The Growth Lending Guide for SMEs.

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Contents

Growth loans are an alternative source of funding for fast-growing small and medium-sized enterprises (SMEs). This is capital that can help your business to grow but does not require you to give up control of your company.

If you want to find out how growth lending can benefit your SME, this guide is for you.

1 How to use growth loans.

A growth loan is a financing option that requires only minimal dilution of equity ownership. It works particularly well for businesses that are growing fast and targeting key milestones that will trigger a higher valuation in a future equity round or help them to reach the IPO stage.

In this section, we discuss the benefits of using growth loans at different stages in the development of your business.

Businesses yet to break into profit

The critical challenge facing pre-profit businesses is bridging the funding gap before profitability or the next equity round without slowing growth or diluting owners' equity when the valuation of the business is lower.

Growth loans can be used to fund this gap and to support investment in areas such as:

- Operations, staff, sales and marketing;
- Working capital, including stock, trade debtors or seasonal working capital;
- Capital spending, research and development, equipment or software purchase.

Growing businesses that have reached break-even point

Reaching break-even point is a key achievement in the life of a business. The next challenge is to scale the company without harming its profitability. Entrepreneurs often need to delay growth initiatives or hold back from taking on new customers, even though these may offer profitability in the near future, because of cash constraints.

Growth loans can be used to fund needs including:

- Investment in operations, staff, sales and marketing;
- Working capital finance, including stock, trade debtors or seasonal working capital;
- Capital spending, research and development, equipment or software purchase;
- The launch of new products or services;
- Expansion into new locations and territories;
- Acquisitions;
- Investment in new facilities.

Established and steadily growing businesses

Established businesses may struggle to raise capital from banks even when they have scaled and are generating profits. This may be because the business has not been profitable for long enough or because it does not have enough assets on its balance sheet, or it may be that the bank feels uncomfortable with new markets.

Growth lenders invest earlier and in larger amounts than banks because they take into consideration the growth rate of a company rather than merely its history.

Growth loans can be used to fund:

- Investment before an IPO (capital spending, operational spending or working capital);
- Expansion into new countries;
- Acquisitions;
- Investment in new facilities;
- Management buy-outs.

2 Differences between growth loans and equity.

Here, we explain the differences between using equity and loans to grow a business, along with the advantages and disadvantages of both options.

	Growth loans	Growth equity
Equity dilution	From 2% to 10%; only realisable upon sale or IPO	From 10% to 50%
Control	No board seat or voting rights	Must agree with investors before making decisions
Security	Fixed and floating charge over all of the company's assets	None
Duration	Capital amortising: three to five years	Upon sale or IPO of the company: typically five to eight years
Guidance and advice	Limited	Strong
Time to raise funds	Two to three months	Six to 12 months

Advantages of growth loans

- Protect your equity: the dilution is minor compared with equity investment.
- Lower cost of capital: the cost of a loan is cheaper than the cost of equity for companies that are growing fast and building significant equity value (see case study, p5).
- Retain full control: the lender has no board seat, voting rights or role in running your firm.
- Faster process: you can launch growth initiatives more quickly and the borrowing process should be no more than a minor distraction to your management team.
- Interest costs: these are tax-deductible.

Disadvantages of growth loans

- Less cash on hand: loans must be paid back over a fixed period, whereas equity investment is not repaid, so you will have less cash available to expand your business.
- Strains on cash flow: this is one of the risks of taking on too large a loan.
- Paying back the investment: this must be done if the business fails.

Most businesses use both to expand

Combining a growth loan and equity gives your company more firepower at a reduced cost of capital; the task is to find the right balance between the two.

This is a matter of how much equity and control you are willing to give up and the level of loan repayments that your cash flow can sustain.

Equity and loan investors are usually keen to co-invest in early-stage businesses because they prefer companies to have access to various sources of financial support.

Case study

This case study shows how one company reduced the cost of capital by using a growth loan provided by BOOST&Co instead of equity.

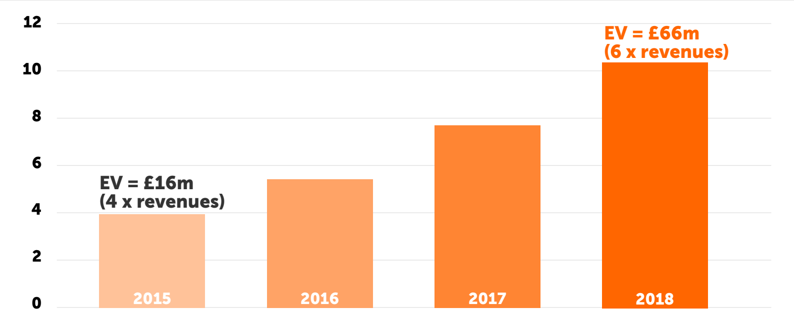
This software-as-a-service (SaaS) business sells products to firms in the Global 5,000 Companies (the largest businesses, by revenue, worldwide). It wanted to expand to the US and recruit additional staff for its sales team. BOOST&Co invested £3m to support the business as its team worked towards achieving these ambitions.

The business was valued at four times its revenues when BOOST&Co invested, with its management team aiming to increase this to a valuation of six times its revenues – an ambitious but achievable aim in the SaaS marketplace.

Company metrics

- Annual revenues: £4m
- Annual growth rate: 40%
- EBITDA: break-even
- Enterprise value (EV) at time of investment: £16m

Revenues (£m)



Terms of the financing

- Loan: £3m (£2m available upfront, £1m six months later)
- Duration: four years
- Monthly repayments: six months of interest-only payments, amortising thereafter
- Pricing: 11% interest rate; warrants worth 15% of the loan amount

BOOST&Co's debt solution vs equity investment

Equivalent equity option is 3.5 times more expensive

	BOOST&Co **Growth loan: £3m**	Equivalent investment **Equity: £3m**
Interest	£800,000	None
Equity dilution	3% *	16% **
Equity cost in 2018 (upon exit at £66m)	£1.4m	£7.4m
Total cost	**£2.2m**	**£7.4m**

* The equity kicker comprises warrants worth £450,000 – 15% of the loan amount. These warrants represent 3% of the company, based on a valuation of £16m.

** An equity investment of £3m at a pre-money valuation of £16m represents a 16% stake in the company.

3 Eligibility criteria.

Growth loans are better suited to fast-growing companies with established business models. In this section, we explain the key criteria that firms seeking to raise growth loans need to meet.

The five key criteria

1. Growth, growth, growth

A growth loan is an expensive financing option: it only makes sense if it helps you to build significant value in the company. In fact, the faster your business is growing, the more this option makes sense. This is one reason why growth loans can work well for technology companies and other innovative businesses.

The following growth rates indicate what firms need to be eligible:

- Pre-profit businesses – above 30% annual growth;
- Break-even businesses – above 20% annual growth;
- Established and steadily growing businesses – above 10% annual growth.

2. Proven business model

Growth loans are for companies with mature business models and established customer bases, where all the fundamentals to scale are in place.

- Growth lenders typically consider a business model to be proven when the company has achieved an annual revenue run-rate of around £3m.
- For businesses with good visibility of future revenues, the threshold may be as low as a run-rate of £2m a year.

3. Residual value

The residual value of a company is the value that can be extracted from the business in a downside scenario. Lenders prefer companies with a residual value equal to or in excess of the value of the loan they are seeking. A company with no residual value will struggle to raise loans; its risk profile is better suited to equity investment.

The assessment of a company's residual value relies on:

- What a third party would be willing to buy in a downside scenario. This might include long-term contracts, blue-chip customers, a recurring revenue base, intellectual property, technology or strong positioning in a niche market or specific country.
- Company assets that can be used as collateral to secure the loan: for example, fixed tangible assets, stock or accounts receivables that could be used by the lender to get its capital back.

4. Clean information

Growth lenders prefer to work with companies that have clean business information. This is a sign of a mature management team and facilitates a swift, smooth funding process.
For more details about the information you will need to prepare, see pp12-13.

5. Clear governance and corporate structure

Straightforward governance is crucial because it ensures a fast decision-making process for all the important matters in the life of the company. A clean corporate structure makes the funding process faster and easier.

Unsuitable for early-stage start-ups

The purpose of a growth loan is to help to scale a proven business, rather than to build one from scratch or support one while the business model is still to be determined.

Growth loans are not for companies with business models that are still moving or unproven. This includes pre-trading and pre-revenue-earning companies, as well as businesses with only a handful of customers. Most lenders will say that such firms should seek to raise equity instead.

If your business is too young for a growth loan but you are still looking to raise non-dilutive capital, other options include start-up loans, overdrafts and trade finance.

Correcting common misconceptions

Privately owned firms are eligible

Many funds and banks invest in early-stage companies only if they are backed by institutional equity investors. However, growth loans are also suitable for privately owned businesses, and there are a few providers – including BOOST&Co – that will invest.

Pre-profit firms are eligible

Businesses yet to break into profit are able to raise growth loans, provided there is a clear path to achieving profitability or to a future equity fundraising. Lenders look for a cash runway of at least 18 months.

Asset-light firms are eligible

Unlike bank loans, growth loans are available to businesses with no significant assets to use as collateral. Technology businesses, for example, are able to raise growth loans.

4 The terms a growth lender may offer.

Growth loans are structured as a standard loan together with an equity kicker. The loan is the debt part of the financing; the equity kicker is a small portion of your equity that is designed to align a growth lender with your growth strategy without incurring significant dilution. Here are the key terms you can expect to find in an offer of a growth loan.

From £1m to £10m – 100% customisable

- A growth lender will typically invest an amount between £1m and £10m, depending on the size and maturity of your business, as well as your funding needs.
- Most growth lenders will customise the loan, including the timing, to meet your company’s needs. For example, a business might borrow £5m, drawing down £1m initially and then drawing down the balance as it achieves milestones that have been defined with the lender. This enables greater flexibility and reduces the cost of capital.

Costs

- Interest rate: growth loans are priced at 8% to 12%, depending on the company’s maturity and its risk profile.

- Equity kicker: see below.
- Upfront fee: 1% to 2% of the loan amount, paid upfront.
- Transaction costs: legal costs of £20,000 to £30,000, depending on the complexity of the company's corporate structure.

Equity kicker

- An equity kicker is a tool that incentivises growth lenders to grow and protect the equity value of a business, thus encouraging you to take some risks to achieve this.
- Equity kickers are structured as warrant instruments. They give the lender an option to buy shares in the company in the future, at a price agreed upfront (usually the company's valuation at its most recent equity round).
- Warrants have a longer life than the life of the loan – typically 10 years.
- Most lenders only exercise their warrants on an exit event such as a sale or an IPO.
- Growth lenders ask for warrants worth 10% to 20% of the amount that is lent (see case study, p5).

Three to five years' duration

- Loans must be repaid over time. For growth loans, this is typically three to five years.
- In most cases, loans amortise through monthly or quarterly repayments.
- Growth loans are intended to help businesses grow, so lenders are keen to give the capital a chance to work before you begin to repay it. They may therefore offer a capital repayment holiday of a few months.

First-charge security

- The loan has a first charge over all the assets of the business. If the company is unable to repay the capital, the lender is entitled to impose some measures or to seize the assets of the business to get its capital back.
- No personal guarantees are required. Unlike bank loans, growth loans do not require directors of the company to provide these.

No board seat

- Growth lenders do not take seats on companies' boards. Their aim is to help your business to grow, rather than to tell you how to run it.
- Lenders may take observer seats to ensure that they know what happens in the firm.
- Lenders are professional investors, so they can provide guidance, mentoring and useful introductions, but only if you ask for help.

Covenant-light

- Growth loans are covenant-light compared with bank loans.
- You may be required to accept one or two covenants if a lender finds this useful in monitoring the business, but these will be looser than bank covenants.

Combining growth loans with cheaper financing

Overdraft facilities, invoice discounting, asset-based finance and leasing finance are financing options that are all cheaper than growth loans. It may make sense to use these alongside a growth loan to reduce the cost of capital, but you should take care not to overload your company with debt and to keep enough room in your asset base.

Lenders can find it hard to co-exist if a company is small and has limited assets. They have to share the security over the assets, so they would be less likely to collect all of their capital in a downside situation. For example, if a firm's assets are limited to £2m of accounts receivables financed with £1.8m of invoice discounting, growth lenders will feel uncomfortable about lending an additional £2m unless the case for investment is very strong.

In some cases, growth lenders will decide not to invest because they think the business has too much debt on its balance sheet. Alternatively, they may offer to refinance a company's existing debt to have first charge on the assets.

5 What gets growth lenders excited.

Businesses with certain characteristics are likely to find that growth lenders are especially enthusiastic about investing in them. The qualities outlined below are not essential, but they provide a flavour of the attributes in which lenders are particularly interested.

Strong momentum

Growth lenders like to invest in businesses that can show that trading is on the up. Lenders rely on companies' future growth, rather than their past performance, to service debt, so strong momentum gives them confidence that firms are capable of achieving this.

Scalable business

Growth lenders actively seek scalable business opportunities because these offer a risk profile that is well suited to growth loans. A scalable opportunity exists where a business is proven and successful, but needs additional resources to grow. For example, it may need to expand its sales team, invest in production capacity or offer a service in new locations.

From a growth lender's perspective, this is an opportunity for growth that presents controlled risk, because the company is simply doing more of what it is already good at.

Hot markets

Companies in hot markets are more likely to be successful. These markets attract equity financing as well as mergers and acquisitions, so businesses find it easier to scale and have a better chance of achieving a highly valued exit.

Companies that are active in hot markets can easily reach annual growth rates of 50% to 100%. Examples include:

- Businesses building leading positions in emerging markets;
- Businesses offering disruptive services in established markets.

High gross margins

High-gross-margin businesses are well suited to growth loans because they can service fixed repayments of debt more easily.

A high gross margin is often an indicator that a company delivers high-value-added services to its customers. This demonstrates the longevity of the business model and creates some headroom for lower margins if competition increases.

Lenders also like the fact that it is easier to support or save such companies in a downside scenario, because it is easier to act on overheads than on variable costs.

Recurring revenue streams

Growth lenders like business models with recurring revenues because companies scale faster when they have to win customers only once.

Recurring revenue streams are often predictable, which gives lenders visibility of firms' future cash flows and their ability to service debt. Businesses in this category include:

- Software-as-a-service enterprises;
- Businesses with long-term contracts (the backdrop is often a lengthy sales cycle, so companies need to demonstrate strong pipelines to support forecasts for growth);
- Low churn and good organic growth among existing customers.

Cash headroom

For growth lenders, cash is king. A business plan showing clear cash headroom will ensure that lenders are comfortable about a company's ability to service debt.

Asset-heavy business models

Downside protection is very important to growth lenders. It is easier to lend to businesses with tangible assets – such as property, stock or accounts receivables – that the lender rates as high-value collateral.

Specific situations that are attractive to growth lenders include:

- Funding equipment or hardware that is needed to accelerate growth;
- Funding stock that is needed to increase sales;
- Funding working capital where revenues are recognised ahead of receiving payments.

Customer diversification

Businesses with good customer diversification are considered to be well-proven models and less risky. In terms of customer concentration, expectations tend to be lower for companies with long sales cycles.

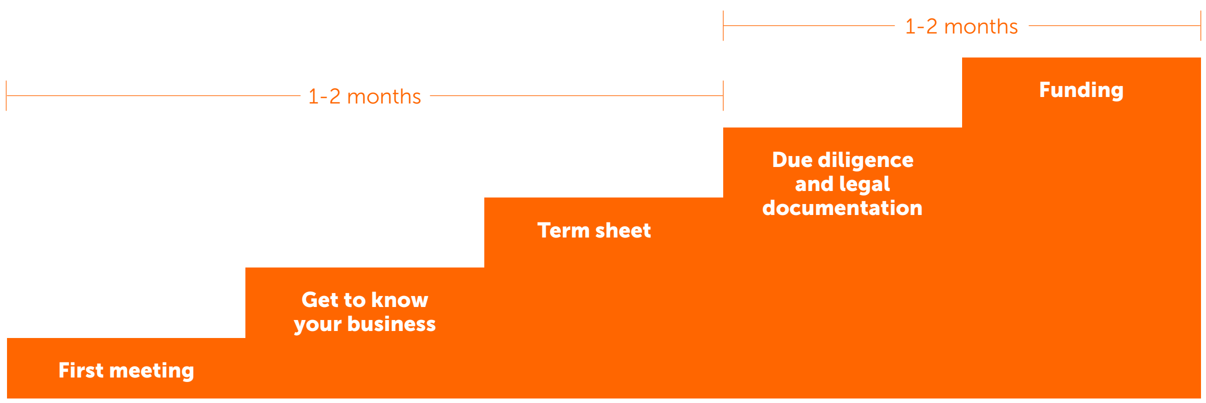
Effective management team

Growth lenders will challenge you to show that you have achieved your aims. This could prove vital for businesses that reach out to a growth lender six to 12 months before they are in a position to start the fundraising process.

There is a large upside to delivering on – or surpassing – your plans. Doing so is rare and lenders will give you credit for your ability to make accurate forecasts. This also gives them confidence in regard to your plans for growth.

6 The process: first meeting to funding.

This process takes two to three months (compared with three to six months for bank debt or six to 12 months for institutional equity). Your growth initiatives can kick off quickly, with no need to divert management time from the job of running the firm. Here, we explain the key steps.



- Explain the basics about your firm and why you need funding

- Meetings with management team and investors
- Information gathering
- On-site visit

- Formal offer of funding
- Negotiation of terms

- Financial due diligence
- Legal documents are drafted

- Occurs a day or two after legal documents are signed

Key steps

Information gathering

See preparation guide, pp12-13.

Term sheet

After getting to know your business, the growth lender issues a term sheet – a legally binding document that summarises the key terms of your agreement. If you receive a signed term sheet, the lender is keen to fund you; the likelihood of acquiring a loan is high.

Due diligence

The lender develops a more detailed understanding of your business and ensures that the information shared is accurate.

The main actions include:

- Financial due diligence: a third party assesses your historical accounts and analyses financial forecasts.
- Research into the market: growth lenders focus on this element in less detail than equity investors but still want to understand the key market dynamics.
- Customer references: the lender may talk to your customers, better to understand your product or service and how your business is positioned in the marketplace.
- Consultations with co-investors: the lender will talk to your equity investors if the company is backed by other institutional investors.

Legal documentation

Legal documentation typically includes three standard documents:

- Loan agreement: a contract between lender and borrower, regulating the loan facility.
- Debenture: this creates and acknowledges the liability of the company to the lender.
- Warrant instrument: this lists the terms and conditions of the equity kicker.

If you are using multiple sources of debt, you will also need:

- Inter-creditor agreement: this regulates the rights and ranking of two or more lenders.
- Subordination agreement: this makes the lien of one party junior or inferior to that of another party.

Legal documents are drafted by the lender's lawyers and revised by the company's lawyers. Most businesses use an external lawyer to advise on this part of the transaction.

What can go wrong

There are three reasons why an investor may pull out after signing a term sheet:

- Due diligence reveals a major deviation from the information that has been shared – for example, if a lender discovers that the business has overstated its financial performance or that the market dynamics are not as it has suggested.
- There is a lack of consensus in regard to the legal documents. These are standard documents that have been tried and tested in a number of transactions, and will largely consist of what has been agreed in the term sheet, so although there is room for negotiation, investors are likely to consider excessive delays unduly cumbersome.
- There is a large deviation from the financial forecasts made during the initial discussions. In this case, a lender may delay funding to establish realistic prospects for the company's growth.

Commitment from management team

The key people involved in the fundraising process are typically the chief executive and the chief financial officer.

The process usually requires:

- For two to three months: 20% of the chief executive's or the chief financial officer's time. This includes work on information-gathering, due diligence and legal documentation.
- For a few meetings: key staff. However, disruption is minimal.

A company with an in-house finance team may find the process easier, because key financial information is likely to be ready and of a better quality.

Most businesses do not take specialist external advice when raising growth loans, but there is nothing to stop you doing so. Growth lenders are used to dealing with young businesses and entrepreneurs who may be fundraising with institutional investors for the first time. They understand that the process may involve a learning curve.

7 What to prepare before raising growth loans.

High-quality information is the key to a swift process – and the better prepared you are, the more impressed investors will be. In this section, we explain how you should prepare to raise growth loans.

Basic information: what to prepare

Lenders need to understand your business, so they like to see the following information before they meet you for the first time:

- A presentation explaining your business model;
- Your accounts (audited or not) for the past three years;
- The most recent management accounts showing the company's trading;
- Financial forecasts for the next two to three years;
- A capitalisation table.

Clean, robust financial forecasts

Ideally, your financial forecasts will include separate forecasts (on a monthly basis) for profit and loss, cash flow and the company's balance sheet. Forecasts should be presented in Excel files, with no hard-coded numbers, so that investors can apply their own sensitivities.

Make sure that these are ready before you start to raise growth loans. This will accelerate the process, and it is important not to change your forecasts after it begins.

Growth lenders' expectations of financial forecasts are different to those of equity investors. They will expect to see:

- Fully funded business plan: this is required by lenders, regardless of your fundraising assumptions and the mix of debt and equity you plan to use. Cash balances must be positive and sufficient to service the debt at all times.
- Achievable forecasts: this means a plan that the company can execute with the funding it has available, and without being over-heroic. During the due diligence process and in the future, growth lenders will measure your performance against your business plan, so it is important to demonstrate consistency and the ability to forecast properly.
- Clear assumptions in regard to funding, key performance indicators, revenue build-up, working capital dynamics (e.g. debtors' days or stock) and costs, operating expenses and capital spending.

Growth lenders' key questions

You can expect lenders to ask certain questions, and you should have answers ready. They are likely to enquire about the following:

1. History

- The background to your business.

2. Business model

- What you are doing, and how;
- Who your customers are;
- Your unique selling proposition;
- Your strategy for growth.

3. Market analysis

- Estimate the size of the market;
- Identify key trends (for example, is the market emerging, consolidating or established?);
- Give a clear picture of the market's segments and where your firm is positioned;
- List your competitors and explain how you compete with them;
- Cite examples of recent transactions in the sector.

4. Management team

- The key people who work for the company;
- Their roles and backgrounds.

5. Funding history

- How much has been invested in the business;
- Who the owners of the company are.

6. Funding needs

- How much money you need;
- How the funding will be used;
- When you need to receive the funds;
- Whether your needs will be funded through loans or through a mix of loans and equity;
- What you think the funding round will enable you to achieve.

7. Downside protection and residual value

- Think about the levers that will ensure your business can service a loan in a low-growth scenario – for example, good visibility of future revenues, an ability to scale back your cost base and assets that can be sold to generate cash.

- Think about the residual value of your business (i.e. the value that could be extracted from the company in a downside scenario) – for example, what a third party would be willing to buy (e.g. long-term contracts, blue-chip customers, a recurring revenue base, intellectual property, technology or strong positioning in a niche market or in a particular country) or company assets (e.g. fixed tangible assets, stock or accounts receivables that could be used by the lender to get its capital back).

8. Exit strategy

- Are you working towards a trade sale, a sale to a private-equity house or an IPO?
- When are you aiming to achieve your target?

8 How to choose your growth lender.

Selecting a growth lender is an important process. The funding you acquire and your relationship with the lender will have a significant impact on your business over a period of time. In this section, we suggest four criteria to help you choose.

1. Someone who understands your business

It is crucial to work with investors who understand the upsides and downsides of your business, as well as the opportunities and the dangers you face.

You should be confident that the lender has accounted for these considerations and will be supportive when opportunities arise and understanding in more difficult times. Your lender should be prepared to work with you in all circumstances to find the right solutions.

An investor with a good understanding of your business is able to craft a funding solution that meets your needs. An investor who does not understand your company could set up an inappropriate funding pattern or covenants that you will not meet. These may create difficulties in the future.

2. Swift decision-making process

If you wish to change the terms of your facility or take action that requires your lender's consent, you need a quick decision that will give you clarity in regard to your options and will not disrupt your business.

3. Someone you will enjoy dealing with

Over time, most businesses deviate from their initial forecasts or encounter unforeseen circumstances. These may trigger tougher negotiations and more difficult decisions. You will find it easier to deal with these issues if you enjoy collaborating with your investors.

4. Someone who can introduce you to other investors

This is a very important characteristic for businesses that are privately owned. A lender should be a valuable source of introductions in the future, when you may want to sell part or all of your business.

9 What happens after funding.

After closing a funding round, you will be committed to working with a new partner for an extended period of time. Here, we explain what to expect from your relationship with a growth lender.

Three- to five-year partnership

Growth lenders are not as hands-on as equity investors, but you are still required to report to them on a regular basis over the life of the loan, which is likely to be three to five years.

There may be some tough moments along the way, especially for smaller businesses, so your lender's experience could prove invaluable. You are in for a long and sometimes rocky journey, so it is important to choose people with whom you will enjoy working.

Monthly monitoring

Growth lenders monitor the businesses in which they invest, using one-hour monthly meetings to keep up to date on the progress of these companies. They will also expect to be provided with regular information about the business, such as monthly management accounts and board packs.

When a company is unable to repay the debt

Finding solutions to problems

It is important to understand your obligations. Legally, if a business cannot make its repayments, its creditors can appoint an administrator. There will be negotiations about how the business can reorganise and whether it should continue trading.

In many cases, the parties agree for the business to continue trading, but aim to reduce its costs. In others, the company and its assets may be liquidated.

In practice, growth lenders work on solutions with the company's management team to help the business cope with its problems. Growth lenders are used to dealing with small businesses and know that the journey can be a rough ride.

They also have an equity kicker that incentivises them to protect the equity value of the business, rather than liquidating it.

How a growth lender can help

Growth lenders may consider a number of steps to support a struggling business:

- Injection of additional capital: if a company expects to secure new sources of capital in the near future or to collect cash from large customers, this extends its cash runway.
- Revised business plan: this may involve some restructuring and staff reorganisation.
- Consent to the release of security on assets: this enables them to be sold to raise cash.
- Help with raising equity finance.
- Rescheduling of debt: for example, by spacing out repayments.

When a lender takes softer measures than enforcing security, there is a cost. Depending on how bad the situation is and how much credit the lender gives to the management team, this might be structured as fees, higher interest rates or additional equity.

This is not about opportunism – growth lenders are not distressed investors – but it can be an important tool to ensure that the firm is incentivised to service the loan in a timely manner.

If you foresee difficulties in servicing the loan, talk to your lender at the earliest opportunity. Lenders will be more supportive if you ask for help as soon as possible: this will give them more time to develop an action plan, and they will appreciate your honesty. Growth lenders deal with such issues regularly and have an incentive to find a solution.

10 The products we offer.

We fund innovative businesses via four different products: term loans, venture debt and invoice financing, plus term loans under the government's Coronavirus Business Interruption Loan Scheme (CBILS). You can find full details on our website, but here, we outline the key aspects of each option.

Term loans

Term loans are designed to help your firm grow, based on the business model that has already brought you success. We trust your team and won't take a seat on your board.

We support UK SMEs where traditional lenders cannot: we are able to help loss-making, early-stage companies in exciting sectors that are ready to scale.

Our loans are tailored to your needs, and every application is assessed by people, not machines. The process is smooth and swift, with firms funded in as little as six weeks.

Size	From £1m to £10m
Interest	Typically 8% to 12%
Arrangement fee	1% to 3%
Term	Three to five years
Security	First-ranking fixed and floating charge on all assets

Venture debt

Venture debt is intended to help you achieve next-level growth. We are able to provide more capital, earlier in your development, than many banks.

We help you to scale your business and to achieve higher valuations. We don't take seats on your board; we trust you to deliver your business plan.

We have a preference for innovative businesses and can consider loss-making firms. Funding is provided swiftly and may be accessed in tranches, to suit your needs.

Size	From £2m to £10m
Interest	Typically 10% to 12%
Arrangement fee	1% to 2%
Term	One to four years
Security	First-ranking fixed and floating charge on all assets

Invoice financing

Our invoice financing facilities are designed for fast-growing firms, which can use them to release capital from their accounts receivables and get paid without delays.

We can provide facilities faster and earlier than many banks, taking into account your company's forecasts for growth. We typically advance up to 85% of receivables.

We can match or increase your existing credit limits, and can provide global facilities, including subsidiaries. These can also be combined with our other products.

Size	From £1m to £10m
Interest	Depends on size/AR profile
Arrangement fee	1% to 2%
Term	One to two years
Security	First-ranking fixed and floating charge on all assets

CBILS term loans

The government's CBILS scheme was set up to support businesses affected by the Covid-19 pandemic, but funding can be used to help firms thrive, not just survive.

Loans may be used to support working capital needs, maintain existing growth strategies or implement new projects, such as expanding or buying an existing UK firm.

We are able to consider companies in most sectors. The government guarantees 80% of each loan and can cover interest and fees for the first 12 months.

Size	From £750,000 to £5m*
Interest	Typically 8% to 12%
Arrangement fee	1.5%*
Term	Up to five years
Security	First-ranking fixed and floating charge on all assets

**Conditions apply – visit boostandco.com*

11 About BOOST&Co.

BOOST&Co is an independent asset manager specialising in growth lending solutions for innovative small and medium-sized enterprises (SMEs) in the UK.

Our funds come from large pension funds, as well as insurance companies. We have offices across the UK – in London, Manchester, Bristol and Cambridge – and in Cape Town.

We understand innovation and entrepreneurship, and we create funding solutions to help SMEs grow. We don’t have a fixed lending model: our loans are tailored to fit each company’s needs.

BOOST&Co is independent and thinks independently. This means that we only lend when we think the situation is right. We manage our own capital and make our own decisions.

Bristol
40 Berkeley Square, BS8 1HP

Cambridge
1st Floor, 50-60 Station Road, CB1 2JH

London
4th Floor, 15 Crinan Street, N1 9SQ

Manchester
10th Floor, Chancery Place,
50 Brown Street, M2 2JG

Our people

BOOST&Co is led by partners Lance Mysyrowicz and Sonia Powar. Our team is young and entrepreneurial. We have all left corporate jobs to work in an exciting and growing company – just like the ones we want to fund.

This is our business. We think that’s important because it helps us to understand the priorities of our fellow entrepreneurs. It also helps us to think clearly and carefully about which businesses to back.

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