**Possible Acquisition by X of Y**

**Summary of Significant Terms**

**NOT BINDING**

**Date**

***Terms of the Proposed Transaction***

Asset Purchase or

Share Purchase The buyer, X (“**Buyer**”) will work together with the seller Y (the “**Seller**”) in good faith, considering the advice of independent advisors (including accounting, tax and legal), in order to determine the most preferable method to structure a transaction, in which Buyer will purchase a majority interest of up to 100% of the equity interests of Seller (“**Share Purchase**”).

Type of Term Sheet This Term Sheet is NON BINDING but describes to Buyer and Seller the structure of a planned future transaction.

Strategy Buyer plans on acquiring Seller and grow the company in direct cooperation with the current owners, management and employees.

Acquisition date Acquisition date will be 1/1/2022

No Leakage After the date of signing this document no distributions (e.g dividends) will be made to the shareholders/owners.

Management role Seller The Seller will provide support in order to keep the company performing well and as requested by the Buyer for a period of X months. A formal cooperation (third-party consulting) contract with the owners will to be signed before the actual acquisition.

Due diligence The Buyer will have a due diligence carried out by a designated team to be informed to the Seller (Tax, Legal, Financial).

Business case/plan Buyer works of the numbers as provided by the Seller

Valuation The Enterprise valuation to be attributed to 100% of the shares of Seller will be X times 2021 estimated EBIT (‘Enterprise Value’). Based on an acquisition of 100% the total valuation of the shares to be acquired is expected to be Y Euros.

Transaction structure Cash at Closing: X Euros.

 Earn-Out 1 (“**Tranche 2”)** : X Euros and is contingent on ….

 Earn-Out 2 (“**Tranche 3”)**: Y Euros and is contingent on …..

Payment dates Payment of the Consideration amount is to be spread over 3 tranches as follows:

* Tranche 1 amounts to a fixed amount of X Euros. (the “**Tranche 1 Fixed Consideration**”) as Cash at Closing.
* Tranche 2 amounts to a fixed amount of Y Euros and is due on July 1, 2022 . (the “**Tranche 2**”).
* Tranche 3 : Z Euros due on . (the “**Tranche 3**”). .

Exclusivity After signing this Term Sheet the Buyer will get exclusivity for a period of 12 weeks which will be extended by a period of 2 weeks each time without a written objection of Seller of Buyer

Conditions:

1. Sellers have given a complete description of the company for sale
2. Sellers will sign a cooperation agreement with a compensation similar to current salaries of Sellers.
3. Working Capital has a normal and sustainable level
4. The bookkeeping is done in a proper way

Governing Law Z Law. This term sheet is not legally binding. It confirms the interests of both parties to execute a transaction based upon the above criteria.

Buyer name Seller.

Name: Name:

Function: CEO Owners

Date: Date: