



DILIGENCE AFRICA

**STANDARD DUE DILIGENCE REPORT
for Series A, B and C startups**

Diligence Scope	Diligence Coverage Areas	Information Required	Available	Not Applicable	Notes
A. Legal Diligence	1. Details of Company Personnel - CEO, COO, CTO, CFO, VPs, Key management staff, Director where applicable	a. Resumes of all key management team members			
		b. Employment agreement including compensation (base salary, bonus, stock options, etc.)			
		c. Personal references from former colleagues and investors			
	2. Detailed organization chart (with compensation of key employees on the Organizational Chart)	a. Detailed organogram with roles of each person on the company's payroll			
		b. Last 3-years payroll			
		c. Hiring projections by functional areas and locations for the next 4 Quarters			
		d. List of all Human Resources related issues that the department or HR manager has had to deal with			
	3. Board of Directors	a. Bios & contact information, any remuneration (cash or stock)			
		b. Affiliation (Who do they represent) & other board activities			
		c. Board committees and members if any			
		d. List of former directors and senior executives who have left during the last three years, with brief details why they left			
	4. Key investors and shareholders	a. List of key investors in the company along with details of holdings, amount invested, with dates and type of investment etc. (cap table)			
		b. What current employees or Directors of your startup (or any of any of your subsidiaries), if any, hold stock, options, warrants or other ownership interests in the Company? And if so, list name of the individual, the date of acquisition of the ownership interest and the percentage ownership (on a fully-diluted basis).			
		c. Do the founders own interest either directly or indirect through beneficial ownership in any business or company other than this startup?			
		d. Details of any restrictive covenants, confidentiality provisions and 'golden parachutes'.			
	5. Corporate Information and Documents	a. Articles/Certificate of Incorporation and amendments			
		b. Bylaws and amendments			
		c. Minutes of Board of Directors meetings (including committees) and all Board Consents			
		d. Minutes/Consents of Shareholders meeting			
		e. Share option plan and form agreements. Please include a description of any employees or others who hold options or stock for which the vesting accelerates upon a change of control or other events.			
		f. Any material agreements between the Company and any officers, directors or shareholders			
		g. Are any payments made to families of any management team member or related parties or related companies?			
		h. Lists of any subsidiaries and corporate documents, such as Articles/Certificate of Incorporation, Bylaws, minute books related to such subsidiaries.			

			<p>i. Legal structure of company and subsidiaries:</p> <ul style="list-style-type: none"> • A list, with details, of all dormant, joint venture, subsidiary, group and associate companies. • A family tree showing the relationship between them and ownership chain to ultimate beneficial owners. • Details of any branch, place of business or substantial assets • Details during the last [six] years of any: <ul style="list-style-type: none"> – incorporations; – acquisitions; – disposals; – joint ventures or strategic alliances; – windings up 			
			j. Provide all contracts relating to the acquisition or disposal of companies or businesses during the last six years.			
		Insolvency	Has any order been made, or resolution passed, for the winding up of the target or any subsidiary or director or UBO?			
		Litigation	Has any administration order been made, or any petition for such an order presented in respect of the target or any group company?			
			a. Pending or threatened disputes and investigations			
			b. Litigation (current or in the past)			
B	Financial Investigative Diligence	Historical	a. Audited financial statements (consolidated and by subsidiaries) for the last [6] years or Management accounts for the last [6] years where audited financials are not available			
			b. List of Accounting software used by the company.			
			c. List of vendors, their products, and the contracts with the company			
			d. Quarterly statements for the last 3 years (Balance Sheet, Income statement and Cash Flow statement)			
			e. Provide bank-certified account statements for the past three (3) years			
			f. List of all company bank accounts and their account details within and outside country of operations			
		Products and Summary of revenue of each product	a. Major product line (include profit margin)			
			b. Geographical region			
			c. Channel			
		Lease, and Assets	a. Property lease/ tenancy and maintenance agreements entered and owned by the company			
			b. List of Inventory and location			
		Write-offs	Analysis of material write-downs or write-offs			
		Loan Agreements	a. Summary of loan agreements including			
			i. security pledged			
			ii. credit lines			
			iii. convertible subordinated debentures			
			iv. Provide copies of the actual loan agreements			
			b. Details of loans with affiliates, subs & related parties to be provided separately			
			c. Contingent liabilities (off balance sheet items)			
		Related Party transactions	a. Are any payments made to key employees' family members, related parties or related companies? If yes, provide details			
			b. Are any payments made to families of any directors or team member or related parties or related companies? If yes, provide details			
		2. Projections				
		a. Short Term	a. Monthly (or quarterly) financial projections (cash flow forecast) for the next 8 Quarters (include head count projections)			
		b. Long-Term	b. Financial projections (annual) for the next 3 years			
			c. What are the key assumptions for:			

			- Revenue (break-down, unit volume, pricing assumptions, market segment share, etc.)			
			- Cost of Goods Sold			
			- Operating expenses			
			d. What it takes to break-even?			
			e. Future funding requirement (funding required for each product milestones and cash break-even)			
			f. Key dependencies to achieve this plan			
		2. Investment	a. Detailed capitalization table, in addition to the list of each stockholder, and each option, warrant, or convertible debt holder, include the following information:			
			i. How much has been raised to date			
			ii. When			
			iii. At what valuations			
			iv. Number of employees at the time of the raise			
			b. All agreements related to any Preferred Stock financings			
			c. Ordinary Share Purchase Agreements (including all exhibits)			
			d. SAFE/ Debt/Convertible Loan/Warrant financing (including all exhibits)			
C	Intellectual Property	IP/ Trade secrets/ Copyrights	a. List all trademarks, trade names and service marks and any filings the Company has made related to these			
			b. Patents (titles, patent number, serial number of issued and pending)			
			c. Products subject to copyright protections and any copyright registration documents			
			d. Claims made by the Company of patent, copyright or trademark infringement or trade secret misappropriation or use, either threatened or actually filed			
			e. Claims against the Company of patent, copyright or trademark infringement or trade secret misappropriation or use, either threatened or actually filed			
			f. Any legal opinions concerning products or services			
			g. Provide a copy of the form of Invention Assignment and Confidentiality Agreement that you require all employees to sign			
			h. License agreements involving patents, trade secrets or other Intellectual Property			
C	Regulatory Compliance (Labor, Licenses, and Industry-specific diligence)	Licenses and Partnerships	a. A list of regulatory licenses required by the company and a list of regulatory licenses owned by the company.			
			b. A list of licenses used by the company but not owned directly by the company			
			c. License agreements involving patents, trade secrets or other Intellectual Property			
			d. Joint Venture, strategic alliance, and corporate partnerships			
			e. Non-compete agreements			
			f. Any agreements with major competitors or strategic partners			
			g. Any other material agreements			
D	Tax Diligence	Tax Documents	a. Documents relating to tax details, filings and documentation obtained and filed by the company, including tax certificates or returns.			
			b. Also confirm if there are any outstanding tax liabilities or unresolved issues with the tax authorities			
			a. List of major customers with whom there are agreements and summary of those agreements.			
E	Customer Diligence	Customers	b. Are there agency agreements?			

			<p>c. Degree of customer concentration</p> <p>d. Evidence of customer satisfaction.</p> <p>e. Significant customers lost/won in last three years? are special terms given to any customers?</p>			
G	Technology Diligence (detailed diligence on the Product and the Technology)	Technology	<p>a. Provide R&D roadmap in summary format (1-2 pages)</p> <p>i. What technology stacks and programming languages does your platform use?</p> <p>ii. Where does the technology of the product sit? Cloud-based or On-prem? Indicate location(s), if On-prem.</p> <p>iii. Does your tech team sit locally or outside your country of operation?</p> <p>iv. Who owns the technology and intellectual property of the product? Pls provide documents showing this.</p> <p>b. What third-party integrations are you using?</p> <p>c. Has there been any known or unknown security breaches of your platform? If yes, pls provide details.</p> <p>d. Provide all licensing and or outsourcing agreements.</p> <p>e. What are the key dependencies of the platform?</p> <p>f. Provide Evidence and details of policies and procedures, Quality Assurance process, documentation and training</p> <p>g. Who are the key software vendors?</p> <p>h. Provide a list of technology licenses the company has</p> <p>i. For how much longer are the licences valid?</p> <p>j. Are there any limitations on these licensed software?</p> <p>k. If existing limitations are not satisfactory, can they be extended and, if so, at what cost or what are the company's alternatives?</p>			
		Products/Services	<p>a. Detailed description of each product and service</p> <p>i. What is it (% of revenue)</p> <p>ii. Why will the company's product win in the marketplace? Who are your competitors and what makes your product more sticky than other products?</p> <p>iii. What does the company's product roadmap look like? How long can the company's advantage be sustained? What IP, etc. backs it up?</p> <p>iv. What does your onboarding process look like and how long does it take?</p> <p>v. What are the barriers to entry for the target industry you are in?</p> <p>vi. Implementation: how easy to implement, how long does it take?</p> <p>vii. Provide the following: - number of sign-ups - number of users in total - number of monthly active users over the last 12 months - number of daily active users over the last 12 months</p> <p>Preference is to have these data directly shared from the online analytics tools (Google, RevenueCat, Zendesk, Hubspot, Zoho, RevenueAnalytics, Stripe, etc) the company uses</p>			
			<p>b. What are the products under development?</p> <p>c. Stage of product (idea, prototype, beta, commercial); timeline to milestones?</p> <p>d. Key technical issues and the risks to the product milestones</p>			
H	Fraud and AML	Fraud and Gross Misconduct	<p>a. What AML, KYC or FCPA policies and processes do you have in place? Please provide</p>			

			b. Have there been any issues relating to AML/ Fraud, FCPA or CFT or other related fraud or gross misconduct issues by any one in the company or any of your customers?			
			c. Do you have provide training to your team members about AML, KYC, FCPA, CFT? If yes, share evidence of such trainings provided, state the frequency of such trainings, and who is required to attend?			
I	Environmental, Social, and Governance	Policies and Reports	a. Any policies, and or filings the company has created or filed related to Environmental, Social and Governance obligations, including ESG reports			
		Environmental	b. Details of past environmental assessments.			
			c. Copies of correspondence with environmental regulators or third parties.			
			d. Copies of any notices of environmental claims, violations, prosecutions, employee claims/complaints or insurance claims.			
			e. Details of issues on climate risks, carbon emissions, energy efficiency, use of natural resources, pollution and biodiversity and any mitigants			
		Social	a. Details of issues focused on human capital, labor regulations, diversity, DEI, safety, human rights and community involvement and any mitigants			
			b. Details of past assessments.			
			c. Copies of correspondence with regulators or third parties.			
			d. Copies of any notices of claims, violations, prosecutions, employee claims/complaints or insurance claims.			
		Governance	a. Details of issues focused on board diversity, corruption and bribery, business ethics, compensation policies and general risk tolerance and any mitigants			
			b. Details of past assessments.			
			c. Copies of correspondence with regulators or third parties.			
			d. Copies of any notices of claims, violations, prosecutions, employee claims/complaints or insurance claims.			
J	Risk Management	Risk and Insurance	a. Past, present and future exposures			
			b. Establish an accurate insurance history.			
			c. How does the target address the following:			
			i. The identification of risk?			
			ii. The evaluation of risk?			
			iii. The reduction of risk?			
			iv. The prevention of loss?			
			d. How losses are reviewed:			
			i. – Centrally?			
			ii. – In the business units?			
			e. The measures being taken to reduce losses:			
			i. – Frequency?			
			ii. – Magnitude?			
			f. Disaster planning? What is its current status?			
			g. Health and safety programmes? Are any planned? What are their status?			
			h. What are the structure and cost of the existing insurance programme?			
			i. What is the extent and nature of third party insurance? On what basis?			
			j. Occurrence/claims arising – covers incidents which occur during the policy period			
			k. Claims made – covers claims made while the policy is still in force.			
K	Data	Data Privacy	a. How does the company store personal data? Please state country of location			
			b. Have there been any issues relating to breach of personal data and what are the details of the breach? How did the company handle such breach? Please provide any letters from regulators received by the company regarding the breach.			

			c. What plans, policies and processes has the company put in place to prevent a reoccurrence of data breaches?			
			d. What was the impact of the breach on the company?			
L	Online and Offline Reputational diligence on the Management team and Ultimate Beneficial Owners of the potential portfolio company	<i>Diligence Africa conducts reputational diligence based on information provided by the company. No additional data is required for this.</i>				
M	Any additional Diligence requests required by the Investor	<i>Founders or investors may request for specific diligence requests not covered here</i>				