

Due Diligence Checklist

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A good due diligence is core to reducing the risk of “blind spots” and optimizing the chances of success.

The following Check List items should mirror the structure of a typical Data Room.

Each item not present should have a reason not to.

For confidentiality reasons some elements of documents can be blackened out and only revealed upon questioning.

Any refusal to reasonably provide requested documents to a potential investor, under NDA, should rise suspicion.

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1. Company and Product Presentation

- ✓ **History of the company and description of Business Model (Pitch Deck)**
- ✓ **Any recently prepared client presentation**
- ✓ **Product catalog / Brand awareness study**
- ✓ **Market Research**
- ✓ **Market Size assessment and positioning**
- ✓ **Competitive landscape**

2. Statutory Documentation

- ✓ **Detailed organization chart**

- ✓ **Incorporation documentation**
 - ✓ **Shareholder Agreement**
 - ✓ **Investment Agreement**
 - ✓ **Bylaws**
 - ✓ **Board Regulations**
 - ✓ **Commercial Registrar and signature policy**
 - ✓ **Signed Cap Table with financing history**
 - ✓ **Subsidiaries documentation**
 - ✓ **Debt collection register**
 - ✓ **List of all legal claims past and pending**

- ✓ **Signed Board and General Meetings minutes**

3. Customers and Commercial Organization

- ✓ **Commercial / Sales / After-sales organization**
- ✓ **Commercial agreements (including SLA's)**
- ✓ **Customer contracts (including LOI's)**
- ✓ **Reference call with customer**
- ✓ **For each product or segment:**
 - ✓ **Year of launch**
 - ✓ **Price range**
 - ✓ **Sales and associated revenues per customer and geography**
 - ✓ **Analytical tracking: average basket, repeat-buyers, lead conversion metrics, sales cycle, churning, other specific KPI's.**

4. Suppliers and Subcontractors

- ✓ **Main suppliers and subcontractors list**
- ✓ **Suppliers' contracts**
- ✓ **Intercompany agreements and transfer pricing**
- ✓ **Reference call with supplier**
- ✓ **Nature and duration of contracts**
- ✓ **Breakdown of purchases by area and type**

5. Organization and Human Resources

- ✓ **Operational organization chart with managers and number of employees per department**
- ✓ **Evolution of the workforce and hiring plans**
- ✓ **Workforce distribution (Function, Age, Seniority, Status i.e. permanent, fixed term, temporary, ...)**
- ✓ **Managers' CV's and documents**
- ✓ **ESOP**
- ✓ **Contracts of Key Persons**

6. Logistics and Production

- ✓ **Description of the production chain**
- ✓ **Description of the logistics organization**
- ✓ **VCA (Value Chain Analysis)**
- ✓ **In house vs. third party components**
- ✓ **Contractual agreements**
- ✓ **Storage facilities**
- ✓ **Inventory**
- ✓ **Security and Quality certifications**

7. R&D, IP, Data Protection, Security

- ✓ **R&D Organization and expense budget**
- ✓ **Patents and Trademarks applications and records**
- ✓ **FTO (Freedom to Operate) reports**
- ✓ **Domain name registration and ownership**
- ✓ **Data protection policy / GDPR compliance**
- ✓ **Key security measures / protocols and past issues**

8. Financial Information

- ✓ **Corporate and consolidated accounts**
- ✓ **Monthly cash flow monitoring and burn rate**
- ✓ **Management reporting and activity report (KPI's)**
- ✓ **Financial projections (2-5 years)**
- ✓ **Bank accounts (Institutions and Balance)**
- ✓ **Insurance contracts**
- ✓ **Loans and convertible loans agreements**
- ✓ **Other contracts (Accounting, Audit, Rental, Leasing, Tax)**

9. Business Plan and Current Financing

- ✓ **Main assumptions used**
- ✓ **Forecasted income and cash flow statement**
- ✓ **Investments and CAPEX planned**
- ✓ **Envisaged change in Working Capital**
- ✓ **Use of funds for the current exercise**
- ✓ **Forecasted Cap Table with financing history**
- ✓ **Proposed Term Sheet and Financing Terms**

10. Environmental Impact

- ✓ **Positive impact**
- ✓ **Negative impact**
- ✓ **Impact framework**
- ✓ **Certifications**
- ✓ **Value Chain Analysis**

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