

REVERA

Due Diligence (DD) Checklist for an Investor

Use this checklist for a structured review of an early-stage start-up.

i. Corporate structure and governance

No	Review question	Yes	Notes
1.1	Has a complete and up-to-date cap table (capitalisation table) been provided?	<input type="checkbox"/>	
1.2	Have all options (ESOP) and convertible loans (SAFE, Convertible Notes) been regularised in terms of their impact on the shareholding / stake?	<input type="checkbox"/>	
1.3	Are relations between the founders documented (Founders' Agreement)? Are there vesting terms (vesting)?	<input type="checkbox"/>	
1.4	Do the constitutional documents (Memorandum, Articles of Association) contain the necessary protective mechanisms for a minority investor (veto right, drag/tag along)?	<input type="checkbox"/>	
1.5	Are there any court or administrative disputes in which the company or its founders are involved?	<input type="checkbox"/>	
1.6	Have claims by former partners/employees who were promised equity (equity) or bonuses been settled?	<input type="checkbox"/>	

ii. Intellectual property (IP)

No	Review question	Yes	Notes
2.1	Are there IP assignment/transfer instruments for IP (source code, design) from all developers/freelancers to the company?	<input type="checkbox"/>	
2.2	Are the company's trade marks registered in the key jurisdictions (product name, logo)?	<input type="checkbox"/>	
2.3	Does the company use licensed software and comply with the terms of use of open-source components?	<input type="checkbox"/>	
2.4	Are the company's domains registered with the relevant authorities, and are they owned by the legal entity rather than by the founders?	<input type="checkbox"/>	

iii. Finance and liabilities

No	Review question	Yes	Notes
3.1	Have the P&L , balance sheet and cash flow statement been provided for the last 12-24 months?	<input type="checkbox"/>	
3.2	Are the financial statements prepared in accordance with IFRS or GAAP standards?	<input type="checkbox"/>	
3.3	Have the financial statements undergone an independent audit or review?	<input type="checkbox"/>	
3.4	Has the existence of hidden debt and off-balance-sheet obligations been checked (for example, loans from the founders)?	<input type="checkbox"/>	
3.5	Does the income and cost structure correspond to the business model (how high is the share of income from a single customer)?	<input type="checkbox"/>	
3.6	Have the financial covenants under existing loans or investment agreements been checked?	<input type="checkbox"/>	

iv. Key commercial agreements

No	Review question	Yes	Notes
4.1	Are there key customer contracts that are critical to revenue?	<input type="checkbox"/>	
4.2	Do the terms of those contracts (especially termination and liability provisions) avoid excessive risks?	<input type="checkbox"/>	
4.3	Are key licence agreements with suppliers or partners in force?	<input type="checkbox"/>	
4.4	Have deferred payments (obligations to contractors or suppliers) been settled/regularised?	<input type="checkbox"/>	

How to interpret the checklist results (Scorecard)

Each negative answer in the checklist (the “No” field) represents a potential “red flag” — an area that carries legal or financial risk for your investment.

1–2 negative answers: This is a common situation for early-stage start-ups. Such risks are usually manageable and can be addressed through the start-up’s obligations (**covenants**) set out in the investment agreement (for example, an obligation to register IP or formalise the cap table within 90 days).

3–5 negative answers: A signal that the company has systemic gaps in governance and legal documentation. These risks require deeper analysis and, potentially, a valuation adjustment (**valuation**) or inclusion of stricter protective mechanisms in the agreement (veto rights, additional warranties/guarantees). You will need a detailed action plan (**Action Plan**) to remedy these deficiencies.

More than 5 negative answers: This may indicate critical issues that call into question the legal cleanliness of the asset. In this case, a pause in the transaction is required. It is not recommended to close the transaction until risks in key areas have been fully addressed: IP ownership and transparency of the capital structure.

Act proactively:

If your DD checklist has identified 3 or more critical risks, do not put capital at risk. Contact REVERA lawyers to conduct an in-depth legal DD and obtain a risk remediation plan before closing.

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