

7 KEY DOCUMENTS IN ANY M&A DEAL

WHAT THEY ARE & WHY THEY MATTER



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INTRODUCTION

You've decided to sell your business - and with that decision comes a path filled with complexity, paperwork, and responsibilities.

You'll soon find yourself looking at documents you've never seen, facing terms you've never negotiated, and making decisions that will shape your legacy. It's an exciting step - but also one filled with uncertainty. You might be asking:

- **"What do these documents really mean?"**
- **"How do I protect myself without scaring buyers away?"**
- **"Am I walking into a deal I don't fully understand?"**

Most founders only go through this process once - and the **learning curve can feel steep**. But you're not alone. **That's where Meliora comes in. As experienced M&A advisors who've sat on both sides of the table**, we know where the **pressure points** are, what buyers expect, and how **a well-prepared seller can gain both leverage and peace of mind**.

Behind every successful transaction is a set of **critical documents** - from the early **Non-Disclosure Agreement** to the final **Purchase Agreement**. These aren't just paperwork; they shape trust, protect value, and manage risk. Misunderstanding them can stall deals or cost you dearly.

This guide breaks down the **seven essential M&A documents** every founder should know. You'll learn **what each document does, why it matters, and how to use it** to protect your interests while keeping your deal on track.

Whether you're months or years away from exit, **this is your chance to get clear, stay confident, and take control of your sale**.

NON-DISCLOSURE AGREEMENT (NDA)

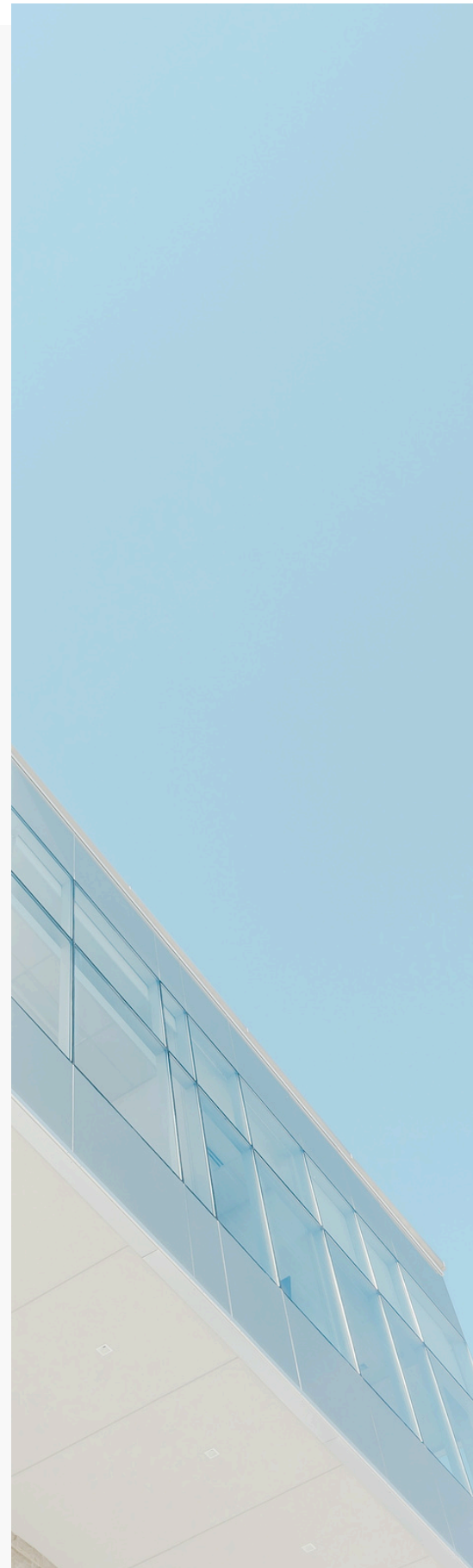
Non-Disclosure Agreement (NDA) is usually the first document signed in any M&A deal. It sets the legal framework that **allows two parties to begin a serious conversation while keeping sensitive business information secure**. This is especially important early on, when you're still unsure how serious or trustworthy the other party is.

A carefully drafted NDA helps **protect internal stability and buyer confidence**, while letting discussions move forward safely. For example, it:

- **Prevents buyers from contacting** your employees, suppliers, or customers
- **Restricts how confidential data** - like margins, forecasts, or contracts - **can be accessed or used**
- **Signals professionalism and creates legal recourse** in case of misuse

Many sellers see **NDA as routine**, but **details matter** - a breach can cause **serious harm**, and a **strong NDA** gives you **legal protection**.

Consult your **legal counsel** to ensure **confidentiality terms are enforceable** and keep your **business and employees safe**.



TEASER / EXECUTIVE SUMMARY



Teaser is a **brief, anonymous snapshot** of your business sent to potential buyers **before NDA is signed**. It introduces the opportunity without revealing your identity, allowing investors to assess whether your company matches their **interests**.

Creating a strong Teaser is a balancing act. It must sound **attractive** but stay **discreet** – especially in close-knit or niche markets. That’s why every word matters.

A well-crafted teaser:

- **Highlights key metrics** like revenue, EBITDA, and growth prospects
- **Presents your business model and competitive edge** in plain terms
- **Protects your anonymity** while sparking curiosity

For many sellers, this is **the first time their company is presented to an outside audience**. With the right framing, **teaser can build confidence, signal potential, and attract the right kind of interest** – without oversharing too soon.

Work with your M&A advisor to craft a compelling and well-structured high-level overview for potential buyers. **A strong teaser sparks interest and earns you a seat at the table without giving away too much too soon.**

CONFIDENTIAL INFORMATION MEMORANDUM (CIM)

Confidential Information Memorandum (CIM) is an extensive and confidential document shared only after an NDA is signed. It gives serious buyers a deep, structured look into your company's operations, financial performance, and strategic outlook – **essential for making informed investment decisions.**

For many founders, building a CIM can feel like laying everything bare. But **when properly positioned, it doesn't expose weaknesses – it reframes them as growth opportunities and highlights the real value behind the numbers.**

A strong CIM:

- **Walks buyers through Company's story**, market fit, and growth trajectory
- Clearly **explains business model** and **competitive advantages**
- **Includes clear financials, client information, and leadership bios**
- **Shows your business as it is** – while emphasizing what it could become

While some business owners worry about perfection, buyers know that **no company is flawless.** What they seek is clarity, transparency, and untapped potential waiting to be realized and grown.

Rely on your **M&A advisor to help structure this document** and **position the company for maximum buyer engagement and valuation appeal.**



INDICATION OF INTEREST (IOI)

Indication of Interest (IOI) is a **non-binding, early-stage proposal** submitted by **buyers** after **CIM is reviewed**. It provides **valuation range**, outlines **basic terms**, and signals **buyer interest** without forcing premature commitments. IOIs allow sellers to gauge intent while still **maintaining control over sensitive information**.

Because **IOIs vary in quality**, experienced advisors help **separate serious offers from those that aren't worth your time - flagging vague submissions** and **elevating those backed by real substance**. Emotional reactions to valuation are natural, but **good advisors keep you focused on the structure and terms behind the offer**, not just the headline number.

IOIs normally contain:

- **Valuation** range with key assumptions
- **Deal structure**: cash, earn-out, seller note
- **Alignment with strategic objectives** and rationale for interest
- **Funding sources, next steps and acquisition timeline**

Sellers should ensure that **IOIs are not only financially credible but also demonstrate a clear strategic rationale - signaling serious intent and alignment** before moving toward a **Letter of Intent**.

Collaborate with your M&A advisor to shape business terms, then have legal counsel review for any binding language.



LETTER OF INTENT (LOI)

Letter of Intent (LOI) signals a major shift: **from exploring interest to formal negotiations**. Unlike IOI, LOI outlines **firm terms** like **price, structure, and closing timeline** - and includes **exclusivity clause**, pausing discussions with other buyers for a defined period. This can make sellers uneasy, but it's also where **clarity** and **momentum** truly begin.

Advisors **help secure fair LOI terms and protect your leverage before exclusivity**, ensuring you sign with confidence and avoid surprises later.

A well-negotiated LOI usually includes:

- **Final price and structure** (e.g., \$52M, 80% cash + 20% earnout)
- **Capital sources and commitment letter** (both debt and equity)
- **Defined exclusivity window** (typically 30–90 days)
- **Milestones** for due diligence and closing

LOI is where deal terms start to solidify - covering everything from **valuation and structure to timelines and exclusivity** - so entering this stage with full **clarity, strategic protection, and experienced guidance** is essential to preserve value, avoid missteps, and maintain deal momentum.

Review business terms with your M&A advisor and have your legal counsel assess binding clauses, exclusivity, surviving liabilities and other legal terms.



PURCHASE AGREEMENT

Purchase Agreement – either a **Stock Purchase Agreement** or an **Asset Purchase Agreement** – is a **definitive, legally binding document** that finalizes your M&A transaction. It captures the **final purchase price, payment structure, liabilities, and representations made by both sides**. After months of negotiations, this is where **all the details come together** – but also where **sellers may feel most exposed and fatigued**.

Because the language is highly technical, your **legal counsel plays a critical role in navigating complex concepts like indemnification, baskets, and caps**, so you know exactly what you're committing to. Sellers often feel rushed or emotionally drained at this point, but clarity here prevents regret later.

Key components often include:

- **Representations and warranties** (e.g., accurate financials, no legal issues)
- **Indemnification limits** (often capped at 10–20% of deal value, time-limited)
- **Closing mechanics, adjustments**, and other provisions

A **well-structured Purchase Agreement** carefully **balances risk between the parties**, provides **clear definitions and obligations**, and sets the foundation for a **smooth and successful post-deal transition**. As the **final – and most critical – step in the M&A process**, it formalizes all agreed terms and protects both buyer and seller by addressing **contingencies, representations, warranties, and closing conditions in detail**.

Engage experienced legal counsel to lead review and negotiation of this complex, binding contract.

ANCILLARY AGREEMENTS

While **Purchase Agreement** outlines the **core transaction**, **ancillary agreements** define **how the deal actually functions post-closing**. These documents handle everything **from seller's involvement to payment timelines** – and often carry just as much long-term impact. Many owners are surprised to discover that signing the SPA doesn't mean the work is over. In fact, this is where future obligations are truly shaped.

Key examples include:

- **Employment Agreements:** Set expectations for sellers or key team members staying on after the sale – outlining roles, compensation, and exit terms.
- **Earn-Out Agreements:** Tie payments to future performance metrics with a fair structure and shared oversight to ensure mutual accountability.
- **Seller Notes:** Delay part of the payout over time, often with interest – providing flexibility but also requiring trust in the buyer's repayment capacity.
- **Non-Compete / Non-Solicit Agreements:** Protect buyer's investment while balancing seller's right to future business opportunities.
- **Disclosure Schedules:** Detail exceptions to representations and warranties, shielding sellers from misstatements and reducing post-closing surprises.

Ancillary agreements shape what life looks like **after your deal closes**. Handled well, they **protect your interests** and **reduce surprises**. Key examples include **Employment Agreements, Earn-Outs, Seller Notes, and Disclosure Schedules**.

Always **review these agreements with your legal counsel**, as even **minor terms** can significantly affect your **rights, risks, and post-exit freedom**.

WANT TO KNOW WHERE YOU STAND?

**Schedule a free 30-min Exit Readiness
Call with Meliora Group.**

*You have built your business.
We can **build** your exit.*



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