

# Success Fee Primer

## What is your Success Fee?

Axial charges success fees on Change of Control and Minority Equity transactions under the following fee structure:

- 5% of the first \$1,000,000 of the Transaction Consideration
- 4% of the next \$1,000,000 of the Transaction Consideration
- 3% of the next \$1,000,000 of the Transaction Consideration
- 2% of the next \$1,000,000 of the Transaction Consideration
- 1% of the Transaction Consideration in excess of \$4,000,000

Axial charges success fees on Debt transactions under the following fee structure:

- 1% of the total maximum amount of capital contractually agreed to be deployed

## What triggers a fee obligation?

- Success fees are owed when an Axial member sends you a deal via the Axial Platform that you proceed to consummate within 18 months of first sourcing the deal.
- What if I've already seen the exact same deal directly?
  - You may qualify for an exemption (see below for more details)

**Note:** if you "decline" a deal that you have discovered via Axial and you then proceed to consummate the transaction, you continue to have a success fee obligation.

## Success Fee Exemption

Members can obtain a deal-specific success fee exemption only when the member is already in an active dialog with the seller or the seller's advisor. It is the obligation of the member to provide Axial with two-way communication that pre-dates the time at which the deal was first discovered via Axial.

To request a success fee exemption for any deal, email [help@axial.net](mailto:help@axial.net) and include:

- 1) the deal you are requesting be excluded and
- 2) time-stamped two-way communication that pre-dates the time at which you sourced the deal via Axial.

**✓ Communication that DOES qualify for an exemption:**

- NDA that references the deal and has been signed by both parties prior to the buy-side member sourcing the deal on Axial
- Email from the sell-side member that references the deal + reply from the buy-side member indicating interest (both timestamped prior to the Buy-side member sourcing the deal on Axial)
- Broker marketing email that references the deal + reply from the buy-side member indicating interest (both timestamped prior to the Buy-side member sourcing the deal on Axial)

**✗ Communication that DOES NOT qualify for an exemption:**

- Broker marketing email received by the buy-side member but not responded to
- Email from the sell-side member that references the deal + reply from the buy-side member indicating interest after the Buy-side member sourced the deal on Axial
- Emails between sell-side and buy-side member demonstrating a previous relationship but lacking reference to the deal in question

## Account Level Filters

Account Level Filters allow you to block specific sell-side members or organizations. Blocked members cannot send you deals, and you will not be visible or recommended to those members when they are bringing deals to market that are a match for any of your active projects. You can set up Account Level Filters in the Advanced Filters section of your buy-side project(s).

**Keyword Filters** (Optional)

Control whether you'll be recommended for a deal based on certain keywords / phrases. **Use commas** to separate each filter.

I'm **NOT** interested in sourcing deals from organizations with a name that matches or contains **ANY** of these words / phrases:

ABC Bank ✕
Exemplar Partners ✕
Faux Business Brokers ✕

I'm **ONLY** interested in deals if the headline / description contains one of these words / phrases:

(e.g. franchise, proprietary, last mile ...)

I am **NOT** interested in deals if the headline / description contains **ANY** of these words / phrases:

(e.g. franchise, proprietary, last mile ...)

## Disclosure Requirements

Per [Axial's Terms of Service](#), Buy-side members agree to notify Axial within five (5) business days, via the Platform or via email ([help@axial.net](mailto:help@axial.net) or via your Axial Account Manager) when any of the following events have occurred:

- You or your firm / company have submitted or entered into any agreement, memorandum (for example, a written IOI, written term sheet, written LOI, or substantial equivalent), or other understanding with respect to a Shared Deal Opportunity.
- The occurrence of a Consummated Transaction.

The easiest way to remain in good standing is to keep the status of your Active Deals up to date at all times. ([See here for more help with deal management](#))

Status & Date	Deal Headline	Company & Contact	Revenue	EBITDA	Relevant To	Call	Message
NDA Signed 7/26/21	Organic consumer nutrition products manufact...	Axial Nick Ross	\$3.2M FY 2018	\$0.2M FY 2018	Nutritional products Buy a Business		
NDA Signed 3/15/21	Testing pursue from Email	Axial Jaime Stock	\$20.0M LTM	\$5.0M LTM	Office supplies Buy a Business		
NDA Signed 8/7/20	Paper clips axialdemo1234	Dan Lee Co Falsie Oosir	\$21.0M LTM	\$9.0M LTM	Office supplies Buy a Business		
Received CIM 2/6/20	Test Project	Dan Lee Co Falsie Oosir	\$5.0M LTM	\$4.0M LTM	Nutritional products Buy a Business		
NDA Available 9/5/19	NDA issue nda issue	Axial Simon Riker	\$500.0M LTM	\$499.0M LTM	Phoenix Project Buy a Business		

You will also receive occasional attestation questionnaires from Axial regarding LOIs submitted on deals - completion of the questionnaire is mandatory. Failure to do so will result in an automatic pause of your Axial membership.

## Failure to Disclose

In the event that a Member fails to notify Axial of a successfully Consummated Transaction originated through the Platform and Axial separately, and through its own means, discovers the Consummated Transaction, the Member Account shall owe Axial two (2x) times the Fee Rate percentage (specified in the Membership Agreement). Past due amounts bear a late payment charge, until paid, at the rate of 2% per month / 24% per annum or the maximum amount permitted by law, whichever is less.

## Success Fee Credits

Members who successfully close and self-report deals earn Success Fee Credits equal to 50% of the fee paid at close. Members can use 50% of their credit balance towards Success Fees owed on future transactions (not to exceed 50% of any subsequent fee obligations).

Account Name	Credits Earned	Credits Redeemed	Credits Remaining	Credits Available
XYZ Capital Partners	\$50,000.00	\$0.00	\$50,000.00	\$25,000.00

## Closed Deal Success Fee Credit Guidelines

- Members will receive credits equal to 50% of their paid fee at close
- Members can use 50% of their credit balance towards future transactions (not to exceed 50% of any subsequent fee obligations)
- Each credit issuance has a 5-year life; credit issuance occurs on the date payment is made
- Member can use credits with legal affiliates of existing member account but not to unaffiliated new entities without the express consent of the CEO, CFO, or managing partner
- Credits are earned exclusively on fee payments that are made in accordance with the Member's Membership Agreement and Member ToS
- Late payments and missed payments made on transactions that were not self-reported by the Member do not qualify for credit issuance
- Members will forfeit their credits for any violation of the Member ToS