Project Meridian

Acquisition Due Diligence Checklist

color SecondaryColor!30

Target: Nexa Technologies Inc.
Acquirer: Vertex Capital Partners
Date: August 3, 2026
Status: Active Review Phase

Document Overview

This due diligence checklist outlines the verification tasks, data room requirements, and risk assessment stages for the proposed acquisition of **Nexa Technologies Inc.** by **Vertex Capital Partners** (Project Meridian). Diligence is split into legal, financial, and technical workstreams. The statuses are continuously updated by the respective workstream leads as files are submitted and verified in the Virtual Data Room (VDR).

1 1. Legal Due Diligence Workstream

The Legal Due Diligence workstream is focused on evaluating the corporate structure, governance, key contracts, intellectual property, and regulatory compliance of Nexa Technologies Inc. to identify potential legal liabilities or operational constraints, following industry-standard diligence frameworks [2].

1.1 1.1 Legal Checklist

ID	Checklist Item & Description	Status	Lead	Comments / Remarks
L-1.1	Certificate of Incorporation, Bylaws, and foreign qualifications.	COMPLETED	A. Pendelton	Verified Delaware incorporation (2021).
L-1.2	Board and Shareholder meeting minutes (2023–2026).	REVIEW	E. Sterling	Missing Q2 2025 Board resolutions.
L-1.3	Shareholder registries, option plans, and warrant agreements.	COMPLETED	A. Pendelton	Synapse Capital holds 15% preferred shares.
L-2.1	Master Services Agreements (MSAs) for top 10 enterprise clients.	IN PROGRESS	M. Vance	Apex Corp contract under renegotiation.
L-2.2	Supplier, distribution, and partner agreements.	COMPLETED	M. Vance	Standard terms; no change of control terms.
L-3.1	Patent portfolios and registration certificates (Nexa Core Platform).	IN PROGRESS	E. Sterling	Checking international coverage of patent EP249.
L-3.2	IP Assignment agreements signed by all employees and contractors.	CRITICAL	E. Sterling	Missing agreement for former architect J. Doe.
L-3.3	Open-source software (OSS) audits and usage licenses.	PENDING	C. Jenkins	Audit scheduled for mid-August.
L-4.1	GDPR/CCPA data privacy compliance policies and user consents.	IN PROGRESS	C. Jenkins	Reviewing cookie consent flow on website.
L-5.1	Details of pending or threatened litigation and regulatory filings.	COMPLETED	A. Pendelton	No active litigation reported by counsel.

1.2 1.2 Workstream Summary & Risk Analysis

- **IP Chain of Title (High Risk):** The lack of a signed IP assignment agreement for a former lead software architect (J. Doe) represents a critical risk. This could lead to future IP disputes over the core SaaS codebase.
- **Customer Contracts (Medium Risk):** The Apex Corp MSA contains a strict change-of-control clause requiring 60-day prior notification, which might delay transaction closure.
- **Governance (Low Risk):** Board minutes are well-organized, though Q2 2025 minutes must be finalized and signed.

2 2. Financial & Tax Due Diligence Workstream

The Financial & Tax Due Diligence workstream verifies the financial health of Nexa Technologies Inc., assessing historical revenues, cost structures, tax compliance, and cash flow projections in accordance with modern valuation frameworks [1].

2.1 2.1 Financial Checklist

ID	Checklist Item & Description	Status	Lead	Comments / Remarks
F-1.1	Audited financial statements (FY23–FY25) and management reports.	✓ COMPLETED	R. Thorne	Audited by Nimbus Assurance Group LLP.
F-1.2	Trial balance, general ledger, and reconciliation files.	✓ COMPLETED	R. Thorne	Consistent with management accounts.
F-1.3	Quality of Earnings (QoE) report and EBITDA adjustments.	IN PROGRESS	R. Thorne	Current focus on recurring vs non-recurring.
F-2.1	Revenue recognition policy for SaaS subscription tiers.	REVIEW	L. Sterling	Analyzing deferred revenue schedule.
F-2.2	Top 20 customer billing files, AR aging, and bad debt reserves.	✓ COMPLETED	L. Sterling	DSOs average 32 days; low bad debt historicals.
F-3.1	Capital expenditure (CapEx) schedules and software capitalization.	✓ COMPLETED	K. Patel	Standard capitalization of core platform dev.
F-4.1	Federal and state tax returns (2022–2025) and audit history.	✓ COMPLETED	R. Thorne	No historic IRS or state tax audits.
F-4.2	Transfer pricing documentation for international subsidiaries.	! CRITICAL	R. Thorne	Missing documentation for UK/EU subsidiary.
F-5.1	Schedule of outstanding debt, credit facilities, and guarantees.	✓ COMPLETED	K. Patel	Apex Bank facility of $1.5M USD fully repaid.

2.2 2.2 Workstream Summary & Risk Analysis

- **Transfer Pricing (High Risk):** The absence of formal transfer pricing documentation between the US parent company and the UK R&D subsidiary represents a high compliance risk under HMRC/IRS guidelines.
- **Revenue Recognition (Medium Risk):** Transitioning from standard annual upfront contracts to quarterly billing models requires validation of deferred revenue schedules to ensure US GAAP compliance.
- **Quality of Earnings (Low Risk):** Capitalized development costs are in line with industry standards, and monthly recurring revenue (MRR) represents 92% of total transaction volume.

3 3. Technical & Operational Due Diligence Workstream

The Technical & Operational Due Diligence workstream evaluates the software architecture, engineering standards, cybersecurity practices, and infrastructure scalable capacity of Nexa Technologies Inc. under standard M&A guidelines [3].

3.1 3.1 Technical Checklist

ID	Checklist Item & Description	Status	Lead	Comments / Remarks
T-1.1	Codebase architecture, repository access, and framework versions.	COMPLETED	D. Chen	Core microservices utilize Go and Node.js.
T-1.2	Continuous Integration and Continuous Deployment (CI/CD) pipelines.	COMPLETED	D. Chen	Managed via automated workflows; good test coverage.
T-2.1	Third-party vulnerability scans and dependency license reports.	IN PROGRESS	H. Tanaka	Initial scan identified 12 medium vulnerabilities.
T-2.2	Security architecture, firewall settings, and IAM policies.	REVIEW	H. Tanaka	Reviewing IAM configurations on cloud environments.
T-2.3	Penetration testing reports (recent 12 months) and remediation logs.	CRITICAL	H. Tanaka	Last external penetration test was 18 months ago.
T-3.1	Cloud hosting infrastructure layout (AWS and Cloudflare services).	COMPLETED	S. Varma	Multi-region architecture; databases have replicas.
T-3.2	Business Continuity (BC) and Disaster Recovery (DR) plans.	PENDING	S. Varma	Disaster recovery simulation scheduled for next week.
T-4.1	Product roadmap, architecture documents, and technical debt logs.	IN PROGRESS	D. Chen	Core payment microservice requires minor refactoring.

3.2 3.2 Workstream Summary & Risk Analysis

- **Cybersecurity Assessments (High Risk):** The lack of a recent penetration test (none conducted in the last 18 months) is a critical compliance gap. An external penetration test must be commissioned immediately.
- **Technical Debt (Medium Risk):** The legacy payment gateway API suffers from tight coupling, posing modular maintenance risks during integration into Vertex's core portfolio systems.
- **Scalability (Low Risk):** The microservice deployment on containerized orchestration clusters provides robust scalability, with current CPU/Memory headroom at approximately 45%.

4 4. Document Request Tracker & VDR Status

The Document Request Tracker monitors the submission, validation, and review of key target documents within the secure Virtual Data Room (VDR). It serves as the primary coordination log between the target management and the acquirer's advisory teams.

4.1 4.1 Virtual Data Room (VDR) Log

Doc ID	Workstream	Document Requested	VDR Status	Upload Date	Remarks
DR-L01	Legal	Corporate Charter and By-laws.	COMPLETED	July 15, 2026	Fully executed Delaware copies.
DR-L02	Legal	Employee IP Assignments.	CRITICAL	July 28, 2026	Missing sign-off for J. Doe.
DR-F01	Financial	Audited Financial Reports (FY23–FY25).	COMPLETED	July 12, 2026	Complete and verified.
DR-F02	Financial	Deferred Revenue Schedules.	REVIEW	July 29, 2026	Under accounting review.
DR-F03	Financial	Intercompany Transfer Pricing Studies.	PENDING	—	Escalated to target CFO.
DR-T01	Technical	High-level Cloud Architecture Diagrams.	COMPLETED	July 18, 2026	Clear and well-documented.
DR-T02	Technical	Penetration Test Report (recent).	CRITICAL	July 22, 2026	Uploaded report was outdated (2024).
DR-T03	Technical	Open Source License Audit Report.	PENDING	—	Expected by mid-August.

4.2 4.2 Data Room Access and Security Protocols

All due diligence files are accessed through the secure VDR hosted by Synapse VDR Systems. The protocols governing access are:

- **Identity Management:** Single Sign-On (SSO) combined with Multi-Factor Authentication (MFA) is mandatory for all advisory team members.
- **Information Barriers:** Strict segregation between the Technical/Operational diligence team and the Financial validation team prevents leakage of sensitive customer pricing structures.
- **Watermarking and Download Restrictions:** Financial models and board presentations are restricted to online viewing with dynamic user watermarking enabled.

References

[1] Sarah Jenkins. Valuation frameworks for saas enterprises. *Journal of Corporate Finance and Acquisitions*, 42(2):115–138, 2026.

[2] Marcus Vance and Evelyn Sterling. *Strategic Due Diligence in Technology Acquisitions*. Meridian Financial Press, New York, NY, 2025.

[3] Vertex Capital Partners. M&a integration and technical due diligence standards. Technical Report VCP-2026-04, Vertex Capital Operations Group, 2026.