

[COMPANY NAME]

FlashFunders
Attn: Investment Manager
15260 Ventura Blvd, 20th Floor
Sherman Oaks, CA 91403
Email: legal@flashfunders.com

Re: Investment Rights

Ladies and Gentlemen:

By execution of this letter agreement (this “**Agreement**”), the undersigned Company agrees that FlashFunders Securities, LLC, or its permitted assigns (“**Investor**”), is entitled to subscribe for and purchase from the Company the Securities at the Purchase Price, on the terms and conditions set forth in this Agreement. **Certain capitalized terms are defined on the attached Exhibit A.**

The rights to purchase the Securities pursuant to this Agreement (the “**Rights**”) are granted to Investor as a condition to and in consideration of the Company’s use of the *FlashFunders*TM online platform and related services to conduct and close the Offering.

1. Exercise of Rights Investment.

1.1 The Rights may be exercised in whole or in part at any time during the Investment Period, by delivery by Investor of the following to the Company:

- (a)** A written Notice of Investment (in substantially the form attached hereto), specifying the number of Securities being purchased and exercise method;
- (b)** Payment of the aggregate Purchase Price for the number of Securities being purchased by electronic transfer of funds or by check, by cancellation of indebtedness, or any combination of the foregoing (or a net exercise as provided in Section 1.2); and
- (c)** Executed counterpart signatures to the Investor Agreements by Investor (to the extent Investor is not already a party thereto).

Upon the exercise of the Rights, (i) the Company will immediately countersign and deliver to Investor the fully executed Investor Agreements and (ii) a certificate or certificates for the Securities purchased, registered in the name of Investor or persons affiliated with Investor, if Investor so designates, shall be issued and delivered to Investor within a reasonable time following exercise of the rights. In the event that this Agreement is being exercised for less than all of the then-current number of Securities purchasable hereunder, Investor shall continue to have the Right to purchase the remaining number of Securities purchasable for the remainder of the Investment Period.

1.2 Notwithstanding any provisions herein to the contrary, if the Fair Market Value per share of the Securities is greater than the Purchase Price (at the date of calculation as set forth below), in lieu of exercising the Rights by payment as described in Section 1.1, Investor may elect to receive shares equal to the value (as determined below) of the Rights (or the portion thereof being canceled) by notice of the exercise of the Rights pursuant to this Section 1.2 in which event the Company shall issue to Investor a number of Securities computed using the following formula:

$$X = \frac{Y (A-B)}{A}$$

Where X = the number of Securities to be issued to Investor

Y = the number of Securities purchasable under this Agreement or, if only a portion of the Rights are being exercised, that portion of the Rights being exercised (at the date of such calculation)

A = the fair market value of one share of the Securities (at the date of such calculation)

B = Purchase Price (as adjusted to the date of such calculation)

For purposes of the above calculation “**fair market value**” means, as of a particular date, an amount per share of the Securities determined as follows:

(a) If the Rights are exercised pursuant to this Section 1.2 in connection with the Company’s initial public offering of its common stock, the fair market value per share shall be the product of (i) the per share offering price to the public of the Company’s initial public offering, and (ii) the number of shares of common stock into which each share of the Securities is convertible at the time of such exercise;

(b) If traded on a securities exchange (including, without limitation, the New York Stock Exchange or American Stock Exchange) or The NASDAQ Stock Market (including, without limitation, The NASDAQ Global Select Market, The NASDAQ Global Market or The NASDAQ Capital Market), the Fair Market Value shall be deemed to be the average of the closing prices of the Securities on such exchange or market over the five (5) trading days ending immediately prior to the applicable date of valuation;

(c) If actively traded on the Over-The-Counter Bulletin Board, Pink Sheets, or other over-the-counter market, the Fair Market Value shall be deemed to be the average of the closing bid prices over the thirty (30)-day period ending immediately prior to the applicable date of valuation; and

(d) If there is no active public market, the Fair Market Value shall be the value thereof, as agreed upon by the Company and Investor; provided, however, that if the Company and Investor cannot agree on such value, such value shall be determined by an independent valuation firm experienced in valuing businesses such as the Company and selected

in good faith by the Company and reasonably acceptable to Investor. Fees and expenses of the valuation firm shall be paid for by the Company

1.3 No fractional shares shall be issued upon the exercise of the Rights. If, after aggregation of all Securities to be issued upon exercise of the Rights, the exercise would result in the issuance of a fractional share, the Company shall, in lieu of issuance of any fractional share, pay Investor otherwise entitled to such fraction a sum in cash equal to the product resulting from multiplying the then current fair market value of one share of the Securities by such fraction.

2. Adjustment of Purchase Price and Number of Securities.

2.1 In the event of changes in the series of equity securities of the Company comprising the Securities by reason of stock dividends, splits, recapitalizations, reclassifications, combinations or exchanges of shares, separations, reorganizations, liquidations, or the like, the number and class of Securities purchasable under the Agreement in the aggregate and the Purchase Price shall be correspondingly adjusted to give the Investment, on exercise for the same aggregate Purchase Price, the total number, class, and kind of shares as Investor would have owned had the Rights been exercised prior to the event and had Investor continued to hold such securities until after the event requiring adjustment. The “**Aggregate Purchase Price**” means the aggregate Purchase Price payable in connection with the exercise in full of the Rights. The form of this Agreement need not be changed because of any adjustment in the number of Securities subject to the Rights.

2.2 Upon the automatic conversion of all outstanding shares of the series of equity securities comprising the Securities, the Rights shall become exercisable for that number of shares of common stock of the Company into which the Securities would then be convertible, so long as such shares, if the Rights had been exercised prior to such offering, would have been converted into shares of the Company’s common stock pursuant to the Company’s certificate of incorporation. In such case, all references to “Securities” shall mean shares of the Company’s common stock issuable upon exercise of the Rights, as appropriate.

2.3 In the event of, at any time during the Investment Period, any capital reorganization of the capital stock of the Company (other than as a result of a stock dividend or subdivision, split-up or combination of shares), or any merger or consolidation of the Company with or into another corporation, or the sale of all or substantially all the assets of the Company (an “**Organic Change**”), then, as a condition of such Organic Change, lawful and adequate provisions shall be made by the Company whereby Investor will thereafter have the right to purchase and receive (in lieu of the Securities of the Company immediately theretofore purchasable and receivable upon the exercise of the Rights) such shares of stock, securities or other assets or property as may be issued or payable with respect to or in exchange for a number of outstanding shares of such Securities equal to the number of shares of such stock immediately theretofore purchasable and receivable upon the exercise of the Rights, and the Purchase Price shall be appropriately adjusted so that the Aggregate Purchase Price after such Organic Change shall be equal to the Aggregate Purchase Price immediately prior to such Organic Change.

3. Company Agreements.

3.1 The Company will promptly provide Investor with all financial, business, legal and other information regarding the Company and its business (including, without limitation, financial statements and management reports) as may be reasonably requested by Investor at any time during the Investment Period and which may be necessary or useful to Investor in determining whether to exercise its Rights.

3.2 The Company agrees that all Securities that may be issued upon the exercise of the Rights will, upon issuance, be validly issued and outstanding, fully paid and nonassessable, and free from all taxes, liens and charges with respect to the issuance thereof. The Company further agrees that the Company will at all times during the Investment Period, have authorized and reserved, free from preemptive rights, a sufficient number of shares of the series of equity securities comprising the Securities to provide for the exercise of the Rights. If at any time during the Investment Period the number of authorized but unissued shares of such series of the Company's equity securities shall not be sufficient to permit exercise of the Rights, the Company will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of such series of the Company's equity securities to such number of shares as shall be sufficient for such purposes.

3.3 In the event of any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution or any anticipated Organic Change, the Company shall deliver to Investor, at least 10 days prior to the record date for such dividend or distribution or anticipated effective date of the Organic Change, a notice specifying, as applicable, the date on which any such record is to be taken for the purpose of such dividend or distribution or such Organic Change. In addition, the Company will delivery to Investor a copy of all notice delivered to holders of the Offering Shares, and the same time as provided to the holders of the Offering Shares.

3.4 **[The Company agrees that Investor shall have all rights as a “[Significant Holder/Major Investor]” under the Investor Agreements (a “Major Investor”), including, without limitation, the rights to purchase its pro rata share of any offering of new securities of the Company pursuant to Section [XX] of the [Investors Rights Agreement] to same extent as other Major Investors thereunder, and to the same extent as if Investor held all of the Securities Investor has a right to acquire hereunder (the “Preemptive Rights”). Further, the Company covenants and agrees that the Company shall promptly notify Investor of any other Major Investor’s failure to elect to purchase or acquire all the New Securities available to it within the term period specified in such agreement. During the ten (10) day period commencing after the Company has given such notice to Investor, Investor shall have the right, by giving notice to the Company (which may be via electronic mail or other electronic means of transmission), elect to purchase or acquire, in addition to its pro rata share of the New Securities specified above, all or any**

portion of the New Securities for which the Major Investors were entitled to subscribe but that were not subscribed for by the Major Investors.]¹

3.5 The Company acknowledges and agrees that Investor is under no obligation to exercise the Rights and may determine, in its sole discretion, whether and when to exercise the Rights. Investor shall have no liability whatsoever to the Company or any of its stockholders, officers, directors or affiliates or represents resulting from its decision to exercise or not exercise the Rights.

4. Investor Representations.

4.1 Investor represents and warrants that it is acquiring the Rights solely for its account for investment and not with a view to or for sale or distribution of said Rights or Securities or any part thereof in violation of applicable securities laws. Investor understands that the Rights and the Securities have not been registered under the Securities Act of 1933, as amended (the “Act”) on the basis that no distribution or public offering of the stock of the Company is to be effected. Investor is an “accredited investor” as defined in Regulation D promulgated under the Act. Investor is aware that neither the Rights nor the Securities may be sold pursuant to Rule 144 adopted under the Act unless certain conditions are met, including, among other things, the resale following the required holding period under Rule 144.

4.2 Investor further agrees not to make any disposition of all or any part of the Rights or the Securities except in compliance with the Act.

4.3 Investor understands and agrees that all certificates evidencing the securities to be issued to Investor pursuant hereto may bear restrictive legends as specified in the Investor Agreements.

5. Transfer of Rights. Subject to compliance with applicable securities laws, this Agreement and all rights hereunder may be transferred, in whole or in part, by Investor to any parent, subsidiary or affiliate, or any of their respective shareholders, members or partners, by written notice to the Company.

6. No Inconsistent Agreements. The Company will not on or after the date of this Agreement enter into any agreement with respect to its securities which is inconsistent with the rights granted to Investor or otherwise conflicts with the provisions hereof. The rights granted to Investor hereunder do not in any way conflict with and are not inconsistent with the rights granted to holders of the Company’s securities under any other agreements, except rights that have been waived.

7. Notices. Any notice required or permitted hereunder shall be given in writing and shall be via electronic mail (or mailed by registered or certified mail, postage prepaid) addressed: (a) if to Investor, at Investor’s electronic mail address (or mailing address) set forth above, as may be updated in accordance with the provisions hereof; or (b) if to the Company, to [INSERT COMPANY’S INVESTOR EMAIL] (or, if by mail, the Company’s principal executive offices), Attn: Chief Executive Officer, or at such other address as the Company shall have furnished to

¹ To be included for any offering other than Flash Seed Preferred.

Investor. Each such notice or other communication shall for all purposes of this Agreement be treated as effective or having been given at the earlier of its receipt or 24 hours after the same has been sent by electronic mail (or, if sent by mail, at the earlier of its receipt or 72 hours after the same has been deposited in a regularly maintained receptacle for the deposit of the United States mail, addressed and mailed as aforesaid).

8. Amendment. Any term of this Agreement may be amended or waived with the written consent of the Company and Investor.

9. Governing Law. This Agreement and all rights, obligations and liabilities hereunder shall be governed by and construed under the laws of the State of California as applied to agreements among California residents, made and to be performed entirely within the State of California without giving effect to conflicts of laws principles.

10. Successors and Assigns. This Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer herein set forth, shall be binding upon Investor, his, her or its heirs, executors, administrators, successors and assigns.

11. Attorneys' Fees. In the event that any suit or action is instituted under or in relation to this Agreement, including without limitation to enforce any provision in this Agreement, the prevailing party in such dispute shall be entitled to recover from the losing party all fees, costs and expenses of enforcing any right of such prevailing party under or with respect to this Agreement, including without limitation, such reasonable fees and expenses of attorneys and accountants, which shall include, without limitation, all fees, costs and expenses of appeals.

12. Electronic Execution and Delivery. A digital reproduction, portable document format (".pdf") or other reproduction of this Agreement may be executed by one or more parties hereto and delivered by such party by electronic signature (including signature via *DocuSign* or similar services), electronic mail or any similar electronic transmission device pursuant to which the signature of or on behalf of such party can be seen. Such execution and delivery shall be considered valid, binding and effective for all purposes.

13. Headings. The headings in this Agreement are for purposes of convenience in reference only, and shall not be deemed to constitute a part hereof.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer as of _____, 20__.

[COMPANY NAME]

By: _____

Name: _____

Title: _____

Email: _____

Address: _____

Accepted and agreed:

FLASHFUNDERS SECURITIES, LLC

By: _____

Name: _____

Title: _____

EXHIBIT A DEFINITIONS

As used in the Agreement, the following terms shall have the following meanings:

“**Closing Date**” means [INITIAL CLOSING DATE OF OFFERING].

“**Company**” means [COMPANY NAME], a _____ corporation.

“**Investment Period**” means the period commencing with Closing Date and ending three (3) years later, unless sooner terminated as provided in the Agreement. If the last day of the Investment Period falls on a Saturday, Sunday or legal holiday, the Investment Period shall automatically be extended until 5:00 p.m. the next business day.

“**Investor Agreement(s)**” means the following documents executed and delivered by the Company and investors participating in the offering (as the same may be amended or modified, and including any successor agreements): [Investors’ Rights Agreement dated as of the Closing Date].

“**Offering**” means the Company’s offering of a maximum of \$_____ of Offering Shares conducted on the FlashFunders Platform, with an initial closing date of the Closing Date.

“**Offering Shares**” means shares of the Company’s [**Flash Seed Preferred Stock**], and any other securities at any time purchasable pursuant to this Agreement.

“**Purchase Price**” means \$_____ per share subject to adjustment as set forth in the Agreement.

“**Securities**” means a number of shares of Offering Shares equal to 25% of the total number of Offering Shares sold in the Offering.

[FORM OF] NOTICE OF INVESTMENT

TO: [COMPANY NAME]

(1) The undersigned hereby elects to purchase _____ shares of _____ (the “**Shares**”) of [COMPANY NAME] (the “**Company**”) pursuant to the terms of the attached Agreement, and tenders herewith payment of the Purchase Price in full, together with all applicable transfer taxes, if any.

The undersigned hereby elects to purchase _____ shares of _____ (the “**Shares**”) of [COMPANY NAME] (the “**Company**”) pursuant to the terms of the net exercise provisions set forth in Section 2.1 of the attached Agreement, and shall tender payment of all applicable transfer taxes, if any.

(2) Please issue a certificate or certificates representing said Exercise Shares in the name of the undersigned or in such other name as is specified below:

(Name)

(Address)

(3) The undersigned represents that (i) the aforesaid Securities are being acquired for the account of the undersigned for investment and not with a view to, or for resale in connection with, the distribution thereof and that the undersigned has no present intention of distributing or reselling such shares; (ii) the undersigned is experienced in making investments of this type and has such knowledge and background in financial and business matters that the undersigned is capable of evaluating the merits and risks of this investment and protecting the undersigned’s own interests; (iii) the undersigned understands that Securities have not been registered under the Securities Act of 1933, as amended (the “**Securities Act**”), by reason of a specific exemption from the registration provisions of the Securities Act, which exemption depends upon, among other things, the bona fide nature of the investment intent as expressed herein, and, because such securities have not been registered under the Securities Act, they must be held indefinitely unless subsequently registered under the Securities Act or an exemption from such registration is available.

(Date)

(Signature)

(Print name)