

# RBL's Revenue share Agreement

## Terms Sheet

<b><u>Amount of Financing.</u></b>	\$200,000 USD, disbursed over parts as described in "Funding division"
<b><u>Revenue share</u></b>	Revenue based Financing: shared revenue
<b><u>Royalty</u></b>	3% of Borrower's Gross Revenues from all sources from operations, minus Permittable Offsets outlined below, delivered to XYZ Capital, Inc. ("GMC") in quarterly repayments.
<b><u>Initial Payment</u></b>	Initial payment begins within 45 days of the earlier of: a) the end of the first quarter in which the Borrower generates Gross Revenue of \$50,000(agreed upon); or b) 12 months from investment date
<b><u>Permittable Offsets.</u></b>	Proceeds from: loans from commercial lenders, sales of securities, insurance claims, litigation settlements, customer refunds or reimbursements, write-off, and non-cash revenue from partners or joint ventures, from fiscal sponsors, charitable donations, and grants from local, state, federal, international, or other third parties.
<b><u>Payment Schedule.</u></b>	Borrower shall make the Royalty Payments commencing from the Initial Payment until five (5) years from the Date of Initial Payment [or until GMC receives aggregate payment of \$_____].
<b><u>Reporting Requirements</u></b>	1.) Monthly reporting template; 2.) Monthly calls with XYZ Capital, Inc, or as needed; 3.) Quarterly non-audited, non-GAAP statement of profits and losses; 4.) Advisory Board – monthly check in via phone or email with GMC's appointed Advisor and Quarterly virtual Advisory Board Meetings; 5.) Annual audited financials.
<b><u>Right to Participate</u></b>	Should the Investor convert to equity, the Investor shall have the right to participate in any future financings of the Company (whether debt or equity) on a pro rata
<b><u>Expenditure Responsibility</u></b>	Proceeds must be used to finance the expansion of the Borrower's activities, including the furtherance of its social mission. If there is any change to the Borrower's strategy affecting the sustainable and/or social goals of the Company, the outstanding amount under the Agreement may be called by the Investor

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### Fund Division

#### (trenching)

Funding Tranches: **Tranche 1** - \$20,000; disbursed upon completion of the following milestones:

- Signing of investment agreement
- Customer survey to find reliable drivers of customer satisfaction
- Submit names and profiles of 2 potential advisory board members
- 12-month plan / timeline

**Tranche 2** - \$30,000; disbursed upon completion of the following milestones:

- Regular submission of monthly reporting
- Formation of an Advisory Board with first virtual/conference call meeting
- X% customer growth rate
- 2 signed MOU's with paying partners
- Hire part-time sales support
- Signed agreement with content provider

**Tranche 3** - \$45,000; disbursed upon completion of the following milestones:

- Submission of Monthly Reporting + Quarterly Financial

#### **Documents**

Commented [AC12]: Explanation of GMC's right to participate in future fundraising rounds by the company, in the event that we convert to equity, as outlined above.

Commented [AC13]: RBL disburses the investment amount based upon prior agreed upon tranches that track both operational AND performance milestones.

The intention of the milestones is to focus the company on execution and drive towards revenue and impact growth. The milestones should show your progress clearly and make necessary course corrections and pivots in your model more obvious for both the entrepreneur and us. The milestones and corresponding disbursement amounts are developed collaboratively with the entrepreneur and tailored to each company, based upon its growth projections and capital needs over the coming 12 months. We try to set as specific and clear milestones/targets as possible so that there is no ambiguity in achieving them (simple yes or no to unlock a disbursement of funding) and so that we are all on the same page with clear direction.

Provided are some examples of milestones; these are simply a sampling of some operational and performance milestones for a sample company.

- 2nd advisory board virtual/conference call meeting
- Recruit Key Full Time position
- List of targeted follow-on investors (up to 10).
- Identify Pipeline for Business Development/B2B Partnerships (up to 10)
- 2 new MOU's with paying partners
- \$XX in total revenues
- Launch online marketing campaign
- 2nd customer survey

**Tranche 4** - \$20,000; disbursed upon completion of the following milestones:

- Submission of final report on operations, lessons learned, and impact
- Submission of Audited Financials
- 3rd advisory board virtual/conference call meeting
- x active users (x recurring)
- \$XX in total revenues
- Mobile App deployed
- Investor Pitch Deck created

\*\*For the sake of clarity, the Borrower and GMC shall have the right to update the milestone

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### **Due Diligence**

Per our standard due diligence process, we will need to gather the following information from you prior to distributing the Agreement:

- o Copies of the Company's formation & governing documents
- o Full names of any Board members, managers, founders, & any key employees (for required Patriot Act check)
- o Is there is any litigation pending against the Company? (Yes or No; if Yes, will need further information)
- o Is the Company in good standing with the regulatory and tax authorities? (Yes or No; if No, will need further information)
- o Organizational chart
- o Latest financials and cap table
- o List of all other investors / shareholders (if applicable)
- o List of any debt instruments/bank lines with key terms (if applicable)

### **Expiration**

These terms will expire 15 days from offering.