State of Tax, Legal & People Webcast

Deals & Due Diligence

Tuesday 28 October, 15:00 - 16:30 (CET)

Welcome

- If this webinar is watched live, you will be eligible for 1 PE point
- Via the chat function you can ask your questions directly
- For other questions, please contact your PwC consultant or fill in the form on pwc.nl
- Webcast and presentation will be made available afterwards
- Evaluation form afterwards

"Tax in top 5 reasons for deal failure or post deal value erosion

Poll I

What are key tax issues leading to deal failure or value erosion?

1) Undisclosed / underestimated tax liabilities

2) Ongoing/potential tax audits

3) Tax issues are never contributing to deal failure or value erosion

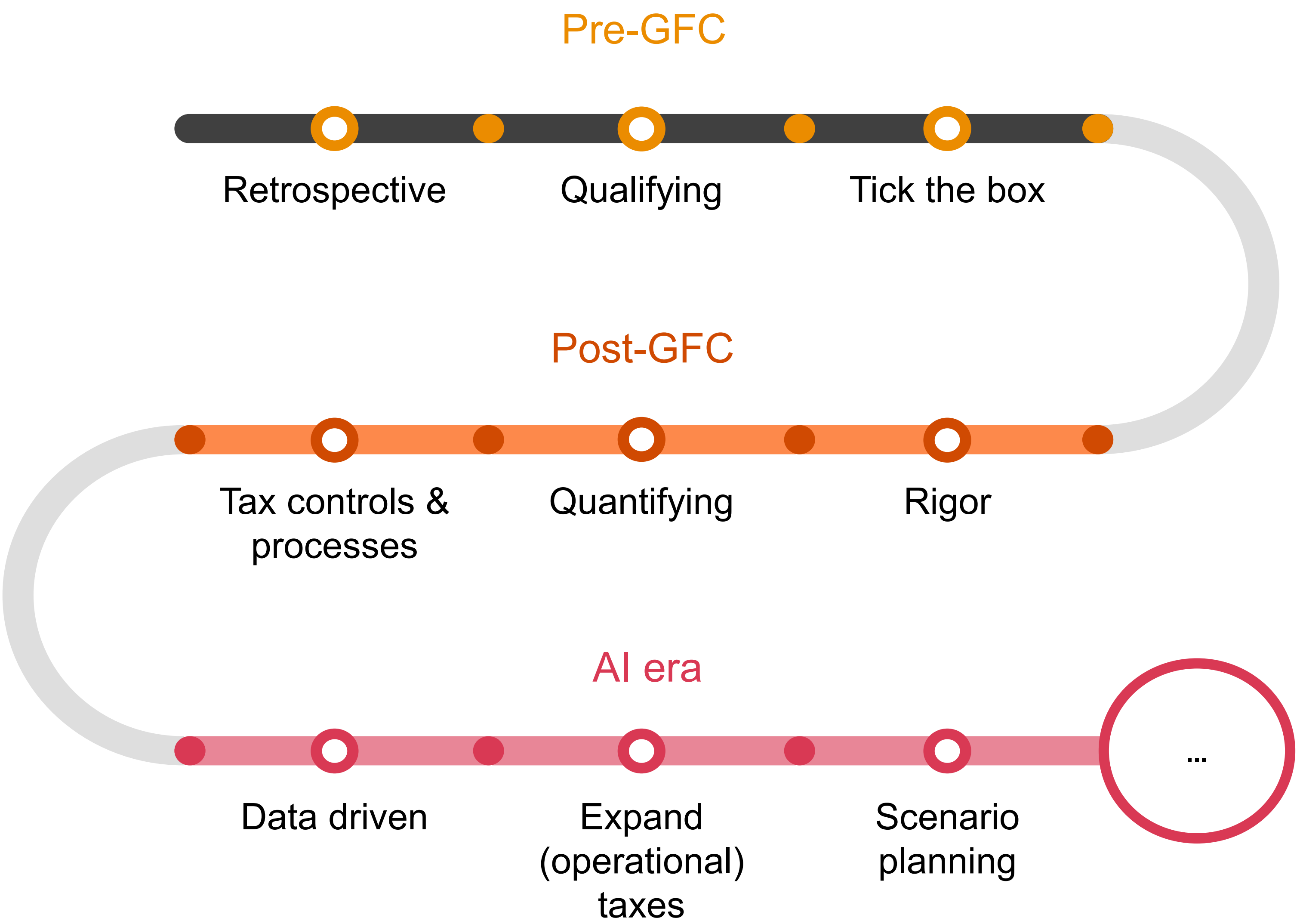
Agenda

1. Tax due diligence over the years
2. Tax supporting deal certainty
3. Impact on tax due diligence
   - Emerging regulation
   - Geopolitical tensions
   - AI’s innovation
4. Technological enablers
5. Concluding remarks

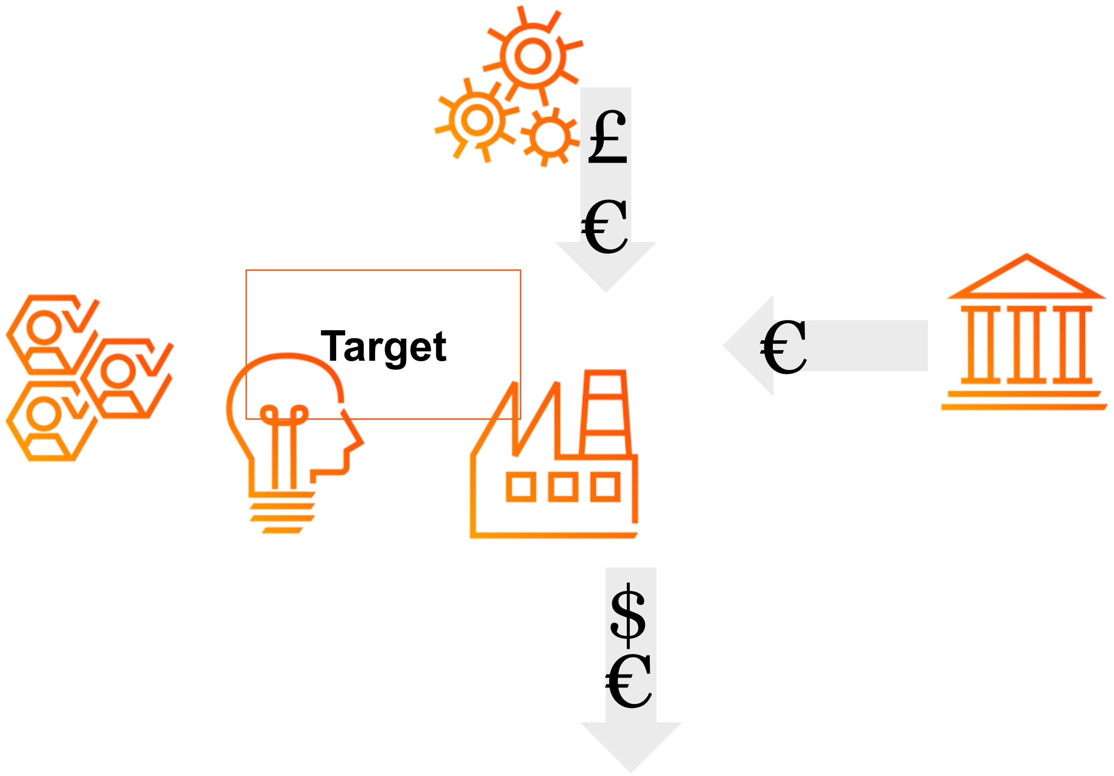
1

Tax due diligence over the years

Transformation of tax due diligence



An example



Compliance status

Tax in accounts

Change of control

Debt/cash like qualification

Impact GAAP change

Sample checks

Tax overlay synergies

2

Tax to support deal certainty

Changes in the M&A market

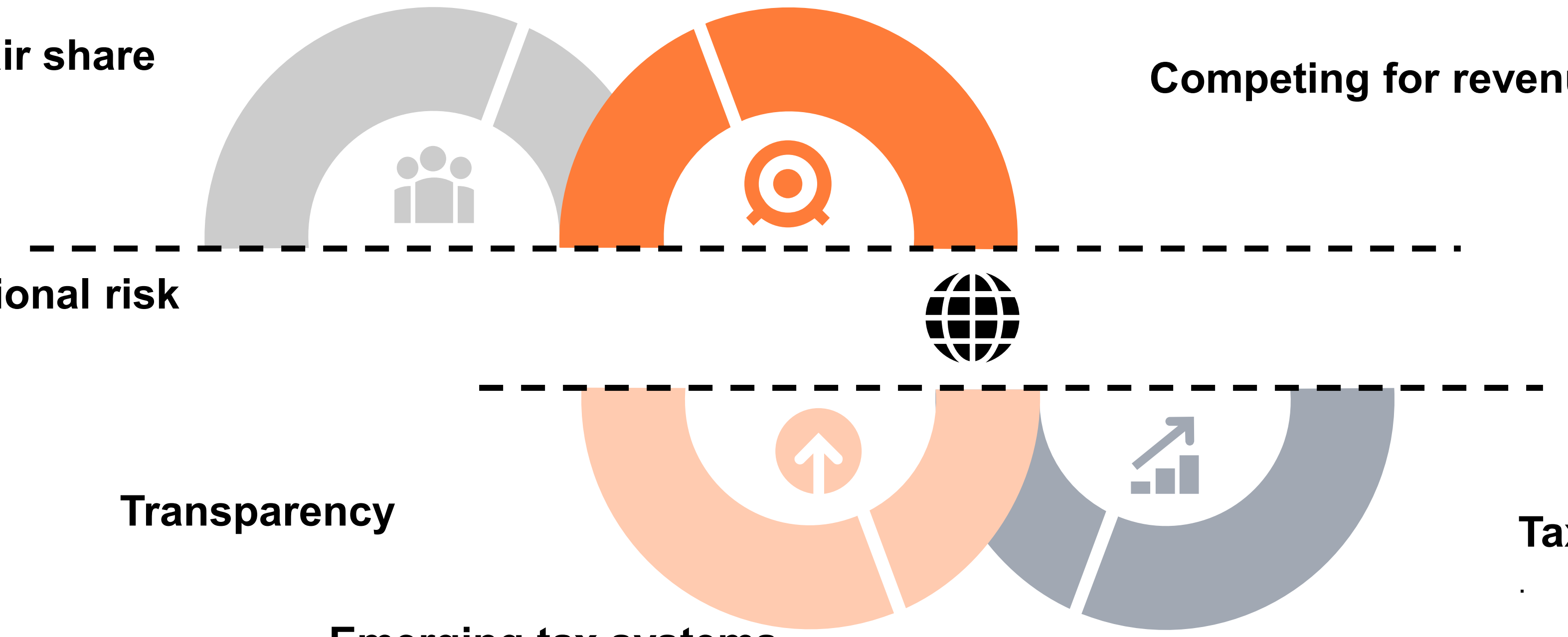
Uncertainty new constant

Capital allocation

Private equity exits stalled

A lot of changes still to come or happening…

Increasing burdens on the tax function



Netflix shares drop as Brazilian tax dispute hits earnings

October 22, 2025

Modern tax function

There is no “ideal” Tax Function* organisational structure. Each organisation’s optimum structure is based on several components and factors.

**Tax function consists of all individuals dealing with tax. For example, the person filing the VAT return, who sits within Finance.*

Optimising the Tax organisation structure

Some factors that apply cross industry are:

- How well does Tax support business strategy?
- What activities should tax own and perform?
- Who does in house tax work – generalist or specialist?
- How well is technology leveraged?
- Who is responsible for data the tax function will need?

Tax function trends

Shifting compliance work to shared service teams or outsourcing providers...

...and introducing and leveraging ERP systems and make of use of automation results in:

Smaller Tax operations and on-site tax team focus on special projects and value added activities

Managing tax

Different models

In-house tax function

Insourcing

Co-sourcing

Outsourcing

Managed services for selected workstreams

Managed services for entire tax function

Less agile — Agility of your tax function — More agile

3

Impact of emerging regulation

Regulations objectify risks and opportunities

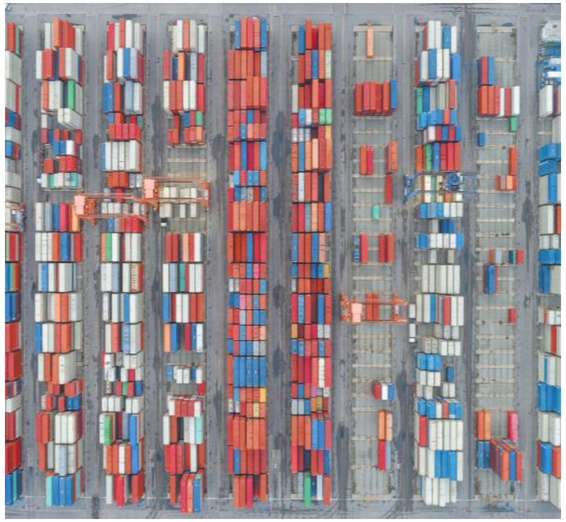
Tackle harmful practices

Transparency

Harmonisation / market protection

Sustainability

Limited retrospective exposure, but



Import

Self-employed

Pillar 2

Deforestation

3

Impact of geopolitical tension

Geopolitical tensions increase…

EU and Indonesia seal 'anti-Trump' free trade agreement

China expands rare earths restrictions, targets defense and chips users

"Donald Trump's new tariff regime deepens global trade war"

"Investors could face a bonfire night surprise on Trump tariffs"

Trump predicts China trade deal finalized in days as his Asia tour continues in Japan

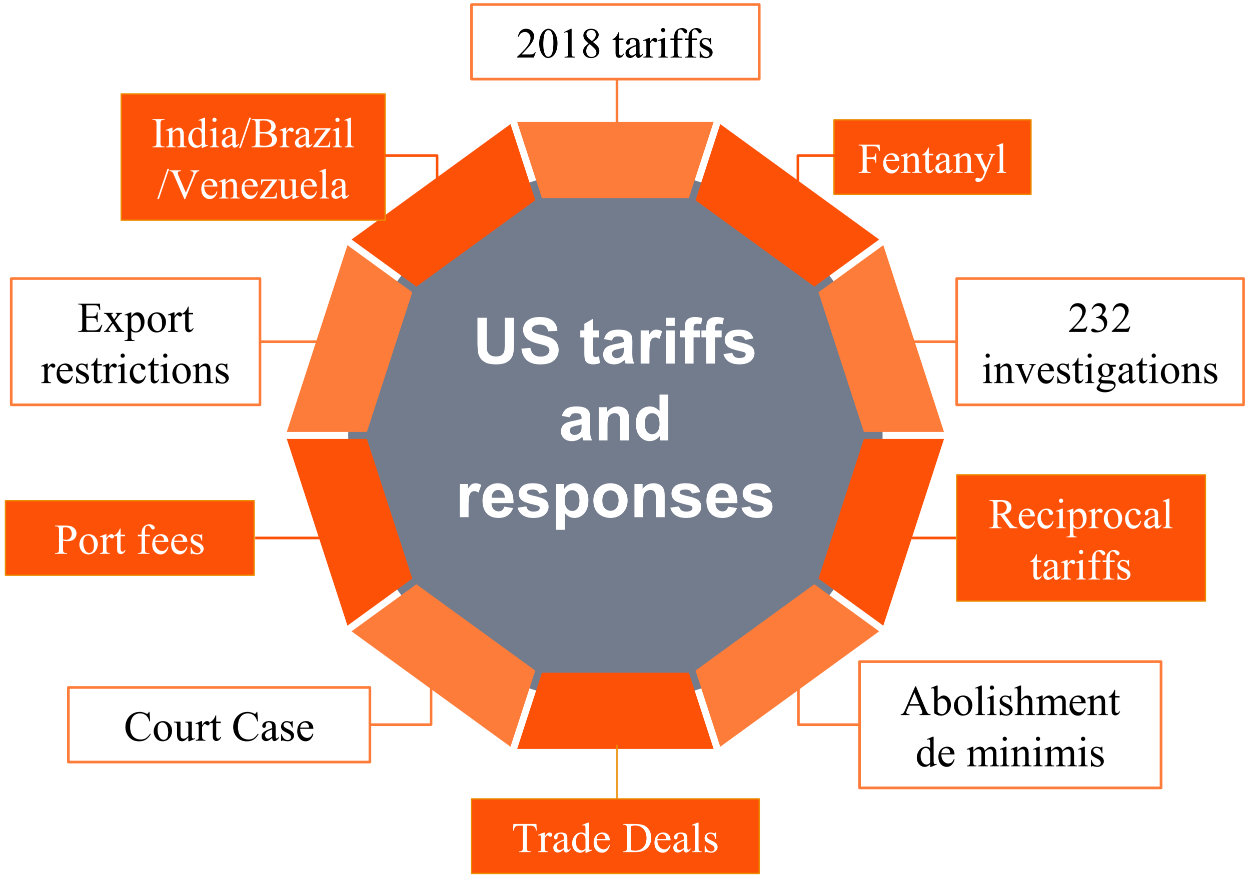
EU to cut steel import quotas, hike tariffs to 50%

Grote beleggers willen meer aandacht voor geopolitieke risico's in jaarverslagen

Tariffs global - developments

Outlines the key elements that define the tariffs

Often also a lot of confusion is created by President Trump announcing new tariffs, investigations via social media.



Key takeaways – importance of compliance and control

Control

Understand the amount of customs duties paid (classification, origin, customs value)

1

Compliance

Internal controls, policies and documentation

2

Scenario planning

Analyze various global political developments and their potential impacts

3

Act

Mitigate potential impacts and be critical

4

3

Impact of AI's innovation

Operating Model developments

Business models

Organisational implications

Strategy, capabilities, tax, external factors

1 People & Organisation

2 Processes

3 Systems

4 Assets

5 Contracts

Culture

How people think and feel in the organisation and what motivates them to work in a particular way and drive a common goal

How does AI interfere

What is relevant when diligencing an operating model

Understanding the actual state of the organisation upon closing

How is target organised?

Often historical write-up: does it reflect the latest processes and locations and is transfer pricing up to date?

Benchmarks

As businesses are developing comparables may develop at a different pace and no longer fit: comparability adjustments required?

Future model

Insight required in anticipated set-up and what role AI will play.

This may accelerate tax impacts (i.e .exits)

4

Technological enablers

Poll II

How will technology benefit your due diligence?

1) Efficiency

2) Scenario planning / Post-Merger Integration

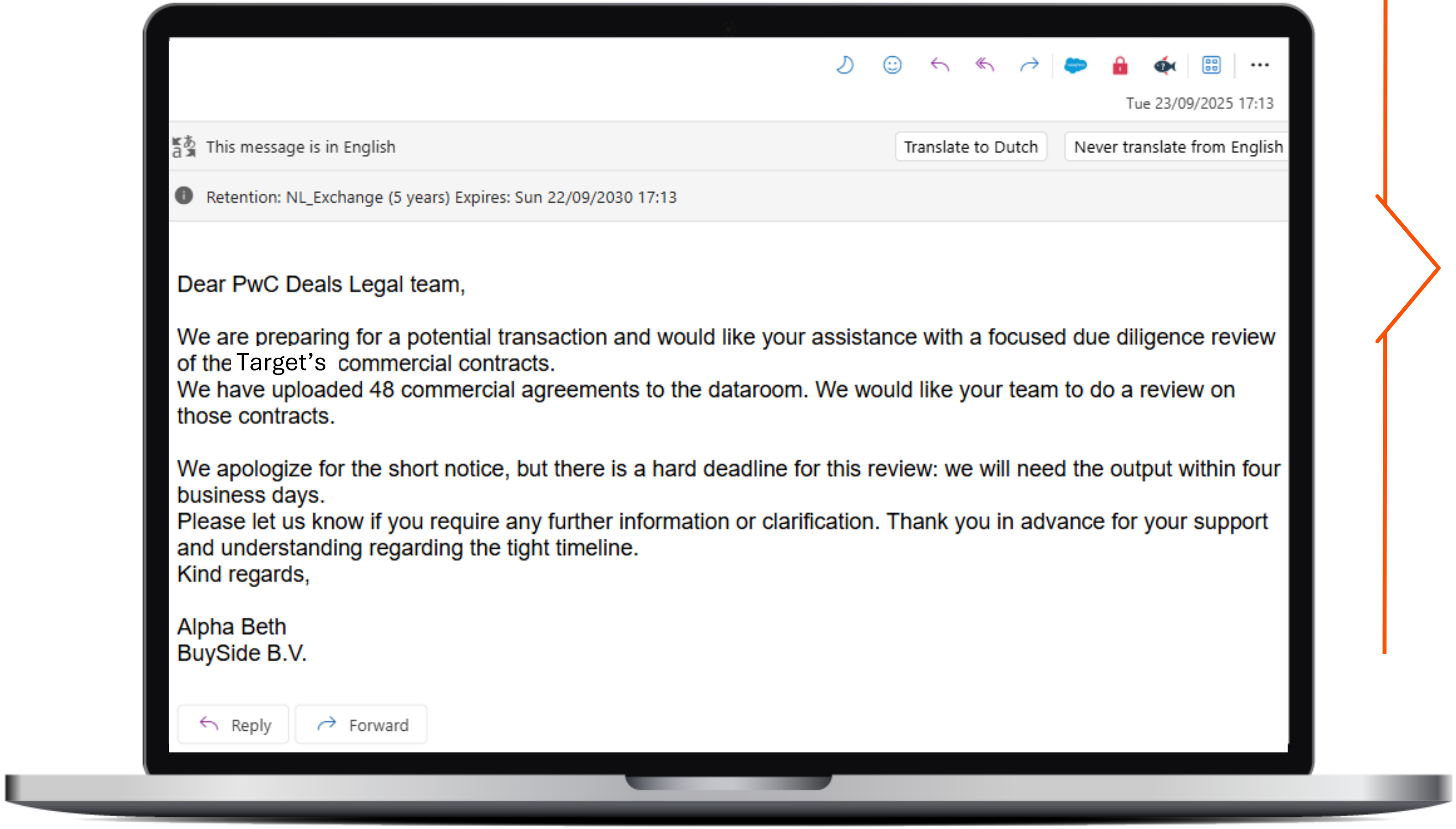
3) Not

Due Diligence over de years, from solely looking back…

An urgent Legal DD request

Buy side request

Quick, extensive, data-based contract risk assessment of Target X with an extensive and diverse customer and supplier contract portfolio


Tue 23/09/2025 17:13

This message is in English Translate to Dutch Never translate from English

Retention: NL_Exchange (5 years) Expires: Sun 22/09/2030 17:13

Dear PwC Deals Legal team,

We are preparing for a potential transaction and would like your assistance with a focused due diligence review of the Target's commercial contracts.
We have uploaded 48 commercial agreements to the dataroom. We would like your team to do a review on those contracts.

We apologize for the short notice, but there is a hard deadline for this review: we will need the output within four business days.
Please let us know if you require any further information or clarification. Thank you in advance for your support and understanding regarding the tight timeline.
Kind regards,

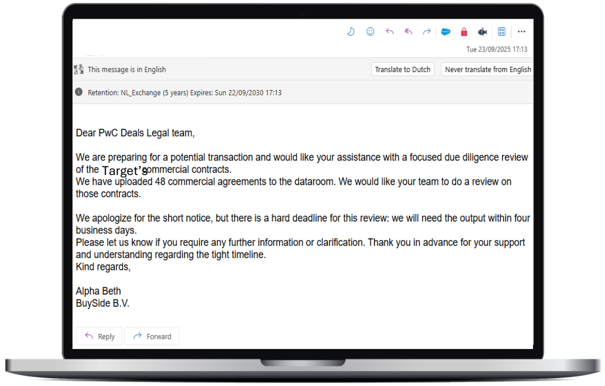
Alpha Beth
BuySide B.V.

Reply Forward

Manual approach

- Produce a **limited scope,** reviewing e.g. top 10 most material contracts to create manageable timelines (e.g. 3 days) and fees.
- Deliverable: **Report**

…to a new way of working: GenAI Backed Due Diligence and more



New pre-eminent way of working

- Integral review on e.g. top 10 contracts;
- GenAI enhanced review on **full customer and supplier portfolio**, within hours;
- Deliverable:
  - Report;
  - Data based output;
  - Interactive Dashboard with management information.

Richer Insights for Management / Deal Teams

From complex information into actionable management insights, supporting a **quicker, broader and more relevant** risk approach.

Bridging Due Diligence and Integration

Connect due diligence findings directly to **post-merger integration**, ensuring continuity and value realisation.

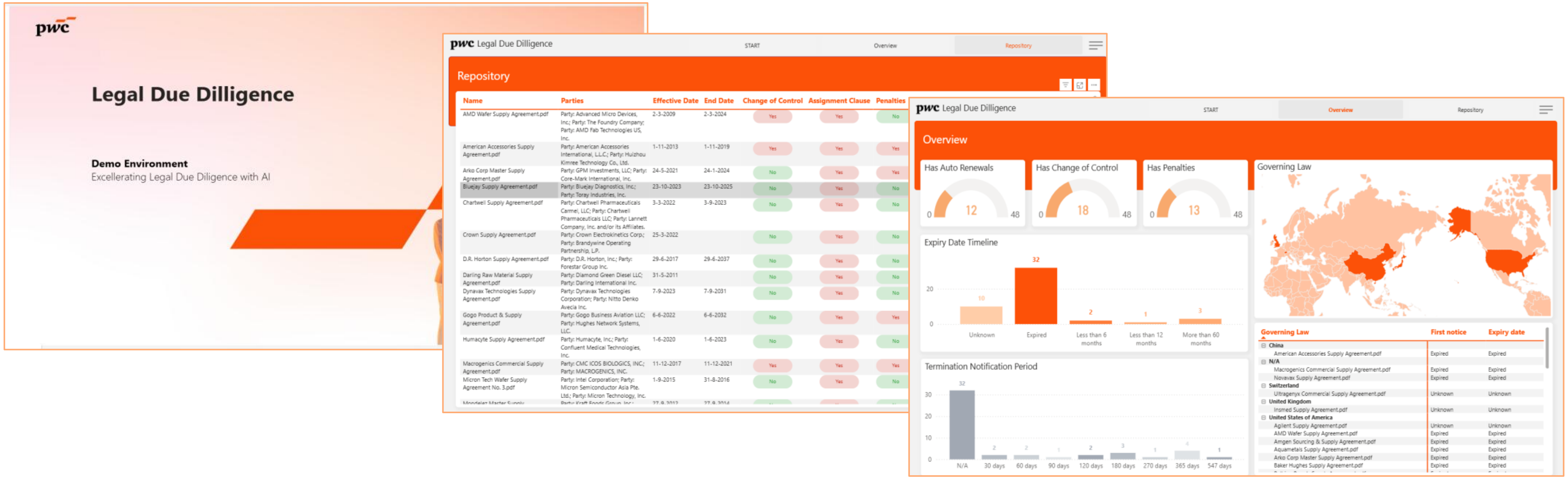
Additional Value Creators:

- Post Merger Integration
- Contract Remediation
- Cost Reductions
- Managed (Legal) Services

The process: a new way of working, applied to Due Diligence

Step 1 - Data	Step 2 - Review	Step 3 - Reporting
Data Input	Expert review + AI analysis	Data based report and dashboard

Data based reporting and dashboarding



GenAI-backed due diligence unlocks endless possibilities:

Any topic can be surfaced, analysed, and acted on — faster and deeper than before.

Tax
- Customs
- Rulings

Transfer Pricing
- Intra-Group Contract Remediation
- Global Structuring
- Value Chain Transformation

Tariffs
- Classification
- Compliance

Legal
- Commercial contracts
- Corporate registrations
- Finance, Lease, IP/IT agreements
- IP registrations
- Insurances, litigation and claims

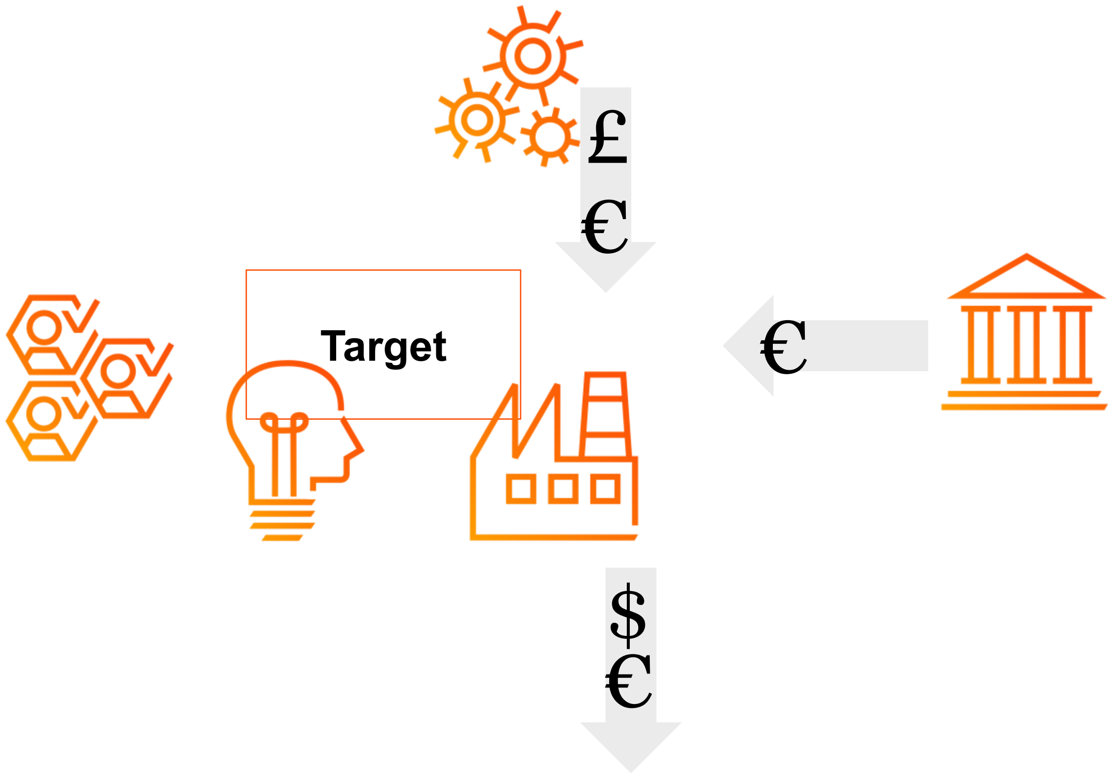
Workforce
- Employment agreements
- Payroll Tax
- HR transformation
- Pay transparency

Sustainability
- Corporate governance
- Sustainability policies
- Legislative monitoring

5

Concluding remarks

Example revisited



Readiness tax team

Tariff scenario planning

GenAI to review all relevant contracts

…

Approach and scope continue to evolve

Low exit ratio

Drives value creation to functional areas

Robust

Tax function

Monitor

Tax developments

Technology

Enables

Closing

- Questions? Please contact your PwC advisor or let us know in the evaluation of this webcast.
- View this webcast or presentation at a later stage via the website
- Stay up to date: register for our PwC Tax Newsletter on pwc.nl
- ‘State of Tax’ webcast series continues on pwc.nl/evenementen
- Please fill in the evaluation form

Evaluation

- How would you rate this webinar on a scale from 1 to 10?
- The content was relevant. (Totally agree/Agree/Neutral/Disagree/Totally agree)
- Do you have any suggestions and/or comments?
- Do you have specific questions and would you like us to contact you?

Contact

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Thank you!