

Example: Indication of Interest Document

CONFIDENTIAL INDICATION OF INTEREST

June XX, 202X

Sent via email to Venture 7 Advisors

Dear Venture 7 Advisors,

It has been a pleasure getting to know more about ABC Company (or "the Company") over the past few weeks. We are particularly impressed by the company's portfolio of products, which are not only enhanced by its intellectual property but also demonstrate the ability to generate predictable revenues due to the consumable nature of the offerings. This aligns perfectly with our investment strategy of supporting companies with strong market positions and sustainable, long-term growth potential. Based on the information provided, we are pleased to provide this Indication of Interest in pursuing the acquisition of the Company.

The terms of this preliminary proposal are as follows:

Structure

Buyer will form and capitalize a new entity (the "Purchaser") to act as the purchaser in the transaction defined below.

Transaction

The Purchaser will acquire 100% of the assets of the Company from the Seller, pursuant to the terms of the Purchase Agreement (as defined below) (the "Transaction"). The assets of the Company shall be free and clear of all liens, claims, or encumbrances.

Consideration

Purchaser will acquire substantially all of the Company's assets on a cash-free, debt-free basis in exchange for \$19 million to \$21 million in total consideration (the "Purchase Price"). The Purchase Price is to be paid as follows:

\$14,250,000 to \$15,750,000 (75% of the Purchase Price) paid in cash at the Closing of the Transaction.

\$4,750,000 to \$5,250,000 (25% of the Purchase Price) will be paid by way of the issuance of a promissory note to the Seller.

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Financing

We anticipate using a combination of third-party debt and equity capital to complete this transaction. Equity will come from a committed fund established by our investors. We have extensive financing relationships and we are confident in our ability to raise the necessary debt, if any, required to complete the transaction and create balance Sheet flexibility for organic growth and potential add-on acquisitions.

Management & Employees

We do not currently intend to make any changes to the current management team or employees of the Company. Remuneration for the continuing management team and employees will be further evaluated during due diligence.

As part of Closing, we would enter into a consulting agreement with the seller. His/her responsibilities will be primarily to lead the transition of the Company to new leadership. The terms of the consulting agreement, including detailed responsibilities and benefits will be agreed upon by the parties as part of the Proposed Transaction.

Non-Compete Agreements

We expect the owner to sign a 5-year non-compete agreement.

Due Diligence

This proposal is subject to our due diligence review, including but not limited to:

- an analysis of historical financial data
- a survey of the customer base and meetings with key customers and vendors
- understanding client acquisition and retention practices and performance
- legal, accounting, IT, cyber security, capital assets, and other customary due diligence areas may also be explored.

Timing

We are prepared to work expeditiously toward the timely and successful completion of a transaction once a Letter of Intent has been signed. We are available to begin due diligence immediately.

Sincerely,

Proposed Buyer