

## List of data for due diligence (company audit)

The following list serves as an indicative summary of data that is reviewed by Arca Capital with respect to an intended transaction. The degree of details and information content differ from case to case.

### A) Foundation documents

- 1) Resolution of the founder's body on establishing a new company (a history of the origin and reasons)
- 2) Establishment deed / Articles of partnership
- 3) Corporation charter
- 4) Trade certificate or other authorizations for pursuing activities

### B) History and current legal status of the company

- 1) Records from regular and extraordinary general meetings since the foundation of the company / other date
- 2) Records from the company bodies negotiations since the foundation of the company / other date
- 3) Alteration of the Articles
- 4) Alternation of the entry in the Commercial Register
- 5) Current extract from the Commercial Register
- 6) Status of the company bodies
- 7) Rules of procedure of the company bodies
- 8) Internal regulations, including rules for signing and the possible limitation of powers of procurators or statutory bodies
- 9) List of full powers with the definition of their content
- 10) The Group structure – a parent company, subsidiary companies, other enterprises, where the company has a share of more than 1 %, changes in the Group structure
- 11) Controlling contract, written accounts of relations between the controlling and controlled entity

### C) Partners / shareholders

- 1) Extract from the Register of Shareholders
- 2) Extract from the Commercial Register of the company partners / shareholders, if they are legal entities
- 3) The development of the company structure / shareholders

### D) Business activities

- 1) A detail description of the company's activities, including products and services, both present and intended
- 2) List of major customers, suppliers and competition (in customers and suppliers there should be quoted volumes of goods, material, an importance rate for operation, description of maturity of the terms of delivery, contracts with buyers and the like) for the past three years. The competition classified according to product lines / cost centres (market share should be quoted)

### E) Business plan

- 1) Current [five-year] business plan
- 2) Projects for new commodities/ products
- 3) Five-year business plan preceding the plan quoted in clause (1)
- 4) Control and planning process



- 5) Price policy explanation
  - 6) Budget for the actual year
- F) Financial and accounting information
- 1) Audited financial statements of the company (unconsolidated)
  - 2) Correspondence and reports from independent public accounting and internal auditors, including managerial correspondence
  - 3) Management reports and other supportive reports
  - 4) Current budgets of the future development of the company and its subsidiary companies
  - 5) Analysis of the profit or loss for the actual year versus the budget
  - 6) Detailed information on all investments including cost price, market value and other significant conditions
  - 7) Analysis of receivables
  - 8) Analysis of liabilities
  - 9) Analysis of running costs of the company and each subsidiary company
  - 10) The most topical indebtedness rate, name of the financial institution
  - 11) Significant sales of material
  - 12) Balance sheet items
- G) Tangible fixed assets (TFA)
- 1) List of TFA - cost price, accumulated depreciation, net written-down value, service life for depreciation purposes
  - 2) Description and summary of retired / sold TFA, copies of purchase contracts, reason for asset retirement / sale
  - 3) Selling or purchasing plans of FTA
  - 4) Expert opinions related to TFA
  - 5) Contracts of lease including the annual lease amount, letters of intent, first option contracts, contracts of intermediation, contracts of mandate, commission contracts and granted authorizations related to TFA and signed since the foundation of the company / other date
  - 6) Certificates of real estate ownership, proposals for entry in the Land Registry
  - 7) Documentation related to established real estate
  - 8) Restitution claims
  - 9) Plan of real estate layout
  - 10) Maps of the complex and shop floor
  - 11) Vehicle fleet
- H) Intangible fixed assets (IFA)
- 1) List of IFA stating the data: cost price, accumulated depreciation, net book value, and service life for depreciation purposes
- I) Funds, bank and securities
- 1) List of banks with which the company has credit relations, quoting the available sum, nature of securing, present unexpended sums, interest rates, and schedules of payments
  - 2) Credit contracts
  - 3) Securities in the company property, extracts from the Register of Securities
  - 4) Investment amounts into trading companies, fixed assets share amount, corporation charter, representation in the company bodies
- J) Liabilities
- 1) List of liabilities above EUR 1,650 / other sum with the specification of the reason for origin and maturity date



- 2) List of the remainder of significant suppliers, quoting the nature of the provided service or product
- 3) Issued bonds
- 4) Issued, co-accepted, or endorsed bills of exchange
- 5) Guarantees provided to third parties, recognition of a liability and the like

#### K) Legal

- 1) Licences and patents, contractual documentation concerning industrial property used by the company
- 2) Certificates
- 3) Leasing contracts
- 4) Proceedings in which the company currently participates, quoting the point at issue and providing available data
- 5) Contracts of silent partnership, leasing contracts, contracts of work, contracts of mandate, commission, and un-titled contracts, agreements between partners, joint venture
- 6) Information on verbal agreements constituting the right or duty for the company
- 7) Standard contract templates
- 8) Contracts concluded for any other reason than a business purpose
- 9) Other contracts concluded under other than regular business conditions
- 10) Contracts with a three-month period of notice that can not be terminated without application of penalties or sanctions
- 11) Description of non-key activities quoting revenues and costs
- 12) Contracts of the transfer of the enterprise, part of the enterprise, mergers

#### L) Employees

- 1) Organization chart, number of employees and labour costs, including subsidiary companies
- 2) Wage policy description
- 3) Standard employment contracts
- 4) Wage plan and remuneration plan description
- 5) Outstanding debts toward employees
- 6) Employee turnover for the past 3 years / other period
- 7) Expected growth of the number of employees and their qualification
- 8) Cooperation with personal agencies for the past 3 years / other period
- 9) Collective agreement

#### M) Management

- 1) List of company managers including CVs, job description, and scope of responsibility
- 2) Description of the dependence on key persons, their identification, including a CV and the type of contract
- 3) Compensation and managerial contracts
- 4) Performance rating criteria

#### N) Taxes

- 1) Income tax return since the foundation of the company / other period
- 2) Results of tax offices controls realized since the foundation of the company / other period

#### O) The environment

- 1) Information on negotiations, investigations, and complaints concerning the environment
- 2) Information on the use of plots owned or leased by the company or its predecessor in the last 20 years (if possible)
- 3) Is the company aware of any possible pollution of the owned real estate or leased property?
- 4) Guarantees provided in the environment area (e.g. a state guarantee)

