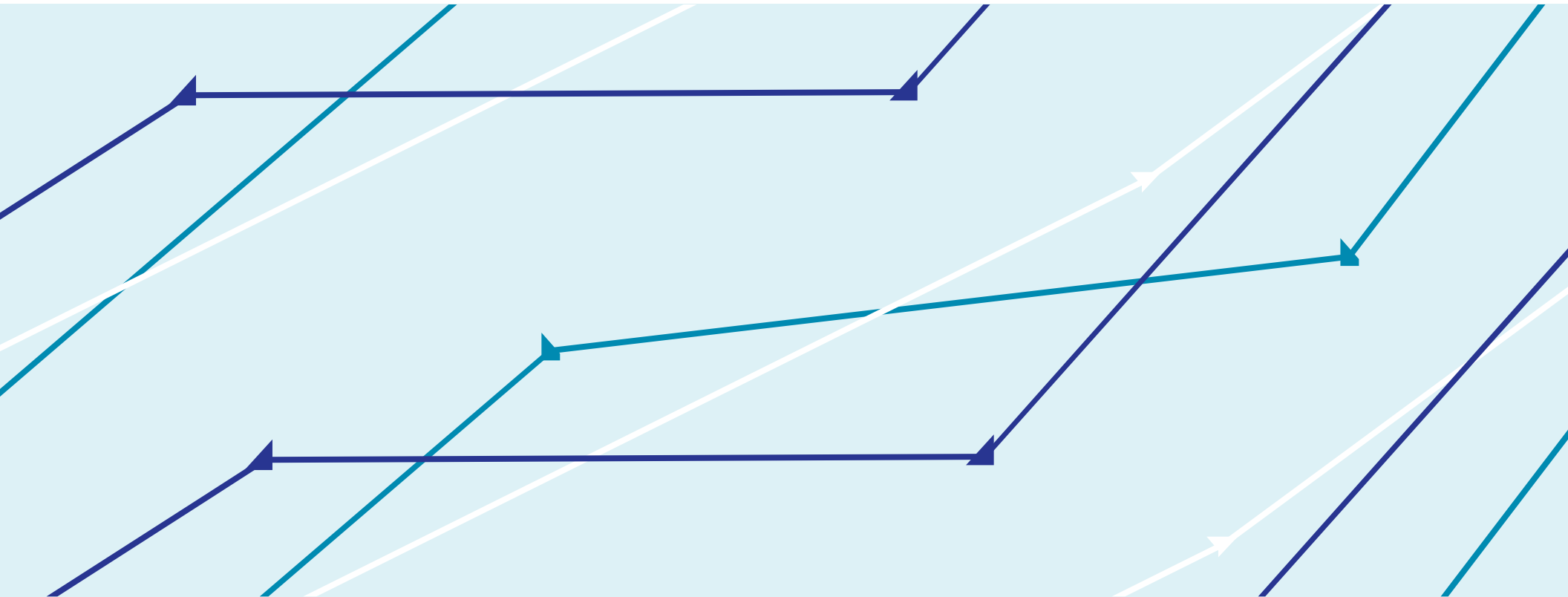


The Volaris Group Acquisition Process



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Introduction: The Volaris M&A Process

As a buy and hold acquirer, for us, the acquisition process is viewed as the potential start of a long-term relationship. And we don't want to get off on the wrong foot!

We value a transparent, fair, and honest dialogue throughout the process and put measures in place to ensure everyone's information is protected.

Group is a good home for your business. If that means a bit more time for Q&A upfront or an extra reference call, we can help facilitate it!

We can move at your pace. While our team is able to evaluate a business, complete due diligence and close with speed and efficiency, we understand that this is a big decision for you. More than anything, we want you to have confidence that Volaris

We offer flexible options. Whether you are looking to step away from the business immediately, remain with the business for another 3–5 years, or to stay onboard for the long-term, Volaris Group can offer flexible options.

Forming your M&A Team



Selling your company is a BIG decision and elements like intellectual property, contractual agreements, and the structure of the deal mean there will be a lot to discuss before coming to an agreement.

Once you've identified what's most important to you in an acquirer, you'll want to consider who will be a part of your M&A team. For some of the companies we've acquired, this has included in house

experts like a knowledgeable CFO and legal professional. For others, it has meant enlisting the help of resources outside of the organization like an M&A Advisor, an accounting firm, and/or a legal professional with M&A experience to support you in getting the deal done. Having the right team in place can help bring efficiency to the deal.

Elements like intellectual property, contractual agreements, and the structure of the deal mean there will be a lot to discuss before coming to an agreement.

Non-Disclosure Agreement

By now, you've had several conversations with the team at Volaris Group. You may have shared your company's goals and vision for the future, and hopefully have a good idea of the Volaris Group buy, hold, and grow forever acquisition philosophy. Perhaps you've even explored some post-acquisition options for staying in the business, moving on to other endeavors, or working through a succession plan after the sale.

At this point, if there is mutual interest in continuing the process, a mutual non-disclosure agreement (MNDA) can be provided. This keeps the information shared by both parties private, protected, and confidential! It will be important to have in place as we move into the next steps of understanding more about your company's background and analyzing key financials and other drivers of valuation, while you get to learn more about us.

FREQUENTLY ASKED QUESTIONS



Can we supply the NDA?

Having completed hundreds of acquisitions, we understand the confidentiality requirements associated with completing a deal. Most companies find our mutual NDA meets their needs. However, if you have a strong preference to use your own MNDA, we'd be happy to have our legal team review it to ensure both parties are fully protected upon execution.



What does signing the NDA mean?

Signing the NDA is not a formal commitment to working with Volaris Group. It's strictly meant to protect the information that's shared by both parties throughout the process.

Preliminary Information Request

You may have heard that many business owners looking to sell their business create a Confidential Investment Memorandum (CIM). A CIM includes information about:

- your solution
- the market you serve
- your competitive environment
- your customer base and attrition
- historical financial information
- and future projections

At this stage, if you already have a CIM created, feel free to share it. However, if you don't, there's no need to create one! We can share a list of questions with you that you can answer for us in whatever format is easiest for you.



Sharing this preliminary information helps our financial team conduct an initial appraisal of your company which you will receive the results of in the next step, the indicative offer. At this stage, it's best to be completely open and to disclose any information that may materially affect the value of the company. This will help ensure the process progresses smoothly from here.



FREQUENTLY ASKED QUESTIONS



What if I don't have answers to everything?

Provide us as much as you can! This can be an iterative process. If we get the initial data and feel there are certain elements missing that we really need, we'll let you know!



Does it need to be in a specific format?

No. We can accept the information in whatever format you have it in to reduce the amount of time it takes you to compile. Then, if we have further questions, we'll be sure to reach out!



Why do you request so much information?

Again, getting off on the right foot is extremely important to us. The more information we have upfront, the better we can understand your company and the more confident everyone can be that the valuation range proposed will be more likely to hold up in due diligence.

Indicative Offer

Based on a review of the information provided in the previous stage, Volaris Group can provide an indicative offer. It's important to note that this offer is non-binding. The indicative offer covers both the financial and non-financial aspects of the offer like the structure of the deal and how we see your company fitting in to Volaris Group.

Before proceeding to the next step, it's generally a good idea to talk to some of our references. While we feel confident in our values and the story we have to tell, we understand that with such a large decision, the burden of proof we carry is high! We urge anyone considering Volaris Group as a permanent home for their company to talk to the people who have sold their businesses to us in the past. This allows you to better understand what we mean when we talk about concepts like autonomy, talent management, and access to benchmarks, best practices, and a network of professionals like you.

QUESTIONS TO CONSIDER ASKING ON A REFERENCE CALL

What was most important to you in looking for a potential acquirer for your company?

What interested you in Volaris Group?

What were you most concerned with prior to being acquired and how did that play out after the sale?

What has life been like since being acquired by Volaris?

How did your customers and employees feel about the acquisition?

How long did the deal take and how did you find the transaction process?

Letter of Intent

Once an agreement is reached on the heads of terms that have been discussed, a letter of intent (LOI) will be drafted by Volaris Group. This is a more formal offer that serves as an initial agreement between the buyer and seller. It should clearly define all commercial terms and outline key assumptions made by both parties. Having an LOI in place allows both parties to calibrate their expectations during the M&A process,

saving time, money and effort during the later stages.

When negotiating the letter of intent, it's important for business owners to consider the following:

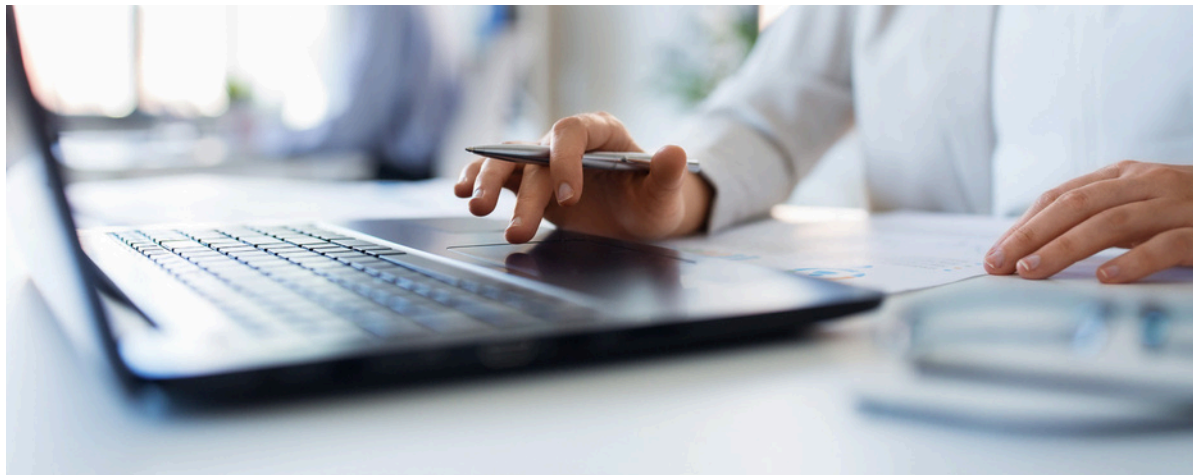
- What is being purchased?
- How will the purchase price be paid?
- Where are the funds coming from?

- What are the key legal terms?
- What are the conditions of closing?
- What are the principal assumptions for both parties?

For more information on negotiating letters of intent, check out [this blog post](#).

Is the LOI binding?

While our LOI to close rate is very high, the LOI itself is not binding. However, in many cases, buyers want to be exclusive with a seller before dedicating the necessary resources to due diligence and legal activities. A period of exclusivity and additional confidentiality protections are typically the only binding parts of the letter of intent.



Due Diligence



The due diligence process is where both the buyer and the seller look to validate assumptions about their relationship going forward. The ultimate goal is to eliminate any surprises that could pop up for either side after day one. The process can last between 4–8 weeks but varies greatly depending on the complexity of the business being acquired and the resources allocated from both sides.

Some of the activities you can expect in and around due diligence include: verification of company data, negotiation of the sales and purchase agreement, and post acquisition planning.

A due diligence checklist is created by our team in order to prioritize the documents required for review. A virtual data room is then set up so that you can upload the relevant documents.

Representing Volaris Group in due diligence will likely be internal experts from areas like legal, tax, HR, and IT along with the business leaders and M&A team members you've been working with all along. Rather than bring in a team of forensic accountants from outside the business, we like to leverage people who really understand vertical market software businesses and the things that matter most to Volaris Group.



SAMPLE ITEMS FROM A DUE DILIGENCE CHECKLIST

Financial Statements

- Audited historic financial statements
- Year-to-date financial statements
- Forecasts
- Supporting documentation

Market Information

- Market analysis/reports
- Competitor landscape and market share
- SWOT analysis

Commercial Data

- Pricing and revenue model
- Product analysis
- Sales strategy
- Customer level data including contracts, sales funnel and backlog

In addition to elaborating on the above areas, during due diligence, we also explore other categories like Legal Matters, Corporate and Shareholder Information, and Intellectual Property

For more information on the due diligence process, check out this [eBook](#).

Sales and Purchase Agreement & Closing the Deal

At Volaris Group, we love closing day and it's not just because it's our goal to acquire great software companies. Time and time again, we've seen the amazing things that happen when the leaders from the companies we acquire become part of the Volaris Group network. From best practice sharing to benchmarking, we all help make each other stronger. We always look forward to welcoming new companies and their employees to Volaris Group!

After due diligence is complete, both parties will review and sign the sales and purchase agreement (SPA). This agreement is the legally binding contract that outlines the agreed upon conditions for the sale and purchase of your company. Within the SPA, you can expect to find elements of the deal like purchase price, closing date, and the details of what's included and what's not included in the sale.

Once the deal has been executed, you and your shareholders receive the initial proceeds from the sale. The SPA remains an important document and can be referred to in the future for details around the deal including any earn-out structure that may have

been negotiated. Ultimately, the SPA helps make sure both parties live up to their promises.

It's time to breathe a sigh of relief and celebrate! This is the culmination of A LOT of hard work!

LET'S TALK TIMING



How long does it take to close a deal?

Once there's a true commitment from both the buyer and seller, our experience indicates that it takes approximately three months to close a deal. However, when there's a compelling reason to do so, we've seen deals close even more quickly.

What to Expect Post-Acquisition

Volaris Group acquires, strengthens, and grows vertical market software companies enabling them to be clear leaders in their focused industries. In the initial post-acquisition phase, our team will support you through the integration process. This includes sharing the news with and answering questions from your employees and customers. Additionally,

you/your team will be introduced to any new financial reporting requirements, best practice benchmarks, and the Volaris Group network. Before long, our team will be supporting yours as we all look to strengthen and grow your business. Here's a look at what you can expect post-acquisition:

Acquire

- Introductions to the team
- Integration activities
- Communications plan
- Keep running your business and/or begin executing succession plan

Strengthen

- Strategic assessments
- Action plan for sustainable growth
- Best practice sharing
- Networking opportunities
- Talent management

Grow

- Professional growth opportunities
- Organic growth initiatives
- Acquired growth when ready



"I think what was promised and what has been delivered on is that we are expected to run our company. We're held accountable to the things we agreed to, but no one is coming in and saying, 'You need to do this' or 'You can't do that.' We're experiencing the autonomy that was promised pre-acquisition."

– Tim Reynolds,
President, Tribute, Inc.

