



Firmly in control
of the transaction
process.

With your dhpG advisors.

CLA Global

INDEPENDENT NETWORK MEMBER

“I won't risk
the future for
instant profit.”

Werner von Siemens

Dear readers,

The number of company takeovers is rising steadily. There are many reasons for this – be it to expand a company’s own portfolio or to strengthen its market position. There is another one on top of these that involves SMEs: The Institut für Mittelstandsforschung (Institute for SME Research) in Bonn expects around 5,000 companies in the coming years will be transferred to a successor.

So you want the very best for your company? Whether it be the case of a purchase or a sale? Would you like to have a businessperson-to-businessperson talk with an advisor who is specialised in matters involving SMEs? Not just a “project developer”, but an advisor of the very best kind, who will smoothly guide you through the process despite its complexity, time pressure and the involvement of many actors?

Then you have come to the right place. dhpg will support you in all phases of the acquisition or sale process. We assist you through the entire transaction process – as equals and in a clear, comprehensible language.

On the following pages of this brochure you will learn more about our understanding of transaction advice, who we are and what makes us different. It would also be our pleasure to attend to your needs throughout the acquisition or divestiture process.

Just get in touch with us.

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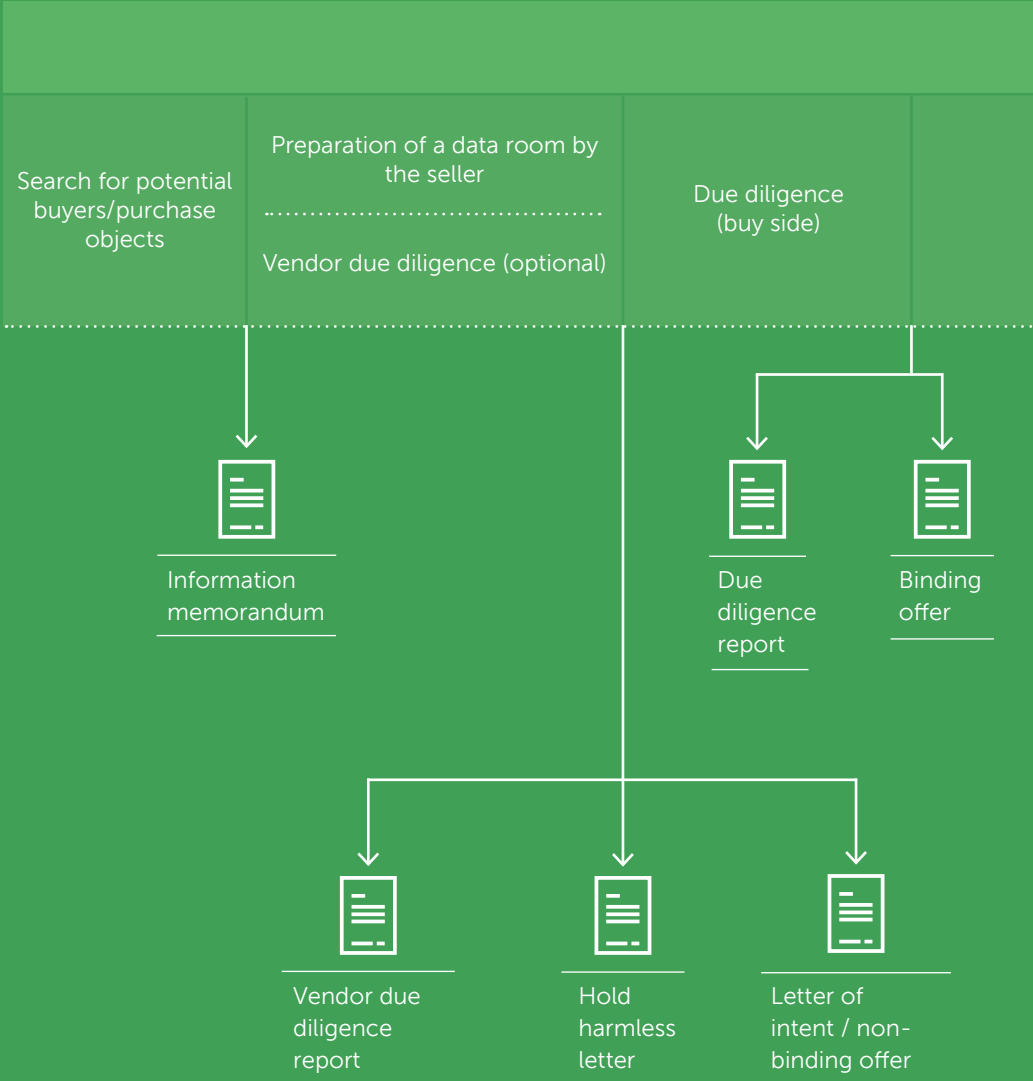
For us, successful transaction support means ...

... successfully supporting you as your personal contact in the complete acquisition/sale process. This is what our advisors stand for:

Proactive process control in close correspondence with all parties involved

Early feedback on findings or emerging challenges

This is how we work – a transaction process flow example



Contractual negotiations

Signing

Closing

Purchase price adjustments

.....
Earn out (optional)



Share
purchase
agreement/
assets
purchase
agreement

What we will be pleased to do for you

Transaction support
by dhpG:

dhpG

Financial Due Diligence*

Tax Due Diligence*

Legal Due Diligence*

IT Due Diligence*

Preparation of sales documents (teaser, factbooks, etc.)

Setting of purchase price and development and monitoring of purchase price mechanisms

Tax structuring in the transaction process

Setting up and management of virtual data rooms

Drafting and negotiation of contractual documents

Purchase price allocations**

*Buy side and sell side

**Please see our brochure on valuation services

Financial Due Diligence: A look behind the numbers

Financial due diligence is used to identify the financial opportunities and risks of the target company on the basis of key figures and metrics. These are analysed over the company history, for the planning phase and to identify the main value drivers. An essential goal here is to determine the sustainable, "non-skewed" earning power of the company in order to map its actual economic performance. The services we offer you contain a variety of elements. For example:

Red flag analysis

- / Early identification of deal breakers (risks which as a result of their magnitude and/or likelihood put the success of the entire transaction in question)

Analysis of the asset structure

- / Analysis of factors bearing relevance to the purchase price such as net current assets or net financial debt

Earnings and expense analysis

- / Identification of the essential value and cost drivers
- / Quality of earnings (adjustment of the earnings situation to produce an economic view that is not skewed by extraordinary circumstances)

Plausibility check of budget calculations

- / Systematic appropriateness
- / Coherent updating of historical trends
- / Processing of current findings
- / Consistency in all accounts

Tax due diligence: Guide to the deal structure

Tax due diligence involves the identification of tax risks. Depending on your profile of requirements, our analysis covers the most important types of taxes, in particular corporate tax, trade tax and value-added tax. Depending on the target company, real estate transfer tax or the wage tax situation may also require respective analysis. The services we offer you contain a variety of elements. For example:

Overview of the potential target company

- / Overview of the current tax structure (in particular with regard to fiscal units as well as reorganisations and associated holding periods)

Turnover and wage tax

- / Overview of special turnover tax aspects and identification of wage tax risks

Corporate income and trade tax

- / Identification of possible income tax risks
- / Listing of tax loss carry-forwards and possible utilisation risks as well as identification of hidden profit distributions and deposits
- / Overview of ongoing tax appeal proceedings and outstanding tax payments owed

Legal due diligence: Keep liability issues in mind

Legal due diligence helps produce a detailed picture of legal opportunities and risks of the company concerned by reviewing the essential contractual and legal relationships. This provides you the best possible basis for your decisions and the needed guidance and preparation for contractual negotiations. The services we offer you contain a variety of elements. For example:

Analysis of the potential target company

- / Company law
- / Labour law/collective agreement law
- / Trademark law/industrial legal protection
- / Customer/supplier agreements
- / Tenancy law
- / Change-of-control clauses
- / Key agreements
- / Legal disputes threatening or pending
- / Real estate law aspects
- / IT law and data protection issues

IT due diligence: understand the company's IT landscape

IT due diligence comprises the systematic recording and assessment of the existing IT system (hardware, software, networks, resources, processes, locations, projects, cyber security) and the data protection organisation of a company. Its aim and objective is to demonstrate the strategic benefits and value of a company, but also to assess its potential and risks before and after the transaction. The services we offer you contain a variety of elements. For example:

Analysis of the potential target company

- / Review of the IT strategy and security concept
- / Review of the IT landscape
- / Review of the IT infrastructure
- / Review of IT applications
- / Review of service/performance
- / Review of contractual agreements
- / Review of budget/expenditures
- / Overview of IT projects
- / Cyber security/security audit/ penetration test
- / Review and implementation of compliance

Sales documents: setting priorities

In statistical terms, significantly higher prices are achieved in transactions in which sellers submit professional sales documentation. By providing such sales documents, prospective buyers are given the opportunity to obtain an overview of the financial, legal and tax aspects of the transaction object prior to the due diligence. This offers the possibility to accent certain aspects from the perspective of the seller in presenting the enterprise that is to be sold. The services we offer you contain a variety of elements. For example:

Sell side due diligence

- / Complete due diligence analysis by the seller or its advisor (including identification and analysis of any risks)
- / Individual definition of focal points
- / Time relief in the transaction process (postponement of time spent anyway to an earlier phase of the transaction), in particular in the case of an agreement with the prospective buyer on an analysis and review of the transaction through a confirmatory due diligence.

Factbook

- / Preparation of sales documents analogous to the sell side due diligence (restricted to the descriptive part, i.e. no identification and evaluation of risks)

Information memorandum/teaser

- / Overview of the financial, legal and/or tax situation of the object to be sold (preparation of a condensed report limited to key aspects)

Purchase price: Expertise required

Ideas and considerations regarding the determination of the purchase price and its stipulation in the agreement should not be limited exclusively to the absolute purchase price amount. Equally important is consideration of an underlying purchase price logic appropriate to the specific transaction, including definition of the purchase price mechanism. In this respect, legal and tax expertise need to be leveraged in addition to business management expertise. With our experienced interdisciplinary teams of business economists, lawyers and tax experts, we support and assist you in this important area of your transaction process. The services we offer you contain a variety of elements. For example:

Overview of the potential target company

- / Determination of the base purchase price, which is usually preceded by a valuation (for our basic valuation principles and methods, see our valuation brochure).
- / Establishment of purchase price adjustment mechanisms that adequately reflect the financial development of the enterprise between valuation date and effective date/closing date.
- / Consistent representation of the different possibilities to structure the company divestiture:
 - / Locked box: Agreement of a fixed price based on the last financial statements
 - / Closing accounts: Agreement of a variable purchase price on the basis of a financial statement to be prepared on the closing date
 - / Preparation and simulation of earn-out mechanisms and/or debtor warrants: Risk distribution between seller and buyer taking into account future development of the target

Tax transaction advice: more than just risk avoidance

In addition to identifying and minimizing tax risks as part of tax due diligence, the tax-optimized design of the transaction structure plays a decisive role. While the seller side (sell side) focuses on reducing the tax liability, the buyer side (buy side) concentrates on tax efficiency and long-term optimization. The Services we offer you contain a variety of components. For example:

Sell side tax optimization

- / Tax structuring before the sale
- / Avoiding the violation of lock-up and holding periods
- / Utilization of tax benefits
- / Minimizing the tax liability on the capital gain
- / Reduction of potential liability for tax risks

Buy Side Tax Optimization

- / Pre-acquisition measures and choice of legal form
- / Tax optimization of the target structure and current taxation
- / Securing the deductibility of financing expenses
- / Tax-optimized profit repatriation for cross-border deals
- / Optimizing the tax treatment of a future exit
- / Fulfilling tax reporting obligations (e.g. real estate transfer tax)

Contractual agreements and documents: More than a purchase agreement

The legal foundation of the corporate transaction is the individual purchase agreement, whether it be an SPA (Share Purchase Agreement) or an APA (Asset Purchase Agreement). The focus is on the preparation or review of the draft agreement, its negotiation with the other party and updating of the agreement to conform to the current status of negotiations. In the run-up to the transaction, additional documents need to be prepared and agreements concluded in order to protect your interests in an optimum manner. Our experienced transaction lawyers will help you realise the transaction in a contractually secure environment and avoid possible risks in the best possible manner. The services we offer you contain a variety of components. For example:

Important transaction documents

- / Non-Disclosure Agreement (NDA)
- / Letter of Intent (LoI), termsheet
- / Company purchase agreement, Share/Asset Purchase Agreement (SPA/APA)
- / Shareholder resolutions
- / Shareholder agreement
- / Call/put option

Additional services

Please do not hesitate to contact us if you have any questions regarding the following topics:

- Company valuation
- Integration of IT systems
- Development of business plans
- Support in talks with banks
- Company and asset successions

Meet our team



We will advise you personally. Talk to us or write to us by e-mail to: transaction@dhpq.de



Björn Pauli

is certified public accountant and senior partner at dhpq. For more than fifteen years he has been working in positions of responsibility in the fields of valuation and transaction consulting. Björn Pauli is specialised in management of transaction processes, financial due diligence and sell side assistance (VDR management and negotiation support). Furthermore, he has many years of experience in the valuation of companies, parts of companies and intangible assets.



Stefan Hamacher

is a certified tax advisor and senior partner at dhpq. He advises national and international companies and company groups on all aspects of corporate tax law. In addition, he advises clients on the acquisition or divestiture of companies, tax optimisation of real estate investments and company succession.



Dr Olaf Lüke

is a lawyer and senior partner at dhpq. He advises medium-sized companies and their shareholders as well as associations and foundations on corporate and tax law issues. He is a proven expert in personal and corporate law. Together with his team, he regularly assists companies in restructuring as well as in national and international M&A transactions.



Markus Müller

is senior partner at dhpg and managing director of IT Services, a subsidiary of the dhpg and, as a graduate in business information technology (CISA), is responsible for the further development of innovative IT services for clients. Together with his team, he not only advises companies on the use of IT-based services, but also supports the transaction team in the performance of IT due diligences.



Tim Löhner

is a lawyer and senior partner at dhpg. As a certified tax lawyer, he is primarily responsible for the areas of corporate and tax law and advises medium-sized companies in particular on restructurings as well as in the areas of M&A, corporate succession and corporate and tax litigation.



Dr Tobias Quill

advises national and international clients in the areas of Valuation and Transaction Support. His thematic focus is on business valuations, the preparation and auditing of planning accounts and financial due diligence. In addition, he deals with the establishment and administration of data rooms as well as process support and negotiation support.



Julien Jeuckens

is tax advisor and partner at dhpg. His practice focuses on tax advice to domestic and foreign companies in the context of restructuring, M&A and business succession processes. He also has particular expertise in national and international corporate tax law and the taxation of real estate transactions.

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Gummersbach

Cologne

Krefeld

Landshut

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Nuremberg

Stuttgart

Trier

Wiesbaden

Further details about our locations can be found at [locations.dhpg.de](https://www.locations.dhpg.de)

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