

## Financing Programs – Purchase Order (PO)

### How PO funding works

Essentially, we lend against a validated Purchase Order from a reputable company or customer. We develop a three way agreement between you (the borrower), your customer, and Dez Capital. The agreement acknowledges that all of the payments pertaining to the PO will be made to Dez Capital. In exchange, Dez Capital provides you with financing (up to 70% LTV) less any interest or principle that is owing. The earlier monetizing of this PO enables your company to access working capital almost immediately. Dez Capital collects the Purchase Order payment directly from your customer when you fulfill the PO.

### Terms of payment

Borrowers pay an upfront lender fee, and monthly interest on the loan. Typical terms run between 12 and 24 months. The loan can be repaid at anytime during the term of the agreement with no penalty. Your loan can also be set up as a non-revolving line of credit for the duration of the contract.

### Qualifications/Criteria

- Ontario or Quebec-based company.
- PO needs to be clear from other creditors.
- Creditors need to acknowledge that the PO in question will be exempt from any claims they may have.
- Company must be in generally good financial health.
- Due Diligence Material (latest audited financial statements, current financials, 4 month forecast, detailed PO contract, list of all creditors, other - depending on circumstances).

### The advantages of PO financing

1. Maximize use of future cash disbursement in the present, to remedy cash flow and/or fund growth.
2. No dilution of equity.
3. An attractive financing option given that traditional debt financing is limited for start-ups and smaller companies.

### Minimum/Maximum loan amounts

Dez Capital loans run up to 70% LTV of the PO, within a \$250,000 to \$3 million range. We consider lending more (or less) depending on the specific circumstances. If the loan amount is relatively small with respect to overall company revenues, the money can be deployed internally as the borrower sees fit. Larger sums (relative to revenues) are closely monitored to ensure that they are spent fulfilling the agreed-upon terms of the Purchase Order.

### Extra costs

Legal fees are your responsibility as the borrower. Dez Capital can provide an estimate of legal fees prior to full engagement. Additional fees occur when a company does not employ a tier one accounting firm; in such cases, third-party opinions are necessary and these costs are borne by the borrower.

### Time to funding

In simple cases where the Due Diligence material is completed correctly and quickly, we can forward money in as little as two weeks. Complications arise when the debt is encumbered.

### Why choose Dez Capital?

1. *We have been in your shoes:* We are engineer entrepreneurs who have worked through the myriad of cash flow problems that arise while trying to start, grow, and sell a business.
2. *Quick and Professional, No Stress:* We get things done quickly with a minimum of paperwork and process. We are transparent and up front.
3. *Additional Financing Solutions:* We provide other non-dilutive Asset-Based-Lending (ABL) solutions. We develop solid long-term relationships with each Dez Capital client and find ways to tackle future working capital problems together.
4. *Competitive Rates:* We strive to be in line with the market; in cases where we are not, we're open to negotiate.
5. *Track Record:* During 2013-2014, we financed over 80 ABL transactions.

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