

CAFFEVOLVE™

*Tailored. Enhanced. Any time of day.
Coffee Without a Curfew*

Understanding Your Investment Options

A Plain-Language Guide for Prospective Investors

Seed Investment — \$75,000

Caffevoive Corporation
Brent Langevin, Founder | (571) 464-9451
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Welcome: What This Guide Is About

If you are considering investing \$75,000 in Caffeolve™, you may be wondering how your investment would actually be structured. What exactly do you get in return? When and how does your investment turn into ownership or profit? What are the risks?

This guide walks you through those questions in plain language. We explain three different investment structures—Convertible Note, SAFE Note, and Direct Equity—so you can make an informed decision about which one fits your goals. No finance degree required.

Quick Refresher: Caffeolve™ is developing patent-pending coffee machines that let you choose exactly how much caffeine goes into your cup (anywhere from 0% to 100%) while keeping the same great flavor. Instead of building and selling machines ourselves, we license our patented technology to major brands like Breville and Ninja—they manufacture and sell, we collect royalties on every unit.

Key Terms You Should Know

Before we dive in, here are some terms you will see throughout this guide. Think of this as a mini-glossary you can refer back to anytime.

Term	What It Means (In Plain English)
Equity	Ownership in the company. If you own 3% equity, you own 3% of Caffeolve™. Think of it like owning a slice of a pie—the bigger the pie grows, the more your slice is worth.
Pre-Money Valuation	What the company is worth before your investment. We're using \$2.5 million. After you invest \$75,000, the total "post-money" value becomes \$2,575,000.
Post-Money Valuation	Pre-money valuation plus the money invested. $\$2,500,000 + \$75,000 = \$2,575,000$. Your ownership percentage is calculated from this number: $\$75,000 \div \$2,575,000 = 2.91\%$.
Convertible Note	A loan that automatically turns into ownership (equity) later, usually when the company raises more money. It's like saying, "I'm lending you \$75,000 now, but instead of getting cash back, I'll get company shares later—and at a discount for taking the early risk."
SAFE Note	Stands for "Simple Agreement for Future Equity." Created by Y Combinator (a famous startup incubator). Like a convertible note, your money converts into equity later—but there is no interest, no maturity date, and no loan to repay. It's simpler paperwork with the same basic idea.
Valuation Cap	A ceiling on the price at which your investment converts into equity. Even if the company becomes worth \$10 million later, your shares

	are priced as if the company were only worth \$2.5 million. This protects early investors and rewards you for taking the risk.
Discount Rate	An additional price break on shares when your note converts. A 20% discount means you pay 80 cents for every dollar of share value that later investors pay. You get the better of the discount OR the valuation cap—whichever gives you more shares.
Maturity Date	The deadline for a convertible note. If the note hasn't converted into equity by this date (24 months for Caffevolve™), you and the company decide what happens next: convert at the cap, or get your money back plus interest.
Royalty	A fee that manufacturers pay Caffevolve™ for every machine they sell using our patented technology. Like a songwriter earning money each time their song plays on the radio. We target 5–8% of each unit's wholesale price.
Pro-Rata Rights	The right to invest more money in future rounds to maintain your ownership percentage. If the company raises money again later, you get first dibs to participate so your slice of the pie doesn't get smaller.
Preferred Shares	A special type of stock that comes with extra protections compared to common stock. If the company is sold or shut down, preferred shareholders get paid back before common shareholders (like the founder). Think of it as having a reserved seat at the front of the line.

Your Three Investment Options

We offer three ways to invest \$75,000 in Caffeolve™. Each one is a standard structure used by thousands of startups. The differences come down to how much complexity you want, when you get ownership, and what protections you prefer.

Option A: Convertible Note (Our Recommendation)

How It Works

A convertible note is essentially a short-term loan to the company. But instead of getting your money back in cash, the loan automatically converts into company shares when a specific event happens—in our case, when Caffeolve™ either raises \$250,000 or more in a future funding round, or signs its first licensing deal with a manufacturer.

Think of it this way: you are lending the company money now, but what you are really buying is the right to own part of the company later—at a favorable price.

The Key Terms

Term	Details
Your Investment	\$75,000
Interest Rate	6% per year (simple, not compounded). This means your \$75,000 earns \$4,500 per year in interest. After 2 years, you'd have \$84,000 worth of value converting into shares.
Maturity	24 months. If the note hasn't converted by then, you choose: convert into equity at the \$2.5M cap, or receive your money back plus interest.
Valuation Cap	\$2,500,000. No matter how high the company's value climbs, your shares are priced at this lower number.
Discount	20%. When the note converts, you get shares at 20% less than what the next investors pay. You receive whichever calculation gives you more shares: the cap or the discount.
Conversion Trigger	Automatic when the company raises \$250,000+ in new funding or signs its first licensing agreement.

Example: How This Could Play Out

Scenario: 18 months after your investment, Caffeolve™ signs a licensing deal with a major manufacturer and raises a \$1 million funding round that values the company at \$8 million.

New investors pay \$8 million valuation — their \$1M buys 12.5% of the company.

You convert at the \$2.5M cap. Your \$75,000 (plus ~\$6,750 in accrued interest) converts as if the company were worth only \$2.5M, not \$8M. That means you get roughly 3.2% of the company—whereas \$81,750 invested at the \$8M valuation would only buy about 1%. Your early bet tripled your ownership compared to waiting.

Why we recommend this option: It is the most common structure for early-stage startups like Caffevolve™ that have strong intellectual property but have not yet generated revenue. It rewards you for investing early, gives you a safety net (you can get your money back if things stall), and delays the need to argue about exactly what the company is worth today.

Option B: SAFE Note

How It Works

A SAFE (Simple Agreement for Future Equity) is similar to a convertible note, but even simpler. It was invented by Y Combinator, the famous startup incubator that helped launch companies like Airbnb and Stripe.

The core idea is the same: your \$75,000 converts into equity later. But a SAFE is not a loan. There is no interest, no maturity date, and no repayment obligation. You are simply purchasing the right to receive shares in the future at a favorable price.

The Key Terms

Term	Details
Your Investment	\$75,000
Interest Rate	None. A SAFE is not a loan, so it does not earn interest.
Maturity Date	None. The SAFE stays in place until it converts—there is no deadline.
Valuation Cap	\$2,500,000. Same protection as the convertible note—your shares are priced at this ceiling even if the company is worth much more.
Conversion Trigger	Automatic when the company raises a future funding round or has a liquidity event (like being acquired). You convert at the lower of the \$2.5M cap or the new round's price.

Example: How This Could Play Out

Same scenario as above: Caffevolve™ raises \$1 million at an \$8 million valuation 18 months later.

Your SAFE converts at the \$2.5M cap. Your \$75,000 buys approximately 3% of the company at the capped price—the same favorable outcome as the convertible note. The

difference: no interest accumulated, so you convert at exactly \$75,000 rather than ~\$81,750.

When this option makes sense: A SAFE works well if you are comfortable waiting an indefinite amount of time for conversion and you prefer the simplest possible legal paperwork. It is also a good fit if you are less concerned about earning interest and more focused on getting a great price on future shares.

Option C: Direct Equity

How It Works

This is the most straightforward approach: you invest \$75,000 and immediately receive shares representing 2.91% ownership of Caffeolve™. No waiting, no conversion, no complexity. You are a part-owner of the company from day one.

Your shares are Preferred Stock, which means you have extra protections that the founder's common stock does not. If the company is ever sold or winds down, preferred shareholders get paid first.

The Key Terms

Term	Details
Your Investment	\$75,000
What You Receive	2.91% ownership via Series Seed Preferred shares. This is calculated as $\$75,000 \div \$2,575,000$ (the post-money valuation).
Board Involvement	Observer seat. You can attend board meetings, see all materials, and ask questions—but you do not vote on company decisions. This gives you visibility without the legal liability of a board seat.
Pro-Rata Rights	Yes. If the company raises money again in the future, you have the right to invest more to maintain your 2.91% ownership. You are not required to—it is an option, not an obligation.
Info Rights	Quarterly written updates on patent progress, prototype development, and licensing activity.

Example: How This Could Play Out

Same scenario: The company reaches an \$8 million valuation.

Your 2.91% ownership is now worth approximately \$233,000—a 3.1x return on your \$75,000 investment. However, your percentage may decrease (this is called “dilution”) as the company issues new shares to future investors, unless you exercise your pro-rata rights to invest more and maintain your percentage.

When this option makes sense: Direct equity is ideal if you want clarity and certainty. You know exactly what you own from day one. It also provides the most investor rights (board observer seat, quarterly updates, pro-rata). The trade-off is that it requires agreeing on the company's value now—at \$2.5 million—before revenue has started flowing.

Side-by-Side Comparison

Here is how the three options stack up against each other:

Feature	Convertible Note	SAFE Note	Direct Equity
Do I own shares right away?	No — converts later	No — converts later	Yes — 2.91% on day one
Do I earn interest?	Yes — 6% per year	No	Not applicable
Can I get my money back if things stall?	Yes — at 24-month maturity	No — no maturity date	No — equity stays in the company
How complex is the paperwork?	Moderate — standard docs	Simplest — Y Combinator template	Moderate — full stock purchase
Best for investors who want...	Upside potential + a safety net	Maximum simplicity + patience	Clarity + immediate ownership + ongoing visibility

Frequently Asked Questions

What if Caffeolve™ never raises another round or signs a license?

With the Convertible Note, you are protected: after 24 months, you can choose to convert at the \$2.5M cap or request repayment of your \$75,000 plus interest. With a SAFE, you would continue waiting—there is no deadline. With Direct Equity, this question does not apply because you already own shares.

What happens to my investment if the company is acquired?

All three options protect you. With Convertible Notes and SAFEs, an acquisition triggers conversion first, then you participate in the sale proceeds. With Direct Equity, your preferred shares are paid out before common shareholders. In each case, the more the company sells for, the more you receive.

Could I lose my entire investment?

Yes. Investing in any early-stage startup carries real risk, including the potential for total loss. The patent might not be granted, manufacturers might decline to license, or the market might not develop as projected. You should only invest money you can afford to lose. We strongly recommend consulting with your own financial and legal advisors before investing.

Why is the company valued at \$2.5 million before generating revenue?

The \$2.5 million valuation reflects the value of the intellectual property (patent-pending technology), the favorable patentability opinion from Kaufhold & Dix Patent Law, the identified market opportunity (\$38.9B coffee machine market), and the asset-light licensing model. This

valuation is standard for pre-revenue companies with strong IP positions and is designed to be fair to both the investor and the founder.

Can I choose a different amount to invest?

The terms in this guide are structured around a \$75,000 investment. If you are interested in a different amount, we are happy to discuss options. Please reach out directly to Brent Langevin at (571) 464-9451.

What does my money actually pay for?

Your \$75,000 funds four key activities: filing the full (non-provisional) utility patent through a top-tier intellectual property law firm (\$20–\$25K), building a functional prototype to demonstrate the technology to manufacturers (\$15–\$20K), licensing outreach and business development including materials and trade shows (\$10–\$15K), and trademark filings plus an operating reserve to keep the company running (\$12–\$18K).

Understanding the Real Risks

We believe transparency builds trust. Before you invest, you deserve a clear-eyed look at what could go wrong, how each investment structure handles those situations, and what your realistic options would be. No sugarcoating.

Can I Lose My Entire \$75,000?

Yes. With any of the three investment structures, it is possible to lose your full investment. This is true of virtually all early-stage startup investments. You should only invest money you can afford to lose entirely without affecting your financial security or lifestyle.

That said, the three structures handle risk differently. Here is an honest look at how each one performs in a worst-case scenario.

What If the Company Never Secures Funding or a Licensing Deal?

This is the most important downside scenario to understand. Your \$75,000 will be spent over 12–24 months on patent filing, prototype development, licensing outreach, and operations. If, despite those efforts, no manufacturer signs a licensing agreement and no additional investors come in, here is what happens with each structure:

Structure	What Happens If Nothing Materializes by Month 24
Convertible Note	<p>You have a legal right to demand repayment of \$75,000 plus accrued interest (~\$84,000 after 24 months). This is the safety net that makes this option our recommendation.</p> <p>However, here is the realistic catch: if the company has spent the money on patent work, prototyping, and operations (exactly as planned), it may not have \$84,000 in cash to repay you. A legal right to repayment is only valuable if the company has assets to pay with.</p> <p>In practice, you and the company would likely negotiate one of three outcomes: (1) you convert into equity at the \$2.5M cap anyway, betting the patent still has value, (2) the maturity date is extended to give the company more runway, or (3) you demand repayment, which could force the company into dissolution—where you might recover some value from the patent asset, but likely not the full amount.</p>
SAFE Note	<p>There is no maturity date and no repayment right. Your SAFE simply stays in place indefinitely, waiting for a conversion event that may never come. You cannot demand your money back.</p> <p>If the company eventually shuts down, SAFE holders are generally treated as unsecured creditors—meaning you would receive a share of any remaining assets (likely the patent), but only after secured debts are paid. In many startup wind-downs, this means little or no recovery.</p>
Direct Equity	<p>You own 2.91% of the company—but 2.91% of a company with no revenue and no licensing deals may be worth very little. Your Preferred Shares do give you priority over the founder's common stock in a wind-down, meaning you get paid first from whatever assets remain.</p>

However, if the only remaining asset is the patent itself, its value would depend on whether a buyer can be found—and fire-sale patent prices are typically far below the original development cost.
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The Specific Risks and Why They Matter

Here are the key risks that could lead to a loss, explained in plain terms:

Patent Risk. The patent application might be denied, or the United States Patent and Trademark Office (USPTO) may grant a narrower patent that covers less than we hope. A narrower patent would still have value but would be easier for manufacturers to design around—meaning they could build something similar without licensing from us. ***What we have done to reduce this risk:*** A patentability search by Kaufhold & Dix Patent Law (February 2026) examined 11 prior art references and concluded that utility patent protection is potentially available. We plan to hire a top-tier patent firm to draft the strongest possible claims.

Licensing Risk. Major manufacturers like Breville, Fellow, and Ninja may choose not to license our technology. They might prefer to develop their own solutions internally, or they might decide the market for caffeine-customized coffee is too small to pursue. No licensing agreements means no royalty revenue. ***What we have done to reduce this risk:*** We are targeting 5+ manufacturers simultaneously so we are not dependent on any one company saying yes. A granted patent creates a legal barrier that makes licensing more attractive than designing around our technology.

Market Risk. Consumer demand for caffeine-customized coffee might be lower than our research suggests. The “3 PM dilemma” is a real phenomenon (64% of coffee drinkers avoid afternoon coffee due to caffeine concerns), but that does not guarantee consumers will pay a premium for a machine that solves it. ***What we have done to reduce this risk:*** The \$38.9 billion coffee machine market and \$280 billion functional beverage market are both growing. Our licensing model means we do not need to convince millions of consumers directly—we need to convince a handful of manufacturers who already have distribution and marketing.

Competition Risk. Another company could develop similar technology independently, potentially before our patent is granted. Large appliance manufacturers have significant R&D resources. ***What we have done to reduce this risk:*** Our provisional patent establishes a priority date, and our specific seven-phase architecture (gravimetric dispensing, active blending, in-stream additive delivery) is novel according to the patent search. No existing product or patent covers this combination.

Timing Risk. Everything might take longer than expected. Patent prosecution often takes 2–3 years. Licensing negotiations with large corporations can be slow. Revenue may not arrive within the timelines projected in our memorandum. ***What we have done to reduce this risk:*** The budget includes a 6–12 month operating reserve. The Convertible Note has a 24-month maturity, giving the company time to execute. Milestone-driven deployment ensures funds are spent strategically, not all at once.

Realistic Downside Scenarios: What Could You Get Back?

To help you think through the range of outcomes, here are three scenarios showing what might happen at different levels of company success:

Scenario	Convertible Note	SAFE Note	Direct Equity
Worst Case: Company shuts down, no deals	You have a repayment claim, but the company likely has little cash. You might recover some value from the patent asset. Potential loss: most or all of \$75,000.	No repayment right. You receive a share of remaining assets (if any) as an unsecured creditor. Potential loss: most or all of \$75,000.	Preferred shares give you priority in wind-down, but remaining assets may be minimal. Potential loss: most or all of \$75,000.
Middle Case: Patent granted but licensing is slow	At 24-month maturity, you negotiate: extend the note or convert at the \$2.5M cap. Your equity has value tied to the granted patent, but no revenue yet. Your \$75K could be worth roughly \$75K–\$150K depending on patent strength.	Your SAFE remains in place, waiting for a conversion event. Value is uncertain until a funding round or deal occurs. Your money is locked up with no timeline for resolution.	You own 2.91% of a company with a granted patent but no revenue. The shares have value on paper, but you cannot easily sell them. Worth depends entirely on future licensing success.
Best Case: Multiple licensing deals, strong growth	Converts at \$2.5M cap with 20% discount. In a scenario where the company reaches \$8M+ valuation, your ~\$81,750 (with interest) could convert into ~3.2% ownership worth \$250K+.	Converts at \$2.5M cap. Your \$75,000 converts into ~3% ownership. Same upside as the convertible note but without the interest bonus.	Your 2.91% ownership at an \$8M valuation is worth ~\$233,000. Clear and straightforward—no conversion math required.

The Bottom Line on Risk

All three investment structures carry the same fundamental risk: if Caffeolve™ does not succeed in securing a patent and licensing it to manufacturers, your investment could lose most or all of its value. The differences between the three options are about **how** you experience that risk—not **whether** risk exists.

The Convertible Note offers the most downside protection (repayment right at maturity). Direct Equity offers the most transparency (you know what you own from day one). The SAFE offers the most simplicity (but the least protection if things go slowly).

We strongly encourage you to consult with your own financial advisor and/or attorney before making a decision.

What Happens Next

If you are ready to move forward—or simply want to ask more questions—here is the process:

1. **Choose your preferred structure.** Review the three options above and decide which one fits your investment style. Not sure? We are happy to talk it through.
2. **We prepare the legal documents.** Based on your choice, our legal counsel prepares the appropriate agreement (note, SAFE, or stock purchase) for your review.
3. **Review with your own advisor.** We encourage every investor to have their own attorney or financial advisor review the documents before signing.
4. **Sign and fund.** Once both parties sign, you transfer \$75,000 and the investment is official.
5. **We get to work.** Within 90 days: top-tier patent firm retained and non-provisional patent filed. Within 120 days: prototype development begins. Within 180 days: first manufacturer outreach. You receive written progress reports at each milestone.

Ready to talk?

Contact Brent Langevin, Founder & Inventor

Phone: (571) 464-9451

Caffeolve Corporation | Kenosha, Wisconsin

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