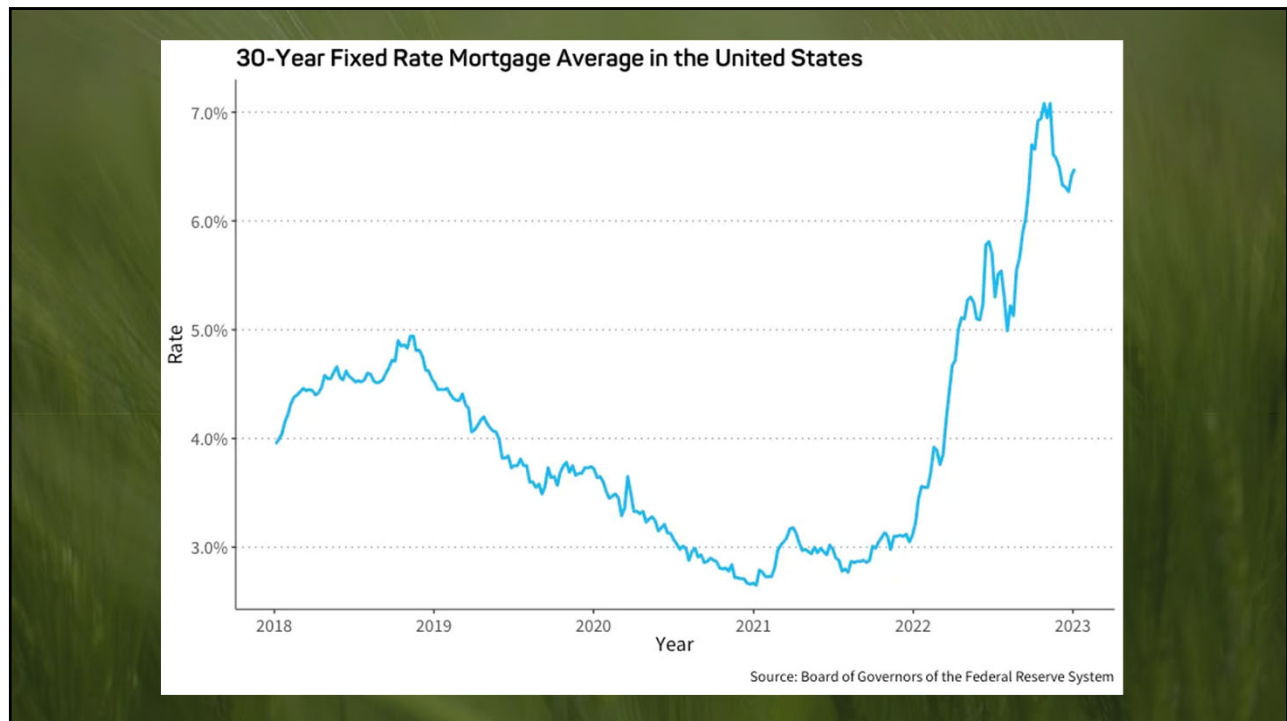


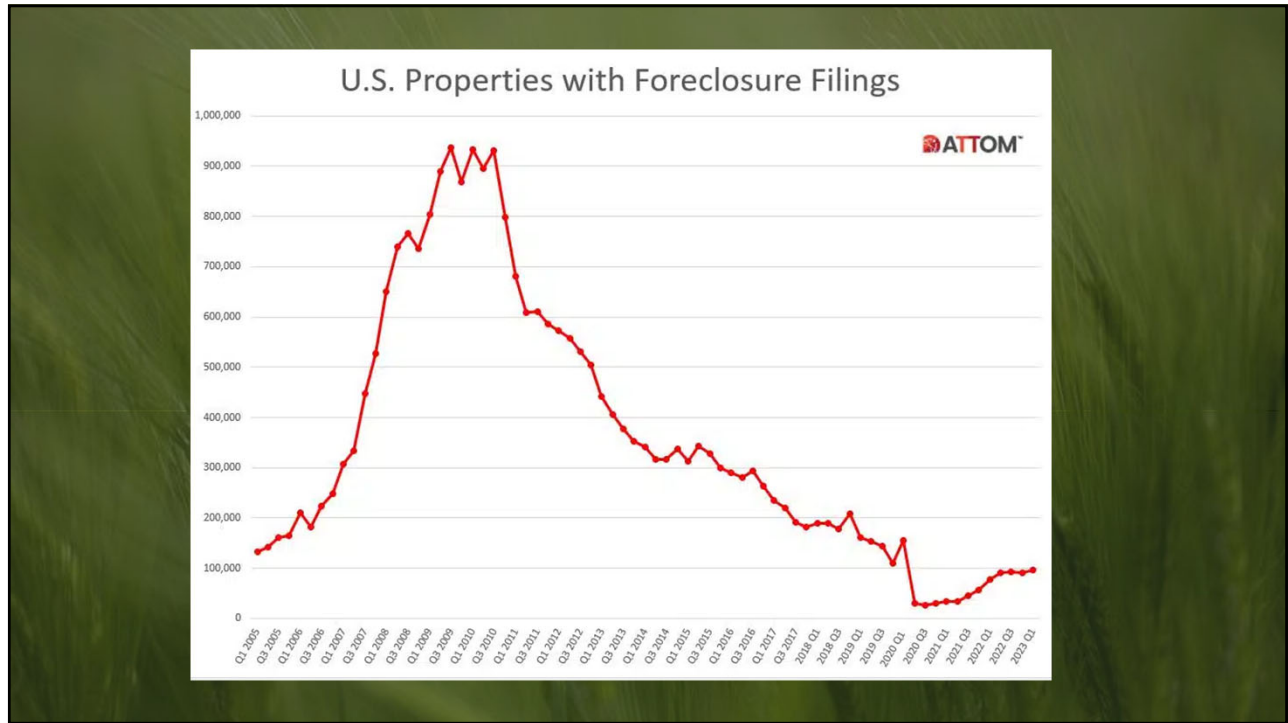
## ECONOMIC INDICATORS AND PREPARING FOR A RECESSION

Matt Christensen

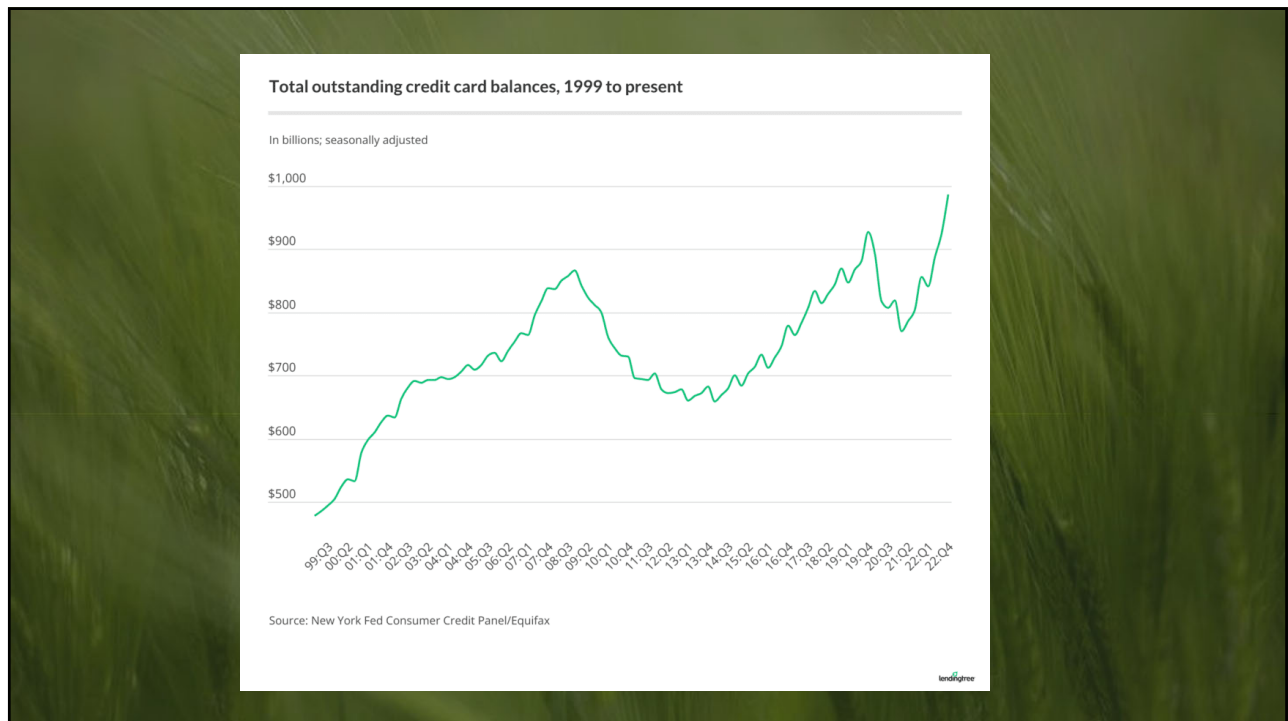
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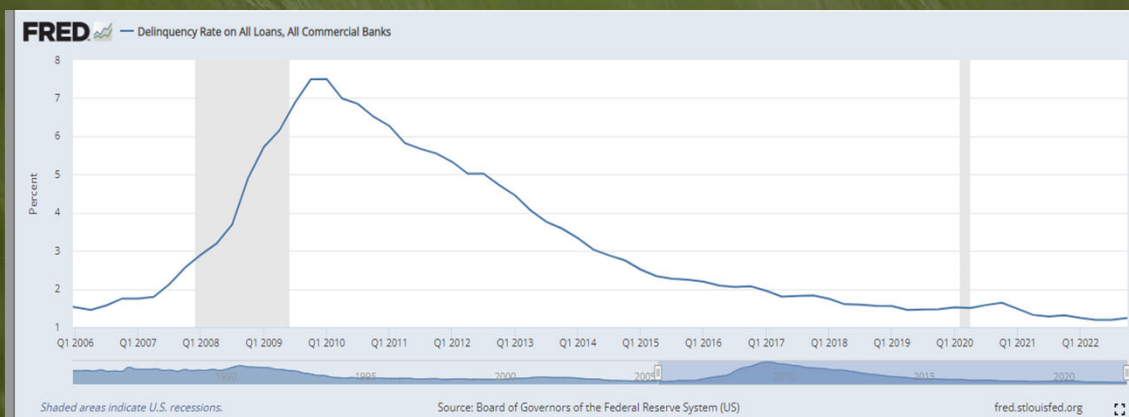
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#### Average APRs for new credit card offers and current card accounts

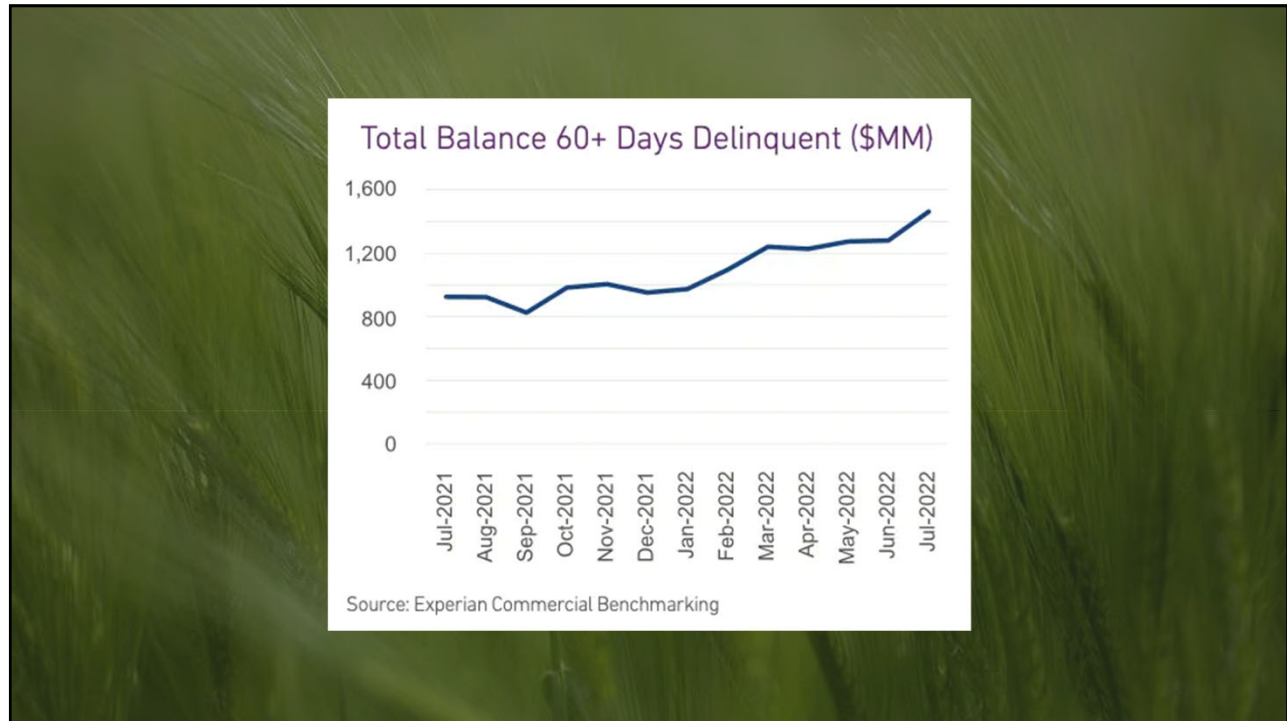
Average APR for new credit card offers	23.84%
Average APR for all current card accounts	20.09%
Average APR for all accounts that accrue interest	20.92%

Sources: LendingTree data, Federal Reserve

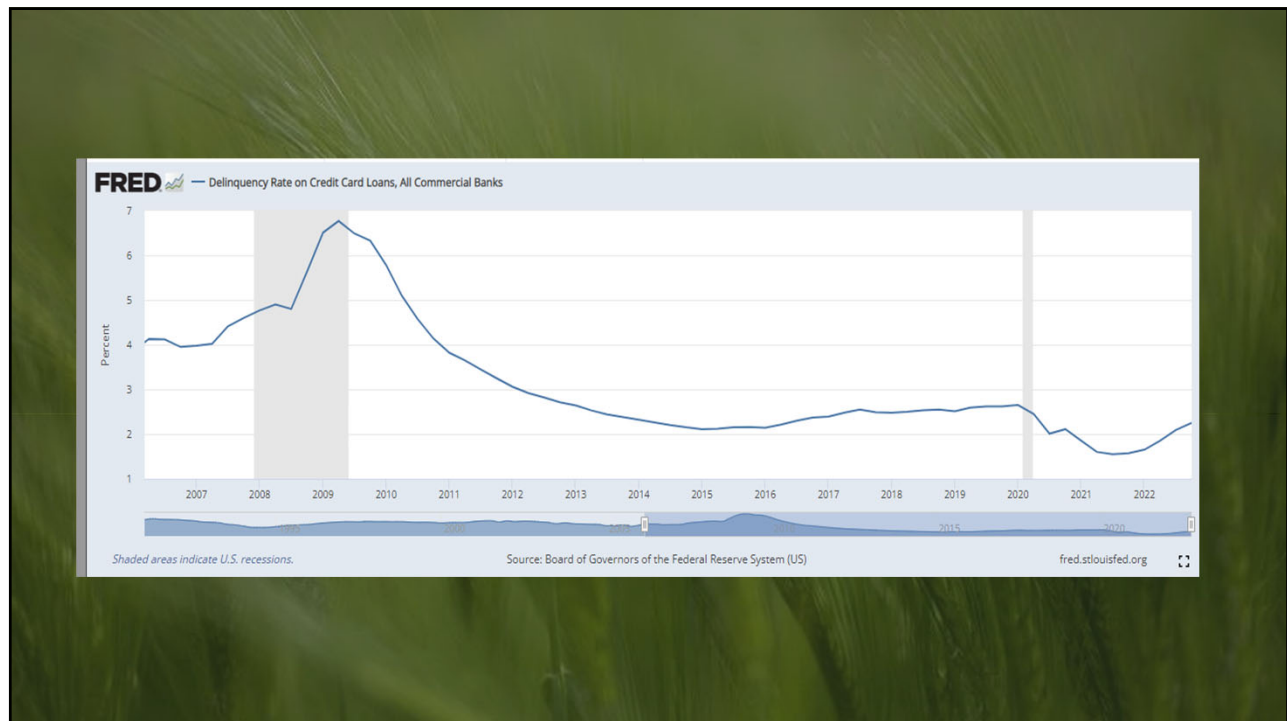
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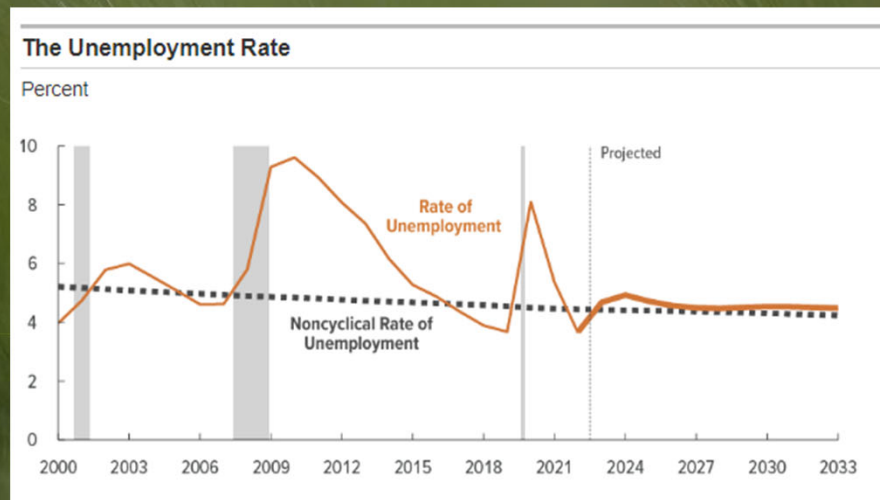
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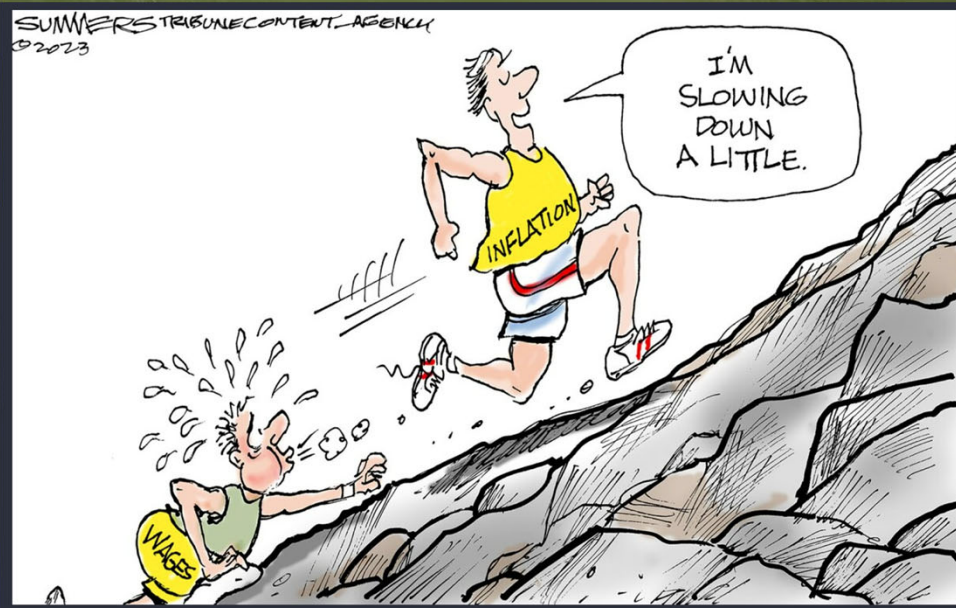




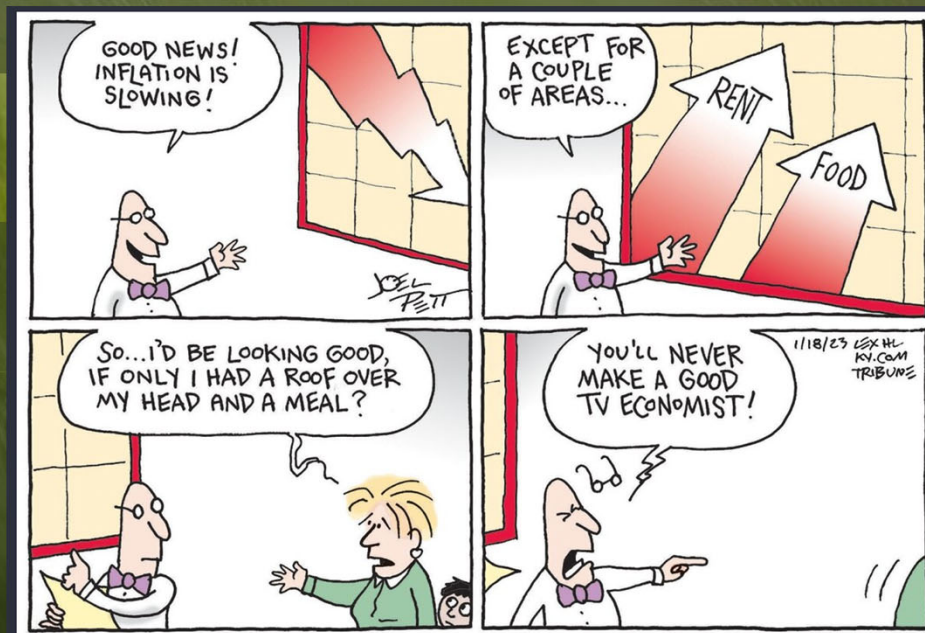
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MERCHANT CASH ADVANCE (MCA) "LOANS"  
PROJECTED TO INCREASE BY OVER 20% IN 2023

12

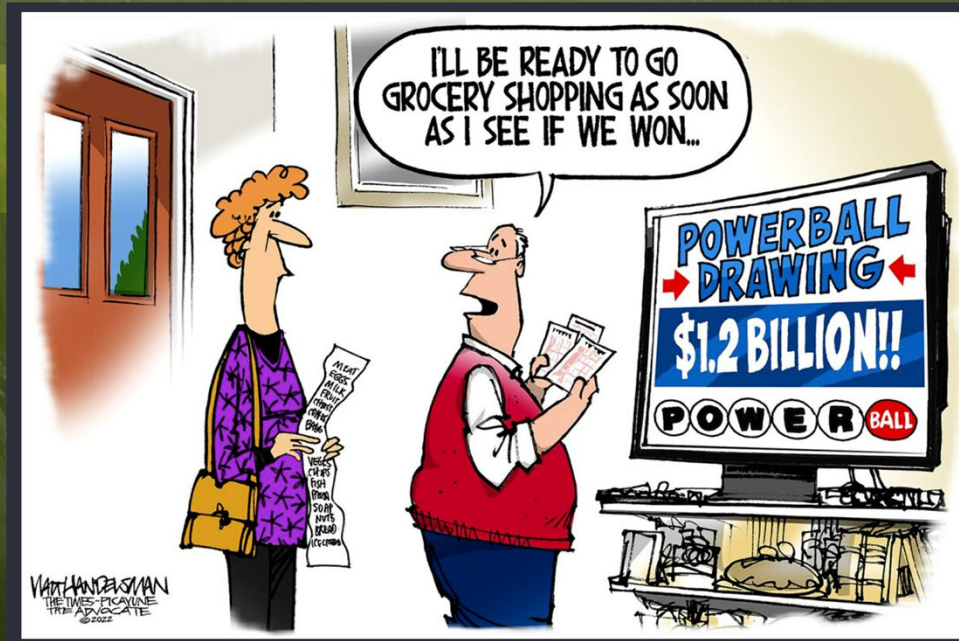


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### WHEN COMPANIES ARE FACING A RECESSION – KEY INDICATORS

- Continued decreases in cash flow
- Low cash or capital balance
- Departure of key management or employees
- Inability to meet debt obligations such as loan or lease payments
- Key loan covenants soon to be breached
- Difficulty meeting payroll
- Increased interest rates due to late payments
- Consistent creditor calls
- Executives considering injecting more personal money
- Client contemplating MCA loans

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### WHEN COMPANIES ARE FACING A RECESSION – NEXT STEPS

- Build a cash reserve
- Safeguard cash flow (cut back spending; renegotiate agreements)
- Postpone new infrastructure or equipment purchases
- Establish credit-worthiness (pay off debts; stay within covenants)
  - Stay in contact with lenders
- Evaluate operating costs
- Secure financing before needed
- Keep marketing

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### WHEN COMPANIES ARE FACING A RECESSION – NEXT STEPS

- Examine company documents – proper authority?
- Professional service firms – establish robust online presence
- Invest in client retention – get to know client's businesses more and identify potential problems
- Work directly with client's accountant/financial advisor – what business planning could be done?
  - Restructure the business (form; management; finances)
  - Sale of business?

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### WHEN COMPANIES ARE FACING A RECESSION – RESTRUCTURE

- Out of court workout of debts/loans – renegotiate loan terms
- Receiver?
- Sell off some unencumbered assets to raise capital (pay loans; create cash reserve)
- Bankruptcy? (timing is everything)

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