What is Due diligence?

Due diligence — a comprehensive review of a business or asset prior to a major transaction (purchase, investment) to identify all possible legal, financial, tax, and reputational risks. Essentially, it is an in-depth analysis that allows for obtaining the most complete and objective information about the target in order to make a well-considered decision and minimize potential losses.

What happens during the process?

- Experts (lawyers, financial professionals, auditors) examine all aspects of the company's operations:
  Financial condition: analyze financial statements, verify debts and assets.
- Legal aspects: review the legality of operations, the presence of litigation, and ownership rights to assets.
- Tax review: analyze tax returns and potential risks of tax claims.
- Reputation: verify the reliability and transparency of the company.
- Other: depending on the target, this may include technical, environmental, or marketing assessments.

Why is this needed?

- Risk reduction: identifies potential problems that could lead to financial losses.
- Valuation: helps to understand the true value of the target and negotiate the transaction price.
- Informed decision: provides a complete picture of the business or asset, allowing for a well-considered decision on the feasibility of the transaction.
- Deal preparation: can assist in negotiations and preparation for selling the company or attracting investments.

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