

# CAFFEVOLVE™ CORPORATION

## Investor Term Sheet

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

### PURPOSE OF THIS TERM SHEET

This term sheet outlines two alternative investment structures under which an investor may provide \$75,000 to fund Caffevolve™ Corporation's utility patent filing costs, including USPTO fees and legal expenses. This document is non-binding and is intended to facilitate discussion. Definitive agreements will be subject to legal review and mutual execution.

**Issuer:** Caffevolve™ Corporation, Kenosha, WI | **Date:** February 2026 | **Funding Amount:** \$75,000

### OPTION A | SAFE — Simple Agreement for Future Equity

A SAFE (Simple Agreement for Future Equity) converts the investor's \$75,000 into equity at a future priced funding round at a predetermined discount. There is no interest accrual and no repayment deadline, making this the cleanest structure for both parties at this stage.

### Key Terms

<b>Investment Amount</b>	\$75,000 USD
<b>Instrument</b>	Simple Agreement for Future Equity (SAFE)
<b>Valuation Cap</b>	\$2,000,000 (pre-money)
<b>Discount Rate</b>	20% discount to the price per share at the next priced equity round
<b>Conversion Event</b>	Qualified financing of \$250,000 or more, or a Change of Control event (defined as merger, acquisition, or sale of substantially all assets of Caffevolve™ Corporation)
<b>Change of Control Payout</b>	In the event of a Change of Control prior to a qualified financing round, the investor shall receive the greater of: (1) a cash payment equal to the original invested amount (\$75,000), or (2) the amount the investor would have received had the SAFE converted to equity immediately prior to closing at the valuation cap price. Payment shall be made at closing from acquisition proceeds before any distribution to founders or common stockholders.
<b>Interest</b>	None
<b>Maturity / Repayment</b>	None — this is not a debt instrument
<b>Pro-Rata Rights</b>	Investor shall have the right (not obligation) to participate in the next priced round up to their pro-rata ownership percentage
<b>MFN Provision</b>	If the Company issues subsequent SAFEs on more favorable terms prior to conversion, Investor may elect to adopt those terms

<b>Governing Law</b>	State of Delaware
----------------------	-------------------

**⚠ RISK OF TOTAL LOSS**

Investment in a SAFE is highly speculative and involves a significant risk of total loss of the entire invested amount. A SAFE is not a debt instrument — it carries no obligation for repayment of principal or payment of interest. If Caffevolve™ Corporation fails to raise a qualified financing round, ceases operations, or is dissolved prior to a conversion or liquidity event, the investor may lose the entire \$75,000 with no recourse. SAFEs are illiquid instruments and the investor should have no expectation of being able to sell or transfer this instrument prior to a conversion event. This investment is suitable only for persons who can afford to lose the entire amount invested.

### How Conversion Works

At the next priced equity round, the investor's \$75,000 converts to shares at the lower of: (1) the valuation cap price per share (\$2M ÷ fully diluted shares), or (2) the round price per share multiplied by the discount factor (1 - 20% = 0.80). The investor receives whichever method yields more shares, providing meaningful downside protection.

### Why This Structure Works for Both Parties

- No repayment pressure — Caffevolve™ retains full operational flexibility during pre-revenue patent phase.
- Investor benefits materially if Caffevolve™ closes a licensing deal that triggers a priced round above the \$2M cap.
- Low legal cost to execute — SAFE agreements are standardized and can be drafted efficiently.
- Cap table remains clean and uncluttered for future manufacturer licensing partners.

## OPTION B | IP-Backed Revenue Royalty Agreement

Under this structure, the investor provides \$75,000 in exchange for a defined royalty stream drawn from future licensing revenues. The investor receives a cash return with a capped upside, and Caffevolve™ retains 100% of its equity. This is an attractive option for investors who prefer income-style returns over ownership stakes.

### Key Terms

<b>Investment Amount</b>	\$75,000 USD
<b>Instrument</b>	IP-Backed Revenue Royalty Agreement
<b>Royalty Rate</b>	3% of Net Licensing Revenue received by Caffevolve™ Corporation
<b>Return Cap</b>	3× the invested amount — \$225,000 total return (representing a \$150,000 profit)
<b>Term</b>	Until the Return Cap is reached, or 8 years from the date of execution, whichever comes first

<b>Revenue Definition</b>	"Net Licensing Revenue" means gross licensing fees and royalties received by Caffevolve™, less reasonable costs of collection and withholding taxes
<b>Payment Frequency</b>	Quarterly, within 30 days following the end of each calendar quarter in which revenue is received
<b>Reporting</b>	Quarterly statement of Net Licensing Revenue with each payment; annual audit right upon reasonable notice
<b>Equity Interest</b>	None — Investor receives no ownership stake, voting rights, or board representation
<b>Acceleration</b>	If Caffevolve™ is acquired, the remaining balance to Return Cap becomes immediately due and payable
<b>Subordination</b>	Royalty obligations are subordinate to institutional debt financing up to \$500,000
<b>Governing Law</b>	State of Delaware

**⚠ RISK OF TOTAL LOSS**

Investment under a Revenue Royalty Agreement is speculative and carries a significant risk of total loss of the entire invested amount. Royalty payments are entirely contingent on Caffevolve™ Corporation generating licensing revenue — there is no guarantee that any revenue will be earned. If the Company fails to secure licensing agreements, ceases operations, or is dissolved before sufficient revenue is generated to repay the invested capital, the investor may lose the entire \$75,000 with no recourse. The 8-year term cap means that if the 3× return cap is not reached within that period, the agreement terminates regardless of any unpaid balance. This investment is suitable only for persons who can afford to lose the entire amount invested.

**Illustrative Return Scenarios**

Annual Net Licensing Revenue	Annual Royalty @ 3%	Years to Reach Cap	Total Investor Return
\$500,000	\$15,000	>8 years (term cap)	\$225,000
\$1,000,000	\$30,000	~7.5 years	\$225,000
\$2,000,000	\$60,000	~3.75 years	\$225,000
\$5,000,000	\$150,000	~1.5 years	\$225,000

*Note: Revenue projections are illustrative only and do not constitute a guarantee of returns. Caffevolve™'s financial projections indicate licensing revenue potential of \$892M over five years across multiple manufacturer partners.*

**Why This Structure Works for Both Parties**

- Caffevolve™ retains 100% equity — cap table remains pristine for future licensing partners and seed investors.
- Investor receives a defined cash return (up to 3×) with a clear path to payout as licensing deals are secured.

- Royalty obligation is tied directly to revenue — no revenue, no payment — aligning interests.
- Acceleration clause ensures investor receives the full return cap balance at closing of any acquisition — even if zero licensing revenue has been earned — providing day-one protection.

## SIDE-BY-SIDE COMPARISON

Feature	Option A — SAFE	Option B — Royalty
<b>Investor Gets</b>	Future equity stake	Cash royalty payments
<b>Equity Dilution</b>	Yes, at conversion	None
<b>Upside for Investor</b>	Unlimited (equity-linked)	Capped at 3x (\$225,000)
<b>Cash Return Timeline</b>	Upon liquidity event	As licensing revenue flows
<b>Repayment Obligation</b>	None	Revenue-contingent
<b>Interest / Carrying Cost</b>	None	None
<b>Complexity</b>	Low	Moderate
<b>Best Fit If...</b>	Investor believes in long-term equity upside	Investor prefers near-term cash returns

## GENERAL PROVISIONS | Applicable to Both Options

<b>Confidentiality</b>	This term sheet and all related discussions are confidential. Investor agrees not to disclose terms to third parties without written consent of Caffevolve™ Corporation.
<b>Non-Binding</b>	This term sheet is non-binding and does not constitute a commitment to invest. Definitive agreements will be subject to legal review and mutual execution by both parties.
<b>Exclusivity</b>	Upon mutual agreement to proceed, Caffevolve™ agrees to a 30-day exclusivity period during which it will not solicit competing investment for this specific patent funding tranche.
<b>Expenses</b>	Each party is responsible for its own legal and advisory costs in connection with reviewing and executing definitive agreements.
<b>Use of Proceeds</b>	100% of the \$75,000 investment will be applied to utility patent filing costs, including USPTO fees, professional patent drawings, and legal counsel fees.

<b>Amendments</b>	Any modification to these terms must be made in writing and executed by both parties.
<b>Governing Law</b>	State of Delaware, without regard to conflict of law provisions.

## ACKNOWLEDGMENT & NEXT STEPS

To indicate interest in proceeding under one of the above options, please sign below and return this term sheet to Brent Langevin at Caffevolve™ Corporation. The parties will then engage legal counsel to prepare definitive agreements.

Selected Option (circle one): A / B / Open to Discussion

**Caffevolve™ Corporation**

Investor Signature

Brent Langevin, Founder

Printed Name & Date

(571) 464-9451 | February 2026

*This document is intended for discussion purposes only. Caffevolve™ Corporation recommends that all parties seek independent legal counsel before executing any definitive investment agreement.*