

## **iwoca Ltd (C) – £10m Award**

### **Public Commitments Update – Q2 2023**

#### **Key Achievements to Date**

- Total spend for Q2 2023 was £1.3m and we have now achieved our overall spend commitment of an additional £13m of our own funds being invested in addition to the CIF grant.
- We successfully onboarded three new OpenLending partners during Q1 2023, taking our total to date to 21.
- In Q2 2023, iwocaPay launched two new product upgrades and continues to serve a growing network of sellers, growing to over 650 unique sellers paid to date by the end of Q2 2023.
- A good quarter of OpenLending issuance resulted in £18.6m being originated via our OpenLending platform during Q2 2023, 14% of the total OpenLending issuance to date.

#### **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 remain on track to deliver this commitment, exemplified by cumulative iwocaPay transaction volume reaching over 19,000 transactions to date. In Q2 2023, iwocaPay launched two new product upgrades and continues to serve a growing network of sellers. The newest product upgrade makes it easier for buyers to access the terms they need. With the upgrades, iwocaPay buyers can now extend payment terms to 12 months and can open an iwocaPay account and get their spending limit for all their business purchases.

#### **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 remain on track to deliver this commitment and during Q2 2023 we focused resources on our sandbox infrastructure, as this is used by all partners who build an integration with us. We are aiming to improve speed, performance and ease of integration. This functionality will be released in Q3 2023. During the quarter we also released a new partner developer portal which has been tested by one partner so far and a 'sandbox driver' which saves iwoca significant time when helping new partners test the integrations they have built. We continued to progress the development of API integrations with new partners, with another three partners going live during Q2. This now takes our total to 21 live partners and we are in a strong position to reach our target of 25 new partners by the end of 2023.

As of Q2 2023, we have now originated a total of £126m via our OpenLending platform, meaning an additional £19m was issued during the period.

#### **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 and made two new hires into our Leeds team during Q2, which were backfill hires for people that had left. By the end of Q2 2023 we had created a total of 41 new jobs to date and remain intent to deliver this commitment to create 50 new roles by the end of 2023.

#### **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 pleased to confirm that we have now met this commitment during Q2 2023 to invest an additional £13m of our own funds in addition to the CIF grant.