VEYRON ACCELERATOR

Convertible Equity Agreement

US Form · Post-money valuation cap and discount · No interest · No maturity date

MODEL DOCUMENT — PUBLISHED FOR TRANSPARENCY

This form is a template published by Veyron Accelerator so that founders may review our standard terms before applying. It is not an offer to invest or lend, is not legal or tax advice, and is not a binding agreement until completed, negotiated and executed by all parties. Final terms are set after due diligence and investment approval. Independent legal advice is recommended.

1. Parties

This Convertible Equity Agreement (this "Instrument") is entered into as of [DATE] by and between:

- [COMPANY NAME], a [DELAWARE CORPORATION] (the "Company"); and
- Veyron Accelerator [ENTITY], a [JURISDICTION / ENTITY TYPE] (the "Purchaser").

The Company and the Purchaser are each a "party" and together the "parties".

2. Purchase of Convertible Equity

1. The Purchaser agrees to purchase from the Company, and the Company agrees to issue to the Purchaser, a convertible equity security (the "Security") in the principal amount of [PURCHASE AMOUNT] (the "Purchase Amount"), executed and delivered at a closing (the "Closing").
2. At the Closing, the Purchaser shall deliver the Purchase Amount to the Company, and the Company shall deliver the Security to the Purchaser, duly executed by the Company.

3. Definitions

- "Post-Money Valuation Cap" means the valuation of the Company set out in Section 4, being [POST-MONEY VALUATION CAP], from which the Conversion Price is derived.
- "Discount" means the discount set out in Section 4, being [DISCOUNT PERCENT], applied to the price per share paid by investors in the next Equity Financing.
- "Equity Financing" means a bona fide transaction or series of transactions with the primary purpose of raising capital, pursuant to which the Company issues and sells Equity Securities at a valuation agreed by the board of directors, in an aggregate amount of not less than [QUALIFYING AMOUNT] excluding conversion of this Security.

- "Conversion Amount" means the Purchase Amount, together with any accrued amounts expressly agreed in writing, if any.

4. Conversion

1. Automatic conversion. The Conversion Amount shall automatically convert into Equity Securities of the Company at the later of (i) the initial closing of an Equity Financing and (ii) the date the Company notifies the Purchaser of such initial closing. The number of Equity Securities issued shall equal the Conversion Amount divided by the Conversion Price.
2. Conversion Price. The Conversion Price equals the lower of (i) the price per Equity Security determined by dividing the Post-Money Valuation Cap by the Company Capitalization, and (ii) the price per Equity Security paid by investors in the Equity Financing less the Discount.
3. Voluntary conversion. At any time following [12] months from the date of this Instrument, the Purchaser may elect in writing to convert all or part of the Conversion Amount at the Conversion Price then in effect.
4. No interest and no maturity. The Security does not bear interest and has no maturity date. The Conversion Amount does not otherwise increase over time.

5. Dissolution Event

If there is a Dissolution Event before conversion, the Purchaser shall be entitled to receive, prior and in preference to any distribution of any of the Company's assets to holders of Equity Securities, an amount equal to the Conversion Amount, to the extent legally available. Any remaining assets shall be distributed to the holders of Equity Securities in accordance with their rights.

6. Company Representations

1. The Company is duly organised and validly existing under the laws of its jurisdiction of incorporation, with full corporate power and authority to enter into and perform this Instrument.
2. The execution and delivery of this Instrument, the issue of the Security and the conversion contemplated hereby have been duly authorised by the Company's board of directors and do not contravene the Company's constitutional documents or any agreement or law binding on the Company.
3. The Security, when issued, will be validly issued and fully paid, and the information supplied by the Company to the Purchaser in connection with this investment is, to the knowledge of the Company, accurate and not materially misleading.

7. Purchaser Representations

1. The Purchaser has full power and authority to enter into this Instrument and to perform its obligations hereunder.
2. The Purchaser is acquiring the Security for its own account, for investment purposes only, and not with a view to distribution, and understands that the Security has not been registered under applicable securities laws.
3. The Purchaser has had the opportunity to review the Company's information, to ask questions of the Company and to obtain independent legal, tax and financial advice.

8. Governing Law

This Instrument is governed by the laws of the State of Delaware, without regard to conflict-of-laws principles. The parties submit to the exclusive jurisdiction of the state and federal courts located in [NEW CASTLE COUNTY, DELAWARE] for the resolution of any dispute arising out of or in connection with this Instrument.

9. Miscellaneous

- Amendments and waivers. Any provision of this Instrument may be amended, waived or modified by written consent of the Company and the Purchaser.
- Entire agreement. This Instrument constitutes the entire agreement between the parties with respect to its subject matter and supersedes all prior agreements and understandings.
- Notices. All notices shall be given in writing to the addresses set out in the signature blocks below (or to such other address as a party notifies in writing).
- Assignment. Neither party may assign this Instrument without the prior written consent of the other party.
- Counterparts. This Instrument may be executed in counterparts, each of which is deemed an original.

Signature blocks

COMPANY: [COMPANY NAME] — By: _____ Name: [NAME] Title: [TITLE] Address: [ADDRESS]

PURCHASER: VEYRON ACCELERATOR [ENTITY] — By: _____ Name: [NAME] Title: [TITLE] Address: [ADDRESS]

Disclaimer: This model document is published for transparency and review. It does not constitute an offer, commitment or obligation to invest or lend, and does not constitute legal or tax advice. Any investment is subject to Veyron Accelerator's internal review, due diligence, documentation and applicable legal and regulatory requirements. We recommend that you obtain independent legal advice.