

CONFIDENTIAL

Investment Term Sheet

Date: January 15, 2024

Transaction Overview

Buyer: [CONFIDENTIAL]

Target: XYZ Tech Solutions, Inc.

Transaction Type: Majority Stake Acquisition

Key Terms

1. Purchase of Shares

- Primary Investment: \$40,000,000 for new shares
- Secondary Sale: \$5,000,000 for existing shares
- Total Transaction Value: \$45,000,000

2. Valuation

- Pre-money Valuation: \$60,000,000
- Implied Multiple: 8.0x ARR

3. Payment Structure

a) Closing Payment: \$35,000,000

b) Earnout: Up to \$10,000,000 based on achievement of following metrics:

- Revenue target of \$20M ARR by Dec 2024
- Minimum gross margin of 80%

4. Governance

Board Composition: Five (5) members

- Three (3) appointed by Buyer
- One (1) Founder representative
- One (1) Independent director