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1. Interpretation

In this Schedule the following terms shall have the meanings set out opposite each respectively

shall have the meanings set

“the Buyer’s Accountants”

name >> of << Insert firm's

“Buyer’s Group”

a company (wherever incorporated) or any company of which the Company is a subsidiary (its holding company) or any subsidiary of any such holding company in a group is a group;

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text otherwise requires, the definition of Group to any company will apply to the company;

“EBIT”

Company’s Earnings Before Interest

“Earn-Out Period”

and comprising the Company’s period of <<Insert range of years e.g. five>>

“Independent Accountant”

accountant agreed upon by or on behalf of the Seller(s) and the Buyer or, if they cannot agree, nominated on the application at the time being of the Institute of Chartered Accountants in England and Wales by such accountant, and, if such President, in nominating the accountant to be borne as he may direct);

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“Profits”

Company’s EBIT shown by the Company’s relevant financial statements for the Earn-Out Period, and in each case in accordance with this Schedule;

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“the Seller(‘s)(s’) Accountants”

name>> of <<Insert firm's

“Subsidiary”

company wherever incorporated (whether or not a subsidiary (as defined in section 1159 of the Companies Act

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2006 and any other company which is a subsidiary (as so defined) of a company which is itself a subsidiary of such holding company;

Unless the context otherwise requires, the application of the definition of Subsidiary to any company at any time will apply to the company as it is at that time.

2. Consideration

2.1 Purchase price

The purchase price for the Shares shall comprise the Initial Consideration and the Deferred Consideration.

2.2 Independent Accountant (Initial Consideration)

Within <<Insert number of days>> of Completion, an Independent Accountant shall, for the purposes of paragraph 2.3, certify, in their opinion, the fair value of an [ordinary] share of << Insert nominal amount >> in the capital of the Buyer as between a willing buyer and a willing seller, contracting at arm's length terms as at Completion.

2.3 Initial Consideration

The Initial Consideration shall be £<<Amount in figures>>, which shall be satisfied by the allotment at Completion to the Seller(s) of such number of [ordinary] shares of << Insert nominal amount >> in the capital of the Buyer (credited as fully paid) as shall, in aggregate, be equivalent in value to the Initial Consideration (the "Initial Consideration Shares"). Fractions of an Initial Consideration Share shall be disregarded in determining the number of Initial Consideration Shares to be allotted. The Consideration Shares shall be allotted within <<Insert number of days>> of receipt of the Independent Accountant's opinion under paragraph 2.2.

2.4 Independent Accountant (Deferred Consideration)

Within <<Insert number of days>> days of the Accounts for the last financial year of the Earn-Out Period being agreed or determined, the Seller(s) and the Buyer shall agree upon the appointment of an Independent Accountant. Within <<Insert number of days>> of their appointment or nomination such Independent Accountant shall, for the purposes of paragraph 2.5, certify, in their opinion, the fair value of an [ordinary] share of << Insert nominal amount >> in the capital of the Buyer as between a willing buyer and a willing seller, contracting at arm's length terms as at Completion.

2.5 Deferred Consideration

The Deferred Consideration shall comprise an amount equal to the average Profits for the Earn-Out Period, multiplied by <<Insert multiplier>>, less the Initial Consideration, such amount to be satisfied by the allotment to the Seller(s) of such number of [ordinary] shares of << Insert nominal

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amount >> in the c
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"Deferred Consider
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(if any) shall be allo
Independent Accou

lited as fully paid) as shall, in
Deferred Consideration (the
s of a Deferred Consideration
ng the number of Deferred
Deferred Consideration Shares
ber of days>> of receipt of the
agraph 2.4 above.

2.6 **Events where De
partially paid)**

will not be paid (or only

If <<Name(s)>> ce
member of the Buye

by the Company or by any
nd of the Earn-Out Period:

2.6.1 by reason
of his/her/
member of
employed
service ag
Deferred
and

udiatory breach or termination
(s) by the Company (or by any
y which <<Name(s)>> is/are
summary dismissal under such
ler(s) will be entitled to the full
under paragraph 2.5 above;

2.6.2 save as p
entitled to
calculated
proportion
employed
entitled to
he/she/it/t

.1 above the Seller(s) shall be
of the Deferred Consideration
above which is equal to the
which <<Name(s)>> was/were
d he/she/it/they shall not be
ferred Consideration to which
e been entitled.

2.7 **Cap on Considerat**

The maximum ag
Deferred Considera
paid that amount
Deferred Consider
Agreement or volu
payable by the Buy
Deferred Considera

initial Consideration and the
>>. Upon the Buyer having
Initial Consideration and the
t to the provisions of this
ferred Consideration shall be
this Agreement relating to the
riod shall cease to apply.

2.8 **Dividends**

The Initial Consider
shall rank pari pass
<< Insert nominal a
carry the right to
declared, made or
that they shall not b
to a record date prid

ferred Consideration Shares
e existing [ordinary] shares of
capital of the Buyer and shall
ends and other distributions
their respective allotment save
declared or paid by reference
ective allotment.

2.9 **Retention of Cons**

The Seller(s) under
consent of the Buye
the Initial Considera
period of << Insert r

t, except with the prior written
any Encumbrance over any of
ed Consideration Shares for a
ing the date of their respective

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allotment.

2.10 **Cash Alternative**

At the Buyer's discretion, the Deferred Consideration may be paid in cash or by way of consideration or the Deferred Consideration may be paid in cash.

2.11 **Cash Payment**

Unless otherwise specified, the payment required to be made by the Buyer to the Seller(s) pursuant to paragraph 2 shall be made by way of a [banker's draft payable to the order of Seller(s)] [Seller('s)(s') Solicitors (whose receipt thereof shall constitute discharge to the Buyer)] OR [telegraphic transfer to the Seller(s)].

Bank: << >>

Branch: << >>

Sort Code: << >>

Account Name: <<

Account Number: <<

2.12 **Set Off**

Subject to Clause 6, the Buyer shall be entitled to set-off against the Deferred Consideration the amount of any claim under the Warranties or the Tax Covenant that is admitted or in respect of which judgment is obtained by the Buyer, such that the Deferred Consideration shall be reduced accordingly.

3. **Profits**

3.1 For the purpose of this clause, the Buyer shall cause the Buyer's Accountants to prepare and deliver to each party and the Seller(s) draft Accounts as soon as practicable following the end of each financial year during the Earn-Out Period (respectively "Buyer's Accounts" and "Seller's Accounts").

3.2 The Seller(s) shall, within 5 days after receipt of each of such draft Accounts, provide to the Buyer a copy of the "Agreement Period") in which the Seller(s) shall disclose the amount of the EBIT shown by such draft Accounts as appears in the Seller's Accounts.

3.3 The Buyer shall give to the Seller(s) and the Buyers' Accountants shall give, and each member of the Seller(s)'s independent professional valuer shall give to the Seller(s), the Seller(s)'s independent professional valuer shall provide a Schedule reasonable and full disclosure of the information, copies of):

3.3.1 the Buyer's Accounts; and the Seller's Accounts;

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