



Leveraging alternative lending solutions

Arviem Working Capital Solutions: Financing goods in transit

WELCOME



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Agenda

Content

- ✓ When are alternative lending solutions most beneficial for businesses
- ✓ Introduction to innovative alternative financing models, especially for goods in transit
- ✓ How can you secure funding for your goods in transit from doors closing to doors opening
- ✓ How to improve your working capital by optimizing inventory levels



For every US\$ 1billion in revenue, the opportunity for working capital improvement averages US \$70M.

working capital

(Noun)

the funds invested in the current assets such as raw materials, work-in-progress, finished goods, receivables, cash etc.

- For Manufacturing: Keeps the production smooth and continuous
- For Supply Chain: Provides stock and goods in transit to allow optimization of transport costs

secure trade finance

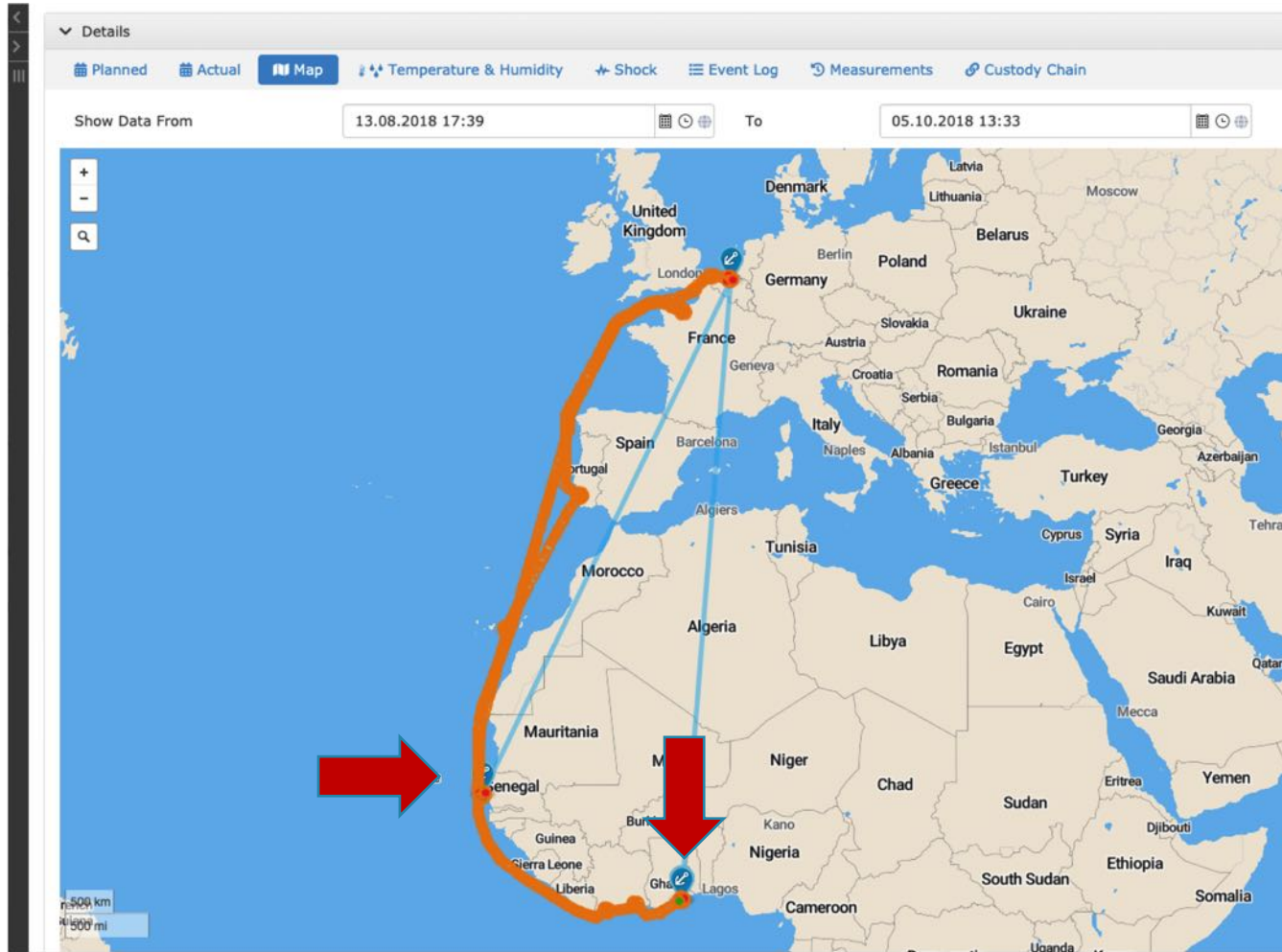
(Noun)

depends on **verifiable and secure tracking of physical risks** and events in the chain between exporter and importer allowing for risk mitigation



**Are companies actually
doing this?**

Cargo and goods in transit are the toys of the shippers



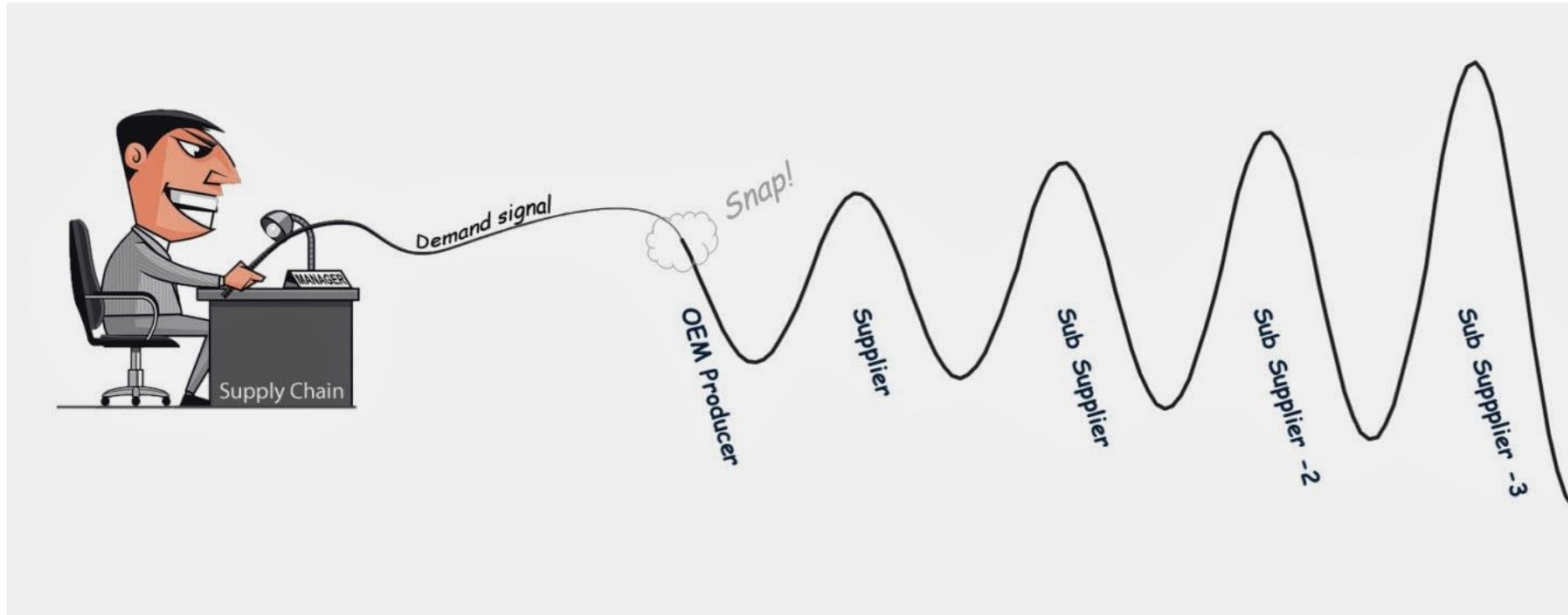
✓ Transport booked from Ghana to Senegal

✓ Container taken on a vessel to Europe with a number of stops on the way

✓ Cargo arrived 40 days delayed to the destination

- ✓ Learnings:
- Expect the unexpected
 - Cost of Finance might not seem too high
 - Assess the credibility aspects
 - What does your client really think?

Lack of trust and transparency in supply chains leads to overcompensation

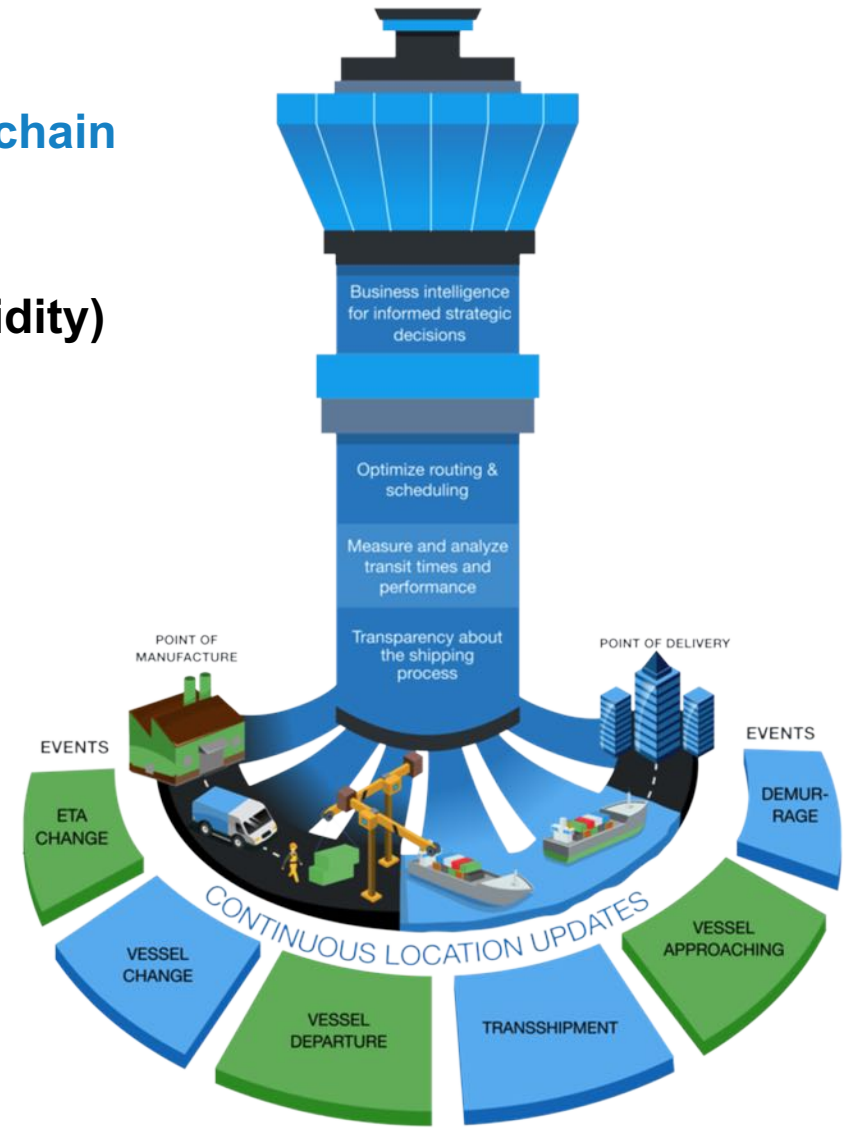


Affects inventory levels, inventory carrying costs, working capital costs, lead times and causes inefficiencies

Reducing uncertainty, information variability and increasing visibility through monitoring reveals bottlenecks

Unprecedented real-time transparency increases trust in the supply chain by revealing various aspects and increasing control:

- What conditions is the cargo exposed to? (temperature/humidity)
- Has the container been tempered with? Door opened?
- Has the container experienced any shocks?
- Is the container on a certain vessel?
- Where is the vessel?
- What is the estimated arrival time at the destination?



Real-time monitoring allows for optimization in the flow of goods and finances in the supply chain

Benefits of real-time monitoring

- Improves visibility
- Reveals bottlenecks
- Encourages a culture of continuous improvements
- Builds trust
- Reduces over compensation

Financial benefits

- ✓ Reduced inventory holdings and lead times allow for optimized working capital
- ✓ Better understanding of cash positions
- ✓ Reduced financing costs
- ✓ Better integration of finance, supply chain and production
- ✓ Access to innovative supply chain financing

How can Supply Chain Financing be obtained today?

There are several traditional strategies for securing working capital and managing cash gaps

Cash credit

- One of the most widely used working capital loan types.
- Credit dependent and is provided against a pledge on stock-in-trade or against receivables from debtors or even against property, shares, etc.

Overdraft

- Available to current account holders at financial institutions for withdrawing money, more than what's available in their current account
- Usually offered to high-value current account holders and again is credit dependent.

Bank Guarantee

- An undertaking from a bank that if a purchaser fails to make repayments or honor other commitments to its vendor that the bank will meet these obligations
- Credit dependent

Letter of Credit (L/C)

- A non-fund based working capital arrangement used to indemnify the sellers from credit risk
- It is mostly used in international trade where a supplier might not be known to the importer and the difference in jurisdictions further increases the credit risk.

All of the structures mentioned above are secured and based on the credit rating of the applicant and not available to many clients.

Innovative financing models, the growing field of FinTech companies

- ✓ Leasing
- ✓ Private Equity
- ✓ Crowd funding
- ✓ Short term loan discounting
- ✓ Long term loans
- ✓ Peer-to-peer lending

With billions of dollars now flowing through private lending platforms, the direct lending space has become crowded and complex. But the lure of quick cash should not overshadow your due diligence and an assessment of the appropriateness of structures as the alternative lending market is less regulated

Alternative lending solutions by Arviem:

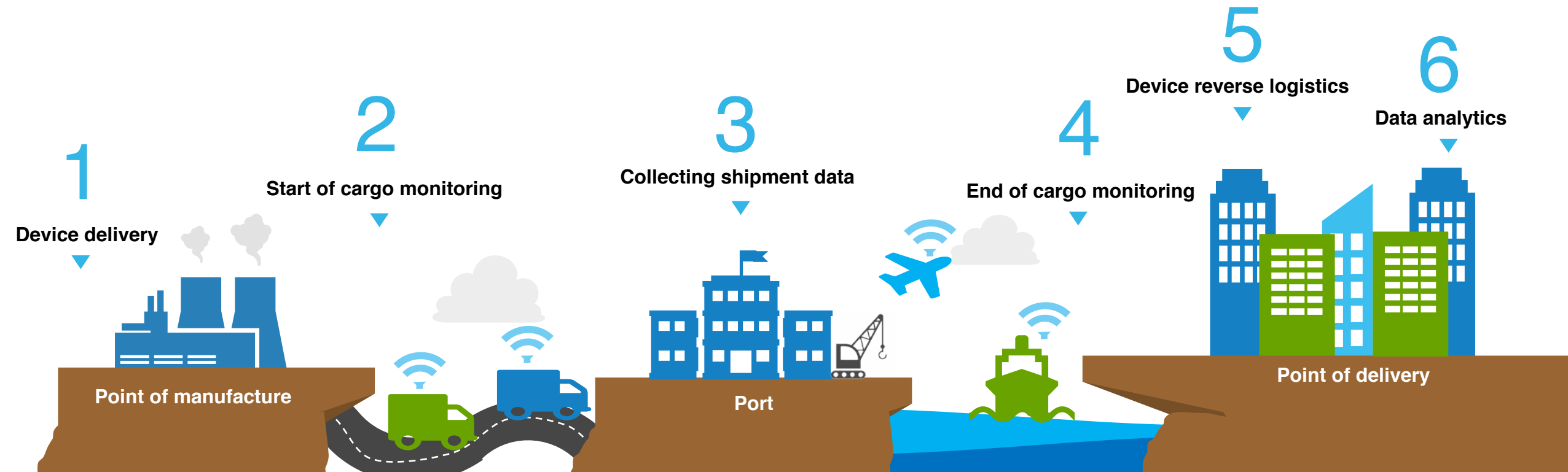
Working capital solutions

Arviem working capital solutions

A portfolio of financing programs for small-to-mid sized companies offering a secured acceleration of the liquidity cycle of the customer, monetizing and speeding-up the revenue conversion of inbound and outbound inventories and goods

Monitoring the location and condition of the cargo in real-time makes goods in transit financeable

▶ We enable the optimization of the financial and physical supply chains by making goods in transit financeable through monitoring the location and condition of the cargo in real-time. We provide the data to banks to allow them to finance goods in transit and in warehouses.





Arviem Working Capital Solutions - Benefits

Unique Benefits of Arviem Models

Easy and fast access to additional liquidity

→ Accelerate the cash conversion cycle of both inbound and outbound inventory/goods

Enabling flexible financing following fluctuation in stock/tied capital

→ The programs are based on inbound/outbound inventory levels and, therefore, follow the business seasonality and the liquidity needs of the customer

Competitive interest rates

→ The programs offer rate advantage vs. unsecured corporate loans

Reduced Interest-Bearing Debt

→ Reduced net interest-bearing debt improves adherence to financial covenants such as net debt/EBITDA.
Positive rating impact



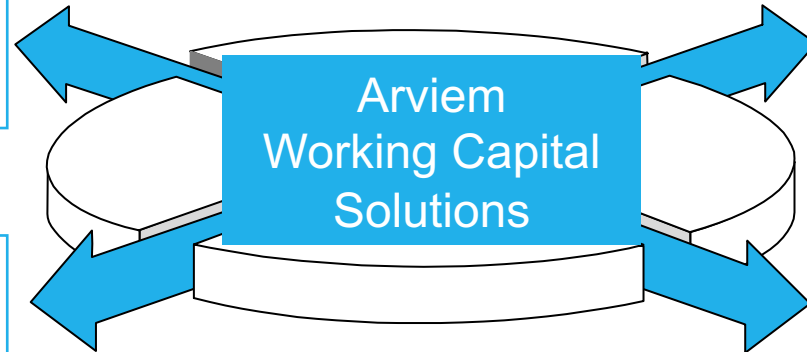
Possible Solution Models

Inventory Monetization

Inventory remains on Customer's balance sheet while being utilized as collateral for loan financing through partner Bank or Investor

Inbound Financing

Inventory is purchased by a TradeCo from suppliers and immediately sold back to the customer with extended payment terms



Transportation Financing

Assets are purchased by TradeCo at loading point and then sold back to Customer after arrival at destination port

Outbound Financing

Finished products inventory is immediately purchased by a TradeCo and then sold to the customer's customers based on irrevocable purchase orders

Why should you choose Arviem's financing solutions?



Can be obtained quickly

Unlike conventional loans that require a lot of documentation, Arviem's working capital services are easy to obtain without hassles, as long as the Asset and its location are acceptable.



Available to business of various sizes

The working capital solutions are not dependent on size of the client but on the goods involved and type of financing



Easier to get compared to loans

Realistically, it is easier to obtain Arviem's working capital financing services compared to other lines of credit. It is attributed to the fact that very few processes are involved, and the amount depends on the asset and location.



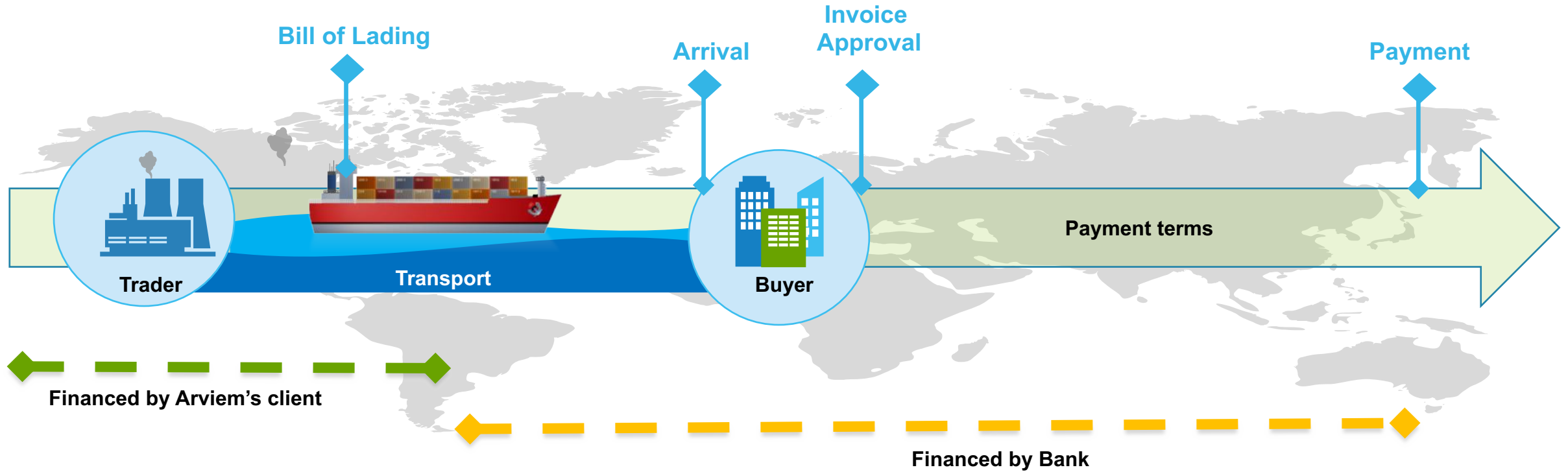
Financial stability

Arviem's Working Capital Services can cushion a company going through hard economic times and quickly restore it to a stable financial state. It is due to the fact that they are given within a short period of time to increase the company's cash flow.

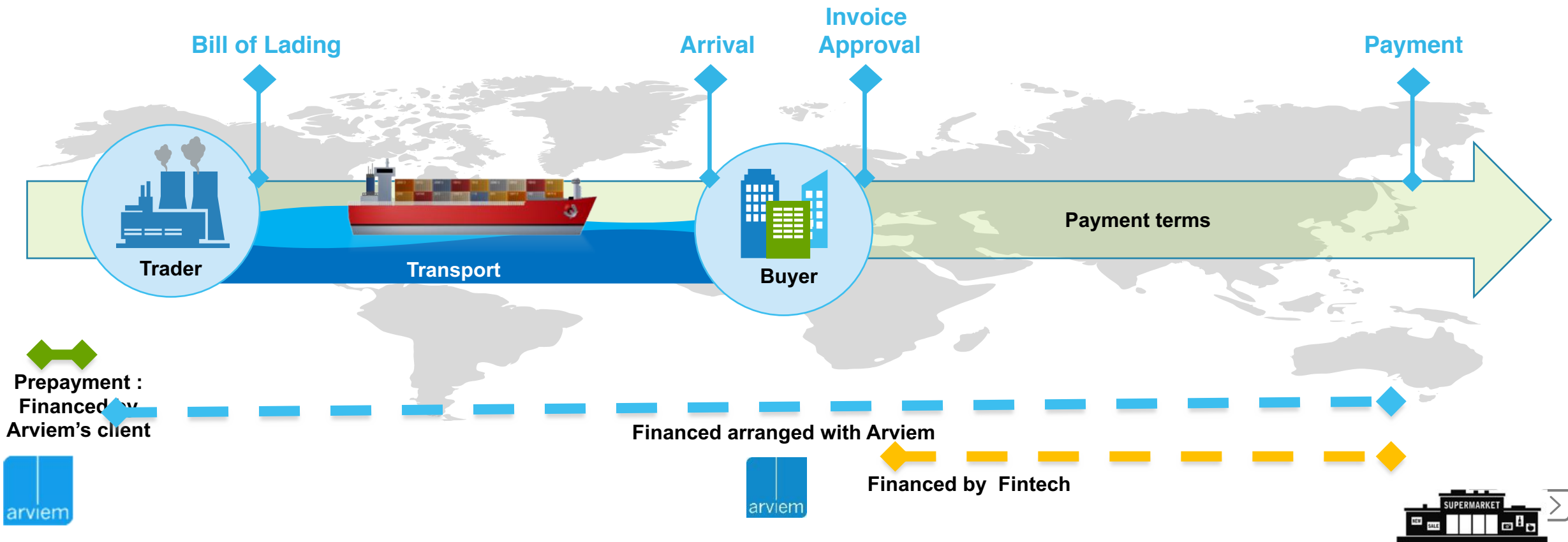


To demonstrate....

Supply Chain Finance transaction before Arviem: A case of a metal trader in South America



Supply Chain Finance transaction with Arviem: A case of a metal trader in South America



Summary

Key Take-aways from today :

- Madness can easily be defined - Change the way you do business
- We live in digital age, get the data
- Data provides power
- Alternative and Innovative Funding is available, it is about preparation and presentation

QUESTIONS ?

Please reach out to shilling@arviem.com