

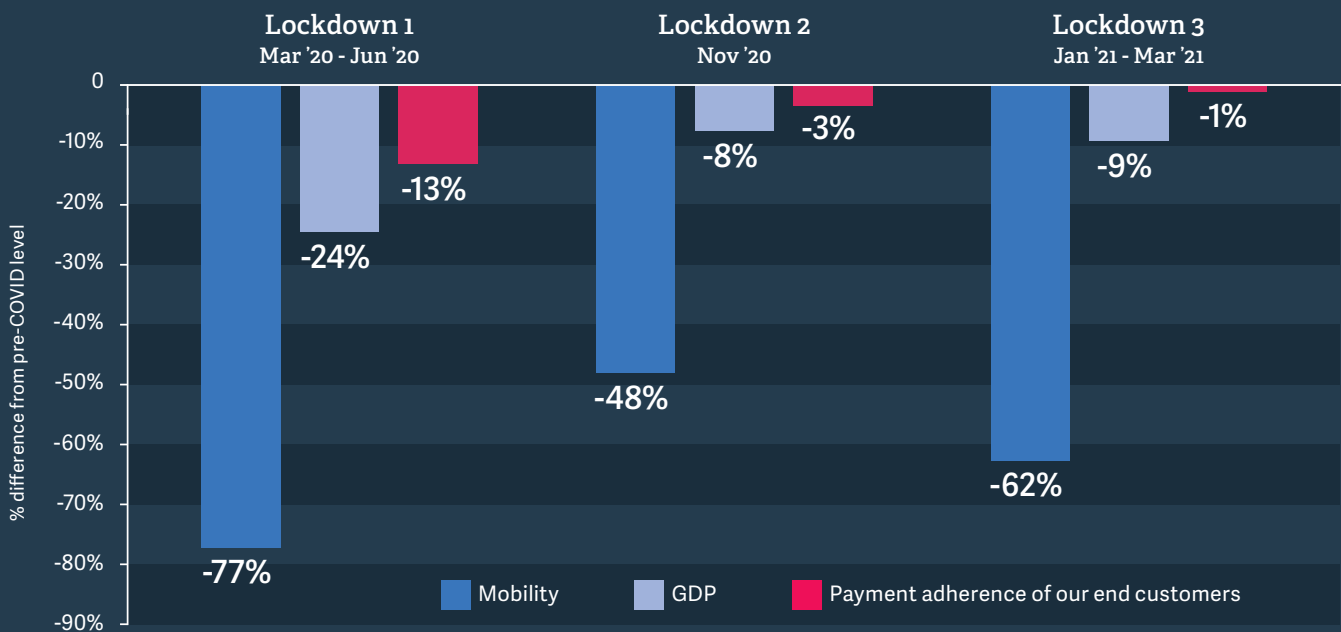
Deploying data insight during COVID-19

UK SMEs are adapting to a 'new normal' showing resilience to lockdowns

Hg's Data Analytics platform gathers operational data sets from across the portfolio, including invoice payment adherence data for the Hg portfolio across the various lockdown periods, a strong indicator of customer health. Viewed alongside mobility and GDP, we see how resilient the Hg portfolio's SME customer base has become. After an initial shock in the first lockdown, SMEs adapted, deploying digital practices to continue operating, resulting in sharply reduced impact on customer health through subsequent lockdowns.

Our platform shows that payment adherence of our end customers recovered rapidly, with the -13% impact in the first lockdown returning almost back to pre-COVID levels by the second and third lockdowns, whereas mobility and GDP have not seen such rapid recoveries. There is a bench of proof points also within the Hg portfolio, e.g. field sales meetings moving to video calls, and rapid roll-out of remote working enabled by SaaS tools driving core workflows. With the improved efficiency and flexibility on offer, we also observe this continuing past the pandemic as part of a new blended operating model with companies seeking to benefit from the best of both worlds. Despite the continuing uncertainty around how the COVID-19 situation will evolve, we see this trend continuing and impact on economic activity remaining muted through any future lockdowns.

Response of UK economy and Hg portfolio to COVID lockdowns



Data Sources:

Mobility: **Google** Mobility

GDP: Office for National Statistics

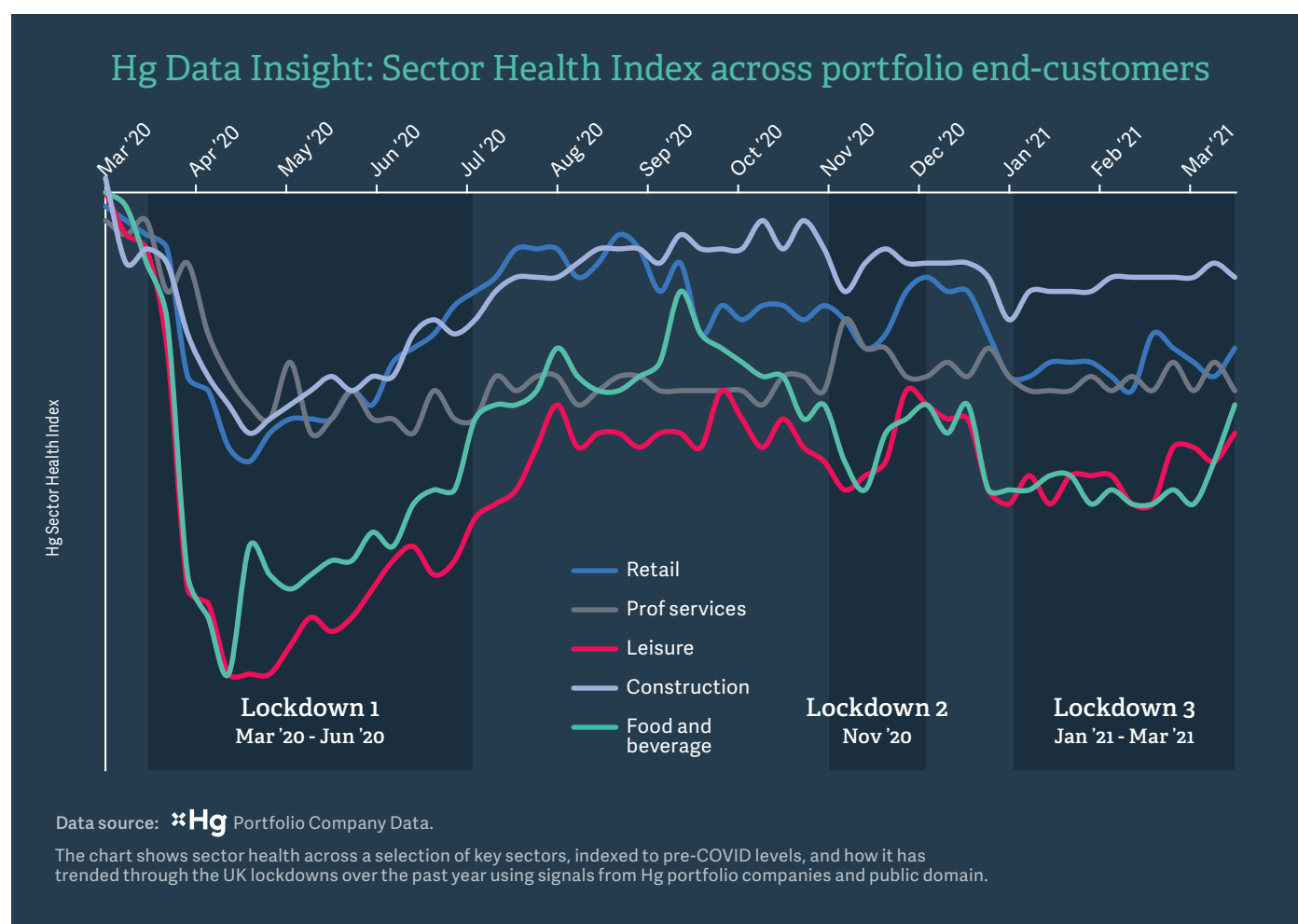
Payment Adherence: **Hg** portfolio via Hg Data platform

All values shown as % change vs pre-COVID baseline

How is Hg using cutting edge data techniques to track the health of core sectors?

Hg's Data Analytics platform centrally joins 30+ operational and customer data signals from our portfolio and public sources, and leverages AI/ML to monitor the real time health of sectors in the UK economy and provide forecast scenarios.

It has proven to yield a 2-3 month leading view of UK GDP. This is being used to support Hg's investment analyses and by portfolio management teams to optimize their operations in response to the varied COVID effects across end sectors flagged by the platform.



Data & Analytics Team

Set up in 2015, today Hg's Data & Analytics team has 10 data leaders, deploying a team of up to 40 data specialists in support of the Hg portfolio and Hg. The mission is to help Hg companies harness their data potential. The team often starts with establishing the core data and AI platform, leveraging Hg cloud infrastructure templates, and data engineering to connect core operational and product data sets. This delivers the end-to-end view of the business to management. It also provides the foundations on which we deploy machine learning to optimise and automate core business operations, as well as drive the monetisation of data.