

Heads of Agreement

Between: Garvan Lynch (Vendor)

And: Norman Brookes (on behalf of Purchaser; Westlance Holding Limited)

Where it is hereby agreed:

1. The Vendor agrees to sell to the purchaser and the purchaser agrees to buy from the Vendor the entire issued share capital of Bronze Trail Limited ('the **Company**').
2. A share purchase agreement will be prepared by the Purchaser's solicitors to provide for the sale and purchase of the Company from the Vendor(s) and this agreement will contain the usual provisions to deal with the following non-exhaustive list - provision of customary warranties in respect of the Company, non-compete provisions, employees of the business and the property (the "**Share Purchase Agreement**").
3. The goodwill of Bronze Trail Limited, t/a Lynch's Pharmacy comprises all State & HSE Contracts, patient listings and records and the fixtures and fittings, located at Broadale Commercial Centre, Douglas, Co. Cork.
4. The initial consideration agreed for the goodwill is €1,250,000.
5. The Initial Consideration shall be adjusted for the value of net asset value of the Company at the agreed SPA closing date ("**Completion**").

Net asset value shall be calculated as stock of goods for resale, debtors, prepayments and other assets including cash and bank, less total liabilities at Completion.

In the event that the agreed Completion Accounts (as referred to below) show a positive net asset figure for the Company as at Completion the Purchaser shall pay a sum equal to the positive net asset figure to the Vendor in addition to the Initial Consideration.

In the event that the agreed Completion Accounts (as referred to below) show a negative net asset figure of the Company as at Completion the Vendor shall pay a sum equal to the negative net asset figure to the Purchaser.

6. A closing statement of affairs will be prepared by the Company's accountant. The statement of affairs will be prepared within 60 days of contract closing. The statement of affairs will then be agreed by the purchaser within 30 days of receipt.
7. In advance of Completion Fitzgerald Power Consultancy Limited shall prepare an estimated closing Statement of Affairs showing the estimated net asset position of the Company as at Completion (the "**Estimated NAV**") and this shall be mutually agreed by the parties in advance of Completion. The Initial Consideration of €1,250,000 (less the Deposit) together with 80% of the Estimated NAV shall be paid by the Purchaser to the Vendor on Completion. Any payment due by the Purchaser to the Vendor, or the Vendor to the Purchaser, following agreement of the Completion Accounts shall be paid within 20 days of such agreement.
8. The stocks shall be valued at cost on the day before Completion by independent stocktakers, ABC Stocktaking Services Limited. Generic dispensary stock shall be valued at the IPU list price less a discount of 65%, Parallel Imported dispensary stock shall be valued at the IPU list price less a discount of 22% and all other dispensary stock shall be valued at cost less a discount of 11%. Over the Counter medicine stock shall be valued at cost less 25%. Out of date, unsaleable (damaged) stock shall be excluded from the stocktake. Dispensary stocks within four months of expiry shall be excluded from the stocktake.

The cost of the stocktake shall be paid 50% by the Vendor and 50% by the Purchaser. The Purchaser can attend the stocktake if they so wish.

9. Subject to the agreement of the solicitors and the bank the target closing date is set as 31st March 2023.
10. Upon signing of this Heads of Agreement the purchaser shall pay a sum of €125,000 as deposit to the vendor's solicitor. The deposit will be refunded to the purchaser (without interest, costs or compensation) on the completion date (if the transaction does not complete and the parties have not agreed to extend out the completion date) or any such earlier date as may be agreed between the parties. The deposit is to be held in trust by the vendor's selling agent until that date.
11. In the event that the transaction is completed, each party will pay its own costs incurred. In the event that the transaction is not completed each party will pay its own costs incurred.
12. The parties to this Heads of Agreement and their professional advisors will maintain absolute confidentiality in regard to all aspects of the transaction and this clause shall be binding in its effect.
13. This Heads of Agreement, with the sole exception of clauses 11 (costs), 12 (confidentiality), 13 (this clause) and 14 (exclusivity) does not contain any binding agreement or an exhaustive list of all matters upon which agreement must be reached in order for any envisaged share purchase agreement to be established or become effective. A binding commitment will result only from execution and delivery of a definitive written Share Purchase Agreement. Accordingly, under no circumstances shall any part of this Heads of Agreement be construed as an offer to contract, conditional offer to contract, preliminary agreement or other binding instrument with respect to a definite Share Purchase Agreement for the sale and purchase of the Company.

Notwithstanding other provisions in the present Heads of Agreement, and for the avoidance of doubt, until a valid Share Purchase Agreement has been executed, each of the Parties hereto reserves the right to withdraw from discussions at any time without assigning any reasons. Such withdrawal would not entitle the non-withdrawing parties to any payment or claim for damages for whatever reason (including pre-contractual liability) other than any damages claimable for breach of the exclusivity undertaking given hereunder.

14. For a period of: (a) eight weeks after the date of this Heads of Agreement or (b) the date of notification by the purchaser to the vendor of its/his withdrawal from this transaction whichever is earlier: -
 - (i) the parties hereby undertake to use their reasonable endeavours to negotiate and endeavour to reach a full and legally binding agreement in relation to the proposed transaction; and
 - (ii) the Vendor hereby undertakes not to enter into any discussions, contracts or other agreement regarding the transfer, sale or contribution of part or all of the Company or the Pharmacy business or to incite, solicit, or accept, either directly or indirectly, and by any means whatsoever, any offer or proposal made to or by any third party concerning the sale or transfer of the Company or the Pharmacy business.

Signed by:

Garvan Lynch
Vendor
Date:

Norman Brookes
(Purchaser)
On behalf of Westlance Holding Limited
Date: