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## SBC VENTURES LTD

THIS SIMPLE AGREEMENT FOR FUTURE EQUITY (“**this Safe**”) CERTIFIES THAT, in exchange for the investment by SBC VENTURES LIMITED (the “**Investor**”) of [US\$][Euro] [\_\_\_\_\_] (the “**Investment Amount**”) on or about [Date of Safe], in favour of [Target Name], a [type of entity and place of jurisdiction] (the “**Company**”), issues to the Investor the right to certain shares of the Company’s Shares, subject to the terms described below.

### 1. *Investment*

1.1 The **Investment Amount** consists of:

- (a) “**Cash**”: [US\$][Euro] [\_\_\_\_\_]; and
- (b) “**Consideration in Kind**”: [US\$][Euro] [\_\_\_\_\_]

*(Please refer to **Schedule 1** for a breakdown of the Consideration in Kind)*

1.2 The “**Post-Money Valuation Cap**” is [US\$][Euro] [\_\_\_\_\_].

1.3 The “**Discount Rate**” is [100 minus the discount]%.  
*(See **Section 3** for certain additional defined terms.)*

### 2. *Events*

- (a) **Equity Financing**. If there is an Equity Financing before the termination of this Safe, on the initial closing of such Equity Financing, this Safe will convert into the number of Common Shares equal to<sup>1</sup>:

[•] % of the Company Capitalization.

The Investor will execute and deliver to the Company all of the transaction documents related to the Equity Financing; *provided*, that such documents are the same documents to be entered into with the purchasers of Shares (on the most preferred terms provided to any of them) on such initial closing of the Equity Financing. Where the most preferred terms involve Preferred Shares, all references in this Safe to “Common Shares”, as it may relate to the Investment Amount, shall be deemed to be to “Preferred Shares”.

- (b) **Liquidity Event**.
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- (i) If there is a Liquidity Event before the termination of this Safe, the Investor will automatically be entitled to receive, at its option (exercised in writing prior to the closing of the Liquidity Event), and the Company shall pay or deliver (as the case may be), to the Investor, either:
- (1) payment, in cash out of the Proceeds (the “**Liquidity Event Cash Out Option**”), of an amount equal to the greater of the Investment Amount or the Conversion Amount (such greater amount, the “**Cash-Out Amount**”); or
  - (2) distribution, in kind, of a number of Shares equal to the Investment Amount divided by the Liquidity Price,

*provided* that if any holders of Shares are given a choice as to the form and/or amount of Proceeds to be received upon a Liquidity Event, the Investor will be given the same choice, *provided further* that the Investor may not choose to receive a form of consideration that the Investor would be ineligible to receive as a result of the Investor’s failure to satisfy any requirement or limitation generally applicable to any holders of Shares or under any applicable laws.

- (ii) In the event that the Investor elects the Liquidity Event Cash Out Option in accordance with Section (b)(i)(1), the Cash-Out Amount will be due and payable by the Company to the Investor immediately prior to, or concurrent with, the closing of the Liquidity Event. If the Proceeds are not sufficient to pay the Investor and holders of other Safes electing the Liquidity Event Cash Option (collectively, the “**Cash-Out Investors**”) all amounts due to them as a result of their elections, in full, then all of the Company’s available funds will be distributed with equal priority and *pro rata* among the Cash-Out Investors (including the Investor) in proportion to the purchase amounts paid by them, respectively, for Safes, and each Cash-Out Investor will, in addition to the cash due and paid to it, receive the number of shares of Common Shares as shall equal the remaining unpaid portion of the Cash Amount divided by the Liquidity Price.

(c) **Dissolution Event.**

- (i) If there is a Dissolution Event before the termination of this Safe, the Investor will automatically be entitled to receive, and the Company shall pay to the Investor, a portion of the Proceeds equal to the Cash-Out Amount, immediately prior to the consummation of the Dissolution Event, which Cash-Out Amount will be paid prior to and in preference to any distribution of any of the assets of the Company to holders of outstanding Shares by reason of their ownership thereof, including, without limitation, any Distribution.
- (ii) If immediately prior to the consummation of the Dissolution Event, the assets of the Company legally available for distribution to the Investor and all holders of all other Safes (the “**Dissolving Investors**”), as determined in good faith by the Company’s board of directors, or an independent appraiser appointed by the Company’s board of directors, are insufficient to permit the payment to the Investor and all other holders of Safes (collectively, the “**Cash-Out Investors**”) of the purchase amounts paid by them, respectively, for Safes, then the entire assets of the Company legally available for distribution will be distributed with equal priority and *pro rata* among the Investor and such other holders in proportion to such purchase amounts.

- (d) **Liquidation Priority.** In a Liquidity Event or Dissolution Event, this Safe is intended to operate like Common Shares. The Investor’s right to receive its Cash-Out Amount or, in the case of a Liquidity Event, in-kind distribution (either at the Investor’s election or in the event of a shortfall in Proceeds), is:

- (i) junior to payment of outstanding indebtedness and creditor claims, including contractual claims for payment and convertible promissory notes (to the extent such convertible promissory notes are not actually or notionally converted into Common Shares); and
- (ii) on par with payments for other Safes and/or Common Shares, and if the applicable Proceeds are insufficient to permit full payments to the Investor and such other Safes and/or Common Shares, the applicable Proceeds will be distributed pro rata to the Investor and such other Safes and/or Common Shares in proportion to the full payments that would otherwise be due.

The Investor's right to receive its Conversion Amount is:

- (A) on par with payments for other Safes and/or Common Shares who are also receiving Conversion Amounts or Proceeds on a similar as-converted to Common Shares basis; and
- (B) junior to payments described in sub-sections (d)(i) and (d)(ii) above (in the latter case, to the extent such payments are Cash-Out Amounts or similar liquidation preferences).
- (e) **Termination.** This Safe will automatically terminate (without relieving the Company of any obligations arising from a prior breach of or non-compliance with this Safe) immediately following the earliest to occur of:
  - (i) the issuance of all shares of Shares to which the Investor is entitled pursuant to the automatic conversion of this Safe under Section 2(a) or on the Investor's election pursuant to or Section 2(b)(i)(1) or (2); or
  - (ii) the payment, or setting aside for payment, of amounts due the Investor pursuant to Section 2(b)(ii); or
  - (iii) a combination thereof as provided in this Safe.

### 3. Definitions

**"Change of Control"** means (i) a transaction or series of related transactions in which any "person" or "group", becomes the "beneficial owner", directly or indirectly, of more than 50% of the outstanding voting securities of the Company having the right to vote for the election of members of the Company's board of directors, (ii) any reorganization, merger or consolidation of the Company, other than a transaction or series of related transactions in which the holders of the voting securities of the Company outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of the Company or such other surviving or resulting entity or (iii) a sale, lease or other disposition of all or substantially all of the assets of the Company.

**"Common Shares"** mean common voting shares of the Company.

**"Company Capitalization"** is calculated as of immediately prior to the Equity Financing and (without double-counting):

- includes all shares of Shares issued and outstanding or required to be issued;
- includes all Converting Securities (assuming conversion);
- includes all (i) issued and outstanding Options and (ii) Promised Options;
- includes the Unissued Option Pool; and
- excludes, notwithstanding the foregoing, any increases to the Unissued Option Pool (except to the extent necessary to cover Promised Options that exceed the Unissued Option Pool) in connection with the Equity Financing.

“**Conversion Amount**” means, in the case of a Liquidity Event, the amount payable out of the Proceeds in respect of the number of shares of Common Shares equal to the Investment Amount divided by the Liquidity Price.

“**Conversion Price**” means the price per Share sold in the Equity Financing.

“**Converting Securities**” includes this Safe and other convertible securities issued by the Company, including but not limited to: (i) other Safes; (ii) convertible promissory notes and other convertible debt instruments; and (iii) convertible securities, such as options, warrants and similar securities that have the right to convert or exchange into shares of Shares.

“**Dissolution Event**” means (i) a voluntary termination of operations, (ii) a general assignment for the benefit of the Company’s creditors, whether voluntary or involuntary, or (iii) any other liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, in any case, **excluding** a Liquidity Event.

“**Dividend Amount**” means, with respect to any date on which the Company pays a dividend on its outstanding Shares, the amount of such dividend that is paid per share of Common Shares multiplied by (x) the Investment Amount divided by (y) the Liquidity Price (treating the dividend date as a Liquidity Event solely for purposes of calculating such Liquidity Price).

“**Equity Financing**” means a bona fide transaction or series of transactions with the principal purpose of raising equity capital to fund the Company’s business operations, pursuant to which the Company issues and sells Shares at a fixed valuation, including but not limited to, a pre-money or post-money valuation.

“**Initial Public Offering**” means the closing of the Company’s first firm commitment underwritten initial public offering of Common Shares pursuant to a registration statement filed under the Securities Act.

“**Liquidity Capitalization**” is calculated as of immediately prior to the Liquidity Event, and (without double-counting):

- Includes all shares of Shares issued and outstanding or required to be issued;
- Includes all (i) issued and outstanding Options and (ii) to the extent receiving Proceeds, Promised Options;
- Includes all Converting Securities, **other than** any Safes and other convertible securities (including without limitation shares or Preferred Shares) where the holders of such securities are receiving Cash-Out Amounts or similar liquidation preference payments in lieu of Conversion Amounts or similar “as-converted” payments; and
- Excludes the Unissued Option Pool.

“**Liquidity Event**” means a Change of Control or an Initial Public Offering.

“**Liquidity Price**” means the price per share equal to the Post-Money Valuation Cap divided by the Liquidity Capitalization.

“**Options**” includes options, restricted stock awards or purchases, warrants or similar securities, vested or unvested.

“**Preferred Shares**” means the shares of the series of preferred Shares issued to the investors investing new money in the Company in connection with the initial closing of the Equity Financing.

“**Proceeds**” means cash and other assets (including without limitation stock consideration) that are proceeds from the Liquidity Event or the Dissolution Event, as applicable, and legally available for distribution.

“**Promised Options**” means promised but ungranted Options that are the greater of those (i) promised pursuant to agreements or understandings made prior to the execution of, or in connection with, the term sheet for the Equity Financing (or the initial closing of the Equity Financing, if there is no term sheet), or (ii) treated as outstanding Options in the calculation of the price per Share.

“**Safe**” means an instrument containing a future right to shares of Shares, similar in form and content to this instrument, purchased by investors for the purpose of funding the Company’s business operations. References to “this Safe” mean this specific instrument.

“**Shares**” means the capital stock of the Company, including, without limitation, the Common Shares and the Preferred Shares.

“**Unissued Option Pool**” means all shares of Shares that are reserved, available for future grant and not subject to any outstanding Options or Promised Options (but in the case of a Liquidity Event, only to the extent Proceeds are payable on such Promised Options) under any equity incentive or similar Company plan.

#### **4. Company Representations**

(a) The Company is a company limited by shares duly organized, validly existing and in good standing under the laws of its country of incorporation, and has the power and authority to own, lease and operate its properties and carry on its business as now conducted.

(b) The execution, delivery and performance by the Company of this Safe is within the power of the Company and has been duly authorized by all necessary actions on the part of the Company. This Safe constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity. The Company is not in violation of (i) its current certificate of incorporation, bylaws or its constitutive documents, (ii) any statute, rule or regulation applicable to the Company or (iii) any debt or contract to which the Company is a party or by which it is bound, where, in each case, such violation or default, individually, or together with all such violations or defaults, could reasonably be expected to have a material adverse effect on the Company.

(c) The performance and consummation of the transactions contemplated by this Safe do not and will not: (i) violate any judgment, statute, rule or regulation applicable to the Company; (ii) result in the acceleration of any material debt or contract to which the Company is a party or by which it is bound; or (iii) result in the creation or imposition of any lien on any property, asset or revenue of the Company or the suspension, forfeiture, or nonrenewal of any material permit, license or authorization applicable to the Company, its business or operations.

(d) No consents or approvals are required in connection with the performance of this Safe, other than: (i) the Company’s corporate approvals, all of which have been given; (ii) any qualifications or filings under applicable securities laws; and (iii) necessary corporate approvals for the authorization of Shares issuable pursuant to Section 2.

(e) To its knowledge, the Company owns or possesses (or can obtain on commercially reasonable terms) sufficient legal rights to all patents, trademarks, service marks, trade names, copyrights, trade secrets, licenses, information, processes and other intellectual property rights necessary for its business as now conducted and as currently proposed to be conducted, without any conflict with, or infringement of the rights of, others.

(f) The Consideration in Kind is acknowledged to present fair value in return for the Shares that may be received by the Investor in respect thereof.

(g) In the event of the Investor becoming a holder of Shares in the Company, the Company shall provide the Investor with the investment rights set out in Schedule 2 in a shareholders' agreement, or other document affording it with the same rights.

## **5. Investor Representations**

(a) The Investor has full legal capacity, power and authority to execute and deliver this Safe and to perform its obligations hereunder. This Safe constitutes valid and binding obligation of the Investor, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity.

(b) The Investor is purchasing this Safe and the securities to be acquired by the Investor hereunder for its own account for investment, not as a nominee or agent, and not with a view to, or for resale in connection with, the distribution thereof, and the Investor has no present intention of selling, granting any participation in, or otherwise distributing the same. The Investor has such knowledge and experience in financial and business matters that the Investor is capable of evaluating the merits and risks of such investment, is able to incur a complete loss of such investment without impairing the Investor's financial condition and is able to bear the economic risk of such investment for an indefinite period of time.

## **6. Miscellaneous**

(a) Any provision of this Safe may be amended, waived or modified only by written consent of the Company and the Investor.

(b) Any notice required or permitted by this Safe will be deemed sufficient when delivered personally or by overnight courier or sent by email to the relevant address listed on the signature page, or 72 hours after being sent by registered mail with postage prepaid, addressed to the party to be notified at such party's address listed on the signature page, as subsequently modified by written notice.

(c) The Investor is not entitled, as a holder of this Safe, to vote or be deemed a holder of Shares for any purpose, nor will anything in this Safe be construed to confer on the Investor, as such, any rights of a Company stockholder or rights to vote for the election of directors or on any matter submitted to Company stockholders, or to give or withhold consent to any corporate action or to receive notice of meetings, until shares have been issued on the terms described in Section 2. However, if the Company pays a dividend on outstanding shares of Common Shares (that is not payable in shares of Common Shares) while this Safe is outstanding, the Company will pay the Dividend Amount to the Investor at the same time.

(d) Neither this Safe nor the rights in this Safe are transferable or assignable, by operation of law or otherwise, by either party without the prior written consent of the other; *provided, however*, that this Safe and/or its rights 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; and *provided, further*, that the Company may assign this Safe in whole, without the consent of the Investor, in connection with a reincorporation to change the Company's domicile; provided that the owners of the Company as redomiciled are substantially the same as the owners as at the date of this Safe and the Investor does not suffer any material adverse effects (including regulatory or tax effects) as a result of such re-domiciliation.

(e) In the event any one or more of the provisions of this Safe is for any reason held to be invalid, illegal or unenforceable, in whole or in part or in any respect, or in the event that any one or more of the provisions of this Safe operate or would prospectively operate to invalidate this Safe, then and in any such event, such provision(s) only will be deemed null and void and will not affect any other provision of this Safe and the remaining provisions of this Safe will remain operative and in full force and effect and will not be affected, prejudiced, or disturbed thereby.

(f) All rights and obligations hereunder will be governed by the laws of England and Wales.

*(Signature page follows)*

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

**[COMPANY]**

By: \_\_\_\_\_

[*name*]

[*title*]

Address: \_\_\_\_\_

\_\_\_\_\_

Email: \_\_\_\_\_

**INVESTOR:**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Email: \_\_\_\_\_



**Schedule 1  
Details of Consideration in Kind**

Office Space for 6 months - €20k

Cash for living = €15k

Global Benefits = €250k (Example \$100k in credit for AWS, credits in Google cloud, etc)

Alumni support: Valued at \$50k for continued exposure to partners, ecosystems and investors

Partner Introductions: Value of \$50k-\$100k based on commercial deals post Proof of Concepts. This is not guaranteed but an example of historical success factors

Investment exposure: 76% of SBC selected companies get follow on funding after our program because of the exposure to local and international funding. We do not guarantee this but if successful this would be valued at 3% success fee of average (\$1M) which is \$30k

**Schedule 2**  
**Investment Rights**

1. The Investor shall have the right to distribute, subject to law, as a dividend in specie or to transfer Shares or other securities from the Company to its shareholders.
2. Once the Safe has converted into Shares, the Investor shall have standard pre-emption rights to purchase up to their pro-rata share in any future capital raisings of the Company, and the benefit of which pre-emption rights shall be capable of being assigned by the Investor to its shareholders.
3. The Investor shall have standard drag-along, tag-along rights and anti-dilution protection in circumstances where the price per Share is lower in later capital raisings.
4. The Investor shall, where permitted under applicable law, have standard registration rights in respect of the Company.
5. The Investor shall have the right to appoint an observer to attend meetings of the board of directors of the Company.
6. The Company shall be required to provide within a reasonable period after the end of each quarter a report including such business information and current financial information as the Investor requires.
7. The Investor shall have consent rights (including but not limited to) in relation to:
  - (a) the amendment of the articles of association of the Company;
  - (b) changes to the capital structure of the Company;
  - (c) the recapitalisation, reorganisation, merger or sale or transfer of all or substantially all of the Company's assets or business;
  - (d) the liquidation, dissolution or winding-up of the Company;
  - (e) the incurring of indebtedness otherwise than in the ordinary course of business of the Company;
  - (f) the Initial Public Offering of the Company; and
  - (g) any of:
    - i) creating, issuing, offering, selling, distributing or sponsoring any cryptocurrency, decentralized application tokens, protocol tokens, blockchain-based tokens, assets or other crypto-finance coins, tokens or similar digital assets ("**Tokens**"), whether or not for consideration, including through any agreement for future Tokens, instrument convertible or exercisable into Tokens or any other Token pre-sale or derivative agreement, (ii) developing a software protocol or network permitting, incentivizing or facilitating the generation, exchange, trade, offer, sale or use of Tokens by protocol or network participants, (iii) causing or permitting any of Company's subsidiaries, related nonprofits, affiliates, officers, directors, key employees, agents or other representatives to take any such actions; where, for the purposes of this provision, or (iv) any liquidation event connection with which 10% or more of the consideration to the Company or its equity holders consists of Tokens.

8. The relevant founders and/or managers of the Company shall be prohibited from transferring their Shares in the Company without the consent of the Investor.
9. The Shares which the Investor holds and/or the Shares which the Investor may subscribe for in the Company shall be of the same class as the shares subscribed for by any third party investor benefiting from the same economic and contractual rights as such investor's shares.
10. For as long as the Investor is a holder of Shares, the Company shall not permit any person or entity to invest in, or otherwise assume control over, the Company directly or indirectly, whether through the issuance of debt, equity or other instrument, that is the subject of any trade or economic sanctions laws (including the Sanctions Laws) or regulations administered, enacted or enforced by the United Nations Security Council, the European Union or any of its Member States, the United Kingdom and Her Majesty's Treasury or the United States Government, including the US Office of Foreign Assets Control.
11. Where feasible, the value at which the Investor may invest into a next round of Equity Financing shall be capped at 5x the value of the Conversion Price.