



Financing Options – Extending the Runway

- ▶ Review existing credit documentation and where possible, maximize credit facilities
- ▶ Seek accommodation with shareholders, bankers and other creditors
- ▶ Identify unused sources of collateral if new borrowing is necessary
- ▶ Look for alternate sources of financing
- ▶ Access new lines with available government stabilization programs or special situation funds
- ▶ Stress test your situation using cost reduction options and revenue scenarios projecting a base case and a worst case scenario

Stakeholder Management



- ▶  Stakeholders want to hear that you are **taking this seriously and developing plans** – regular discussions will facilitate **greater flexibility** and accommodation **of changes in terms**
- ▶  Regulators and other government entities **may be of value during this period**

Cost Reduction and Working Capital Optimization

A summary of the practical / tactical initiatives that our clients are executing upon to stabilize their businesses and preserve cash.

1. Cost Containment

A number of clients are conducting a review of their cost base to better understand fixed vs. variable costs, discretionary spend and operational drivers of cost.

<h4> PEOPLE</h4> <ul style="list-style-type: none"> • Elimination of contract labour • Implementation of hiring freeze • Offering of voluntary packages • Stop on all discretionary spend (e.g., flights, hotels, meals) • Limited / no learning & development 	<h4> ORGANIZATION</h4> <ul style="list-style-type: none"> • Reduction in sales and marketing spend • Reduction in number and length of shifts • Limited repairs and maintenance • Cancellation of non-core business subscriptions
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2. Working Capital Optimization

The focus is on maximizing cash collections / access to liquidity and minimizing cash outflows while maintaining customer and vendor relationships.

- ▶ **Account Receivable**
 - Focus on invoice accuracy and delivery to customers
 - Offering greater discounts to accelerate collections
 - Root cause analysis on nature of disputes and resolution process
- ▶ **Account Payable**
 - Requesting discounts on current amounts owed
 - Delaying payments to vendors
 - Considering supply chain financing options
- ▶ **Inventory**
 - Acquisition of substitute raw materials
 - Producing units which are in volumes to reduce machinery set-up costs and employee downtime