


# M&A

process & preparation  
in practice

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# process summary



STAGE	PURPOSE	DOCUMENT RELATED & NOTES
<b>MEET &amp; PITCH</b>	Initial assessment by Buyer: if Target meet investment criteria/thesis (product/market/customer/team/IP)	<ul style="list-style-type: none"> <li>• NDA</li> <li>• Introduction of Target</li> </ul>
<b>TERM SHEET/LETTER OF INTENT (LOI) NEGOTIATION</b>	Agree key commercial term of transaction <ul style="list-style-type: none"> <li>• Valuation method</li> <li>• Term to protect buyer (CP, rep. &amp; warranty)</li> <li>• Process &amp; timeline</li> </ul>	<ul style="list-style-type: none"> <li>• General finance, legal data (audited FS, forecast, BRC...) for quick assessment by Buyer</li> <li>• Term sheet/ Letter of Intent</li> </ul>
<b>DUE DILIGENCE (DD)</b>	<ul style="list-style-type: none"> <li>• To verify and support valuation adjustments (if any)</li> <li>• Identify key risks to factor in SPA (next stage)</li> </ul>	<ul style="list-style-type: none"> <li>• Detailed financial, tax, legal, HR, operation information</li> </ul>
<b>SHARE PURCHASE AGREEMENT (SPA) NEGOTIATION</b>	Final legal bound by both Buyer and Seller. Key terms was fed by: <ul style="list-style-type: none"> <li>• Agreed term sheet/LOI</li> <li>• Findings from DD</li> </ul>	<ul style="list-style-type: none"> <li>• SPA</li> </ul>
<b>CLOSING ACTIVITIES</b>	Any activities agreed in SPA to make the Target ready for Buyer to buy (i.e. restructuring, clearing CPs)	<ul style="list-style-type: none"> <li>• Depending on the actual activities</li> </ul>
<b>CLOSING/TRANSFER</b>		
<b>INTEGRATION</b>	<ul style="list-style-type: none"> <li>• Officially integrate bought company into the Buyer structure (mostly led by Buyer)</li> </ul>	
<b>EARNOUT</b>	<ul style="list-style-type: none"> <li>• Seller receive selling amount</li> </ul>	<ul style="list-style-type: none"> <li>• Completion of required document/action in SPA</li> </ul>

# what to prepare?

## SELLER TO PREPARE

1. Attitude/commitment
2. Advisors (legal & finance)
3. Tax planning
4. Stakeholder management
5. Clearance of related parties

## TARGET COMPANY TO PREPARE

1. Finance/Accounting
2. Tax
3. Legal + IP
4. HR

## Finance, tax preparation

STAGE	WHAT TO PREPARE
MEET & PITCH	to make Target <b>ATTRACTIVE</b> <ul style="list-style-type: none"><li>• Prepare both <b>historical</b> data + 3-5year <b>projection</b> with an attractive story of product/market/customer</li><li>• NICE NUMBER: big revenue, high growth, profitable,</li></ul>
DUE DILIGENCE (DD)	<b>WELL-PREPARED</b> to reduce possibility of price adjustment <ul style="list-style-type: none"><li>• Strong, consistent data, analysis</li><li>• Full tax compliance &amp; issue clearance (tax audit done if possible)</li></ul>

## Other related topics

1. Shareholding structure
  - Tax
  - Bypass legal obstacle
  - Quick closing
2. Avoid deal-breaker risks
  - Serious violate key deal motivations
  - Corruption, Fraud, Criminal activities
3. Earnout and earnout period
4. Non-compete

## contact

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