

Previs Ltd – £2.5m Award

Key Achievements to Date

- We continued to make very strong progress with the Good Business Pays campaign in Q3 2022. To date over 78,000 businesses have used the online tools we have made available to improve transparency on payment practices.
- We continue to see strong traction with suppliers that have identified a current need and our InstantFinance solutions are now available to over 75,000 SMEs with just under £22m advanced to date.
- Work has continued during Q3 2022 with a large global bank (with a strong UK presence) to deploy InstantFinance powered solutions to SMEs. Due to internal delays within the bank this continues to lag expectations; however, we continue to experience strong engagement and we are expecting an initial launch in early Q4 2022.
- We continue to see good traction with the SMEs that our InstantFinance underwritten products are available to, and the activity delivered in Q3 2022 has been successful in generating £18.6m of qualified opportunities which is up £15m since the Q2 2022 reporting period.
- During Q3 2022, new approaches to enable partners to leverage the InstantFinance platform have been designed in collaboration with a Top Tier Global e-invoicing and financing platform provider.

Assessment Period 8 (June 1st, 2022 – August 31st, 2022)

Original Commitment:

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.**

Rationale for change:

We made one very minor tweak to this public commitment to remove “who trade with large corporates” to better reflect the spread of SME’s our product offerings are actually available to.

New Commitment:

COMMITMENT 1 – We will increase the availability of InstantFinance products to 50,000 SMEs 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.**

This commitment has been delivered.

Original Commitment:

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.**

Rationale for change:

Our BCR targets are a combination of those that are in Previsé's control, and those that are out of our control and dependent on third party performance. The former have all been met (or are on track to be met).

The latter are in some cases behind target due to the macro and micro economic factors affecting SME working capital finance (WCF) demand, and due to the same factors delaying engagement and performance of third parties such as corporates and banks. We are confident that market conditions between now and the middle of 2024 will result in the original targets being met within that time period.

New Commitment:

COMMITMENT 2 - We will be lending £7m+ to SMEs by December 2022

1. **By December 2022 we will have built an InstantFinance-enabled outstanding lending book to SMEs of £7m+, providing funding for over £35m in SME orders and invoices.**
2. **By Mid 2024 we will have built an InstantFinance-enabled outstanding lending book to SMEs of £100m+, providing funding for over £1bn in SME orders and invoices.**

In Q3 2022, we have seen good growth in regard to the amount lent to SMEs and given the current trajectory we are confident we will reach our year-end 2022 target.

We remain confident in our ability to meet our original programme lending targets as per our original business case by mid-2024.

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.**

This commitment has been delivered.

Original Commitment:

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.**

Rationale for change:

Our BCR targets are a combination of those that are in Previsé's control, and those that are out of our control and dependent on third party performance. The former have all been met (or are on track to be met)

The latter are in some cases behind target due to the macro and micro economic factors affecting SME working capital finance (WCF) demand, and due to the same factors delaying engagement and performance of third parties such as corporates and banks. We are confident that market conditions between now and the middle of 2024 will result in the original targets being met within that time period.

New Commitment:

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 optimize the financing of their trade with larger corporates. We forecast that 80k SMEs will be using this platform and data in their day-to-day financing operations by December 2022.**
- 3. By Mid 2024 our aim is that over 120k SMEs will be using our platform in their day-to-day financing operations.**
- 4. 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 10 FTSE 350 (or equivalent) corporates to engage with their trading data by December 2022.**
- 5. By Mid 2024 our aim is that we will have gained the support of an additional 10 FTSE 350 corporates bringing the programme total to at least 20 FTSE 350 corporates.**

We have successfully worked with the FSB and other third parties to empower SMEs through our Good Business Pays initiative and Instant Finance solutions. As a result, we are now very close to achieving the target for SMEs who have engaged with our platform in their day-to-day operations and will have exceeded this target by year-end 2022.

We remain confident in our 2024 projections for further growth and with the support of our partners we will have gained the support that we set out to achieve from FTSE 350 corporates.

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.**

This commitment has been delivered.

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 we have spent £2,184,827.30 of matching Previsé funds.

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.**

This commitment has been delivered.