# Techstars Accelerator Summary of Terms

Your acceptance to a Techstars Accelerator kicks off a sprint between you and our legal team where we collect and review light due diligence and finalize our investment in your company.

## $20,000 Equity Investment In Common Shares of the Company

- **Stock Purchased.** We purchase 6% of the company's Fully Diluted Capital Stock for $20,000 USD. We buy common shares because, in many instances, we are the first outside investor in the company. Our 6% Equity Investment is subject to our Equity Back Guarantee. Here is a good post by David Cohen explaining our intent for the Equity Back Guarantee.

- **Anti-dilution.** We maintain our 6% until immediately before the Company's next equity financing of $250,000 USD or more (a "*Qualified Financing*"). Typically, we receive anti-dilution shares if you add a co-founder or add/increase your option pool before or in connection with the Qualified Financing. We do not receive anti-dilution on the shares issued to investors in the Qualified Financing or on shares issued upon the conversion of any Convertible Note/SAFE/KISS instruments converting in the Qualified Financing round. Our anti-dilution right terminates at the Qualified Financing.

- **Preemptive Rights.** Like many investors, we want the right to maintain our pro rata interest by participating in subsequent investment rounds. This right is assignable to allow our venture fund to participate in seed or later rounds. Our preemptive right terminates when we are granted the same or substantially similar preemptive rights issued in connection with a Qualified Financing, or upon the Company's IPO or sale, if earlier.

- **Digital Rights.** If the Company proposes to sell, issue, sponsor, create, distribute, mine, or reserve any Tokens for the Founders or the Company (together, the "Token Reserve") on or after a Network Launch, it shall issue to the Purchaser a number of Tokens equal to 6% of the Token Reserve.

- **Techstars and Advisor waiver and indemnification.** Our equity investment agreement includes an indemnity to protect mentors, program managers, and Managing Directors from claims resulting from their participation in the program (unless their actions constitute gross negligence or intentional misconduct). Ultimately, it is the Company's decision to take, or not take, any advice offered during the program. Without this protection, we could not provide the high level of mentorship needed to support our programs.

- **Publicity.** Techstars is the worldwide network that helps entrepreneurs succeed. We will occasionally use the Companies name, logo and other details about the business on our marketing materials and website. We also expect Companies to reference their techstars affiliation and backing in future press.

- **Participation in the Program.** We expect companies and their employees to adhere to our Code of Conduct. The Participation in Program provision exists to return our investment interests to the Company in exchange for the price paid in the very unlikely event that Techstars learned information that the Company or its employees were in violation of the Code of Conduct and we were required to disassociate from the investment.

- **Information Rights.** Annual financial statements each year, and a current cap table.

- ★ **Countries Policy.** Our investments are governed by our Countries Policy, limiting the countries in which we can invest. Techstars anticipates adding new countries to this list as we grow and as capital becomes more available in other countries. Please see our website for a list of available countries.

## [Optional] $100,000 Convertible Note Investment

- ★ **Aggregate Proceeds.** If the Company elects by the start of program to take our Convertible Note investment, we invest $100,000 USD in exchange for a Convertible Promissory Note ("*Note*"), payable in the first week of the accelerator program and subject to the Company's satisfactory completion of our due diligence and a fully executed investment agreement.

- ★ **Maturity.** Our Note has a 2-year term. Our preference is for the Note to convert in an equity financing resulting in aggregate sales proceeds to the Company of at least $250,000 USD (a "*Qualified Financing*"). If a Qualified Financing has not occurred prior to the Maturity Date, our practice is to extend the Note for another 1-year term.

- ★ **Interest.** Simple interest shall accrue on an annual basis at the rate of 5% per year.

- ★ **Conversion Price.** The Note has a conversion price equal to the lesser of (i) a 20% discount to the share price in the Qualified Financing, or (ii) a $3,000,000 USD valuation cap. The $3,000,000 USD valuation cap is only increased if a company has closed greater than $250,000 USD in funding prior to receiving the Techstars Letter of Intent through either (a) an equity round with a pre-money valuation greater than $3,000,000 USD, or (b) convertible notes/SAFEs with an automatic conversion cap greater than $3,000,000 USD. If that's the case, the valuation cap on our Note can be increased to match the higher valuation/conversion cap, up to a maximum of $5,000,000 USD.

- ★ **Conversion at Qualified Financing.** The Note will automatically convert upon a Qualified Financing into the same shares sold in the Qualified Financing at a price equal to the lesser of (i) a 20% discount to the cash price per share paid by the other investors in the Qualified Financing, or (ii) the price obtained by dividing the valuation cap of $3,000,000 USD by the number of outstanding shares of the Company immediately prior to the Qualified Financing calculated on a Fully Diluted basis.

- ★ **Maturity Date Conversion.** If a Qualified Financing is not consummated prior to the Maturity Date, then the Holder may elect to convert the unpaid principal and accrued interest on the Note into shares of the Company's common stock at a conversion price equal to the valuation cap of $3,000,000 USD divided by the outstanding shares of the Company on the election date calculated on a Fully Diluted basis.

- ★ **Conversion at Network Launch.**Upon the occurrence of a Network Launch, the Holder will have the right (but not the obligation) to convert all outstanding principal and unpaid accrued interest hereunder into Tokens issued by the Company in such Network Launch at a price per Token equal to 80% of the lowest price paid by third-party purchasers thereof. In connection with and prior to the conversion, the Holder will provide to the Company or to the Nominated Entity, as applicable, a network address and other information necessary to facilitate receipt of the Tokens.

- ★ **Conversion at Change of Control.** If the Company is acquired prior to the Qualified Financing, the Company will pay the Holder the greater of (i) a cash repayment equal to the unpaid principal and accrued interest, or (ii) the amount the Holder would have been entitled to receive in connection with the sale if the unpaid principal and accrued interest on the Note had been converted into shares of the Company's common stock at a conversion price equal to the valuation cap of $3,000,000 USD divided by the outstanding shares of the Company as of immediately prior to closing the sale calculated on a Fully Diluted basis.

- ★ **Preemptive Rights.** Same as above.