**SUBJECT TO CONTRACT**

**04/02/2021**

**CONFIDENTIAL**

**CLS RISK SOLUTIONS**

**MEZZANINE TERM SHEET**

Please note that this Term Sheet does not represent an offer or commitment to finance and does not create any legally binding obligations on Lender Capital LLP.

THESE TERMS ARE INDICATIVE AND SUBJECT TO FULL DUE DILIGENCE, FINAL STRUCTURE, FINAL DOCUMENTATION AND FINAL CREDIT APPROVAL

Borrower (The Company)

Arranger:

Lender:

Agent:

Purpose:

Arrangement Fee:

Guarantors:

Security:

NewCo

Lender Capital LLP (“Lender”)

Lender Capital LLP

Lender Capital LLP

The Facility may be used to:

1. General corporate purpose
2. Equity release

3.5 per cent payable upon Closing

To be agreed, and shall include Borrower’s direct subsidiaries and where appropriate, other material subsidiaries.

To be agreed. Shall include second ranking charge over the assets and share capital (and any other security as appropriate) of the Borrower (and other Group entities where applicable) in favour of the Lender.

Ranking:

Principal Amount:

Interest:

Cash Interest:

PIK Interest:

Maturity:

Redemption Amount:

Redemption Premium:

Change of Control:

Equity Participation:

Exit:

Contractually subordinated to the senior indebtedness of the Borrower up to a maximum of £5m. Structurally senior to all shareholders' equity, shareholders’ loans and other shareholders’ funding (in whatever form) that may from time to time be provided.

£10.0 million

The aggregate of Libor, the Cash Margin and the PIK Margin. There shall be a minimum Libor floor of 1.00% for the Facility.

5.0 per cent per annum

5.0 per cent per annum

Quarterly

5 years

Outstanding Principal Amount plus accrued and unpaid Interest and Redemption Premium.

The Facility will be non-callable for the first 12 months after the Completion Date. From and including the 13th month to the 24th month after the Completion Date, the Facility may be redeemed at any time with a redemption fee of 2.0%. Thereafter, the Facility may be redeemed at any time without redemption fee or premium.

Upon any Change of Control (to be defined by reference to majority board voting control of the Borrower being obtained by a third party), the Borrower will be required to offer to repay all the outstanding Facility at the Redemption Amount

The lender will have the right to acquire n% of the freely transferable and sellable ordinary shares of Group, or equivalent, for a nominal amount. Minority Equity rights (including Tag/Drag along) to the benefit of the Lender (as customary for a transaction of this nature) to be included in Shareholders’ Agreement (SHA).

Exit or liquidity discussions for THE LENDER equity stake to start no later than the end of Year 4 with targeted final realization no later than the end of Year 5. Should an Exit not occur by the end of Year 5, The lender will have a Put Option to oblige the Company to buy back all The lender shares at a valuation to be agreed by an independent third party or a pre-agreed multiple of LTM EBITDA

Information Rights:

Due diligence:

The lender will have the right to appoint at least one member to the executive board of directors of Borrower

£nk per annum

The Borrower will provide the lender (or its nominee) with (on a consolidated basis) an annual budget, annual financial statements audited by an accounting firm of international reputation, quarterly and monthly unaudited financial statements; and such other information as is provided by the Borrower, the Group and its affiliates, to its shareholders or its lenders

To include, inter alia, financial, commercial), tax and legal due diligence, as well as an update on current trading. Financial diligence to include cash reconciliation of cash flow and Borrower bank accounts. The lender shall have access to the same due diligence reports and information in respect of the Transaction and the investment as have been made available by Borrower or any affiliate or by any third party to potential future shareholders or lenders.

The Borrower will provide The Lender (or its nominee) with (on a consolidated basis) an annual budget, annual financial statements audited by an accounting firm of international reputation, quarterly and monthly unaudited financial statements; and such other information as is provided by the Borrower, the Group and its affiliates, to its shareholders or its lenders

To include, inter alia, financial, commercial, tax and legal due diligence, as well as an update on current trading. Financial diligence to include cash reconciliation of cash flow and Borrower bank accounts. The Lender shall have access to the same due diligence reports and information in respect of the Transaction and the investment as have been made available by Borrower or any affiliate or by any third party to potential future shareholders or lenders.

Financial Covenants:

Covenants:

Events of Default:

Transferability:

Right of First Refusal:

Pre-Pack protection:

Law:

Exclusivity:

Each of the following will be included in the Facility Agreement, with a 20% headroom to an agreed business plan:

* Total leverage – Total net debt to EBITDA
* Cashflow cover – Cash flow to debt service
* Interest cover – EBITDA to net finance charges
* Capital expenditure

As is usual for these types of facilities to include amongst others, asset sales, restricted payments, limitation on preference shares, amendments to documentation and the incurrence of additional indebtedness.

Usual for these types of facilities comprising the following, subject to standard grace periods, de minimis and other exceptions: payment default, breach of other obligations in respect of the Facility, invalidity and unlawfulness, cross default, insolvency, receivership and administration, compositions and arrangements, winding-up, distress and unsatisfied judgement.

The Facility will be freely transferable, subject to a minimum amount to be determined.

In the event that additional capital is to be raised by the Borrower (or any other entity within the Group), The lender shall have the right to match, or participate, and the entity raising the capital shall be obliged to accommodate the lender. This excludes issues which are not capital raising such as employee share issues and franchisee incentive shares.

On an insolvency, Group shareholders or any beneficially owner (or controlled entities) shall not be entitled to take any direct or indirect interest in the Group or any entity formed to purchase Group companies or their business without the lender’s consent.

English law

The Company acknowledges that the lender has incurred and will incur costs and deploy management time in connection with the proposed Investment until its completion. In consideration of the lender incurring such costs and spending such time, the lender shall be awarded exclusivity for 6 weeks. Exclusivity to be extended upon mutual agreement. Exclusivity will be void if the lender elects not to proceed with the investment at any time.

THE LENDER External Diligence & Legal Costs

Signed by:

Name

Company Name

Date:

These will be classed as a Transaction cost payable by the Company. In the event the deal is terminated by the Company these costs will be covered by Company with such costs pre-agreed by both the lender and Company before such work is undertaken.

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Date: