

## Due Diligence in Mergers and Acquisitions (M&A) Processes

Assessing legal risks is just as crucial as analyzing the business's financial viability in a merger or acquisition (M&A) transaction. Legal due diligence helps identify potential contingencies that may impact the transaction, including regulatory non-compliance, financial liabilities, and ongoing litigation.

### What Does Legal Due Diligence in an M&A Transaction Entail?

The primary objective of legal due diligence is to ensure that the target company complies with applicable regulations and that no hidden risks could jeopardize the deal. To achieve this, key aspects are reviewed, including:

- **Corporate structure and governance:** Analysis of the company's bylaws and amendments, shareholder agreements, and compliance with corporate obligations.
- **Existing contracts and obligations:** Evaluation of material agreements with customers, suppliers, financial institutions, or strategic partners, ensuring no clauses could adversely affect the transaction.
- **Litigation and legal liabilities:** Identify ongoing, potential, or threatened legal disputes and risks related to regulatory sanctions.
- **Regulatory and compliance matters:** Verifying compliance with local and international laws, including competition law, data protection, intellectual property, and industry-specific regulations.
- **Labor rights and employee obligations:** Review employment contracts, benefits, social security liabilities, and compliance with labor and social security regulations.

A thorough legal analysis enables investors or prospective buyers to make informed decisions,



minimizing the risk of future disputes or unforeseen liabilities. Early risk detection can lead to purchase price adjustments, guarantee negotiation, or even restructuring or reconsidering the M&A transaction.

Legal certainty is a key factor in any corporate transaction. At Alcogal, we have extensive experience conducting legal due diligence for M&A transactions across various sectors, including banking, telecommunications, energy, ports, insurance, education, retail, food and beverage, and the acquisition and restructuring of holding companies.

Our approach ensures secure and well-structured transactions in compliance with the applicable legal framework, providing certainty and confidence to our clients. **Contact us to learn how we can support your next transaction with expert advice and tailored strategic solutions.**