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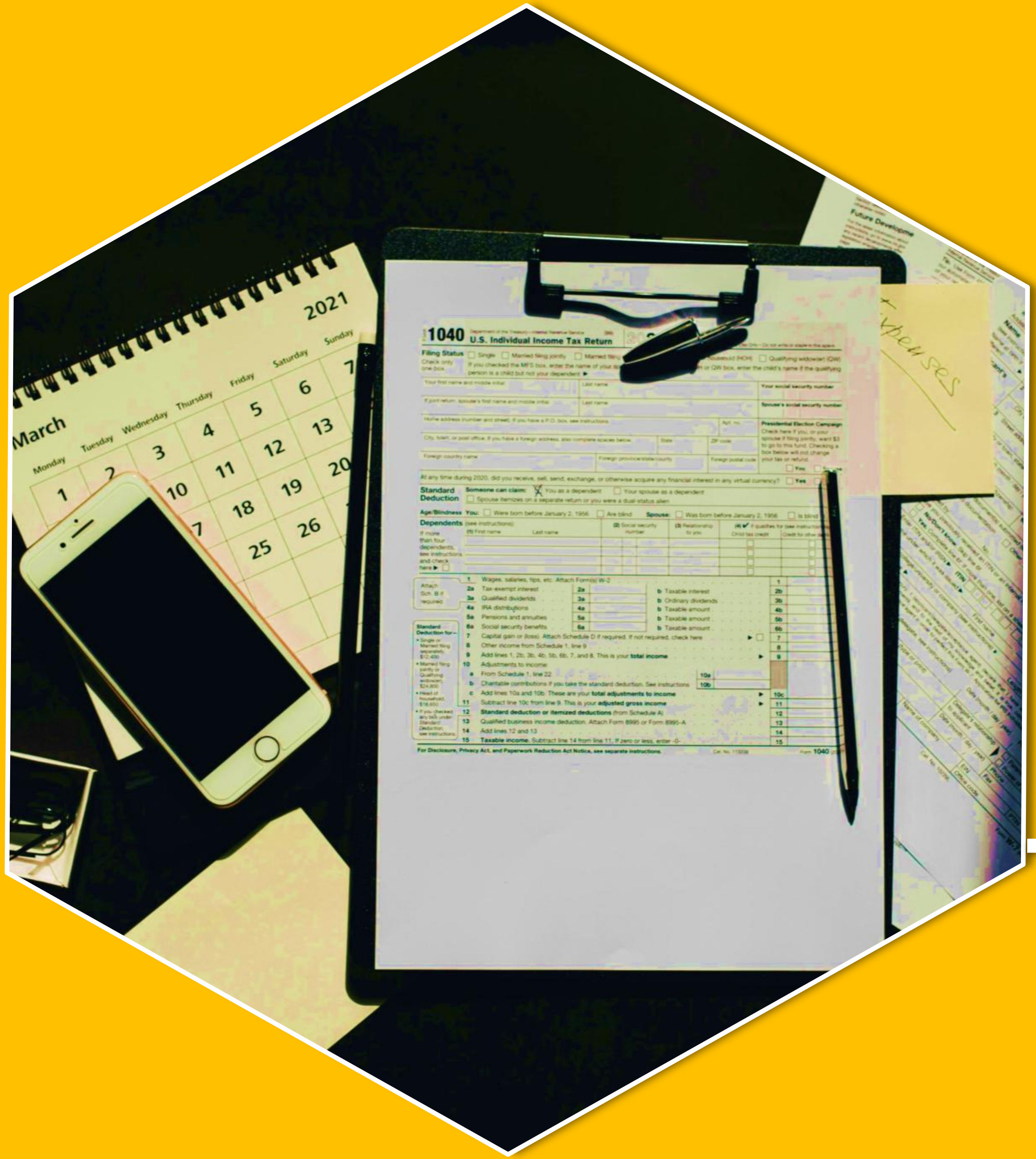


Investor services – Due Diligence

May 2026

Client Confidential

Due diligence is relevant both in M&A and IPO – main objective is the identification of possible valuation risks for a potential buyer

Definition and purpose of due diligence

Due diligence

MAIN FOCUS

M&A

- Sale/purchase of a company
- Due Diligence ensures a successful combination of assets of the two companies within the merger
- Due Diligence evaluates the additional market value created with takeovers

- Valuation of market value

IPO

- Emission of shares on capital market
- First sale of corporation's common shares to public investor

- Raising capital to receive cash for market growth, acquisitions

Definition

- Systematic investigation of an economic entity for sale by a potential buyer
- Process of research and analysis of a company in advance of an investment, takeover or business partnership

Purpose

- Minimizing possible valuation risks by analyzing the company's actual situation
- Identification and evaluation of all relevant value drivers of a company (business, financials, legal issues…)
- Identification of improvement potential

Generally, in the context of due diligence, we support all key phases of a M&A process

M&A transaction process

Phases in sell-side process

Preparation (phase I)

- Make organizational preparations and handle project planning
- Determine the sale strategy
- Compile documentation, esp. information memorandum and indicative company valuation
- Compile long list of potential investors

Contact potential investors (phase II)

- Approach potential investors in confidence (long list)
- Exchange information and pass on information memorandum in return for a signed confidentiality agreement
- Optimize deal structure & prepare purchase contract
- Investors submit indicative offers

Short list/ Due diligence (phase III)

- Analyze the offers against selected criteria (generally the purchase price) and make a selection (short list)
- Hand over additional infor-mation and hold manage-ment talks
- Prepare data room
- Conduct due diligence

Contract negotiation and closing (phase IV)

- Analyze the binding offers and select parties for contract negotiations
- Conclude the contract
- Obtain approval from the relevant committees and authorities
- Close the deal

Phases in buy-side process

Phase I: Preparation/Screening

- Project planning
- Strategic analysis
- Identification and analysis of potential target companies
- First interim valuation indication

Phase II: Approach/Due diligence

- Approach of one or more target companies
- Proposition of a non-binding offer
- Due Diligence
- Validation of the valuation indication

Phase III: Contract negotiation

- Offer proposition and negotiation
- Contract signing and closing
- Approval of Board, Anti-trust issues

Whilst specifically on the IPO process, we support the first three phases: internal readiness, IPO preparation and consortium selection

IPO process

1 Internal preparation phase
- Strategy-Audit
- Analysis of market and competition
- Check business plan for plausibility
- Internal valuation of company
- Prepare equity story

2 IPO preparation
- Preparation of legal due-diligence report
- Preparation of financial due-diligence
- Preparation of commercial due-diligence
- Preparation of issuing concept

3 Definition of IPO consortium
- Preparation of beauty contest
- Beauty contest
- Assignment of consortium for IPO
- LOE

FOCUS

4 Pre-IPO phase
- Finalization of due-diligences
- Finalization of issuing prospectus
- Start listing procedure
- Prepare Roadshows, Analyst-meetings and press communication
- IPO marketing

5 Pre-marketing
- Approval of issuing prospectus
- Investor meetings
- Collect information of bookbuilding

6 Bookbuilding/ pricing/ market support
- Collection and aggregation of demand
- Pricing and allotment of shares
- Greenshoe phase
- Post-IPO marketing

To gain inside view into the company, the type of due diligence depends on purpose of investigation

Types of due diligence

Kind of due diligence	TARGET OF INVESTIGATION	Scope Stonesbury
1 **Commercial due diligence (Buy/sell side)**	▪ Business strategy ▪ Internal company view ▪ Market and competitor situation ▪ Business Planning	✔
2 **Financial due diligence**	▪ Company‘s financial statements ▪ Organizational structure and company‘s tax situation	**done by investment banks**
3 **Legal due diligence**	▪ Excerpt from commercial register ▪ Relationship between the company and its shareholders (key contracts, guarantees) ▪ Pending, ongoing and former litigation proceedings	**done by auditors, CPA´s**
4 **Operational & other due diligences**	▪ Compliance with environmental laws, quality requirements and industrial safety acts ▪ Organizational or operational issues	✔

Commercial and market due diligence typically comprises two phases: data collection and analysis

Process of due diligence

DATA COLLECTION

Info center

- 3rd party client reports & data
- Stonesbury research
- Press/ internet
- Broker reports

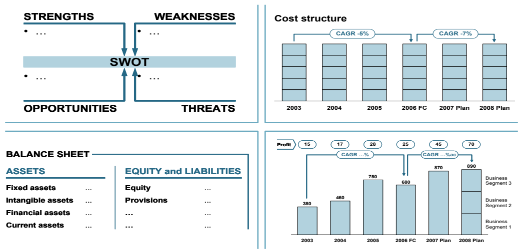
Data room

- Company information stored in confidential documents

Checklist

1. General Information
2. Data to be collected
3. Main activities of analysis

Mgmt./ company information



Expert interviews

ANALYSIS

A INTERNAL COMPANY VIEW

- Corporate history
- Corporate structure
- Value chain
- Countries, products and channels
- Business plan
- Core competencies

B.1 MARKET DEVELOPMENT

- Value/volume
- Product/channel split
- Market drivers
- Key success factors
- Consumer
- Value chain
- Technology
- Five forces
- Legal

B.2 COMPETITIVE POSITION

- Market share
- Strategic positioning
- Competitor benchmarking
- Competitor profile
- SWOT analysis

C.1 BUSINESS PLAN ASSESSMENT (Mgmt. case)

- Development of sales (by segments/regions/customers)
- Changes in cost structure/margins
- Management initiatives

C.2 BUSINESS PLAN ADJUSTMENT (Stonesbury cases)

- Base care, best call, worst case
- On-top growth opportunities
- Chances/risks

- Internal company view
- Market development
- Competitive position
- Business plan assessment
- Business plan adjustment

COMMERCIAL & MARKET DUE DILIGENCE

Commercial & market due diligence draws on four key information sources

Sources for data collection

SOURCES OF INFORMATION

1. DATA ROOM

- Organization
- Financial performance
- Markets and product portfolio
- Value Chain
- Vendor due diligence

2. INFOCENTER

- 3rd party client reports & data
- Stonesbury research incl Stonesbury AI tools and engine
- Broker reports
- Press/ internet

3. MANAGEMENT PRESENTATION

- Interviews with Management
- Specific question list with content going beyond information given in the data room

4. EXPERT INTERVIEWS

- Industry experts
- Functional experts

COMMENTS

- **Data room** contains detailed information provided by the target company
- **Infocenter** helps to analyze the market and competitors of the target company
- **Management presentation** can be obtained if the target company agrees to give more information than already provided in the data room
- **Expert interviews** will be conducted to get additional industry and/ or functional insight

Analysis of information is done along the five main dimensions

Dimensions of a commercial due diligence

A INTERNAL COMPANY VIEW

- Corporate history
- Corporate structure
- Value chain
- Countries, products and channels
- Business plan
- Core competencies

B.1 MARKET DEVELOPMENT

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B.2 COMPETITIVE POSITION

- Market share
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- Competitor profile
- Risk assessment
- Five forces
- SWOT analysis

C.1 BUSINESS PLAN ASSESSMENT (Mgmt. case)

- Sales
- Management Initiatives
- P&L, Balance Sheet, Fixed Asset Schedule, Cash Flow

C.2 BUSINESS PLAN ADJUSTMENT (Stonesbury cases)

- Business Plan Adjustment
- Explanation of Adjustment
- Scenario Analysis

As an independent consultancy, Stonesbury facilitates and integrates the involved financiers and stakeholders

Role of consultants in restructuring

1

Provide trust & expertise…

…. as the restructuring is a special situation in the lifecycle of a company and is often linked to a loss of trust between the bank or private equity company and the client

2

Guarantee the concept and implementation …

… developing and helping with implementation

Zone of operation for Stonesbury

3

Provide transparency …

… as stakeholders need consistent, fact-based view on performance & obligations to align options and trade-offs

4

Act as mediators…

… because the company in an increasingly complex environment is facing a large number of stakeholders whose interests must be considered

For more on this topic, please feel free to reach out to:-

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