

## **SAFE** (Simple Agreement for Future Equity)

This certifies that in exchange for services rendered over the period **24 Oct 2023** to **24 Nov 2023** by: **Matthew Kempothorn ID 75091350600800** (the "Investor") to the value, which value is solely used for the purpose of assigning a variable number of future equity instruments as set out in this agreement, of Amount (Amount in text) (the "Purchase Amount") to Loop Transport Proprietary Limited (Company registration number 2021/011814/07), a South African private company ("Loop"), Loop hereby issues to the Investor the right to certain shares in the Company's Share Capital, subject to the terms set out in this instrument. The "Valuation Cap" is R10 000 000.00 (Ten-Million Rand). The "Discount Rate" is 15%. See clause 2 for certain additional defined terms

### **1. EVENTS**

- 1.1. Equity Financing. If there is an Equity Financing before the expiration or termination of this instrument, the Company will automatically issue, to the Investor, either:
  - 1.1.1. a number of Non-Specific Equity Shares equal to the value of the Purchase Amount, three days prior to the effective date of the Equity Financing, divided by the Discount Price, if the Pre-Money Valuation is less than or equal to the Valuation Cap; or
  - 1.1.2. 1.1.2. a number of Non-Specific Equity Shares equal to the value of the Purchase Amount three days prior to the effective date of the Equity Financing, divided by either (a) the Safe Price; or (b) the Discount Price, whichever calculation results in a greater number of Non-Specific Equity Shares, if the Pre-Money Valuation is greater than the Valuation Cap.
- 1.2. In relation to the issuance of Non-Specific Equity Shares by the Company to the Investor pursuant to clause 1.1: the Investor will execute and deliver to the Company all transaction documents related to the Equity Financing, provided that such documents are the same documents to be entered into with the acquirers of Equity Shares, with appropriate variations for the Non-Specific Equity Shares, if applicable, and provided further that such documents have customary exceptions to any dragalong applicable to the Investor, including, without limitation, limited representations and warranties and limited liability and indemnification obligations on the part of the Investor; and
  - 1.2.1. the Investor and the Company will execute a Pro Rata Rights Agreement, unless the Investor is already included in such rights in the transaction documents related to the Equity Financing.
- 1.3. Liquidity Event. If there is a Liquidity Event before the expiration or termination of this instrument, the Investor will automatically receive from the Company a number of Ordinary Shares equal to the Purchase Amount three days prior to the Liquidity Event, divided by the Liquidity Price
- 1.4. Termination. This instrument will expire and terminate (without relieving the Company of any obligations arising from a prior breach of or non-compliance with this instrument) upon either the issuance of shares to the Investor pursuant to clauses 1.1 or clause 1.3.

## 2. **DEFINITIONS**

2.1. "Change of Control" means:

- 2.1.1. a transaction or series of related transactions in which any "person" or "group of companies" (within the meaning of section 1 of the Companies Act, 71 of 2008, as amended, (the "Companies Act")), becomes the holder of a "beneficial interest" (as defined in section 1 of the Companies Act), 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;
- 2.1.2. 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
- 2.1.3. a sale, lease or other disposition of all or substantially all the assets of the Company.

2.2. "Company Capitalisation" means the sum, as of immediately prior to the Equity Financing, of:

- 2.2.1. all shares in the Share Capital (on an as-converted basis) issued and outstanding, assuming exercise or conversion of all outstanding vested and unvested options, warrants and other convertible securities, but excluding:
- 2.2.2. this instrument;
- 2.2.3. all other Safes; and
- 2.2.4. convertible promissory notes; and
- 2.2.5. all Ordinary Shares reserved and available for future grant under any equity incentive or similar plan of the Company, and/or any equity incentive or similar plan to be created or increased in connection with the Equity Financing.

2.3. "Discount Price" means the price per share of the Non-Specific Equity Shares issued in the Equity Financing multiplied by one hundred percent minus the Discount Rate (100% - 15% = 85%).

2.4. "Distribution" means the transfer to holders of shares in the Share Capital, by reason of their ownership thereof, of cash or other property without consideration whether by way of dividend or otherwise (other than dividends on Ordinary Shares payable in Ordinary Shares), or the purchase or redemption of Share Capital by the Company or its subsidiaries for cash or property other than:

- 2.4.1. repurchases of Ordinary Shares held by employees, officers, directors or consultants of the Company or its subsidiaries pursuant to an agreement providing, as applicable, a right of first refusal or a right to repurchase shares upon termination of such service provider's employment or services; or
- 2.4.2. repurchases of Share Capital in connection with the settlement of disputes with any shareholder.

- 2.5. "Equity Financing" means a bona fide transaction or series of transactions, other than SAFE agreements, with the principal purpose of raising capital, pursuant to which Loop issues and sells the mutually agreed upon class of Shares at a fixed Pre-Money Valuation in excess of a minimum value of R 10 000 000.00 (10-million Rand).
  - 2.5.1. In the case of a series of transactions as above, the Equity Financing PreMoney Valuation is deemed to be in effect at the point that a minimum aggregate value of R10 000 000.00 (ten-million Rand) is surpassed.
- 2.6. "Initial Public Offering" means the closing of the Company's first firm commitment underwritten initial public offering of Ordinary Shares pursuant to a prospectus filed and registered with the Companies and Intellectual Property Commission, in accordance with the provisions of the Companies Act.
- 2.7. "Liquidity Capitalisation" means the number, as of immediately prior to the Liquidity Event, of shares in the Share Capital (on an as-converted basis) issued and outstanding, assuming exercise or conversion of all outstanding vested and unvested options, warrants and other convertible securities, but excluding:
  - 2.7.1. Ordinary Shares reserved and available for future grant under any equity incentive or similar plan;
  - 2.7.2. this instrument;
  - 2.7.3. other Safes; and
  - 2.7.4. convertible promissory notes.
- 2.8. "Liquidity Event" means:
  - 2.8.1. a Change of Control;
  - 2.8.2. an Initial Public Offering
  - 2.8.3. a voluntary termination of operations;
  - 2.8.4. a general assignment for the benefit of the Company's creditors; or
  - 2.8.5. any other liquidation, dissolution or winding up of the Company, whether voluntary or involuntary.
- 2.9. "Liquidity Price" means the price per share equal to the Valuation Cap divided by the Liquidity Capitalisation.
- 2.10. "Non – Specific Equity Shares" means the class of shares issued or to be issued to the investors investing new money in the Company in connection with the closing of an Equity Financing.
- 2.11. "Pre-Money Valuation" means the company valuation prior to capital receipt, as mutually determined by Loop's Board of Directors and investors investing new money, at an Equity Financing.

- 2.12. "Pro Rata Rights Agreement" means a written agreement between the Company and the Investor (and holders of other Safes, as appropriate) giving the Investor a right to purchase its pro rata share of private placements of securities by the Company occurring after the Equity Financing, subject to customary exceptions. Pro rata for purposes of the Pro Rata Rights Agreement will be calculated based on the ratio of:
- 2.12.1. the number of shares in the Share Capital owned by the Investor immediately prior to the issuance of the securities; to
  - 2.12.2. the total number of issued shares in the Share Capital on a fully diluted basis, calculated as of immediately prior to the issuance of the securities.
- 2.13. "Safe" means an instrument containing a future right to shares in the Share Capital, similar in form and content to this instrument, purchased by investors for the purpose of funding the Company's business operations.
- 2.14. "Safe Price" means the price per share equal to the Valuation Cap divided by the Company Capitalisation.
- 2.15. "Share Capital" means the authorized shares in the share capital of the Company, including, without limitation, the "Ordinary Shares" and the "Preference Shares".
- 2.16. "Subsequent Convertible Securities" means convertible securities that the Company may issue after the issuance of this instrument with the principal purpose of raising capital, including but not limited to, other Safes, convertible debt instruments and other convertible securities. Convertible Securities excludes:
- 2.16.1. options issued pursuant to any equity incentive or similar plan of the Company;
  - 2.16.2. convertible securities issued or issuable to:
    - 2.16.2.1. banks, equipment lessors, financial institutions or other persons engaged in the business of making loans pursuant to a debt financing or commercial leasing; or
    - 2.16.2.2. suppliers or third-party service providers in connection with the provision of goods or services pursuant to transactions; and
  - 2.16.3. convertible securities issued or issuable in connection with sponsored research, collaboration, technology license, development, OEM, marketing or other similar agreements or strategic partnerships.

### **3. COMPANY REPRESENTATIONS**

- 3.1. The Company is a corporation duly organized, validly existing and in good standing under the laws of the Republic of South Africa, and has the power and authority to own, lease and operate its properties and carry on its business as now conducted.

- 3.2. The execution, delivery and performance by the Company of this instrument is within the power of the Company and, other than with respect to the actions to be taken when shares in the Share Capital are to be issued to the Investor, has been duly authorized by all necessary actions on the part of the Company.
- 3.3. This instrument 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.
- 3.4. To the knowledge of the Company, it is not in violation of:
  - 3.4.1. its current certificate of incorporation or memorandum of incorporation;
  - 3.4.2. any material statute, rule or regulation applicable to the Company; and/or
  - 3.4.3. any material indenture 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.
- 3.5. The performance and consummation of the transactions contemplated by this instrument do not and will not:
  - 3.5.1. violate any material judgment, statute, rule or regulation applicable to the Company;
  - 3.5.2. result in the acceleration of any material indenture or contract to which the Company is a party or by which it is bound; or
  - 3.5.3. result in the creation or imposition of any lien upon 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.
- 3.6. No consents or approvals are required in connection with the performance of this instrument, other than:
  - 3.6.1. the Company's corporate approvals;
  - 3.6.2. any qualifications or filings under the Companies Act; and
  - 3.6.3. necessary corporate approvals for the authorisation of Share Capital issuable pursuant to clause 1.
- 3.7. 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.

#### 4. **INVESTOR REPRESENTATIONS**

- 4.1. The Investor has full legal capacity, power and authority to execute and deliver this instrument and to perform its obligations hereunder.
- 4.2. This instrument constitutes a 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.
- 4.3. The Investor is granted this instrument and the securities to be acquired by the Investor hereunder by the Company, in exchange for the Purchase Amount, 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.
- 4.4. 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.

#### 5. **MISCELLANEOUS**

- 5.1. Any provision of this instrument may be amended, waived or modified only upon the written consent of the Company and the Investor.
- 5.2. Any notice required or permitted by this instrument 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 48 hours after being posted via 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.
- 5.3. The Investor is not entitled, as a holder of this instrument, to vote or receive dividends or be deemed the holder of a share(s) in the Share Capital for any purpose, nor will anything contained herein be construed to confer on the Investor, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or to receive subscription rights or otherwise, until shares have been issued upon the terms described herein.
- 5.4. Neither this instrument nor the rights contained herein may be assigned, by operation of law or otherwise, by either party without the prior written consent of the other, provided, however, that this instrument and/or the rights contained herein 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.

- 5.5. In the event any one or more of the provisions of this instrument 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 instrument operate or would prospectively operate to invalidate this instrument, 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 instrument and the remaining provisions of this instrument will remain operative and in full force and effect and will not be affected, prejudiced, or disturbed thereby.
- 5.6. All rights and obligations hereunder will be governed by the laws of the Republic of South Africa, in the courts of Cape Town Western Cape, without regard to the conflicts of law provisions of such jurisdiction.

<b>Name of Shareholder</b>	MI RILEY	<b>Title of Shareholder</b>	FOUNDER
<b>Identification number</b>	9405135204081	<b>Email Address</b>	riley@loopapp.co.za
<b>Mobile Number</b>	0849976627	<b>Date</b>	Oct 24, 2023

<b>Physical Address</b>	36 Clifford Avenue, Vredehoek, 8001
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<b>Signature</b> (who warrant that they are duly authorized to sign)	<b>x</b>
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<b>Name of Investor</b>		<b>Title of Shareholder</b>	
<b>Identification number</b>		<b>Email Address</b>	
<b>Mobile Number</b>		<b>Date</b>	

<b>Signature</b> (who warrant that they are duly authorized to sign)	<b>x</b>
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