

creditsafe[✓]

Industry Payment Analysis Report

Q1 2022

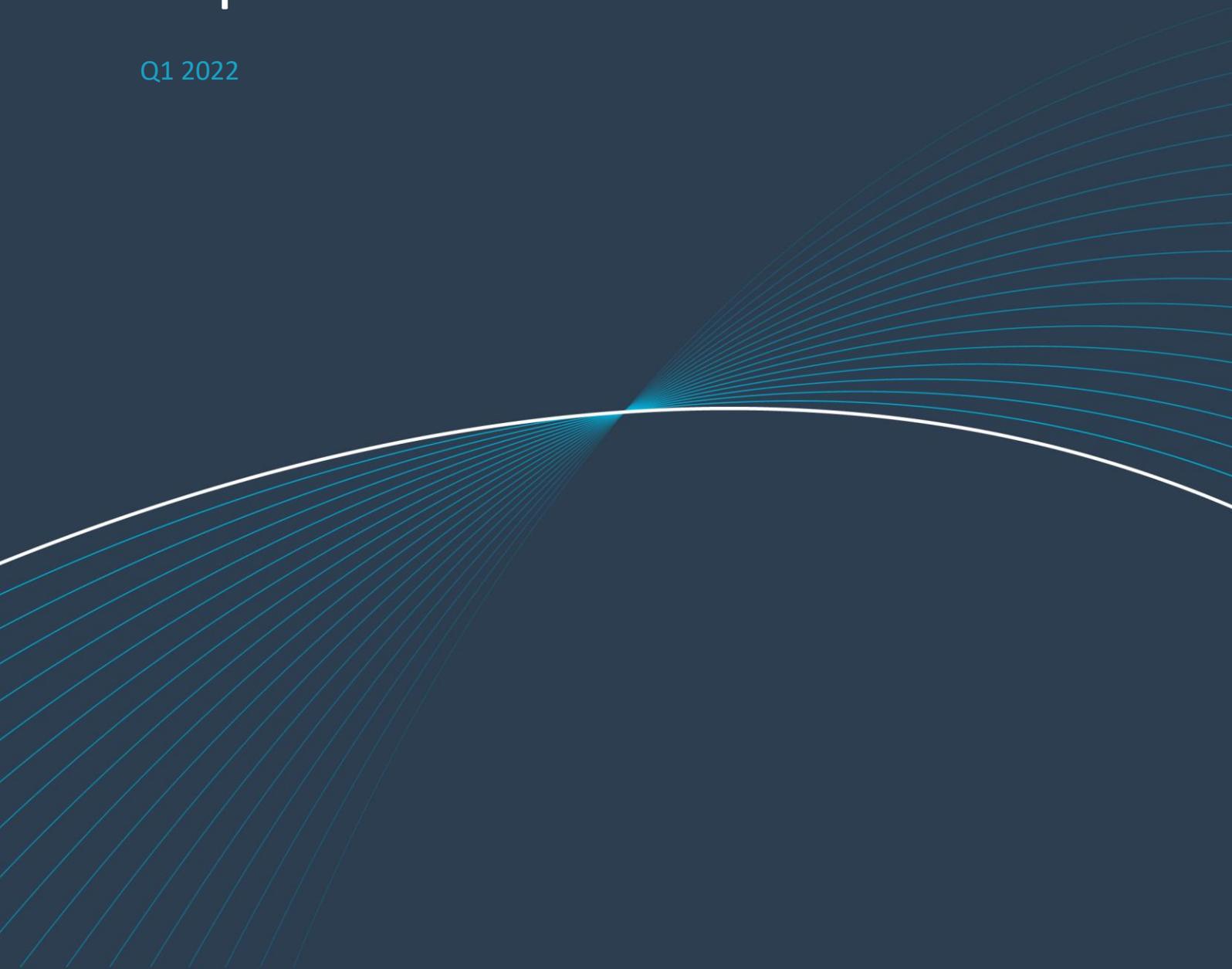
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Industry Payment Analysis Report Q1 2022

25% of all US business payment transactions are received late.

All businesses live and die by cash flow. You cannot meet your financial obligations without monies. Receiving payment on time is critical when running any commercial organization, particularly smaller companies. When paid late, companies must divert additional time and resources into chasing payment. The more information you have on how well your customers will pay you, the better you can manage, protect and grow your business.

The Creditsafe Payment Analysis Report is a quarterly publication that gives you critical insights into commercial payment behavior regionally and across all industry sectors. The Report will help you understand the more significant trends and enable you to compare the performance of your customers against industry norms. Our analysis will allow you to set the most appropriate credit terms for your business and help protect your cash flow.

25% of all US business payment transactions are received late, and on average, invoices are settled over 21 days beyond the agreed terms. Late payments are a real threat to your business's future; you can prevent that threat by arming yourself with the best information.

9,000 Data Sources, 320 Million Payment Experiences over \$10 Trillion B2B Transactions.

The Creditsafe Payment Analysis Report details the payment behavior of US businesses. Creditsafe calculates the "Days Beyond Terms" (or DBT) score for all US businesses; we then aggregate this data by industry to provide a key indicator of how companies pay their suppliers. In crude terms, the lower the number, the better a payer that organization is. The Report breaks down this information to all key industry sectors based on their two-digit NAICS code.

Creditsafe uses more than **9,000 data sources**, providing real-time information on how well businesses are paying. Creditsafe's Trade Payment database analyses more than **320 million payment experiences** and over **\$10 trillion** in B2B transactions.

Our team uses the latest analytic tools to transform this raw data into a DBT score. This process ensures that the score is significantly more responsive than a simple average as it gives greater significance to payments that are severely delinquent or have relatively large dollar values. The more significant and later an outstanding balance is, the greater detrimental impact it will have on the overall DBT. You should also be aware that a DBT score may change once an unpaid invoice exceeds 91 days, meaning that DBT for a given quarter may be adjusted once all outstanding balances become paid.

Our Report shows the percentage of transactions being paid late alongside the DBT score; it is worth noting that these two data items are independent measures of payment behavior (that may or may not trend in the same direction). It is not uncommon for DBT to drop while the percentage of payments paid late increases – This indicates that more payments are made late, but the value or lateness of those payments has decreased. DBT calculates how late companies pay their suppliers; the percent paid late metric indicates how many payment experiences are settled beyond agreed terms. An increase in either value (DBT or Percentage Paid) should be interpreted as a negative trend, whereas a value decrease should be positive.

Proactively protect your business and help secure its future.

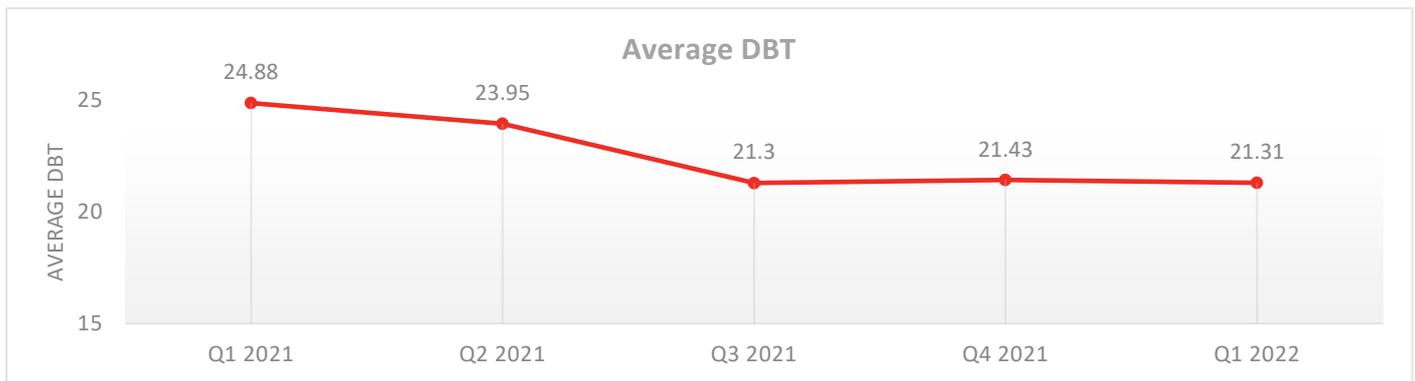
Using data in this Report, you will learn how companies in different industries pay by understanding their DBT scores. Calculated using trade payment data, DBT remains the most accurate and most timely predictor of creditworthiness.

Understanding DBT trends can help forecast cash flow more accurately and better manage your business. It can also help you manage payment terms, such as charging higher interest to companies known for delinquency or adapting terms to specific industry payment habits. By keeping yourself informed, you can proactively protect your business and help secure its future. Late payments are unacceptable; by exposing bad payers, we can all help make life better for all businesses.

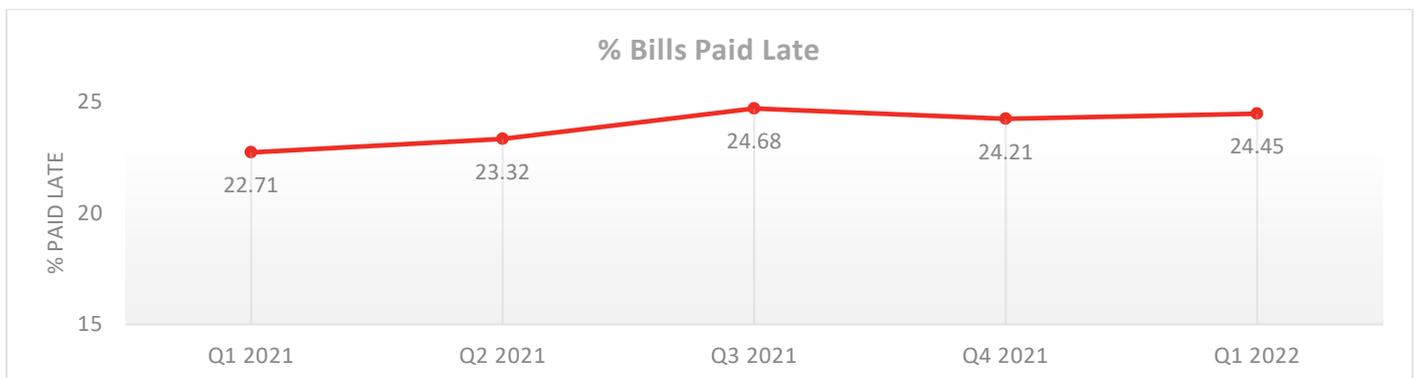


Executive Summary

At a national basis and across most industry sectors (analysed using 2 digit NAICS codes), DBT continues to trend downwards which is positive news. However an exception to this is within Real Estate which saw a large spike of late payments in Q2 2021, which has translated into a negative impact on DBT as a result. It is also important to note that while we are seeing a decrease in DBT, the percentage of late payments is increasing. While both indicators behave relatively independently, the percentage paid late is often a warning sign of challenges to come. Percentage paid late is also particularly pertinent to SME businesses and contractors as often it's these businesses that tend to be a lower priority when large companies attempt to manage their cash flow.



This chart shows the overall trend in DBT at a national basis across the US. It is encouraging to see how the score has improved over the past year suggesting something of a return to normal after the worst of the pandemic. However the stabilization over the last three quarters can be seen as a matter of some concern as it would seem that there is a level of acceptance in bills being settled more than 20 days beyond terms.



By comparison the percentage of bills paid late has increased across this period, and although this is by a relatively low amount it will be interesting to see if this translates into issues at a DBT level in the future. Again in overall terms we can see that nearly a quarter of all invoices in the US are paid late. This needs to be improved to ease pressures all through the supply chain.

Both of these national indicators will give you a basis for comparison when looking at individual industries' indicators.

Period	On Time	1-30	31-60	61-90	91+	Avg. DBT
Q1 2021	77.27%	12.64%	3.72%	2.02%	4.33%	24.88
Q2 2021	76.65%	12.67%	3.45%	1.94%	5.26%	23.95
Q3 2021	75.29%	14.68%	3.59%	2.26%	4.15%	21.3
Q4 2021	75.77%	14.52%	3.50%	2.20%	3.99%	21.43
Q1 2022	75.52%	14.71%	3.67%	2.02%	4.05%	21.31

Agriculture (11)

This industry comprises of establishments primarily engaged in growing crops, raising animals, harvesting timber, and harvesting fish and other animals from a farm, ranch, or their natural habitats. 'Crops' includes grains, fruits, vegetables, plants, tobacco, nuts and some other farmed products like sugar and cotton.



The industry continues to have a DBT significantly below the US average. This has further improved across the period, which is a positive sign for the outlook of the industry. It is also no surprise that given the biggest supplying industry to agriculture is the wholesale trade; similar DBT improvements have been seen across the wholesale sector. While slightly higher than a year ago, the number of bills paid late also remains refreshingly low.

Period	On Time	1-30	31-60	61-90	91+	Avg. DBT
Q1 2021	88.07%	8.20%	1.02%	1.01%	1.67%	14.92
Q2 2021	87.42%	7.58%	1.84%	1.68%	1.45%	13.44
Q3 2021	86.69%	8.71%	1.61%	1.44%	1.52%	13.05
Q4 2021	84.99%	9.65%	2.05%	1.62%	1.65%	13.15
Q1 2022	84.77%	9.03%	2.28%	1.78%	2.12%	12.94

Mining & Oil (21)

The Mining, Quarrying, and Oil and Gas Extraction industry comprises of establishments that extract naturally occurring mineral solids, such as coal and ores; liquid minerals, such as crude petroleum; and gases, such as natural gas. The term mining is used in the broad sense to include quarrying, well operations, beneficiating (e.g. crushing, screening, washing, and flotation), and other preparations customarily performed at the mine site, or as a part of mining activity.



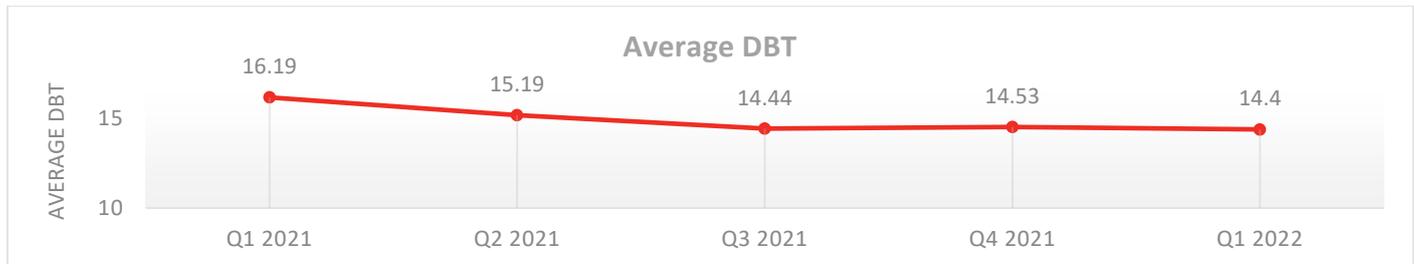
Surprisingly given the industry's historical notoriety for late payments, the average DBT across the industry remains below the US average. It's also positive that this has been consistently trending downwards, perhaps reflecting the lobbying from the OGA (Oil & Gas Authority) urging the industry to improve its performance in this area. However, nearly 40% of bills are still being paid late.

Period	On Time	1-30	31-60	61-90	91+	Avg. DBT
Q1 2021	63.54%	20.64%	6.58%	3.79%	5.43%	19.34
Q2 2021	66.01%	18.87%	5.51%	3.57%	6.02%	18.34
Q3 2021	63.26%	21.78%	5.68%	3.46%	5.78%	17.91
Q4 2021	62.46%	19.95%	6.46%	4.71%	6.40%	17.92
Q1 2022	61.00%	20.19%	6.08%	5.28%	7.42%	17.78



Utilities (22)

The Utilities industry is comprised of establishments engaged in the provision of the following utility services: electric power, natural gas, steam supply, water supply, and sewage removal. Within this industry, the specific activities associated with the utility services provided vary by utility: electric power includes generation, transmission, and distribution; natural gas includes distribution; etc.



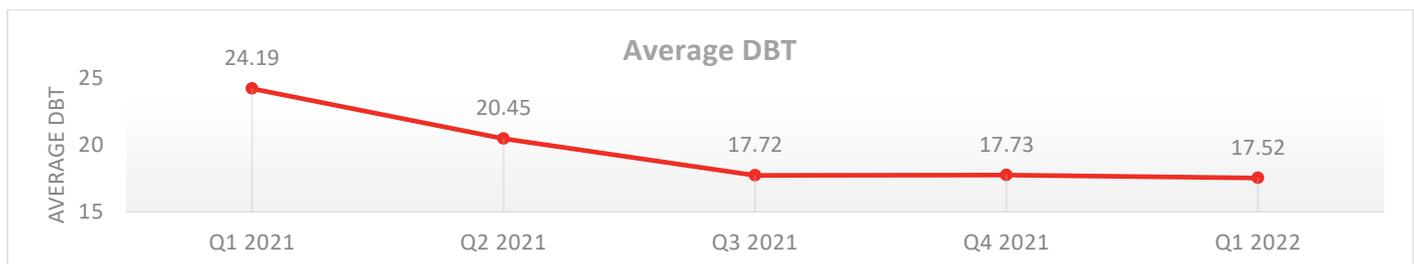
The already strong average DBT is continuing to trend downwards ending downwards which is a positive sign while the number of bills being paid late is now just above the national average.

Period	On Time	1-30	31-60	61-90	91+	Avg. DBT
Q1 2021	72.29%	16.14%	4.36%	3.54%	3.64%	16.19
Q2 2021	73.59%	13.85%	4.36%	4.2%	3.97%	15.19
Q3 2021	73.61%	14.46%	4.52%	3.54%	3.84%	14.44
Q4 2021	73.13%	14.44%	4.53%	3.81%	4.06%	14.53
Q1 2022	70.86%	15.30%	4.64%	5.19%	3.97%	14.4



Construction (23)

The Construction industry is comprised of establishments primarily engaged in the construction of buildings or engineering projects (e.g., highways and utility systems). Establishments primarily engaged in the preparation of sites for new construction and establishments primarily engaged in subdividing land for sale as building sites also are included in this industry. Construction work done may include new work, additions, alterations, or maintenance and repairs.



The significant improvement in DBT that we have seen over the last year is a positive and encouraging sign although the percentage of bills paid late is fairly static. While the main suppliers to construction being fellow businesses sharing the NAICS 23 code the DBT improvements will be amplified for those that primarily trade within the sector.

Period	On Time	1-30	31-60	61-90	91+	Avg. DBT
Q1 2021	74.28%	12.92%	5.06%	2.03%	5.68%	24.19
Q2 2021	74.86%	12.71%	4.87%	1.93%	5.61%	20.45
Q3 2021	74.66%	13.02%	4.90%	1.93%	5.48%	17.72
Q4 2021	74.07%	13.41%	5.03%	1.99%	5.47%	17.73
Q1 2022	73.62%	13.59%	5.14%	2.07%	5.55%	17.52

Manufacturing (31-33)

The Manufacturing industry is comprised of establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. The assembling of component parts of manufactured products is considered manufacturing. Establishments that transform materials into new products by hand or in the worker's home, and those who sell and make products from the same premise (such as bakeries, candy stores, etc.) may also be included in this industry.

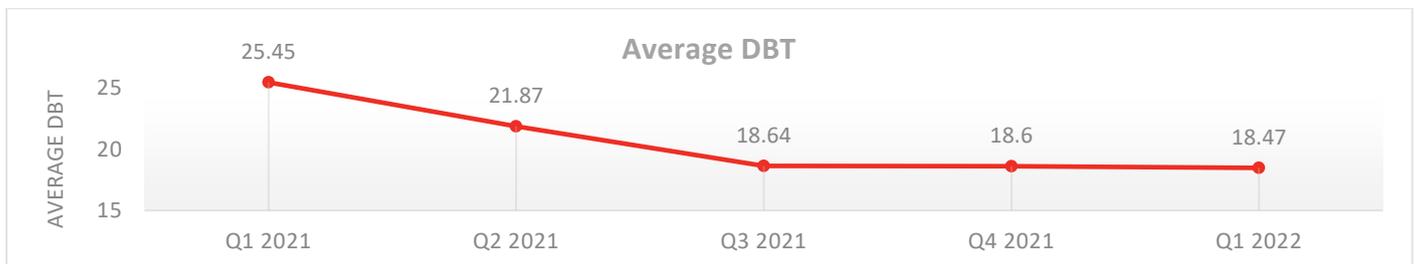


Over the past year, we have seen DBT dropping by five percentage points or a significant 21% in absolute terms. Despite global supply chain issues, there has been an increased demand for manufacturers to ramp up production following the constraints of the pandemic. This growth, combined with retail buyers placing advance orders to avoid supply shortages, has helped drive this improvement. As money flows into manufacturing, we also have that the percentage of bills being paid late remains below the national average.

Period	On Time	1-30	31-60	61-90	91+	Avg. DBT
Q1 2021	75.82%	14.24%	3.69%	3.34%	2.90%	24.03
Q2 2021	78.12%	12.46%	3.67%	2.81%	2.91%	21.15
Q3 2021	77.58%	12.33%	4.30%	3.24%	2.52%	19.11
Q4 2021	77.66%	12.69%	4.21%	2.96%	2.44%	19.06
Q1 2022	77.29%	12.30%	4.77%	3.00%	2.62%	18.93

Wholesalers (42)

The Wholesale Trade industry is comprised of establishments engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The merchandise described in this industry includes the outputs of agriculture, mining, manufacturing, and certain information industries such as publishing. Wholesalers sell merchandise to other businesses and normally operate from a warehouse or office, not intended for walk-in traffic or the general public.



Wholesalers supply into many industries and, unsurprisingly, have benefitted from the DBT improvements across many of these. Many businesses have agreed to advance payment terms in order to secure stock, which has also driven this improvement.

Period	On Time	1-30	31-60	61-90	91+	Avg. DBT
Q1 2021	81.52%	9.84%	2.68%	1.44%	4.48%	25.45
Q2 2021	77.84%	14.18%	2.49%	1.27%	4.20%	21.87
Q3 2021	70.52%	21.86%	2.40%	1.45%	3.74%	18.64
Q4 2021	71.39%	21.15%	2.48%	1.41%	3.54%	18.6
Q1 2022	70.82%	21.53%	2.58%	1.48%	3.57%	18.47

 Retail (44-45)

The Retail Trade industry comprises of establishments engaged in retailing merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The retailing process is the final step in the distribution of merchandise; retailers are, therefore, organized to sell merchandise in small quantities to the general public. This industry comprises two main types of retailers: store and nonstore retailers.



Although the rate of improvement has slowed, DBT is still getting better in the retail sector and has noticeably improved since this period last year. Given that many retailers were mandated to close during the pandemic and have now reopened, they are benefitting from the resulting growth and are more able to meet their obligations. DBT has improved, and the proportion of bills paid on time remains higher than average.

Period	On Time	1-30	31-60	61-90	91+	Avg. DBT
Q1 2021	81.29%	13.15%	2.35%	1.19%	2.00%	25.74
Q2 2021	82.90%	11.82%	2.03%	1.14%	2.09%	28.4
Q3 2021	82.65%	11.97%	2.10%	1.22%	2.04%	23.42
Q4 2021	82.72%	12.08%	2.02%	1.21%	1.94%	22.29
Q1 2022	82.01%	12.66%	2.13%	1.22%	1.97%	22.1

 Transportation & Warehousing (48-49)

The Transportation and Warehousing industry includes businesses providing the transportation of passengers and cargo, scenic and sightseeing transportation, warehousing and storage of goods, and support activities related to modes of transportation. Establishments in these industries use transportation equipment or transportation related facilities as a productive asset. The equipment used depends on the mode of transport which includes rail, water, road, and pipeline.



Following a significant spike in DBT back in Q2 2021 as a result of the pandemic-related challenges, combined with underlying stresses on the industry, we can see a continuing improvement in DBT as both passenger and freight numbers return to a more normal level.

Period	On Time	1-30	31-60	61-90	91+	Avg. DBT
Q1 2021	72.29%	17.08%	3.38%	4.00%	3.24%	24.71
Q2 2021	74.89%	14.21%	3.79%	3.94%	3.16%	27.52
Q3 2021	72.82%	15.19%	4.29%	4.53%	3.16%	23.50
Q4 2021	74.32%	14.42%	3.90%	4.17%	3.18%	23.36
Q1 2022	73.34%	15.12%	4.07%	4.24%	3.22%	22.96

 Media (51)

The Media (information) industry is comprised of establishments engaged in: producing and distributing information and cultural products; providing the means to transmit or distribute these products as well as data or communications; and processing data. The main components of this industry are publishers (including software); the motion picture and sound recording producers; broadcasters; the telecommunications industries; data processing industries; and the information services industries.

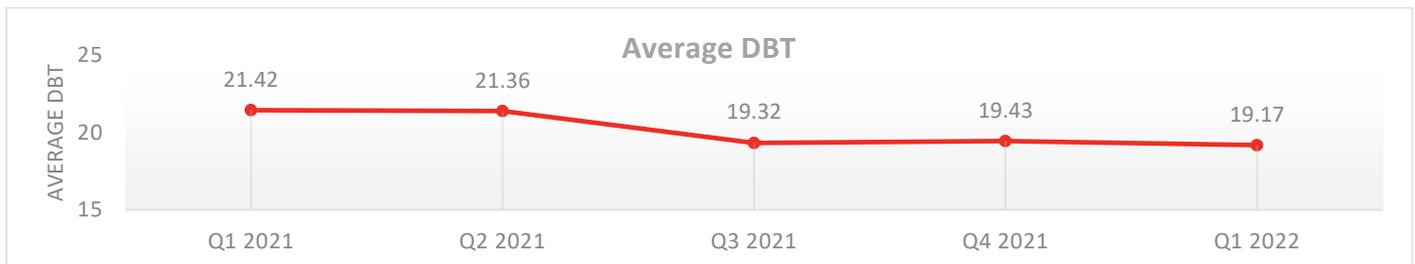


With a broad exposure to most other industries, the media sector continues to perform in line with the national picture. While DBT has improved and remained stable into 2022, it is still above the US average; however, the number of bills paid on time is improving.

Period	On Time	1-30	31-60	61-90	91+	Avg. DBT
Q1 2021	73.50%	13.65%	7.03%	2.53%	3.27%	26.65
Q2 2021	71.88%	16.49%	3.84%	4.05%	3.72%	26.08
Q3 2021	72.89%	16.77%	4.12%	2.34%	3.85%	23.62
Q4 2021	75.39%	14.60%	4.14%	2.23%	3.62%	23.66
Q1 2022	76.01%	14.73%	3.33%	2.27%	3.63%	23.38

 Financial Services (52)

The Finance and Insurance industry is comprised of establishments primarily engaged in financial transactions (transactions involving the creation, liquidation, or change in ownership of financial assets) and/or in facilitating financial transactions. Three principal types of activities are identified: Raising funds by taking deposits and/or issuing securities; pooling of risk by underwriting insurance and annuities; and providing specialized services facilitating or supporting financial intermediation. Monetary authorities charged with monetary control are included in this industry.



DBT has stabilized at a lower level following the peak of the pandemic and continues to show improvement. With most financial institutions holding sufficient reserves to meet their obligations, the sector avoided the need to reschedule payments during the pandemic and continues to make fairly timely payments.

Period	On Time	1-30	31-60	61-90	91+	Avg. DBT
Q1 2021	84.47%	7.87%	3.73%	1.26%	2.64%	14.92
Q2 2021	84.56%	7.73%	3.39%	1.23%	3.06%	13.44
Q3 2021	79.11%	7.73%	3.16%	7.44%	2.54%	13.05
Q4 2021	79.70%	7.82%	3.15%	6.92%	2.39%	13.15
Q1 2022	83.84%	8.33%	3.72%	1.46%	2.62%	12.94

Real Estate (53)

The Real Estate and Rental and Leasing industry is comprised of establishments primarily engaged in renting, leasing, or otherwise allowing the use of tangible or intangible assets, and establishments providing related services. The major portion of this industry comprises establishments that rent, lease, or otherwise allow the use of their own assets by others. This industry also includes establishments primarily engaged in managing real estate for others, selling, renting and/or buying real estate for others, and appraising real estate.



Against the trend we have seen on a national basis, and in other industries, Real Estate has seen average DBT continue to increase following a decline in the fall of 2021. In absolute terms, DBT is now very much in line with the national average, but it remains to be seen if this upward trend continues through 2022. With more bills paid on time than the national average, it is to be hoped that the trend can be reversed.

Period	On Time	1-30	31-60	61-90	91+	Avg. DBT
Q1 2021	78.77%	11.93%	3.30%	1.84%	4.13%	22.01
Q2 2021	69.95%	7.53%	2.05%	1.13%	19.32%	22.54
Q3 2021	79.25%	11.62%	3.30%	1.77%	4.04%	19.05
Q4 2021	79.67%	11.35%	3.11%	1.77%	4.08%	20.68
Q1 2022	78.97%	11.46%	3.24%	1.78%	4.52%	21.36

Professional Services (54)

The Professional, Scientific, and Technical Services industry is comprised of establishments that specialize in performing professional, scientific, and technical activities for others. These activities require a high degree of expertise and training. Activities performed include offering services of: legal advice; accounting; specialized design; computing; consulting; research; advertising; photographic; translation and interpretation; veterinary; and other professional services.



Reflecting its broad engagement with the rest of the US economy, the professional services sector continues to show an improving DBT score and a similar level of bills paid on time. This is particularly encouraging as there are many smaller operations active within this sector.

Period	On Time	1-30	31-60	61-90	91+	Avg. DBT
Q1 2021	73.24%	12.32%	6.40%	2.83%	5.18%	22.18
Q2 2021	73.68%	12.92%	4.75%	3.40%	5.22%	21.14
Q3 2021	74.36%	13.30%	4.67%	2.65%	5.00%	19.25
Q4 2021	74.87%	12.92%	4.91%	2.53%	4.73%	19.26
Q1 2022	75.02%	12.9%	4.76%	2.64%	4.65%	18.97

Healthcare (62)

The Health Care and Social Assistance industry is comprised of establishments providing health care and social assistance for individuals. The industry includes both health care and social assistance because it is sometimes difficult to distinguish between the boundaries of these two activities.

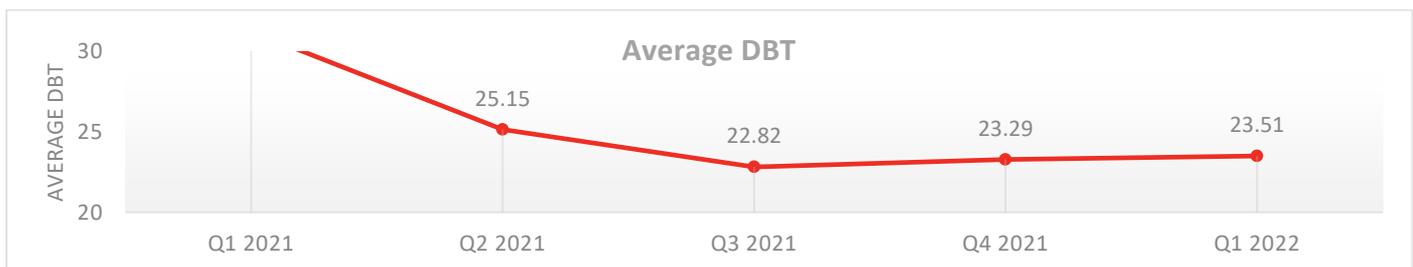


Average DBT has fallen throughout 2021 and is currently relatively stable. Although a high proportion of payments made in this industry remains late, the DBT is below the US average, showing that the value or lateness of those payments is relatively low.

Period	On Time	1-30	31-60	61-90	91+	Avg. DBT
Q1 2021	71.67%	14.51%	5.26%	3.51%	5.03%	21.76
Q2 2021	71.78%	13.59%	5.39%	3.03%	6.19%	19.82
Q3 2021	71.27%	13.12%	5.91%	3.40%	6.27%	18.79
Q4 2021	72.89%	13.27%	4.87%	3.04%	5.90%	19.08
Q1 2022	73.25%	12.88%	5.54%	2.65%	5.64%	19.2

Hospitality (72)

The Accommodation and Food Services industry is comprised of establishments providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption. The industry includes both accommodation and food services establishments because the two activities are often combined at the same establishment.



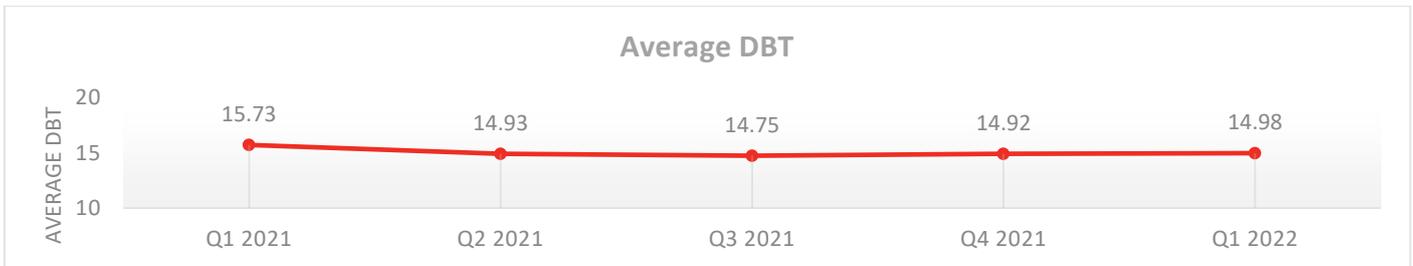
The industry has been above-average for DBT in recent periods, almost certainly due to a lack of income caused by mandated closures during the pandemic. With many establishments now reopened and cash flow recovering, we can see an improvement in both DBT and the percentage of bills paid on time.

Period	On Time	1-30	31-60	61-90	91+	Avg. DBT
Q1 2021	71.04%	14.08%	3.17%	2.00%	9.68%	31.27
Q2 2021	71.84%	13.70%	3.00%	1.93%	9.50%	25.15
Q3 2021	72.84%	13.40%	2.99%	1.97%	8.78%	22.82
Q4 2021	72.60%	13.47%	3.06%	2.04%	8.81%	23.29
Q1 2022	72.26%	13.54%	3.06%	2.03%	9.08%	23.51



Public Administration (92)

The Public Administration industry consists of establishments of federal, state, and local government agencies that administer, oversee, and manage public programs and have executive, legislative, or judicial authority over other institutions within a given area. These agencies also set policy, create laws, adjudicate civil and criminal legal cases, and provide for public safety and for national defense.



As might be expected, the average DBT of government agencies is significantly below the US average and remains stable; however, the overall percentage of bills paid late is higher but obviously not significantly so.

Period	On Time	1-30	31-60	61-90	91+	Avg. DBT
Q1 2021	64.21%	17.74%	6.90%	4.70%	6.42%	15.73
Q2 2021	64.78%	16.52%	6.62%	4.93%	7.13%	14.93
Q3 2021	65.20%	15.92%	6.58%	4.76%	7.50%	14.75
Q4 2021	64.67%	17.07%	6.42%	4.82%	7.00%	14.92
Q1 2022	64.71%	16.70%	6.68%	4.99%	6.90%	14.98