

Playdale Playgrounds formal request for bank support due to the COVID-19 pandemic

We have a comprehensive business continuity and pandemic response plan in place for what are unprecedented times and our teams are meeting on a daily basis to review and update our response as the Covid-19 situation develops.

The plan includes, but is not limited to, service continuity in case of staff absenteeism, office closure and technology outages. We have thoroughly assessed and mitigated impact to all of our product manufacture in case of staff absenteeism up to for increased levels of impact up to 50%. In this scenario, we could, for example, redeploy colleagues into vacant roles, train them to carry out essential specialist roles and use resource from across the business.

We have also completed the EY COVID-19 preparedness self-assessment tool that evaluates our organisational resilience and readiness to deal with the current market scenario. It covers everything from supply chain and employee health right through to financial aspects. The exercise generated an overall preparedness score automatically calculated by the tool, which served as a call to action for the business to address gaps in our readiness.

We have put the safety of our people first, scoring 100 per cent in the EY tool by following government and NHS guidance. We have introduced more flexible working (such as online tools to ensure meetings take place) and on-site infection control measures (including non-essential visitors) with comprehensive risk assessments carried out for staff. While keeping a keep trading mindset.

Our communication to the team and our clients has been daily, with clear and confident messaging to avoid panic ensure effective and efficient working.

As a management team we have worked rapidly to understand the current financial position. While managing both internal and external stakeholders, we have done everything we think possible to stabilise the position.

- We have reviewed finance documentation and identified scope to access the following government funding initiatives announced by the chancellor namely:
 - The Coronavirus Job Retention Scheme.
 - HMRC have agreed a three-month tax holiday and will then discuss with us a time to pay arrangement
 - As part of the Coronavirus Job Retention Scheme, we will actively furlough ___ of ___ staff from 1 April (they have already been paid until the end of March), up to that point we have instigated home working where possible. We will give the option to take paid holiday from 1 April too as we do not want large amounts of holiday after the virus interruption, so we are working efficiently. The remainder of staff we need to operate a skeleton business, and we are currently negotiating a reduction of ___ per cent in their salary
- We have reduced our marketing spend by up to ___ per cent for the next three months (April-June)
- We have asked for a rent holiday on all ___ sites with each of the ___ landlords and this is currently being considered or agreed
- We have stopped all discretionary spend

- Shareholders will not be taking dividends relating to 2020 and two will reduce salary by ___ per cent and one will be furloughed.

What core issues have been caused by COVID-19:

- We have seen a dramatic reduction in orders due to uncertainty March being ___ per cent of forecast with April to June to have unprecedented low levels. This has been mirrored in new business enquiries down to ___ per cent against the Q1 budget.
- Staffing difficulties due to self-isolation guidance affecting efficiencies and leading to some late deliveries to our distribution centre
- Supplier delays affecting efficiencies and delivery dates to our clients
- Client's cancelling appointments with sales staff which will lead to reduced orders over the coming months
- Some customers delaying deliveries and preventing access to sites

What impact is this having on our business:

- From 1 April we will furlough ___ number of staff which is ___ per cent of the total workforce. The aim is to remove the need for redundancies in the short term while the situation crystalizes after following the guidance from the chancellor
- It is evident we will have to restructure the business and we have already started a project to model this (codename project _____) as we are determined to come out of this stronger
- Cash flow is not impacted yet, with March being only slightly behind target, but we are expecting significant impacts and are now modelling
- While 2019 was another profitable year and Q1 2020 is forecast to be on budget, we are expecting a big impact to profitability
- We are talking to our supply chain and currently we have no interruptions. We do, however, believe it will be inevitable in the short to medium term. There are robust systems in place to forecast and manage in the next period

What is the financial impact of these issues:

- Cash forecast uncertainty as we can no longer fully rely on historical trends and, therefore, we are predicting a short to medium term funding issue
- We are unsure of the impact on debtor days and therefore our ability to pay creditors. It should be noted we do have a large amount of goodwill, a credit rating score of 100 out of 100, currently show no days beyond terms as an average and we are using this to discuss and negotiate improved short-term arrangements

What financial support we require:

- We are requiring an additional £_____ of headroom in our modelled credit facilities to allow for further unforeseen market events. We believe this can only be delivered via the government's Coronavirus Business Interruption Loan Scheme (CBILS) and we require this to be a quantum of £_____ as modelled plus £_____ a total of **£_____ from the CBILS scheme** with a repayment term of **__ years**. We strongly believe, and our

expectation is, this lending will help Playdale Playgroupns remain sustainable through the impacted period until normalised trading returns.

We believe we are eligible for the loan support as:

a/ We are small UK based business with a turnover of £__m (2019 audited accounts attached)

b/ Operate in an eligible industrial sector of _____

c/ We have a sound borrowing proposal, but insufficient security to meet _____'s normal requirements; and

(d) Be able to confirm that we have not received de minimis State Aid (e.g. Innovate UK grants) beyond €200,000 equivalent over the current and previous two fiscal years

(e) Playdale's wage bill in 2019 was £_____

(f) The above requirement would certify liquidity to best of our knowledge at this moment in time

- This amount been calculated using updated worse case scenario's assuming 12 months disruption as identified by PWC during a Pandemic. The models are built up from sales forecasts with the assumptions of:
 - No sales in April/May/June. July 2020 to Mar 2021 sales at ___% of current levels
 - ___ number of staff furloughed from 1 April
 - ___ number of staff furloughed for three months and then ___ per cent of original workforce for next ___ months
 - Securing rent holidays
- It is VERY important to note that Playdale were a viable proposition before COVID-19 came along. 2019 saw another significant improvement on profitability, which followed the significantly improved 2018.
 - Attached are the pre-COVID-19 2020 budgets, which again showed a significant profit of £_____ on a stable turnover
 - Attached is a copy of our UK only, product only quote bank totalling £_____ (so the actual value is double when you include delivery and installation and surfacing of a Playground £_____). So, this does NOT include our international orders which were forecast to be £_____ in 2020 pre-COVID-19, after speaking to many of our global distributors they are modelling for worse case of ___ per cent of orders
- Attached is the EY COVID-19 assessment tool
- Attached are our latest management accounts with March forecasted
- Attached are the 2019 audited accounts
- Attached are 2 x cash flow models we have produced to show the impact of COVID-19 before and after the injection of £_____ via CBILS.