

[Company Letterhead]

[Date]

[External Auditor Name]

[Audit Firm Name]

[Address]

[City, State, Zip Code]

Subject: Management Representation Letter - Capitalized Software Impairment

Dear [Auditor Name],

This representation letter is provided in connection with your audit of the financial statements of [Company Name] as of [Fiscal Year End Date]. We confirm, to the best of our knowledge and belief, the following representations made to you regarding the impairment testing of capitalized internal-use software and software to be sold, leased, or marketed.

1. **Responsibility:** We acknowledge our responsibility for the fair presentation of capitalized software assets in the financial statements in accordance with [GAAP/IFRS]. We are responsible for the design, implementation, and maintenance of internal controls relevant to the assessment of impairment.

2. **Identification of Triggering Events:** We have evaluated all capitalized software assets for indicators of impairment as of [Date]. These indicators include, but are not limited to:

- A significant change in the manner in which the software is used or expected to be used.
- A significant change in the expected total cost of developing the software.
- A significant decrease in the expected net realizable value of the software.
- Obsolescence or physical damage to the technology stack.

3. **Impairment Assessment:** Based on our assessment, we have determined that:

[Option A: No impairment exists for the period.]

[Option B: An impairment loss of \$[Amount] has been recognized for [Software Project Name] as the carrying amount exceeded its fair value/net realizable value.]

4. **Future Cash Flows:** The assumptions used in estimating future cash flows for impairment testing represent management's best estimates of future market conditions, project completion timelines, and anticipated revenue or cost savings.

5. **Useful Lives:** We have reviewed the remaining useful lives of capitalized software assets and believe they remain appropriate based on current technology trends and company strategy.

6. **Completeness:** We have made available to you all financial records and related data concerning software development costs and any third-party valuations performed during the period.

Sincerely,

[Signature]

[Name of Chief Executive Officer]

Chief Executive Officer

[Signature]

[Name of Chief Financial Officer]

Chief Financial Officer