



# KPMG Pre-Deal PPA

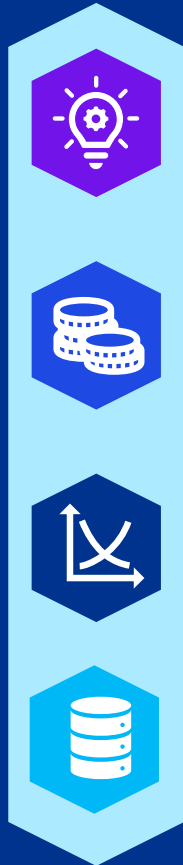
More transparency for clear transaction decisions

A KPMG Deal Advisory Valuation product

# KPMG Pre-Deal PPA

## More transparency for clear transaction decisions

### The features at a glance

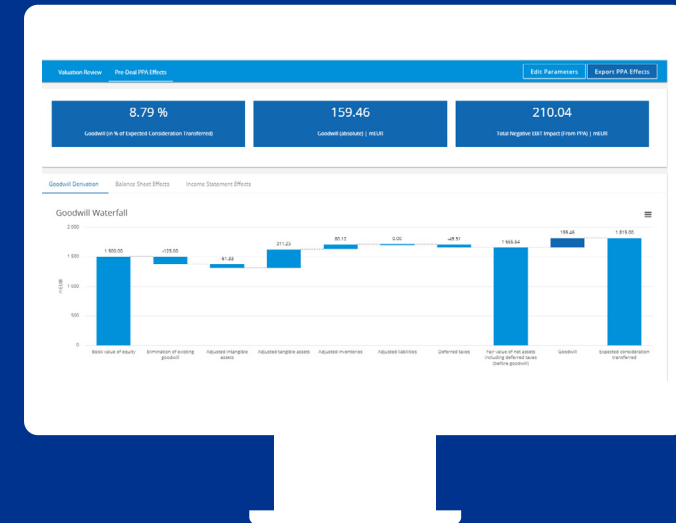


Calculation & visualization of transaction effects on balance sheet and P&L in just 5 steps

Valuation of assets with fair values gives transparency & can be used to explain the purchase price paid

Results at the click of a button through fully integrated calculation logic (IFRS 3). Adaptable parameters allow flexible scenario analyses

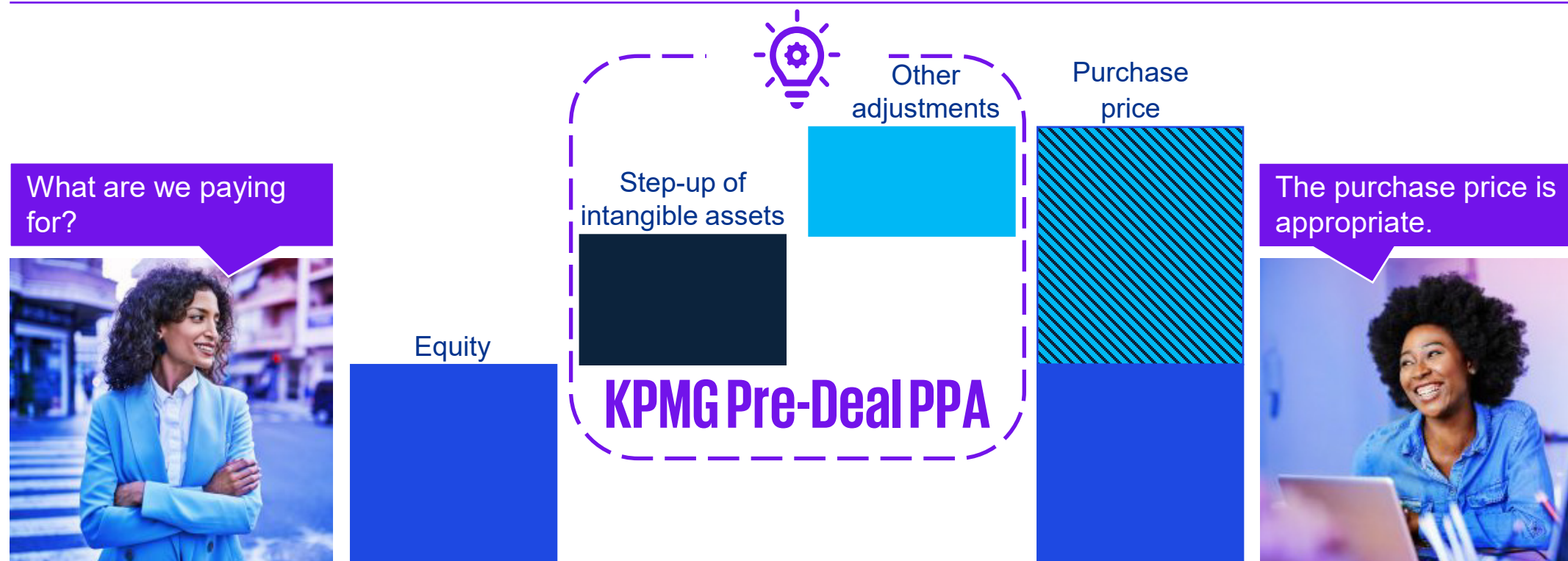
Integrated KPMG benchmark data from over 40 industries supports plausibility checks & the classification of results



- ✓ Available at any time
- ✓ Fast results
- ✓ Flexible analyses
- ✓ Fair Value calculation
- ✓ Export to MS Excel

# KPMG Pre-Deal PPA supports buyers by providing them transparency over the value of acquired assets

## Benefits of a Pre-Deal PPA



With KPMG Pre-Deal PPA, the effects of a transaction on balance sheet and P&L of the buyer can be estimated before the actual acquisition. This greatly facilitates the determination of an appropriate purchase price.

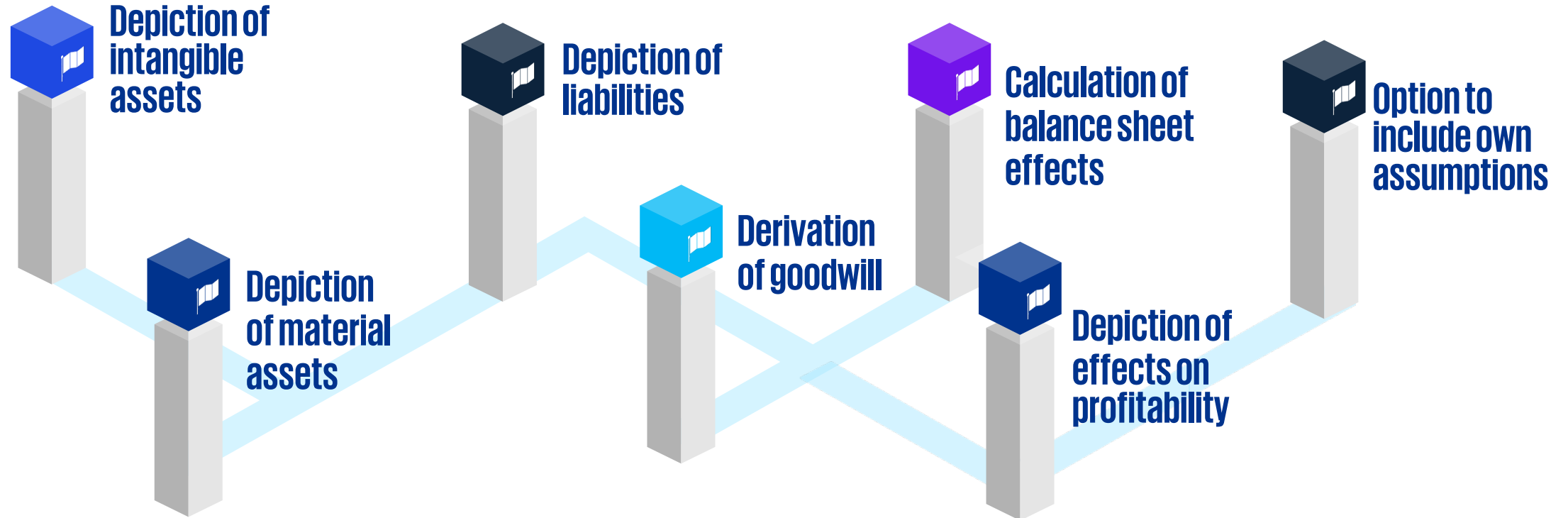
# It only takes five steps, to determine the possible effects of a transaction



The tool offers a quick solution in the initiation phase of an acquisition, in which time is short and data availability is scarce. Clear guidance & short input process of the tool create room for scenario calculations & analyses.

# Pre-Deal PPA offers reliable results through a fully integrated calculation logic based on IFRS 3

## Scope of results



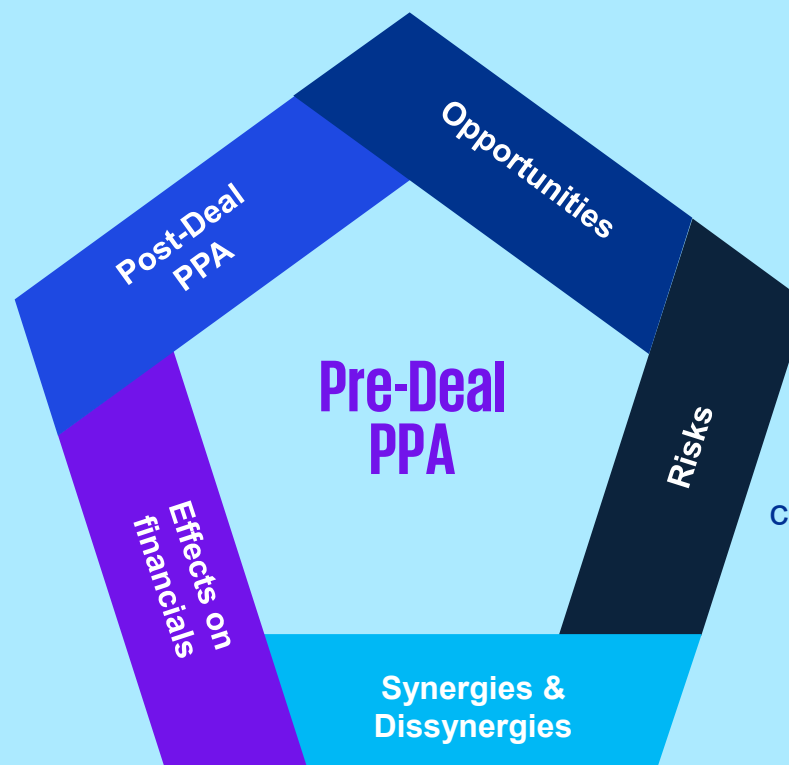
For the calculations, the online solution uses a KPMG database with relevant valuation parameters from over 40 different industries. This ensures a valid assessment and renders time-consuming research regarding valuation assumptions obsolete.

# A Pre-Deal PPA should be an integral part of any due diligence process

## Additional advantages of a PPA within the transaction process

Facilitation of a **Post-Deal PPA** as well as providing an alternative basis for the preparation of financial statements if no final purchase price allocation is available as of the balance sheet date

**Significant effects** of the transaction on **balance sheet & income statement** figures in the consolidated financial statements. Use of the identified **discretionary leeway** for accountants.



Allocation of **profit potentials** to assets & liabilities relevant to the purchase price

Identification of possible **risks** (e.g. consideration of contingent liabilities and unfavorable contracts in the purchase price)

Identification and consideration of attributable **synergies & dissynergies** to relevant assets / debts as well as impact on purchase price

# Sneak peek into the tool

KPMG Pre-Deal PPA - Assessment

1 Assessment Info 2 General Parameters 3 Business Planning 4 Balance Sheet 5 Other Parameters

Target Information

Industry \* Sub-industry \*

Financial year end (select a month) \* Currency \*

Corporate tax rate (in %, default: 1%) \* WACC (long-term average in %) \*

Cost of debt (in %) \* Time to maturity of the cost of debt (in years) \*

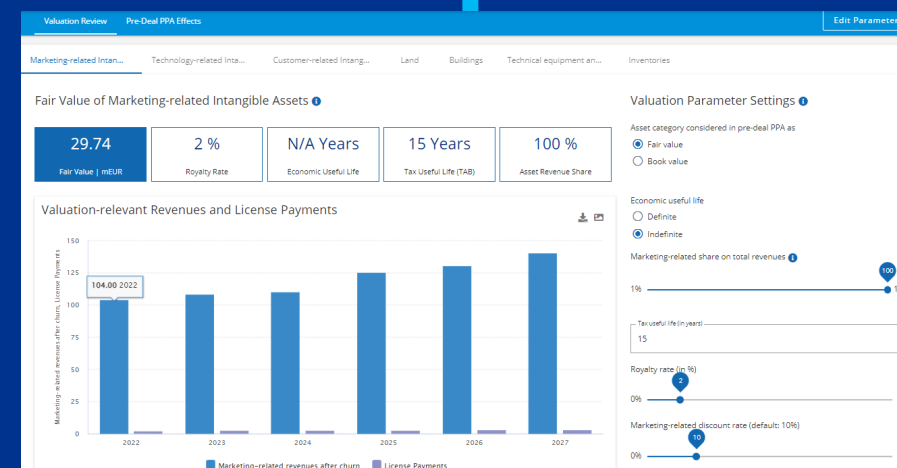
Share to be acquired (in %) \*

## Easy handling

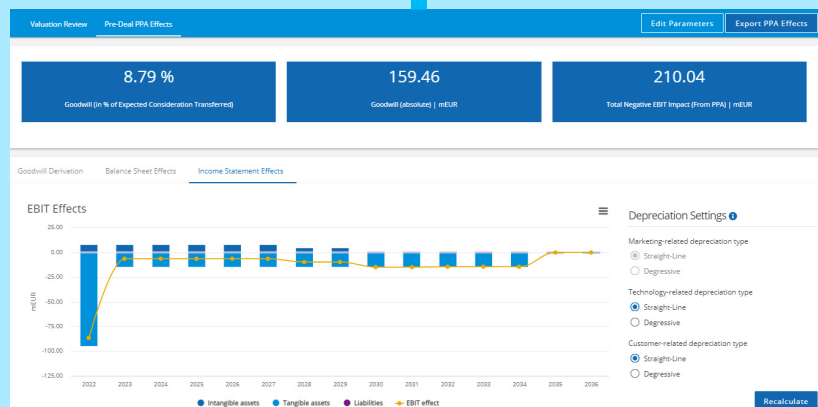
The KPMG Pre-Deal PPA guides users through an efficient, well-structured process to obtain a Pre-Deal Purchase Price Allocation in just five steps.

## Tailor-made calculations

Extensive options for customization regarding the adaptability of all relevant parameters allow flexible scenario calculations.



# Reliable data & clear presentation

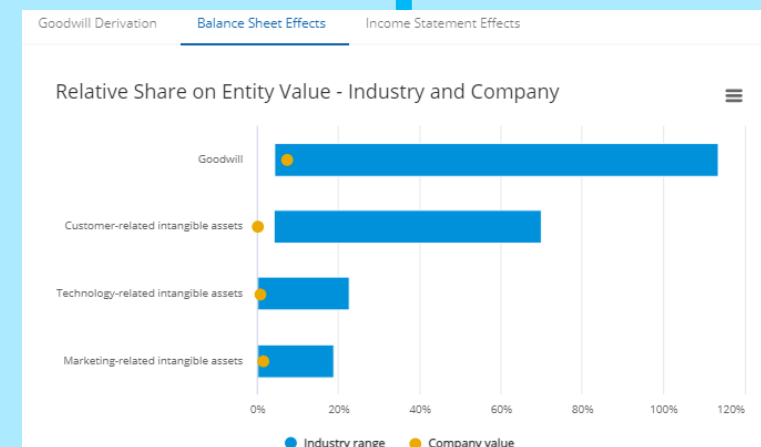


## Dependable results

Thanks to the fully integrated calculation based on IFRS 3, reliable data in accordance with KPMG valuation standards, is available at the push of a button. The inclusion of PPA-benchmarking data from over 40 industries allows a valid assessment without the need for cumbersome research.

## Comprehensive Visualization

To simplify the analysis and interpretation of acquisition effects, KPMG Pre-Deal PPA offers not only result tables, but also comprehensive visualizations.



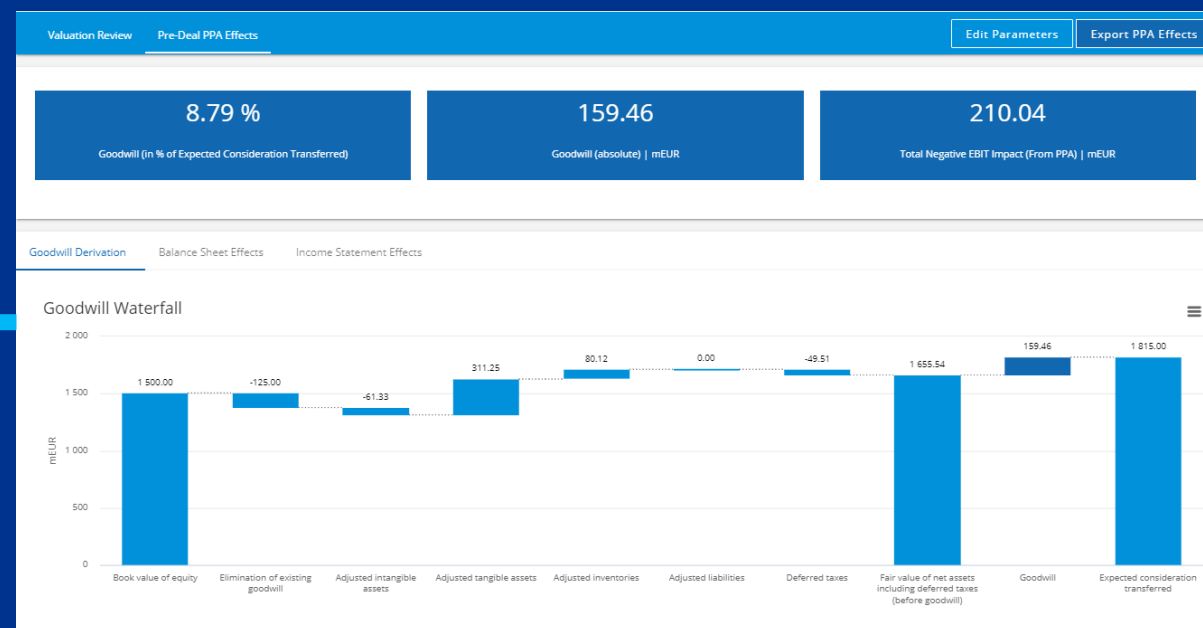


# Example: Derivation of Goodwill

Goodwill Derivation in Detail	
A. Expected Consideration Transferred	Values in mEUR
Fixed price	1,800.00
Contingent Consideration	10.00
Other forms of Consideration	5.00
Net assets non-controlling interests	0.00
<b>EXPECTED CONSIDERATION TRANSFERRED</b>	<b>1,815.00</b>
B. Adjusted book value of net assets	
Book value of net assets	1,500.00
Elimination of goodwill	-125.00
<b>ADJUSTED BOOK VALUE OF NET ASSETS</b>	<b>1,375.00</b>
C. Fair value of net assets before deferred taxes	
Adjusted book value net assets	1,375.00
Difference fair value and book value - intangible assets	-61.33
Marketing-related intangible assets	-0.26
Technology-related intangible assets	-41.07
Customer-related intangible assets	-20.00
Contract-related intangible assets (favourable contracts)	0.00
Difference fair value and book value - tangible assets	391.37
Land	120.00
Buildings	187.50
Technical equipment and machinery	3.75
Inventories	80.12
Difference fair value and book value - liabilities	0.00
Contract-related intangible liabilities (unfavourable contracts)	0.00
Contingent liabilities	0.00
<b>Total difference fair value and book value</b>	<b>330.04</b>
<b>FAIR VALUE OF NET ASSETS BEFORE DEFERRED TAXES</b>	<b>1,705.04</b>
D. Goodwill derivation	
Fair value of net assets before deferred taxes	1,705.04
Deferred taxes	-49.51
Deferred tax assets	9.20
Deferred tax liabilities	-58.71
Fair value of net assets after deferred taxes	1,655.53
Expected consideration transferred	1,815.00
<b>GOODWILL</b>	<b>159.46</b>

## Key messages at a glance

At the push of a button, the KPMG Pre-Deal PPA derives the goodwill & produces the respective waterfall chart



# Download

	A	B	C	D	E	F	G	H	I	J	K	L	M
	Asset Name	Book Value	Fair Value	Step-up	Economic remaining useful life (in years)	Tax useful life (in years)	Revenue share (in %)	Royalty rate (in %)	EBITDA-margin (in %)	EBIT-margin (in %)	CACs (in%)	Churn type	Start of churn (Year)
1													
2	<b>Intangible assets</b>												
3	Marketing-related Intangibles	1.200,00	1.200,00	0,00	15,00	15,00	100,00	2,75				Straight line	2023
4	Technology-related Intangibles	600,00	13.332,90	12.732,90	8,00	8,00	100,00	22,00				Straight line	2023
5	Customer-related Intangibles	500,00	0,00	-500,00	10,00	10,00	100,00		0,00		65,50	Degrressive	2023
6	<b>Tangible assets</b>												
7	Land	20.000,00	20.000,00	0,00									
8	Buildings	50.000,00	50.000,00	0,00	13,00	33,00							
9	<b>Technical equipment and machinery</b>	10.000,00	11.000,00	1.000,00	11,00	8,00							
10	<b>Inventories</b>												
11	'---Work in progress	13.000,00	16.434,89	3.434,89	0,30					20,90			
12	'---Finished goods	14.000,00	17.699,12	3.699,12	0,30					20,90			



## MS Excel export for further processing

For additional independent analyses, all data can be exported to MS Excel at the push of a button

# Available product versions

## Self Service

- Structured onboarding process with an expert
- Independent client access to the web-based tool
- Independent data input & selection of parameters
- Results online + Excel export option
- Independent examination & evaluation of the results

## Managed Service

- In addition to the tool access:
  - Personal advisor for setup (e.g. regarding data entry) & continued tool maintenance
  - Personal presentation & discussion of results at a preferred date
  - Provision of a standardized Executive Summary of the results

## Tailored Service

Full implementation of a Pre-Deal PPA using the online solution:

- Tailored derivation of the valuation parameters
- Background research
- Evaluation of the data
- Documentation adapted to individual needs

All services described herein are not permissible for KPMG audit clients, their affiliates or related entities.

# Security & Certifications



## External certification

SOC3 / SOC2 / ISO27001  
certification External independent  
audit (BDO) Continuous internal  
reviews



## Architecture

Strong encryption  
Isolated environments  
Auto-scaling infrastructure to  
ensure consistent performance  
even with erratic usage patterns  
Choose your data geography to  
minimize latency and optimize  
performance



## Organization

Ring-fenced ops organization  
Documented procedures  
Background verification  
Approvals enforced in workflow  
systems



## Controls

Robust control framework  
in line with SOC2 and  
ISO27001 standards  
Controls tested multiple  
times per year  
Automated monitoring and  
logging

## Microsoft Azure Data Centres

# Your contacts



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