

[Company Name]

[Date]

PharmStars Ventures Fund I LP

Re: Side Letter

Ladies and Gentlemen:

This agreement (this “**Agreement**”) is entered into in advance and in connection with the purchase by PharmStars Ventures Fund I LP (the “**Investor**”) of that certain simple agreement for future equity (the “**SAFE**” together with any other SAFEs with similar economic terms, the “**SAFE Financing**”) issued by [Company Name], a [Delaware corporation] (the “**Company**”). As a material inducement to the Investor’s admission of Company in its accelerator program (the “**PharmStars Accelerator**”) and the Investor’s investment in the SAFE, the Company agrees to the provisions set forth in this Agreement.

1. Defined Terms.

1.1 Capitalized terms used but not defined in this Agreement shall have the respective meanings ascribed to them in the SAFE or Appendix A; and

1.2 For purposes of this Agreement and the SAFE, “**Discount Rate**” means (i) **80%** if an Equity Financing occurs on or before the one-year anniversary of the Effective Date; (ii) **75%** if an Equity Financing occurs after the one-year anniversary of the Effective Date and on or before the two-year anniversary of the Effective Date; and (iii) **70%** if an Equity Financing occurs after the two-year anniversary of the Effective Date.

2. Investment Process. The parties acknowledge and agree to the following investment process in connection with the SAFE:

2.1 Company Obligation to Deliver SAFE. As a condition of the Company’s participation in the PharmStars Accelerator, the Company shall execute and deliver a fully signed counterpart signature page to the SAFE to the Investor prior to commencement of the PharmStars Accelerator. Upon the Company’s execution and delivery of its counterpart signature page to the SAFE, the Company shall be irrevocably bound to issue and sell the SAFE to the Investor on the terms set forth therein, and the Investor shall be bound to purchase the SAFE in accordance with Section 2.2.

2.2 Condition to Investor Funding. Subject to and conditioned upon the Company’s completion of the PharmStars Accelerator to the Investor’s reasonable satisfaction, the Investor shall fund the SAFE by executing and delivering its counterpart signature page to the SAFE and transmitting the applicable funds to the Company. The Investor shall have no obligation to fund the SAFE unless and until the Company has completed the PharmStars Accelerator to the Investor’s reasonable satisfaction. For the avoidance of doubt, Investor shall have the right to elect, but not the obligation, to fund the SAFE prior to the Company’s completion of the PharmStars accelerator.

2.3 Funding Deadline; Termination. The Investor shall execute and deliver its counterpart signature page to the SAFE and transmit the applicable funds to the Company within forty-five (45) days following the final date of the PharmStars Accelerator. If the Company has not completed the PharmStars Accelerator to the Investor’s satisfaction by the final date of the PharmStars Accelerator, the Investor’s obligation to fund the SAFE under this Agreement shall terminate,

and neither party shall have any further obligation to the other in respect of the SAFE or this Agreement.

3. Right to Purchase Securities in Subsequent Financings.

3.1 Investment Rights. The Investor shall have the right (in the aggregate), but not the obligation, to invest up to a maximum of \$500,000 (the “**Maximum Investment Right**”) in any transaction or series of transactions by the Company with the principal purpose of raising capital or other private placement of securities of the Company occurring after the SAFE Financing (a “**Subsequent Financing**”).

3.2 Timing and Procedure. The Company shall provide the Investor with at least thirty (30) days prior written notice of the closing of any issuance of securities in connection with a Subsequent Financing (each such notice, an “**Issuance Notice**”), including (i) the amount, price and terms of the proposed issuance and (ii) the party or parties to whom such securities will be offered. In order to exercise its purchase rights under Section 3.1 in connection with a Subsequent Financing, the Investor shall deliver written notice of such exercise to the Company within thirty (30) days after its receipt of the applicable Issuance Notice, specifying the portion of the Maximum Investment Right it wishes to apply to the purchase of the securities being offered.

3.3 Transaction Documents. In the event that the Investor exercises its purchase rights under Section 3.1 in connection with any financing, the terms and conditions of such financing (other than the purchase price to be paid by the Investor, which shall be determined in accordance with Section 3.2) shall be satisfactory to the Investor in its reasonable discretion, and any subscription, shareholders and other agreements entered into by the Investor in connection with such financing shall be satisfactory to the Investor in its reasonable discretion. Without limiting the generality of the foregoing, the rights and benefits (such as tagalong rights, voting rights, registration rights and information rights) afforded to the Investor in connection with such financing shall be at least as favorable as those provided to any other investor participating in such financing.

3.4 Termination of Investment Rights. In addition to terminating upon termination of this Agreement, the Investor's purchase rights under this Section 3 shall also terminate upon the Investor having invested the full amount of the Maximum Investment Right pursuant to one or more Subsequent Financings.

4. Information Rights. The Company shall deliver to the Investor for as long as they hold any SAFE or Equity Securities in the Company:

4.1 Annual Financials. As soon as practicable, but in any event within 180 days after the end of each fiscal year of the Company (i) a balance sheet as of the end of such year, and (ii) statements of income and of cash flows for such year, all such financial statements to be unaudited, unless determined by the Company's board of directors in its sole discretion, to be audited and certified by independent public accountants selected by the Company.

4.2 Quarterly Financials. As soon as practicable, but in any event within 45 days after the end of each quarter of each fiscal year of the Company, unaudited statements of income and cash flows for such fiscal quarter, and an unaudited balance sheet as of the end of such fiscal quarter.

4.3 Board Materials. As soon as practicable, copies of all notices, minutes, consents and other material that the Company provides to its directors, except that the representative may be excluded from access to any material or meeting or portion thereof if the Company's Board of Directors determines in good faith, upon advice of counsel, that such exclusion is reasonably

necessary to preserve the attorney-client privilege, to protect highly confidential proprietary information, or for other similar reasons.

- 4.4 Termination of Information Rights. In addition to terminating upon termination of this Agreement, the Investor's information rights under this Section 4 shall also terminate upon the Investor (or any of its Designees holding Equity Securities of the Company) becoming a party to an investors' rights agreement or similar agreement with the Company that grants the Investor (or such Designee) information rights that are at least as favorable to the Investor as those set forth in this Section 4.
5. Prior Valuation Cap Amendment Provision. If the Company has issued a SAFE prior to the SAFE held by Investor, the SAFE held by Investor shall automatically be deemed amended to incorporate the valuation cap of the most recently issued prior SAFE (the "**Prior SAFE**"), effective as of the issuance of the SAFE held by Investor and without any further action by the Investor or the Company. The Company will promptly provide the Investor with written notice of the terms of the valuation cap of any such Prior SAFE, together with a copy of the Prior SAFE and, upon written request of the Investor, any additional information related to such Prior SAFE as may be reasonably requested by the Investor, prior to the Investor's execution and delivery of its counterpart signature page to the SAFE. The foregoing shall not limit any further amendment under the MFN Amendment Provision in Section 6.
6. "MFN" Amendment Provision. If the Company issues any Subsequent Convertible Securities with terms more favorable than those of any SAFE held by Investor (including, without limitation, a valuation cap and/or discount) prior to termination of such SAFE, such SAFE shall automatically be deemed amended and restated to be identical to the instrument(s) evidencing the Subsequent Convertible Securities, effective as of the issuance of such Subsequent Convertible Securities and without any further action by the Investor or the Company. The Company will promptly (and in any event within ten (10) days of such issuance) provide the Investor with written notice thereof, together with a copy of such Subsequent Convertible Securities (the "**MFN Notice**") and, upon written request of the Investor, any additional information related to such Subsequent Convertible Securities as may be reasonably requested by the Investor. Promptly following the Investor's request, the Company shall execute and deliver an amended and restated SAFE reflecting such terms for each affected SAFE; provided that the Investor's rights to the more favorable terms shall not be conditioned on such execution and delivery. Within forty-five (45) days of the Company providing the MFN Notice, the Investor may in its sole discretion and by written notice to the Company, decline the application of any such Subsequent Convertible Securities' terms in whole or in part with respect to any or all SAFEs, in which case the affected SAFE(s) shall continue in effect (or, to the extent of any partial declination, shall be deemed amended only with respect to the terms not so declined).
7. Confidentiality. The Investor agrees that the Investor will keep confidential and will not disclose, or use for any purpose (other than to monitor or make decisions with respect to its investment in the Company) any information obtained from the Company pursuant to the terms of this Agreement, unless such information (a) is known or becomes known to the public in general (other than as a result of a breach of this Agreement by the Investor) or (b) is or has been made known or disclosed to the Investor by a third party without a breach of any obligation of confidentiality such third party may have to the Company; provided, however, that the Investor may disclose such information (x)(i) to its attorneys, accountants, consultants, and other professionals to the extent reasonably necessary to obtain their services in connection with monitoring its investment in the Company and (ii) to any existing affiliate, partner, member, stockholder, or wholly owned subsidiary of such Investor in the ordinary course of business, provided in each case that the Investor inform such person that such information is confidential and directs such person or entity to maintain the confidentiality of such information; or (y) as may otherwise be required by law, regulation, rule, court order or subpoena, provided that the Investor promptly notify the Company

of such disclosure and takes reasonable steps to minimize the extent of any such required disclosure.

8. Assignment. Neither this Agreement nor the rights contained herein may be assigned, by operation of law or otherwise, by Investor without the prior written consent of the Company; provided, however, that this Agreement and/or the rights contained herein may be assigned without the Company's consent by the Investor to any other entity who directly or indirectly, controls, is controlled by or is under common control with the Investor, including, without limitation, any general partner, managing member, officer or director of the Investor, or any venture capital fund now or hereafter existing which is controlled by one or more general partners or managing members of, or shares the same management company with, the Investor.

9. Miscellaneous.

9.1 Notices; Governing Law. All notices given pursuant to this Agreement and the SAFE will be in writing and shall be deemed effective when sent by electronic mail. All notices shall be sent to the respective parties at the locations specified on the signature pages to this Agreement (or such other address as a party may designate by notice given under this Agreement). This Agreement and the parties' respective rights and obligations hereunder shall be governed by and construed under the laws of the State of Delaware, without regard to the conflicts of law provisions of such State.

9.2 Entire Agreement. This Agreement constitutes the full and entire understanding and agreement between the parties hereto with regard to the subject matter hereof and supersedes any and all prior written or oral agreements between the parties regarding the subject matter of this Agreement.

9.3 Amendment. Any term of this Agreement may be amended, waived or modified only upon the written consent of the Company and the Investor, in which case such amendment, waiver or modification shall also be binding upon each future holder of rights or obligations under this Agreement.

10. Term and Termination.

10.1 Term. This Agreement shall become effective upon execution by both parties and shall continue in effect until terminated in accordance with this Section.

10.2 Termination of Agreement. This Agreement shall terminate in its entirety upon the earliest to occur of: (i) the consummation of the first sale of Common Stock pursuant to a registration statement filed by the Company with and declared effective by the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Act"), in connection with an underwritten offering of the Company's Common Stock to the general public; (ii) the consummation of a Corporate Transaction; (iii) the mutual written agreement of the Company and the Investor; (iv) termination of the Investor's obligation to fund the SAFE pursuant to Section 2.3; and (v) the Investor's rescission of the Company's right to participate in the PharmStars Accelerator, in which case this Agreement shall cease to have effect except for this Section 10 and Section 7 (Confidentiality).

10.3 Survival. No termination of this Agreement shall relieve any party from any liability for any breach of this Agreement occurring prior to such termination. Section 7 (Confidentiality), Section 9.1 (Notices; Governing Law), and this Section 10 shall survive any termination of this Agreement.

IN WITNESS WHEREOF, the undersigned have caused this Agreement to be duly executed and delivered.

[COMPANY NAME]

By: _____
Name: _____
Title: _____

PHARMSTARS VENTURES FUND I LP

By its General Partner, PharmStars Ventures Fund
I GP LLC

By: _____

Name: Naomi Fried
Title: CEO

with notice copy to:

VentureFund@pharmstars.com

[SIGNATURE PAGE TO SIDE LETTER (PHARMSTARS VENTURES)]

Appendix A Certain Defined Terms

For purposes of this Agreement, the following terms shall have the respective meanings set forth below:

“Convertible Security” means any security or other instrument that gives its holder the right to acquire shares of any class of the Company’s capital stock or other equity interests (whether preferred or common), including without limitation a convertible note, warrant, option or convertible preferred stock, or a debt instrument issued together with warrants or options.

“Corporate Transaction” means (a) the sale, transfer or other disposition of all or substantially all of the Company’s assets; (b) the merger or consolidation of the Company with or into another entity (except a merger or consolidation in which the holders of capital stock of the Company immediately prior to the merger or consolidation continue to hold at least 50% of the fully-diluted voting power or equity interests in the surviving entity immediately after giving effect to the merger or consolidation); (c) the transfer in one transaction or a series of related transactions, to a Person or group of affiliated Persons (other than an underwriter of the Company’s securities), of any of the Company’s equity securities if, immediately after giving effect to such transfer, such Person or group of affiliated Persons hold for the first time 50% or more of the fully-diluted voting power or equity interests in the Company; or (d) the liquidation, dissolution or winding up of the Company. However, a transaction will not constitute a Corporate Transaction if (i) its sole purpose is to create a holding company that will be owned in substantially the same proportions by the Persons who held the Company’s securities immediately prior to the transaction, or (ii) it involves the sale and issuance of Equity Securities by the Company in a bona fide financing transaction the principal purpose of which is to raise capital.

“Designee” means (a) any of the Investor’s affiliates; (b) any venture capital fund or other investment vehicle that is at any time controlled or managed by the Investor or one of its affiliates; or (c) the owners, officers, managers or directors of the Investor or any of its affiliates, or any such Person’s spouse, domestic partner, estate, heir, intestate successor, trust or other estate planning vehicle.

“Equity Securities” means (a) shares of capital stock of the Company (whether common, preferred or otherwise) and (b) Convertible Securities.

“Person” means any individual, partnership, corporation, limited liability company, joint venture, trust, business trust, association, unincorporated organization, country, state, city or other political subdivision, governmental agency or instrumentality, or other entity.

“Subsequent Convertible Securities” means convertible securities that the Company may issue after the SAFE, with the principal purpose of raising capital, including but not limited to, other SAFE, convertible debt instruments and other convertible securities. Subsequent Convertible Securities excludes: (i) side letters or ancillary agreements that do not amend or modify the terms of such convertible securities; and (ii) the following types of securities: (A) options issued pursuant to any equity incentive or similar plan of the Company; (B) convertible securities issued or issuable to (1) banks, equipment lessors, financial institutions or other persons engaged in the business of making loans pursuant to a debt financing or commercial leasing or (2) suppliers or third party service providers in connection with the provision of goods or services pursuant to transactions; and (C) convertible securities issued or issuable in connection with sponsored research, collaboration, technology license, development, OEM, marketing or other similar agreements or strategic partnerships.