

Partnership Agreement

This Partnership Agreement (the “**Agreement**”) is effective from 24 November 2020 (the “**Effective Date**”) and is made by and between

Initiator Pharma A/S

CVR-no. 37663808

Lyngsiesvej 18

DK-8230 Åbyhøj

Denmark

(the “Company”)

And

MAC Clinical Research Finance Ltd

company number 09518942

Kaman Court, 1 Faraday Way, Blackpool, Lancashire, FY2 0JH

United Kingdom

(the “Partner”)

Individually both Company and Partner are a “**Party**”, and collectively “**Parties**”.

WHEREAS

- A. Partner together with its affiliates is engaged in providing expertise to the pharmaceutical industry in the management of clinical trials;
- B. Company is engaged in the development of a better medical treatment for the growing number of untreated Sexual Dysfunction patients and thereby improve their quality of life for them and their partners;
- C. Under the terms and conditions of this Agreement, Partner and Company intend to agree to a Partner investment in the Company via a partnership that secure the continued development of the Company’s proprietary compound IPED2015, a novel and first in class treatment of Erectile dysfunction for men not responding to the currently marketed drugs;
- D. Partner has on a fee-for-service basis conducted the active part of Phase 1 and Phase 2a Proof of Concept IPED2015 trial successfully;
- E. Partner has expressed an interest in participating in the continued development of IPED2015 and is willing to commit to this partnership by making a significant investment in the partnership and take on the risk-sharing of the continued development of IPED2015; and
- F. Through a new clinical trial agreement relating to the phase 2b clinical trial (“the Clinical Trial Agreement”), the Partner shall provide services to Company similar to those rendered under the previous agreements relating to Phases 1 and Phase 2a with the change that payment for the services shall be accrued as debt and that the Partner has the right and no obligation to convert such debt into shares in the Company at such times and on such terms as stated in this Agreement.

1 Definitions

- 1.1 **Confidential Information** has the meaning stated in Article 4.1.
- 1.2 **Clinical Trial Agreement (or CTA)** has the meaning stated in Recital F.
- 1.3 **Services** means the services to be provided by Partner to the Company as described in the Clinical Trial Agreement.

2 SCOPE OF SERVICES – EXECUTION OF CTA

- 2.1 CTA. Partner shall provide the Services under a separate CTA based on the terms and conditions agreed between the Parties in earlier clinical trials (the previous clinical trial agreements between the Parties are attached as Exhibit 2.1 to this Agreement) but amended as required to give effect to the provisions of this Agreement. Once completed, the CTA shall be signed by both Parties and appended to this Agreement, whereafter it shall form an integrated part of this Agreement. If the CTA has not been executed by June 30, 2021, all rights and obligations under this Agreement (except the confidentiality obligations contained in Article 7) shall lapse and the Parties shall have no claims against each other hereunder.
- 2.2 Deal structure – overall terms - the Parties' contributions. An overall description of the deal structure, the parties' contributions and an outline of the contemplated clinical trial study and its itemized costs is attached to this Agreement as Exhibit 2.2.

3 CONVERSION OF DEBT

- 3.1 Convertible debt. The maximum amount payable to Partner under the CTA (excluding pass-through costs) and thereby convertible under this Agreement is 2,000,000 GBP (equivalent to 3,058,667 shares as at the relevant exchange rate). The convertible amount shall be the amount actually accrued under the CTA (minus cash payments, if any, made by Company to Partner to cover pass-through costs). The CTA will define a number of milestones. When each milestone has been achieved, an amount as defined in the CTA (in both GBP and the equivalent number of shares as at the relevant exchange rate) shall be deemed to have accrued. At Partner's option, amounts accrued under the CTA shall either be converted into shares in the Company or be paid in cash pursuant to the terms and conditions of this Agreement.
- 3.2 No later than 30 days after the expiration or termination of CTA for any reason, the total amount of accrued debt (the "Accrued Debt") under the CTA shall be determined by the Partner in accordance with the terms of the CTA and confirmed in writing by the Partner to the Company (the date of such written notice being known as the "Settlement Date").

Conversion of debt. The Partner has 10 days from the Settlement Date to notify the Company in writing in the event that it does not wish to have the Accrued Debt converted into shares in the Company but would instead prefer to be paid the Accrued Debt in cash in accordance with the provisions of this Agreement. For clarity, in the event that no such notice is received, the Partner shall be deemed to have requested the conversion of the Accrued Debt into shares of the Company. For further clarity, the Partner may not request a partial conversion of the Accrued Debt. If the Company does not receive such timely request, the Company shall immediately arrange for all corporate formalities to ensure that the relevant number of shares corresponding to the Accrued Debt (as set out in the Clinical Trial Agreement) is allocated to the Partner.

- 3.3 Intermediate milestone debt conversion. Following the completion of a certain predefined milestone agreed under the CTA (a milestone where at least 40% of the work under the CTA has been completed, the “Intermediate Milestone”), Partner shall be entitled at any point thereafter one or more times but always no later than 5 days following the completion of a milestone defined in the CTA to convert any then accrued debt under the CTA (“Intermediate Conversion Amount”) into shares in the Company subject to the following terms and conditions:
 - 3.3.1 The Partner’s auditors confirm in writing each time an intermediate milestone debt conversion is requested that the financial viability of the Partner requires the debt conversion to secure continued operations of Partner (“the Auditor’s Notice Date”);
 - 3.3.2 The Partner shall in writing exercise the option to convert the Intermediate Conversion Amount into shares of the Company within 5 days after Auditor’s Notice Date;
 - 3.3.3 Following such notice in writing, the Company shall immediately arrange for all corporate formalities to ensure that the relevant number of shares corresponding to the Intermediate Conversion Amount (as set out in the Clinical Trial Agreement) is allocated to the Partner; and
 - 3.3.4 for clarity, upon intermediate conversion in accordance with this Section 3.3, the Intermediate Conversion Amount shall be deducted from any Accrued Debt to be converted into shares on the termination or expiry of the Clinical Trial Agreement. Except for that the foregoing, sections 3.1 and 3.2 shall remain unchanged.
- 3.4 Additional terms and conditions for the convertible bond are included in Exhibit 3.4.
- 3.5 Subsequent to any conversion made, the Partner shall have the right to transfer the shares received by the conversion to MAC Research ApS, Denmark, (CVR no. 41753536) or any other company fully-owned by the Partner. Further, the Partner must at all times comply with applicable insider trading regulation prior to any sales of shares to the market.
- 3.6 If the Partner informs the Company in writing in accordance with section 3.2 that it does not wish to have the Accrued Debt converted into shares pursuant to sections 3.1 – 3.2 above, the Partner no longer has the right to convert the debt into shares in the Company and the Accrued Debt under the CTA shall be an ordinary unsecured debt payable by the Company as follows:
 - 3.6.1 From the Settlement Date, an annual 1% interest rate shall apply;

- 3.6.2 Subject to sections 3.6.3 and 3.6.4 below, the Partner may not demand payment for 3 (three) years following the Settlement Date. After the 3-year period or at such earlier time when the Company is declared bankrupt or taken under any other form of insolvency process, the Partner may demand payment of the Accrued Debt;
- 3.6.3 if the Company exits the IPED2015 program by realising all or materially all of the value of the IPED2015 program in consideration for cash or liquid securities during the 3 (three) year period, then the Partner may demand payment of the Accrued Debt from the Company as from the date of such exit (Such exit may be carried out in a variety of ways including, but not limited to (i) the entering into a partnership or joint venture agreement stipulating a future acquisition of the IPED2015 program by the partner; (ii) a sale of the IPED2015 program; (iii) licensing of the IPED2015 program to a third party licensee; or (iv) a combination of the above); and
- 3.6.4 During the 3-year period, the Company may at any time in part or in full make cash payment of the Accrued Debt.
- 3.7 Following general meeting approval, cf. section 7.1, the Company shall issue a convertible debt instrument to the Partner reflecting the terms and conditions of this section 3.

4 CONFIDENTIALITY

- 4.1 Confidential Information. The term “**Confidential Information**” means any and all business and technical information or other information relating to Company’s proprietary products and technologies, samples and written and verbal descriptions relating to the business of Company or Partner which is gathered or disclosed by the Parties under this Agreement. The Party receiving the Confidential Information shall be the “**Receiving Party**” and the party disclosing the Confidential Information shall be the “**Disclosing Party.**”
- 4.2 Use of Confidential Information.
- 4.2.1 The Receiving Party shall use Confidential Information only for the purpose of fulfilling its obligations under this Agreement. The Receiving Party shall take such measures with respect to the storage and security of the Confidential Information as is necessary to preserve confidentiality, but in no event shall such measures be less than the Receiving Party takes with respect to its own Confidential Information.
- 4.2.2 All Confidential Information disclosed by one Party to the other Party shall remain the property of the Disclosing Party. Confidential Information shall not be disclosed to any third Party without prior written consent of the Disclosing Party except to others who must be involved in providing Services and who have agreed in writing to observe the confidentiality obligations with respect to the Confidential Information in the same manner and to the same extent as provided in this Agreement and by law to maintain this information in confidence.

- 4.3 Confidentiality Term. The Parties' obligations with regard to Confidential Information shall survive the expiration or termination of this Agreement and shall continue in full force and effect for a period of seven (7) years from the later of completion of the applicable Services, or expiration or termination of this Agreement. The obligations of the Parties regarding the confidentiality and nondisclosure of Confidential Information shall extend to and be binding upon all employees of Parties who have access to Confidential Information pursuant to this Agreement. The Receiving Party shall be responsible for any unauthorized disclosure or use of Confidential Information by it, its employees and officers not authorized under this Agreement. Disclosure to third party agents, subcontractors or the like may only take place following written approval by the Disclosing Party.
- 4.4 Exclusions. The obligations of the Receiving Party regarding the confidentiality and nondisclosure of Confidential Information shall not apply to information which
- 4.4.1 At the time of disclosure was in the public domain;
 - 4.4.2 After disclosure becomes part of the public domain, except through breach of this Agreement by the Receiving Party;
 - 4.4.3 The Receiving Party can demonstrate by its written records was in the Receiving Party's possession prior to the time of disclosure by or on behalf of the Disclosing Party hereunder, and was not acquired directly or indirectly from the Disclosing Party;
 - 4.4.4 Becomes available to the Receiving Party from a third party which, to the knowledge of the Receiving Party, is not legally prohibited from disclosing such Confidential Information; or
 - 4.4.5 The Receiving Party can demonstrate by its written records was developed by or for the Receiving Party independently of the disclosure of Confidential Information by the Disclosing Party.
- 4.5 Obligation to Disclose. Notwithstanding the above, in the event the Receiving Party becomes obligated by stock exchange regulations, applicable law, regulatory rule, or judicial or administrative order to disclose Confidential Information, the Receiving Party shall immediately notify the Disclosing Party and identify the required Confidential Information.
- 4.6 Company is a public company. Partner acknowledges that the shares of Company are publicly listed and that, as a result, any information pertaining to Company or its businesses and/or projects may potentially constitute privileged and/or price sensitive information concerning Company within the meaning of applicable securities laws. Partner undertakes to comply, and to cause its (and its affiliates') directors, employees, officers, advisors, consultants and agents to comply, with all applicable securities laws (in particular, without limitation however, any insider trading rules).
- 4.7 Press release. The Company is entitled to issue a press release upon execution of this Agreement.

5 **TERM AND TERMINATION OF THE AGREEMENT**

- 5.1 Unless expired or terminated earlier or later in accordance with other provisions of the Agreement, this Agreement shall terminate upon (i) conversion of the Accrued Debt into shares in accordance with Section 3.2 and 3.3 or (ii) payment of the Accrued Debt by Company to Partner in accordance with Section 3.6.
- 5.2 Expiration or termination of this Agreement shall not relieve the Parties of any obligation or liability that accrued hereunder prior to the effective date of such expiration or termination.

6 GOVERNING LAW AND JURISDICTION

- 6.1 This Agreement (and any dispute, controversy, proceedings or claim of whatever nature arising out of or in any way relating to this Agreement or its formation) shall be governed and construed in accordance with the laws of Denmark, without giving effect to the conflict of law provisions thereof.
- 6.2 Any dispute arising out of or in connection with this Agreement, including any disputes regarding the existence, validity or termination thereof, shall be settled by simplified arbitration arranged by The Danish Institute of Arbitration in accordance with the rules of simplified arbitration procedure adopted by The Danish Institute of Arbitration and in force at the time when such proceedings are commenced. The place of the arbitration shall be Copenhagen, Denmark. The language of the arbitration shall be English.

7 CONDITIONS PRECEDENT

- 7.1 It is a condition precedent for both Parties that an extraordinary general meeting of the Company shall approve the convertible bond and the related amendments to the Company’s articles of association (Exhibit 3.4). The general meeting approval shall be obtained no later than by January 15, 2021. If no such approval is obtained in a timely fashion, all rights and obligations under this Agreement (except the confidentiality obligations contained in Article 7) shall lapse and the Parties shall have no claims against each other hereunder.

IN WITNESS WHEREOF, the Parties have executed this Agreement with effect from the Effective Date stated on page one.

Initiator Pharma A/S

MAC Clinical Research Finance Ltd

By: _____
Name: Claus E. Olesen
Title: CEO
Date:

By: _____
Name: Mark Dale
Title: CEO
Date:

By: _____
Name: Magnus Persson
Title: Chairman
Date:

Exhibits:

- Exhibit 2.1 – Clinical Trial Agreement
- Exhibit 2.2 – Deal structure
- Exhibit 3.4 – Terms and conditions for the convertible bond (form document to be completed and included in the articles of association of the Company following extraordinary general meeting approval).

Exhibit 2.2 - Deal Structure

MAC Investment up to 2 MGBP

That will be converted into shares at a fixed price of 7.50 SEK/Share

The equity component will total up to 3.058.667 shares

Investment		Share Price (SEK)	number of shares ¹
2.000.000 GBP		7.50	3.058.667

¹ Calculation base on SEK/GBP = 11.47