



4/22/2025

Dan Howell
1090 S Jackson St
Denver, CO 80209

Re: Letter of Intent ("LOI") to Purchase SCS.inc

Dear Shawn Squire,

This letter of intent (this "LOI") summarizes the principal terms of a proposal being made by Dan Howell (the "Buyer") to acquire all of the assets of SCS.inc (the "Sellers") which are currently owned by, or being used in, the operation of SCS.inc (the "Web Site") and the sales via the Web Site (the "Business").

The parties recognize that the transaction will require further documentation and approvals, including the preparation and approval of a formal agreement setting forth the terms and conditions of the proposed purchase (the "Purchase Agreement"); nevertheless, the parties execute this letter to evidence their intention to proceed in mutual good faith to complete work required to negotiate terms of a Purchase Agreement that are consistent with this letter.

Purchase Price	Buyer proposes to purchase 100% of the assets of Seller, for a total value of \$915,000 assuming Sellers' Discretionary Earnings of \$626,624. The purchase price is based upon the Assets being sold on a cash-free-debt-free basis with net working capital to be included in the purchase price, and updated financials. The proposed valuation is subject to potential changes based on due diligence.						
Purchase Terms	<table><tr><td>Purchase Price:</td><td>\$915,000</td></tr><tr><td>Seller Note:</td><td><u>\$183,000</u></td></tr><tr><td>Cash Paid at Closing:</td><td>\$732,000</td></tr></table>	Purchase Price:	\$915,000	Seller Note:	<u>\$183,000</u>	Cash Paid at Closing:	\$732,000
Purchase Price:	\$915,000						
Seller Note:	<u>\$183,000</u>						
Cash Paid at Closing:	\$732,000						
Seller Note	\$183,000 payable to the Seller in the form of a promissory note. Such note will accrue interest at a rate of 5% per annum, simple interest, and will be paid in equal quarterly installments for a period of 10 years. Accrual of interest would be permitted on the promissory note, but no payment of principle nor interest would be permitted for the first twenty-four months after closing.						
Inventory	To be determined during due diligence, the buyer expects some inventory to maintain current operations.						
Working Capital	To be determined during due diligence, the buyer expects some working capital allocation to keep cash flow stable. Based on the last						

	12 months of business operation, the working capital expected is __\$200,000__.
Closing Date	The closing date will be approximately 60 days from the signing of the LOI, or such other date as may be determined and agreed to by the Buyer and Seller, and is also contingent upon approval of financing.

The proposed terms and conditions include, but are not limited to, the following:

1. **Assets.** Buyer will purchase from Seller all the assets of Seller which are currently owned by, or being used in, the operation of the Business (the "Assets").
2. **Consideration.** The consideration will be \$915,000 (the "Purchase Price"). Buyer will not assume any liabilities or obligations of Seller unless expressly noted, and Seller will indemnify and hold harmless Buyer against all such liabilities and obligations.
3. **Transition Period.** Included in the purchase price for 12-24 months after the closing, Seller will actively provide transition services and training to Buyer to transition the Business and Assets to Buyer. Services and training will be provided to Buyer and its affiliates for approximately 20 hours per week for the first 90 days after closing and available by phone for 24 months as needed (included in the purchase price).
4. **Purchase Agreement and Effect of This Letter.** The transaction will be subject to the negotiation and execution of a definitive Purchase Agreement with terms satisfactory to Seller and Buyer. The Purchase Agreement will contain representations, warranties, covenants, conditions, and indemnification provisions customary in transactions of this size and type, and will provide for allocation of the Purchase Price among the Assets based on each Asset's agreed value. This letter sets forth the intent of the parties only, is not binding on the parties to complete a sale transaction relating to the assets of the Business, and may not be relied on as the basis for a claim by estoppel or a claim based on detrimental reliance or any other theory of recovery, except that both parties shall proceed in good faith and in compliance with the law and terms of this letter.
5. **Access.** Seller will permit Buyer and its agents to have reasonable access to the premises in which Seller conducts the Business and to all of its books, records, and personnel files, and will furnish to the Buyer financial data, operating data, and other information as Buyer shall reasonably request. Buyer agrees to retain all information so obtained from Seller on a confidential basis, and pursuant to a previously executed Non-Disclosure Agreement. Upon the termination of this letter for any reason, Buyer will return promptly to Seller all printed information or electronic data provided on hardware such as portable storage drives or laser discs received by Buyer from Seller in connection with the proposed transaction.
6. **Conditions to Closing.** The closing of the transaction will be subject to certain conditions, including, but not limited to, (a) the transaction has been approved by all

appropriate corporate actions of Buyer and Seller; (b) all required approvals, consents, and authorizations of state and federal regulatory authorities have been received; (c) all required consents of third parties have been received; and (d) Buyer has completed a due diligence review of the Assets and Business satisfactory to Buyer in its sole discretion.

7. **Exclusivity.** Starting on the date of this letter and continuing until 30 days after the Buyer receives due diligence data, Seller may not accept any other offer for the Assets unless Buyer formally withdraws his offer ("Exclusivity Period"). Seller may continue to seek back-up buyers but as long as Buyer is willing and able to close the deal on or before the Closing Date per the price and terms outlined in this letter of intent, Seller is not permitted to accept any other offers.
8. **Conduct of Business; Interim Operations.** As long as this letter remains in effect, Seller will use its best efforts to conduct the Business in a reasonable and prudent manner in accordance with past practices; to preserve its existing business organizations and relationships with its employees, customers, suppliers, and others with whom it has a business relationship; to preserve and protect its properties; and to conduct the Business in compliance with all applicable laws and regulations.
9. **Covenant Not to Compete.** In the Purchase Agreement, Seller and its shareholders, officers and directors, will agree that they will not, directly or indirectly, through a subsidiary or otherwise, compete with Buyer in the Business for a period of 5 years after the closing date.
10. **Termination of Negotiations.** This LOI will automatically terminate upon the earlier of (a) execution of the Purchase Agreement by Buyer and Seller, (b) mutual agreement of Buyer and Seller, and (c) 90 days after the date of this LOI; provided that the Buyer and Seller may extend such 90 day period by mutual written agreement.
11. **Expenses and Attorneys' Fees.** The Parties will each pay their own transaction expenses incurred in connection with the proposed Transaction. In the event of a dispute with reference to this LOI, the prevailing party in any arbitration or litigation proceeding in connection therewith shall be entitled to receive reasonable attorney's fees and costs incurred in the resolution of such dispute at all levels, including appeal.
12. **Escrow.** If any, escrow costs will be split equally between the Buyer and Seller.
13. **No Binding Agreement.** This LOI reflects the intention of the Parties, but for the avoidance of doubt, neither this LOI nor its acceptance shall give rise to any legally binding or enforceable obligation on any party, ~~except with regard to Sections X through X, which shall be legally binding and enforceable against the parties.~~ No contract or agreement providing for any transaction shall be deemed to exist between Buyer and Seller unless and until definitive transaction documents have been executed and delivered.

Please contact me at 720-256-8060 if you would like to discuss the terms of this LOI before signing. To execute, please sign below and send a copy to me. I look forward to working with you.



Accepted and agreed to:

Buyer

Don Howell

[Buyer]

Date: 4-22-25

Sellers

[Seller]

Date:

[Seller]

Date: