

FINANCIAL DUE DILIGENCE AGREEMENT

SELL-SIDE M&A ADVISORY SERVICES

This Financial Due Diligence Agreement (the "Agreement") is entered into as of this _____ day of _____, 20____ (the "Effective Date"), by and between:

The Client:

_____, a corporation organized and existing under the laws of _____, with its principal place of business at _____ (hereinafter referred to as the "Company" or the "Seller").

The Advisor:

_____, a professional services firm with its principal place of business at _____ (hereinafter referred to as the "Advisor").

The Seller and the Advisor may collectively be referred to herein as the "Parties" and individually as a "Party."

1. PURPOSE OF ENGAGEMENT

The Seller contemplates a potential transaction involving the sale, merger, or transfer of all or a substantial portion of its assets, equity interest, or business operations (the "Transaction"). The Seller wishes to engage the Advisor to perform independent sell-side financial due diligence on the Seller's business operations to prepare the Seller for the transaction process, and the Advisor agrees to perform such services under the terms and conditions set forth herein.

2. SCOPE OF SERVICES

The Advisor shall perform the financial due diligence services as detailed below (collectively, the "Services"):

- a. **Quality of Earnings (QoE) Analysis:** Analysis of the historical, current, and normalized earnings of the Seller, including identification of non-recurring revenue, one-time expenses, and pro-forma adjustments.
- b. **Revenue and Margin Analysis:** Evaluation of revenue recognition policies, customer concentration, product/service margin analysis, and historical growth drivers.
- c. **Working Capital Analysis:** Assessment of historical working capital cycles, definition of net working capital components, and assistance in determining a target working capital peg for the Transaction.
- d. **Balance Sheet Review:** Review of major balance sheet accounts, adequacy of reserves, accrued liabilities, and identification of debt-like items.
- e. **Forecast Assessment:** Review of management's financial projections, underlying assumptions, and alignment with historical performance.

3. DELIVERABLES

Upon completion of the analysis, the Advisor shall deliver to the Seller:

1. A comprehensive Sell-Side Financial Due Diligence Report (the "Report").
2. An Excel-based data pack containing detailed historical financial models, Quality of Earnings schedules, and working capital analyses (the "Data Pack").

4. FEES, EXPENSES, AND PAYMENT TERMS

In consideration for the performance of the Services, the Seller shall pay the Advisor in accordance with the following terms:

- a. **Professional Fees:** The Seller shall pay a professional fee of \$_____, payable in installments as follows:
 - o _____% upon execution of this Agreement as a non-refundable retainer.

- _____% upon delivery of the draft Report.
 - _____% upon delivery of the final Report.
- b. **Expenses:** The Seller shall reimburse the Advisor for all reasonable, pre-approved, out-of-pocket expenses incurred in connection with the performance of the Services, including but not limited to travel, lodging, and data hosting fees.
- c. **Invoicing:** All invoices shall be payable within _____ days of receipt by the Seller. Overdue balances shall accrue interest at a rate of _____% per month.

5. ACCESS TO INFORMATION AND MANAGEMENT COOPERATION

The Seller shall provide the Advisor with full, timely, and unrestricted access to all financial records, books of accounts, management accounts, tax filings, legal agreements, and other relevant information. The Seller shall ensure that its management, finance team, and external auditors cooperate fully with the Advisor. The Advisor shall be entitled to rely on the accuracy and completeness of all information provided by the Seller without independent verification.

6. CONFIDENTIALITY

Each Party agrees to keep strictly confidential all non-public information obtained from the other Party in connection with this Agreement. The Advisor shall not disclose any proprietary financial information of the Seller, nor the existence or status of the potential Transaction, to any third party without the prior written consent of the Seller, except as required by applicable law, regulation, or professional standard.

7. LIMITATION OF LIABILITY AND INDEMNIFICATION

- a. **Limitation:** The maximum aggregate liability of the Advisor for any claims, losses, damages, or expenses arising out of or in connection with this Agreement shall be limited to the total fees actually paid to the Advisor under this Agreement.
- b. **Exclusion:** In no event shall either Party be liable for any consequential, incidental, indirect, special, punitive, or exemplary damages, or lost profits.
- c. **Indemnification:** The Seller agrees to indemnify, defend, and hold harmless the Advisor and its partners, employees, and agents from and against any third-party claims, liabilities, losses, and expenses arising out of the Seller's use, distribution, or reliance upon the Report or other deliverables.

8. TERM AND TERMINATION

This Agreement shall commence on the Effective Date and shall remain in effect until the completion of the Services and delivery of the final deliverables, unless terminated earlier. Either Party may terminate this Agreement upon _____ days' prior written notice to the other Party. In the event of termination, the Seller shall pay the Advisor for all Services rendered and expenses incurred up to the effective date of termination.

9. GOVERNING LAW AND DISPUTE RESOLUTION

This Agreement shall be governed by, and construed in accordance with, the laws of the State of _____, without giving effect to any principles of conflicts of law. Any dispute arising out of or in connection with this Agreement shall be resolved through binding arbitration in _____ in accordance with the rules of the American Arbitration Association.

10. MISCELLANEOUS

- a. **Entire Agreement:** This Agreement constitutes the entire understanding between the Parties regarding the subject matter hereof and supersedes all prior agreements, written or oral.
- b. **Amendments:** This Agreement may only be amended or modified by a written instrument signed by authorized representatives of both Parties.
- c. **Assignment:** Neither Party may assign or transfer its rights or obligations under this Agreement without the prior written consent of the other Party.

IN WITNESS WHEREOF, the Parties hereto have executed this Financial Due Diligence Agreement as of the Effective Date.

For the Seller:

For the Advisor:

Signature

Signature

Printed Name

Printed Name

Title

Title

Date

Date