

[Date]

**STRICTLY PRIVATE AND CONFIDENTIAL**  
VIA EMAIL

[Name]  
[Address]

**Re: Letter of Intent**

Dear [\_\_\_\_\_]:

Pursuant to recent discussions, we are pleased to submit the following proposal (this "Letter of Intent" or "LOI") on behalf of [\_\_\_\_\_] ("[\_\_\_\_\_]" or "we") for [\_\_\_\_\_] to acquire (the "Transaction") [\_\_\_\_\_] a Company Registered in [\_\_\_\_\_] (the "Company") with its U.S. subsidiary [\_\_\_\_\_] a [\_\_\_\_\_] Corporation. We have been impressed with what we have learned about [\_\_\_\_\_] to date through review of the materials provided, and we look forward to continuing to explore the opportunity for a combination.

Founded in [\_\_\_\_\_] [\_\_\_\_\_] is the [description and accomplishments of company].

The terms of our Proposal are outlined below:

1. **Purchase Price and Structure:** Based upon the financial and other information available to us to date, we propose to acquire the Company for an enterprise valuation of USD\$[\_\_\_] million (the "Offer"). This consideration will be in cash at closing, subject to standard closing adjustments and escrows for transactions of this nature. Subject to any potential issues arising out of our due diligence process, we would anticipate Ten (10%) of the valuation will be held in escrow by a third party for a period of eighteen months (escrow amount anticipated to be USD\$[\_\_\_] million). This Offer represents a multiple of approximately 10.0x 2017E adjusted EBITDA of ~USD\$[\_\_\_] million (for avoidance of doubt this includes add backs for approximately USD\$[\_\_\_] thousand of payroll and benefits per annum associated with compensation for CEO [\_\_\_\_\_]).

This valuation assumes that the Company is acquired on a debt-free basis and that the Company will have a normalized level of working capital at closing which will include a minimum cash balance of USD\$[ ] million. For the avoidance of doubt, the existing shareholders of [ ] will receive the economic benefit of all excess cash above the minimum cash balance of USD\$[ ] million (both parties will work together to structure this in the most tax -efficient manner). Based on estimates received of projected calendar year-end cash of approximately USD\$[ ] million, we estimate this economic benefit will be approximately USD\$[ ] million. Therefore, we view this Offer as providing a total economic benefit of approximately **USD\$[ ] million** to existing shareholders of [ ].

In deriving our valuation, we have assumed that: (a) business practices through the date of closing of the proposed Transaction are in accordance with past practices, and in line with budget; (b) key employees are retained during the Transaction; (c) [ ] obtains all necessary third party consents with respect to material contracts; and (d) no material contracts, licenses, leases or other arrangements will terminate as a result of the Transaction.

Our LOI is based on the materials previously furnished by you. We have used the historical financial information provided in order to assess the prospects of the Company. By necessity, we have assumed that the information made available to us is accurate and can be verified during confirmatory due diligence.

2. **Integration:** We are excited to work with management to grow the combined enterprise. We look forward to spending more time with management and learning more about [ ] as well as exploring the ways [ ]' resources can assist their execution of the combined Company's plan. We also look forward to working with management to facilitate a seamless integration of the combined enterprise.
3. **Approvals and Conditions:** Any final proposal will be subject to: (a) completion of our due diligence as described below; (b) the negotiation and execution of mutually satisfactory definitive agreements (explained further below); and (d) final Board approval. We are not aware of any legal, regulatory, or anti-trust matters that would adversely affect our ability to complete the Transaction.
4. **Legal Documentation:** Any Transaction will be subject to, among other things, the execution and delivery by all appropriate parties of definitive legal documents (the "Definitive Agreements") customary for transactions of this type, including without limitation, a Share Purchase Agreement (SPA) with warranties, closing conditions, escrows, covenants, and indemnification customary for transactions of this type subject to customary limitations. Further, [ ] expects the sellers and key management to sign, subject to applicable law, customary non-compete and non-solicitation arrangements.
5. **Due Diligence Items:** We would anticipate starting an accelerated business due diligence process given our experience in the industry. We have a team of experienced investment professionals and advisors standing ready to begin formal diligence as part of the next phase

of the process. Key areas of focus will be:

- review of key drivers and projections;
- review of historical user and customer detail;
- review of service line pricing structures;
- review of sales force including performance, tenure, turnover, and productivity;
- review of working capital trends/requirements as business scales;
- review of capital investment requirements
- customary accounting, insurance, legal, and tax diligence;
- review of all material contracts; and
- review of IT platform and infrastructure

6. **Exclusivity/Confidentiality:** The Company agrees to work in good faith expeditiously towards a closing. The Company agrees that it will not, before [Date], take any action to solicit, initiate, encourage or assist the submission of any proposal, negotiation or offer from, or otherwise discuss with any person or entity other than [ ] relating to the sale or issuance, of any of the equity interests of the Company, the acquisition, sale, lease, license, recapitalization (whether equity or debt financed) or other disposition of the Company or any material part of the stock or assets of the Company (“Alternative Transaction”) and shall notify [ ] promptly of any inquiries by any third parties in regards to the foregoing. The exclusivity will auto-renew for additional 10-day increments if each of the Company and [ ] are working diligently and in good faith to close the transaction. The Company and its shareholders will immediately cease any discussions with third parties regarding an Alternative Transaction. The Company will not disclose the terms of this LOI to any person other than officers, members of the Company’s board of directors and the Company’s accountants and attorneys, without the written consent of [ ].
7. **Expenses:** Each party will bear their own expenses in connection with the transactions contemplated hereby including, without limitation, fees and expenses charged by the Company’s agents, attorneys, brokers, and accountants in connection with the implementation of this LOI, regardless of whether the definitive agreements are executed and the transactions described herein are consummated.
8. **Expiration:** This LOI will expire at the close of business at 5:00 pm EST on [Date], unless executed by the Company and delivered to [ ] prior to that time.
9. **Governing Law and Counterparts:** This LOI shall be governed by the laws of the English Law without giving effect to choice of law principles. The parties have discussed and understand that the ultimate jurisdiction/choice of law for enforcement of the contemplated SPA will vary to protect respective rights of the parties. This LOI may be executed in one or more counterparts (including by facsimile, pdf or other electronic delivery) which, when taken together, shall represent a fully executed LOI. Customary [jurisdiction] deal terms will apply to the Transaction.
10. **Public Announcement:** The parties mutually agree that no press release or any other public announcement shall be made regarding the Transaction contemplated under this LOI

and that a press release or public announcement shall be made only upon the closing of the transaction contemplated herein. Any such announcement shall be made either by [ ] or jointly by [ ] and the shareholders of [ ], unless the parties mutually agree otherwise.

11. **Non-Binding Effect:** This LOI should be considered merely an expression of our interest to make an investment in the Company generally on the terms outlined above and should not be considered an offer, an agreement of purchase and sale or other binding commitment. Neither party is obligated to enter into or perform any agreement regarding our proposed investment unless and until definitive agreements are executed and, in such event, only to the extent set forth in any such agreements. Notwithstanding anything in this LOI to the contrary, the parties intend that (i) the provisions in sections 7 through 11 of this LOI be enforceable and binding and that the rights and obligations contained in such paragraphs will inure to the benefit of the parties' successors and assignors and (ii) other than as provided in subclause (i), no other provision in this LOI is intended to create a binding obligation on any party.
  
12. **Transaction Timing.** Due to our industry expertise and that we are unaware of any legal, regulatory, or anti-trust matters, we are confident we can complete business due diligence and enter into definitive documentation without delay.
  
13. **Transaction Team.** The key [ ] team members listed below are dedicated to seeing this transaction through to an expeditious signing and closing. Please feel free to contact any member of the team with questions regarding this LOI.

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Phone</u></b>	<b><u>E-Mail Address</u></b>
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We are eager to continue our diligence of this opportunity and are prepared to proceed rapidly. Should you have any questions or clarifications, please do not hesitate to contact any of the professionals listed above. We look forward to hearing from you.

Sincerely,

CC:

DRAFT

\* \*

AGREED AND ACCEPTED:

[ \_\_\_\_\_ ] Limited

By: \_\_\_\_\_

Name:

Title: Founder and CEO

DRAFT