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Mobile Finance Collective

The Definitive Guide to Selecting a UA Financing Partner

2026 Edition

Preface: Why We Updated This Guide

When we published the first edition of this guide a year ago, cohort financing was still an emerging product, offered by a handful of lenders and unfamiliar to many founders. Twelve months on, the market looks very different. Cohort financing has become a mainstream option for mobile app and game studios, new lenders have entered the market, and founders have more choice than ever before. Yet there is still a surprising amount of uncertainty around how these products work, when to use them and whether they are the right solution in the first place.

A recurring theme within the Mobile Finance Collective community is that debt remains a new discipline for much of our industry, for founders and experienced CFOs alike. Until recently, technology businesses relied overwhelmingly on equity to finance growth, and finance teams are now evaluating increasingly sophisticated debt products without years of prior experience to draw on.

In preparing this edition, I interviewed eight finance leaders from across the MFC community. Between them they have used a broad range of financing products, across both games and subscription apps, and shared candidly what worked, what surprised them and what they wished they had known before signing. Those conversations, together with my own experiences building a lending business in this sector over 10 years have shaped the opinions throughout this guide. I'm grateful to everyone who contributed.

You'll notice we don't mention any lenders by name. The market now has numerous credible providers, and products, pricing and features evolve constantly. Every lender will tell you, in good faith, that their product fits your needs, but each starts from a product they're looking to sell. This guide starts from the problem you're trying to solve, and works backwards to the financing that fits it, helping you choose the right financing strategy before you engage with lenders at all.

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Why Studios Finance UA

It is worth quickly revisiting the primary reasons a mobile app or game studio would seek to finance user acquisition, and the conditions that ought to be in place before doing so. Several conditions should be satisfied before financing becomes a meaningful consideration.

The first is data. A studio needs sufficient cohort history for performance to constitute a reliable signal rather than an early indication. Lenders will expect to see it, and founders should be equally interested in it themselves. The second is positive unit economics (on a fully-loaded basis) where LTV comfortably exceeds CAC once all acquisition costs are accounted for, rather than the narrower direct-cost calculation that tends to flatter performance. This is the one precondition that allows no latitude. Where the underlying economics do not work, financing will not correct them; it will simply accelerate the losses.

The third is a credible basis for believing those economics will survive scale. A single strong cohort is not evidence that ten times the spend can be deployed at a comparable return. Acquisition costs inevitably rise as volume increases, owing to the auction dynamics that underpin the ad networks, and the rate at which this occurs varies by genre, competitive intensity and season. The relevant question is therefore not whether the economics work today, but whether they hold as spend increases.

Where these conditions are met, a studio is in a position to seek external financing for UA. There is, however, a further metric that merits attention before proceeding — one that does not qualify or disqualify a business, but instead shapes the entire financing decision: the ROAS breakeven period. This is the time taken for a cohort to repay the cost of its acquisition. For a hyper-casual title it may be a matter of days; for a subscription app or mid-core game it can extend to many months. This figure influences which financing structure is appropriate more than almost any other, and it is a theme we will return to throughout this guide, as it is among the most frequently overlooked considerations in the market.

It is worth carrying that number forward as you read. A studio reaching breakeven within weeks faces a materially different set of options from one that recovers its spend over eighteen months or more.

The ability to finance UA on a non-dilutive basis is, by now, well understood across most finance teams. The more consequential question is not whether to finance user acquisition, but which structure, at what true cost, and subject to what constraints. This is where studios most often err, and it is the question the remainder of this guide is designed to address.

The Financing Landscape

As noted in the preface, one of the most persistent sources of confusion in the market is the tendency to treat UA financing as a single product. It is more accurately understood as a category with a set of distinct structures, each financing a different scenario, underwritten in a different way, and suited to a different set of circumstances.

That distinction matters more than it might first appear. Much of the frustration finance teams encounter when raising capital stems from comparing products that are not in fact comparable. Weighing a facility that advances against next week's platform payout against one that finances the future revenue of users not yet acquired, as though the two were interchangeable. They are not, and the terms on which each is offered reflect the very different risks the lender is taking, and therefore effective costs of each one.

The four products below account for the overwhelming majority of the market, and are the ones examined in detail throughout this guide. Before turning to each in turn, it is worth seeing them side by side.

1

Cohort Financing

Finances the future revenue of users you are yet to acquire, repaid as a revenue share

2

Factoring & Receivables

Advances cash against platform payouts already owed eg Apple, Google, AppLovin

3

Venture Debt

A loan against the business as a whole, alongside VC investment and repaid on a fixed schedule

4

Private Credit

Structured facilities secured against a combination of cohort residuals, recurring revenue, receivables and IP

A note on terminology

In everyday gaming/app conversations, "UA financing" and "cohort financing" are often used interchangeably. It's easy to see why. Cohort financing is a product built specifically to fund user acquisition, and it's where most of the market's recent growth and innovation has occurred. But the terms are not synonymous. UA financing describes the goal — funding the acquisition of users — while cohort financing is just one particular structure for achieving it. This guide is concerned with HOW user acquisition is financed, and explores different instruments to achieve the goal.

The guide examines each of these products in turn. How it works, what it costs, and, most importantly, the circumstances in which it is the right tool.

We begin with cohort financing, the product most closely associated with funding user acquisition and the one where the market has evolved most quickly. From there we move to factoring and receivables financing, then to venture debt and private credit — structures that finance the wider business rather than the individual campaign, and which tend to become relevant as a studio scales.

A theme worth holding onto from the outset: no single one of these products is inherently better than the others.

Each solves a different problem. The task is not to find the cheapest product in the abstract, but the one that fits the specific thing you are trying to finance, and as we will see repeatedly, the horizon over which your users repay the cost of acquiring them.

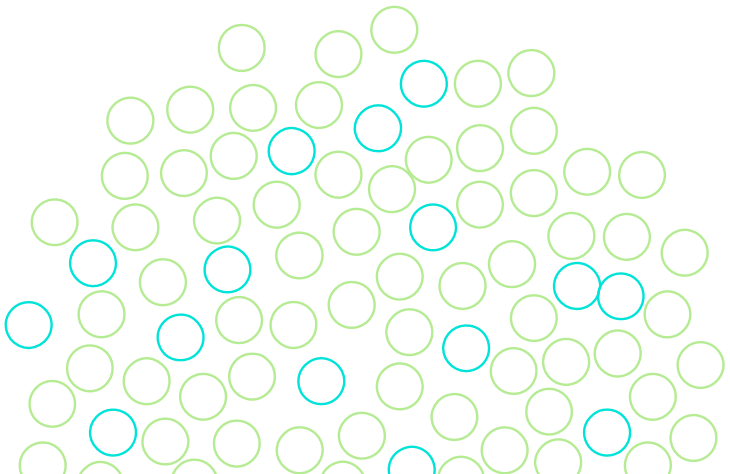
Cohort Financing

Cohort financing is best understood as a co-investment into future user cohorts, underwritten on the basis of historical cohort performance. Rather than lending against the business as a whole, or against revenue already earned, the lender examines how a studio's existing cohorts have performed over time and, on the strength of that data, advances a proportion of the cost of acquiring future cohorts. It recovers its capital and its return through an agreed share of the revenue those cohorts subsequently generate until the loan is paid off plus an agreed fee or interest charge.

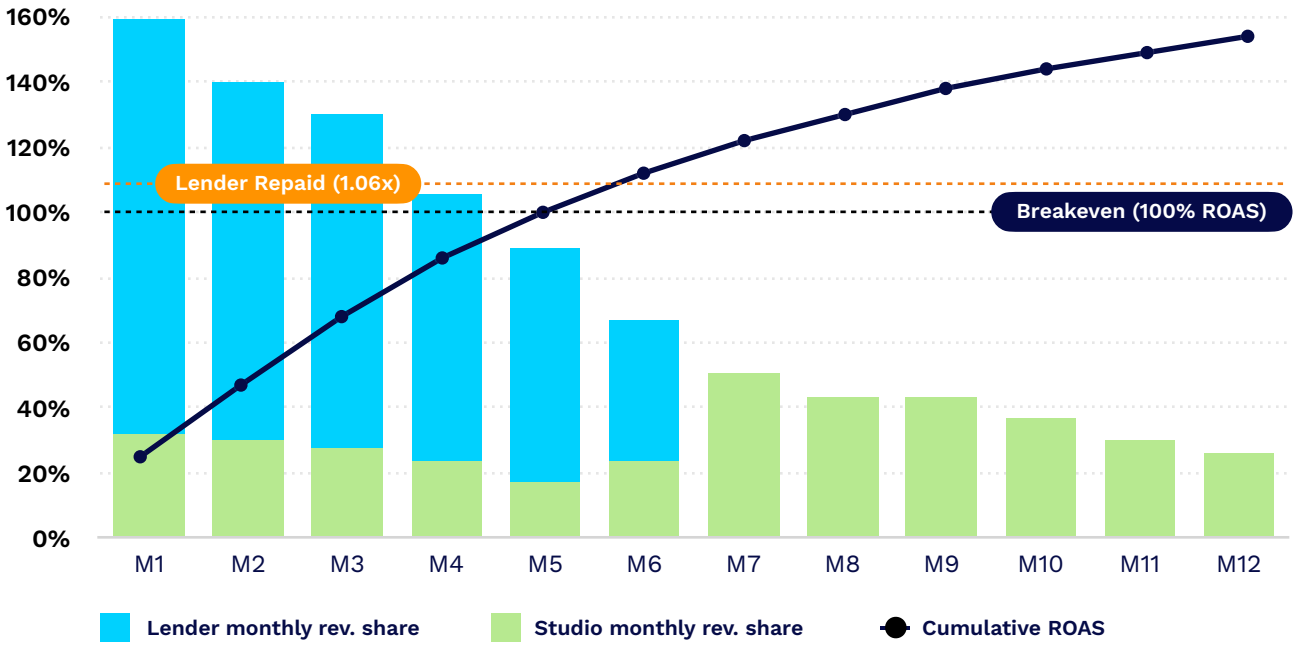
The distinction from a conventional loan is worth calling out, because it is the source of much of the product's appeal. The lender is not simply lending money and expecting repayment on a fixed schedule; it is taking a position in the performance of the cohorts it helps fund. If those cohorts monetise well, the lender is repaid quickly and earns its return. If they underperform, repayment slows down and, depending on the structure, the lender may absorb part of that shortfall.

The capital is tied to the asset it finances, which aligns the interests of both parties in a way that debt secured against the wider business does not, and where the real financial innovation lies.

In practice, the lender advances a share of the agreed marketing spend, commonly up to 80%, with the studio funding the remainder from its own reserves. So a studio planning to spend $1m acquiring a cohort might raise $800,000 from the lender and contribute $200,000 itself. This ratio is not fixed at 80/20; it varies by deal and by the strength of the underlying data. It is rarely more favourable than 80/20, which the market regards as something of a gold standard, and in our experience never falls below 50/50. Some structures also step the ratio up over the life of the facility as performance is demonstrated, beginning more conservatively and improving as the lender gains confidence in the cohorts.



As the cohort begins to monetise, revenue is split between the studio and the lender - normally in the same proportion as the original advance. The lender continues to take its share until it has recovered its capital plus an agreed return (either fixed fee or agreed interest rate). Crucially, that return is capped. Once the lender has been repaid to the agreed ceiling, its share ends, and the studio retains 100% of all subsequent revenue from that cohort. This cap is one of the product's strongest attractions in that the studio knows the maximum it will pay, and retains all of the long-tail upside once the lender is made whole without contingent liabilities thereafter.



The Northwind Scenario: Example Cohort Economics

Acquisition cost (CAC)	$100 (indexed)
Lifetime revenue (12 months)	152
Lifetime ROAS	152%
ROAS breakeven	Month 5
Lender advance	80% of CAC → $80
Studio contribution	20% of CAC → $20
Revenue share to lender	80% of monthly revenue
Pricing	6% fixed fee on amount advanced
Lender fully repaid	Month 6
Effective annualised rate	~24%

How the cost is expressed

The first, and historically the more common, is a fixed fee. The lender charges a flat percentage of the amount it advances, and that fee is fixed in cash terms regardless of how quickly or slowly the cohort repays. Northwind is offered a 6% fee on the financed amount: $80 is advanced, and $84.8 is repaid through the agreed revenue share. The cost is clear, expressed as a single number, and easy to reason about as the studio knows the exact dollar cost of the financing before it commits.

There is an important subtlety, however. A fixed fee is not an interest rate, and the two should not be read as though they were. Because the fee is charged once but the capital is repaid over a matter of months, the effective annualised cost is considerably higher than the headline fee suggests. On the Northwind cohort, a 6% fixed fee equates to an effective annualised interest rate of approximately 24%. The fee has not changed; it is simply being expressed on the annualised basis used to price every other form of credit, which is the only basis on which products can be meaningfully compared. We return to this calculation, and how to perform it yourself, in the chapter on comparing costs.

The second approach, increasingly adopted as the market has matured, is a variable repayment structure designed to achieve a target annualised return for the lender. Here the amount repaid flexes with the speed of repayment: a cohort that pays back quickly returns less in absolute terms, and one that pays back slowly returns more, such that the lender's annualised return lands at roughly the same level either way. This protects the lender against the compression effect described above. A fast repayment no longer inflates its effective rate and, for the studio, it means the cost of the financing is expressed from the outset in the terms that matter for comparison.

When it's useful

The suitability of cohort financing is determined, more than by anything else, by the payback profile of the cohorts being financed. This is where the ROAS breakeven period introduced at the outset becomes the decisive input.

Cohort financing is at its most effective across the medium-duration range — cohorts that repay their acquisition cost over a period of months rather than days or years. Northwind, our worked example, is typical: breakeven around month five, the lender repaid by month six, the studio holding a profitable cohort outright thereafter. Over this kind of horizon the mechanics work as intended. The lender carries the studio across the period before the cohort has paid for itself, takes its share as revenue arrives, and steps out once its capped return is met. The cost of the capital, measured properly, is meaningful but proportionate to the risk the lender is taking on an outcome that is not yet certain when the money comes back.

When it’s useful (contd.)

Where cohorts repay very quickly, in a matter of days or weeks, the calculation changes, and cohort financing is often the wrong tool. The reason is the one that runs through this guide: a fee charged once against capital that is outstanding only briefly produces a high effective annualised interest rate. A studio whose cohorts break even in three or four weeks is, in most cases, better served by financing its platform receivables directly, where the cost of short-duration capital can be considerably lower, provided that monetisation is via in-app purchase (IAP) or in app ads (IAA). With D2C/web payouts for example the receivable period is very short so no financeable assets really exists. Financing a two-week asset with a product designed for a six-month one rarely makes economic sense. We return to this concept in the chapter on factoring and receivables financing.

At the other end, where payback extends well beyond twelve months, cohort financing becomes harder to structure. The lender is being asked to underwrite outcomes further into the future, with all the additional uncertainty that carries at a corporate level as well as around the unit economics, and the pricing tends to reflect it. For these longer-duration profiles, the residual value in the cohorts and the wider recurring revenue of the business start to matter more than any single cohort's monetisation, and more structured facilities (covered later under private credit) often become the better fit if the quantums are sufficient.

Payback Profile	Payback Profile Suitability for Cohort Financing	Rationale
Short-duration (Days/Weeks)	Low	High effective annualised interest rate; better suited for factoring/ receivables financing.
Medium-duration (Months)	High	Effective fit; lender carries the studio through the breakeven period; mechanics work as intended.
Long-duration (>12 months)	Moderate/Hard	Difficult to structure due to uncertainty; longer-term facilities (e.g., private credit) often better.

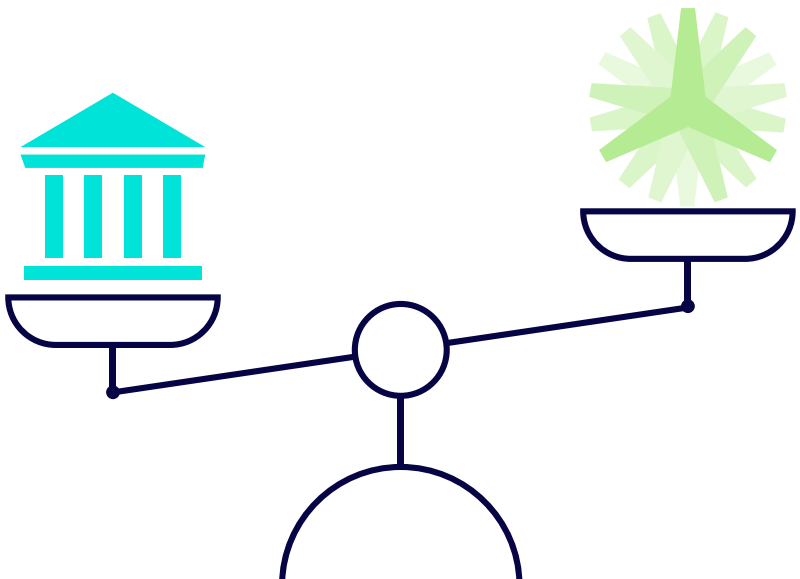
The leverage effect

Where the duration fits, the reason to use cohort financing rather than self-fund is straightforward: it multiplies the return on the studio's own capital, and it frees that capital to be used many times over.

Return to our Northwind example. Funding the entire $100 of acquisition cost from its own cash, the studio recovers $152 over the cohort's life, a 1.52x multiple on the capital it invested. Financed, the studio commits only $20 of its own money; after the lender has taken its share, the studio retains $67 across the life of the cohort. That is a 3.4x multiple on invested capital, against 1.5x unfinanced. The financing has more than doubled the return on the studio's own money, and it has done so at a cost of capital of roughly 24% - comfortably below the return the cohort itself generates.

The multiple on a single cohort, however, is not the real prize. The more consequential effect is that the studio's $20 is no longer tied up in one cohort. The same working capital can be deployed across several cohorts simultaneously, each one substantially funded by the lender. A studio with positive unit economics and limited cash is, in effect, able to run its acquisition engine at four or five times the scale its own balance sheet would allow. This is the mechanism by which cohort financing converts a working product into growth, and it is the clearest reason a studio would accept a ~24% annualised cost of capital to obtain it.

A necessary caveat: this arithmetic holds only while the unit economics hold. Leverage amplifies outcomes in both directions. The same structure that turns a 1.5x cohort into a 3.4x return on invested capital will magnify the damage if cohorts underperform expectations, where the allocation of that risk between studio and lender is where the various providers differ most.



Understanding the downside

Cohort financing is, at its best, a genuinely well-aligned product. The lender shares in the performance of the cohorts it funds, and when a studio's unit economics hold, both sides do well. That alignment is solid, and it is a large part of why the product has grown as quickly as it has.

It remains, however, a financing arrangement, and it is also worth understanding how these structures behave when cohorts underperform because the terms that govern the downside are where the products differ most, and where they are least well understood.

Most structures are underwritten against a benchmark reference cohort - an expected level of cohort performance the financing was priced against.

Where cohorts perform in line with, or ahead of, that benchmark, the arrangement proceeds as intended. Where they fall short, the terms are generally designed to protect the lender's return, and several things can follow.

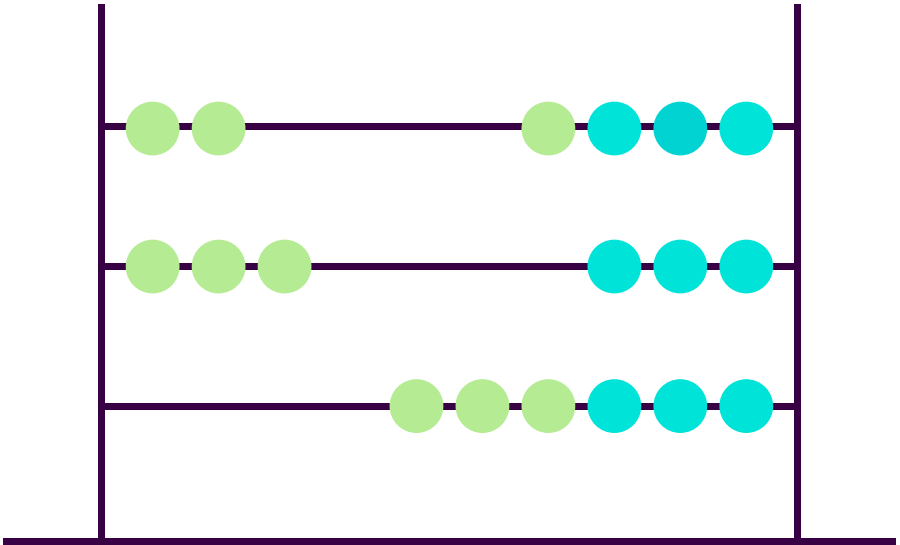
The lender's share of the underperforming cohort's revenue may increase, normally to 100% of that cohort's revenue, so that its capital is recovered more quickly and thus preserved. Where cohorts are pooled rather than financed in isolation, a shortfall on one may be recovered from the revenues of others. Further funding that the studio may have been relying on to acquire its next cohorts can be paused or withdrawn, so careful downside planning is required by the studio.

Recovery structure	How the lender is repaid	What it means for the studio
Isolated cohorts	Each cohort stands alone. If a financed cohort underperforms, the lender bears the shortfall on that cohort — there is no claim on the studio's other cohorts or revenue.	The cleanest transfer of risk. This is the version that matches the "shared risk" narrative most closely. Typically available only to larger studios with strong balance sheets and the biggest facilities.
Cross-collateralised cohorts	A shortfall on one financed cohort can be recovered from the revenues of the other financed cohorts. Recovery is pooled across the cohorts the lender has funded, but no further.	A reasonable middle ground, and the most common structure. The studio gives up clean per-cohort risk transfer, but the lender's claim still stops at the cohorts it actually financed.
Recourse to all revenue	Recovery extends beyond the financed cohorts to the studio's wider revenue stream, including cohorts and receivables the financing had nothing to do with.	The most aggressive form, and the closest to a conventional secured loan. The lender's downside is well protected; the studio retains little of the risk transfer that makes cohort financing distinctive.

Understanding the downside (contd.)

The important point for a finance team is that these mechanisms can operate at the same time, and at the worst possible moment. A studio that has built its working-capital plan around its share of cohort revenue continuing to arrive can find that share reduced precisely when performance is already disappointing — while the funding it expected for future cohorts is simultaneously curtailed. A product that looked like growth capital on the way in can, in a downside scenario, tighten liquidity rather than relieve it.

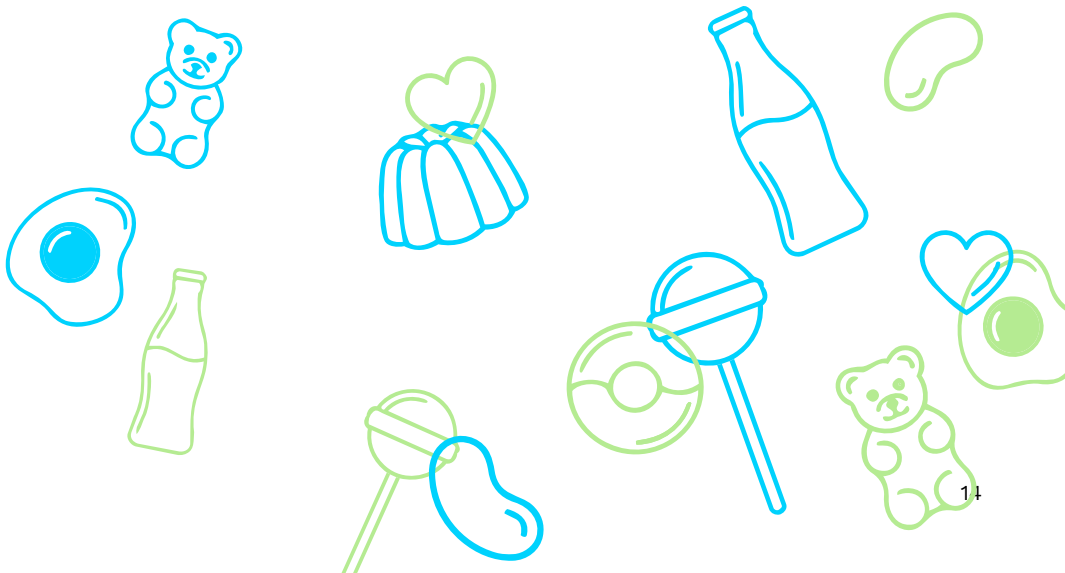
None of this makes cohort financing a poor choice. For the right studio, financing the right cohorts, it is often the best available option. But it does mean the downside deserves as much attention as the upside before signing. A studio should model the scenario in which its cohorts underperform expectations — not only the effect on returns, but the effect on its own cash position — and satisfy itself that it could continue to operate through it. The specific triggers, thresholds and remedies vary considerably from one lender to the next, and two offers that appear similar on their headline terms can behave very differently when performance falls short. It is worth understanding exactly how a given facility responds to a bad month before committing to it, rather than after.



Types of Cohort Lender

The providers competing to finance cohorts fall broadly into three camps, each approaching the product from a different starting point. The distinction is worth understanding, because where a lender has come from shapes how it underwrites, how quickly it can move, and how stable its capital is likely to be through cycles.

Camp	Who they are	Strengths	Watch-points
Pure Play Lender	Purpose-built lenders focused solely on cohort and UA financing	Deepest sector knowledge; most sophisticated underwriting and analytics; built for this	Range of size and funding stability varies. Worth understanding where their own capital comes from.
Embedded	Payment providers, ad networks and platforms offering financing alongside their core product	Fast to access, often integrated into tools you already use; low friction to start	Financing is not their main business; terms can be less flexible and the relationship less specialised
VC-turned-lender	Venture and crossover funds that have moved from equity into cohort financing	Comfortable with performance risk; can move quickly and think more like operators	Capital may be tied to fund cycles; appetite can shift with their own fundraising and strategy



Types of Cohort Lender (contd.)

Cohort lending can offer fantastic advantages to studios with the right criteria and unit economics, but there are also downsides that need to be clearly understood before entering into these agreements.

Pros

- Well suited to cohorts with some monetisation history and longer breakeven periods of roughly four to twelve months where there is enough data to underwrite against
- A powerful source of leverage: finances the bulk of acquisition cost, multiplying return on the studio's own capital and freeing it to fund more cohorts in parallel
- The lender shares in downside performance, taking real risk on cohorts that underperform
- Repayment flexes with cohort monetisation rather than following a fixed schedule

Cons

- Often the most expensive capital on an annualised basis, particularly on shorter-duration cohorts
- Revenue-share payments must be carefully modelled against working-capital needs, especially in a downside scenario
- Ongoing funding is typically uncommitted and can be paused or renegotiated if performance disappoints
- Funding can only be used to acquire new users, not deployed elsewhere in the business

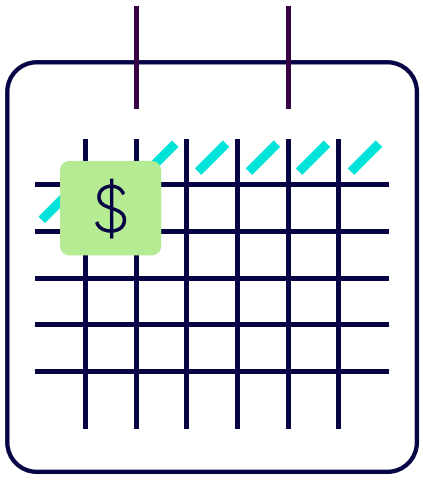
Financing Receivables

Where cohort financing advances against the future revenue of users not yet acquired, receivables financing does something more immediate: it advances cash against money the platforms already owe. An Apple, Google or AppLovin payout that has been earned but not yet paid is a receivable, and it can be financed — turning a payment due in thirty or sixty days into cash today.

This is the oldest idea in the guide. Factoring is essentially selling a future contracted payment to a lender at a discount in exchange for cash now. It has existed in one form or another for centuries. What has changed for mobile is the source of the receivable: instead of an invoice raised against a customer, it is a payout owed by a platform, verified through a digital billing system and verified via API reporting rather than a paper invoice.

The mechanics are straightforward. In a factoring arrangement, the lender advances a proportion of a known upcoming payout, normally 80 to 85% - for a fixed fee, then passes through the balance once the platform pays out. A receivables facility works on the same principle across a broader base: the lender lends against the pool of verified receivables owed to the studio, adjusting the amount available as that pool grows and shrinks.

Whether the provider is a bank or a specialist lender matters for pricing, advance rates and how the collateral is verified, but the underlying product is the same — cash today against revenue already earned. It is also possible to achieve a similar dynamic on an interest rate basis using a bank provided instrument called a borrowing-base line of credit which takes a pool of receivables as the collateral, not just factoring a single payment. This was offered widely by Silicon Valley Bank before its troubles in 2023, but is less prevalent now.



When it's useful

Receivables financing is the natural fit for short-duration payback UA. Where a studio's cohorts recover their acquisition cost in a matter of days or weeks, there is little reason to finance them with a product designed for a 4-12 month horizon. The revenue is arriving almost immediately and the lender is repaid.

What the studio needs is to bridge the short gap between spending on acquisition and the platform paying out, and to recycle its capital as quickly as possible. Financing the receivable does exactly that, usually at a lower cost than cohort financing, because the lender's money is at risk for a far shorter period and against revenue that is already substantially certain, with highly rated obligors standing behind the payouts.

This is the practical expression of matching the financing to the asset. A hyper-casual studio whose cohorts break even in days, and whose main constraint is simply the lag in platform payouts, is often better served financing its receivables than sharing the revenue of cohorts that will have paid for themselves before a cohort lender has been repaid. The shorter the payback, the stronger this logic becomes.

VELOCITY OF CAPITAL

There is one feature of a receivables facility that matters more than any other, and it is often overlooked when comparing offers: how frequently the facility can be accessed. The entire value of receivables financing lies in the speed at which capital can be recycled. In other words: drawn, deployed into acquisition, recovered when the platform pays, and drawn again. A facility that can be redrawn every seven days, or more frequently still, is a fundamentally more powerful instrument than one that can only be accessed monthly, even if the headline fee is identical. The difference compounds: capital that turns over four times a month does four times the work of capital that turns over once. For a studio running fast-payback cohorts, draw frequency is not a secondary term to be negotiated at the end — it is close to the whole point of the product, and it belongs near the top of the diligence list.

For this reason, two receivables facilities quoted at the same fee can differ enormously in what they actually deliver. The one that allows rapid, frequent access lets a studio run far more acquisition through the same pound of capital; the one that settles monthly leaves that capital idle for weeks at a time. When comparing receivables financing, the question is not only what it costs, but how quickly and how often it can be put back to work.

Reading the true cost

The same discipline that applies to cohort financing applies here, and for the same reason. Factoring is usually priced as a fixed fee, which is easy to understand in dollar terms but obscures the effective interest rate. Against short-dated receivables, that rate is higher than the headline fee suggests. A 2% fee on a payout due in thirty days is not a 2% cost of capital; expressed on an annualised basis it is closer to 24%. The fee is charged once, but the money is outstanding only briefly, and annualising it reveals the true rate. As always, the way to compare receivables financing against any other product is to bring its cost back to an effective annualised rate rather than accepting the fixed fee at face value.

There is a related point worth noting. Because factoring fees are fixed regardless of how long the payout takes to arrive, lenders tend to prefer receivables that pay out quickly, where their effective annualised return is highest, and are often less enthusiastic about platforms with longer payout terms. A studio whose receivables sit on the longer end may find the economics work in its favour, but should not assume every lender will be eager to fund them.

Pros

- Advances against revenue already earned, so lower risk and lower cost than financing future cohorts
- Can deploy capital rapidly (eg every 7 days) to enable rapid reinvestment into more UA
- Quick to arrange and operationally simple
- Fixed fee gives a clear dollar cost

Cons

- Advance rates are only partial. Typically 80–85% of the receivable
- Fixed fees can mask a high effective annualised rate on short-dated receivables
- Lenders may be reluctant to fund longer platform payout terms, where their return is lower
- Finances only revenue already earned. It does nothing to fund the acquisition of new users

Venture Debt

Venture debt occupies a different place in the capital structure from the products discussed so far. Where receivables and cohort financing are tied to specific assets such as a payout owed or a cohort acquired, venture debt is a loan against the business as a whole. It is provided by technology-focused banks and a number of specialist lenders, and it is almost always raised by venture-backed companies, typically alongside an equity round or shortly after one, frequently as a way of extending runway between rounds without taking further dilution.

Venture debt loans are normally structured as term loans. The company draws the full amount at the outset and repays it over the term in scheduled instalments of principal and interest, in the same way as a conventional business loan. Facilities commonly run three to five years, often with an interest-only period of around twelve months before amortisation begins. Providers usually charge arrangement and legal fees, and typically take equity warrants in the region of 0.25 to 2.5% of the company giving them additional upside if the business is sold or listed.

Using venture debt to fund UA

Because venture debt delivers a lump sum of capital, it is sometimes considered as a way of funding user acquisition. In practice the fit is usually poor, and the reason is duration.

Venture debt is a multi-year instrument repaid on a fixed schedule, regardless of how any individual cohort performs. User acquisition is a short to medium-duration activity whose returns arrive over weeks and months. Financing the second with the first creates a mismatch on both sides. Drawn upfront and deployed gradually into UA, the capital sits on the balance sheet earning little while accruing interest from day one — the company pays to borrow money it has not yet used. Deployed quickly instead, the fixed amortisation schedule takes no account of when cohorts actually return cash, so repayments can fall due before the UA they funded has monetised. Either way, the company carries the cost of the warrants, and the dilution that comes with them, on capital that a purpose-built UA instrument would have financed more cheaply and more flexibly.

Using venture debt to fund UA (contd.)

None of this makes venture debt a poor product. It is well suited to what it is designed for: providing a block of growth capital or extending runway at the level of the company, where a multi-year horizon is appropriate. It is the application to UA specifically that tends to disappoint due to a mismatch of duration of the instrument. A studio weighing venture debt against a facility tied to its actual UA metrics will usually find the latter a closer fit for financing acquisition, and may still find venture debt useful for what it does best: funding the business rather than the UA campaign.

Pros

- Provides a substantial block of capital at the level of the company, useful for extending runway between equity rounds
- Non-dilutive relative to equity, though usually accompanied by warrants
- Well suited to company-level financing needs where a multi-year horizon is appropriate
- Familiar, well-established instrument with a broad set of providers

Cons

- A poor structural fit for UA specifically — a multi-year, fixed-schedule instrument financing a short-to-medium-duration asset
- Drawn upfront, so capital can sit idle accruing interest before it is deployed into acquisition
- Fixed amortisation takes no account of when cohorts actually return cash, so repayments may fall due before the UA they funded has monetised
- Warrants further dilute founders, and the cost is carried on capital a purpose-built UA product would finance more cheaply
- Almost exclusively available to venture-backed companies

Private Credit

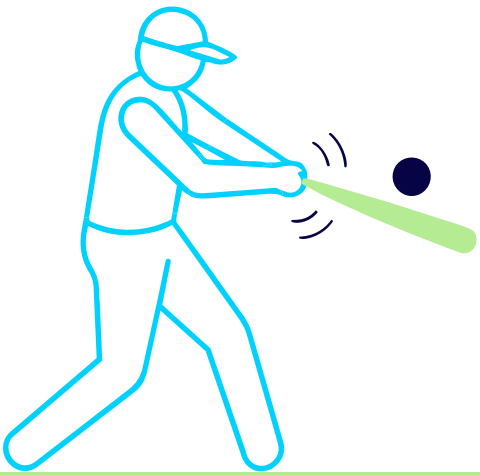
The products discussed so far finance activity: a payout owed, a cohort acquired, a campaign to be run. Private credit finances the business itself. It is the point at which financing stops being about the next cohort and starts being about the company as a whole, and it is where growth financing begins to resemble corporate financing.

There is no single moment at which a studio crosses into this territory, but the transition tends to announce itself in one of three ways.

The first, and most common, is simply outgrowing the products beneath it. A studio running cohort financing across a handful of titles, or a subscription business financing acquisition month by month, eventually reaches a scale at which financing cohort-by-cohort becomes operationally unwieldy and structurally limiting. The facilities that served the company at $20m of revenue can become a constraint at $80m. What the business needs is no longer a series of individual arrangements but a single facility sized to its overall cash generation and that treats the whole operation as the asset rather than each cohort in isolation.

The second is when the financing need becomes corporate rather than campaign-related. Acquiring a competitor, buying out a co-founder or early investor, refinancing several existing lenders into one facility, funding working capital across a portfolio of games, or providing liquidity to shareholders. None of these fit the shape of a cohort level UA financing product, because none of them is about acquiring users. They are financing events in the life of the company, and they call for an instrument built around the enterprise: its cash flows, its assets and its balance sheet.

The third is subtler, and specific to this industry. As a studio matures, the residual value in its live cohorts - the long monetisation tail that continues to generate revenue for months or years after acquisition - becomes substantial. This is the same tail that cohort financing hands entirely back to the studio once the lender has been repaid. At scale, that residual value, together with recurring revenue, receivables and the intellectual property of the games themselves, becomes an asset base a structured facility can lend against. The very durability that makes long-duration cohorts difficult to finance cohort-by-cohort is what makes them valuable as collateral for a facility structured around the enterprise.



Private Credit (contd.)

What these facilities look like

Private credit facilities are, by their nature, bespoke. Rather than a standard product with published advance rates, they are structured around the specific circumstances of the business — its revenue profile, the durability of its cohorts, the quality of its IP and its existing capital structure. Security is typically taken over a wider combination of assets:at the corporate level, like venture debt of a bank facility. Pricing, tenor and covenants are negotiated rather than quoted, and reflect the greater complexity and scale involved.

This flexibility is the point. A well-structured facility can do things no off-the-shelf product can, notably combining several financing needs into one arrangement, accommodating an unusual revenue profile, or providing capital for a purpose that sits outside the neat categories of UA financing altogether. It also, however, places a premium on structuring the facility correctly: the terms carry more weight, the interactions with existing facilities are more consequential, and the cost of getting the structure wrong is higher. This is the end of the market where the design of the financing matters as much as its headline cost.

A different kind of lender

The capital at this end of the market tends not to come from the familiar names in UA financing. These are typically larger private credit and private equity funds, and they approach a business differently from a specialist UA lender. Rather than advancing against cohorts or receivables on standardised terms, they underwrite the enterprise as a whole.

Pros

- Highly flexible. Structured to fit the specific situation rather than off-the-shelf terms
- Can combine several financing needs, or existing facilities, into one arrangement
- Unlocks capital for purposes outside UA financing altogether eg acquisitions, refinancing, shareholder liquidity

Cons

- Available only at scale. Not relevant to earlier-stage studios
- Bespoke by nature, so slower to arrange and more complex to negotiate
- Security typically taken over all company assets including IP

Security, Recourse & Covenants

Most founders come to debt with instincts formed by equity raises, but the two could hardly be more different in how they behave after the money arrives. An equity round closes and the transaction is, in a sense, complete: the capital is in, the cap table is updated, and there is no further performance owed to the investor beyond running the business well. Debt is not like this. The day the first drawdown lands is the beginning of an obligation, not the end of a raise. The terms that govern that obligation, rather than the headline rate, are what determine how the facility behaves over its life and what happens if things do not go to plan.

This chapter covers the concepts that sit beneath every financing arrangement: security, recourse, control and covenants. They are lending concepts, and they apply most visibly to conventional debt. But they apply to every product in this guide, including those that avoid the vocabulary. Cohort financing in particular is often presented as co-investment rather than lending, and the language of security and covenants is played down — yet the same underlying concepts are almost always present, operating under different names. A borrower who understands them can see past how a product is marketed to what it actually does, and can compare facilities on the basis of how they will really behave rather than how they are described.

Security

A facility is secured when the lender has a legal claim over specific assets such as receivables, IP, cash, or the assets of the business as a whole such that that it can enforce if the borrower defaults or becomes insolvent. Where several lenders are involved, that security has a ranking, determining who is repaid first. Security is usually formalised through a registered charge, lien or pledge describing the assets covered.

How this appears varies by product. Banks and venture debt providers take formal security, often over the whole company. Receivables lenders secure the receivables they finance. Cohort lenders frequently take no registered security at all, which is part of how the product is positioned but achieve much the same protection by other means: control of the revenue stream they are financing, and contractual prohibitions on the borrower taking on other debt or granting security to anyone else. The absence of a filed charge does not mean the absence of protection.

Security (contd.)

The point that most deserves a borrower's attention is what happens under the word "unsecured." An unsecured facility is not a consequence-free one. The lender still has a claim, and can still pursue the borrower — including, in the last resort, forcing an insolvency process to recover what it is owed. For a studio, the most valuable asset is usually the IP of the games or apps it operates, and it is worth understanding clearly whether, and how, that IP could be exposed if a facility cannot be repaid as expected.

Recourse

Recourse describes how far a lender can reach. A facility with recourse limited to a specific asset such as a defined pool of cohorts, allows the lender to look only to that asset for repayment. A full-recourse facility allows the lender to pursue the wider business and its other revenues if the financed asset falls short.

This is where a product's marketing and its mechanics can diverge, and where scrutiny by the borrower pays off. A facility presented as risk-sharing may still carry meaningful recourse; a claim of "non-recourse" is only as good as the precise definition of what the recourse is limited to. The recovery structures set out earlier in the cohort financing chapter from a claim confined to a single cohort, through cross-collateralisation across funded cohorts, to recourse against all of the studio's revenue — are recourse in action, and they illustrate how much the reach of a facility can vary even within a single product. The question to ask of any facility is not simply whether it is "recourse" or "non-recourse," but exactly what the lender can pursue, and under what circumstances.

Flow of Funds

Control of flow of funds is an operational concept with a credit consequence, and it is one of the terms most likely to unsettle a deal late in the process if it has not been understood early.

The question is “who receives the cash” when it’s paid out. Some lenders require the studio's platform revenues to flow through them, where the money moves from Apple or Google to the lender, which deducts what it is owed and passes on the balance. Others are content to let the studio collect as normal and simply meet its payment obligations when they fall due. Between these sit control-account arrangements, where the studio owns the collection account but the lender has the right to sweep funds from it.

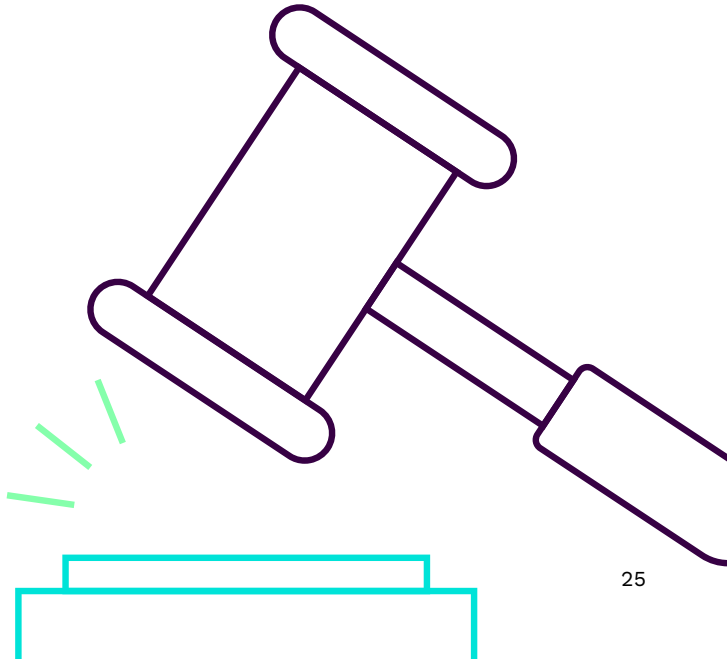
This matters for two reasons. The first is autonomy: a studio that relies on receiving its platform revenues directly to support its own bank reporting, or its borrowing base with another lender may find a requirement to reroute that cash through a lender genuinely disruptive. The second is cost. A lender that cannot control the flow of funds is taking more risk, and tends to price accordingly; retaining full control of your own receipts can come at a materially higher rate. The trade-off between autonomy and cost is a real one, and it is worth deciding where you stand on it before entering a process rather than discovering the cost of your preference midway through.

Covenants

Covenants are the ongoing conditions a borrower agrees to maintain for the life of a facility. They may be financial (minimum revenue or cash levels, performance ratios), reporting-related (what must be provided, and how often), or restrictive (prohibitions on further debt, on granting security, or on other actions that would affect the lender's position). Breaching a covenant can trigger consequences ranging from repricing to the withdrawal of further funding to an event of default.

As with the other concepts, covenants are present even where the word is avoided. Cohort financing's performance triggers — the reference-cohort thresholds, the shift to accelerated recovery when a cohort underperforms, the withdrawal of further funding — are covenants in economic substance, whatever they are called in the documentation. A performance test that changes the economics of the arrangement when it is breached is functionally a covenant, and should be read as one.

Restrictive covenants deserve particular attention because they shape a studio's future options. A prohibition on taking further debt, or on granting security to another lender, can constrain the next financing before it has even been contemplated — which is one of the ways facilities interact with one another, discussed below.



Questions Every CFO Should Ask

By this point the products are clear, and so is the discipline of comparing them on their true cost rather than their headline rate. What remains is the choice of provider and the most important thing to understand is that the cheapest quote is rarely the best decision. Two facilities priced within a percentage point of each other can behave entirely differently when your plans change or a month disappoints, and the difference is usually visible in advance, in the answers a lender gives to a handful of direct questions.

The questions below are the ones worth asking every provider. They are not primarily about price. They are about how a lender is funded, how flexible they can be, how they behave when performance dips, and how easily you can terminate. A good lender answers them openly and articulates its own terms clearly. Hesitation or vagueness on any of them is itself useful information and a provider that cannot clearly explain its own pricing or its own downside mechanics should be a red flag.

Certainty of Funding

Where does your capital come from, and how stable is it?	A lender funding from an established fund or permanent balance sheet is a different proposition from one deploying capital raised from less committed sources. The distinction matters because a lender dependent on external funding can have that its now funding curtailed for reasons that have nothing to do with your performance. If their liquidity dries up then yours will too, at precisely the moment you were relying on it.
How committed is the facility?	Establish whether the capital is genuinely committed or under what circumstances it can be paused, reduced or withdrawn. Funding you cannot depend on is difficult to build a growth plan around, and the answer tells you how much certainty you are actually buying.

Fit and flexibility

Does the facility grow as we grow?	A facility sized to today's business can become a constraint tomorrow. Understand whether, and how, it scales as your revenues and cohorts grow and whether doing so requires a fresh negotiation each time or is built into the structure.
How frequently can capital be drawn and repaid?	The speed at which a facility can be recycled is one of the most consequential and least discussed terms. Capital that can be redrawn weekly does far more work than capital settled monthly, even at the same headline cost. For any facility whose value depends on velocity, this question belongs near the top of the list.
Can we pause, increase or reduce funding? What happens if our plans change?	Flexibility is worth as much as price, and often more. A facility that flexes with the business through changing circumstances can create more value than a cheaper one that holds you to a rigid path, for example a structural shift in UA unit economics.

What happens when it goes wrong

How does the facility behave if we underperform?	This is the question that reveals whether the partnership language survives a bad month. Ask specifically what happens if you miss forecasts, if ROAS drops, if a launch slips, or if a platform suspends you. The mechanics matter enormously: does a single underperforming reference cohort put your entire funding pool at risk, or is the consequence contained to the cohort in question? The difference between a facility that isolates a problem and one that lets it cascade is the difference between a manageable setback and a liquidity crisis.
Can you share how you've handled underperformance with other borrowers?	A lender that has managed borrowers through difficulty and can talk about it credibly is telling you something reassuring. One that has no answer, or has never had a borrower underperform, is either very new or not being candid.

Getting out

What are the prepayment terms?	You can always repay a facility and move to another provider, but only on the terms you agreed, and the lender will hold you to them. Understand what it costs to exit early: prepayment fees, whether you must repay in full before arranging alternative financing, and whether the structure effectively locks you in for a period regardless of whether it still fits. These terms determine whether a facility that stops suiting you is a simple matter to leave or an expensive one, and they should be modelled before signing rather than discovered when you want out.

The provider behind the product

How long have you been operating, and who are your backers?	Longevity and the quality of a lender's own equity and debt investors are a reasonable proxy for stability and for how the lender is likely to behave under stress.
Will you provide references?	A provider willing to let you speak to existing borrowers is confident in those relationships. Take up the offer, and ask those borrowers the same questions about flexibility and downside behaviour that you are asking the lender.
Are you regulated?	Regulated lenders are subject to external scrutiny and reporting obligations that unregulated ones are not. It is not disqualifying to be unregulated, but it is worth knowing which you are dealing with.
What do you add beyond capital?	The best financing relationships bring more than money. Sector knowledge, useful introductions, a view on the market drawn from a portfolio of comparable businesses. It is worth understanding what, if anything, a provider offers beyond the facility itself.

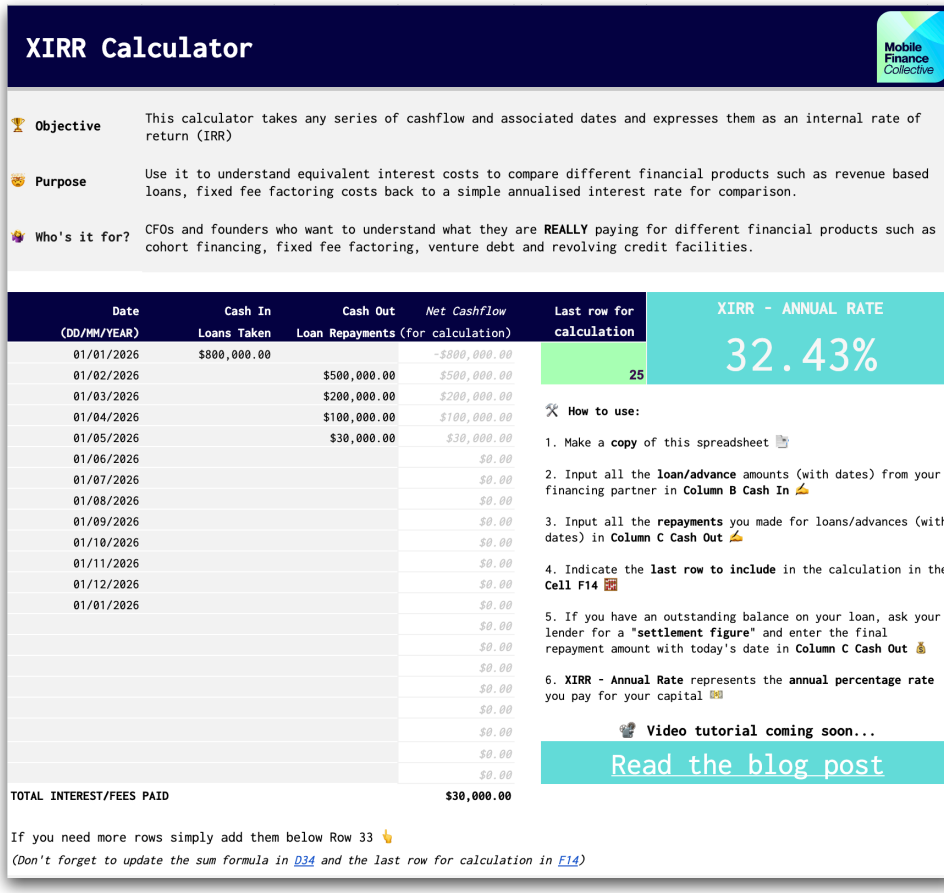
Comparing Costs

Every product in this guide can be reduced to a single, comparable number: the effective annualised rate it charges for capital. This is the only basis on which financing structures with different shapes: Fixed fees, revenue shares, interest rates, warrants etc can be compared on a level playing field. A headline fee, a discount rate and an interest rate are not the same thing, and lined up against one another as quoted they mislead more than they inform.

The mechanism for bringing them onto common ground is the **IRR (Internal Rate of Return)**. Any series of dated cash flows money advanced, money repaid resolves to a single annualised rate that accounts for both the amounts and their timing. Capital going out is treated as negative, capital coming back as positive, and the dates matter as much as the sums.

Applied to our Northwind example, the worked example used earlier this guide, a 6% fixed fee on the financed amount, repaid through the revenue share over roughly six months, resolves to an effective annualised rate of approximately 24%. The fee has not changed; it has simply been expressed on the basis every other form of credit uses. The MFC XIRR calculator will perform this calculation on any set of cash flows you enter and help you establish a true cost of capital for comparison, although always keep in mind that price is only one component alongside capacity, speed and flexibility.

https://mobfin.co/xirr



XIRR Calculator

Mobile Finance Collective

🏆 Objective — This calculator takes any series of cashflow and associated dates and expresses them as an internal rate of return (IRR)

🤯 Purpose — Use it to understand equivalent interest costs to compare different financial products such as revenue based loans, fixed fee factoring costs back to a simple annualised interest rate for comparison.

🧛 Who's it for? — CFOs and founders who want to understand what they are **REALLY** paying for different financial products such as cohort financing, fixed fee factoring, venture debt and revolving credit facilities.

Date (DD/MM/YEAR)	Cash In Loans Taken	Cash Out Loan Repayments	*Net Cashflow* (for calculation)
01/01/2026	$800,000.00		-$800,000.00
01/02/2026		$500,000.00	$500,000.00
01/03/2026		$200,000.00	$200,000.00
01/04/2026		$100,000.00	$100,000.00
01/05/2026		$30,000.00	$30,000.00
01/06/2026			$0.00
01/07/2026			$0.00
01/08/2026			$0.00
01/09/2026			$0.00
01/10/2026			$0.00
01/11/2026			$0.00
01/12/2026			$0.00
01/01/2026			$0.00
			$0.00
			$0.00
			$0.00
			$0.00
			$0.00
			$0.00
			$0.00
			$0.00
TOTAL INTEREST/FEES PAID			$30,000.00

Last row for calculation: 25

XIRR - ANNUAL RATE: 32.43%

🛠️ How to use:

1. Make a **copy** of this spreadsheet 📄
2. Input all the **loan/advance** amounts (with dates) from your financing partner in **Column B Cash In** ✍️
3. Input all the **repayments** you made for loans/advances (with dates) in **Column C Cash Out** ✍️
4. Indicate the **last row to include** in the calculation in the **Cell F14** 🧱
5. If you have an outstanding balance on your loan, ask your lender for a "**settlement figure**" and enter the final repayment amount with today's date in **Column C Cash Out** 💰
6. **XIRR - Annual Rate** represents the **annual percentage rate** you pay for your capital 💷

🐿️ **Video tutorial coming soon...**

Read the blog post

If you need more rows simply add them below Row 33 👆

(Don't forget to update the sum formula in D34 and the last row for calculation in F14)

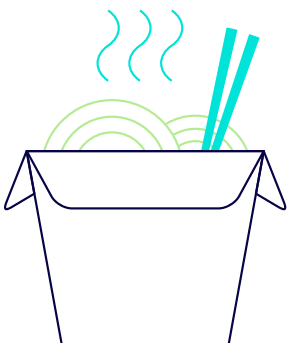
Key Takeaways

If this guide leaves you with nothing else, let it be these principles. They are the distillation of everything that precedes them, and they hold regardless of which products exist in the market or what they happen to be called.

There is no single best financing product.
The right structure depends on what is being financed, over what horizon, and on the objectives and circumstances of the business. A product that is ideal for one studio can be entirely wrong for another, and the same product can be right for a company at one stage and wrong at the next. Approach the market looking for the best fit, not the best product.

Duration determines almost everything.
The payback profile of the cohorts being financed is the single most important input to the decision. It governs which products are appropriate, and it drives the true cost of capital more than any headline number. A fee that looks cheap over a long horizon is expensive over a short one. Understand your ROAS breakeven period before you do anything else, and carry it into every conversation.

Compare cost properly.
A fixed fee, a revenue share and an interest rate cannot be compared as quoted. Bring every option back to an effective annualised rate using an IRR calculation, and confirm the compounding convention so you are comparing like with like. The headline number is frequently the least informative thing about a facility.



Flexibility is worth as much as price.
The cheapest facility on paper can prove the most expensive in practice if it constrains the business when flexibility matters most. How quickly capital can be recycled, whether funding is committed, how the facility behaves when performance dips, and how easily you can leave. None of these appears in the headline rate, yet each can outweigh it.

Understand the downside before you sign.
Every facility, however it is marketed, is designed to ensure the capital is returned to the lender. Know what happens if cohorts underperform: whether a single weak cohort is contained or puts your wider funding at risk, what control a lender takes over your cash, and what it would cost to exit. Model the bad scenarios, not just the good ones!

Debt is an obligation, not an event.
Unlike equity, a credit facility does not close and disappear. It has to be serviced, reported on and complied with for its entire life, and that requires financial organisation many studios have never previously needed. Plan for who is going to do this, and make sure it's done in a timely way.

Competition creates opportunity
There are more credible providers than ever before, especially across cohort financing. That gives borrowers real choice, and with it the ability, and the responsibility, to compare structures carefully rather than accepting the first proposal. The work of choosing well has never mattered more, nor been better rewarded.

About Pollen Capital

Pollen Capital is an independent debt advisory firm working exclusively with the mobile app and gaming industry. We help founders and finance teams navigate an increasingly complex financing landscape and raise capital on the right terms, from the right partners, for the right reasons.

We are not a lender. We provide no capital ourselves and have no financing product to sell. That independence is the foundation of how we work: our only interest is in the structure that best fits your business. Whether that proves to be receivables financing, cohort financing, venture debt, a structured private credit facility, or the conclusion that debt is not the right answer at all.

Our perspective is grounded in having operated on the other side of the table. Pollen Capital's work draws on direct experience of how these products are built, underwritten and priced by lenders — not only how they are experienced by the borrowers who use them. It is this combination, informed by the collective insight of the mobile app and gaming finance community, that shapes the advice we give.

The financing decisions described in this guide are rarely simple, and the cost of getting them wrong — both in headline terms and in the terms that never appear on a rate sheet — can be considerable. Where an experienced, independent adviser alongside you would help, we would be glad to talk.

https://pollencapital.com