



STATE OF SMALL BUSINESS SURVEY

APRIL 2023



IOU Financial

Business Lending. Simplified.

SURVEY SUMMARY

The purpose of this survey was to take the pulse of Small Business owners regarding the state of business following Q1 2023 and their projections for the remainder of the year. We then compared these results to answers from similar surveys taken in December and July 2022.

We gathered their thoughts on:

- **Current state of small business** (pg. 2-3)
- **Future state of small business** (pg. 4-6)
- **Business growth plans** (pg. 7)

While Q1 2023 was challenging for a lot of Small Business owners, they are optimistic about what the rest of the year holds, with nearly 70% planning on investing in their growth.

TIMING: APRIL 2023

RESPONDENTS: 198

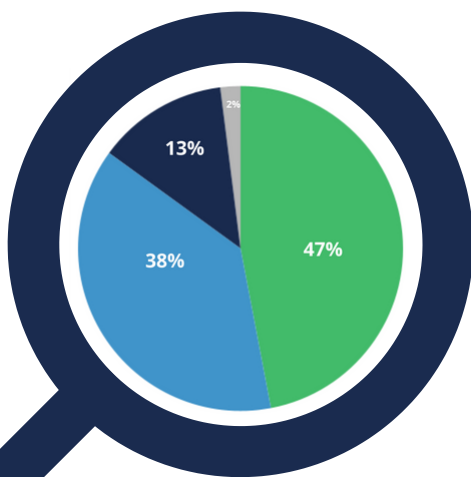
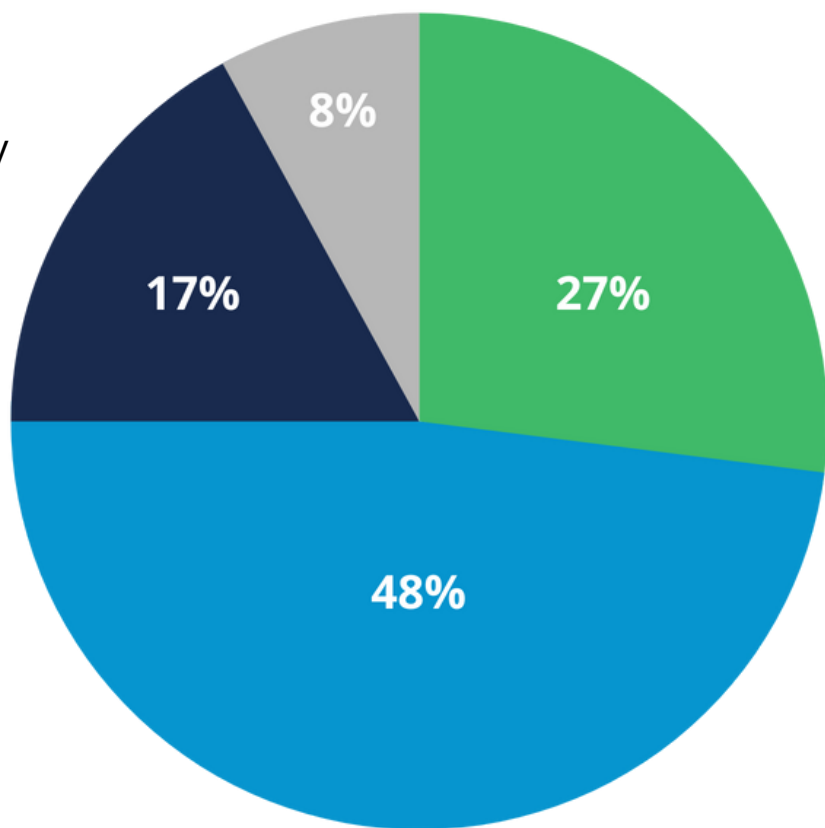
MARGIN OF ERROR: 7% WITH 95% CONFIDENCE

CURRENT STATE OF SMALL BUSINESS

HOW WOULD YOU RATE THE CURRENT STATE OF YOUR SMALL BUSINESS?

- Very positively
- Somewhat positively
- Somewhat negatively
- Very negatively

December 2022

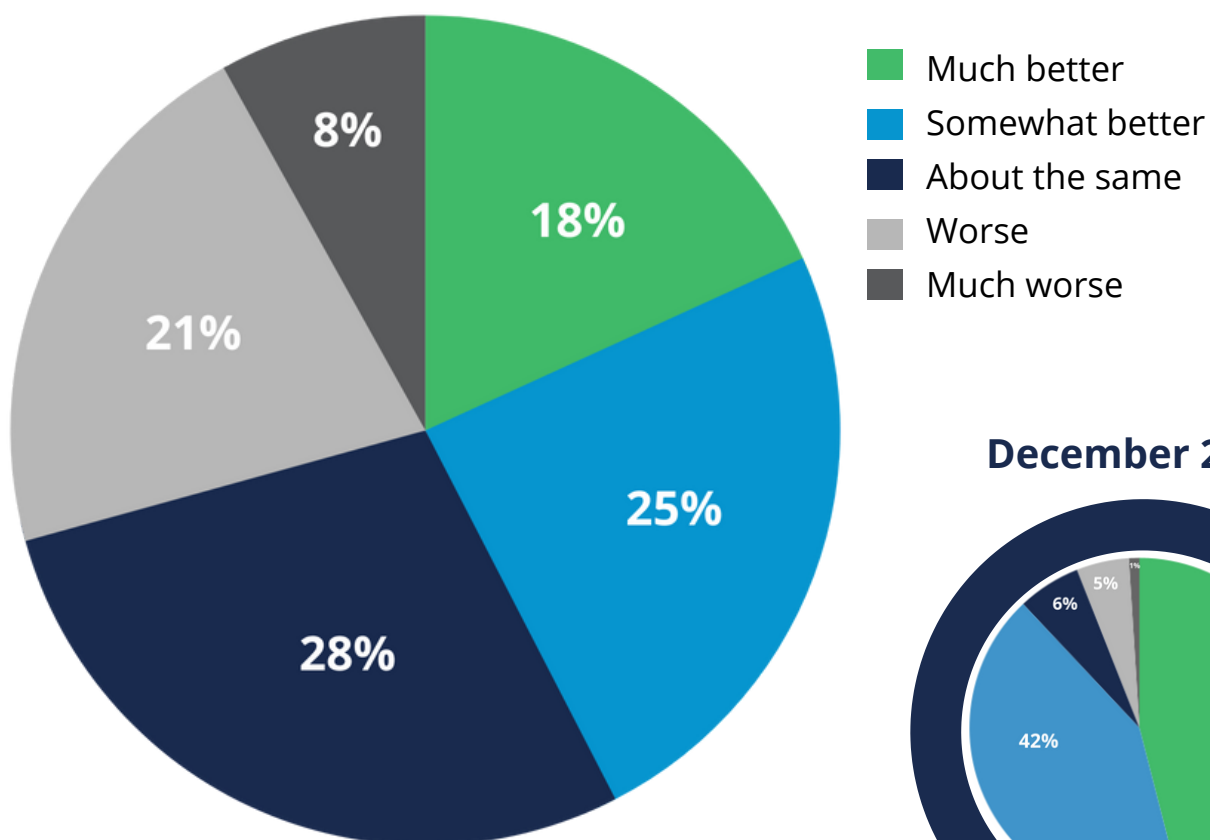


In line with the challenges that macro-economic headwinds presented in the beginning of 2023, positivity regarding the state of Small Business decreased slightly during the first quarter. 75% of respondents rate the current state of their Small Business "somewhat" or "very positively," down from 85% in December of 2022. Eight percent feel "very negatively," up from only 2% in December 2022.

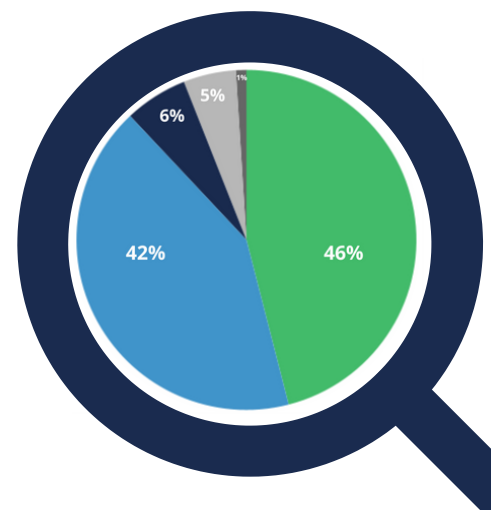
CURRENT STATE OF SMALL BUSINESS

HOW DID YOUR BUSINESS PERFORM IN Q1 2023 COMPARED TO Q4 2022?

Most businesses did not perform as well during the first quarter of 2023 as they had the previous quarter. The outlook was bright coming into the year (*88% believing they would be doing "somewhat" or "much better" by the end of first half of 2023 compare to the end of 2022*) but increased perceptions of a weakening economy negatively affected performance across many sectors.

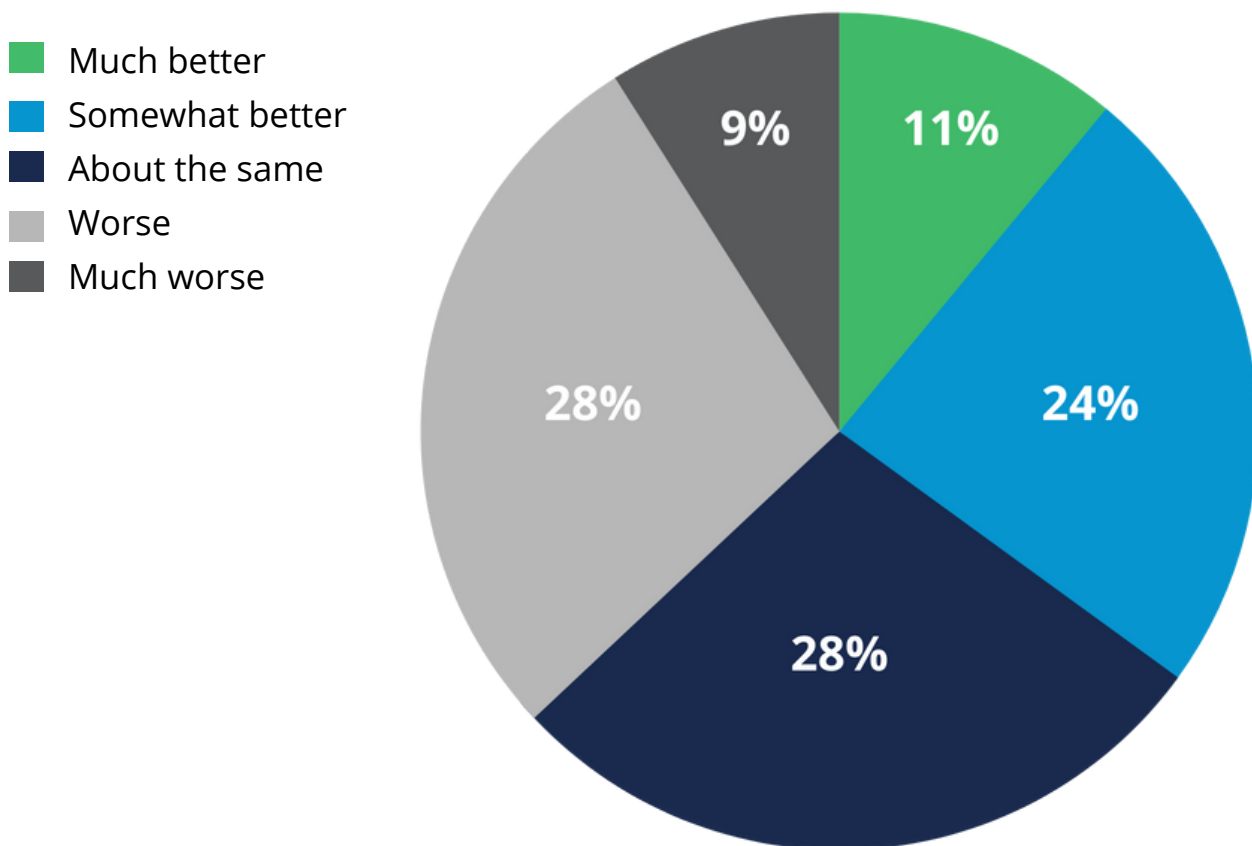


December 2022



FUTURE STATE OF SMALL BUSINESS

HOW DID YOUR BUSINESS PERFORM IN Q1 2023 COMPARED TO YOUR PROJECTIONS FOR THE QUARTER?



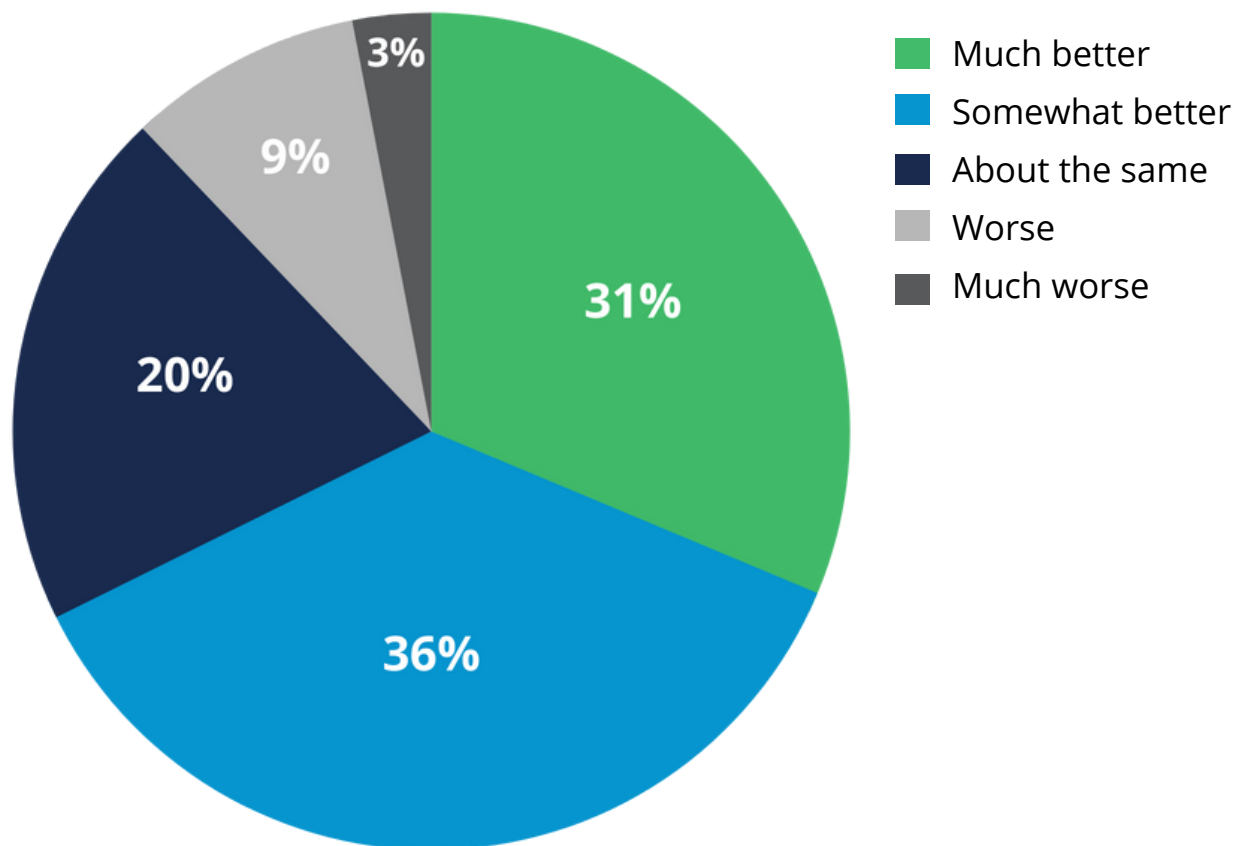
More than 60% of Small Business owners surveyed projected to perform better than they actually did during the first quarter of 2023. Only 35% performed better than expected. The start of the year saw inflation, fears of recession, and uncertainty surrounding the banking industry dampen many of the goals that had been set.

FUTURE STATE OF SMALL BUSINESS

HOW DO YOU PROJECT YOUR BUSINESS WILL BE PERFORMING AT THE END OF Q2 2023 COMPARED TO HOW IT PERFORMED IN Q1 2023?

Despite any setbacks from the first quarter, the outlook on the short-term future of Small Business is strong!

67% of Small Business owners believe they will be performing better by the end of the second quarter.

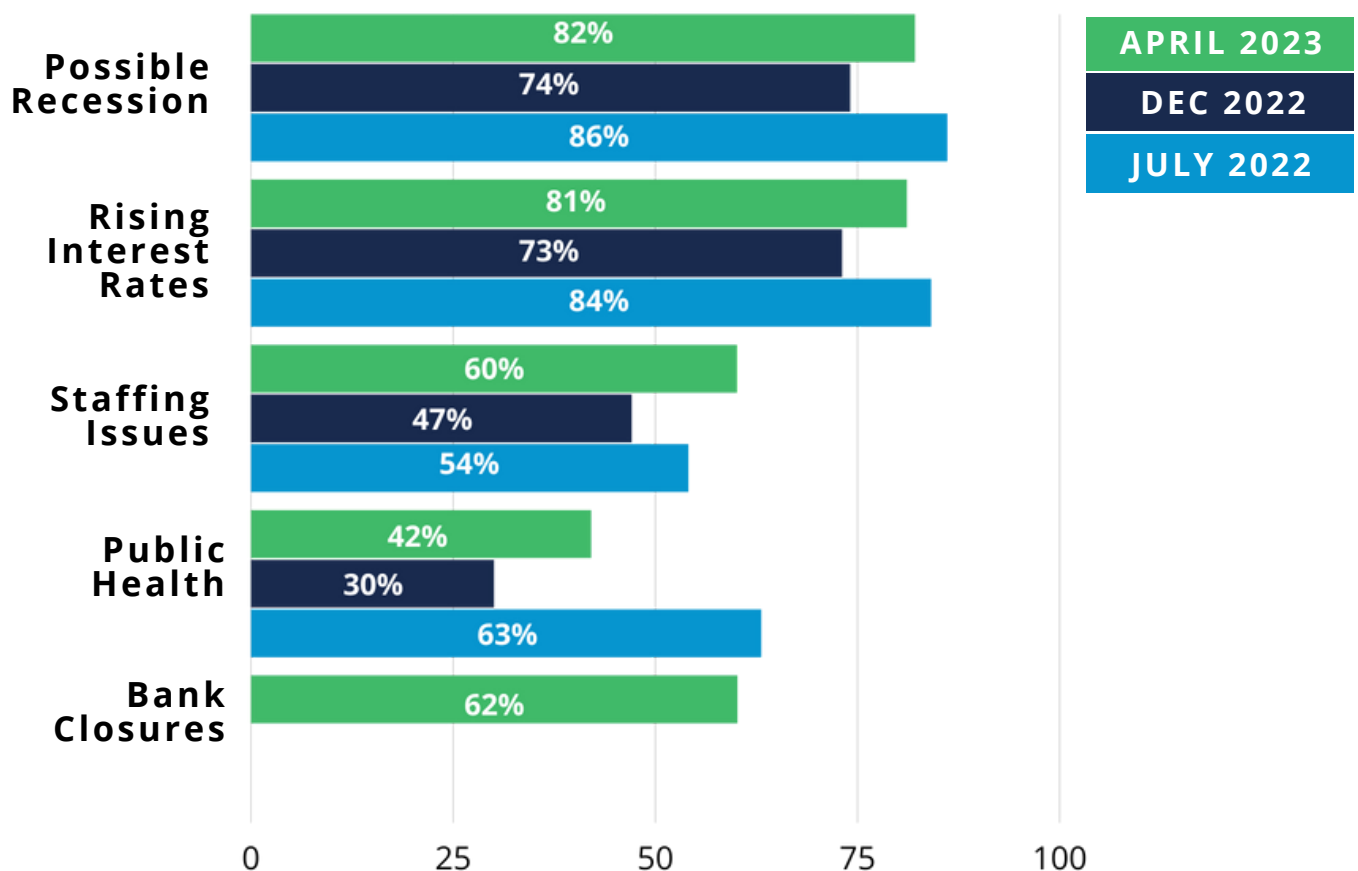


FUTURE STATE OF SMALL BUSINESS

HOW CONCERNED ARE YOU ABOUT THE FOLLOWING AFFECTING YOUR BUSINESS IN Q2 2023?

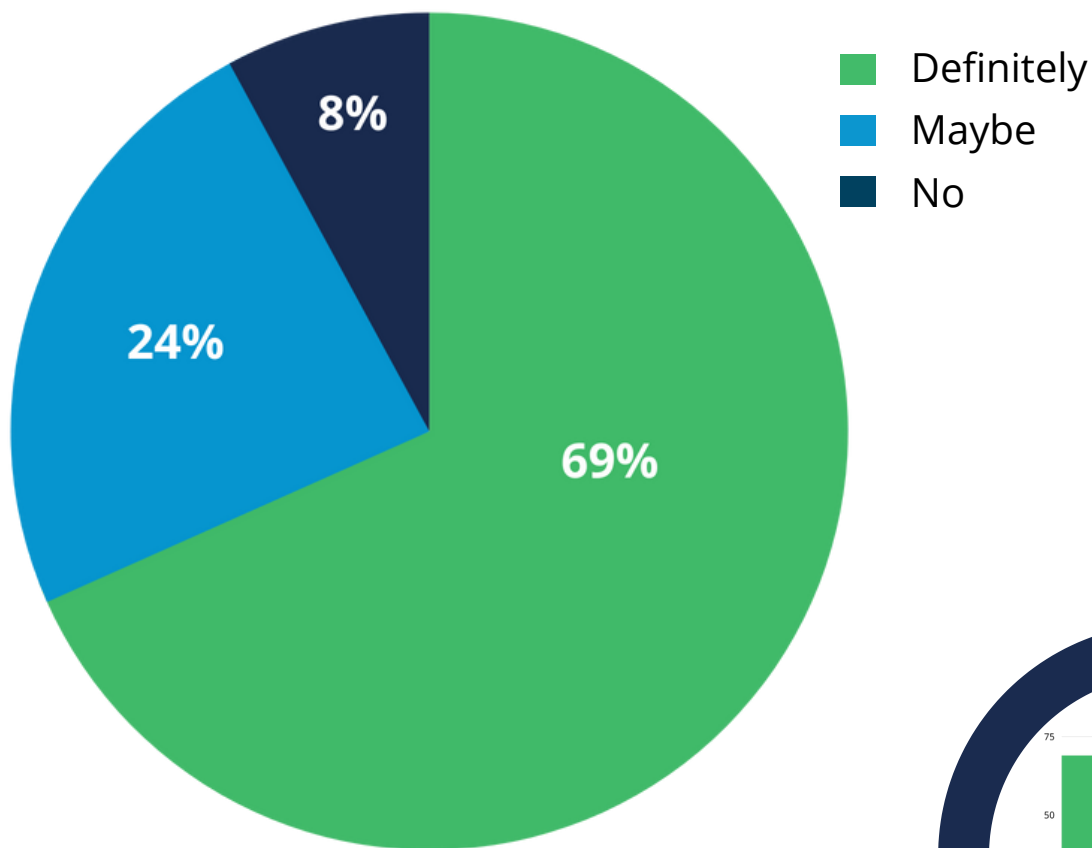
While challenges are keeping more Small Business owners up at night as compared to December 2022 (*described as "very" or "somewhat concerned"*), **the overall level of concern still remains lower than it did in July 2022 for all issues.**

However, a new threat regarding bank closures surfaced for more than 60% of respondents since the end of last year.



BUSINESS GROWTH PLANS

DO YOU PLAN TO INVEST IN YOUR BUSINESS IN THE NEXT SIX MONTHS?



Despite the challenges brought on by the beginning of the year, nearly 70% of Small Business owners still plan to invest in the growth of their business in the next six months. That number is up from 61% in December 2022.

Only 8% report a definitive "no," as opposed to 12% during that same time period.

A ROCKY START TO 2023, BUT
OPTIMISM FOR SMALL BUSINESS
GROWTH REMAINS STRONG.



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