



PLAYBOOK

The SME Acquisition Financing Playbook

Build executable funding around cash flow, evidence and closing conditions.

LANGUAGE

EN

STATUS

RELEASE CANDIDATE

EVIDENCE CUTOFF

24 September 2026

REFERENCE

P06

The SME Acquisition Financing Playbook

Who this is for

Individual buyers, diaspora investors, executives, sponsors, family offices and advisers converting an indicative price into executable funding.

Outcome

The file should show **sources & uses, debt-service capacity, downside cases, financing conditions, ownership and the closing funding path**. This playbook does not obtain credit or recommend a lender.

Boundary

DealPME may prepare and route evidence to financing partners. Credit, investment advice, security packages and movement of funds remain with authorized institutions and advisers.

Eight-stage roadmap

Stage	Objective	Output	Gate
Thesis	Link deal to strategy	One-page thesis	Target fit
Price	Understand cash and terms	Sources & uses v0	Structured price
Cash flow	Estimate sustainable capacity	Cash bridge	Headroom reviewed
Equity	Confirm sponsor funds	Proof/source of funds	Credible equity
Debt	Build lender file	Credit pack	Financeable terms
Alternatives	Test guarantees/seller finance/ co-invest	Structure comparison	Governance understood
Downside	Stress shocks	Stress table	Resilience acceptable
Closing	Synchronize funds/CPs	Funding checklist	Funds executable

Build uses, not only purchase price

Include transaction costs to be confirmed, debt refinancing, additional working capital, immediate CAPEX and liquidity reserve where relevant.

Build the cash bridge

Move from operating earnings to cash after tax, working-capital movement, sustaining CAPEX, normal management cost and other recurring outflows. Evidence each adjustment.

Run three scenarios

Base, downside, and severe but plausible. Show effect on debt service and liquidity, not EBITDA alone.

Buyer evidence

Identity, vehicle, UBO, authority, available equity, source-of-funds evidence where required, relevant financial history, co-investors and funding timetable.

Lender pack

Buyer profile, target, rationale, price/terms, available history, business plan, cash bridge, existing debt, security, sources & uses, governance, key risks, diligence status, timetable and conditions precedent.

Compare instruments

Instrument	Value	Risk/question
Equity	Flexible loss absorption	Dilution / return expectations
Debt	Preserves equity	Service, covenants, security
Guarantee	Can reduce lender risk	Eligibility / conditions
Seller loan	Lowers day-one cash	Ranking, security, seller dependence
Earn-out	Shares performance risk	Metrics / disputes
Co-investor	Adds capacity	Governance / exit

Cross-border

For UEMOA, check Regulation 06/2024, banking route, currency, documentation, declarations/authorizations and timing. Purchase-price transfer is not a remittance transaction.

Funding-readiness stop conditions

Stop if equity is unconfirmed, critical finance terms have expired, lender conditions conflict with transaction documents, liquidity headroom is absent, financing depends on an unmandated source, or FX/funds route is unresolved.

Decision checklist

- ☐ Sources & uses balances.
- ☐ Post-close working capital funded.
- ☐

Downside case tested.

- ☐ Equity evidenced.
- ☐ Debt uses realistic terms.
- ☐ Security package understood.
- ☐ Bank-closing mechanics documented.
- ☐ Co-investor governance agreed.
- ☐ Legal/tax review triggered where required.

DealPME mapping

P08 buyer qualification → P14 offer/LOI → P15 diligence → P16 partner-led closing. DealPME coordinates evidence and status; the financing partner owns the credit decision.

Review trigger

Refresh whenever price, term sheet, funding source, rate, legal structure or exchange-control requirement changes.

Lender file — recommended structure

Prepare a financing file that can be read independently from the full VDR: executive transaction summary, acquisition thesis, sources & uses, legal structure, financial history, EBITDA/cash bridge, debt schedule, working capital, CAPEX, management, customer concentration, downside, security package, approvals, KYC/ source of funds and closing timetable.

Every model number should point to evidence or a named assumption.

Debt: test capacity, not appetite

Build base, moderate downside and severe-but-plausible cases. For each show revenue, margin, working capital, CAPEX, tax, debt service and minimum cash. Covenants and ratios are lender-specific; this playbook does not impose a universal threshold.

The question is: **can the business continue to operate and invest after servicing debt?**

Bank term sheet — fields to map

Amount/currency, maturity/amortisation, rate and margin, fees, security, guarantees, drawdown conditions, covenants, cash sweep, distributions, events of default, reporting, change of control and prepayment.

Coordination with the seller

Funding can change the offer through financing conditions, timing, proof of funds, refinancing of existing debt, seller finance, partner escrow and CPs. Parties should know which conditions are buyer-controlled and which depend on the lender.

Financial closing

Use a dedicated checklist: equity called, verified accounts, final KYC, security documents, finance CPs, required confirmations, funds-flow instructions, existing debt pay-off, minimum cash reserve and drawdown confirmation.

After closing

Start a monthly covenant/liquidity dashboard from month one: cash, collections, working capital, CAPEX, debt service, headroom, covenant events and lender reporting. Sound financing must remain governable after signing.

Lender process — from approach to final credit

1. **Financing teaser** — transaction, sector, size, need and sponsor.
2. **Indicative appetite** — initial questions, possible range and security.
3. **Information pack** — model, history, debt, contracts, management and KYC.
4. **Term sheet** — non-final structure, conditions and lender diligence.
5. **Credit approval** — internal lender decision, often subject to CPs.
6. **Documentation** — facility documents, security and corporate approvals.
7. **Drawdown readiness** — conditions satisfied, equity funded, accounts and funds flow verified.

Do not describe stages 2 or 4 as definitively available financing.

Security package discussion checklist

This playbook does not recommend a particular security structure. It records what the lender requests: share security, assets, accounts, receivables, guarantees, insurance, covenants or distribution controls. Qualified advisers should confirm title, ranking, consent, registration cost and impact on future flexibility.

Existing-debt refinancing

Identify debt repaid at close, debt remaining, prepayment fees, releases, security discharge, accrued interest and bank confirmations. A net-debt error can change the equity cheque directly.

Co-investor governance

Before counting co-investor equity as a source, document commitment, timing, conditions, voting, reserved matters, dilution, follow-on funding, exit and contribution default. An intention to invest is not the same as a committed source.

Financing red flags

A model with no bridge to history; no minimum cash; debt capacity based on unrealised synergies; missing required CAPEX; seller finance subordinated without senior agreement; unavailable equity; drawdown conditions incompatible with closing; or unconfirmed FX/correspondent-banking routes.

Working tool — Downside Test

Print or complete this table during the process. Blank fields are intentional and should be completed using deal-specific evidence or decisions.

Scenario	Revenue	EBITDA	Working capital	CAPEX	Debt service	Liquidity headroom
Base						
Downside						
Severe but plausible						

Working tool — Sources Uses

Print or complete this table during the process. Blank fields are intentional and should be completed using deal-specific evidence or decisions.

Item	Type	Amount	Evidence	Status
Purchase consideration	Use		SPA/LOI	
Transaction costs	Use		Adviser estimates	
Working capital reserve	Use		Model	
Buyer equity	Source		Proof/source of funds	
Bank debt	Source		Term sheet	
Seller financing	Source		LOI/SPA term	

Sources, methodology and limitations

The sources below support the rules, methods or context used in this playbook. They do not turn the document into transaction-specific legal, tax, financing, valuation or investment advice.

G20 Global Partnership for Financial Inclusion: Action Plan for MSME Financing

Publisher: IFC / GPFI · Tier: Tier 2

Use: MSME financing-gap context.

<https://www.ifc.org/en/insights-reports/2025/gpfi-action-plan-for-msme-financing>

Rapport annuel de la Commission Bancaire de l'UMOA - 2025

Publisher: BCEAO · Tier: Tier 1

Use: UMOA banking-system context.

<https://www.bceao.int/index.php/fr/publications/rapport-annuel-de-la-commission-bancaire-de-lumoa-2025>

Règlement n°06/2024/CM/UEMOA relatif aux relations financières extérieures des Etats membres de l'UEMOA

Publisher: BCEAO / UEMOA · Tier: Tier 1

Use: External financial-relations framework for UEMOA.

<https://www.bceao.int/fr/reglementations/reglement-ndeg062024cmuemoa-relatif-aux-relations-financieres-exterieures-des-etats>

DealPME governed product baseline - Core Build Pack and P04-P25 process reference

Publisher: DealPME · Tier: Governed internal source

Use: Product rules for buyer qualification, diaspora, permissions, AI, financing-partner routing and transaction workflow.

Source interne gouvernée / Governed internal source