



Espresso Capital
Venture Debt Financing | HQ: Toronto, ON, CAN | Founded: 2009

Specialties:

Tax Credit Financing, venture debt, SRED, SR&ED, financing, factoring, bridge, SaaS, Recurring revenue, capital efficiency, working capital, risk capital, and growth capital

“Obtaining the financing as easily as possible is a great benefit because it removes the distractions to running the business.....We decided to use Espresso mainly because the size of the SR&ED loan this year, and also because of their responsiveness and their professionalism in getting to that point” - Ray Smith, CFO, Recon Instruments

One of the biggest problems of the modern Canadian technology industry is the lack of financial funding. Raising venture capital has remained a constant challenge over the years.

Conventional bank financing is typically backed by liquidable tangible assets such as accounts receivables, inventory, equipment and real estate. However, many technology startups do not have much monetizable assets on their balance sheets, which prevented them to reach banks' underwriting requirements.

Espresso Capital provides innovative solutions to early and expansion stage technology companies. Since 2009, it has provided over 500 loans to over 250 companies. Their financing solutions bridge the gap between equity and traditional sources of debt financing. What Espresso Capital provides is fast, fairly priced and user friendly growth capital to help entrepreneurs and investors reach their strategic and financial objectives.

While it has provided \$120 million in loans to many aspiring entrepreneurs, Espresso's funds have generated returns of approximately 10% for its investors. Espresso's development of credit models and risk management analytics helps the firm to underwrite and manage their loans, which helps it to maintain a loan loss rate of approximately 2%.

Financing Options:

1. Recurring Revenue Financing (<https://vimeo.com/112938525>)

Designed specifically for SaaS and other subscription revenue companies seeking capital for expansion. Espresso Capital allows these firms to borrow up to six times of its monthly revenue. As firms' recurring revenues grow, their credit limits grow as well.

2. Tax Credit Financing (<https://vimeo.com/112939012>)

Designed for all stages of development of technology companies. Espresso Capital's financing counts as a form of flexible credit facility. Clients draw from it as they accrue tax credits, then pay it down when they receive their refunds.

3. Working Capital Financing

A fast solution for short-term cash flow needs. To help borrowers leverage their working capital assets to accelerate the cash flow cycle and ensure they have sufficient liquidity to operate and grow their businesses.



Reference:

Hutchins, W. (2016, May 19). *Espresso Capital's Newest Fund Attracts Income Investors to the Tech Ecosystem*. Retrieved from

<https://www.nacocanada.com/espresso-capitals-newest-fund-attracts-income-investors-to-the-tech-ecosystem/>