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Introduction and Purpose

This Convertible Note Agreement (the "Agreement") is made and entered into as of August 9, 2025, by and between DocuPal Demo, LLC, a United States company with its address at 23 Main St, Anytown, CA 90210 ("Company"), and Acme, Inc, a business entity located at 3751 Illinois Avenue, Wilsonville, Oregon - 97070, USA ("Investor").

Purpose of This Agreement

This Agreement outlines the terms and conditions under which the Investor will invest in the Company via a convertible note. A convertible note is a debt instrument commonly used in early-stage financing. It allows the Company to raise capital quickly without immediately determining a valuation. For the Investor, it offers potential equity upside while providing some downside protection.

The Investor will provide a principal sum of \$500,000 to the Company. This note will accrue interest at a rate of 8% per annum and will mature in 24 months. Under specific conditions, such as a Qualified Financing, Change of Control, or upon the Maturity Date, the outstanding balance of the note, including accrued interest, may convert into equity of the Company. The conversion price will be determined based on a Valuation Cap and a Discount Rate, as further defined in this Agreement. This Agreement sets forth the rights and obligations of both the Company and the Investor with respect to the convertible note and the potential equity it represents.

Definitions and Interpretations

For the purposes of this Convertible Note Agreement, the following terms shall have the meanings set forth below:

- **Principal** means the original amount of investment by ACME-1, which is \$500,000.
- **Maturity Date** means the date that is 24 months from the Effective Date of this Agreement.
- **Conversion Date** means the date on which the Note converts into equity securities of DocuPal Demo, LLC, as determined by the provisions outlined in this Agreement.



- **Conversion Price** means the price at which the Principal and any accrued interest convert into equity securities, calculated as specified herein using the Valuation Cap and Discount Rate.
- **Discount Rate** means the percentage discount applied to the price per share of equity securities issued in a Qualified Financing for purposes of determining the Conversion Price, as further detailed in the agreement.
- **Valuation Cap** means the maximum valuation used in determining the Conversion Price.
- **Qualified Financing** means a financing event where DocuPal Demo, LLC issues and sells its equity securities, resulting in gross proceeds of at least a specified amount.

Interpretation

The definitions provided above are designed to ensure clarity and precision in the interpretation of this Agreement. These defined terms will be consistently used throughout the document, and any deviation from these definitions will be explicitly stated.

Principal Amount and Interest

Principal Amount

The principal amount of this Convertible Note is five hundred thousand U.S. dollars (\$500,000) (the "Principal Amount"). This represents the amount ACME-1 is investing in DocuPal Demo, LLC under the terms of this Agreement.

Interest

Accrual

The Principal Amount shall accrue interest at a rate of eight percent (8%) per annum.

Calculation and Compounding



Interest will be calculated on the basis of a 365-day year and will be compounded annually. Interest shall begin accruing from the date of this Agreement and continue until the Principal Amount is repaid or converted into equity in accordance with the terms outlined in this Agreement.

Maturity Date and Repayment

Maturity Date

The principal amount of this Note, along with all accrued and unpaid interest, will become due and payable on the date that is twenty-four (24) months from the Effective Date (the "Maturity Date").

Repayment

DocuPal Demo, LLC will repay the outstanding principal and accrued interest on the Maturity Date.

Conditions Triggering Repayment

Notwithstanding the foregoing, the outstanding principal balance of this Note, together with all accrued and unpaid interest, may become immediately due and payable upon the occurrence of an Event of Default, as defined in Section [insert relevant section number]. In such an event, ACME-1 may exercise all rights and remedies available under applicable law and this Agreement to collect the outstanding amounts.

Conversion Terms

This section outlines the terms under which the Note will convert into equity of the Company.

Conversion Events

The Note will convert into shares of the Company's equity upon the occurrence of any of the following events:



- **Qualified Financing:** A financing event where the Company issues and sells shares of its equity securities, resulting in gross proceeds to the Company of at least \$1,000,000.
- **Change of Control:** A merger, consolidation, sale of all or substantially all of the Company's assets, or other similar transaction.
- **Maturity Date:** The date that is 24 months from the date of this Agreement.

Conversion Price

The price at which the Note converts into equity will be determined as follows:

The conversion price will be the lower of:

- The price per share paid by the new investors in the Qualified Financing.
- A price per share based on a valuation cap of \$5,000,000.

In the event of a Qualified Financing, the conversion price will be subject to a discount rate of 20%. This means the Noteholder will receive shares as if they purchased them at 80% of the price paid by new investors.

Mechanics of Conversion

Upon the occurrence of a Conversion Event, the Company will provide written notice to the Noteholder. The Noteholder will then have the option to convert all or any portion of the outstanding principal and accrued interest into equity. The number of shares to be issued upon conversion will be determined by dividing the amount of principal and accrued interest being converted by the applicable conversion price. The Company will issue the shares to the Noteholder within 10 business days of receiving the conversion notice.

Investor Rights and Protections

This section outlines the rights and protections afforded to ACME-1, as the investor, both before and after the conversion of the Note into equity.



Pre-Conversion Rights

Prior to the conversion of the Note, ACME-1 maintains the right to receive timely interest payments as stipulated in this Agreement. ACME-1 may also have certain information rights, allowing access to relevant company information to monitor DocuPal Demo, LLC's performance and compliance with the terms of the Note.

Post-Conversion Rights

Upon conversion of the Note into equity, ACME-1 will be entitled to the rights and privileges of common or preferred stockholders of DocuPal Demo, LLC, as applicable. These rights may include, but are not limited to, voting rights, dividend rights (if any), and rights to participate in distributions upon liquidation or sale of the company.

Anti-Dilution Provisions

To protect ACME-1 from the dilution of its equity ownership due to subsequent issuances of stock at a lower valuation, this Agreement includes anti-dilution provisions. These provisions ensure that if DocuPal Demo, LLC issues equity at a price lower than the conversion price of the Note, the conversion price will be adjusted downward, providing ACME-1 with additional shares upon conversion. The adjustment will be calculated using a weighted average method, taking into account the number of shares issued and the price at which they were issued. This mechanism is designed to maintain ACME-1's relative ownership percentage and protect the value of its investment.

Information Rights

As an investor, ACME-1 is entitled to certain information rights that enable them to monitor the financial health and operational performance of DocuPal Demo, LLC. These rights include access to regular financial reports, updates on key business developments, and the opportunity to engage with the company's management team. The specific scope and frequency of these information rights are designed to provide ACME-1 with the necessary insights to make informed decisions regarding their investment.



Participation Rights

ACME-1 shall have the right to participate in future equity financing rounds of DocuPal Demo, LLC. This allows ACME-1 to maintain its percentage ownership in the company by purchasing additional shares in subsequent funding rounds. The terms and conditions of this participation right, including the amount ACME-1 can invest and the timing of such investments, are outlined in this Agreement.

Representations and Warranties

Company Representations and Warranties

DocuPal Demo, LLC represents and warrants that it is a duly organized and validly existing limited liability company in good standing under the laws of the United States. DocuPal Demo, LLC has the authority to enter into this Agreement and to perform its obligations hereunder. The execution, delivery, and performance of this Agreement have been duly authorized by all necessary company action.

DocuPal Demo, LLC's capitalization is as represented to ACME-1. DocuPal Demo, LLC is in compliance with all applicable laws and regulations.

Investor Representations and Warranties

ACME-1 represents and warrants that it is an accredited investor as defined in the Securities Act of 1933. ACME-1 has sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of investing in the Note. ACME-1 acknowledges that it is able to bear the economic risk of its investment.

ACME-1 has the authority to enter into this Agreement and to perform its obligations hereunder. The execution, delivery, and performance of this Agreement have been duly authorized by all necessary action. ACME-1 is located at 3751 Illinois Avenue, Wilsonville, Oregon - 97070, USA.



Events of Default and Remedies

Events of Default

The following events shall constitute an event of default under this Convertible Note Agreement:

1. **Failure to Pay:** DocuPal Demo, LLC fails to pay any principal or interest when due under this Agreement.
2. **Breach of Covenants:** DocuPal Demo, LLC breaches any material covenant or other term contained in this Agreement and does not cure such breach within thirty (30) days after written notice thereof from ACME-1.
3. **Bankruptcy:** DocuPal Demo, LLC commences a voluntary case under any applicable bankruptcy, insolvency, or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, or consents to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, or sequestrator of the whole or any substantial part of its property.

Remedies

Upon the occurrence of an Event of Default, ACME-1 shall have the following rights and remedies:

1. **Acceleration:** ACME-1 may declare the entire unpaid principal amount of this Note, together with all accrued interest, immediately due and payable.
2. **Legal Action:** ACME-1 may proceed to protect and enforce its rights by suit in equity, action at law, or other appropriate proceedings, whether for specific performance of any term contained in this Agreement or to recover damages for the breach of this Agreement, or to enforce any other legal or equitable right.
3. **Foreclosure:** ACME-1 may have the right to pursue foreclosure on assets of DocuPal Demo, LLC, subject to applicable law and the terms of any security agreement.



Governing Law and Dispute Resolution

This Convertible Note Agreement will be governed by and construed in accordance with the laws of the State of Delaware, without regard to its conflict of laws principles.

Dispute Resolution

Any dispute arising out of or relating to this Agreement will be resolved through binding arbitration. The arbitration will be conducted in accordance with the rules of the American Arbitration Association. The decision of the arbitrator will be final and binding on both parties. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. Each party will bear its own costs and expenses related to the arbitration, and will share equally the fees and expenses of the arbitrator.

Miscellaneous Provisions

Amendments

This agreement may be amended only by a written instrument signed by Docupal Demo, LLC and ACME-1. No modification or waiver of any provision shall be effective unless in writing and signed by the party against whom the modification or waiver is to be enforced.

Notices

All notices and other communications under this agreement must be in writing. Notices will be considered duly given if delivered via email or sent by certified mail to the addresses specified in this agreement, or to such other address as any party may designate by notice to the other parties.

Assignment

This agreement shall be binding upon and inure to the benefit of the parties, their successors, and permitted assigns. ACME-1 may not assign this agreement or any of its rights or obligations without the prior written consent of Docupal Demo, LLC.



Docupal Demo, LLC may assign this agreement to a successor in interest.

Severability

If any provision of this agreement is held to be invalid or unenforceable, the remaining provisions will remain in full force and effect. The parties will negotiate in good faith to replace the invalid or unenforceable provision with a valid provision that achieves the same economic effect.

Execution and Signatures

Execution

This Convertible Note Agreement is made effective as of October 26, 2023.

Signatures

This Convertible Note Agreement is executed by the parties as of the date first written above.

DocuPal Demo, LLC

By: _____

Name:

Title:

Acme, Inc

By: _____

Name:

Title:

