

THE ROLE OF DUE DILIGENCE IN A SUCCESSFUL M&A TRANSACTION

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What is Due Diligence?

A deep investigation of a business before a deal closes to ensure:

- Risk Mitigation
- Accurate Valuation
- Regulatory & Compliance Assurance
- Informed Decision-Making
- Smooth Post-Merger Integration

Best Practices for Managing DD

- Define scope & objectives early
- Build a cross-functional team
- Use secure virtual data rooms
- Set clear timelines & milestones
- Track risks & findings
- Keep communication transparent

Why Acquirers Use It

- Validate the investment thesis
- Identify risks & liabilities
- Adjust valuation & deal terms
- Assess integration feasibility
- Ensure legal & regulatory compliance

Common Pitfalls Your Growth Journey

1. Poor document organisation
2. Delayed responses during Q&A
3. Ignoring post-deal integration
4. Siloed communication
5. Rushing & missing red flags

6 Core Due Diligence Workstreams

1. Financial - earnings, debts, cash flow
 2. Legal - contracts, IP, litigation, compliance
 3. Operational - supply chain, IT, infrastructure
 4. Commercial - market position, customers, growth
 5. Tax - structure, audits, transfer pricing
 6. HR & Cultural - leadership, policies, alignment
- (+ ESG & Technology as growing priorities)

Deal-Killers to Watch

1. Underperformance vs forecast → Buyer withdraws
2. Poor financial/tax records → High cancellation risk
3. Ownership gaps → Legal uncertainty
4. Tech/ESG issues → Extended timelines
5. Regulatory hurdles → Delayed or failed closing

Due Diligence IT Platforms

Datasite (Merrill), Ansarada, DealRoom, Firmex, Intralinks, ShareVault, Wizuda, Midaxo, iDeals, Nexis Diligence

Key Areas of Focus

- Financials: revenue trends, margins, forecasts
- Legal: contracts, disputes, IP ownership
- Operations: scalability, processes, IT systems
- Commercial: sales pipeline, pricing, competition
- Tax: compliance, liabilities, audits
- HR: compensation, key people, culture

Typical DD Checklist (Highlights)

- Corporate & legal structure docs
- Financial statements & forecasts
- Tax filings & compliance records
- Key customer/supplier contracts
- Employment contracts & HR policies
- Property titles & leases
- IP ownership & licenses
- Litigation, insurance & regulatory docs
- ESG & IT systems

Let's Talk

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