

BANKRUPTCY ABOUND FORCES PROFITABLE APPAREL COMPANY TO SEEK ITS OWN PROTECTION.

\$10 Million Credit Facility

THE CHALLENGE

It was the early days of 2020 when a Missouri-based apparel manufacturer began seeing disturbing signs from its largest customers. Several, still owing significant payments for products already delivered, were filing for Chapter 11 protection due to the impact of the COVID-19 pandemic. Now the health of the booming business was at serious risk.

The owner knew working capital and lending structure were his most important tools. So with significant loss and no available lending from the bank, he too was forced into Ch. 11 bankruptcy proceedings. But the owner had a business plan to overcome this unexpected setback. Now he needed a financing expert who would listen.

OUR SOLUTION

A consultant for the company made an introduction, knowing that Alterna could provide DIP (Debtor in Possession) financing. First, we talked with the owner to better understand the nuances of his business and details of his plan. Then we held a joint strategy session for fast and efficient ideation, discussing flexibility and scalability for the long-term. Quickly, we arrived at a lending structure approved by the court—a perfect fit.

Based on feedback from the owner, a critical element to this relationship was (and still is) our availability throughout the year to talk through updates on attorney's counsel, supplier and buyer payment terms, and new growth.

MEASURED RESULTS

- **90% advance rate on facility**, initially \$6.5MM and later **increased to \$10MM**
- Our financing partnership allowed the client to **focus on growth, new markets and new licenses**
- During a pandemic, the company **once again achieved profitability, and is now emerging from the bankruptcy proceedings a stronger company**

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