

Table of Contents

Introduction and Purpose	3
Introduction	3
Purpose	3
Investment Terms	3
Investment Amount and Valuation	3
Securities Issued	3
Share Price and Calculation	4
Closing and Payment	4
Use of Proceeds	4
Capitalization Table	4
Rights and Obligations of Investors	5
Investor Rights	5
Investor Obligations	6
Representations and Warranties	7
Representations and Warranties by Docupal Demo, LLC	7
Representations and Warranties by ACME-1	8
Covenants and Conduct of Business	8
Operational Restrictions	8
Required Approvals	9
Capital Structure and Anti-Dilution Provisions	9
Post-Investment Capitalization	9
Anti-Dilution Protection	9
Liquidation Preference and Distribution	10
Liquidation Preference	10
Distribution Waterfall	10
Exit and Transfer Restrictions	11
Lock-Up Period	11
Right of First Refusal	11
Tag-Along Rights	11
Permitted Transfers	12
Buyback Provisions	12
Exit Transactions	12
Confidentiality and Non-Compete	12



Confidentiality 12

Non-Compete 13

Dispute Resolution and Governing Law 13

 Dispute Resolution 13

 Governing Law 13

Miscellaneous Provisions 13

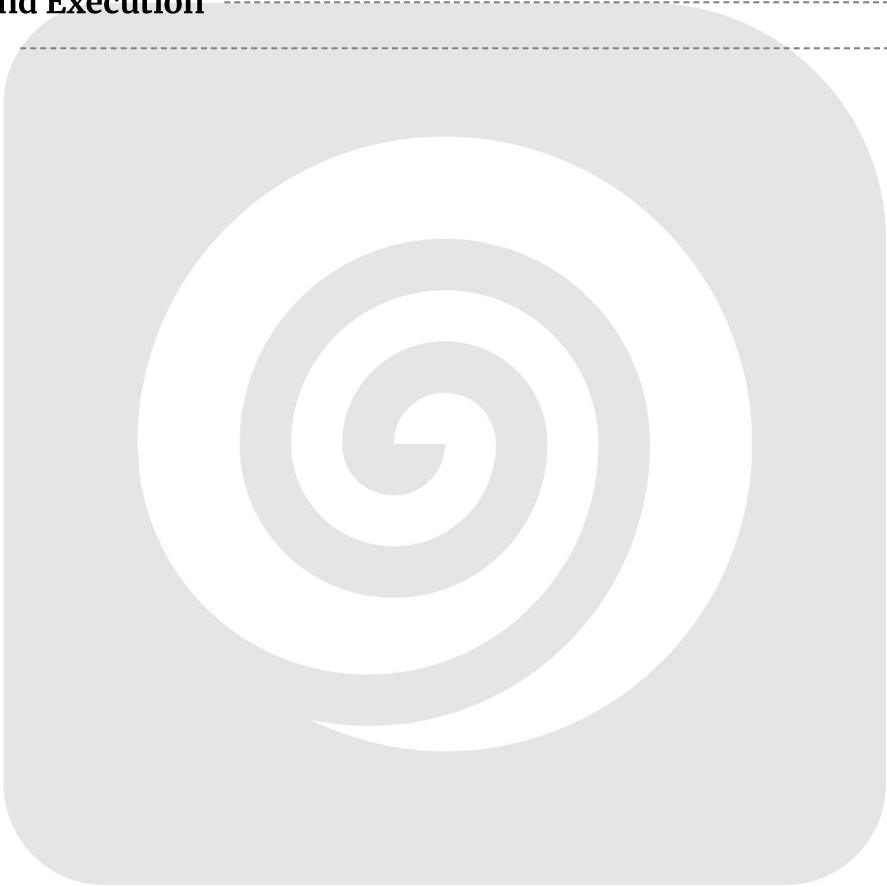
 Amendments 14

 Notices 14

 Entire Agreement 14

Signatures and Execution 14

 Execution 14



Introduction and Purpose

Introduction

This Venture Capital Agreement (the "Agreement") is made and entered into as of August 9, 2025, by and between 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 ("DocuPal"), and Acme, Inc, also a United States company, located at 3751 Illinois Avenue, Wilsonville, Oregon - 97070 ("ACME-1").

Purpose

The primary purpose of this Agreement is to set forth the terms and conditions under which ACME-1 will invest one million U.S. dollars (\$1,000,000) in DocuPal. In exchange for this investment, DocuPal will issue Series A Preferred Stock to ACME-1. This investment is based on a pre-money valuation of DocuPal of five million U.S. dollars (\$5,000,000). The agreement details the rights and obligations of both parties, including matters related to board representation, anti-dilution protection, liquidation preferences, and operational guidelines for DocuPal.

Investment Terms

Investment Amount and Valuation

ACME-1 will invest \$1,000,000 (USD) in Docupal Demo, LLC. The pre-money valuation of Docupal Demo, LLC is set at \$5,000,000. This valuation serves as the basis for determining the number of shares issued to ACME-1.

Securities Issued

In consideration for the investment, Docupal Demo, LLC will issue Series A Preferred Stock to ACME-1. The specific rights, preferences, and privileges of the Series A Preferred Stock are detailed in subsequent sections of this agreement.



Share Price and Calculation

The per-share price of the Series A Preferred Stock has been calculated based on the agreed-upon pre-money valuation and the investment amount. This calculation is as follows:

- **Pre-Money Valuation:** \$5,000,000
- **Investment Amount:** \$1,000,000
- **Total Post-Money Valuation:** \$6,000,000

The number of shares issued to ACME-1 will be determined by dividing the investment amount by the per-share price. The exact number of shares will be specified in the closing documents.

Closing and Payment

The closing of this investment is subject to the satisfaction of customary closing conditions. ACME-1 will deliver the investment amount of \$1,000,000 to Docupal Demo, LLC upon the closing date. The funds will be transferred to a bank account designated by Docupal Demo, LLC.

Use of Proceeds

Docupal Demo, LLC will use the proceeds from this investment for general corporate purposes. These purposes include, but are not limited to, product development, sales and marketing activities, and working capital. Docupal Demo, LLC agrees to use the funds responsibly and in a manner consistent with its business plan.

Capitalization Table

The capitalization table after the investment will reflect the new ownership structure, including ACME-1's stake in Docupal Demo, LLC. A pro forma capitalization table will be attached as an exhibit to this agreement. The capitalization table provides a detailed overview of the company's equity ownership.



Rights and Obligations of Investors

This section details the rights and obligations granted to ACME-1 (hereinafter referred to as "Investor") as a result of their investment in DocuPal Demo, LLC.

Investor Rights

The Investor, by virtue of holding Series A Preferred Stock, is entitled to certain rights designed to protect their investment and ensure their participation in the governance of DocuPal Demo, LLC.

Voting Rights

The Investor will have voting rights equivalent to the number of common shares into which their preferred shares can be converted. This ensures that the Investor's voting power is proportional to their ownership stake in the company.

Board Representation

ACME-1 shall have the right to appoint one member to the Board of Directors of DocuPal Demo, LLC. This board seat allows the Investor to actively participate in strategic decision-making and provide oversight of the company's operations. The appointed board member will have the same rights, responsibilities, and liabilities as other board members.

Information Rights

To ensure transparency and enable informed decision-making, DocuPal Demo, LLC will provide the Investor with regular updates and information about the company's performance. Specifically, the Investor will receive:

- **Monthly Financial Reports:** These reports will provide a detailed overview of the company's financial performance, including key metrics such as revenue, expenses, and cash flow.
- **Annual Audited Statements:** The Investor will receive audited financial statements prepared in accordance with generally accepted accounting principles (GAAP). These statements will provide an independent assessment of the company's financial position.



The Investor is entitled to inspect the books and records of DocuPal Demo, LLC at reasonable times with prior notice.

Anti-Dilution Protection

The Investor's investment is protected by anti-dilution provisions. These provisions ensure that if DocuPal Demo, LLC issues new shares at a price lower than the price paid by the Investor, the Investor's conversion ratio will be adjusted to compensate for the dilution. The specific mechanism for anti-dilution protection will be [Specify Type, e.g., "weighted average" or "full ratchet"].

Liquidation Preference

In the event of a liquidation, dissolution, or winding up of DocuPal Demo, LLC, the Investor will be entitled to a liquidation preference. This means that the Investor will receive a certain amount of money before any distribution is made to the holders of common stock. The liquidation preference will be [Specify multiple, e.g., "one times the original investment amount"]. After the liquidation preference is paid, the Investor will participate pro rata with the common stockholders in any remaining assets.

Investor Obligations

While the Venture Capital Agreement primarily focuses on protecting investor rights, the Investor also has certain obligations.

Confidentiality

The Investor agrees to hold confidential any non-public information they receive about DocuPal Demo, LLC. This includes financial information, business plans, and other sensitive data. This obligation will survive the termination of this agreement.

Cooperation

The Investor agrees to reasonably cooperate with DocuPal Demo, LLC in connection with the company's business. This may include providing advice, introductions, and other assistance as reasonably requested.



Compliance

The Investor must comply with all applicable laws and regulations in connection with their investment in DocuPal Demo, LLC.

Representations and Warranties

Representations and Warranties by Docupal Demo, LLC

Docupal Demo, LLC represents and warrants to ACME-1 as of the date of this Agreement that:

- **Organization and Standing:** Docupal Demo, LLC is a duly organized and validly existing company in good standing under the laws of the United States.
- **Authorization:** Docupal Demo, LLC has the full right, power, and authority to enter into and perform its obligations under this Agreement. This Agreement has been duly authorized by all necessary action on the part of Docupal Demo, LLC.
- **Capitalization:** The capitalization of Docupal Demo, LLC is as set forth in Exhibit A.
- **Subsidiaries:** Docupal Demo, LLC has no subsidiaries.
- **Financial Statements:** The financial statements of Docupal Demo, LLC fairly present the financial condition and operating results of Docupal Demo, LLC as of the dates, and for the periods indicated.
- **Title to Assets:** Docupal Demo, LLC has good and marketable title to its assets, free and clear of all liens, claims, and encumbrances.
- **Intellectual Property:** Docupal Demo, LLC owns or has sufficient rights to use all intellectual property necessary to conduct its business as currently conducted. Docupal Demo, LLC warrants clear title to all its intellectual property.
- **Compliance with Laws:** Docupal Demo, LLC is in compliance with all applicable laws, regulations, and orders.
- **Litigation:** There are no pending or threatened legal actions against Docupal Demo, LLC.
- **Material Contracts:** All material contracts have been disclosed to ACME-1.
- **Disclosure:** Docupal Demo, LLC has provided ACME-1 with all information necessary for ACME-1 to make an informed decision regarding the investment contemplated by this Agreement.



Representations and Warranties by ACME-1

ACME-1 represents and warrants to Docupal Demo, LLC as of the date of this Agreement that:

- **Organization and Standing:** ACME-1 is a duly organized and validly existing entity in good standing under the laws of the United States.
- **Authorization:** ACME-1 has the full right, power, and authority to enter into and perform its obligations under this Agreement. This Agreement has been duly authorized by all necessary action on the part of ACME-1.
- **Investment Purpose:** ACME-1 is acquiring the Series A Preferred Stock for its own account for investment purposes and not with a view to distribution.
- **Accredited Investor:** ACME-1 is an accredited investor as defined in Regulation D under the Securities Act of 1933.
- **Disclosure:** ACME-1 has had the opportunity to ask questions of and receive answers from Docupal Demo, LLC concerning the business, operations, financial condition, and prospects of Docupal Demo, LLC.

Covenants and Conduct of Business

Docupal Demo, LLC agrees to certain operational covenants following ACME-1's investment. These covenants ensure responsible management and protect ACME-1's investment.

Operational Restrictions

Docupal Demo, LLC will not incur debt exceeding \$100,000 without prior written consent from ACME-1. This limit helps control financial risk and maintain a healthy balance sheet.

Required Approvals

Certain major decisions require approval from ACME-1. These include:

- **Mergers:** Any merger or consolidation with another entity.
- **Acquisitions:** Any acquisition of another company or business.
- **Asset Sales:** The sale, lease, or transfer of a significant portion of Docupal Demo, LLC's assets.



These approval rights allow ACME-1 to influence significant strategic shifts. This ensures alignment with investor interests. Docupal Demo, LLC must obtain consent before proceeding with such transactions.

Capital Structure and Anti-Dilution Provisions

This section outlines the capital structure of DocuPal Demo, LLC after Acme, Inc's investment and details the anti-dilution protections afforded to Acme, Inc.

Post-Investment Capitalization

Following the \$1,000,000 investment by ACME-1, the share ownership of DocuPal Demo, LLC will be adjusted to reflect the agreed-upon pre-money valuation of \$5,000,000. ACME-1 will hold Series A Preferred Stock. The exact percentage ownership will depend on the fully diluted capitalization of the company, calculated immediately prior to the closing of this investment.

Anti-Dilution Protection

ACME-1 will benefit from full ratchet anti-dilution protection. This provision protects ACME-1 from dilution of their ownership percentage in the event that DocuPal Demo, LLC issues shares in the future at a price lower than the price ACME-1 paid for its Series A Preferred Stock.

Full Ratchet Explained

With full ratchet anti-dilution, if DocuPal Demo, LLC issues new shares at a lower price (the "Down Round"), the conversion price of ACME-1's Series A Preferred Stock will be reduced to the price of the new shares. This adjustment results in ACME-1 receiving additional shares, effectively maintaining their percentage ownership as if they had purchased their original shares at the lower price.

Hypothetical Dilution Scenario



Consider a scenario where ACME-1 invests at \$1.00 per share. Later, DocuPal Demo, LLC issues new shares at \$0.50 per share. With full ratchet protection, the conversion price of ACME-1's Series A Preferred Stock would be adjusted to \$0.50. This adjustment increases the number of common shares ACME-1 can obtain upon conversion, thereby offsetting the dilution caused by the Down Round.

Impact of Full Ratchet

Full ratchet anti-dilution provides the strongest protection against dilution but can be highly dilutive to the founders and other existing shareholders.

Liquidation Preference and Distribution

Liquidation Preference

In the event of a Liquidation Event, the holders of Series A Preferred Stock will receive a liquidation preference. "Liquidation Event" means any sale, merger, or winding up of DocuPal Demo, LLC. The amount paid to the holders of Series A Preferred Stock will be one (1x) times the Original Purchase Price. This payment will be made before any distribution to holders of Common Stock.

Distribution Waterfall

After the Series A Preferred Stock holders receive their liquidation preference, the remaining assets of DocuPal Demo, LLC will be distributed. The distribution will be made pro rata to the holders of Common Stock. This distribution will continue until all available assets are distributed.

For example, consider a scenario where DocuPal Demo, LLC is sold for \$10,000,000.

- **Series A Preferred Stock:** Acme, Inc, as the holder of Series A Preferred Stock, would first receive its 1x liquidation preference of \$1,000,000.
- **Remaining Assets:** \$9,000,000 would then be available for distribution to the holders of Common Stock. The distribution would be pro rata based on their ownership percentage.



Exit and Transfer Restrictions

Lock-Up Period

The Founders and Key Holders agree to a lock-up period of one (1) year from the closing date of this agreement. During this period, they will not sell, transfer, assign, pledge, or otherwise dispose of any shares of the Company's Common Stock or securities convertible into or exchangeable for Common Stock, held by them as of the closing date.

Right of First Refusal

The Company and its investors, including ACME-1, maintain a right of first refusal on any proposed transfer of shares by existing stockholders. Before any stockholder can transfer shares to a third party, they must first offer those shares to the Company and its investors at the same price and terms offered to the third party. The Company will have the initial right to purchase the shares. If the Company declines, the investors will have the right to purchase the shares, pro rata based on their equity ownership.

Tag-Along Rights

In the event of a proposed transfer of shares by a Founder or Key Holder to a third party, ACME-1 and other investors will have tag-along rights. This means that ACME-1 can participate in the sale and sell a proportionate number of their shares to the third-party buyer at the same price and terms. This ensures that ACME-1 has the opportunity to exit the investment under the same conditions as the Founders and Key Holders.

Permitted Transfers

Notwithstanding the above restrictions, certain transfers are permitted without triggering the right of first refusal or tag-along rights. These include transfers to:

- Family members or trusts for estate planning purposes, provided that the transferee agrees to be bound by the terms of this agreement.
- Affiliates of a stockholder, provided that the stockholder retains voting control of the transferred shares.



Buyback Provisions

The Company retains the right to repurchase shares from departing employees or consultants at fair market value, as determined by an independent appraiser. This provision allows the Company to maintain control over its equity and prevent shares from falling into the hands of competitors or other undesirable parties.

Exit Transactions

In the event of a merger, acquisition, or sale of all or substantially all of the Company's assets, ACME-1's Series A Preferred Stock will have liquidation preferences as detailed in the Liquidation Preference section of this agreement. These preferences ensure that ACME-1 receives a return on its investment before other stockholders.

Confidentiality and Non-Compete

Confidentiality

Both ACME-1 and Docupal Demo, LLC agree to hold all non-public information about the other party in strict confidence. This includes, but is not limited to, business plans, financial data, customer lists, and technological information. Each party will protect this confidential information with the same degree of care it uses to protect its own confidential information, but no less than reasonable care. This obligation of confidentiality will continue even after the termination of this Agreement. Information already publicly available or independently developed will not be subject to this confidentiality obligation. Disclosure may be made if required by law, provided that the disclosing party gives the other party prompt notice, if legally permissible, to allow the other party to seek a protective order or other appropriate remedy.

Non-Compete

ACME-1, as an investor, has no restrictions on investing in or operating competing businesses. This means ACME-1 is free to invest in or operate any business, even if it directly competes with Docupal Demo, LLC. Docupal Demo, LLC acknowledges and



agrees to this provision. This clause reflects the nature of ACME-1's role as a financial investor and does not prevent them from diversifying their investment portfolio.

Dispute Resolution and Governing Law

Dispute Resolution

Any dispute arising from or related to this Venture Capital Agreement will be resolved through binding arbitration. The arbitration will take place in Delaware. The decision of the arbitrator will be final and binding on both DocuPal Demo, LLC and ACME-1. Both parties agree to accept the arbitrator's decision as the exclusive means of resolving any conflict related to this agreement.

Governing Law

The laws of the State of Delaware govern this Venture Capital Agreement, without regard to its conflict of laws principles. Delaware law will be used to interpret and enforce the terms of this agreement.

Miscellaneous Provisions

Amendments

This agreement may be amended only by a written instrument signed by all parties. No oral modifications are effective. All changes must be formally documented to be valid.

Notices

All notices relating to this agreement must be in writing. Notices will be considered duly given if delivered via email and certified mail. Notices sent by email are effective upon confirmation of receipt. Notices sent by certified mail are effective three business days after mailing. The addresses for notices are those listed in the introductory section of this agreement, or as subsequently updated by written notice.



Entire Agreement

This agreement constitutes the entire agreement between the parties. It supersedes all prior negotiations, representations, and agreements, whether oral or written. This document represents the complete and exclusive statement of the terms agreed upon. There are no other promises or understandings outside of what is written here.

Signatures and Execution

This Venture Capital Agreement shall become effective as of January 1, 2024.

Execution

To acknowledge their agreement to the terms and conditions outlined within this Venture Capital Agreement, the authorized representatives of the parties involved have duly executed this document.

DocuPal Demo, LLC

Signature:	
Name:	
Title:	CEO
Date:	2025-08-09

Acme, Inc

Signature:	
Name:	
Title:	CEO
Date:	2025-08-09

