

## Previs Ltd – £2.5m Award

### Key Achievements to Date

- Continued to make good progress with the Good Business Pays campaign in Q4 2021 experiencing very high levels of SME engagement with the number of users engaging and coming forward with their support growing to over 54,000.
- We are seeing good traction with suppliers that have identified a current need and our InstantFinance solutions are now available to over 5,200 SMEs.
- Over £8,700,000 has been advanced to SMEs through an InstantFinance underwritten product to date.
- The tools and data available as part of the SmartData initiative have been refined so that it is now even easier to compare how payment practices create a need for better financing solutions for SMEs.
- We have introduced extensions to our current capability which, through discrete targeting, have allowed us to increase the availability of our solutions by 53% across Q4 2021. This has further helped to identify specific niches that would benefit from our solutions, which we plan to pursue over the coming months.
- During Q4 2021, we enhanced and improved upon the autotrial features of our InstantFinance product that allows SMEs to try the early invoice payment service with minimal effort.
- We have designed the specification for enhanced/additional methods of how we ingest and then analyze data via our InstantFinance data infrastructure. Work has started on selecting and testing these new components and will continue into Q1 2022.
- We have continued our research and development efforts with regard to ensuring that our risk profiling and scoring mechanisms are as comprehensive as possible.

### Assessment Period 5 (September 1<sup>st</sup>, 2021 – November 30<sup>th</sup>, 2021)

#### **COMMITMENT 1 – We will increase the availability of InstantFinance products to 50,000 SMEs who trade with large corporates by December 2022**

- 1. InstantFinance products will be made available to SMEs of all sizes.**
- 2. The pricing of InstantFinance products will be equal to or better than overdraft pricing and will be significantly better than invoice finance products.**

We are on track to meet this commitment.

We have introduced extensions to our current capability which, through discrete targeting, have allowed us to increase the availability of our solutions by 53% across the reporting period. This has further helped to identify specific niches that would benefit from our solutions, which we plan to pursue in reporting Q1 2022.

Partnerships are currently being progressed which we expect to extend availability via discrete channels later this year and into 2022.

Despite all of the success, we remain cautious with this commitment as recent history has shown that predicting the impact of Covid development on SME working capital finance demand and available funding is a challenging exercise.

#### **COMMITMENT 2 – We will lend £100m+ to SMEs by December 2022**

- 1. By December 2022 we will have built an InstantFinance-enabled outstanding lending book to SMEs of £100m+, providing funding for over £1bn in SME orders and invoices per annum.**

We are currently not on track to meet this commitment due to the challenging environment, however, we are working on a variety of approaches and will do everything we can to deliver on our business plan.

Our SME engagement approach to date has been very broad, however in an economic period dominated by free / low cost government backed working capital finance and historically high overdraft headroom (for those SMEs who have retained access to their overdrafts) it is not been a highly effective approach at focusing marketing expenditure on those SMEs who actually need additional working capital beyond the previously mentioned facilities.

Over the coming months we will undertake a series of tests to evaluate whether a more discrete channel approach to origination would be more effective, to ensure we are delivering maximum value from BCR funding.

The amount advanced through an InstantFinance underwritten product has more than doubled in the period with £8,700,000 now provided to SMEs. This is a significant step change but we continue to feel the effects of the global pandemic and the impact it has had on the financial needs of SMEs with government financial support programmes that have been put in place and economic activity depressed.

### **COMMITMENT 3 – We will invest in the scalability, accessibility and usability of data-driven financing products for UK SMEs**

- 1. The most common UK bookkeeping services will be integrated to enhance data analysis by June 2021.**
- 2. We will create standardised ERP data extraction plugins for the 5 most common corporate ERP systems to minimise the cost of connecting corporate data sources, the first will be released in January 2021 with the other 4 launching every 3 months thereafter.**
- 3. Automated onboarding and improved usability for SMEs through a new portal and reconciliation tools will be available to users within 9 months from receipt of grant.**

We are on track to meet these commitments and all deliverables are on or ahead of plan.

To date we have made significant progress towards completing the various deliverables under this commitment -

1. We have now completed our integration with Codat which allows our customers to connect their data from all of the most common UK bookkeeping services.
2. We have delivered 2 out of the 5 ERP integrations we committed to and are actively developing the 3rd for the Ariba platform and will complete the remaining 2 over the course of 2022.
3. We have released the SME portal and InstantView with new Select & Pulse features that allows SMEs to take more control over their payments.

### **Some highlights delivered over Q4 2021 are noted below -**

1. Enhanced and improved upon the autotrial features of our InstantFinance product that allows SMEs to try the early invoice payment service with minimal effort.
2. Progressed work on the 3rd ERP for SAP Ariba which is going well. We expect this to be delivered by January 2022.

3. We have designed the specification for enhanced/additional methods of how we ingest and then analyze data via our InstantFinance data infrastructure. Work has started on selecting and testing these components and will continue into Q1 2022.
4. Our integration with Codat is now being used to test new data sources for InstantFinance.

**COMMITMENT 4 – We will engage and work with the FSB and other 3rd parties to empower SME to corporate trade through technology and data by December 2022**

1. **We will launch a SmartData program with the FSB and their 300k active SME members by February 2021.**
2. **This program will leverage SME banking and bookkeeping data, as well as public and private data to empower SMEs to better negotiate, track, manage and optimise the financing of their trade with larger corporates. We forecast that 120k SMEs will be using this platform and data in their day to day financing operations by December 2022.**
3. **The SmartData program will also vastly increase the type and depth of data available to improve underwriting and funding of SME trade (such as the InstantFinance products), by gaining support from at least 20 FTSE 350 (or equivalent) corporates to engage with their trading data by December 2022.**

We are ahead of plan to meet these commitments.

Good Business Pays (launched in February 2021) attracted further national press and media attention in the period with a number of large corporates approaching Previser to find ways that we can help their SME supply base.

The tools and data available as part of the smart data initiative have been refined so that it is now even easier to compare how payment practices create a need for better financing solutions for SMEs.

We are currently exploring several different ways of reaching more specific areas of our target market.

Our approach to date has been very broad in its application but we are now testing to see whether a more targeted approach to more specific areas of the market would be more effective at reaching customers who would benefit the most from our services.

**COMMITMENT 5 – We will collaborate across the industry, for the benefit of SMEs**

**We will make our AI-powered InstantFinance technology available to all parties in the UK who wish to finance trade between SMEs and large corporates, including traditional banks, specialist trade finance providers, alternative lenders and FinTech entrants, delivering a connected and collaborative ecosystem by June 2021.**

1. **All banks, non-traditional lenders and any other party who wishes to finance trade between SMEs and their large corporate customers in the UK will have access to InstantFinance services.**
2. **We commit that the pricing of our technology to third parties will not exceed the gross margin that we earn on our own use of the technology, so that pricing never inhibit the funding of SME trade.**
3. **We will partner with all interested parties, such as banks, FinTechs, bookkeeping providers, small business lobbying groups and Government groups to maximise awareness, engagement, understanding and adoption of InstantFinance for the benefit of SME.**

We are ahead of plan to meet these commitments.

Following the developments completed earlier in 2021 to deliver a connected ecosystem, we have seen a significant expansion with 15 technology and banking partners now being actively engaged to deliver solutions to the SME market.

#### **COMMITMENT 6 – Co-investment**

**The £2.5m of BCR funds will be matched with £2.5m of Previsé funds.**

We are on track to meet this commitment.

We continue to honour our commitment to matching the BCR funding with £2.5 million of Previsé funds and to date have spent £1,254,909 of matching Previsé funds in line with our business plan.

#### **COMMITMENT 7 – We will continue to be a positive impact employer, supporting the regions and embracing inclusion and diversity in all its forms**

- 1. We commit to hiring 12 additional high-quality staff in the UK over the next 2 years.**
- 2. We will continue our commitment to the North, maintaining our data science and software engineering centre in Scotland.**
- 3. We will continue our over-representation of minorities in our work-force, including based on socio-economic background, education level, age, gender, ethnicity, religion, disability, sexual orientation and national origin.**
- 4. We will continue to play a leading role in the broader debate on the impact of Artificial Intelligence on society and promote AI for good.**

Previsé remains fully aligned to the stated commitments and we are on track to meet them.

Some specific updates are below:

1. We have exceeded the original target having recruited 15 new team members as at November 2021.
2. We continue to invest in our team in Scotland.
3. We positively promote diversity and equality of opportunity at all times and this is a key part of Previsé's core values. We celebrate multiple approaches and points of view and we believe diversity drives innovation.

Some specific targets we are striving towards are as follows -

As at the end of 2021, our ambition is that at least 25% of our technology positions will be held by a female member of staff and 20% of our company board & advisors will be filled by individuals with a diverse or minority background.

We are very strong advocates of the exceptional benefits and opportunities that can be derived from Artificial Intelligence and it is one of the core foundations of our business.