



**THE PERFECT FIT
FOR YOUR BUSINESS**

**BDO EMERGING ENTITIES
CORPORATE FINANCE/DUE DILIGENCE**

BDO

WHO WE ARE



A GLOBALLY RECOGNISED BRAND WITH AN ENTREPRENEURIAL FOCUS

We have a global footprint, but we love working with and advising young and innovative companies as well as investors and established companies on venture investments. Our positioning enables us to work with clients from the early stages right through to a mature trading phase.



A HOLISTIC SERVICE OFFERING TAILORED TO EMERGING ENTITIES

BDO Emerging Entities is a specialist team within BDO Germany with experience of both investing in and advising growth businesses. We have a collective expertise in corporate finance, diligence, taxation, accounting, law, and M&A, but we also support businesses through our international BDO corporate finance network.

Our diligence offering leverages this ingrained experience and enables us to provide practical, pragmatic and relevant advice to start-ups and their funders.

BDO INTERNATIONAL

167 COUNTRIES
1,728 offices
97,292 professionals

US\$11.8 billion¹ turnover
in 2021

¹ The global BDO Network report globally for the duration of Oct. 1 until Sept. 30. Of the following year. The figures shown here for 2020 are therefore valid for the time period ranging from Oct. 1 2020 until Sept. 30, 2021.

BDO GLOBAL CORPORATE FINANCE

1,546 COMPLETED DEALS IN 2020

WITH A TOTAL DEAL VALUE OF **\$83.5 bn**

32% PRIVATE EQUITY DEAL INVOLVEMENT
3% OF OUR DEALS ARE CROSS BORDER

ONE OF THE MOST ACTIVE ADVISERS GLOBALLY*

2,500 CORPORATE FINANCE PROFESSIONAL

120 COUNTRIES PROVIDING DEDICATED CORPORATE FINANCIAL SERVICES

*2nd leading Financial Due Diligence provided globally — Mergermarket global accounting league tables 2020
2nd most active globally, 2019 M&A Advisors by deal location — Pitchbook





MARTIN STUDIER
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Martin has considerable experience of advising Private Equity, Venture Capital and Corporate clients. He has been with the BDO Corporate Finance teams in Hamburg and London since 2008.



BERNARDO JOSE RIEDEL
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Bernardo joined the BDO M&A/Corporate Finance team in 2014. He also worked in the finance department of OTTO Group's e-commerce start-up ABOUT YOU.



DANIEL TROOST
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Daniel is heading BDO's Emerging Entities team in Germany. As a founder of his own start-up company he has gained vast experience which he is happy to share as a business coach and mentor.



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Aga has strong experience in advising national and international clients of various legal forms and sizes in all tax matters. Her activities also include handling tax compliance issues for start-ups.



KONSTANTIN MICHELSEN
Lawyer, BDO Legal
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Konstantin, Corporate/M&A Partner of BDO Legal, has ample experience in the Venture Capital ecosystem and has advised on numerous financing rounds, restructurings and exits.

WHAT WE DO

We assess emerging entities and determine whether they are 'investor ready'.

We identify 'red-flag' issues arising from our pre-agreed scoped areas, provide transaction-focused advice, and give you our views of potential improvements that could be implemented to support the business as it grows.

OUR WORK IS DRIVEN BY A TAILORED SCOPE WHICH FOCUSES ON AREAS THAT MATTER TO YOU

FINANCIAL ENVIRONMENT	EARNINGS DRIVERS	CASH	BALANCE SHEET	TAXATION
<ul style="list-style-type: none"> Understand and explain the key systems in place Assess the robustness of the controls environment Explain the key accounting policies and reporting procedures Challenge whether the information prepared is sufficient for a potential investor Provide practical recommendations to strengthen the financial environment 	<ul style="list-style-type: none"> Assess whether historical trading information supports the business plan Analyse the cost base to identify whether it supports the anticipated growth, and identify any key gaps Determine whether there is a credible pathway to profitability or sustainable levels of profitability. Challenge whether appropriate KPIs are tracked, and provide our insight 	<ul style="list-style-type: none"> Assess the cash management processes in place and recommend improvements where required Prepare cash burn analysis Analyse the historical cash conversion levels within the company, reconciling profits to cash 	<ul style="list-style-type: none"> Comment on the balance sheet, with a focus on quality of assets and completeness of liabilities Enquire of the business as to any unrecorded liabilities and other off-balance sheet items Analyse the working capital profile of the business Document the historical capital and funding structure 	<ul style="list-style-type: none"> Get to know the business of the target to identify the corresponding tax risks Undertake a tax compliance health check in relation to the target's tax affairs Review the status of tax filings and payments assessments and tax audits Understand the extent to which the target obtains tax advice/engages own staff Review relevant tax planning and restructuring undertaken to date and assess any known tax risks

Note: The scope above is for illustrative purposes only. The final pre-agreed scope will be reflected in our engagement letter.



WHY WE DO IT

WHY INVEST IN BDO DUE DILIGENCE AHEAD OF YOUR PROPOSED INVESTMENT?

1 PEACE OF MIND
We highlight potential 'red-flags' early on so they can be addressed quickly.

2 VALUE-ADD BUSINESS
You receive practical recommendations to improve the financial environment of the business.

3 BESPOKE SOLUTIONS TO YOU
We listen to your needs, tailor our scope accordingly and focus on the key areas that matter to you.

HOW WE DO IT

WE ASK QUESTIONS THAT ARE RELEVANT FOR INVESTMENTS IN EMERGING ENTITIES

1. FINANCIAL PRE INVESTMENT DUE DILIGENCE

- How robust is the existing accounting environment?
- Is the business capable of providing robust and effective management information?
- How was the business funded historically?
- ... and other key areas illustrated overleaf

4. LEGAL HEALTH CHECK

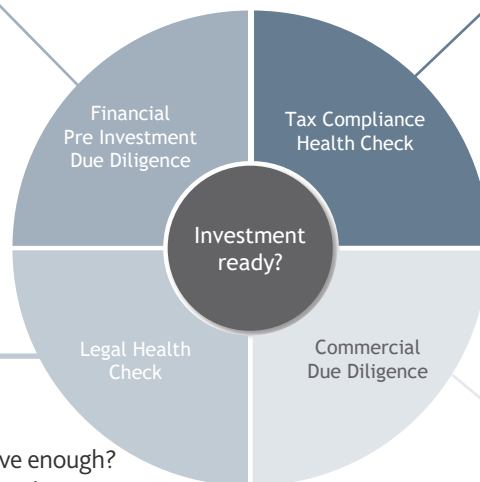
- Does the cap table look cramped?
- How could this be solved potentially?
- Is the employee incentive scheme attractive enough?
- Are there any bugs in the corporate, IP, employment or commercial documentation?
- Are there any regulatory risks? Can they be mitigated due to the right structuring and legal documentation?

2. TAX COMPLIANCE HEALTH CHECK

- Is the target's tax compliance up to date?
- Are there tax benefits available not applied for?
- Are there any tax losses or other attributes which may be available to the investor?
- Are there any ongoing disputes with the tax authorities?

3. COMMERCIAL DUE DILIGENCE

- How large is the market potential?
- Can the business demonstrate its growth potential?
- How is the company positioned?



WHAT YOU GET



OUTPUT

Communication

We will communicate with you regularly, flagging any issues as they arise and providing recommendations and advice

Report

You will receive a short, issues-focused report that flags any key risks identified, tailored for the areas that you care about

INDICATIVE TIMETABLE



PLANNING

- We invest senior time at the outset to understand the business and the key value drivers
- This ensures that our scope is targeted on the pertinent issues
- This understanding enables us to provide practical and tailored recommendations to support the business through further growth
- Estimated time frame: 1-2 days



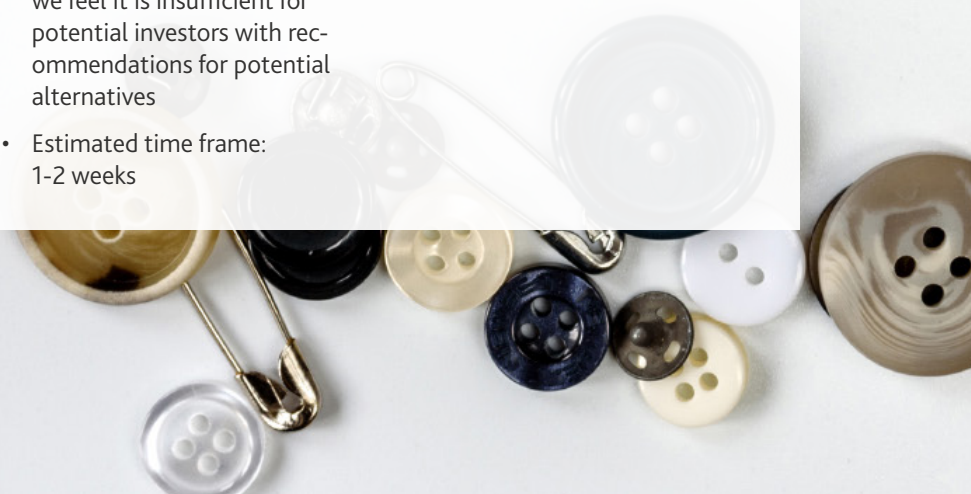
FIELD WORK

- Further to an agreed, bespoke scope of work, our team undertake data analysis using information provided by the management team
- We hold regular calls and/or meetings with the management team, enabling us to understand the trends noted through our analysis
- We scrutinise data integrity, communicating where we feel it is insufficient for potential investors with recommendations for potential alternatives
- Estimated time frame: 1-2 weeks



REPORTING

- We use our data analysis and the output of our discussions with the management team to write a concise report which assesses the key areas from our pre-agreed scope
- The report is focused on providing effective recommendations which could add value to the business
- Estimated time frame: 1 week (with some overlapping of the fieldwork phase)





FOR MORE INFORMATION:

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