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HANZO AI, INC.
SAFE
(Simple Agreement for Future Equity)

Company:	Hanzo AI, Inc., a Delaware corporation
Post-Money Valuation Cap:	,000,000 (Seven Hundred Fifty Million USD)
Target Seed Round Size:	,000,000 (One Hundred Million USD)
Purchase Amount:	0 USD
Discount Rate:	None (Post-Money Valuation Cap Only)
Template Version:	Y Combinator Safe Version 1.2 (Post-Money Valuation Cap)

THIS CERTIFIES THAT in exchange for the payment by the undersigned investor (the “**Investor**”) of the Purchase Amount set forth above on or about the date hereof, **Hanzo AI, Inc.**, a Delaware corporation (the “**Company**”), issues to the Investor the right to certain shares of the Company’s Capital Stock, subject to the terms described below.

This Safe is one of the forms available at <http://ycombinator.com/documents> and the Company and the Investor agree that neither one has modified the form, except to fill in blanks and bracketed terms.

The “**Post-Money Valuation Cap**” is ,000,000. See Section 2 for certain additional defined terms.

1. 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 automatically convert into the greater of: (1) the number of shares of Standard Preferred Stock equal to the Purchase Amount divided by the lowest price per share of the Standard Preferred Stock; or (2) the number of shares of Safe Preferred Stock equal to the Purchase Amount divided by the Safe Price.

In connection with the automatic conversion of this Safe into shares of Standard Preferred Stock or Safe Preferred Stock, the Investor will execute and deliver to the Company all of the transaction documents related to the Equity Financing; provided, that such documents (i) are the same documents to be entered into with the purchasers of Standard Preferred Stock, with appropriate variations for the Safe Preferred Stock if applicable, and (ii) have customary exceptions to any drag-along applicable to the Investor, including (without limitation) limited representations, warranties, liability and indemnification obligations for the Investor.

(b) Liquidity Event. If there is a Liquidity Event before the termination of this Safe, the Investor will automatically be entitled (subject to the liquidation priority set forth in Section 1(d) below) to receive a portion of Proceeds, due and payable to the Investor immediately prior to, or concurrent with, the consummation of such Liquidity Event, equal to the greater of (i) the Purchase Amount (the “**Cash-Out Amount**”) or (ii) the amount payable on the number of shares

of Common Stock equal to the Purchase Amount divided by the Liquidity Price (the “**Conversion Amount**”). 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.

Notwithstanding the foregoing, in connection with a Change of Control intended to qualify as a tax-free reorganization, the Company may reduce the cash portion of Proceeds payable to the Investor by the amount determined by its board of directors in good faith for such Change of Control to qualify as a tax-free reorganization for U.S. federal income tax purposes, provided that such reduction (A) does not reduce the total Proceeds payable to such Investor and (B) is applied in the same manner and on a pro rata basis to all securityholders who have equal priority to the Investor under Section 1(d).

(c) Dissolution Event. If there is a Dissolution Event before the termination of this Safe, the Investor will automatically be entitled (subject to the liquidation priority set forth in Section 1(d) below) to receive a portion of Proceeds equal to the Cash-Out Amount, due and payable to the Investor immediately prior to the consummation of the Dissolution Event.

(d) Liquidation Priority. In a Liquidity Event or Dissolution Event, this Safe is intended to operate like standard non-participating Preferred Stock. The Investor’s right to receive its Cash-Out Amount 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 notions of equity);
- ii. On par with payments for other Safes and/or Preferred Stock, and if the applicable Proceeds are insufficient to permit full payments to the Investor and such other Safes and/or Preferred Stock, the applicable Proceeds will be distributed pro rata to the Investor and such other Safes and/or Preferred Stock in proportion to the full amounts that would otherwise be payable to them; and
- iii. Senior to payments for Common Stock.

The Investor’s right to receive its Conversion Amount is (A) on par with payments for Common Stock and other Safes and/or Preferred Stock who have also elected to receive such amounts or whose Safes and/or Preferred Stock have converted into Common Stock, and (B) junior to payments for other Safes and/or Preferred Stock who have elected to receive their Cash-Out Amount.

(e) Termination. This Safe will expire and terminate (without relieving the Company of any obligations arising from a prior breach of or failure to comply with the terms of this Safe) upon the earlier of: (i) the issuance of shares to the Investor pursuant to Section 1(a) or Section 1(b); or (ii) the payment, or setting aside for payment, of amounts due to the Investor pursuant to Section 1(b) or Section 1(c).

2. Definitions

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

“Change of Control” means (i) a transfer of more than 50% of the voting power of the Company, (ii) a merger or consolidation with or into any other entity, or (iii) a sale or transfer of all or substantially all of the assets of the Company; provided, that a transaction shall not constitute a Change of Control if its sole purpose is to reincorporate or establish a holding company structure.

“Company Capitalization” is calculated as of immediately prior to the Equity Financing and (without double-counting, in each case over the aggregate number of shares of Capital Stock):

- Includes all shares of Capital Stock issued and outstanding;
- Includes all Converting Securities;
- Includes all Options issued and outstanding; and
- Includes the Promised Options, plus any unallocated option pool, except that any increase to the unallocated option pool in connection with the Equity Financing will not be included.

“Converting Securities” includes this Safe and other convertible securities issued by the Company, including other Safes and convertible notes.

“Direct Listing” means the Company’s initial listing of its Common Stock on a national securities exchange by means of an effective registration statement.

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

“Equity Financing” means a bona fide transaction or series of transactions with the principal purpose of raising capital, pursuant to which the Company issues and sells Preferred Stock 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 Stock pursuant to that registration statement under the Securities Act.

“Liquidity Capitalization” is calculated as of immediately prior to the Liquidity Event and includes all shares of Capital Stock, all Converting Securities, and all Options.

“Liquidity Event” means a Change of Control, a Direct Listing or an Initial Public Offering.

“Liquidity Price” means the price per share equal to the Post-Money Valuation Cap (,000,000) divided by the Liquidity Capitalization.

“Safe Price” means the price per share equal to the Post-Money Valuation Cap (,000,000) divided by the Company Capitalization.

3. Company Representations

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, and has the requisite corporate power and authority to carry on its business as now conducted.

(b) The execution, delivery and performance of this Safe have been duly authorized by all necessary corporate actions.

(c) The Capital Stock issuable upon conversion of this Safe has been duly reserved for issuance and, upon issuance in accordance with the terms of this Safe, will be validly issued, fully paid and non-assessable.

4. Investor Representations

(a) The Investor has full legal capacity, power and authority to execute and deliver this Safe and to perform its obligations hereunder.

(b) The Investor is an accredited investor as defined in Rule 501(a) of Regulation D under the Securities Act, or is purchasing this Safe in compliance with applicable registration exemptions.

(c) The Investor is acquiring this Safe for its own account for investment, not as a nominee or agent, and not with a view to distribution.

5. Miscellaneous

(a) Any provision of this Safe may be amended, waived or modified only upon the written consent of the Company and either (i) the Investor or (ii) the majority-in-interest of all then-outstanding Safes with the same Post-Money Valuation Cap.

(b) This Safe shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to conflict of laws rules.

(c) This Safe may be executed cryptographically and in counterparts, including through **Hanzo eSign** (esign.hanzo.ai), each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed and delivered this Safe as of the date written below.

COMPANY:
HANZO AI, INC.

INVESTOR:

By:

By:

Name: Antje Worring

Title: Director & General Counsel

Date: _____

Address: Hanzo AI, Inc., San Francisco, CA

Email: legal@hanzo.ai

Name: _____

Title: _____

Date: _____

Address: _____

Email: _____

Standard Y Combinator Safe (Post-Money Valuation Cap, No Discount) · Issuer: Hanzo AI, Inc. (Delaware) · Valuation Cap: ,000,000 · Target Raise: ,000,000 · E-Signature: [esign.hanzo.ai](#) · Cap Table: [captable.hanzo.ai](#)