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Introduction

This Simple Agreement for Future Equity (SAFE) outlines the terms under which Acme, Inc ("Investor") will invest in DocuPal Demo, LLC ("Company"). This SAFE offers a streamlined approach to early-stage funding, allowing ACME-1 to invest \$500,000 in DocuPal Demo, LLC without immediately determining a specific valuation for the company.

Purpose of the SAFE

The primary goal of this SAFE is to defer complex valuation negotiations until a later equity financing round. It provides DocuPal Demo, LLC with crucial capital while granting ACME-1 the right to convert their investment into equity upon the occurrence of certain triggering events.

Applicability

This SAFE is designed for startups like DocuPal Demo, LLC seeking initial funding. It simplifies the fundraising process by postponing valuation discussions, thus enabling faster and more efficient investment. The agreement details the terms of ACME-1's investment, including a \$10,000,000 valuation cap, conversion triggers, and liquidation preferences, ensuring a clear understanding between both parties.

Definitions and Interpretations

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

- **Company:** Refers to Docupal Demo, LLC, a company organized under the laws of the United States, with its principal place of business at 23 Main St, Anytown, CA 90210.
- **Investor:** Refers to Acme, Inc (ACME-1), a business entity organized under the laws of the United States, with its principal address at 3751 Illinois Avenue, Wilsonville, Oregon - 97070, USA.



- **Safe:** Refers to this Simple Agreement for Future Equity, including all exhibits and schedules attached hereto.
- **Purchase Amount:** Refers to the sum of \$500,000, representing the total investment made by the Investor under this Safe.
- **Valuation Cap:** Refers to \$10,000,000, which is the maximum valuation used to determine the number of shares of capital stock the Investor will receive upon conversion.
- **Conversion Event:** Means (1) the closing of a transaction or series of related transactions that results in 50% or more of the voting power of the Company's outstanding shares or securities convertible into the voting power of the Company's outstanding shares is transferred or (2) an IPO.
- **Discount Rate:** Not applicable to this SAFE.

Interpretation

In this SAFE Agreement, unless the context otherwise requires: (a) words in the singular shall include the plural and vice versa; (b) a reference to any statute or statutory provision shall be construed as including a reference to that statute or provision as from time to time amended, modified, re-enacted, or extended; (c) the words "include", "includes" and "including" are deemed to be followed by the words "without limitation"; (d) references to Articles, Sections, Exhibits, and Schedules are to Articles, Sections, Exhibits, and Schedules of this Agreement; and (e) references to "\$" or "USD" are to United States Dollars.

Investment Terms

Investment Amount

Acme, Inc. will invest \$500,000 (the "Investment Amount") in DocuPal Demo, LLC. This investment is subject to the terms and conditions outlined in this SAFE agreement.



Valuation Cap

A Valuation Cap of \$10,000,000 (the "Valuation Cap") will be applied to Acme, Inc.'s investment. This Valuation Cap determines the maximum valuation used when calculating the number of shares Acme, Inc. will receive upon conversion of this SAFE into equity.

Conversion Events

The SAFE will convert into shares of DocuPal Demo, LLC's capital stock upon the occurrence of certain events, including:

- **Equity Financing:** The sale of shares of preferred stock of DocuPal Demo, LLC to investors with the primary purpose of raising capital.
- **Liquidity Event:** A merger, acquisition, or sale of all or substantially all of the assets of DocuPal Demo, LLC.

Conversion Mechanics

Upon a Qualified Financing, the Investment Amount will convert into shares of the same series of preferred stock issued in the Qualified Financing. The number of shares will be determined by dividing the Investment Amount by the lower of:

- The price per share paid by the new investors in the Qualified Financing.
- The Valuation Cap divided by the Company Capitalization.

"Company Capitalization" means the fully diluted capitalization of DocuPal Demo, LLC immediately prior to the Qualified Financing, assuming conversion or exercise of all convertible and exercisable securities.

Liquidity Event

In the event of a Liquidity Event, Acme, Inc. will receive the greater of:

- The Investment Amount.
- The amount Acme, Inc. would have received had the SAFE converted into shares of common stock based on the Valuation Cap immediately prior to the Liquidity Event.



No Discount

There is no discount rate applied to this SAFE agreement. The Valuation Cap is the sole mechanism for determining the conversion price.

Investor Rights Before Conversion

Prior to conversion, Acme, Inc. will have certain information rights as detailed elsewhere in this SAFE agreement. These rights are designed to provide Acme, Inc. with sufficient information to monitor its investment.

Conversion Rights and Mechanics

This section details the mechanics governing the conversion of this Safe into equity. The Safe will convert into shares of Docupal Demo, LLC's capital stock upon the occurrence of either a Qualified Financing or a Change of Control.

Qualified Financing

A "Qualified Financing" refers to a financing event where Docupal Demo, LLC issues and sells its shares of capital stock, resulting in gross proceeds to the Company of at least \$1,000,000 (excluding the conversion of any Safes or convertible notes).

Upon a Qualified Financing, the Safe will automatically convert into the number of shares of capital stock equal to the Purchase Amount divided by the Conversion Price.

Conversion Price Calculation

The "Conversion Price" will be the lower of:

- **The Valuation Cap Price:** The Valuation Cap divided by the Company Capitalization. The Valuation Cap is \$10,000,000.
- **The Discount Rate Price:** The price per share equal to the price per share of the capital stock issued in the Qualified Financing multiplied by 0.8 (20% discount rate).

The Company will determine Company Capitalization in good faith and in accordance with the agreement.



Change of Control

In the event of a Change of Control of Docupal Demo, LLC, the Safe will automatically convert into shares of common stock of Docupal Demo, LLC. The number of shares will be equal to the Purchase Amount divided by the price per share based on the Valuation Cap. A "Change of Control" includes a merger, acquisition, or sale of all or substantially all of the Company's assets.

Investor Rights and Restrictions

Investor Rights Before Conversion

Prior to the conversion of this SAFE into equity, ACME-1 will have certain information rights. Docupal Demo, LLC will provide ACME-1 with access to company information as reasonably requested. ACME-1 also has pro-rata rights. This means ACME-1 has the right to participate in future equity financings of Docupal Demo, LLC. These rights are subject to certain conditions and customary exceptions.

Transfer Restrictions

ACME-1's ability to transfer or resell this SAFE is limited. Any transfer requires the consent of Docupal Demo, LLC, which will not be unreasonably withheld. This SAFE may only be transferred to an accredited investor. The transferee must also agree to be bound by the terms of this SAFE agreement. These restrictions ensure Docupal Demo, LLC maintains control over its cap table and compliance with securities laws.

Representations and Warranties

Company Representations

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. The Company possesses all requisite legal authority to enter into this SAFE Agreement and to perform its obligations hereunder. The Company affirms that this SAFE Agreement constitutes a legal, valid, and binding obligation, enforceable against it in accordance with its terms.



Investor Representations

ACME-1 represents and warrants that it is an accredited investor as defined under applicable securities laws. ACME-1 confirms that it is acquiring the SAFE for its own account for investment purposes and not with a view to distribution. ACME-1 possesses the legal right, power, and authority to enter into this SAFE Agreement and to perform its obligations hereunder. ACME-1 affirms that this SAFE Agreement constitutes a legal, valid, and binding obligation, enforceable against it in accordance with its terms.

Liquidation Preferences

In the event of a Liquidation Event, the Company will distribute the proceeds as follows.

Priority of Payment

ACME-1 is entitled to receive a return of the Purchase Amount before any distribution to other equity holders. This repayment will occur prior to any other distributions.

Definition of Liquidation Event

A Liquidation Event includes:

- Any merger, consolidation, or sale of substantially all of the Company's assets.
- A transaction or series of related transactions to which the Company is a party in which more than 50% of the Company's voting power is transferred.

Remaining Proceeds

After ACME-1 receives its Purchase Amount, the remaining proceeds, if any, will be distributed among the other equity holders of the Company according to their respective rights and preferences.



Insufficient Assets

If the Company has insufficient assets to repay the Purchase Amount in full, the available assets will be distributed pro rata among the SAFE holders in proportion to their respective Purchase Amounts.

Corporate Governance

Prior to the conversion of this SAFE into equity, Acme, Inc. will not possess voting rights. As a SAFE holder, Acme, Inc.'s involvement in Docupal Demo, LLC's operational and strategic decisions will be limited. This means ACME-1 will not have the right to appoint directors, vote on major corporate actions, or directly influence the company's day-to-day management before the SAFE converts. However, Docupal Demo, LLC is still obligated to keep ACME-1 informed of significant company developments as outlined in this agreement and applicable law. This approach ensures that while ACME-1's investment is protected, Docupal Demo, LLC retains the necessary flexibility to manage and grow the company effectively.

Miscellaneous Provisions

Miscellaneous

Amendments

This SAFE Agreement may be amended only by the written consent of Docupal Demo, LLC and the holders of a majority in interest of all outstanding SAFEs.

Notices

All notices relating to this SAFE agreement must be in writing. Notices can be delivered via email or certified mail to the addresses specified by each party.

Governing Law

This SAFE 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 SAFE Agreement shall be resolved through binding arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules. The place of arbitration shall be in Delaware, unless otherwise agreed by the parties. The decision of the arbitrator shall be final and binding on all parties.

