

Financing For A Rapidly Growing Lithium-Ion Battery Manufacturer

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The Need:

Our client had spent several years developing their lithium-ion battery technology for commercial applications. After successfully completing a major pilot project, customer orders were starting to ramp up significantly. They had honed their production process and supply chain, moving into larger premises as they were scaling up the business.

Given the tremendous growth and market potential for the business, they preferred not to raise equity and were therefore exploring non-traditional financing options. As we had previously sourced some of their traditional bank financing solutions (and they had already reached their bank borrowing limits), they came back to us to look at options for this current capital need.

The solution would need to be subordinate to their bank and one which would enable them to order larger quantities of inventory to secure better material pricing which in turn would drive up their profit margins.

The Solution:

We sourced a \$1.2 Million term loan with the following salient terms:

- Three-year term
- Interest paid monthly
- Principal paid quarterly (and tied into revenue performance)
- Secured but subordinate to the bank
- A limited personal guarantee
- Warrants

This financing solution provided the company with an immediate and sizeable cash injection, and it can be repaid in full, without penalty, after one year.

The End Result:

This solution gave our client “peace of mind” as it now had the cash to fund growth without constantly worrying about cash flow. While it is more a more expensive debt solution than a traditional bank, the cost of giving up equity today would be significantly more expensive considering the organization’s steep growth trajectory, and the strong industry demand.

At Isaacs Advisory, we have extensive experience in advising, structuring, and sourcing a wide range of traditional and non-traditional financing solutions from \$100K to \$1 Million for our clients.

For more information on raising financing solutions for a start-up, early stage, growth, in-transition or business in distress, please contact Adrian Isaacs at 416- 835-4511 or aisaacs@isaacsadvisory.ca.