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## CITY TRANSFORMER LTD.

### SAFE (Simple Agreement for Future Equity)

THIS CERTIFIES THAT in exchange for the payment by [REDACTED] (the “Investor”) of US\$[REDACTED] (the “Purchase Amount”) on or about \_\_\_\_\_, 2020, City Transformer Ltd., an Israeli company (the “Company”), issues to the Investor the right to certain shares of the Company’s Share Capital, subject to the terms described below.

This Safe is part of a series of Safe instruments (together with this Safe instrument, collectively, the “Collective Safes”) issued and/or to be issued by the Company to certain of the Company’s existing shareholders (and/or any of their affiliates), and/or other investors (together with the Investor, collectively, the “Investors”) for an aggregate amount of up to US\$3,000,000.

The “Discount Rate” is 70% (i.e., 30% discount).

The “Valuation Cap” is US\$ 50,000,000; provided however that if the Equity Financing is at a pre-money valuation lower than US\$40,000,000, then the “Valuation Cap” will be US\$25,000,000.

#### 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 number of Safe Shares equal to the Purchase Amount divided by the Conversion Price. In connection with the automatic conversion of this Safe into Safe Shares, the Investor will promptly execute and deliver to the Company all applicable transaction documents related to the Equity Financing; *provided*, that such documents are substantially the same documents to be entered into with the purchasers of Standard Shares, with appropriate variations for the Safe Shares, if applicable. It is hereby agreed that the Safe Shares will not have any rights (a) granted in the Equity Financing based on a particular size of investment agreed to by the investors in the Equity Financing to the extent the Purchase Amount is less than such agreed size or (b) that are subject to holding a specific threshold agreed to by the investors in the Equity Financing to the extent the Safe Shares are below such agreed threshold.

b) **Liquidity Event.** If there is a Liquidity Event before the termination of this Safe, this Safe will automatically be entitled (subject to the liquidation priority set forth in Section 1(e) 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 Ordinary Shares 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(e).

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(e) below) to receive a portion of Proceeds,

if any, equal to the Cash-Out Amount, due and payable to the Investor immediately prior to the consummation of the Dissolution Event.

d) **Maturity Event.** If this Safe does not terminate or convert into Safe Shares by September 30, 2021, then this Safe will convert into the number of the then most senior class of shares of the Company equal to the Purchase Amount divided by the Maturity Price; provided that the price per share for purposes of distribution and anti-dilution protection, if any will be based on the conversion price.

e) **Liquidation Priority.** In a Liquidity Event or Dissolution Event before the termination of this Safe, this Safe is intended to operate like standard non-participating preferred shares. 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 notionally converted into Share Capital);

ii) 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 pro rata 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 to payments for Ordinary Shares.

The Investor's right to receive its Conversion Amount is (A) 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 Share basis, and (B) junior to payments described in clauses (i) and (ii) above (in the latter case, to the extent such payments are Cash-Out Amounts or similar liquidation preferences).

f) **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 Share Capital to the Investor pursuant to the automatic conversion of this Safe under Section 1(a), Section 1(b) or Section 1(e); or (ii) the payment, or setting aside for payment, of amounts due the Investor pursuant to Section 1(b) or Section 1(c).

## 2) Definitions

a) **"Change of Control"** means (i) a transaction or series of related transactions in which any "person" or "group" (within the meaning of Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of more than 50% of the outstanding voting securities of the Company, (ii) any reorganization, merger or consolidation of the Company, other than a transaction or series of related transactions in which the voting securities of the Company outstanding immediately prior to such transaction or series of related transactions constitute, 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 or other disposition of all or substantially all of the assets of the Company.

b) **"Company Capitalization"** means the sum of: (i) all shares of the Company's 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 (A) this instrument, (B) all other SAFEs, and (C) convertible promissory notes, convertible equity agreements and other similar instruments; and (ii) all Ordinary Shares reserved and available for future grant under any equity incentive or similar plan of the Company, including any equity incentive or similar plan created or increased in connection with the Equity Financing, if applicable.

c) **"Conversion Price"** means the either: (1) the Safe Price or (2) the Discount Price, whichever calculation results in a greater number of shares of Safe Shares.

d) **"Discount Price"** means the price per share of the Standard Shares sold in the Equity Financing multiplied by the Discount Rate.

e) **"Dissolution Event"** means (i) a voluntary termination of operations, (ii) a general assignment for the benefit of the Company's creditors or (iii) any other liquidation, dissolution or winding up of the Company (**excluding** a

Liquidity Event), whether voluntary or involuntary.

f) “**Equity Financing**” means a bona fide transaction or series of transactions with the principal purpose of raising capital, pursuant to which the Company issues shares at a fixed valuation, including but not limited to, a pre-money or post-money valuation.

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

h) “**Investors’ Majority**” means Investors representing more the 50% of the aggregate amounts extended to the Company (each as the “Purchase Amount” under its respective Safe) under the then-outstanding Collective Safes.

i) “**Liquidity Capitalization**” means all shares of the Company’s 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: (i) all Ordinary Shares reserved and available for future grant under any equity incentive or similar plan of the Company; (ii) this instrument; (iii) all other SAFEs; and (iv) convertible promissory notes, convertible equity agreements and other similar instruments.

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

k) “**Liquidity Price**” means the price per share equal to the quotient obtained by dividing (i) the valuation of such Liquidity Event multiplied by the Discount Rate by (ii) the Liquidity Capitalization as of immediately prior to the Liquidity Event.

l) “**Lower Valuation Cap**” means US\$25,000,000.

m) “**Maturity Price**” means the price per share equal to the Lower Valuation Cap divided by the Company Capitalization.

n) “**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.

o) “**Safe**” means an instrument containing a future right to shares of the Company, similar in content to this instrument, purchased by investors for the purpose of funding the Company’s business operations, including any convertible promissory notes, convertible loan agreements, convertible equity financing agreements any other similar convertible financing arrangements. References to “this Safe” mean this specific instrument.

p) “**Safe Price**” means the price per share equal to the Valuation Cap divided by the Company Capitalization.

q) “**Safe Shares**” means the shares issued to the Investor in an Equity Financing, having the identical rights, privileges, preferences and restrictions as the shares of Standard Shares, other than with respect to: (i) the per share liquidation preference and the initial conversion price for purposes of price-based anti-dilution protection, which will equal the Discount Price; and (ii) the basis for any dividend rights, which will be based on the Discount Price.

r) “**Share Capital**” means the share capital of the Company, including, without limitation, the “**Ordinary Shares**” and the “**Preferred Shares.**”

s) “**Standard Shares**” means the shares issued to the investors investing new money in the Company in connection with the initial closing of the Equity Financing.

### **3) Company Representations**

a) The Company is a corporation duly organized, validly existing under the laws of the State of Israel 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 (subject to Section 3(d)). 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. To its knowledge, the Company is not in violation of (i) its current Articles of Association of the Company, (ii) any material statute, rule or regulation applicable to the Company or (iii) any material 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 material 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; (ii) any qualifications or filings under applicable securities laws; and (iii) necessary corporate approvals for the authorization of Share Capital issuable pursuant to Section 1.

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.

#### **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. 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 an accredited investor as such term is defined in Rule 501 of Regulation D under the Securities Act, and acknowledges and agrees that if not an accredited investor at the time of an Equity Financing, the Company may void this Safe and return the Purchase Amount. The Investor has been advised that this Safe and the underlying securities have not been registered under the Securities Act or the Securities Laws and, therefore, cannot be resold unless they are registered under the applicable Securities Laws or unless an exemption from such registration requirements is available. 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.

#### **5) *Miscellaneous***

a) Any provision of this Safe may be amended, waived or modified by written consent of the Company and either (i) the Investor, or (ii) the Investors' Majority (which shall be effective with respect to all of the Investors), *provided that* that the Investors' Majority may not – without the consent of the other relevant Investors – agree to any amendment which increases the liability of any other Investor hereunder, which disproportionately decreases the rights of any other Investor vis-à-vis the majority in interest of the Investors or any other Investor or which disproportionately increases the rights of the majority in interest of the Investors or any other Investor vis-à-vis any other 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 48 hours after being deposited in domestic mail as certified or 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 Share Capital for any purpose other than tax purposes, nor will anything in this Safe be construed to confer on the Investor, as such, any rights of a Company shareholder or rights to vote for the election of directors or on any matter submitted to Company shareholders, 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 1.

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 but subject to the receipt of prior written notice, 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.

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 the State of Israel, without regard to the conflicts of law provisions of such jurisdiction. Any disputes arising under or in relation to this Safe shall be resolved exclusively by the competent courts located in Tel-Aviv-Jaffa, Israel.

g) The parties acknowledge and agree that this Safe is, and at all times has been, intended to be characterized as equity of the Company. Accordingly, the parties agree to treat this Safe consistent with the foregoing intent for all tax purposes (including, without limitation, on their respective tax returns or other informational statements).

*(Signature page follows)*

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

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**City Transformer Ltd.**

Address: Building 2, Dvora HaNevi'a St 121,  
Tel Aviv-Yafo, 6944038, Israel  
Email: asaf@citytransformer.com

**INVESTOR:**

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**[name of investor]**

Address: [ ]

Email: [ ]