RIVERON
PREPARE FOR CHANGE

CONWAYMACKENZIE
PART OF RIVERON

COVID-19: PREPARING FOR THE NOW, THE NEXT AND THE NEW NORMAL

THE NEXT: A GUIDE TO DEFINING YOUR PATH FORWARD

INTRODUCTION

As the coronavirus (COVID-19) continues to spread to communities around the world, individuals and businesses alike are grappling with the short-and long-term impacts of the pandemic on their socio-economic security. To maintain business continuity and resiliency in this time of uncertainty, companies must take proactive measures to deal with the immediate disruption and prepare for what the new normal will bring.

Our strategic framework is designed to help companies navigate critical financial and operational issues and includes a structured approach with recommended priorities and actions. The first guide centered on the NOW and how to deal with the immediate disruption. This guide focuses on the NEXT and defining the path forward to preserve profitability and maximize stakeholder value in the post-pandemic operating environment.

COVID-19 CRISIS NAVIGATION FRAMEWORK

NOW

DEAL WITH DISRUPTION

- Liquidity Management
- Cost Control
- Operational Continuity
- Stakeholder Management

ACCESS THE NOW GUIDE

IMMEDIATE

NEXT

DEFINE PATH FORWARD

- Strategy Realignment
- Operational Effectiveness
- SG&A Rationalization
- Technology Optimization
- Capital Markets Alternatives
- Accounting & Tax Considerations

NEAR TERM

NEW NORMAL

DRIVE CHANGE

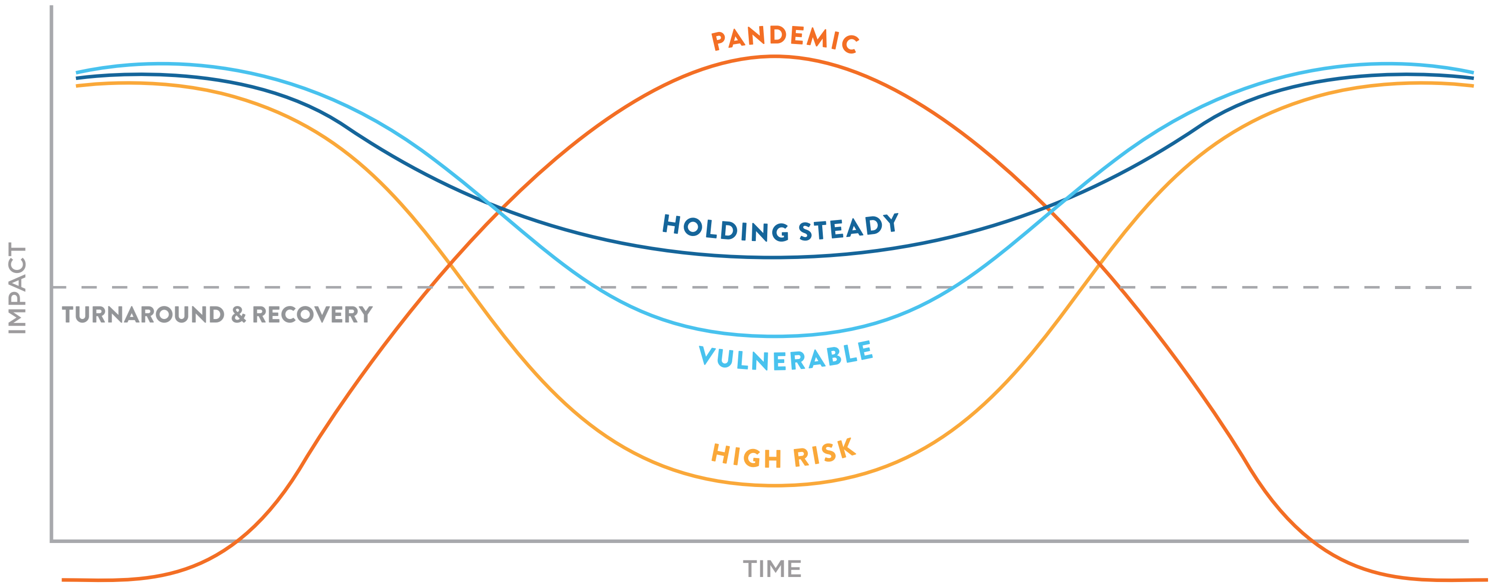
- Strategy Realization
- Operational Excellence
- SG&A Optimization
- Technology Innovation
- Capital Markets and M&A Execution
- Finance Transformation

LONG TERM

THE NEXT: DEFINING YOUR PATH FORWARD

A clear understanding of where you are in the crisis lifecycle is critical to strategy development and near-term decision making.

Where are you in the crisis lifecycle?

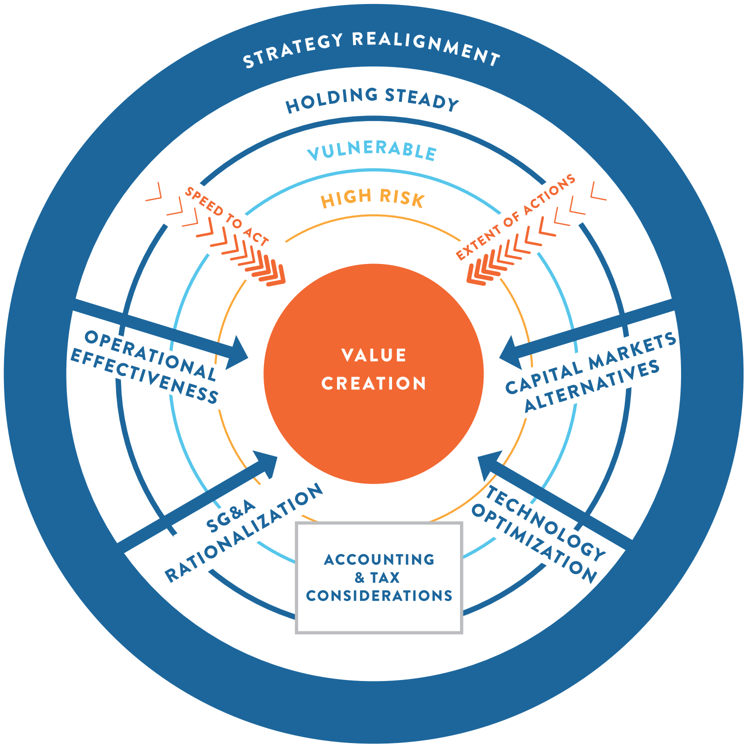


	1 HOLDING STEADY	2 VULNERABLE	3 HIGH RISK
REVENUE	In line or better than industry peers and demand remains strong	Material revenue impact but stable long-term trajectory; delayed business is main cause of reduced demand	Significant revenue disruption with unclear recovery path and potential long-term demand degradation
OPERATIONS	Stable operations	Current operational disruption within manageable parameters	Substantial disruption to both near-term and ongoing operations
LIQUIDITY	Ample cash and access to financing	Constrained liquidity absent a meaningful improvement to business fundamentals	Limited access to cash and require incremental liquidity
FOCUS	Near-term cash preservation and cost control measures need to be balanced with growth opportunities	Tactical operational and financial actions to diffuse downside and improve outlook	Decisive actions to protect cash while operationalizing new demand environment
EXAMPLE INDUSTRIES*	*Advertising, Internet Services, Insurance, Radio & TV*	*Commercial & Investment Banking, Food Production, Hospitals, Publishing*	*Hotels, Industrial Manufacturing, Retail, Restaurants*

**Source: IBIS World, COVID-19 Industry Exposure, March 2020 (based on low-high rating, some exceptions apply within segments)*

OUR APPROACH TO DEFINING THE PATH FORWARD

The magnitude of the current disruption combined with the core health of your business will dictate the extent and speed at which you need to implement change. This guide offers a structured approach, including key priorities and action items, to help you chart a path forward. Our experts are available to partner with your organization throughout the process, from strategy through to execution, or for specific points of need.



STRATEGY REALIGNMENT

Reassess your near- and long-term strategy and determine which initiatives are most critical to implement to achieve your goals.

OPERATIONAL EFFECTIVENESS	SG&A RATIONALIZATION	TECHNOLOGY OPTIMIZATION	CAPITAL MARKETS ALTERNATIVES
Drive meaningful and sustainable improvements in profitability and cash generation by focusing on quick decision making and execution across key revenue and direct cost levers.	Optimize overhead structure by variablizing your cost targets to drive greater alignment between revenue generating activities and support functions.	Leverage existing tools and platforms to reduce costs while also preparing for new ways of working and dynamic growth in the future.	Pursue capital market solutions that support both near-term liquidity requirements and the long-term growth strategy.

ACCOUNTING & TAX CONSIDERATIONS

Proactively address challenging accounting, financial reporting, and tax regulatory issues to ensure critical external reporting to stakeholders that fosters timely and informed decision making.

STRATEGY REALIGNMENT

Reassess your near- and long-term strategy and determine which initiatives are most critical to implement to achieve your goals.

PREPARE THE ORGANIZATION FOR CHANGE

- Identify the executive sponsor, key change leaders who will influence others, and impacted employee groups across the organization
- Assess current state mindsets and behaviors that may hinder successful change in the organization and implement specific actions to address them
- Develop a robust internal communications plan to regularly share information with employees about the changes underway while creating a sense of urgency and bias for action

EVALUATE AND PRIORITIZE STRATEGIC INITIATIVES

- Engage a cross-functional leadership team and key stakeholders to identify current and propose new initiatives that drive your desired, most critical business outcomes
- Align on a standard set of evaluation criteria for the initiatives, ranked in order of priority given your current situation

  The criteria will vary by company but should include near-term profit impact, transformational differentiation, required investment, and organizational readiness.

- Sequence and prioritize initiatives based on the expected impact and the company's ability to execute

  Consider multiple horizons of impact when sequencing (e.g., immediate, near, and longer term) and include quick wins to build momentum.

- Assess whether the total set of initiatives are feasible to run concurrently or should be further streamlined or sequenced

DEFINE ACCOUNTABILITY AND GOVERNANCE

- Determine the optimal organizational structure and resource commitments to execute and manage initiatives

  Organizational design choices range from a separate initiative organization to functional leads owning along with existing responsibilities – a hybrid model is typically the most effective.

- Align on the members of the leadership team to manage the overall strategic initiative program

  The team should be comprised of aspirational leaders with accountability for the outcomes, a demonstrated willingness to challenge the status quo, and the capability to make difficult tradeoffs.

STRATEGY REALIGNMENT, *CONTINUED*

- Establish clear ownership and accountability for each initiative with timebound targets for critical metrics
- Establish an efficient governance cadence and reporting mechanism, including status review meetings and a standard dashboard to quickly convey progress, milestones, and risks

EXECUTE AND CONTINUOUSLY REFINE INITIATIVES

- Assign high-performing resources to each initiative

Ensure there is sufficient, dedicated resourcing with continuous access to operating and functional leaders to solicit their input.

- Leverage a management cadence to iteratively update and adapt execution plans as required
- Reevaluate and adjust revenue and cost targets based on actual realization of initiatives
- Periodically reassess initiative prioritization and portfolio based on progress and changing conditions

HOW WE CAN HELP

In the face of crisis, companies need to move quickly and methodically to reassess and pivot their strategy to ensure future success. Riveron balances the need to drive immediate improvement with building foundational elements to support long-term strategic objectives. Our experts will partner with you to develop a governance model and streamlined set of prioritized initiatives with execution plans to position the company to excel during and post-pandemic.

OPERATIONAL EFFECTIVENESS

Drive meaningful and sustainable improvements in profitability and cash generation by focusing on quick decision making and execution across key revenue and direct cost levers.

OPTIMIZE COMMERCIAL STRATEGY

- Revise growth plans, priorities, and investment strategy to address expected market and customer trends

The effect of the actions you take today will have an impact on your brand and product loyalty that will likely outlast the pandemic. The steps you take must match your ability to deliver.

- Conduct a rapid review of product and customer portfolios based on projected cash returns, including the impact of required investment in working capital
- Refine sales processes and organizational structure to align with changes in customer prioritization as well as buying behaviors and preferences
- Evaluate opportunities to place future bets (e.g., product line expansion, vertical/horizontal growth, key geographies, and high-growth industries)

FOCUS ON DRIVING OPERATIONAL EXCELLENCE

- Optimize sales and operations planning (S&OP) with a pivot toward balancing production schedules to optimize profitability and cash generation
- Rationalize unnecessary investments in production capacity and operational inventory, including spare parts and tools/dies
- Optimize shift designs, roles, and responsibilities to minimize underperformance, including workload-leveling of resources across departments based on skills, needs, and redundancy
- Identify opportunities to variabilize workforce to more dynamically match cost against fluctuating demand
- Reduce operational complexity in line with decreased demand (e.g., manufacturing, warehouse and distribution footprint optimization, make versus buy for sourcing optimization, shared services, and location strategy)

EXECUTE “NO-REGRETS” ACTIONS

- Delay or rationalize non-essential projects, including construction-in-progress, underperforming facilities/offices, non-core real estate, and non-essential capital investments
- Institute stronger PO workflow, including lower spend thresholds, reduced number of requisitioners, and requiring more robust justification for requests

Review the population of open POs and AP invoices for quick wins by flagging as “critical, cancel, defer, or closed” and assigning supplier strategies accordingly (e.g., elongating payment terms, negotiating discounts, deprioritizing commitments).

- Monetize underutilized, obsolete, and returns inventory
- Optimize safety stock levels and eliminate any deviations from target levels across locations where logistically feasible

OPERATIONAL EFFECTIVENESS, *CONTINUED*

SYSTEMATICALLY ASSESS ORGANIZATIONAL THIRD-PARTY RISK EXPOSURE

- Conduct third-party risk stress tests via identification, ranking, and assessment of key third-party providers, including relative criticality to business continuity

  Consider additional factors beyond D&B reports as the high number of recent late payments may skew the score to make certain companies look riskier than they actually are.

- Align on key operating metrics and thresholds to properly manage risk, such as supplier concentration, quality and service level standards, and data security triggers
- Establish or leverage a dedicated risk team to collect and interpret risk data and coordinate across functions to continuously monitor and update risk profiles for all vendors
- Design response and contingency plans for situations where any third party falls outside of acceptable risk parameters

HOW WE CAN HELP

Sustainable and profitable improvements to business continuity and your operational strategy often get derailed if the proper emphasis is not decisively placed. Riveron can help you drive rapid transformation that improves near-term cash generation and builds a stronger management infrastructure to support and assess critical workstreams and functions that enable your strategic plan.

SG&A RATIONALIZATION

Optimize overhead structure by variablizing your cost targets to drive greater alignment between revenue generating activities and support functions.

BASELINE CURRENT COSTS AND IDENTIFY KEY VALUE DRIVERS

- Create a comprehensive overhead spend matrix; axes are typically functions and geographies or product lines
- Prioritize largest expense areas and pressure test ability to impact across a range of near-term and mid-term scenarios

Balance cost savings versus subjective factors, such as impact on market/brand identity that could hinder future growth, with the ability to pursue strategic opportunities and maintain differentiated capabilities.

- Align with leadership on a breakdown of critical operations (including revenue generation and operational stability) versus discretionary spend

When evaluating revenue-generating activities, overlay product/customer profitability to further differentiate value of activity/resourcing.

- Conduct zero-based budgeting workshops with operational and functional leadership to challenge every cost/activity, determine what is truly required, and identify optimization opportunities (e.g., activity, headcount, and third-party spend)
- Empower functional leadership to achieve defined savings goals through flexible cost levers

CONTINUE EXPENSE REDUCTION MEASURES AND CONTROLS

- Adjust activity and spend levels, updating frequently based on leading indicators and actuals
- Further reduce, defer, or eliminate nice-to-have activities, initiatives, and spend
- Eliminate non-essential third-party spend
- Rationalize and implement spend accountability; institute additional approval measures, including new workflows and defined spending limits

Develop liquidity-based KPIs to change mindsets and behaviors.

EXPEDITE HUMAN CAPITAL MANAGEMENT AND REVIEW

- Perform overdue performance-based personnel actions
- Analyze and eliminate workforce redundancies
- Pause hiring for open positions aside from mission-critical roles
- Consider additional measures, such as variabilizing or reducing compensation and modifying benefits

Be cognizant of the impact of broad-based reductions that can be demotivating for all versus focused efforts to specific groups (e.g., lower performers, executives, overhead functions).

SG&A RATIONALIZATION, *CONTINUED*

- Evaluate more extreme measures, such as employee furloughs, mandatory unpaid time off, and workforce reductions

Taking care of your people is key in any organization. The focus of leadership during a reduction of personnel should be on managing workloads, addressing employee morale, and bracing for loss of institutional knowledge.

- Adopt lower-cost labor models, such as centralizing work to drive economies of scale, shifting in-person operations to remote delivery, migrating operations to lower-cost locations, and outsourcing routine transactions
- Streamline management structure to reduce organizational layers and increase spans of control

IMPLEMENT OPTIMIZATION EFFORTS

- Standardize, simplify, and automate activities and end-to-end processes to remove shadow operations and improve resource efficiency

Customization should be managed by exception and reserved for critical customer-facing activities.

- Execute technology enablement efforts to automate recurring tasks and create other time-saving efficiencies
- Evolve cultural norms to emphasize a "self-service" mindset that minimizes the need for highly customized services which require more support, processing, time, and FTEs
- Reduce service levels (e.g., longer processing time, less detail provided) within shared services functions to enable baseline operations with decreased headcount, particularly for non-core tasks

HOW WE CAN HELP

Current market volatility is forcing companies to act on their cost structure and also improve the efficiency of how work gets done. Riveron utilizes a rapid diagnostic approach that balances the need for maintaining differentiated capabilities with identifying opportunities to improve how the business operates and optimize the cost structure. The outcome is a quantified understanding of specific opportunities, the initiation of quick wins, and a prioritized execution roadmap that is often self-funding.

TECHNOLOGY OPTIMIZATION

Leverage existing tools and platforms to reduce costs while also preparing for new ways of working and dynamic growth in the future.

ENHANCE BUSINESS CONTINUITY

- Evolve remote work arrangements to increase effectiveness and better address employee and client demands
- Identify opportunities to establish a long-term distributed work model
- Ensure sufficient redundancies are in place for critical systems and operations
- Optimize near-term data access, including prioritized reporting and streamlined access to required information
- Create a data-driven organization around which long-term investments and architecture can be deployed

ASSESS PROCESSES INVOLVING TECHNOLOGY

- Complete initial assessment to identify high-volume, manual, and error-prone processes

Focus on processes that are hindering business (e.g., supply chain, back-office, and paper-based processes) or creating negative financial performance in order to increase efficiency, reduce errors, and minimize dependency on manual intervention.

- Determine whether current applications can be improved or rationalized to generate cost and time savings or improve effectiveness
- Evaluate ability to quickly integrate core business processes and systems (e.g., business applications, back-office systems, IT infrastructure)
- Replace manually intense processes with automation; extend automation and eliminate exception conditions, where possible

LEVERAGE EXISTING TOOLS AND PLATFORMS

- Exploit all capabilities of existing technology to maximize the full value of underused platforms
- Rearchitect for agile IT with design principles that include cost variabilization, infrastructure elasticity, and surge services
- Leverage technology to increase connection with your customers

TECHNOLOGY OPTIMIZATION, *CONTINUED*

OPTIMIZE AND REDUCE IT SPEND

- Review IT spend by reducing or eliminating current contracts, resources, and projects
- Cease all discretionary projects if not directly attributable to short-term revenue growth
- Identify opportunities to turn fixed costs into variable costs (e.g., license agreements, applications lease versus buy)
- Outsource technical support tasks (e.g., administration, software support, network administration, and user-computing support)
- Focus on affordability and time to value using techniques, such as package-driven reengineering, agile delivery methods, and onshore/offshore delivery hybrids

HOW WE CAN HELP

When buying is on hold as a result of economic uncertainty, leveraging the systems at your disposal while creating and preserving the basis for ongoing business innovation is critical. Riveron's experienced IT leaders have been through these challenges before and can assist in meeting the tactical needs of the business while creating a new IT foundation to power it forward. Leveraging our process first, technology second approach, we partner with management to maximize the efficiency and performance of your existing platforms.

CAPITAL MARKETS ALTERNATIVES

Pursue capital market solutions that support both near-term liquidity requirements and the long-term growth strategy.

OPTIMIZE EXISTING CAPITAL SOURCES

- Draw on liquidity from existing lines of credit
- Finance projects based on committed credit facility
- Refinance legacy debt with existing or new lenders
- Modify debt terms, negotiate defeasance, and extend or defer payment terms
- Negotiate accelerated payment terms from customers, prepayment for materials and supplies, or advances on program deliveries or open purchase orders
- Identify assets that can be financed under an asset based lending strategy

OBTAIN NEW OR RESTRUCTURE EXISTING DEBT

- Consider a new private debt raise under an Exempt 144A offering

  Prepare for a heavy dose of financial reporting requirements, similar to that of an IPO.

- Request private equity sponsor relief for new or increased equity position
- Raise debt capital from existing private equity sponsor

  Carefully consider terms of the agreement, such as conversion features or call options that may have unintended consequences.

- Apply for CARES Act loans and grants to access liquidity

  Small businesses can apply for the Paycheck Protection Program (PPP) to receive up to eight weeks of relief for payroll costs and benefits, interest on business mortgages, rent, and utilities.

- In severe cases, consider entering into Chapter 11 bankruptcy reorganization proceedings

  The restructuring process will likely be slower than in a pre-COVID environment due to the higher volume of distressed organizations seeking relief.

  As an alternative to Chapter 11, consider out-of-court debt restructuring plans to reduce or eliminate debt service.

DIVEST TO FREE UP CAPITAL OR MONETIZE EMBEDDED VALUE

- Prune the business to streamline core capabilities by selling non-core or underperforming businesses, segments, profit centers, or assets

  The market is adept at identifying poor performance. Maximize your divestiture by selling non-core business components to buyers with complementary services.

- Develop a single source of truth that can be tailored to multiple buyers ahead of time that will enable you to react to information requests from various buyers

CAPITAL MARKETS ALTERNATIVES, *CONTINUED*

- Spin existing business into a second publicly traded company to monetize value
- Consider executing a Private Investment in Public Equity (PIPE) transaction

CONSOLIDATE OR ACQUIRE TO SURVIVE OR THRIVE

- Target distressed peers or complementary businesses to improve future shareholder returns
- Identify mergers with equals to overcome unsustainable leverage position
- Consider opportunistic acquisitions, such as a distressed change of control, to support growth goals
- Enter into a merger using a Special Purpose Acquisition Company (SPAC) to monetize legacy shareholder value

HOW WE CAN HELP

In times of economic distress, access to capital can be a make-or-break situation that means all the difference for a business's chance of survival. Yet, the path to accessing the debt and equity markets or successfully executing a separation and sale can be a complex maze of accounting, regulatory, and legal issues. Riveron guides companies through critical decisions to ensure a successful transaction, including debt offering readiness, sell-side support, SEC/SOX regulatory guidance, and carve-out and separation and strategy development.

ACCOUNTING AND TAX CONSIDERATIONS

Proactively address challenging accounting, financial reporting, and tax regulatory issues to ensure critical external reporting to stakeholders that fosters timely and informed decision making.

IDENTIFY COVENANT VIOLATIONS

Relevant if anticipated or actual results violate debt covenants tied to cash flow, leverage, liquidity, or net assets.

- Act quickly utilizing most recent financial results and forecasts to understand if any covenants are in jeopardy
- Ensure accounting and treasury leaders are communicating frequently to determine the best course of action with lenders

If the lender has waived the right to put the debt for a year or more, debt will still be classified as current if it is probable the company will fail the covenant again during the next 12 months.

ASSESS DEBT MODIFICATIONS

Relevant if any terms of a debt agreement are modified.

- Determine if the modification is a troubled debt restructuring (TDR), meaning the borrower will experience financial difficulty for which the lender grants a concession, as it must be treated differently than a non-TDR debt modification

In order to conclude the lender is granting a concession, calculating the effective borrowing rate is required, which can be a complicated exercise. Companies need a full inventory of any new or revised sweeteners and include their effect in the day-one cash flows.

Certain debt modifications may result in the debtor recognizing taxable gain. However, capitalized issuance costs may be fully deductible as a potential offset to gain recognition.

LOOK FOR IMPAIRMENT TRIGGERS

Relevant if business is disrupted (e.g., supply chain, customer demand, plant closures) or if costs are expected to increase.

- Perform impairment tests in the following order: indefinite-lived intangible assets, long-lived assets, and goodwill
- Revisit conclusions at the proper level at which to perform impairment tests to ensure they remain appropriate

Reporting unit conclusions for goodwill were likely updated near calendar year end. However, ensure asset grouping conclusions relevant to long-lived assets are evaluated as well, as the rules are different.

- Ensure the most recent long-term forecast and is consistent with what is used to support other analyses, such as stock options or deferred tax valuation allowances

While many companies have historically performed a qualitative impairment analysis, given the economic uncertainty caused by COVID-19, be prepared to produce a quantitative analysis.

ACCOUNTING AND TAX CONSIDERATIONS, *CONTINUED*

REEVALUATE COSTS RELATED TO IDLE CAPACITY

Relevant if facilities or productions lines are vacant or idle.

- If slowdowns in production are part of the normal process, expense the fixed overhead costs in the period incurred, rather than capitalizing into inventory, as they relate to unused or idle capacity that is considered abnormal

Some level of downtime is considered normal within the course of the year. Evaluate the current output of each facility compared to the typical output range in order to determine if production is abnormally low.

ASSESS LIKELIHOOD OF REVENUE COLLECTIBILITY

Relevant if existing or new customers are experiencing significant business disruption or have historically exhibited collection issues.

- Evaluate a customer's intent and ability to pay and document judgments and data used to conclude whether payment is probable

Beyond looking at current collection times, evaluate concentrations of risk within the customer base (e.g., geography, industry). Review previous periods of volatility, even going back to the financial crisis, to estimate the potential impact on receivables.

REVISIT ESTIMATES OF VARIABLE CONSIDERATION IN REVENUE

Relevant if contracts contain conditions that, if met, impact the transaction price or if contract modifications introduce variable consideration that a company has not previously considered.

- Assess each condition that involves variable consideration separately

When updating estimates, do not overlook contract conditions that have previously been considered perfunctory. These conditions may not have required documentation and significant estimation previously. However, in the current environment, each condition should be reexamined and judgments should be well documented.

- Reevaluate variable consideration estimates as circumstances change

Estimates may be required where there is a lack of history, if, for example, a company begins accepting sales returns when this was previously against policy. Consider alternative information sources to produce such an estimate, including distributor sales channel data.

REEVALUATE THE LIKELIHOOD OF HEDGED TRANSACTIONS

Relevant if companies have hedged forecasted transactions, such as inventory purchases, sales transactions, or interest payments and applied hedge accounting.

- As companies react to new information, strategic decisions may be made that impact hedged transactions. Ensure open communication among accounting, operating, and treasury leaders so the company's plans are appropriately reflected in the accounting

Consider the ability of counterparties or customers to complete the transaction when determining if such transactions are probable.

EVALUATE RENT CONCESSIONS

Relevant if companies that are lessors are not obligating their tenants to pay rent during a shutdown period or are offering rent concessions in the form of decreased rent in the future.

- Evaluate all rent concessions and conclude and document whether they are related to the effects of the COVID-19 pandemic

The FASB staff stated in a question and answer document that companies can elect not to evaluate whether lease concessions related to the impact of COVID-19 are lease modifications.

- If taking the election granted by the FASB, apply one of the following two methodologies: 1) account for the concessions as if no changes to the lease contract were made – i.e., a lessor would increase its lease receivable and recognize income during the deferral period, or 2) account for the deferred payments as variable lease payments

Although companies are not required to account for all lease concessions related to the effects of the COVID-19 pandemic in the same way, companies should apply their conclusions consistently to leases with similar characteristics and in similar circumstances.

REASSESS NET OPERATING LOSSES

Relevant if companies had or will have NOLs in any year from 2018-2020 and reported taxable income in the allowable five-year carry-back period.

- Release valuation allowances for existing NOL deferred tax assets (DTA) if those NOLs can be carried back to prior years
- Remeasure NOL DTAs for those expected to be carried back to a year before the federal rate change from 35% to 21%
- Ensure the balance sheet classification reflects when NOLs will likely be monetized

The Tax Cuts and Jobs Act (TCJA) of 2017 altered federal NOLs so those generated after 2017 could not be carried back but only forward indefinitely and limited NOL usage to 80% of taxable income for 2018 forward. The CARES Act eliminated the taxable income limitation and allows a five-year carryback of NOLs generated from 2018-2020. The five-year carryback will allow some taxpayers to utilize NOLs to offset income taxed at 35% compared to the current 21% federal income tax rate.

LEVERAGE INCREASED BUSINESS INTEREST EXPENSE LIMITATIONS

Relevant to companies impacted by the interest expense limitations in 2018 or 2019.

- Ensure the current year tax effects resulting from increased adjusted taxable income (ATI) are reflected in the current year annual effective tax rate while the effects of changes in the prior year ATI limitation are accounted for discretely in the interim period that includes the date of enactment

The TCJA expanded the applicability of the interest limitation rules, which limits a taxpayer's deductible interest expense to 30% of ATI. The CARES Act increased this limit to 50% for tax years beginning in 2019 and 2020.

ACCOUNTING AND TAX CONSIDERATIONS, *CONTINUED*

UNDERSTAND ACCELERATED USAGE OF ALTERNATIVE MINIMUM TAX CREDITS

Relevant for companies with AMT credit carry forwards

- Leverage the expedited ability to use AMT credits, which may reduce the need for the valuation allowances on all or some of the credit carryforwards
- Ensure the classification of the asset related to AMT credits reflects the company's expectation of when the credits will be utilized

Although the TCJA repealed corporate AMT effective for tax years beginning after 2017, AMT credits from prior years could be carried forward as refundable credits to tax years through 2021. The CARES Act accelerated companies' ability to receive refunds of AMT credits.

TAKE ADVANTAGE OF QUALIFIED IMPROVEMENT PROPERTY TECHNICAL CORRECTION

Relevant for companies that purchased certain improvement property in 2018 or 2019.

- Amend 2018 and 2019 returns claiming bonus depreciation and 15-year lives
- Discretely record the impact of the QIP technical correction on any position taken in a prior period in the interim period that includes the date of enactment. Consider the rate impact if additional deductions result in increased NOLs that can be utilized in 35% tax rate years.

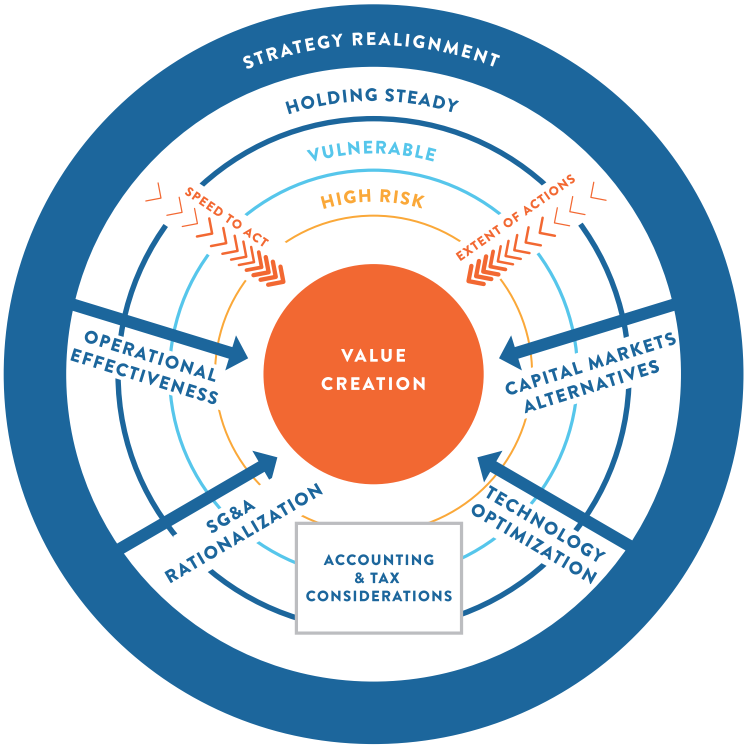
The TCJA excluded QIP property from 15-year property and removed several classifications in favor of one class of property, which was intended to be classified as 15-year property but the TCJA inadvertently failed to make this classification. The CARES Act corrected this, providing a 15 year recovery period for QIP, making it eligible for bonus depreciation.

HOW WE CAN HELP

Navigating the complex and ever-changing accounting and tax regulatory environment under normal circumstances can be difficult. In crisis, having accurate financial reporting that is reflective of a company's operations is even more critical and ensures that investors and stakeholders have the data they need to make informed decisions. Riveron helps companies with their financial reporting and technical accounting needs, and to understand and leverage the relief provided in the CARES Act. Since we do not provide audit, review, or compilation services, we are uniquely positioned to advise clients through the evolving accounting and regulatory environment without the limitations of traditional independence rules.

HOW WE CAN HELP NAVIGATE THE PATH FORWARD

With our deep industry expertise and experience guiding clients through stressful situations, our team is well positioned to help you define the path forward by realigning your strategy, implementing prioritized initiatives across the key value creation levers, and addressing the applicable accounting and tax considerations.



STRATEGY REALIGNMENT

- Initiative evaluation and prioritization
- Transformation management
- Action plan development and execution

OPERATIONAL EFFECTIVENESS	SG&A RATIONALIZATION	TECHNOLOGY OPTIMIZATION	CAPITAL MARKETS ALTERNATIVES
▶ S&OP development ▶ Supply chain optimization ▶ Third-party risk assessment ▶ Direct-cost takeout ▶ Business continuity planning	▶ Cost analysis and benchmarking ▶ Activity and organization rationalization ▶ Indirect-cost takeout	▶ Process and report automation ▶ Existing and new technology enablement ▶ Business continuity support ▶ IT spend rationalization	▶ Debt offering readiness ▶ Sell-side support ▶ SEC / SOX regulatory guidance ▶ Carve-out and separation strategy

ACCOUNTING & TAX CONSIDERATIONS

- Financial reporting
- Complex accounting matters
- Accounting for income taxes

WHY PARTNER WITH US?

CRISIS MANAGEMENT EXPERIENCE

We have years of experience working with companies during periods of distress, transition, separation, and restructuring to deliver meaningful change that enhances business.

HANDS-ON APPROACH

Beyond giving advice, we implement practical solutions that make an immediate impact while also looking ahead to prepare for lasting change.

AGILE TEAMS

We adapt our approach to meet our clients' dynamic needs, scaling teams throughout an engagement to stabilize, optimize, and help transform.

DEEP INDUSTRY EXPERTISE

Our teams are led by former operators, chief executives, and staff-level analysts from a broad range of industries. Our leaders can run everything ranging from hospitals, to automotive plants, to oilfield services companies.

BLENDING OF SKILLSETS

Our integrated teams bring a depth of knowledge and experience across finance, accounting, technology, operations, and M&A to achieve impactful results.

FOR MORE INFORMATION:

Reach out to your account lead or [contact us](#) for more information. For additional thought leadership related to the COVID-19 crisis, visit our [Insights page.](#)