

SIMPLE AGREEMENT FOR FUTURE EQUITY (SAFE)

This Simple Agreement for Future Equity is dated the date first (1st) written in the Schedule between the parties described in the Schedule as (1) the Company and (2) the Investor.

BACKGROUND

- A. Capital - The Company wishes to raise capital, and the Investor wishes to invest in the Company, on the terms of, *subject* to the conditions in, and in accordance with, this Safe.
- B. Form - The form of this Safe is one of the forms available at <https://moonshotspace.co/documents> and is intended to replicate the functionality of the US Post-Money Valuation Cap Safe document described at <http://ycombinator.com/documents>, in compliance with the Australian *Corporations Act 2001* (Cth).
- C. Changes - The Company and the Investor agree that neither has modified the form of this Safe, *except* to fill in blanks or bracketed terms, to preserve the intent of the original US Post-Money Valuation Cap Safe.

TERMS AND CONDITIONS

In consideration of the mutual promises contained in this Safe, and for other good and valuable consideration (the receipt and sufficiency of which is acknowledged), it is agreed between the parties as set out in this Safe.

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Safe, *unless* the context otherwise requires:

“**ABN**” means Australian business number;

“**ACN**” means Australian business number;

“**Capital Raising**” means a good faith, genuine transaction or series of transactions with the principal purpose of raising capital, under which the Company issues and/or sells Preferred Shares at a fixed valuation, *including* a pre-money or post-money valuation;

“**Cash-Out Amount**” has the meaning given in clause 3.2(a)(i)(A);

“**Change of Control**” means:

- (a) securities - a transaction or series of related transactions in which any person or group becomes the beneficial owner, directly or indirectly, of *more than fifty percent (50%)* of the outstanding voting securities of the Company;
- (b) voting - any re-organisation, 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 before 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
- (c) assets - a sale, lease or other disposal of all or substantially all of the assets of the Company;

“**Company**” means the party described as such in the Schedule;

“**Company Capitalisation**” is calculated as of immediately before the Capital Raising and (without double-counting, in each case calculated on an as-converted to Ordinary Shares basis):

- (a) shares - *includes* all Shares in issue;
- (b) convertibles - *includes* all Converting Securities;
- (c) options - *includes* all:
 - (i) Options in issue; and
 - (ii) Promised Options; and

- (d) pool - *includes* the Unissued Option Pool, *except* that any increase in the Unissued Option Pool in connection with the Capital Raising will only be *included* to the extent that the number of Promised Options *exceeds* the Unissued Option Pool before such increase;

“**Conversion Amount**” has the meaning given in clause 3.2(a)(i)(B);

“**Converting Securities**” *includes* this Safe and other convertible securities issued by the Company, *including*:

- (a) Safes - other Safes;
- (b) convertible debt - convertible promissory notes and other convertible debt instruments; and
- (c) convertible securities - convertible securities that have the right to convert into Shares;

“**Corporations Act**” means the *Corporations Act 2001* (Cth);

“**Direct Listing**” means the Company’s initial listing and quotation of its Ordinary Shares on the official list of a recognised securities exchange, which (for the avoidance of doubt) will not be deemed to be an underwritten offering and will not involve any underwriting services;

“**Directors**” means the Company’s directors from time to time;

“**Dissolution Event**” means:

- (a) operations - a voluntary ending of operations;
- (b) assignment - a general assignment for the benefit of the Company’s creditors; or
- (c) ending - any other liquidation, dissolution or winding up of the Company (*excluding* a Liquidity Event), whether voluntary or involuntary;

“**Dividend Amount**” means, with respect to any date on which the Company pays a dividend on its Ordinary Shares, the amount calculated as:

$$DA = OSD \times IM / LP$$

where

DA = Dividend Amount;

OSD = amount of such dividend that is paid for each Ordinary Share;

IA = Investment Amount; and

LP = Liquidity Price (treating the dividend date as a Liquidity Event solely for purposes of calculating such Liquidity Price);

“**Initial Public Offering**” means the closing of the Company’s first (1st) firm commitment underwritten initial public offering of Ordinary Shares on a recognised securities exchange;

“**Investment Amount**” means the amount described as such in the Schedule;

“**Investor**” means the party described as such in the Schedule;

“**Liquidation Priority**” means the liquidation priority set out in clause 3.4;

“**Liquidity Capitalisation**” is calculated as of immediately before the Liquidity Event, and (without double-counting, in each case calculated on an as-converted to Ordinary Shares basis):

- (a) shares - *includes* all Shares in issue;
- (b) options - *includes* all:
- (i) Options in issue; and
- (ii) to the extent receiving Proceeds, Promised Options;

- (c) convertibles - *includes* all Converting Securities, *other* than any Safes and other convertible securities (including Preferred Shares) where the holders of such securities are receiving Cash-Out Amounts or similar liquidation preference payments in place of Conversion Amounts or similar 'as-converted' payments; and
- (d) pool - *excludes* the Unissued Option Pool;

"Liquidity Event" means a Change of Control, a Direct Listing or an Initial Public Offering;

"Liquidity Price" means the price for each Share, calculated as:

$$LP = PMVC / LC$$

where

LP = Liquidity Price;

PMVC = Post-Money Valuation Cap; and

LC = Liquidity Capitalisation;

"Majority-in-Interest" means the holders of the applicable group of Safes whose Safes have a total Investment Amount *greater* than fifty percent (50%) of the total Investment Amount of all of such applicable group of Safes;

"Options" *includes* options, restricted share awards, issues or acquisitions, or similar securities, vested or unvested;

"Ordinary Shares" means ordinary class shares in the capital of the Company;

"Post-Money Valuation Cap" means the amount described as such in the Schedule;

"Preferred Shares" means preferred class shares in the capital of the Company, *including* Safe Preferred Shares and Standard Preferred Shares;

"Proceeds" means cash and other assets (*including* Share 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:

- (a) terms / first closing - promised under agreements or understandings made before the execution of, or in connection with, any relevant term sheet or letter of intent for the Capital Raising or Liquidity Event, as applicable (or the initial closing of the Capital Raising or completion of the Liquidity Event, if there is no term sheet or letter of intent);
- (b) Capital Raising - in the case of an Capital Raising, treated as outstanding Options in the calculation of the Standard Preferred Shares' price for each Share; or
- (c) Liquidity Event - in the case of a Liquidity Event, treated as outstanding Options in the calculation of the distribution of the Proceeds;

"Safe" means an instrument containing a future right to Shares, similar in form and content to this instrument, entered into by investors for the purpose of funding the Company's business operations, and references to 'this Safe' mean this specific instrument;

"Safe Preferred Shares" means the series of Preferred Shares issued to the Investor in a Capital Raising, having the identical rights, privileges, preferences and restrictions as the Standard Preferred Shares, *other* than with respect to:

- (a) preference - the liquidation preference for each Share and the initial conversion price for purposes of price-based anti-dilution protection, which will equal the Safe Price; and
- (b) dividends - the basis for any dividend rights, which will be based on the Safe Price;

“**Safe Price**” means the price for each Share, calculated as:

$$SP = PMVC / CC$$

where

SP = Safe Price;

PMVC = Post-Money Valuation Cap; and

LC = Company Capitalisation;

“**Shareholder**” means a registered holder of a Share;

“**Shares**” means shares in the capital of the Company, *including* Ordinary Shares and Preferred Shares;

“**Standard Preferred Shares**” means the series of Preferred Shares issued to the investors investing new money in the Company in connection with the initial closing of the Capital Raising; and

“**Unissued Option Pool**” means all 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.

1.2 Interpretation

In this Safe, *unless* the context otherwise requires:

- (a) headings - headings are for convenience only, and do not affect the interpretation of this Safe; and
- (b) inclusion - ‘*include*’ is not a term of limitation.

2. RIGHT

In exchange for the payment by the Investor of the Investment Amount on or about the date of this Safe, the Company grants to the Investor the right to subscribe for and be issued certain Shares, on the terms of, *subject* to the conditions in, and in accordance with, this Safe.

3. EVENTS

3.1 Capital Raising

- (a) Automatic conversion - If there is a Capital Raising before the end of this Safe, on the initial closing of such Capital Raising, this Safe will automatically convert into the *greater* of:

- (i) *standard prefs* - the number of Standard Preferred Shares, calculated as:

$$StPP = IA / LP$$

where

StPP = number of Standard Preferred Shares;

IA = Investment Amount; and

LC = lowest price for each Standard Preferred Share; or

- (ii) *Safe prefs* - the number of Safe Preferred Shares, calculated as

$$SaPP = IA \div LP$$

where

SaPP = number of Safe Preferred Shares;

IA = Investment Amount; and

SP = Safe Price.

- (b) Transaction documents - In connection with the automatic conversion of this Safe into Standard Preferred Shares or Safe Preferred Shares, the Investor must execute and deliver to the Company all of the transaction documents related to the Capital Raising; *provided that* such documents:
 - (i) SAME - are the same documents to be entered into with the acquirers of Standard Preferred Shares, with appropriate variations for the Safe Preferred Shares (if applicable); and
 - (ii) EXCEPTIONS - have customary exceptions to any 'drag-along' right applicable to the Investor, *including* limited representations, warranties, liability and indemnification obligations for the Investor.

3.2 Liquidity Event

(a) Proceeds

- (i) *Share of Proceeds* - If there is a Liquidity Event before the end of this Safe, the Investor will automatically be entitled (*subject* to the Liquidation Priority) to receive a portion of Proceeds, due and payable to the Investor immediately before, or at the same time as, the completion of such Liquidity Event, equal to the *greater* of:
 - (A) CASH-OUT AMOUNT - the Investment Amount (the "**Cash-Out Amount**"); or
 - (B) CONVERSION AMOUNT - the amount payable on the number of Ordinary Shares (the "**Conversion Amount**"), calculated as

$$CA = IA / LP$$

where

StPP = Conversion Amount;

IA = Investment Amount; and

LP = Liquidity Price.

- (ii) *Choice* - If any of the Company's securityholders are given a choice as to the form and amount of Proceeds to be received in a Liquidity Event, the Investor will be given the same choice, *provided 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 the Company's securityholders, or under any applicable laws.
- (b) Re-organisation - Notwithstanding clause 3.2(a), in connection with a Change of Control intended to qualify as a tax-free corporate re-organisation, the Company may reduce the cash portion of Proceeds payable to the Investor by the amount determined by the Directors in good faith for such Change of Control to qualify as a tax-free corporate re-organisation for Australian taxation purposes, *provided that* such reduction:
 - (i) *no reduction* - does not reduce the total Proceeds payable to such Investor; and
 - (ii) *same / proportionate* - is applied in the same manner and on a proportionate basis to all securityholders who have equal priority with the Investor under clause 3.4.

3.3 **Dissolution Event** - If there is a Dissolution Event before the end of this Safe, the Investor will automatically be entitled (*subject* to the Liquidation Priority) to receive a portion of Proceeds equal to the Cash-Out Amount, due and payable to the Investor immediately before the completion of the Dissolution Event.

3.4 Liquidity Priority

- (a) Liquidity Event / Dissolution Event - In a Liquidity Event or Dissolution Event, this Safe is intended to operate like standard non-participating Preferred Shares.

- (b) Cash-Out Amount - The Investor's right to receive its Cash-Out Amount is:
 - (i) *junior* - 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 Shares);
 - (ii) *par* - on par with payments for other Safes and/or Preferred Shares, and if the applicable Proceeds are insufficient to permit full payments to the Investor and such other Safes and/or Preferred Shares, the applicable Proceeds will be distributed proportionately to the Investor and such other Safes and/or Preferred Shares in proportion to the full payments that would otherwise be due; and
 - (iii) *senior* - senior to payments for Ordinary Shares.
 - (c) Conversion Amount - The Investor's right to receive its Conversion Amount is:
 - (i) *par* - on par with payments for Ordinary Shares and other Safes and/or Preferred Shares who are also receiving Conversion Amounts or Proceeds on a similar as-converted to Ordinary Shares basis; and
 - (ii) *junior* - junior to payments described in clauses 3.4(b)(i) and 3.4(b)(ii) (in the latter case, to the extent such payments are Cash-Out Amounts or similar liquidation preferences).
- 3.5 **Ending** - This Safe will automatically end (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:
- (a) Capital Raising - the issue of Shares to the Investor under the automatic conversion of this Safe under clause 3.1; or
 - (b) Liquidity Event / Dissolution Event - the payment, or setting aside for payment, of amounts due the Investor under clause 3.2 or clause 3.3.

4. COMPANY REPRESENTATIONS

The Company represents as follows:

- 4.1 **Existence / power** - The Company is a corporation duly organised, validly existing and (to the extent the concept applies) in good standing under the laws of its jurisdiction of incorporation, and has the power and authority to own, lease and operate its assets and carry on its business as now conducted.
- 4.2 **Authorisation** - The execution, delivery and performance by the Company of this Safe is within the power of the Company and has been duly authorised by all necessary actions on the part of the Company (*subject* to clause 4.6).
- 4.3 **Validity / enforceability** - 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.
- 4.4 **No breaches** - To its knowledge, the Company is not in breach or default of:
 - (a) constitution - its current constitutional documents;
 - (b) laws - any material judgement, statute, rule or regulation applicable to the Company; or
 - (c) agreements - any material debt or contract to which the Company is a party or by which it is bound,

where, in each case, such breach or default, individually or together with all such breaches or defaults, could reasonably be expected to have a material adverse effect on the Company.
- 4.5 **Performance** - The performance and completion of the transactions contemplated by this Safe do not and will not:
 - (a) legal breach - breach any material judgement, statute, rule or regulation applicable to the Company;

- (b) acceleration - result in the acceleration of any material debt or contract to which the Company is a party or by which it is bound; or
 - (c) lien / effect - result in the creation or imposition of any lien on any property, asset or revenue of the Company or the suspension, forfeiture, or non-renewal of any material permit, license or authorisation applicable to the Company, its business or operations.
- 4.6 **Consents** - No consents or approvals are required in connection with the performance of this Safe, *other* than:
- (a) approvals - the Company's corporate approvals;
 - (b) filings - any qualifications or filings under applicable securities laws; and
 - (c) issue formalities - necessary corporate approvals for the authorisation of Shares issuable under clause 3.
- 4.7 **Intellectual property** - To its knowledge, the Company owns or possesses (or can obtain on commercially reasonable terms) sufficient legal rights to all patents, trade marks, 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.

5. INVESTOR REPRESENTATIONS

The Investor represents as follows:

- 5.1 **Ability** - The Investor has full legal capacity, power and authority to execute and deliver this Safe and to perform its obligations under this Safe.
- 5.2 **Validity / enforceability** - This Safe constitutes valid and binding obligation of the Investor, enforceable against the Investor 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.
- 5.3 **Australian securities matters** - The Investor
- (a) no disclosure - either:
 - (i) *wholesale* - either:
 - (A) SOPHISTICATED - a 'sophisticated investor' for the purposes of section 708(8) (*Sophisticated investors*) of the Corporations Act (and if so holds a valid certificate from a qualified accountant confirming that that the Investor is a 'sophisticated investor' for the purposes of the Corporations Act);
 - (B) PROFESSIONAL - a 'professional investor' for the purposes of section 708(11) (*professional investors*) of the Corporations Act; or
 - (C) OTHER - is otherwise a person to whom securities (*including* Shares) may be issued without disclosure under section 708 (*Offers that do not need disclosure*) of the Corporations Act; and
 - (ii) *no public offer* - a person whose ordinary business is to buy or sell shares, debentures or interests in managed investment schemes, whether as principal or agent, for the purposes of section 82 (*Offers and invitations to the public*) of the Corporations Act; and
 - (b) non-complying - acknowledges and agrees that if not a person complying with clause 5.3(a) at the time of a Capital Raising, the Company may void this Safe and return the Investment Amount.
- 5.4 **Own account** - The Investor is entering into this Safe and is acquiring the securities to be acquired by the Investor under this Safe 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 of the same, and the Investor has no present intention of selling, granting any participation in, or otherwise distributing the same.

- 5.5 **Position** - The Investor has such knowledge and experience in financial and business matters that the Investor is:
- (a) evaluation - capable of evaluating the merits and risks of such investment;
 - (b) loss - able to incur a complete loss of such investment without impairing the Investor's financial condition; and
 - (c) risk - able to bear the economic risk of such investment for an indefinite period of time.

6. GENERAL

- 6.1 **Changes** - Any provision of this Safe may be amended, waived or modified by written consent of the Company and either:

- (a) Investor - the Investor; or
- (b) Majority-in-Interest - the Majority-in-Interest of all then-outstanding Safes with the same 'Post-Money Valuation Cap' and 'Discount Rate' as this Safe (and Safes lacking one (1) or both of such terms will be considered to be the same with respect to such term(s)),

provided that with respect to clause 6.1(b):

- (i) *Investment Amount* - the Investment Amount may not be amended, waived or modified in this manner;
- (ii) *consent* - the consent of the Investor and each holder of such Safes must be solicited (even if not obtained); and
- (iii) *same* - such amendment, waiver or modification treats all such holders in the same manner.

- 6.2 **Notices** - Any notice required or permitted by this Safe will be deemed sufficient when delivered personally or by overnight courier or sent by electronic mail, in each case to the relevant address listed in the Schedule, or forty-eight (48) hours after being deposited in the post as certified or registered mail with postage prepaid, addressed to the party to be notified at such party's address listed in the Schedule, as may subsequently be modified by written notice.

6.3 Rights

- (a) Not a Shareholder - The Investor is not entitled, as a holder of this Safe, and nor will anything in this Safe be construed to confer on the Investor, as such, any rights:

- (i) *voting / treatment* - to vote or be deemed a Shareholder for any purpose, *other* than tax purposes;
- (ii) *rights / voting* - any rights of a Shareholder or rights to vote on any matter submitted to Shareholders;
- (iii) *consent* - to give or withhold consent to any corporate action; or
- (iv) *notice* - to receive notice of meetings,

until Shares have been issued to the Investor under clause 3.

- (b) Dividends - However, if the Company pays a dividend on Ordinary Shares in issue (that is not payable in Ordinary Shares) while this Safe is outstanding, the Company will pay the Dividend Amount to the Investor at the same time.

- 6.4 **Assignment** - 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*

- (a) Investor - the Investor may assign this Safe and/or its rights, without the Company's consent:
 - (i) *death / disability* - to the Investor's legal personal representatives, estate, heirs, executors, administrators, guardians and/or successors in the event of Investor's death or disability; or

- (ii) *associate* - to any other entity who directly or indirectly, controls, is controlled by or is under common control with the Investor, *including* any general partner, managing member or officer of the Investor, or any venture capital fund now or afterwards existing which is controlled by one (1) or more general partners or managing members of, or shares the same management company with, the Investor; and
- (b) Company - the Company may assign this Safe in whole, without the Investor's consent, in connection with a re-incorporation or transfer of registration to change the Company's domicile.

6.5 **Severability**- In the event that any one (1) or more of the provisions of this Safe:

- (a) unenforceability - is for any reason held to be invalid, illegal or unenforceable, in whole or in part or in any respect; or
- (b) invalidation - operates 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 by the same.

6.6 **Law and jurisdiction**

- (a) Governing law - All rights and obligations under this Safe will be governed by and construed in accordance with the laws of the State of New South Wales in the Commonwealth of Australia, , without regard to any conflict of law principles that would result in the application of any law, *other* than the law of New South Wales.
- (b) Jurisdiction - The parties submit to the non-exclusive jurisdiction of the courts of and in New South Wales and any courts competent to hear appeals from those courts, and waive any right to claim that those courts constitute an inconvenient location.

SIGNING

EXECUTED as an agreement.

(1) Offered by the **Company**:

(2) Accepted and agreed by the **Investor**:

Authorised signatory for and on behalf of
the Company

Authorised signatory for and on behalf of
the Investor

Company Name

Investor Name

Signatory Name

Signatory Name

Signatory Position

Signatory Position

Date

Date

SCHEDULE - Key Terms

Item	Information	
1. Date	The date signed by the last party to sign, when all parties have signed this Safe.	
2. Company	Name:	
	Jurisdiction:	
	Attention:	
	Address:	
	Telephone:	
	Facsimile:	
	Mobile:	
	Email:	
	Website:	
3. Investor	Name:	
	Jurisdiction:	
	Attention:	
	Address:	
	Telephone:	
	Facsimile:	
	Mobile:	
	Email:	
	Website:	
4. Investment Amount	A\$ _____.	
5. Post-Money Valuation Cap	A\$ _____.	