

**ARTCRAFT ENTERTAINMENT, INC.**  
**SERIES SEED-3 PREFERRED STOCK INVESTMENT AGREEMENT**

This Series Seed-3 Preferred Stock Investment Agreement (this “**Agreement**”) is dated as of the date set forth on the signature page below and is between the Company and the purchaser identified on the signature page to this Agreement (the “**Purchaser**”).

The parties agree as follows:

**1. DEFINITIONS.** Capitalized terms used and not otherwise defined in this Agreement or the Exhibits and Schedules thereto have the meanings set forth in Exhibit A.

**2. INVESTMENT.**

The Company has authorized the offer and sale of up to an agreement of \$1,000,000 of shares (the “**Maximum Offering Amount**”) of its Series Seed-3 Preferred Stock to be sold to certain purchasers acceptable to the Company (the “**Offering**”), which offering is being conducted through the Democracy VC LLC (“**Portal**”) online equity crowdfunding platform (the “**Platform**”).

The shares of Series Seed-3 Preferred Stock being offered and sold in the Offering are being offered and sold pursuant to Section 4(a)(6) of the Securities Act of 1933, as amended (the “**Securities Act**”), and the rules and regulations promulgated thereunder (“**Regulation Crowdfunding**”).

Prior to the Offering Commencement Date, the Company filed (or caused to be filed) with the Securities Exchange Commission (the “**Commission**”) a Form C Offering Statement for the Offering (together with any amendments thereto or progress updates filed in connection therewith, collectively, the “**Offering Statement**”).

Subject to the terms and conditions of this Agreement, including the Agreement Terms set forth in Exhibit B, (i) the Purchaser shall purchase at the Closing and the Company shall sell and issue to the Purchaser at the Closing \_\_\_\_\_ shares (the “**Shares**”) of Series Seed-3 Preferred Stock, at a price per share equal to the Purchase Price and (ii) the Purchaser and the Company agree to be bound by the obligations set forth in this Agreement and to grant to the other parties hereto the rights set forth in this Agreement.

Subject to the terms and conditions of this Agreement, the Company shall adopt and file a Certificate of Designation of Series Seed-3 Preferred Stock, in substantially the form of Exhibit C attached to this Agreement (as the same may be amended, restated, supplemented or otherwise modified from time to time, the “**Certificate of Designation**”) with the Secretary of State of the State of Incorporation on or before the initial Closing. The Series Seed-3 Preferred Stock will have the rights, preferences, privileges and restrictions set forth in the Restated Charter (as defined below).

This Agreement is entered into as part of a series of similar agreements (collectively with this Agreement, the “**Agreements**”) pursuant to which the Company will sell and issue shares of Series Seed-3 Preferred Stock to the persons listed on the signature pages of such Agreements (collectively with the Purchaser, the “**Purchasers**”).

**3. ENTIRE AGREEMENT.** This Agreement (including the Exhibits and Schedules hereto) together with the Restated Charter constitute the full and entire understanding and agreement

between the parties with respect to the subject matter hereof, and any other written or oral agreement relating to the subject matter hereof existing between the parties is expressly canceled.

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**EXHIBIT A**

**DEFINITIONS**

“**Affiliate**” means any entity controlled by or under common control with the Company and any predecessor of the Company, and “**control**” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting securities, by contract or otherwise.

“**Business Day**” means any day except Saturday, Sunday or any other day on which commercial banks located in Los Angeles, California are authorized or required by applicable law to be closed for business.

“**Cancellation Deadline**” means 5:00 p.m. (Los Angeles time) on January 16th, 2016.

“**Company**” means ArtCraft Entertainment, Inc., a Delaware corporation.

“**Dispute Resolution Jurisdiction**” means the federal or state courts located in Travis County, Texas.

“**Governing Law**” means the laws of the State of Delaware.

“**Preferred Stock**” means the issued and outstanding Series Seed Preferred Stock, Series Seed-1 Preferred Stock, Series Seed-2 Preferred Stock and Series Seed-3 Preferred Stock of the Company.

“**Purchase Price**” means \$1.1173 per share.

“**Restated Charter**” means the Company’s Amended and Restated Certificate of Incorporation, together with the Certificate of Designation, the Certificate of Designation of Series Seed-1 Preferred Stock, and the Certificate of Designation of Series Seed-2 Preferred Stock, as each may be amended, restated, supplemented or otherwise modified from time to time.

“**State of Incorporation**” means the State of Delaware.

“**Stock Plan**” means the Company’s 2014 Stock Incentive Plan, as amended.

“**Target Offering Amount**” means \$150,000 of shares of Series Seed-3 Preferred Stock.

“**Total Post-Money Shares Reserved for Option Pool**” means 2,700,000.

“**Transfer**” or “**Transferred**” means any direct or indirect transfer, sale, assignment, gift, inter vivos transfer, pledge, hypothecation, mortgage or other disposition or encumbrance (whether voluntary or involuntary or by operation of law), including derivative or similar transactions or arrangements whereby a portion or all of the economic interest in, or risk of loss or opportunity for gain with respect to, the Securities is transferred or shifted to another person or entity, the offer to make a sale, transfer or other disposition, and each option, agreement, arrangement or understanding, whether or not in writing, to effect any of the foregoing.

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**EXHIBIT B****AGREEMENT TERMS****1. SUBSCRIPTION; CANCELLATIONS; ACCEPTANCE OF THE PURCHASE AND SALE OF SERIES SEED-3 PREFERRED STOCK.****1.1 Subscription.**

1.1.1 **Subscription.** Subject to the terms and conditions of this Agreement, the Purchaser subscribes for and agrees to purchase the Shares at the applicable Closing. Such subscription shall be deemed to be accepted by the Company only when this Agreement is countersigned on the Company's behalf in accordance with Section 1.3. No investor may subscribe for shares of Series Seed-3 Preferred Stock in the Offering after January 16th, 2016 (the "**Offering Deadline**").

1.1.2 **Purchase Price.** Prior to the later of (A) the Offering Deadline and (B) 5:00 p.m. (Los Angeles time) on the fifth (5<sup>th</sup>) Business Day following the date of the Purchaser's signature to this Agreement set forth on the signature page below (the "**Funding Deadline**"), the Purchaser shall deliver to the Company the Purchase Price by wire transfer or other electronic funds transfer in accordance with the Company's instructions as provide on the Platform. Funds for the Purchase Price will be held in an escrow account established by the Company through the Platform (the "**Escrow Account**") and released to the Company at the discretion of the Company in accordance with Section 1.4, and subject to the terms and conditions of the escrow agreement related to the Escrow Account (the "**Escrow Agreement**") and this Agreement.

1.1.3 **Oversubscriptions.** The Company may accept subscriptions from the Purchasers for shares of Series Seed-3 Preferred Stock having an aggregate purchase price in excess of the Target Offering Amount so long as the aggregate purchase price of all subscriptions accepted by the Company in the Offering do not exceed the Maximum Offering Amount. All such subscriptions shall be accepted by the Company through the Platform in the Company's sole discretion.

**1.2 Cancellation.**

1.2.1 **Cancellation Deadline.** Purchaser may cancel this subscription at any time and for any reason up until the Cancellation Deadline. Except as set forth in Sections 1.2.2 and 1.4.3, Purchaser agrees that after the Cancellation Deadline this subscription shall be irrevocable by Purchaser and shall survive the death or disability of Purchaser.

1.2.2 **Material Change** If there is a material change to the terms of the Offering or to the information provided by the Company in connection therewith, the Company shall direct Portal to send to the Purchaser notice (A) of such material change and (B) that Purchaser's subscription will be cancelled unless Purchaser reconfirms such subscription within five (5) Business Days of Purchaser's receipt of such notice (the "**Reconfirmation Period**"). If Purchaser fails to reconfirm Purchaser's subscription within the Reconfirmation Period, (Y) such subscription will be cancelled automatically and (Z) the Company shall direct Portal to (I) send to Purchaser, within five (5) Business Days after the Reconfirmation Period, a notification that such subscription was cancelled, the reason for such cancellation and the refund amount that Purchaser is expected to receive, and (II) refund of such subscription to Purchaser.

1.2.3 **Cancelled Subscriptions.** If Purchaser's subscription is cancelled, such subscription shall be refunded to Purchaser without deduction for any fee, commission or expense, and without accrued interest with respect to any money received.

1.3 **Acceptance.** Purchaser acknowledges that the Company has the right to accept or reject this subscription, in whole or in part, for any reason, and that this subscription shall be deemed to be accepted by the Company only when this Agreement is countersigned on the Company's behalf and delivered to Purchaser. Upon rejection of the subscription under this Agreement for any reason, such subscription shall be refunded to Purchaser without deduction for any fee, commission or expense, and without accrued interest with respect to any money received, and this Agreement shall be deemed to be null and void and of no further force or effect.

1.4 **Closing.**

1.4.1 **Closing.** Subject to this Section 1.4, the closing of the sale and purchase of Series Seed-3 Preferred Stock pursuant to the Agreements (the "**Closing**") shall take place through the Platform within five (5) Business Days after the Offering Deadline (the "**Closing Date**").

1.4.2 **Closing Conditions.** Subject to Section 1.4.3, the Closing is conditioned upon satisfaction of all of the following conditions:

(i) prior to the Offering Deadline, the Company shall have received aggregate subscriptions from Purchasers for shares of Series Seed-3 Preferred Stock having an aggregate purchase price of at least the Target Offering Amount;

(ii) prior to the Funding Deadline, the Company shall have received into the Escrow Account in cleared funds, and is accepting, aggregate subscriptions from the Purchasers for shares of Series Seed-3 Preferred Stock having an aggregate purchase price of at least the Target Offering Amount;

(iii) prior to the Closing, the Company shall have filed the Restated Charter with the Secretary of State of Delaware; and

(iv) Purchaser has delivered to the Company an executed copy of the Proxy (as defined below).

1.4.3 **Early Closing.** The Company may effect the Closing (an "**Early Closing**") prior to the Offering Deadline (such earlier Closing Date, the "**Early Closing Date**") if all of the following conditions are satisfied:

(i) the Early Closing Date is at least 21 days after the Offering Commencement Date;

(ii) Portal provides notice (the "**Early Closing Notice**") to the Purchaser of (A) the Early Closing Date, (B) the right of investors in the Offering to cancel their subscriptions at any time and for any reason up until 48 hours prior to the Early Closing Date, and (C) whether the Company will continue to accept subscriptions under the Offering during such 48-hour period;

(iii) Portal provides the Early Closing Notice to the other Purchasers and any potential Purchaser;

(iv) the Early Closing Date is scheduled for and occurs at least five (5) Business Days after the Early Closing Notice is provided by Portal;

(v) at the time of the Early Closing, the Company has received into the Escrow Account in cleared funds, and is accepting, subscriptions from Purchasers for shares of Series Seed-3 Preferred Stock having an aggregate purchase price of at least the Target Offering Amount;

(vi) prior to the Early Closing, the Company shall have filed the Restated Charter with the Secretary of State of Delaware; and

(vii) Purchaser has delivered to the Company an executed copy of the Proxy.

As used herein, the term “**Closing**” shall apply to an Early Closing, if applicable, and the term “**Closing Date**” shall apply to an Early Closing Date, if applicable.

**1.5 No Closing.** If (i) at the Offering Deadline, the Company fails to receive subscriptions from Purchasers for shares of Series Seed-3 Preferred Stock having an aggregate purchase price of at least the Target Offering Amount; (ii) at the Funding Deadline, the Company fails to receive in cleared funds, or is not accepting, subscriptions from Purchasers for shares of Series Seed-3 Preferred Stock having an aggregate purchase price of at least the Target Offering Amount; or (iii) the Company terminates the Offering or is otherwise unable to effect the Closing pursuant to this Agreement, (1) Purchaser’s subscription will be cancelled automatically and (2) Portal will, within five (5) Business Days thereafter, (A) send to Purchaser a notification of such cancellation, the reason for such cancellation and the refund amount that Purchaser is expected to receive, and (B) direct the refund of such subscription to Purchaser without deduction for any fee, commission or expense, and without accrued interest with respect to any money received, and without accrued interest with respect to any money received.

**2. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.** The Company hereby represents and warrants to the Purchaser that the following representations are true and complete as of the Closing Date, except as otherwise indicated.

**2.1 Organization, Good Standing, Corporate Power and Qualification.** The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Incorporation and has all corporate power and corporate authority required (a) to carry on its business as presently conducted and as presently proposed to be conducted and (b) to execute, deliver and perform its obligations under this Agreement. The Company is duly qualified to transact business as a foreign corporation and is in good standing under the laws of each jurisdiction in which the failure to so qualify or be in good standing would have a material adverse effect on the business, assets (including intangible assets), liabilities, financial condition, property, or results of operations of the Company.

**2.2 Capitalization.**

2.2.1 The authorized capital of the Company, immediately prior to the Closing, will be as set forth in the Restated Charter. As of November 14, 2016, the Company has issued and outstanding: (a) 10,423,777 shares of Common Stock, (b) 4,304,354 shares of Series Seed Preferred Stock, (c) 2,000,000 shares of Series Seed-1 Preferred Stock, and (d) 586,273 shares of Series Seed-2 Preferred Stock.

2.2.2 As of the Closing: (a) the number of shares of Common Stock which are issuable on conversion of shares of the Preferred Stock have been reserved for issuance upon conversion of the Preferred Stock and (b) the Total Post-Money Shares Reserved for Option Pool have been reserved for issuance pursuant to the Stock Plan. All of the outstanding shares of Common Stock are duly authorized, validly issued, fully paid and nonassessable and were issued in material compliance with all applicable federal and state securities laws. The Stock Plan has been duly adopted by the Board of Directors of the Company (the “**Board**”) and approved by the Company’s stockholders.

2.2.3 Except for the rights and privileges of outstanding shares of Preferred Stock of the Company and contractual rights granted to the holder thereof, there are no outstanding preemptive rights, options, warrants, conversion privileges or rights (including but not limited to rights of first refusal or similar rights), orally or in writing, to purchase or acquire any securities from the Company including, without limitation, any shares of Common Stock, or Preferred Stock, or any securities convertible into or exchangeable or exercisable for shares of Common Stock or Preferred Stock, except for (a) the conversion privileges of the Preferred Stock pursuant to the terms of the Restated Charter and (b) the securities and rights described in this Agreement.

**2.3 Subsidiaries.** The Company does not currently own or control, directly or indirectly, any interest in any other corporation, partnership, trust, joint venture, limited liability company, association, or other business entity. The Company is not a participant in any joint venture, partnership or similar arrangement.

**2.4 Authorization.** All corporate action has been taken, or will be taken prior to the Closing, on the part of the Board and stockholders that is necessary for the authorization, execution and delivery of this Agreement by the Company and the performance by the Company of the obligations to be performed by the Company as of the date hereof under this Agreement. This Agreement, when executed and delivered by the Company, shall constitute the valid and legally binding obligation of the Company, enforceable against the Company in accordance with its terms except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other laws of general application relating to or affecting the enforcement of creditors’ rights generally, or (b) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

**2.5 Valid Issuance of Shares.** The shares of Series Seed-3 Preferred Stock, when issued, sold and delivered in accordance with the terms and for the consideration set forth in this Agreement, will be duly authorized, validly issued, fully paid and nonassessable and free of restrictions on transfer other than restrictions on transfer under this Agreement, applicable state and federal securities laws and liens or encumbrances created by or imposed by a Purchaser. Based in part on the accuracy of the representations of the Purchaser in this Agreement and subject to filings pursuant to the Securities Act, and applicable state securities laws, the offer, sale and issuance of the shares of Series Seed-3 Preferred Stock to be issued pursuant to and in conformity with the terms of this Agreement and the issuance of the Common Stock, if any, to be issued upon conversion thereof for no additional consideration and pursuant to the Restated Charter, will be issued in compliance with all applicable federal and state securities laws. The Common Stock issuable upon conversion of the shares of Series Seed-3 Preferred Stock has been duly reserved for issuance, and upon issuance in accordance with the terms of the Restated Charter, will be duly authorized, validly issued, fully paid and nonassessable and free of restrictions on transfer other than restrictions on transfer under this Agreement, applicable federal and state securities laws and liens or encumbrances created by or imposed by the Purchaser. Based in part upon the representations of the Purchaser in this Agreement, and subject to filings pursuant to Regulation Crowdfunding of the Securities Act and applicable state securities laws, the Common Stock issuable upon conversion of the shares of Series Seed-3 Preferred Stock will be issued in compliance with all applicable federal and state securities laws.

**2.6 Compliance with Other Instruments.** The Company is not in violation or default of any provisions of the Restated Charter or the Company's bylaws. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement will not result in any such violation or default, or constitute, with or without the passage of time and giving of notice, either (i) a default under any judgment, order, writ, decree, agreement, instrument, contract, lease, note, indenture, mortgage or purchase order to which the Company is a party or its assets are subject or (ii) an event which results in the creation of any lien, charge or encumbrance upon any assets of the Company or the suspension, revocation, forfeiture, or nonrenewal of any material permit or license applicable to the Company.

**2.7 Offering Limitations.**

2.7.1 The Company is conducting the Offering exclusively on the Platform. The Company is not conducting any concurrent offering of the Company's securities in reliance on Section 4(a)(6) of the Securities Act other than the Offering.

2.7.2 The aggregate amount of the Company's (together with all of its Affiliates') securities sold by the Company (or any of its Affiliates) in reliance on Section 4(a)(6) of the Securities Act during the 12-month period preceding the offer or sale of any shares of Series Seed-3 Preferred Stock in the Offering (including any shares of Series Seed-3 Preferred Stock authorized to be offered and sold in the Offering) does not exceed \$1,000,000.

2.7.3 The Company is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934, as amended.

**3. REPRESENTATIONS AND WARRANTIES AND COVENANTS OF THE PURCHASER.** The Purchaser hereby represents and warrants to the Company, as of the date hereof and as of the Closing Date, as follows.

**3.1 Authorization.** The Purchaser has full power and authority to enter into this Agreement. This Agreement, when executed and delivered by the Purchaser, will constitute a valid and legally binding obligation of the Purchaser, enforceable in accordance with their terms, except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, and any other laws of general application relating to or affecting the enforcement of creditors' rights generally, or (b) the effect of rules of law governing the availability of equitable remedies.

**3.2 Purchase Entirely for Own Account.** This Agreement is made with the Purchaser in reliance upon the Purchaser's representation to the Company, which by the Purchaser's execution of this Agreement, the Purchaser hereby confirms, that the shares of Series Seed-3 Preferred Stock to be acquired by the Purchaser will be acquired for investment for the Purchaser's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that the Purchaser has no present intention of selling, granting any participation in, or otherwise distributing the same. By executing this Agreement, the Purchaser further represents that the Purchaser does not presently have any contract, undertaking, agreement or arrangement with any person to sell, transfer or grant participations to such person or to any third person, with respect to any of the shares of Series Seed-3 Preferred Stock. The Purchaser has not been formed for the specific purpose of acquiring the shares of Series Seed-3 Preferred Stock.

**3.3 Disclosure of Information.** The Purchaser acknowledges that the Purchaser has reviewed and understands the contents of the Offering Statement and the education materials posted on the Platform. The Purchaser has had an opportunity to discuss the Company's business, management,



financial affairs and the terms and conditions of the offering of the shares of Series Seed-3 Preferred Stock with the Company's management. Nothing in this Section 3.3, including the foregoing sentence, limits or modifies the representations and warranties of the Company in Section 2 of this Agreement or the right of the Purchaser to rely thereon. The Purchaser has had an opportunity to obtain the advice of counsel prior to executing this Agreement and fully understands all provisions of this Agreement and the Restated Charter.

**3.4 Own Advisors.** Purchaser acknowledges that Purchaser is not relying on any statements or representations of the Company or its respective agents, for legal, financial, or tax advice with respect to this investment or the transactions contemplated by this Agreement. Purchaser has reviewed with Purchaser's own tax advisors the U.S. federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. With respect to such matters, Purchaser is relying solely on such advisors and not on any statements or representations of the Company, or any of its respective agents, whether written or oral. Purchaser understands that it (and not the Company) shall be responsible for Purchaser's own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

**3.5 Restricted Securities & Limited Resale.** Purchaser is aware that the Securities (as defined below) have not been registered under the Securities Act, and that the Securities are subject to restrictions on transfer under the Securities Act. Purchaser also understands that the shares of Series Seed-3 Preferred Stock are being offered and sold pursuant to an exemption from registration contained in the Securities Act based in part upon Purchaser's representations contained in this Agreement. Purchaser understands that the Securities must be held indefinitely unless they are sold in compliance with the applicable transfer restrictions, subsequently registered under the Securities Act or an exemption from such registration is available.

**3.6 Purchaser Information.** All information provided by the Purchaser through the Platform (including, without limitation, with respect to the Purchaser's (and the Purchaser's spouse, if applicable) annual income, net worth and other investments pursuant to Section 4(a)(6) of the Securities Act) is complete, true and accurate in all respects.

**3.7 Investment Risk.** Purchaser understands and acknowledges that (a) the Company has a limited financial and operating history and that an investment in the Company is highly speculative and involves substantial risks, (b) the entire amount of Purchaser's investment may be lost, (c) Purchaser is in a financial condition to bear the loss of Purchaser's investment, (d) there are restrictions on Purchaser's ability to cancel Purchaser's subscription hereunder and obtain a return of Purchaser's investment, (e) it may be difficult for Purchaser to resell the Securities and (f) investing in the shares of Series Seed-3 Preferred Stock involves risk, and Purchaser should not invest any funds in the Offering unless Purchaser can afford to lose the entire amount of Purchaser's investment.

**3.8 Residence.** The Purchaser resides in the state or province identified in the address of the Purchaser set forth on the signature page hereto.

#### **4. ADDITIONAL AGREEMENTS OF THE PURCHASER.**

**4.1 Irrevocable Proxy.** Concurrently with the execution and delivery of this Agreement, the Purchaser shall deliver to the Company a duly executed proxy in the form attached hereto as Exhibit D (the "**Proxy**"), which proxy is coupled with an interest sufficient in law to support an irrevocable proxy, and, for as long as the Securities are outstanding, shall be irrevocable to the fullest extent permitted by law, with respect to each and every meeting of stockholders of the Company or action or approval by written resolution or consent of stockholders of the Company with respect all matters of

which the Purchaser, or its successors or assigns, is entitled to vote at any such meeting or in connection with any such written consent. Upon the execution of this Agreement by the Purchaser, (i) the Purchaser hereby revokes any and all prior proxies (other than the Proxy) given by the Purchaser and (ii) Purchaser shall not grant any subsequent proxies with respect to the Securities, or enter into any agreement or understanding with any Person to vote or give instructions with respect to the Securities in any manner.

**4.2 Indemnification.** Purchaser hereby agrees to indemnify and hold harmless the Company, Portal, and any of their respective officers, directors, controlling persons, equity holders, agents and employees (collectively, the “**Indemnified Parties**”), who is or may be a party or is or may be threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of or arising from any misrepresentation or misstatement of facts or omission to represent or state facts made by Purchaser to the Company or Portal (or any agent or representative of any of them), or omitted by Purchaser, against any losses, damages, liabilities, penalties or expenses (including attorneys’ fees, judgments, fines and amounts paid in settlement) actually and reasonably incurred by any Indemnified Party in connection with such action, suit or proceeding.

## **5. RESTRICTIONS ON TRANSFER; DRAG ALONG.**

### **5.1 Limitations on Disposition.**

5.1.1 Each person owning of record shares of Common Stock of the Company issued or issuable pursuant to the conversion of the shares of Series Seed-3 Preferred Stock and any shares of Common Stock of the Company issued as a dividend or other distribution with respect thereto or in exchange therefor or in replacement thereof (collectively, the “**Securities**”) or any assignee of record of Securities (each such person, a “**Holder**”) shall not make any Transfer of all or any portion of any Securities unless all of the following are satisfied: (a) such Transfer occurs after the one year anniversary of the date that the Purchaser purchased the shares of Series Seed-3 Preferred Stock pursuant to this Agreement, except for Permitted Transfers (as defined in Section 5.1.2 below); (b) the Holder has complied with the provisions of Section 5.2, except for Permitted Transfers; (c) the transferee thereof has agreed in writing for the benefit of the Company to take and hold such Securities subject to, and to be bound by, the terms and conditions set forth in this Agreement; (d) the Holder shall have given prior written notice (which may be via email or other electronic means, at the discretion of the Company) to the Company of such Holder’s intention to make such Transfer and shall have furnished the Company with a detailed description of the manner and circumstances of the proposed Transfer, and, if requested by the Company, such Holder shall have furnished the Company, at its expense, with an opinion of counsel, reasonably satisfactory to the Company; and (e) such Holder and transferee have complied with any other transfer procedures as may be required by the Company’s transfer agent.

5.1.2 The restrictions of clause (a) of Section 5.1.1 and Section 5.2 shall not apply to any of the following (each, a “**Permitted Transfer**”): (a) a Transfer without consideration to such Holder’s Family Members, to a trust controlled by such Holder or to a trust created for the benefit of such Holder or such Holder’s Family Members; (b) Transfers approved by the Company (in its discretion) to persons or entities that are “accredited investors” (as defined in Rule 501 promulgated under the Securities Act); (c) Transfers to the Company; or (d) Transfers as part of an offering registered with the Commission. “**Family Members**” means a child, stepchild, grandchild, parent, stepparent, spouse or spousal equivalent, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of a Holder, and shall include adoptive relationships (and for the purposes hereof, “spousal equivalent” means a cohabitant occupying a relationship generally equivalent to that of a spouse).

5.1.3 Any Transfer not made in compliance with this Agreement shall be null and void ab initio, shall not be recorded on the books of the Company or its transfer agent and shall not be recognized by the Company. If any Holder becomes obligated to sell any Securities to the Company pursuant to Section 5.2 and fails to deliver such Securities in accordance with Section 5.2, the Company may, at its option, in addition to all other remedies it may have, send to such Holder the purchase price for such Securities as specified in the Transfer Notice (defined below) and transfer to the name of the Company on the Company's books any certificates, instruments, or book entry representing the Securities to be sold.

5.1.4 Each certificate (if any) or book-entry notation representing the Securities shall bear the following legends (or substantially similar legends) and other restrictive legends required under applicable law:

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR UNDER THE SECURITIES LAWS OF CERTAIN STATES. THESE SECURITIES MAY NOT BE OFFERED, SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT AS PERMITTED UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM. THE ISSUER OF THESE SECURITIES MAY REQUIRE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE ISSUER THAT SUCH OFFER, SALE OR TRANSFER, PLEDGE OR HYPOTHECATION OTHERWISE COMPLIES WITH THE ACT AND ANY APPLICABLE STATE SECURITIES LAWS.

THE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE, INCLUDING A RIGHT OF FIRST REFUSAL IN FAVOR OF THE COMPANY AND A LOCK-UP PERIOD IN THE EVENT OF A PUBLIC OFFERING, AS SET FORTH IN AN INVESTMENT AGREEMENT, A COPY OF WHICH MAY BE OBTAINED AT THE PRINCIPAL OFFICE OF THE ISSUER OF THESE SECURITIES.

**5.2 Right of First Refusal.** In the event that a Holder proposes to Transfer any Securities to any person, entity or organization (the "**Transferee**"), other than a Permitted Transfer, the Company shall have the right of first refusal set forth in this Section 5.2 with respect to such Securities (the "**Right of First Refusal**"). If a Holder desires to Transfer any Securities, such Holder shall deliver written notice thereof ("**Transfer Notice**") (which may be via email or other electronic means, at the discretion of the Company) to the Company describing fully the proposed Transfer, including the number of Securities proposed to be Transferred (the "**Offered Securities**"), the proposed transfer price, the name and address of the proposed Transferee and proof satisfactory to the Company that the proposed Transfer will not violate any applicable federal or state securities laws. The Transfer Notice shall constitute a binding commitment of such Holder to the Transfer of the Offered Securities. The Company shall have the right to purchase all, but not less than all, of the Offered Securities on the terms described in the Transfer Notice by delivery to such Holder of a notice of exercise of the Right of First Refusal within thirty (30) days after the date when the Transfer Notice was delivered to the Company. The Company's rights under this Section 5.2 shall be freely assignable by the Company, in whole or in part. The Right of First Refusal shall terminate upon the first to occur of (and shall not be applicable to): (a) a Deemed

Liquidation Event (as defined in the Restated Charter) and (b) the closing of a firmly underwritten public offering of the Company's Common Stock pursuant to the Securities Act.

**5.3 “Market Stand-Off” Agreement.** To the extent requested by the Company or an underwriter of securities of the Company, each Holder shall not sell or otherwise transfer or dispose of any Securities or other shares of stock of the Company then owned by such Holder (other than to donees or partners of the Holder who agree to be similarly bound) for up to 180 days following the effective date of any registration statement of the Company filed under the Securities Act; provided however that, if during the last 17 days of the restricted period the Company issues an earnings release or material news or a material event relating to the Company occurs, or before the expiration of the restricted period the Company announces that it will release earnings results during the 16-day period beginning on the last day of the restricted period, and if the Company's securities are listed on the Nasdaq Stock Market and Rule 2711 thereof applies, then the restrictions imposed by this Section 5.3 will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event; provided, further, that such automatic extension will not apply to the extent that the Financial Industry Regulatory Authority has amended or repealed NASD Rule 2711(f)(4), or has otherwise provided written interpretive guidance regarding such rule, in each case, so as to eliminate the prohibition of any broker, dealer, or member of a national securities association from publishing or distributing any research report, with respect to the securities of an “emerging growth company” (as defined in the Jumpstart Our Business Startups Act of 2012) before or after the expiration of any agreement between the broker, dealer, or member of a national securities association and the emerging growth company or its stockholders that restricts or prohibits the sale of securities held by the emerging growth company or its stockholders after the initial public offering date. In no event will the restricted period extend beyond 215 days after the effective date of the registration statement. For purposes of this Section 5.3, “Company” includes any wholly-owned subsidiary of the Company into which the Company merges or consolidates. The Company may place restrictive legends on the certificates representing the shares subject to this Section 5.3 and may impose stop transfer instructions with respect to the Securities and such other shares of stock of each Holder (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period. Each Holder shall enter into any agreement reasonably required by the underwriters to implement the foregoing within any reasonable timeframe so requested.

**5.4 Drag Along Right.** If a Deemed Liquidation Event (as defined in the Restated Charter) is approved by each of (i) the holders of a majority of the shares of Common Stock and Preferred Stock then-outstanding (voting together as a single class on an as-converted to Common Stock basis) and (ii) the Board, then each Stockholder (as defined below) shall vote (in person, by proxy or by action by written consent, as applicable) all shares of capital stock of the Company now or hereafter directly or indirectly owned of record or beneficially by such Stockholder (collectively for purposes of this Section 5.4, the “**Shares**”) in favor of, and adopt, such Deemed Liquidation Event and to execute and deliver all related documentation and take such other action in support of the Deemed Liquidation Event as may reasonably be requested by the Company to carry out the terms and provision of this Section 5.4, including executing and delivering instruments of conveyance and transfer, and any purchase agreement, merger agreement, indemnity agreement, escrow agreement, consent, waiver, governmental filing, share certificates duly endorsed for transfer (free and clear of impermissible liens, claims and encumbrances) and any similar or related documents. The obligation of any party to take the actions required by this Section 5.4 will not apply to a Deemed Liquidation Event if the other party involved in such Deemed Liquidation Event is an affiliate or stockholder of the Company holding more than 10% of the voting power of the Company. “**Stockholder**” means each Holder and any transferee thereof.

**5.5 Exceptions to Drag Along Right.** Notwithstanding the foregoing, a Stockholder need not comply with Section 5.4 above in connection with any proposed transaction that would be a Deemed Liquidation Event (the “**Proposed Sale**”) unless:

(a) any representations and warranties to be made by the Stockholder in connection with the Proposed Sale are limited to representations and warranties related to authority, ownership and the ability to convey title to such Shares, including representations and warranties that (i) the Stockholder holds all right, title and interest in and to the Shares the Stockholder purports to hold, free and clear of all liens and encumbrances, (ii) the obligations of the Stockholder in connection with the transaction have been duly authorized, if applicable, (iii) the documents to be entered into by the Stockholder have been duly executed by the Stockholder and delivered to the acquirer and are enforceable against the Stockholder in accordance with their respective terms and, (iv) neither the execution and delivery of documents to be entered into in connection with the transaction, nor the performance of the Stockholder’s obligations thereunder, will cause a breach or violation of the terms of any agreement, law, or judgment, order, or decree of any court or governmental agency;

(b) the Stockholder will not be liable for the inaccuracy of any representation or warranty made by any other Person in connection with the Proposed Sale, other than the Company (except to the extent that funds may be paid out of an escrow established to cover breach of representations, warranties, and covenants of the Company as well as breach by any stockholder of any identical representations, warranties and covenants provided by all stockholders);

(c) the liability for indemnification, if any, of the Stockholder in the Proposed Sale and for the inaccuracy of any representations and warranties made by the Company or its Stockholders in connection with such Proposed Sale, is several and not joint with any other Person (except to the extent that funds may be paid out of an escrow established to cover breach of representations, warranties and covenants of the Company as well as breach by any stockholder of any identical representations, warranties, and covenants provided by all stockholders), and except as required to satisfy the liquidation preference of the Series Seed-3 Preferred Stock, if any, is pro rata in proportion to, and does not exceed, the amount of consideration paid to such Stockholder in connection with such Proposed Sale;

(d) liability will be limited to the Stockholder’s applicable share (determined based on the respective proceeds payable to each Stockholder in connection with the Proposed Sale in accordance with the provisions of the Restated Charter) of a negotiated aggregate indemnification amount that applies equally to all of the Company’s stockholders but that in no event exceeds the amount of consideration otherwise payable to the Stockholder in connection with the Proposed Sale, except with respect to claims related to fraud by the Stockholder, the liability for which need not be limited as to the Stockholder;

(e) upon the consummation of the Proposed Sale, (i) each holder of each class or series of the Company’s stock will receive the same form of consideration for their shares of such class or series as is received by other holders in respect of their shares of such same class or series of stock unless the holders of at least a majority of Series Seed-3 Preferred Stock elect otherwise, (ii) each holder of a series of Preferred Stock will receive the same amount of consideration per share of such series of Preferred Stock as is received by other holders in respect of their shares of such same series, (iii) each holder

of Common Stock will receive the same amount of consideration per share of Common Stock as is received by other holders in respect of their shares of Common Stock, and (iv) unless the holders of at least a majority of the Series Seed-3 Preferred Stock elect to receive a lesser amount, the aggregate consideration receivable by all holders of the Preferred Stock and Common Stock shall be allocated among the holders of Preferred Stock and Common Stock on the basis of the relative liquidation preferences to which the holders of each respective series of Preferred Stock and the holders of Common Stock are entitled in a Deemed Liquidation Event (assuming for this purpose that the Proposed Sale is a Deemed Liquidation Event) in accordance with the Restated Charter in effect immediately prior to the Proposed Sale.

**6. GENERAL PROVISIONS.**

**6.1 Successors and Assigns.** The terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties to this Agreement or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement. No Stockholder may transfer Shares unless each transferee agrees to be bound by the terms of this Agreement.

**6.2 Governing Law.** This Agreement is governed by the Governing Law, regardless of the laws that might otherwise govern under applicable principles of choice of law.

**6.3 Counterparts; Facsimile or Electronic Signature.** This Agreement may be executed and delivered in two or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. 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.

**6.4 Titles and Subtitles.** The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement. References to sections or subsections within this set of Agreement Terms shall be deemed to be references to the sections of this set of Agreement Terms contained in Exhibit B to the Agreement, unless otherwise specifically stated herein.

**6.5 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:

6.5.1 if to Purchaser, at Purchaser’s electronic mail address (or mailing address) as provided by Purchaser through the Platform and set forth in this Agreement, as may be updated in accordance with the provisions hereof;

6.5.2 if to any other holder of any shares of Series Seed-3 Preferred Stock or any shares of Common Stock issued upon conversion thereof, at such electronic mail address (or mailing address) as shown in the Company’s records, or, until any such holder so furnishes an electronic mail address and mailing address to the Company, then to and at the address of the last holder of such shares for which the Company has contact information in its records; or

6.5.3 if to the Company, to investors@artcraftent.com (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 the Purchasers.

With respect to any notice given by the Company under any provision of the Delaware General Corporation Law or the Restated Charter or Bylaws, Purchaser agrees that such notice may be given by electronic mail.

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).

**6.6 Attorneys' Fees.** If any action at law or in equity (including arbitration) is necessary to enforce or interpret the terms of this Agreement, the prevailing party will be entitled to reasonable attorneys' fees, costs, and necessary disbursements in addition to any other relief to which the party may be entitled. Each party shall pay all costs and expenses that it incurs with respect to the negotiation, execution, delivery, and performance of the Agreement.

**6.7 Amendments and Waivers.** This Agreement may be amended or modified, and the obligations of the Company and the rights of Purchaser under this Agreement may be waived or terminated, only upon the written consent of the Company, Purchaser and Portal.

**6.8 Severability.** The invalidity or unenforceability of any provision of this Agreement will in no way affect the validity or enforceability of any other provision.

**6.9 Delays or Omissions.** No delay or omission to exercise any right, power or remedy accruing to any party under this Agreement, upon any breach or default of any other party under this Agreement, will impair any such right, power or remedy of such non-breaching or non-defaulting party nor will it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor will any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any party of any breach or default under this Agreement, or any waiver on the part of any party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing. All remedies, either under this Agreement or by law or otherwise afforded to any party, are cumulative and not alternative.

**6.10 Dispute Resolution.** Each party (a) hereby irrevocably and unconditionally submits to the personal jurisdiction of the Dispute Resolution Jurisdiction for the purpose of any suit, action, or other proceeding arising out of or based upon this Agreement; (b) shall not commence any suit, action or other proceeding arising out of or based upon this Agreement except in the Dispute Resolution Jurisdiction; and (c) hereby waives, and shall not assert, by way of motion, as a defense, or otherwise, in any such suit, action or proceeding, any claim that it is not subject to the personal jurisdiction of the Dispute Resolution Jurisdiction, that its property is exempt or immune from attachment or execution, that the suit, action or proceeding is brought in an inconvenient forum, that the venue of the suit, action or proceeding is improper or that this Agreement, or the subject matter hereof and thereof may not be enforced in or by the Dispute Resolution Jurisdiction.

**6.11 Specific Enforcement.** It is agreed and understood that monetary damages would not adequately compensate an injured party for the breach of this Agreement by any other party, that this Agreement shall be specifically enforceable and that any breach or threatened breach of this Agreement shall be the proper subject of a temporary or permanent injunction or restraining order. Further, each party hereto waives any claim or defense that there is an adequate remedy at law for such breach or threatened breach.

[SIGNATURE PAGE FOLLOWS]

Confidential

Confidential



IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first written above.

**THE COMPANY:**

ARTCRAFT ENTERTAINMENT, INC.

By: \_\_\_\_\_  
(Signature)

Name: J. Todd Coleman  
Title: Chief Executive Officer

Address:  
815A Brazos St. #313  
Austin, TX 78701  
USA  
Attn: Chief Executive officer

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the date and year first written above.

**PURCHASER:**

\_\_\_\_\_

By: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

Email: \_\_\_\_\_

Telephone: \_\_\_\_\_

Dated: \_\_\_\_\_

**SIGNATURE PAGE TO ARTCRAFT ENTERTAINMENT, INC.  
SERIES SEED-3 STOCK INVESTMENT AGREEMENT**

EXHIBIT C

**CERTIFICATE OF DESIGNATION OF  
SERIES SEED-3 PREFERRED STOCK OF  
ARTCRAFT ENTERTAINMENT, INC.**

ArtCraft Entertainment, Inc., a corporation organized and existing under the laws of the State of Delaware (the “**Corporation**”), in accordance with the provisions of Section 151(g) of the General Corporation Law of the State of Delaware, hereby certifies:

That pursuant to the authority conferred upon the Board of Directors by the Certificate of Incorporation of the Corporation, the Board of Directors on November \_\_, 2016 adopted the following resolution creating a new series of 1,613,727 shares of preferred stock designated as Series Seed-3 Seed Preferred Stock:

RESOLVED, that there is hereby designated a series of Preferred Stock to be known as Series Seed-3 Preferred Stock having the rights, preferences, privileges, and restrictions as set forth in EXHIBIT A attached hereto.

IN WITNESS WHEREOF, ArtCraft Entertainment, Inc. has caused this Certificate of Designation to be signed by J. Todd Coleman, a duly authorized officer of the Corporation, on November \_\_, 2016.

*By: /s/ J. Todd Coleman*  
\_\_\_\_\_  
*J. Todd Coleman, Chief Executive Officer*

**EXHIBIT D**

**IRREVOCABLE PROXY TO VOTE STOCK  
OF  
ARTCRAFT ENTERTAINMENT, INC.**

The undersigned stockholder, and any successors or assigns ("**Stockholder**"), of ArtCraft Entertainment, Inc., a Delaware corporation, a Delaware corporation (the "**Company**") hereby irrevocably (to the fullest extent permitted by applicable law) appoints the Company's Chief Executive Officer or such other person as designated by the Company's Board of Directors (such person, the "**Proxy**"), or any other designee of Proxy, as the sole and exclusive attorney and proxy of Stockholder, with full power of substitution and resubstitution, to vote and exercise all voting and related rights (to the fullest extent that Stockholder is entitled to do so) with respect to all of the shares Series Seed-3 Preferred Stock of the Company that now are or hereafter may be beneficially owned by Stockholder, and any and all other shares or securities of the Company issued or issuable in respect thereof on or after the date hereof (collectively, the "**Shares**") in accordance with the terms of this Irrevocable Proxy. The Shares beneficially owned by Stockholder as of the date of this Irrevocable Proxy are listed on the final page of this Irrevocable Proxy. Upon Stockholder's execution of this Irrevocable Proxy, any and all prior proxies (other than this Irrevocable Proxy) given Stockholder with respect to the Shares are hereby revoked and Stockholder agrees not to grant any subsequent proxies with respect to the Shares or enter into any agreement or understanding with any person to vote or give instructions with respect to such subject matter in any manner inconsistent with the terms of this Irrevocable Proxy as long as the Shares are outstanding.

This Irrevocable Proxy is irrevocable (to the fullest extent permitted by applicable law), is coupled with an interest sufficient in law to support an irrevocable proxy, is granted pursuant to that certain Series Seed-3 Preferred Stock Investment Agreement dated as of even date herewith by and between Company and Stockholder.

The attorney and proxy named above is hereby authorized and empowered by Stockholder, at any time, to act as Stockholder's attorney and proxy to vote the Shares, and to exercise all voting and other rights of Stockholder with respect to the Shares (including, without limitation, the power to execute and deliver written consents pursuant to Section 228(a) of the Delaware General Corporation Law), at every annual, special or adjourned meeting of the stockholders of the Company and in every written consent in lieu of such meeting.

All authority herein conferred shall survive the death or incapacity of Stockholder and any obligation of Stockholder hereunder shall be binding upon the heirs, personal representatives, successors and assigns of Stockholder.

This Irrevocable Proxy is coupled with an interest as aforesaid and is irrevocable. This Irrevocable Proxy may not be amended or otherwise modified without the prior written consent of Company.

Dated: \_\_\_\_\_

\_\_\_\_\_  
(Signature of Stockholder)

Shares beneficially owned on the date hereof and/or to be owned following the Closing: \_\_\_\_\_

Confidential

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