

Questionnaire

For the preparation of your
Confidential Information Memorandum

- › Identify the Company
- › Financial Performance Review & Outlook



[PROJECT NAME]

Summer 2021

Review of the Company's Infrastructure

1. Business Entity

Legal Name	
Business Type	
State of Formation	
Federal EIN	

2. Operations

- Please describe the Company's line of business and day-to-day operations.

SIC Code

- What are the sources of revenue? What is the specific breakdown of each segment as a percent of sales? Where do you believe the strongest growth opportunities lie (existing product lines, new products/services, etc.)?

Product	% Revenue 2018	% Revenue 2019	% Revenue 2020	% Revenue TTM

- What is your Company's product life span? Does your product call for after-sales relationship?

- How many facilities does the Company utilize? How many square feet? What is the primary use? Is the Company using any properties/facilities not accounted for in the financial statements? Who owns this building? If owned by a shareholder, are lease terms at, above, or below market? What is the lease term? Are there options to renew?

Facility Location	Square Feet	Use	Revenue/Sq. Ft.

- What capital equipment is used to generate & support revenue on a day-to-day basis? What is the fair market value of the Company's equipment? How much is typically invested in new capital equipment on an annual basis? Is the Company using any equipment not accounted for in the financial statements?

Equipment Description	Book Value 2020	FMV 2020	Depreciable Life
<i>Accumulated Depreciation</i>			
Total			

- How many employees (full and part-time) does the Company have?

Function/Department	Full Time Employees	Part Time Employees	Annual Wages
Total			

- How many employees have worked for the Company at the end of the last three fiscal years?
- Any unionized employees? If so, state of relationship with union?
- Do any employees have notable technical or professional qualifications or designations?
- What is the average employee tenure? Is there significant turnover?
- What is the Company's wage and benefits policy?
- What are the Company's major medical/dental benefits? Holidays? Education reimbursement?

- Are management/employee relations good?
- What is the Company's business strategy?

- How does the Company promote its products and services? Advertising? Public Relations? Seminar or Convention Attendance? Other Promotional Activities?

- What are the primary distribution channels for the Company's products?

- Has the Company been involved in any material litigation involving employees, suppliers, customers, etc.? Has the Company ever been audited by any government body?

- Can you identify some Company-specific strongpoints that may be of interest to potential buyers?

- Can you identify some Company-specific risk considerations that may impact the Company's future path?

Financial Performance Review & Outlook

Review of the Income Statements

1. Revenue

- What are the sources of revenue? What is the specific breakdown of each segment as a percent of sales? Where do you believe the strongest growth opportunities lie (existing product lines, new products/services, etc.)?

Product or Service	Market	% Revenue 2018	% Revenue 2018	% Revenue 2018	% Revenue 2018

- Are there any exclusive agreements?

- What has driven historical revenue growth?

4. *Adjustments*

Category	2018	2019	2020	Interim
Revenue				
Cost of Goods Sold (COGS)				
Operating Expenses				

- Are there any inter-company or related party revenue items?
- Does the Company purchase any supplies, labor, etc. below fair market rates?
- How much has each of the respective owners taken in salary in each historical year? What would you consider to be fair market value?
- Have there been other family members or non-active shareholders receiving compensation? If so, how much per year?
- Has the Company been covering personal insurance premiums (life, health, auto, etc.)? If so, how much per year?
- Has the Company been paying for personal travel & entertainment expenses? Vehicle allowances? Other discretionary perquisites? If so, how much per year?

Review of the Balance Sheets

- Are there any non-operating assets on the Company's balance sheet?
- Is there a difference between the book value of the Company's fixed assets and the actual fair market value? Please explain.
- Is any of the Company's historical debt non-operating? Please explain.
- Based on the Company's historical growth, what have the asset and liability requirements been? Could you identify an optimal operating level/relationship?