

## Swoop Finance Limited - £5M Award

### Key Achievements to Date

- Launch of new virtual CFO where SMEs can access loans, grants, and investment as well as cut costs across utilities, banking, and FX resulting in £570m in finance raised and saved for UK SMEs.
- 71,723 funding applications received through the platform.
- 770 funding providers onboarded within the integrated marketplace including 4 new business current accounts onboarded during the last quarter.
- Launched white label of our funding marketplace with ICAEW with over 100 accountancy practices onboard to date
- Launched Grant Finder in partnership with NatWest that has had over 10,000 users to date.
- 187k SMEs utilising Swoop Virtual CFO marketplace.
- 15 new employees in the Midlands

### Assessment Period 7 (January 1<sup>st</sup>, 2021 – March 31<sup>st</sup>, 2021)

#### COMMITMENT 1

**Swoop is committed to supplementing the CIF award with an investment of £3.3m throughout the project.**

Swoop is on track with this commitment with over £2m invested to date.

#### COMMITMENT 2

**Swoop will further invest in its proprietary, cloud-based technology and API enabled platform to deliver a sophisticated all-in-one SME finance platform. This will include a fully integrated marketplace of lenders, grant agencies, equity investors and finance product providers. Where providers have APIs available, Swoop will integrate these into its platform to deliver real-time finance decisions to customers. Swoop will deliver this integrated marketplace by Q2 2020 and will continually add more finance provider APIs as they become available. This integrated marketplace will lead to increased demand and access to funding for SMEs. Swoop will onboard 540,000 SMEs (15% of the business current account market) with at least 270,000 SMEs applying for external finance generating £11.8 billion in financing secured for those SMEs by Q4 2023. Of these 270,000 SMEs:**

- **40,000 will apply for grants and/or R&D Tax Credits through Swoop generating £942m in money awarded to over 6,000 SMEs.**
- **200,000 will apply for debt finance through Swoop generating £9.9 billion in debt finance secured.**
- **30,000 will apply for equity finance generating £1 billion in money raised for 3,000 SMEs.**

Swoop is on track with this commitment having delivered its integrated marketplace in Q2 2020. It continues to develop the platform with five further APIs added this quarter, as well as the development and launch of an enhanced grants marketplace, which has significantly increased traction for grant applications.

- Over the quarter, the number of SMEs that engaged with Swoop's marketplace was 53,000 with a significant increase in engagement for grant applications. In six weeks, Swoop has had

over 10,000 SMEs engage for a grant with over 3,000 completed applications. Swoop is confident these numbers will continue to grow with increased awareness.

- SME loan applications continued to be strong due to the deadline date of March 31, 2021 for BBLs and CBILs resulting in over 29,000 applications and £149m secured.
- Equity investment continues to be slow to recover despite the increase in SMEs applying. However, there was a slight increase at quarter end due to the tax year deadline for SEIS/EIS investors. This resulted in £21m being secured.

### **COMMITMENT 3**

**Swoop will enhance its award-winning comparison and business intelligence tools to deliver AI based advisory features. Examples include monitoring spending habits and identifying the best providers based on usage; notifying customers when they can refinance to more favourable lending terms; automated reading of loan documentation; and real time monitoring of business performance against covenants. Expert help will be available whenever a customer needs support including virtual assistance, expert help on demand via video chat, and instant scheduling for an appointment with a specialist. Swoop will deliver these intelligent tools with the first feature release in Q2 2020.**

Swoop has met its commitment for the first release of these tools and continues to release improved features such as this quarter's smart notifications on interest free periods ending for CBILs and BBLs, as well as enhanced credit scoring information.

### **COMMITMENT 4**

**Swoop will build digital features that are beautifully designed, and secure to use. SME customers will be able to move effortlessly between finance products and accounts to manage their finances on the go. Swoop understands that many SMEs wish to manage their finances through mobile applications as well as online, so to support this, it will launch its mobile applications in H1 2020.**

Swoop launched its first mobile version in H1 2020 and continues to enhance the features and user experience of this first version. Swoop focused on its non-funding product pages and features in this quarter which has resulted in increased engagement and conversion of 20%.

### **COMMITMENT 5**

**Swoop will continue to work with all UK banks and CASS to deliver an end-to-end automated process for business current account opening to remove the hassle from BCA switching.**

Swoop is on track to achieve this commitment and added new banks this quarter. It welcomed back Lloyds and Bank of Scotland to the platform as they reopened for new business customers.

### **COMMITMENT 6**

**Swoop commits to helping UK SMEs save over £4bn FX charges - mainly on market spread charged by banks. Swoop will end this practice by analysing the bespoke cost to SMEs of making international payments with their banks. We will compare bank rates received with independent provider rates in real time via API integration and identify the best value option for our customers. SMEs will be able to open and manage an independent FX account within Swoop and will be able to take advantage of currency trend notifications. Swoop will assist 270,000 SMEs to move their FX to an independent provider generating £1.62 billion in savings by Q4 2023.**

Swoop is behind track in achieving the overall volume set out in this commitment as it needs to enhance the embedded FX solution within the platform to improve conversion. However, Swoop

continues to add value to SMEs looking to improve their FX costs with over 2,500 SMEs securing £2.48m in savings from switching or opening new international payment accounts.

#### **COMMITMENT 7**

**Swoop commits to helping SMEs reduce overdraft, unsecured loan rates, and bank fees by enabling SMEs to see the value of their account and easily switch away when rates are uncompetitive - overcharges are estimated at £650m pa. Swoop's virtual CFO will be continuously scanning the market for better rates and service and will automate switching for individual or all financial products.**

- **Swoop will assist 135,000 SMEs to either switch their business current account with an overdraft to a new provider, or replace with a better value invoice finance facility, generating £158m in savings.**
- **Swoop will assist 162,000 SMEs to open additional accounts to perform particular functions such as fast payments and deposits generating £243m in savings.**
- **216,000 SMEs will switch their utilities provider through Swoop generating £222m in savings.**
- **108,000 SMEs will move their business insurance provider through Swoop generating £47m in savings for those SMEs. These savings will be achieved across all categories by Q4 2023.**

Swoop is on track with this commitment and has delivered its virtual CFO product. Swoop has helped 9,769 UK SMEs secure over £20m in savings from banking, insurance, utilities and FX solutions. The backdrop of Bounce Back Loans over the last year has created a challenging environment in this space, as major banks have not taken on new banking customers, which has led to less SMEs switching and being able to access multi-bank products and their corresponding features. The NatWest bank's comparison tool was wound down at the end of February in line with the end to the Incentivised Switching Scheme. As a result, we expect to see a much bigger reduction in the number of SMEs switching bank accounts due to the end of this scheme. However, we still foresee growth in bank account numbers as SMEs continue to take a multi-bank approach to manage their banking operations in an optimal way through Swoop's main platform.

#### **COMMITMENT 8**

**Swoop commits to reducing the funding disparity between London and the rest of the UK particularly for equity finance. Swoop will deliver access and SAAS workflows for customers to not only be matched to investors but to build quality investor documents.**

Swoop is on track with this commitment. Swoop has seen a slight increase in equity activity over the last quarter as investors took advantage of SEIS and EIS investments being made in the UK in conjunction with the end of the financial year. However, Swoop is on track to deliver a more automated solution for both SMEs looking for finance and investors assessing potential deals. Swoop has continued to leverage its partnerships with Virgin Money and Microsoft to help early-stage businesses in the UK access equity funding solutions.

#### **COMMITMENT 9**

**Swoop will continue expanding the breadth and depth of its market network with funding and service providers. Swoop will onboard at least 90% of UK funding providers by H2 2020. This will include investors registered with the EIS Association and the BVCA as well as the regional and sectoral funds supported by the British Business Bank. Swoop will onboard all government grant schemes as set out by gov.uk. Swoop will onboard all UK bank loan products and at least 90% of all alternative finance providers as set out by the Peer-to-Peer Finance Association.**

Swoop is on track to meet this target and has continued to add new products and product lines this quarter. Swoop launched a new e-commerce marketplace product that went live on the website in March 2021, which brought a number of new funding partners to the platform for the first time. Swoop has also added new banking partners to the platform with Card One Money and Fair Everywhere recently joining the marketplace. Swoop has also set up a direct relationship with The Start-Up Loan Company to help new start-ups get access to the government backed Start-Up Loan scheme.

#### **COMMITMENT 10**

**Swoop will continue its collaborative approach to delivering innovation. It has identified seven UK SME tech partners to assist on this initiative. Swoop will engage with four of these partners in H2 2019 and three of these partners in H1 2020.**

Swoop has achieved this commitment and has continued to work with its scoring partner, Credit Passport, in developing a new integrating scoring system for SMEs within its platform.

#### **COMMITMENT 11**

**Swoop commits to building on its culture of diversity and inclusion as it grows its workforce by 50 in the Midlands. We are proud that Swoop is led by a female CEO, with a 49:51 gender workforce.**

Swoop continues to meet this commitment with 15 new team members added to the workforce. Over the last quarter, Swoop signed up to the Disability Confident Scheme and was awarded 'Committed' accreditation. This includes a number of commitments, including a commitment that potential employees who have a disability will be automatically invited to interview for a role at Swoop.