

FINANCIAL DUE DILIGENCE AGREEMENT

JOINT VENTURE & MERGER TRANSACTIONS

This Financial Due Diligence Agreement (hereinafter referred to as the "Agreement") is entered into this _____ day of _____, 20_____, by and between:

Client: _____, with its principal place of business at _____ (hereinafter referred to as the "Client"),

and

Service Provider: _____, with its principal place of business at _____ (hereinafter referred to as the "Consultant").

The Client and the Consultant may collectively be referred to as the "Parties" or individually as a "Party."

RECITALS

WHEREAS, the Client is contemplating a strategic transaction involving a merger, acquisition, or joint venture with _____ (hereinafter referred to as the "Target"); and

WHEREAS, the Client requires specialized professional financial advisory services to perform comprehensive financial due diligence on the Target to evaluate its financial position, liabilities, historical performance, and overall financial viability; and

WHEREAS, the Consultant possesses the necessary expertise, qualifications, and resources to perform such financial due diligence services and has agreed to perform these services under the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the Parties agree as follows:

1. SCOPE OF SERVICES

The Consultant shall conduct a financial due diligence review of the Target. The scope of services (the "Services") shall include, but is not limited to, the following:

- a. Analysis of historical financial statements (balance sheets, income statements, and cash flow statements) for the fiscal years ending _____, _____, and _____.
- b. Evaluation of the Target's quality of earnings, including the identification of non-recurring, unusual, or extraordinary items of income and expense.
- c. Review of key accounting policies, internal financial controls, and reporting systems.
- d. Assessment of working capital requirements, seasonal fluctuations, and historical cash flow patterns.
- e. Review of tax compliance, outstanding tax liabilities, tax audit histories, and potential tax exposures.
- f. Identification of historical debt, contingent liabilities, off-balance sheet arrangements, and material commitments.
- g. Analysis of projected financial information, key business drivers, and assumptions underlying the Target's future financial forecasts.
- h. Any other specific procedures as mutually agreed upon in writing by the Parties.

2. INFORMATION AND ACCESS

The Client shall facilitate, or cause the Target to facilitate, access for the Consultant to all relevant financial books, records, documents, facilities, and personnel of the Target as reasonably necessary to perform the Services. The Consultant shall not be held liable for any delays or deficiencies in the Services resulting from incomplete, inaccurate, or delayed information provided by the Client or the Target.

3. FEES, EXPENSES, AND PAYMENT TERMS

- a. **Professional Fees:** As consideration for the Services rendered, the Client shall pay the Consultant a fee of _____ (currency: _____), payable as follows:
- Retainer / Initial Deposit: _____ due upon execution of this Agreement.
 - Milestone Payment: _____ due upon delivery of the draft report.
 - Final Payment: _____ due upon delivery of the final written report.
- b. **Out-of-Pocket Expenses:** The Client shall reimburse the Consultant for all reasonable and documented out-of-pocket expenses incurred in connection with the performance of the Services, including travel, accommodation, and administrative costs, provided that any single expense exceeding _____ shall require prior written approval from the Client.
- c. **Invoicing:** All invoices submitted by the Consultant shall be due and payable within _____ days of receipt by the Client.

4. CONFIDENTIALITY

The Consultant acknowledges that in the course of performing the Services, it will have access to highly confidential, proprietary, and sensitive commercial and financial information of the Client and the Target. The Consultant agrees to maintain the strict confidentiality of all such information and shall not disclose, disseminate, or use such information for any purpose other than the performance of the Services under this Agreement, except as required by applicable law, regulation, or legal process.

5. DELIVERABLES AND REPORTING

The Consultant shall provide the Client with a written draft report of its findings on or before _____, 20_____. Following feedback from the Client, the Consultant shall deliver the final written financial due diligence report on or before _____, 20_____.

6. LIMITATION OF LIABILITY

The Services provided by the Consultant are for the internal use of the Client to assist in its evaluation of the proposed transaction. The Consultant does not assume any responsibility or liability to any third party who may access or rely upon the reports. Under no circumstances shall either Party be liable for any indirect, special, incidental, or consequential damages. The total liability of the Consultant for any claims arising out of this Agreement shall be limited to the total fees paid by the Client to the Consultant under this Agreement.

7. TERM AND TERMINATION

- a. **Term:** This Agreement shall commence on the date first written above and shall continue until the delivery of the final report, unless terminated earlier in accordance with this Section.
- b. **Termination for Convenience:** Either Party may terminate this Agreement at any time, with or without cause, by giving _____ days' prior written notice to the other Party.
- c. **Termination for Cause:** Either Party may terminate this Agreement immediately upon written notice if the other Party materially breaches any provision of this Agreement and fails to cure such breach within _____ days after receiving written notice of the breach.
- d. **Effect of Termination:** In the event of termination, the Client shall pay the Consultant for all Services performed and expenses incurred up to the effective date of termination.

8. GOVERNING LAW AND DISPUTE RESOLUTION

This Agreement shall be governed by, and construed in accordance with, the laws of _____, without giving effect to any principles of conflicts of law. Any dispute, controversy, or claim arising out of or relating to this Agreement shall be resolved through good faith negotiations. If such negotiations fail, the dispute shall be submitted to the exclusive jurisdiction of the courts located in _____.

9. MISCELLANEOUS

- a. **Entire Agreement:** This Agreement constitutes the entire agreement between the Parties regarding the subject matter hereof and supersedes all prior agreements, understandings, and negotiations, whether written or oral.
- b. **Amendments:** This Agreement may only be amended, modified, or supplemented by a written instrument executed by both Parties.
- c. **Severability:** If any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties hereto have executed this Financial Due Diligence Agreement as of the date first above written.

For the Client:

For the Consultant:

Signature

Signature

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____