

iwoca Ltd (C) – £10m Award**Public Commitments Update – Q1 2023****Key Achievements to Date**

- We successfully onboarded two new OpenLending partners during Q1 2023, taking our total to date to 18
- We made good progress towards achieving our co-investment target, with our own funds invested to date now amounting to £11.7m
- A good quarter of OpenLending issuance resulted in £17m being originated via our OpenLending platform during Q1 2023, 16% of the total OpenLending issuance to date
- iwocaPay continued to increase quarterly transaction volume, which was up by more than 50% from Q4 2022

COMMITMENT 2: LAUNCH IWOCAPAY, A BETTER ALTERNATIVE TO FACTORING FOR SMALL BUSINESSES

70% of our customers have used our credit facility to finance the gap between issuing an invoice and receiving or making payment. By introducing iwocaPay, we will take our financing solution to where small businesses need it most: finance at the point of invoice. Through iwocaPay, we will alleviate the burden of late payments which impacts millions of UK SMEs.

iwocaPay creates a win-win credit service for small business sellers and buyers. It will provide SME sellers with the option to extend flexible payment terms to SME buyers while getting paid immediately. This means that iwocaPay enables buyers to choose the payment terms that work best for their cash flow, up to 90 days post invoice receipt, while guaranteeing prompt payment to the seller on a non-recourse basis.

We commit to making iwocaPay a more competitive and accessible alternative to factoring for SMEs and available on a 'single invoice' basis, maximising the product's flexibility. Having delivered iwocaPay in Q2 2020, by the end of 2023 we aim to have financed 20,000 transactions and will aim to fulfil our original commitment target of 40,000 by 2025 at the latest.

We are on track with this commitment. In Q1 2023, iwocaPay continued to grow, increasing transaction volume by more than 50% from the previous quarter - driven by new integrations and an increasingly diverse seller base.

COMMITMENT 3: CO-DEVELOP CUSTOMISED CREDIT PRODUCTS WITH XERO, THE UK'S LEADING SME ONLINE ACCOUNTING SOFTWARE PLATFORM

To bring finance to 463,000 Xero subscribers, with the support of the CIF, a joint development team of Xero and iwoca staff will research, prototype and pilot iwoca lending products for Xero. These customised products will be seamlessly embedded and accessible within Xero's interface and core customer journeys—a first for Xero.

Our shared aim is to deploy a competitive range of lending products that will be easily accessible by Xero's 463,000 SME subscribers by the end of Q3 2021.

We are partially on track with this commitment. We have already successfully delivered the commitment to embed iwoca finance in the Xero user interface, and customers can now complete an application, including providing all the financial information required, in a few clicks through Xero.

Xero is continuing to explore how best to market the product offering to customers and their accountants, and in the meantime relevant customers can access finance through the invoicing workflow screens within their account.

COMMITMENT 4: LAUNCH OPENLENDING TO FACILITATE THE EXPANSION OF SME FINANCING SOLUTIONS THROUGH THE ENTIRE ECOSYSTEM

We strongly believe in the benefits of a connected and cooperating marketplace. In fact, thousands of customers have reached us via bespoke API integrations with selected partners like Tide.

OpenBanking has been a game-changer for us and, looking ahead, we see a huge opportunity in OpenFinance—the most recent initiative by the Bank of England to establish a data standard and portable digital identity for SMEs.

In this spirit, with the support of the CIF, we will launch OpenLending, a self-serve platform that opens up our lending stack to the entire ecosystem of BCA providers, FinTechs, brokers, accountants and bookkeeping platforms.

We will establish a dedicated full stack team that will make OpenLending fully operational. We will build features that enable partners to customise products, such as term, price or commission. Through customisation, our partners will create and deliver a proliferation of new products that are relevant and accessible to their SME customers.

We launched OpenLending in 2020 and integrated 10 new partners including our pilot with Xero in 2021; by the end of 2023, we commit to having at least 25 new partners and aim to originate at least £175 million through OpenLending, whilst maintaining our original commitment to originate at least £400m through OpenLending by the end of 2025.

We are on track to deliver this commitment. During Q1 2023 we focused on improving our sandbox environment to make it easier for new and existing Open Lending partners to build and test their integrations. We worked on our sandbox infrastructure to give partners their own isolated non-production environment. We also worked on our staging driver to give partners the ability to change the state of a customer. These changes will allow partners to build and test their integration with minimal input from iwoca.

We continued to progress the development of API integrations with new partners, with another two partners going live during Q1. This now takes our total to 18 live partners, leaving us in a strong position to reach our target of 25 new partners by the end of 2023.

As of Q1 2023, we have now originated a total of £107m via our OpenLending platform, meaning an additional £17m was issued during Q1, 16% of the total OpenLending issuance to date.

COMMITMENT 5: DECENTRALISE TO BETTER SUPPORT OUR GEOGRAPHICALLY DIVERSE CUSTOMER BASE

Underpinning our commitments is our persistent dedication to service. As we grow and reach new SMEs, we must ensure new customers receive the same level of service we have provided since day one. To do this, we must grow and tap into talent pools beyond London.

We focus on serving all UK SMEs and 79% of our current customers reside outside of London.

To better serve our customers, we commit to opening a regional office in Glasgow, Edinburgh, Leeds or Bristol and hiring at least 50 staff by 2023. New staff will cover a range of roles, including developers, customer support and relationship managers.

We remain on track to deliver this commitment to create 50 new roles by the end of 2023. By the end of Q1 2023, we had created a total of 41 jobs to date.

COMMITMENT 6: MATCH BCR GRANT WITH AT LEAST £13 MILLION OF OUR OWN FUNDS

To demonstrate our shared responsibility and deliver on our commitments, we commit to provide at least £13 million of our own funds.

We are on track with this commitment and we will continue to uphold our commitment to invest an additional £13m of our own funds in addition to the CIF grant and remain intent to do so by the end of 2023. To date we have co-invested a total £11.7m of our own funds.