



Due Diligence

We know
that your business
is not just your
business – *it's your
life's work.*



Every significant business decision carries with it an element of risk. And when considering a major transaction such as acquiring an existing company, it's important to be as informed as possible. Due diligence is the process of investigating or auditing a potential business or investment prior to an acquisition. Though the

scope of each engagement varies, Roth&Co's expert team of advisors will conduct effective due diligence to help mitigate the risk associated with your specific transaction. At the end of the review, you will walk away with holistic financial insight and perspective of the prospective acquisition.

PHASE I



Gathering and Reviewing Information

Our process begins with an initial information gathering period, effectively laying the groundwork and boundaries for the entire fact-gathering endeavor. This includes reviewing the overall objectives for each party, terms, financial needs, etc. as well as coordination with any other specialists or teams involved.

DURING THIS PHASE, WE WILL:

- › Review Target Company's Financial Statements
- › Analyze Target Company's Financial Performance
- › Review Letter of Intent (LOI) or Terms of Deal

PHASE II



Site Visit

On-site visits are a crucial part of the due diligence process, as they provide additional transparency beyond the information gathered in the initial phase. The ability to verify and, in some cases, challenge previous assertions is essential to the purpose of the due diligence process - to mitigate risk. This is also an excellent opportunity to start developing a more personal relationship with the target's staff.

THIS PHASE INCLUDES:

- › Walkthrough of Business
- › Review of Accounting Processes
- › Interview of Key Personnel

PHASE III



Calculate Earnings and Estimated Value

Every transaction contains within it an element of bias from the various parties involved - particularly regarding current and projected valuations of your potential acquisition. In this phase, we take an objective look at the target's true financial state and projected value. At the conclusion of this phase, we provide you with a full findings report.

DURING THIS PHASE, WE WILL:

- › Examine Revenues and Gross Profits
- › Review Payroll and Employee Census
- › Establish Add-Backs and Normalization of Profits
- › Calculate Pro Forma Financial Statements
- › Issue a Report of Findings and Recommended Value

PHASE IV



Assistance with Closing Process

After our review, we present you with a formal due diligence memo detailing our findings. Should you proceed, we will assist as needed throughout negotiation and closing. We will also provide post-transactional guidance, to further ensure there are no surprises.

DURING THIS PHASE, WE WILL:

- › Conduct a Capital Requirement Study
- › Coordinate with Counsel on Legal Due Diligence
- › Provide Guidance on the Negotiation of Terms



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