company, on a fully diluted basis assuming the conversion, exchange or exercise in full of all outstanding Convertible Securities for Common Shares.

"**Voting Shares**" means Common Shares and any other securities of the Company having the ordinary power to vote in the election of members of the Board.

"**Voting Threshold**" means the members of the Sumitomo Group collectively hold more than 50% of the Total Current Voting Power.

ARTICLE II
REGISTRATION RIGHTS

Section 2.1 Demand Registration.

(a) If at any time when it is eligible to use a Form S-3 registration statement, the Company receives a request from any Holder (the "**Initiating Holder**") that the Company file a Form S-3 registration statement with respect to outstanding Registrable Securities of such Holder having an anticipated aggregate offering price, net of Selling Expenses, of at least five million dollars ($5,000,000), then the Company will, (i) within 10 days after the date such request is given, give notice of such demand (a "**Demand Notice**") to all Holders other than the Initiating Holder; and (ii) as soon as practicable, and in any event within 45 days after the date such request is given by the Initiating Holder, file a Form S-3 registration statement under the Securities Act covering all Registrable Securities requested to be included in such registration by the Initiating Holder and by any other Holder, as specified by notice given by each such Holder to the Company within 20 days of the date the Demand Notice is given, and in each case, subject to the limitations of Section 2.1(b) and Section 2.3.

(b) Notwithstanding the foregoing obligations, if the Company furnishes to the Initiating Holder a certificate signed by the Company's Principal Executive Officer stating that in the good faith judgment of the Board it would be materially detrimental to the Company and its shareholders for such registration statement to either become effective or remain effective for as long as such registration statement otherwise would be required to remain effective, because such action would (i) materially interfere with a significant acquisition, corporate reorganization, or other similar transaction involving the Company; (ii) require premature disclosure of material information that the Company has a bona fide business purpose for preserving as confidential; or (iii) render the Company unable to comply with requirements under the Securities Act or Exchange Act, then the Company will

have the right to defer taking action with respect to such filing for a period of not more than 120 days after the request of the Initiating Holder is given; *provided* that the Company may not invoke this right more than once in any 12-month period; and *provided further* that the Company will not register any securities for its own account or that of any other shareholder during such 120 day period other than an Excluded Registration.

(c) The Company will not be obligated to effect, or to take any action to effect, any registration pursuant to Section 2.1(a) (i) during the period that is 30 days before the Company's good faith estimate of the date of filing of, and ending on a date that is 90 days after the effective date of, a Company-initiated registration, *provided* that the Company is actively employing in good faith commercially reasonable efforts to cause such registration statement to become effective; or (ii) if the Company has effected two registrations pursuant to Section 2.1(a) within the 12 month period immediately preceding the date of such request. A registration will not be counted as "effected" for purposes of this Section 2.1(c) until such time as the applicable registration statement has been declared effective by the SEC, unless the Initiating Holder withdraws its request for such registration, elects not to pay the registration expenses therefor, and forfeits its right to one demand registration statement pursuant to Section 2.6, in which case such withdrawn registration statement will be counted as "effected" for purposes of this Section 2.1(c).

Section 2.2 Company Registration. If the Company proposes to register (including, for this purpose, a registration effected by the Company for shareholders other than the Holders) any of its Common Shares under the Securities Act in connection with the public offering of such securities solely for cash (other than in an Excluded Registration), the Company will, at such time, promptly give each Holder notice of such registration. Upon the request of each Holder given within 20 days after such notice is given by the Company, the Company will, subject to the provisions of Section 2.3, cause to be registered all of the Registrable Securities that each such Holder has requested to be included in such registration. The Company will have the right to terminate or withdraw any registration initiated by it under this Section 2.2 before the effective date of such registration, whether or not any Holder has elected to include Registrable Securities in such registration. The expenses (other than Selling Expenses) of such withdrawn registration will be borne by the Company in accordance with Section 2.6.

Section 2.3 Underwriting Requirements.

(a) If, pursuant to Section 2.1, the Initiating Holder intends to distribute the Registrable Securities covered by its request by means of an underwriting, it will so advise the Company as a part of its request made pursuant to Section 2.1, and the Company will include such information in the Demand Notice. The underwriter(s) will be selected by the Company but must be reasonably acceptable to the Initiating Holder. In such event, the right of any Holder to include such Holder's Registrable Securities in such registration will be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their securities through such underwriting will (together with the Company, as provided in Section 2.4(e)) enter into an underwriting agreement in customary form with the underwriter(s) selected for such underwriting. Notwithstanding any other provision of this Section 2.3, if the managing underwriter(s) advise(s) the Initiating Holder in writing that marketing factors require a limitation on the number of shares to be underwritten, then the Initiating Holder will so advise all Holders of Registrable Securities that otherwise would be underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting will be allocated among such Holders of Registrable Securities, including the Initiating Holder, in proportion (as nearly as practicable) to the number of Registrable Securities owned by each Holder or in such other proportion as will mutually be agreed to by all such selling Holders; *provided* that the number of Registrable Securities held by the Holders to be included in such underwriting will not be reduced unless all other securities are first entirely excluded from the underwriting. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest 100 shares.

(b) In connection with any offering involving an underwriting of Common Shares pursuant to Section 2.2, the Company will not be required to include any Registrable Securities in such underwriting unless the selling Holders accept the terms of the underwriting as agreed upon between the Company and its underwriters, and then only in such quantity as the underwriters in their sole discretion determine will not jeopardize the success

of the offering by the Company. If the total number of securities, including Registrable Securities, requested by shareholders to be included in such offering exceeds the number of securities to be sold (other than by the Company) that the underwriters in their reasonable discretion determine is compatible with the success of the offering, then the Company will be required to include in the offering the full number of Registrable Securities that the underwriters in their reasonable discretion determine will not (taking into account the securities to be registered by the Company and the number of Registrable Securities requested to be included in the offering) jeopardize the success of the offering. If the underwriters determine that less than all of the Registrable Securities requested to be registered can be included in such offering, then the Registrable Securities that are included in such offering will be allocated among the selling Holders in proportion (as nearly as practicable to) the number of Registrable Securities owned by each selling Holder or in such other proportions as is mutually agreed to by all such selling Holders. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest 100 shares. Notwithstanding the foregoing, in no event will (i) the number of Registrable Securities included in the offering be reduced unless all other securities (other than securities to be sold by the Company) are first entirely excluded from the offering, or (ii) the number of Registrable Securities included in the offering be reduced below 30% of the total number of securities included in such offering. For purposes of the provision in this Section 2.3(b) concerning apportionment, for any selling Holder that is a partnership, limited liability company, or corporation, the partners, members, retired partners, retired members, shareholders, and Affiliates of such Holder, or the estates and Immediate Family Members of any such partners, retired partners, members, and retired members and any trusts for the benefit of any of the foregoing Persons, will be deemed to be a single "selling Holder," and any pro rata reduction with respect to such "selling Holder" will be based upon the aggregate number of Registrable Securities owned by all Persons included in such "selling Holder," as defined in this sentence.

Section 2.4 Obligations of the Company. Whenever required under this Article II to effect the registration of any Registrable Securities, the Company will, as expeditiously as reasonably possible:

(a) prepare and file with the SEC a registration statement with respect to such Registrable Securities and use commercially reasonable efforts to cause such registration statement to become effective and, upon the request of any Holder, keep such registration statement effective for a period of up to 120 days or, if earlier, until the distribution contemplated in the registration statement has been completed; *provided* that (i) such 120 day period will be extended for a period of time equal to the period the Holder refrains, at the request of an underwriter of Common Shares, from selling any securities included in such registration, and (ii) in the case of any registration of Registrable Securities on Form S-3 that are intended to be offered on a continuous or delated basis, subject to compliance with applicable SEC rules, such 120 day period will be extended for up to an additional 120 days, if necessary, to keep the registration statement effective until all such Registrable Securities are sold;

(b) prepare and file with the SEC such amendments and supplements to such registration statement, and the prospectus used in connection with such registration statement, as may be necessary to comply with the Securities Act in order to enable the disposition of all securities covered by such registration statement;

(c) furnish to the selling Holders such numbers of copies of a prospectus, including a preliminary prospectus, as required by the Securities Act, and such other documents as the Holders may reasonably request in order to facilitate the disposition of their Registrable Securities;

(d) use its commercially reasonable efforts to register and qualify the securities covered by such registration statement under such other securities or blue-sky laws of such jurisdictions as will be reasonably requested by the selling Holders; *provided* that the Company will not be required to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act;

(e) in the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the underwriter(s) of such offering;

(f) use its commercially reasonable efforts to cause all such Registrable Securities covered by such registration statement to be listed on a national securities exchange or trading system and each securities exchange and trading system (if any) on which similar securities issued by the Company are then listed;

(g) provide a transfer agent and registrar for all Registrable Securities registered pursuant to this Agreement and provide a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration;

(h) promptly make available for inspection by the selling Holders, any managing underwriter(s) participating in any disposition pursuant to such registration statement, and any attorney or accountant or other agent retained by any such underwriter or selected by the selling Holders, all financial and other records, pertinent corporate documents, and properties of the Company, and cause the Company's officers, directors, employees, and independent accountants to supply all information reasonably requested by any such seller, underwriter, attorney, accountant, or agent, in each case, as necessary or advisable to verify the accuracy of the information in such registration statement and to conduct appropriate due diligence in connection therewith;

(i) notify each selling Holder, promptly after the Company receives notice thereof, of the time when such registration statement has been declared effective or a supplement to any prospectus forming a part of such registration statement has been filed;

(j) after such registration statement becomes effective, notify each selling Holder of (i) any request by the SEC that the Company amend or supplement such registration statement or prospectus; (ii) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of such registration statement or the initiation of any proceedings for that purpose, and (iii) of the happening of any event during the period such registration statement is effective as a result of which such registration statement or the related prospectus or any document incorporated by reference therein contains any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein (which, in the case of the prospectus, shall be determined in light of the circumstances in which such prospectus is to be used) not misleading (which information shall be accompanied by an instruction to suspend the use of the registration statement and the prospectus until the requisite changes have been made);

(k) use its commercially reasonable efforts to avoid the issuance of, or if issued, to obtain the withdrawal of, any order enjoining or suspending the use or effectiveness of a registration statement or suspending of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, as promptly as practicable; and

(l) take all other commercially reasonable actions as are necessary or advisable in order to expedite or facilitate the disposition of Registrable Securities by the Holder, including using commercially reasonable efforts to cause appropriate officers and employees to be available, on a customary basis and upon reasonable advance notice, to meet with prospective investors in presentations, meetings and road shows.

Section 2.5 Furnish Information. It will be a condition precedent to the obligations of the Company to take any action pursuant to this Article II with respect to the Registrable Securities of any selling Holder that such Holder will furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as is reasonably required to effect the registration of such Holder's Registrable Securities.

Section 2.6 Expenses of Registration. All expenses (other than Selling Expenses) incurred in connection with registrations, filings, or qualifications pursuant to this Article II, including all registration, filing, and qualification fees; printers' and accounting fees; fees and disbursements of counsel for the Company; and the reasonable fees and disbursements of one counsel for the selling Holders ("**Selling Holder Counsel**"); will be borne and paid by the Company; *provided* that the Company will not be required to pay for any expenses of any registration proceeding begun pursuant to Section 2.1 if the registration request is subsequently withdrawn at the request of the Holders of a majority of the Registrable Securities to be registered (in which case all selling Holders will bear such expenses pro rata based upon the number of Registrable Securities that were to be included in the withdrawn registration), unless the Holders of a majority of the Registrable Securities agree to forfeit their right to one registration pursuant to Section 2.1; *provided further* that if, at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business, or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness after learning of such information then the Holders will not be required to pay any of such expenses and will not forfeit their right to one registration pursuant to Section 2.1. All Selling Expenses relating to Registrable Securities registered pursuant to this Article II will be borne and paid by the Holders pro rata based on the number of Registrable Securities registered on their behalf as compared to the total number of securities registered.

Section 2.7 Delay of Registration. No Holder will have any right to obtain or seek an injunction restraining or otherwise delaying any registration pursuant to this Agreement as the result of any controversy that might arise with respect to the interpretation or implementation of this Article II.

Section 2.8 Indemnification. If any Registrable Securities are included in a registration statement under this Article II:

(a) To the extent permitted by Law, the Company will indemnify and hold harmless each selling Holder, and the partners, members, officers, directors, and shareholders of each such Holder; legal counsel and accountants for each such Holder; any underwriter (as defined in the Securities Act) for each such Holder; and each Person, if any, who controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any Damages, and the Company will pay to each such Holder, underwriter, controlling Person, or other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; *provided* that the indemnity agreement contained in this Section 2.8(a) will not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Company, which consent will not be unreasonably conditioned, withheld or delayed, nor will the Company be liable for any Damages to the extent that such Damages arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of any such Holder, underwriter, controlling Person, or other aforementioned Person in writing expressly for use in connection with such registration.

(b) To the extent permitted by Law, each selling Holder, severally and not jointly, will indemnify and hold harmless the Company, and each of its directors, each of its officers who has signed the registration statement, each Person (if any), who controls the Company within the meaning of the Securities Act, legal counsel and accountants for the Company, any underwriter (as defined in the Securities Act), any other Holder selling securities in such registration statement, and any controlling Person of any such underwriter or other Holder,

against any Damages, in each case only to the extent that such Damages arise out of or are based upon actions or omissions made in reliance upon and in conformity with written information furnished by or on behalf of such selling Holder expressly for use in connection with such registration; and each such selling Holder will pay to the Company and each other aforementioned Person any legal or other expenses reasonably incurred thereby in connection with investigating or defending any claim or proceeding from which Damages may result, as such expenses are incurred; *provided* that the indemnity agreement contained in this Section 2.8(b) will not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Holder, which consent will not be unreasonably conditioned, withheld or delayed; and *provided* further that in no event will the aggregate amounts payable by any Holder by way of indemnity or contribution under this Section 2.8(b) when taken together with the aggregate amounts payable by such Holder under Section 2.8(d) exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of fraud by such Holder.

(c) Promptly after receipt by an indemnified party under this Section 2.8 of notice of the commencement of any action (including any governmental action) for which a party may be entitled to indemnification hereunder, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 2.8, give the indemnifying party notice of the commencement thereof. The indemnifying party will have the right to participate in such action and, to the extent the indemnifying party so desires, participate jointly with any other indemnifying party to which notice has been given, and to assume the defense thereof with counsel mutually satisfactory to the parties; *provided* that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) will have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such action. The failure to give notice to the indemnifying party within a reasonable time of the commencement of any such action will relieve such indemnifying party of any liability to the indemnified party under this Section 2.8, only to the extent that such failure materially prejudices the indemnifying party's ability to defend such action. The failure to give notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 2.8.

(d) To provide for just and equitable contribution to joint liability under the Securities Act in any case in which either: (i) any party otherwise entitled to indemnification hereunder makes a claim for indemnification pursuant to this Section 2.8 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case, notwithstanding the fact that this Section 2.8 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any party hereto for which indemnification is provided under this Section 2.8, then, and in each such case, such parties will contribute to the aggregate losses, claims, damages, liabilities, or expenses to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of each of the indemnifying party and the indemnified party in connection with the statements, omissions, or other actions that resulted in such loss, claim, damage, liability, or expense, as well as to reflect any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party will be determined by reference to, among other things, whether the untrue or allegedly untrue statement of a material fact, or the omission or alleged omission of a material fact, relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission; *provided* that, in any such case (x) no Holder will be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered and sold by such Holder pursuant to such registration statement, and (y) no Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation; and *provided further* that in no event will a Holder's liability pursuant to this Section 2.8(d), when combined with the amounts paid or payable by such Holder pursuant to Section 2.8(b), exceed the proceeds from the offering received by such Holder (net of any Selling Expenses paid by such Holder), except in the case of fraud by such Holder.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement will control.

(f) Unless otherwise superseded by an underwriting agreement entered into in connection with the underwritten public offering, the obligations of the Company and the Holders under this Section 2.8 will survive the completion of any offering of Registrable Securities in a registration under this Article II, and otherwise will survive the termination of this Agreement.

Section 2.9 Reports Under Exchange Act. With a view to making available to the Holders the benefits of SEC Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company will:

(a) make and keep available adequate current public information, as those terms are understood and defined in SEC Rule 144, at all times;

(b) use commercially reasonable efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after the Company has become subject to such reporting requirements); and

(c) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) to the extent accurate, a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144, the Securities Act, and the Exchange Act (at any time after the Company has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after the Company so qualifies) and (ii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC that permits the selling of any such securities without registration (at any time after the Company has become subject to the reporting requirements under the Exchange Act) or pursuant to Form S-3 (at any time after the Company so qualifies to use such form).

Section 2.10 Limitations on Subsequent Registration Rights. From and after the date of this Agreement, the Company will not, without the prior written consent of the Holders, enter into any agreement with any holder or prospective holder of any securities of the Company that would (a) provide to such holder the right to include securities in any registration on other than either a pro rata basis with respect to the Registrable Securities or on a subordinate basis after all of the Holders have had the opportunity to include in the registration and offering all Registrable Securities that they wish to so include or (b) allow such holder or prospective holder to initiate a demand for registration of any securities held by such holder or prospective holder.

Section 2.11 Restrictions on Transfer.

(a) The Restricted Securities will not be sold, pledged, or otherwise transferred, and the Company will not recognize and will issue stop-transfer instructions to its transfer agent with respect to any such sale, pledge, or transfer, except upon the conditions specified in this Section 2.11, which conditions are intended to ensure compliance with the provisions of the Securities Act. Each Holder, if effecting a transfer, will cause any proposed purchaser, pledgee, or transferee of the Restricted Securities to agree to take and hold such securities subject to the provisions and upon the conditions specified in this Section 2.11.

(b) Each certificate or instrument representing the Restricted Securities, and any other securities issued in respect of such Restricted Securities, upon any split, dividend, recapitalization, merger, consolidation, or similar event, will (unless otherwise permitted by the provisions of Section 2.11(d)) be stamped or otherwise imprinted with a legend substantially in the following form:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO, OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF, AND HAVE NOT BEEN REGISTERED UNDER THE

SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"). SUCH SHARES MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN EXEMPTION THEREFROM UNDER THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

THE SALE, PLEDGE, HYPOTHECATION OR TRANSFER OF THE SHARES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO, AND IN CERTAIN CASES PROHIBITED BY, THE ISSUER'S BYLAWS AND A CERTAIN INVESTOR RIGHTS AGREEMENT BETWEEN THE ISSUER AND THE HOLDER. COPIES OF SUCH AGREEMENTS MAY BE OBTAINED UPON WRITTEN REQUEST TO THE SECRETARY OF THE ISSUER.

(c) The parties hereto consent to the Company making a notation in its records and giving instructions to any transfer agent of the Restricted Securities in order to implement the restrictions on transfer set forth in this Section 2.11.

(d) Each Holder, as a holder of Restricted Securities, by acceptance of ownership thereof, agrees to comply in all respects with the provisions of this Section 2.11. Before any proposed sale, pledge, or transfer of any Restricted Securities that is not effected pursuant to SEC Rule 144, unless there is in effect a registration statement under the Securities Act covering the proposed transaction, the Holder will give notice to the Company of its intention to effect such sale, pledge, or transfer. Each such notice will describe the manner and circumstances of the proposed sale, pledge, or transfer in sufficient detail and, if reasonably requested by the Company, will be accompanied at such Holder's expense by either (i) a written opinion of legal counsel who will, and whose legal opinion will, be reasonably satisfactory to the Company, addressed to the Company, to the effect that the proposed transaction may be effected without registration under the Securities Act; (ii) a "no action" letter from the SEC to the effect that the proposed sale, pledge, or transfer of such Restricted Securities without registration will not result in a recommendation by the staff of the SEC that action be taken with respect thereto; or (iii) any other evidence reasonably satisfactory to counsel to the Company to the effect that the proposed sale, pledge, or transfer of the Restricted Securities may be effected without registration under the Securities Act, whereupon the Holder of such Restricted Securities will be entitled to sell, pledge, or transfer such Restricted Securities in accordance with the terms of the notice given by the Holder to the Company and such securities will no longer constitute Restricted Securities for purposes of this Agreement. The Company will not require such a legal opinion or "no action" letter in any transaction in which such Holder distributes Restricted Securities to an Affiliate of such Holder for no consideration; *provided* that each such transferee agrees in writing to be subject to the terms of this Section 2.11. Each certificate or instrument evidencing the Restricted Securities transferred as above provided will bear, except if such transfer is made pursuant to SEC Rule 144, the appropriate restrictive legend set forth in Section 2.11(b), except that such certificate will not bear such restrictive legend if, in the opinion of counsel for such Holder and the Company, such legend is not required in order to establish compliance with any provisions of the Securities Act.

Section 2.12 Termination of Registration Rights. The provisions of this Article II, other than Section 2.8, Section 2.9 and Section 2.11, will terminate upon the earliest to occur of:

(a) such time as Rule 144 or another similar exemption under the Securities Act is available for the sale of all of such Holder's shares without limitation during a three-month period without registration; and

(b) such time as members of the Sumitomo Group Beneficially Own, in the aggregate, less than 10% of the issued and outstanding Common Shares of the Company.

ARTICLE III
INFORMATION AND INSPECTION RIGHTS

Section 3.1 Financial Information. The Company will continue to appoint an accounting firm of international reputation to perform independent audit services for the Company. The Company will, at the

Company's expense, prepare its financial reports in accordance with GAAP. The Company will provide routine reports to Sumitovant Bio as reasonably requested by it in formats it may reasonably specify. Sumitovant Bio may also request the Company to prepare and provide quarterly financial statements, and the contents and formats of those documents will be determined in each case through consultation between the Company and Sumitovant Bio (collectively, the "**Company Consolidation Package**"). Sumitovant Bio may also request the Company to prepare and provide monthly financial statements prepared consistent with the preparation of the Company's interim financial statements prepared for filing with the SEC, and any other documents reasonably required in accordance with GAAP for consolidated accounting or to satisfy any United States mandatory disclosure requirement, and the contents and formats of those documents will be determined in each case through consultation between the Company and Sumitovant Bio. The Company will no longer be required to deliver a Company Consolidation Package after such time as Sumitovant Bio is no longer required to consolidate the financial results of the Company into its financial statements.

Section 3.2 Delivery of Certain Information. The Company shall furnish to Sumitovant Bio (in English):

(a) As soon as practicable, but in any event within 10 days after the end of each fiscal quarter, a statement showing the number of shares of each class and series of shares and Convertible Securities outstanding at the end of the period, the Common Shares issuable upon conversion or exercise of any outstanding Convertible Securities and the exchange ratio or exercise price applicable thereto, and the number of Convertible Securities (and Common Shares into which they will be convertible) not yet issued but reserved for issuance, if any, all in sufficient detail as to permit the Holders to calculate their respective percentage equity ownership in the Company.

(b) Within 90 days after the end of each of the Company's fiscal years commencing with the fiscal year ending March 31, 2020, a consolidated balance sheet of the Company and its Subsidiaries as at the end of such fiscal year and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, audited and accompanied by a report and opinion of independent public accountants of nationally recognized standing, which report and opinion must be prepared in accordance with GAAP to the effect that such consolidated financial statements present fairly in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Company and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied.

(c) Within 45 days after the end of each of the Company's first three fiscal quarters of any fiscal year, a consolidated balance sheet of the Company and its Subsidiaries as at the end of such fiscal quarter, the related consolidated statements of income or operations and shareholders' equity for such fiscal quarter and for the portion of the Company's fiscal year then ended a related consolidated statement cash flows for the portion of the Company's fiscal year then ended, in each case setting forth in comparative form, as applicable, the figures for the corresponding period of the previous fiscal year and the corresponding portion of the previous fiscal year, certified by a Responsible Officer of the Company as fairly presenting in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Company and its Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject only to normal year-end audit adjustments and the absence of notes.

(d) As soon as practicable after approval by the Board, the Company's Rolling Forecast for each calendar quarter and any other extension, amendment, modification or supplement to the Rolling Forecast.

(e) As soon as available (and in any event within 90 days after the end of each of the Company's fiscal years), an annual report on Form 10-K of the Company for such fiscal year.

Notwithstanding the foregoing, the Company may deliver the documents required to be delivered under Sections 3.2(b), (c), and (e) electronically and such documents will be deemed to have been delivered on the date on which the Company files such documents with the SEC and such documents are publicly available on the SEC's EDGAR

filing system or any successor thereto, and for purposes of the certification of a Responsible Officer required in Section 3.2(c), the certifications filed in connection therewith under Section 906 of the Sarbanes Oxley Act of 2002, as amended, are deemed to satisfy such requirements.

Section 3.3 Inspections. The Company will permit each Holder, at such Holder's expense, to visit and inspect the Company's properties; examine its books of account and records; and discuss the Company's affairs, finances, and accounts with its officers, during normal business hours of the Company as may be reasonably requested by such Holder; *provided*, *however*, that the Company will not be obligated pursuant to this Section 3.3 to provide access to any information that it reasonably and in good faith considers to be a trade secret or confidential information (unless covered by an enforceable confidentiality agreement, in form reasonably acceptable to the Company) or the disclosure of which would adversely affect the attorney-client privilege between the Company and its counsel.

Section 3.4 Confidentiality. Each Holder agrees that such Holder will keep confidential and will not disclose, divulge, or use for any purpose any confidential information obtained from the Company pursuant to the terms of this Agreement (including notice of the Company's intention to file a registration statement), unless such confidential information (a) is known or becomes known to the public in general (other than as a result of a breach of this Section 3.4 by such Holder), (b) is or has been independently developed or conceived by the Holder without use of the Company's confidential information, or (c) is or has been made known or disclosed to the Holder under circumstances in which such Holder does not have a reasonable expectation that such disclosure constitutes a breach of an obligation of confidentiality such third party may have to the Company; *provided*, *however*, that any Holder may disclose confidential information (i) to its attorneys, accountants, consultants, and other professionals to the extent necessary to obtain their services in connection with evaluating whether to exercise any rights hereunder; (ii) to any prospective purchaser of any Registrable Securities from such Holder, if such prospective purchaser agrees to be bound by the provisions of this Section 3.4; (iii) to any existing Affiliate, partner, member, shareholder, or Subsidiary of such Holder in the ordinary course of business, *provided* that such Holder informs such Person that such information is confidential and directs such Person to maintain the confidentiality of such information; or (iv) as may otherwise be required by Law, *provided* that the Holder promptly notifies the Company of such disclosure and takes reasonable steps to minimize the extent of any such required disclosure.

Section 3.5 Termination of Information and Inspection Rights. The provisions of this Article III will terminate at such time as members of the Sumitomo Group Beneficially Own, in the aggregate, less than 10% of the issued and outstanding Common Shares of the Company.

ARTICLE IV
CORPORATE GOVERNANCE

Section 4.1 Initial Board Composition. Effective as of immediately after the Effective Time the Board (the "**Initial Board**") shall comprise:

(a) three directors designated by Sumitovant Bio as Sumitomo Directors, who shall be Myrtle Potter (who shall serve as the Chairman of the Board), Adele Gulfo and Hiroshi Nomura;

(b) three Independent Directors, who shall be Terrie Curran, Mark Guinan and Kathleen Sebelius (who shall serve as Lead Independent Director) (the "**Initial Independent Directors**"); and

(c) the Principal Executive Officer of the Company.

Section 4.2 Initial Committee Composition.

(a) *Nominating and Corporate Governance Committee*.

(i) Effective as of immediately after the Effective Time, the Nominating and Corporate Governance Committee shall comprise three Independent Directors, who shall be Terrie

Curran, Mark Guinan and Kathleen Sebelius; *provided* that until the Bye-Law Effective Time the Nominating and Corporate Governance Committee shall not take any corporate action.

(ii) Effective as of immediately after the Bye-Law Effective Time the Nominating and Corporate Governance Committee shall comprise: (A) two Sumitomo Directors, who shall be Adele Gulfo and Myrtle Potter, and (B) one Independent Director, who shall be Terrie Curran.

(b) *Compensation Committee*.

(i) Effective as of immediately after the Effective Time, the Compensation Committee shall comprise three Independent Directors, who shall be Terrie Curran, Mark Guinan and Kathleen Sebelius; *provided that* Hiroshi Nomura shall be entitled to receive notice of and attend any meeting of the Compensation Committee in the same manner as though he was a member thereof and the Compensation Committee shall take no action without the presence of Mr. Nomura (but Mr. Nomura shall not be a member of or have any vote with respect to the Compensation Committee).

(ii) Effective as of immediately after the Bye-Law Effective Time the Compensation Committee shall comprise: (A) one Sumitomo Director, who shall be Hiroshi Nomura, and (B) two Independent Directors, who shall be Terrie Curran and Kathleen Sebelius.

(c) *Audit Committee*. Effective as of immediately after the Effective Time, the Audit Committee shall comprise three Independent Directors, who shall be Terrie Curran, Mark Guinan and Kathleen Sebelius.

(d) *Transition Committee*. Effective as of immediately after the Effective Time and until, but not after, the Bye-Law Effective Time, the Board shall designate that each of Myrtle Potter, Adele Gulfo and Hiroshi Nomura will serve as members of a Transition Committee of the Board. The Transition Committee of the Board shall have a charter that provides that:

(i) until the Bye-Law Effective Time, the Transition Committee shall act by unanimous approval of the members of the Transition Committee and shall have the power to recommend any action to the Board prior to Board approval, and the Board shall not approve any action without the prior recommendation of the Transition Committee, that is contrary to Sumitomo's rights under this Agreement or could reasonably be expected to impair the benefits and protections of this Agreement and the Bye-Laws in favor of Sumitomo (including those rights that will be effective after the Bye-Law Effective Time);

(ii) the Transition Committee will not be able to affirmatively approve any other actions; and

(iii) the Transition Committee will not be disbanded other than by an action validly taken by the Transition Committee and automatically upon the Bye-Law Effective Time.

Section 4.3 Board and Committee Composition.

(a) At all times following the Bye-Law Effective Time during which entities within the Sumitomo Group satisfy the Voting Threshold:

(i) the Audit Committee of the Board will be composed solely of three Independent Directors, each of whom is an Initial Independent Director or has been nominated or appointed to the Board in accordance with the provisions of Bye-law 38.3 or Bye-law 41.3, and at least one of whom will meet the requirements of an "Audit Committee financial expert" as such term is defined in Item 407(d)(5) of Regulation S-K under the Exchange Act;

(ii) the Nominating and Corporate Governance Committee of the Board will be composed of (A) two Sumitomo Directors and (B) one Independent Director who is also a member of the Audit Committee;

(iii) the Compensation Committee of the Board will be composed of (A) one Sumitomo Director and (B) two Independent Directors, each of whom is also a member of the Audit Committee;

(iv) except as may be required by applicable Law, including the Rules of the NYSE Listed Company Manual, the Securities Act, the Exchange Act and the regulations thereunder, any other standing or *ad hoc* committee of the Board will be composed of a majority of Sumitomo Directors, *provided that*, a Sumitomo Director will not be included in the membership of any such committee of the Board the sole purpose of which is to consider any transaction between a member of the Sumitomo Group, on the one hand, and the Company or any of its Subsidiaries, on the other hand, including an Acquisition Transaction;

(v) the Company will utilize, to the extent available, the "controlled company" exemption under the rules of the NYSE or any other applicable securities exchange in respect of the composition of Board and the committees thereof; and

(vi) Bye-Laws 24, 38, 40, 41 and 45(g) (and any defined terms as used therein) may not be amended, revised or removed without the prior written consent of Sumitovant Bio.

Section 4.4 Certain Acknowledgments and Agreements.

(a) Each of Sumitomo, Sumitovant Bio and the Company hereby acknowledges and agrees that (i) each of the Initial Independent Directors are Independent Directors as of the Effective Time and (ii) each such Initial Independent Director will, from and after the Effective Time, continue to serve as a Director of the Company until the earliest to occur of (i) the Company's next annual general meeting (unless reelected at such meeting), (ii) any removal of such Initial Independent Director pursuant to Bye-Law 40.1 or replacement of such Initial Independent Director pursuant to Bye-Law 41.3, (iii) his or her office being vacated sooner pursuant to Bye-Law 41.1 or (iv) such time as he or she no longer qualifies as an Independent Director.

(b) Except with the prior written consent of Sumitovant Bio, neither the Company, the Board nor any committee of the Board may change the size or composition of the Board or any committee of the Board prior to the Bye-Law Effective Time.

(c) Prior to the Bye-Law Effective Time, the Board and each committee of the Board will take such actions as are necessary to ensure that automatically at the Bye-Law Effective Time the Board, the Nominating and Corporate Governance Committee and the Compensation Committee will be composed as required by Section 4.2. The Board further agrees to take all actions necessary, including promptly responding to any comments of the SEC relating to the Preliminary Statement and after the Preliminary Statement is cleared or deemed to have been cleared by the SEC, file a definitive information statement with the SEC and mail such definitive information statement to the Company's shareholders in accordance with Rule 14c-2 promulgated under the Exchange Act.

(d) The provisions of Section 4.5, Section 4.6 and Article V shall be of no force or effect from January 31, 2020 and until the Bye-Law Effective Time if the Bye-Law Effective Time has not occurred by January 31, 2020 for any reason other than a failure of Sumitovant Bio to execute a written consent to approve the Bye-Laws; *provided*, that such date shall be extended (i) by not more than 45 days, if the Company receives comments from the SEC on the Preliminary Statement, until the SEC indicates that it has no further comments to the Preliminary Statement and the Company may proceed with filing a definitive information statement (provided that the Company is diligently and promptly responding to the SEC's comments and keeping Sumitomo reasonably informed regarding the status of such comments and responses); and (ii) the number of days, if any, that a failure of Sumitovant Bio to execute a written consent to approve the Bye-Laws shall have caused the Bye-Law Effective Time to be delayed.

Section 4.5 Voting Agreement. At all times that the Entities within the Sumitomo Group satisfy the Voting Threshold, (a) Sumitomo and Sumitovant Bio will, and Sumitomo will cause each other Entity within the Sumitomo Group to, vote or cause to be voted the Voting Shares owned by them as of the record date for determining the shareholders of the Company entitled to vote at any annual or special meeting of shareholders of the Company (however noticed or called) in connection with any election of Independent Directors, or the taking by the shareholders of the Company of an action by written consent in connection with any election of Independent Directors, in each case in a manner that is either in accordance with the recommendation of the Board or in direct proportion to the manner in which the Disinterested Shareholders vote their Voting Shares in respect of the election of such Independent Directors (including, for this purpose, any abstentions and "withhold" votes), and (b) neither Sumitomo nor Sumitovant Bio will, and Sumitomo will cause each other Entity within the Sumitomo Group to not, without first obtaining Audit Committee Approval, solicit proxies with respect to any Voting Shares, or become a "participant" in any "election contest" (as such terms are used in Rule 14(a)-11 of Regulation 14A promulgated under the Exchange Act), in each case, relating to the election of Independent Directors; *provided* that, none of Sumitomo or any of its Subsidiaries will be deemed to be engaged in the solicitation of proxies or such a "participant" merely by reason of the membership of the Sumitomo Directors on the Board or a recommendation of the Board as to how holders of Voting Shares should vote, and nothing contained in this Agreement will limit, restrict or prohibit any Entity that is a member of the Sumitomo Group from voting all of the Voting Shares Beneficially Owned by them in favor of the election of any nominee to the Board that will constitute a Sumitomo Director if elected or appointed.

Section 4.6 Matters Requiring Audit Committee Approval. After the Effective Time and until a Standstill Termination Event, except for an Acquisition Transaction or Qualified Acquisition Transaction, which will be governed by Article V, the Company will not, and will cause its Subsidiaries not to, take or commit to taking, any of the following actions without first obtaining Audit Committee Approval:

(a) except for any action, transaction or arrangement taken pursuant to the Sumitomo Loan Agreement, approve, agree to, enter into or engage in any of the following types of transactions between a member of the Sumitomo Group, on the one hand, and the Company and any of its Subsidiaries, on the other hand:

(i) any services to be provided by the Sumitomo Group to the Company which would require disclosure pursuant to Item 404(a) of Regulation S-K promulgated under the Exchange Act, including use by the Company or any of its Subsidiaries of the commercial infrastructure of Sumitomo and its Subsidiaries (excluding the Company and its Subsidiaries);

(ii) any extension by the Company or any of its Subsidiaries of a loan or advance of funds to a member of the Sumitomo Group, or any guarantee by the Company or any of its Subsidiaries or assumption by the Company or any of its Subsidiaries of any obligation or liability of a member of the Sumitomo Group;

(iii) any transaction pursuant to which a member of the Sumitomo Group will extend any loan or advance any funds to the Company or any of its Subsidiaries, or guarantee any obligations of the Company or any of its Subsidiaries; or

(iv) (x) any sale, lease, license or transfer of assets or properties held by the Company or any of its Subsidiaries to a member of the Sumitomo Group, or (y) the purchase, lease, license or acquisition of any assets or properties by the Company or any of its Subsidiaries from a member of the Sumitomo Group; *provided* that the foregoing (x) and (y) will not prevent the following: (A) payment for services by the Company or its Subsidiaries pursuant to Section 4.6(a)(i), (B) the payment of dividends or distributions in respect of the Company's outstanding equity interests in which all holders of a class of equity interests receive a pro rata portion of such dividend or distribution based on the number of equity interests of such class that are held by such holder, (C) the Company's repurchase or redemption of outstanding equity interests in which a class of

equity interests are repurchased or redeemed on a pro rata basis based on the number of equity interests of such class that are then outstanding, (D) the repurchase of securities issued to or held by employees, consultants or contractors of the Company or its Subsidiaries at a price not greater than the then current fair market value for such securities upon the termination of employment or services and pursuant to agreements providing for the right of said repurchase, (E) the Company or its Subsidiaries entering into compensation arrangements with directors, officers, employees or independent contractors in the ordinary course of business and on terms consistent with other arrangements that do not involve members of the Sumitomo Group, (F) the issuance of securities upon the exchange or exercise of Convertible Securities in accordance with their terms, (G) the issuance of Direct Purchase Securities pursuant to Article VI and (H) a transaction that would not constitute a transaction with related persons under Item 404 of Regulation S-K under the Exchange Act; (any transaction referred to in the foregoing (x) and (y), but subject to the exceptions in the foregoing (A) through (H), a "**Related Party Transaction**");

(b) amend any Organizational Document of the Company or the charter or similar governing documents of any committee of the Board that would have the effect of (i) removing the Independent Directors, (ii) causing the appointment of any individual who is not an Independent of Director to the Audit Committee or (iii) changing the right of the Audit Committee to approve a Related-Party Transaction set forth in Section 4.6(a);

(c) (i) amend or terminate the Sumitomo Loan Agreement or (ii) waive any right of the Company under the Sumitomo Loan Agreement, in each case of (i) and (ii), to the extent such amendment or waiver would have the effect of expanding or improving Sumitomo's rights under the Sumitomo Loan Agreement; or

(d) (i) amend or terminate this Agreement (other than in accordance with its terms) or (ii) waive any rights of the Company under this Agreement, in each case of (i) and (ii), to the extent such amendment or waiver would have the effect of expanding the rights or materially reducing the obligations of Sumitomo and/or Sumitovant Bio under this Agreement.

ARTICLE V
ACQUISITION TRANSACTIONS

Section 5.1 Standstill Obligations with Respect to Acquisition Transactions. From the Effective Time and until a Standstill Termination Event and subject to the provisions of Section 5.2, no member of the Sumitomo Group will make a tender offer, exchange offer, merger proposal or other offer the effect of which if completed would be an Acquisition Transaction or otherwise engage in an Acquisition Transaction unless such Acquisition Transaction is effected (a) in accordance with Bye-Law 74.1(b)(ii) or (b) in compliance with the following:

(a) A member of the Sumitomo Group may, at any time, propose, negotiate and consummate a Qualified Acquisition Transaction at the written request of a majority of the members of the Audit Committee then in office;

(b) Any member of the Sumitomo Group may, at any time, make a proposal for an Acquisition Transaction that is subject to Audit Committee Approval, to the Audit Committee on a confidential basis in a manner that would not reasonably be expected to require the Company to make a public announcement regarding the receipt of such proposal; *provided, however*, this Section 5.1 will not be deemed to prohibit a member of the Sumitomo Group from making any disclosure required by Law, and any such required disclosure will not be deemed to be a violation of this Section 5.1;

(c) After the third anniversary of the Effective Time, a member of the Sumitomo Group may publicly announce or disclose any proposal regarding a Qualified Acquisition Transaction if, prior to such public announcement or disclosure of such proposal (in each case excluding any disclosure required by Law), a member of the Sumitomo Group and/or its Representatives has engaged in at least 20 Business Days of confidential discussions with the Audit Committee regarding such Qualified Acquisition Transaction; *provided*, *however*, Sumitomo will be deemed to have complied with the confidential discussion requirement if 20 Business Days have passed since the member of the Sumitomo Group or its Representatives made a request for such discussion and (i) the Audit

Committee has not responded to such request, (ii) the Audit Committee has declined to engage in discussions regarding the Acquisition Transaction, or (iii) the Audit Committee has ceased discussions regarding the Acquisition Transaction prior to the end of such 20-Business-Day period or (d) such announcement or disclosure has received Audit Committee Approval;

(d) From the Effective Time until (and including) the third anniversary of the Effective Time, any Acquisition Transaction must receive Audit Committee Approval; and

(e) The closing of any such Acquisition Transaction must be conditioned (which condition may not be waived) on a majority of the Voting Shares held by Disinterested Shareholders being voted in favor of such Acquisition Transaction.

Section 5.2 Exceptions to Standstill Limitations. No member of the Sumitomo Group will be deemed to have violated the obligations applicable to the Sumitomo Group under Section 5.1:

(a) subject to Section 5.2(b), if any member or members of the Sumitomo Group engage in any transaction that results in the Sumitomo Group having Beneficial Ownership of Voting Shares in excess of the Standstill Limit (any such shares, "**Excess Shares**"), inadvertently and without knowledge that the transaction in which the Sumitomo Group acquired Beneficial Ownership of such Excess Shares would cause the Sumitomo Group to Beneficially Own Voting Shares constituting more than the Standstill Limit, so long as (i) Sumitovant Bio provides prompt written notice of the acquisition of such Excess Shares to the Company after becoming aware thereof, (ii) the Sumitomo Group complies with the voting requirements of Section 5.4 with respect to such Excess Shares, and (iii) the Sumitomo Group disposes of such Excess Shares pursuant to and in accordance with Section 5.3. For the avoidance of doubt, Excess Shares shall not include any shares acquired by the Sumitomo Group in accordance with Section 5.1; and

(b) to the extent that Excess Shares result solely from any increase in the aggregate percentage of Voting Shares Beneficially Owned by the Sumitomo Group that results from: (i) a recapitalization of the Company, a repurchase of securities by the Company or other actions taken by the Company or any of its Subsidiaries that have the effect of reducing the number of Voting Shares then outstanding; or (ii) the rights specified in any "poison pill" share purchase rights plan of the Company having separated from the Common Shares and a member of the Sumitomo Group having exercised such rights (such Excess Shares resulting from the circumstances described in this Section 5.2(b), the "**Exempt Excess Shares**").

Section 5.3 Disposition of Excess Shares. In the event that Sumitovant Bio becomes aware that the members of the Sumitomo Group Beneficially Own Excess Shares (that are not Exempt Excess Shares), Sumitovant Bio will provide prompt written notice to the Company of the number of such Excess Shares (that are not Exempt Excess Shares). In the event that the Company becomes aware that members of the Sumitomo Group Beneficially Own Excess Shares (that are not Exempt Excess Shares), the Company will promptly provide written notice to Sumitovant Bio. Following delivery of notice by Sumitovant Bio to the Company or by the Company to Sumitovant Bio pursuant to the foregoing two sentences (the "**Excess Share Ownership Notice**"), Sumitovant Bio will, and will cause members of the Sumitomo Group to, as soon as reasonably practicable (but not in a manner that would require a member of the Sumitomo Group to (i) incur liability under Section 16(b) of the Exchange Act, (ii) transfer to a Person other than the Company during a period in which such member of the Sumitomo Group is in possession of material nonpublic information relating to the Company or (iii) violate any Antitrust Law or listing requirement of the NYSE) either:

(a) sell Excess Shares (other than Exempt Excess Shares) to the Company, *provided* that it receives from the Company, upon Audit Committee Approval, an irrevocable election to purchase such shares within 20 Business Days after the delivery of the Excess Share Ownership Notice (the "**Excess Share Repurchase Notice**"), at the Fair Market Value of the Common Shares on the day prior to the date of the Excess Share Ownership Notice; or

(b) if no such Excess Share Repurchase Notice is received from the Company, or such Excess Share Repurchase Notice does not apply to all of such Excess Shares, sell such shares (or such remaining shares) through open market sales, or privately negotiated sales to any Disinterested Shareholders, within 40 Business Days of the delivery of the Excess Share Ownership Notice;

in each case to cause the Voting Shares Beneficially Owned by the Sumitomo Group to no longer exceed the Standstill Limit (excluding, for purposes of determining both the number of Voting Shares Beneficially Owned by the Sumitomo Group and the number of Voting Shares outstanding, any Exempt Excess Shares).

Section 5.4 Voting of Excess Shares. If, as of the record date for determining the shareholders of the Company entitled to vote at any annual or special meeting of shareholders of the Company (however noticed or called), or the taking by the shareholders of the Company of an action by written consent, the Sumitomo Group holds any Excess Shares (that are not Exempt Excess Shares), then at each such meeting or in connection with such action by written consent, the Sumitomo Group will vote all such shares, or cause all such shares to be voted, in a manner that is in direct proportion to the manner in which Disinterested Shareholders vote (including, for this purpose, any abstentions and "withhold" votes) on each matter, resolution, action or proposal that is submitted to the shareholders of the Company. With respect to any meeting of shareholders of the Company (however noticed or called), the number of Excess Shares (that are not Exempt Excess Shares), if any, will be determined by the Company as promptly as practicable following the record date established for determining the shareholders of the Company entitled to vote at such meeting. From time to time before the scheduled date for any such meeting at the request of any member of the Sumitomo Group, the Company will inform the Sumitomo Group of the voting tabulations (including, for this purpose, all votes "for" or "against" and all "abstentions" and "withhold" votes) for such meeting (it being understood and agreed by the parties that the Company will request the proxy solicitation firm engaged by it, if any, in connection with such meeting to provide such tabulations directly to the Sumitomo Group from time to time as such tabulations are provided to the Company) for the purpose of facilitating the Sumitomo Group's agreement to vote the Excess Shares (that are not Exempt Excess Shares) in accordance with the requirements of this Section 5.4.

Section 5.5 Waiver or Amendment Request. No member of the Sumitomo Group shall request that the Company amend or waive any provision of this Article V, including this Section 5.5; *provided* that nothing in this Agreement shall prevent the Sumitomo Group from making confidential requests to the Board to amend or waive any provision of this Article V, including this Section 5.5, that would not require the Company, or any member of the Sumitomo Group, to make any public disclosure with respect thereto.

ARTICLE VI
SUMITOMO GROUP'S RIGHT TO MAINTAIN OWNERSHIP PERCENTAGE

Section 6.1 General. Subject to Article V, the Sumitomo Group may directly or indirectly acquire, through open market purchases, privately negotiated purchases from Disinterested Shareholders or, subject to Section 4.6, purchases from the Company, securities of the Company that result in the Sumitomo Group Beneficially Owning securities of the Company that constitute no more than the Standstill Limit. The processes set forth in Sections 6.2 through 6.4 may be modified for a particular Financing Transaction, Business Acquisition Transaction or Company Other Issuance, as applicable, upon Audit Committee Approval and the written approval of a majority of the Sumitomo Directors, following which such modified processes for such Financing Transaction, Business Acquisition Transaction or Company Other Issuance, as applicable, as so agreed to shall govern in lieu of the provisions of Sections 6.2 through 6.4, as applicable.

Section 6.2 Financings of the Company.

(a) At all times that the Entities within the Sumitomo Group satisfy the Voting Threshold and until the occurrence of a Standstill Termination Event, if the Company proposes to issue New Securities primarily for cash consideration in a financing transaction (except in any transaction specifically described in Section 6.3) and the effect of consummating such transaction would result in a reduction in the percentage interest of the Total Outstanding Company Equity held by the Sumitomo Group (a "**Financing Transaction**"), Sumitovant Bio will have

the right to purchase for cash up to a number of New Securities sold in such Financing Transaction that is equal to the Sumitomo Group Pro Rata Share, or any part thereof, at the same price per New Security at which such New Securities are sold in such Financing Transaction to the other investors (the "**Purchase Price**"), as further described in this Section 6.2.

(b) No less than 10 and no more than 15 Business Days prior to the issuance and sale of any New Securities in a Financing Transaction, the Company will notify Sumitovant Bio of the Company's intention to make such issuance by written dated notice setting forth: (i) the proposed date of the closing of the Financing Transaction, (ii) the number, type and material terms of New Securities to be sold in the Financing Transaction, (iii) the calculation of the number of New Securities constituting the Sumitomo Group Pro Rata Portion of the New Securities to be sold in the Financing Transaction), (iv) the closing price or in the absence of a closing price, the closing bid price, of the Common Shares on the prior trading day on the principal securities exchange on which the Common Shares are then trading and (v) the capitalization of the Company on an actual and pro forma basis after giving effect to the issuance of New Securities (the "**Company Financing Issuance Notice**").

(c) At least five Business Days prior to the proposed date of the closing of the Financing Transaction as set forth in the Company Financing Issuance Notice, Sumitovant Bio will notify the Company by written dated notice, stating (i) the number of New Securities to be purchased by Sumitovant Bio in the Financing Transaction, which will not exceed the Sumitomo Pro Rata Share of such New Securities (the "**Direct Purchase Securities**") and/or (ii) whether or not Sumitovant Bio has made a determination to acquire Voting Shares or Convertible Securities in open market purchases, or privately negotiated purchases from Disinterested Shareholders, so as, together with any Direct Purchase Securities, to maintain the Sumitomo Group's Beneficial Ownership percentage of the Total Current Voting Power immediately prior to such Financing Transaction within the applicable Grace Period relating to the Company Financing Issuance Notice (the "**Sumitovant Bio Financing Participation Notice**"). If Sumitovant Bio fails to deliver a Sumitovant Bio Financing Participation Notice at least five Business Days prior to the proposed date of the closing of the Financing Transaction as set forth in the Company Financing Issuance Notice, Sumitovant Bio will be deemed to have elected not to acquire any Direct Purchase Securities or to maintain the Sumitomo Group's Beneficial Ownership percentage of the Total Current Voting Power immediately prior to such Financing Transaction within the Grace Period relating to such Company Financing Issuance Notice; *provided, however*, that if the actual closing of such Financing Transaction does not occur within 10 Business Days following the proposed date of the closing set forth in, and on the terms and conditions in all material respects as set forth in, the Company Financing Issuance Notice, the Company will deliver a revised Company Financing Issuance Notice and Sumitovant Bio will have 10 Business Days following the date of receipt of the revised Company Financing Issuance Notice to provide a new Sumitovant Bio Financing Participation Notice, which revised Company Financing Issuance Notice and Sumitovant Bio Financing Participation Notice will supersede and replace any prior delivered Company Financing Issuance Notice and Sumitovant Bio Financing Participation Notice, respectively, and will otherwise be subject to the terms and processes set forth in this Section 6.2.

(d) If the Company issues and sells the New Securities in a Financing Transaction that was subject to a Company Financing Issuance Notice, then Sumitovant Bio will be obligated to purchase the number of Direct Purchase Securities, if any, that are subject to the Sumitovant Bio Financing Participation Notice delivered to the Company pursuant to Section 6.2(c), if any, for the Purchase Price; *provided, however*, that if a preliminary "red herring" prospectus is filed in connection with such Financing Transaction and (A) the closing sale prices of such New Security on the principal U.S. or foreign securities exchange on which such New Securities are listed or, if such securities are not listed or primarily traded on any such exchange, the closing bid quotations of such New Security on any quotation system then in use (all such closing sales prices or, in the absence of a closing sale price, closing bid quotations, will be appropriately adjusted to take into account the effect of any dividends, stock splits, recapitalization, spin-offs or similar transactions that affect such closing sale prices or bid quotations having a record date or effected since the date prior to which the Sumitovant Bio Financing Participation Notice was delivered), is more than 10% higher than (B) the closing price (or in the absence of a closing price, the closing bid quotations) of such New Security on the day prior to the delivery of a Sumitovant Bio Financing Participation Notice, Sumitovant Bio will not be obligated to purchase the Direct Purchase Securities. The closing of the Direct Purchase Securities, if any, will take place contemporaneously with such Financing Transaction, subject to the provisions of Section 6.2(f).

(e) If, pursuant to the terms of Section 6.2(d), Sumitovant Bio is no longer obligated to purchase Direct Purchase Securities that were subject to a validly delivered Sumitovant Bio Financing Participation Notice, Sumitovant Bio will have the right, within 15 Business Days after the closing of the Financing Transaction, to deliver to the Company an amended Sumitovant Bio Financing Participation Notice stating whether or not Sumitovant Bio has made a bona fide determination to acquire Voting Shares or Convertible Securities in open market purchases, or privately negotiated purchases from Disinterested Shareholders, so as, together with any New Securities subject to the previously delivered Sumitovant Bio Financing Participation Notice, to maintain the Sumitomo Group's Beneficial Ownership percentage of the Total Current Voting Power immediately prior to such Financing Transaction within the applicable Grace Period relating to any then effective Sumitovant Bio Financing Participation Notice. If Sumitovant Bio fails to deliver an amended Sumitovant Bio Financing Participation Notice within such 15 Business Day Period, Sumitovant Bio will be deemed to have elected not to satisfy any portion of Sumitovant Bio's right to maintain the Sumitomo Group's Beneficial Ownership percentage of the Total Current Voting Power immediately prior to such Financing Transaction, other than with respect to Voting Shares or Convertible Securities, if any, that are subject to any then effective Sumitovant Bio Financing Participation Notice and that were not Direct Purchase Securities.

(f) The purchase and sale of New Securities pursuant to this Section 6.2 will be subject to, and will take place on the later of, the: (i) closing date specified in Section 6.2(d) or (ii) the third Business Day following the expiration or early termination of all waiting periods imposed on such purchase and sale by applicable Antitrust Laws, or at such other time and place as the Company and Sumitovant Bio may agree. The Company and Sumitovant Bio will use their commercially reasonable efforts to (i) comply with Antitrust Laws applicable to such purchase and sale of such New Securities and (ii) all federal and state laws and regulations and NYSE stock exchange listing requirements applicable to any purchase and sale of such New Securities.

(g) Notwithstanding anything to the contrary set forth in this Agreement, nothing in this Agreement will be deemed to require Sumitovant Bio or the Company or any Affiliate thereof to litigate with any governmental entity or agree to any divesture by itself or any of its Affiliates of shares of capital stock or of any business, assets or property, or the imposition of any limitation on the ability of any of them to conduct their business or to own or exercise control of such assets, properties and stock.

(h) Notwithstanding anything in this Section 6.2 to the contrary, if a purchase by Sumitovant Bio of New Securities that are the subject of a Financing Transaction is not able to be consummated at the same time as the purchase and sale to other purchasers of such New Securities as a result of a legal or regulatory delay, such as a delay related to compliance with the HSR Act or any similar required non-U.S. regulatory scheme or to compliance with applicable laws and regulations and requirements of NYSE or any other applicable stock exchange, the applicable Grace Period relating to such New Securities will be extended for the same period of time as such regulatory delay or until it is determined that the acquisition by the Sumitomo Group of such securities is no longer legally permitted or feasible, and the Company will be entitled to issue the portion of New Securities to be sold to third parties in advance of the issuance of New Securities to Sumitovant Bio.

Section 6.3 Acquisition Issuances.

(a) At all times that the Entities within the Sumitomo Group satisfy the Voting Threshold, no less than 15 Business Days after the issuance and sale of any New Securities in consideration for the acquisition of a business or assets of a business (a "**Business Acquisition Transaction**"), the Company will notify Sumitovant Bio of the Company's issuance by written dated notice setting forth: (x) the number, type and material terms of New Securities issued in such Business Acquisition Transaction, (y) a description of the material elements of the consideration therefor and (z) the capitalization of the Company after giving effect to the issuance of such New Securities and the calculation of the number of shares that the Sumitomo Group would need to acquire to maintain the Sumitomo Group's Beneficial Ownership percentage of the Total Current Voting Power immediately prior to such Business Acquisition Transaction (a "**Company Acquisition Issuance Notice**").

(b) Within 15 Business Days after receipt by Sumitovant Bio of the Company Acquisition Issuance Notice, Sumitovant Bio will notify the Company by written dated notice stating whether or not Sumitovant

Bio has made a bona fide determination to acquire Voting Shares or Convertible Securities in open market purchases, or privately negotiated purchases from Disinterested Shareholders to maintain the Sumitomo Group's Beneficial Ownership percentage of the Total Current Voting Power immediately prior to such Business Acquisition Transaction within the applicable Grace Period relating to the Company Acquisition Issuance Notice (the "**Sumitovant Bio Acquisition Participation Notice**"). If Sumitovant Bio fails to deliver a Sumitovant Bio Acquisition Participation Notice within 15 Business Days after the receipt by Sumitovant Bio of the Company Acquisition Issuance Notice relating to such Business Acquisition Transaction, Sumitovant Bio will be deemed to have elected not to maintain the Sumitomo Group's Beneficial Ownership percentage of the Total Current Voting Power immediately prior to such Business Acquisition Transaction within the applicable Grace Period relating to the Company Acquisition Issuance Notice.

Section 6.4 Other Issuances. At all times that the Entities within the Sumitomo Group satisfy the Voting Threshold and until the occurrence of a Standstill Termination Event, following any issuance of New Securities that are not the subject of a Company's Financing Issuance Notice or a Company's Acquisition Issuance Notice (a "**Company Other Issuance**"), the Company shall promptly (but shall not be required to do so more frequently than monthly) notify Sumitovant Bio of such issuance. Following receipt of such notification Sumitovant Bio may (i) subject to Article V, directly or indirectly acquire Common Shares through open market purchases (which may be pursuant to a trading plan under Rule 10b5-1 promulgated by the SEC under the Securities Act) or privately negotiated purchases from Disinterested Shareholders, or (ii) if Sumitovant Bio is prohibited by Law from acquiring such Common Shares through open market purchases, or is prevented by market conditions from acquiring all of such shares after reasonable efforts expended over a two week period, and in either such case provides a certification of an officer of Sumitovant Bio to the Company of such effect, then Sumitovant Bio may purchase Common Shares from the Company. The number Common Shares that Sumitovant Bio may purchase from the Company pursuant to (ii) above is limited to the number that, together with any Common Shares purchased pursuant to (i) above, results in the Sumitomo Group Beneficially Owning Common Shares of the Company that constitute a percentage of the Total Current Voting Power held by the Sumitomo Group immediately after such acquisition that does not exceed the percentage of the Total Current Voting Power held by the Sumitomo Group immediately prior to such Company Other Issuance. Any such purchases of Common Shares from the Company pursuant to (ii) above shall occur no more frequently than quarterly at mutually satisfactory times and be effected at a cash purchase price per Common Share equal to the greater of (A) Fair Market Value per Common Share and (B) such minimum purchase price per Common Share as may be required by NYSE rules or Law.

Section 6.5 Grace Periods under This Agreement. Notwithstanding anything in this Agreement to the contrary, all Voting Shares and Convertible Securities that are subject to a then outstanding Sumitovant Bio Maintenance Notice delivered within the applicable time period set forth in Section 6.2 or Section 6.3 and for which the Grace Period as to such Voting Shares or Convertible Securities has not yet expired will be deemed to have at all times been Voting Shares or Convertible Securities owned by the Sumitomo Group for all purposes of calculating the Sumitomo Pro Rata Share and whether the Voting Threshold is satisfied under this Agreement.

Section 6.6 Cooperation with Sumitovant Bio. The Company agrees not to take, and agrees to cause the Independent Directors to refrain from taking, any action that could impede or delay the exercise by Sumitovant Bio of any of its rights under this Article VI.

ARTICLE VII
REPRESENTATIONS AND WARRANTIES

Section 7.1 Representations and Warranties of the Company. The Company hereby represents and warrants to Sumitomo and Sumitovant Bio that:

(a) The Company is duly organized, validly existing and in good standing under the Laws of Bermuda. The Company has the requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby have been duly authorized by all necessary action on the part of the Company. This Agreement has been duly and validly executed and delivered by the

Company and assuming due execution and delivery by Sumitomo and Sumitovant Bio, this Agreement constitutes a valid and binding agreement of the Company enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and similar Laws relating to or affecting creditors generally and by general equity principles.

(b) The execution, delivery and performance by the Company of this Agreement and the consummation of the transactions contemplated hereby do not and will not (i) violate any Organizational Document of the Company or its Subsidiaries, (ii) violate any applicable Law in any material respect, (iii) require any consent or other action by any Person under, constitute a default under, or give rise to any right of termination, cancellation or acceleration or to a loss of any benefit to which the Company or its Subsidiaries are entitled under any provision of any agreement or other instrument binding on the Company or (iv) result in the imposition of any lien (other than pursuant to this Agreement) on any asset of the Company or any of its Subsidiaries (including the Common Shares).

Section 7.2 Representations and Warranties of Sumitomo and Sumitovant Bio. Each of Sumitomo and Sumitovant Bio hereby represents and warrants to the Company that:

(a) Such party is duly organized, validly existing and in good standing under the Law of its jurisdiction of organization or formation. Such party has the requisite power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution, delivery and performance by such party of this Agreement and the consummation by such party of the transactions contemplated hereby have been duly authorized by all necessary action on the part of such party. This Agreement has been duly and validly executed and delivered by such party and assuming due execution and delivery by the Company, this Agreement constitutes a valid and binding agreement of such party enforceable against it in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and similar Laws relating to or affecting creditors generally and by general equity principles.

(b) The execution, delivery and performance by such party of this Agreement and the consummation of the transactions contemplated hereby do not and will not (i) violate any Organizational Document of such party, (ii) violate any applicable Law in any material respect, (iii) require any consent or other action by any Person under, constitute a default under, or give rise to any right of termination, cancellation or acceleration or to a loss of any benefit to which such party or its Subsidiaries (excluding the Company and its Subsidiaries) are entitled under any provision of any agreement or other instrument binding on such party or (iv) result in the imposition of any lien (other than pursuant to this Agreement) on any asset of such party or any of its Subsidiaries (including the Common Shares).

ARTICLE VIII
MISCELLANEOUS

Section 8.1 Expenses. Except as otherwise specifically provided herein, each party hereto will bear its own costs and expenses incurred in connection with its performance under or compliance with the terms of this Agreement.

Section 8.2 Successors and Assigns. The rights under this Agreement are not assignable without the Company's written consent (which will not be unreasonably withheld, delayed or conditioned), except that the rights under Article II and Article III of this Agreement may be assigned by a Holder to a transferee of Registrable Securities (x) that is an Affiliate of such Holder or (y) in connection with the transfer of all Registrable Securities held by such Holder to such transferee; *provided* that (i) such transfer or assignment may otherwise be effected in accordance with applicable securities laws, (ii) the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee and the Registrable Securities with respect to which such rights are being transferred; and (iii) such transferee agrees in a written instrument delivered to the Company to be bound by and subject to the terms and conditions of Article II and this Article VIII. The terms and conditions of this Agreement inure to the benefit of and are binding upon the respective successors and permitted assignees of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other

than the parties hereto or their respective successors and permitted assignees any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

Section 8.3 Governing Law and Jurisdiction. This Agreement will be governed by and construed in accordance with the internal law of the State of New York in all respects as such laws are applied to agreements among New York residents entered into and performed entirely within the State of New York, without giving effect to conflict of law principles thereof. With respect to any controversy arising out of or related to this Agreement, the parties hereto consent to the exclusive jurisdiction of, and venue in, the state or federal courts located in the borough of Manhattan in the State of New York.

Section 8.4 Counterparts. This Agreement may be executed in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Counterparts may be delivered via facsimile, electronic mail (including pdf or any electronic signature complying with the U.S. federal ESIGN Act of 2000, e.g., www.docusign.com) or other transmission method and any counterpart so delivered will be deemed to have been duly and validly delivered and be valid and effective for all purposes.

Section 8.5 Titles and Subtitles. The titles and subtitles used in this Agreement are for convenience only and are not to be considered in construing or interpreting this Agreement.

Section 8.6 Notices. All notices, requests, demands, claims and other communications which are required or may be given under this Agreement will be in writing, in English, and shall be deemed to have been duly given: (a) on the date of delivery, if delivered in person (upon confirmation of receipt) prior to 5:00 p.m. in the time zone of the receiving Party or on the next Business Day, if delivered after 5:00 p.m. in the time zone of the receiving Party, (b) on the third Business Day following the date of dispatch, if delivered by an internationally recognized courier service (upon proof of delivery) or (c) upon receipt if delivered by certified or registered mail, return receipt requested; and in each case with a copy sent by email; *provided*, *however*, that the Company may deliver the information required by Section 3.1 and Section 3.2 to Sumitovant Bio solely by email, in which case such information shall be deemed to be delivered when confirmed delivered by the email system. In each case, notice will be addressed to a Party as specified in this Section 8.6:

If to the Company, to:

Myovant Sciences Ltd.
Suite 1, 3rd Floor
11-12 St. James's Square
London SW1Y 4LB
United Kingdom
Attention: Corporate Secretary
Email: matthew.lang@myovant.com

With copies (which will not constitute notice to the Company) to:

Myovant Sciences, Inc.
2000 Sierra Point Parkway, Ninth Floor
Brisbane, CA 94005
Attention: Corporate Secretary
Email: matthew.lang@myovant.com

And

Cooley LLP
101 California Street, Fifth Floor
San Francisco, CA 94111
Attention: Kenneth L. Guernsey
Email: kguernsey@cooley.com

If to Sumitomo or Sumitovant Bio, to:

Sumitomo Dainippon Pharma Co., Ltd.
6-8, Doshomachi 2-Chome, Chuo-ku
Osaka 541-0045 Japan
Attention: Shigeyuki Nishinaka
Executive Officer, Global Business Development
Email: shigeyuki-nishinaka@ds-pharma.co.jp

With copies (which will not constitute notice to the Company) to:

Jones Day
3161 Michelson Drive
Irvine, CA 92612-4412
Attention: Jonn R. Beeson, Esq.
Email: jbeeson@jonesday.com

Section 8.7 Amendments and Waivers. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance, and either retroactively or prospectively) only with the written consent of the Company and Sumitomo; *provided*, *however*, that the Company may in its sole discretion waive compliance with Section 2.11(d) (and the Company's failure to object in writing within five (5) Business Days after notification of a proposed assignment allegedly in violation of Section 2.11(d) will be deemed to be a waiver); and *provided further* that any provision hereof may be waived by any waiving party on such party's own behalf, without the consent of any other party. Notwithstanding the foregoing, this Agreement may not be amended or terminated and the observance of any term hereof may not be waived (a) with respect to any Holder without the written consent of such Holder, and (b) with respect to the Company unless such amendment or waiver has received Audit Committee Approval. Any amendment, termination, or waiver effected in accordance with this Section 8.7 will be binding on all parties hereto, regardless of whether any such party has consented thereto. No waivers of or exceptions to any term, condition, or provision of this Agreement, in any one or more instances, will be deemed to be or construed as a further or continuing waiver of any such term, condition, or provision.

Section 8.8 Severability. In case any one or more of the provisions contained in this Agreement is for any reason held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability will not affect any other provision of this Agreement, and such invalid, illegal, or unenforceable provision will be reformed and construed so that it will be valid, legal, and enforceable to the maximum extent permitted by law.

Section 8.9 Aggregation of Securities. All Registrable Securities held or acquired by Affiliates will be aggregated together for the purpose of determining the availability of any rights under this Agreement and such Affiliated Persons may apportion such rights as among themselves in any manner they deem appropriate.

Section 8.10 Entire Agreement. This Agreement (including any Schedules and Exhibits hereto) constitutes the full and entire understanding and agreement among the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties is expressly canceled.

Section 8.11 WAIVER OF JURY TRIAL. EACH PARTY HEREBY WAIVES ITS RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, THE SECURITIES OR THE SUBJECT MATTER HEREOF OR THEREOF. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL ENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING CONTRACT CLAIMS, TORT CLAIMS (INCLUDING NEGLIGENCE), BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. THIS SECTION HAS BEEN FULLY DISCUSSED BY EACH OF THE PARTIES HERETO AND THESE PROVISIONS WILL NOT BE SUBJECT TO ANY EXCEPTIONS. EACH PARTY HERETO HEREBY FURTHER WARRANTS AND REPRESENTS THAT SUCH PARTY HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT SUCH PARTY KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL.

Section 8.12 Delays or Omissions. No delay or omission to exercise any right, power, or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, will impair any such right, power, or remedy of such nonbreaching or nondefaulting party, nor will it be construed to be a waiver of or acquiescence to any such breach or default, or to any similar breach or default thereafter occurring, nor will any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. All remedies, whether under this Agreement or by law or otherwise afforded to any party, will be cumulative and not alternative.

Section 8.13 Specific Performance. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, and that money damages or other legal remedies would not be an adequate remedy for any such damages. It is accordingly agreed among the parties hereto that, in addition to any other remedy to which they are entitled at law or in equity, in the event of any breach or threatened breach by the Company, on the one hand, or Sumitomo or Sumitovant Bio, on the other hand, of any of their respective covenants or obligations set forth in this Agreement, the Company, on the one hand, and Sumitomo or Sumitovant Bio, on the other hand, will be entitled to an injunction or injunctions to prevent or restrain breaches or threatened breaches of this Agreement or to enforce compliance with, the covenants and obligations of the other under this Agreement. The Company, on the one hand, and Sumitomo or Sumitovant Bio, on the other hand, hereby agree not to raise any objections to the availability of the equitable remedy of specific performance to prevent or restrain breaches or threatened breaches of this Agreement by such party (or parties), and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of such party (or parties) under this Agreement. The parties hereto further agree that (x) by seeking the remedies provided for in this Section 8.13, a party will not in any respect waive its right to seek any other form of relief that may be available to a party under this Agreement (including monetary damages), and (y) nothing set forth in this Section 8.13 will require any party hereto to institute any proceeding for (or limit any party's right to institute any proceeding for) specific performance under this Section 8.13, nor will the commencement of any legal proceeding pursuant to this Section 8.13 or anything set forth in this Section 8.13 restrict or limit any party's right to pursue any other remedies for damages resulting from a breach of this Agreement.

Section 8.14 Further Assurances. The parties hereto will do and perform or cause to be done and performed all such further acts and things and will execute and deliver all such other agreements, certificates, instruments or documents as any other party may reasonably request from time to time in order to carry out the intent and purposes of this Agreement and the consummation of the transactions contemplated hereby. Neither the Company, Sumitovant Bio nor Sumitomo will voluntarily undertake any course of action inconsistent with satisfaction of the requirements applicable to them set forth in this Agreement and each will promptly do all such acts and take all such measures as may be appropriate to enable them to perform as early as practicable the obligations herein and therein required to be performed by them.

[*Signatures Follow*]

IN WITNESS WHEREOF, the parties have executed this Investor Rights Agreement as of the date first set forth above.

COMPANY:

MYOVANT SCIENCES LTD.

By: /s/ Marianne Romeo
Name: Marianne Romeo
Title: Head, Global Transactions and Risk Management

[*Signature page to Investor Rights Agreement*]

IN WITNESS WHEREOF, the parties have executed this Investor Rights Agreement as of the date first set forth above.

SUMITOVANT BIOPHARMA LTD.

By: /s/ Marianne Romeo
Name: Marianne Romeo
Title: Head, Global Transactions and Risk Management

SUMITOMO DAINIPPON PHARMA CO., LTD.

By: /s/ Hiroyuki Baba
Name: Hiroyuki Baba
Title: Senior Executive Officer

[*Signature page to Investor Rights Agreement*]

Exhibit 31.1

CERTIFICATION

I, Lynn Seely, certify that:

1. I have reviewed this Form 10-Q of Myovant Sciences Ltd.;

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

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

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

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

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

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

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

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

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

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

Date: February 10, 2020

By: /s/ Lynn Seely

Lynn Seely

Principal Executive Officer

Exhibit 31.2

CERTIFICATION

I, Frank Karbe, certify that:

1. I have reviewed this Form 10-Q of Myovant Sciences Ltd.;

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

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

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

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

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

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

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

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

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

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

Date: February 10, 2020

By: /s/ Frank Karbe

Frank Karbe

Principal Financial and Accounting Officer

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Myovant Sciences Ltd. (the "Company") for the period ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Lynn Seely, Principal Executive Officer of the Company, hereby certifies, pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and 18 U.S.C. Section 1350, that to the best of her knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

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

Date: February 10, 2020

By: /s/ Lynn Seely
Lynn Seely
Principal Executive Officer

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

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q of Myovant Sciences Ltd. (the "Company") for the period ended December 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Frank Karbe, Principal Financial Officer of the Company, hereby certifies, pursuant to the requirement set forth in Rule 13a-14(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and 18 U.S.C. Section 1350, that to the best of his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and

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

Date: February 10, 2020

By: /s/ Frank Karbe

Frank Karbe

Principal Financial and Accounting Officer

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