To make demo work correctly, import <u>presets</u> from "Assets/2DCloth/Demo/ Presets/" folder. These assets can be imported using <u>ProjectSetting</u> window. If you can't import them, add 2 layers - at level 8 and 9 in "Tags and Layers" window of "Project Settings", then uncheck them in "Physics 2D" window of "Project Settings":

