

Enento Group Plc

Q3 Pre-silent teams call with analysts on 22 September 2023 at 10.00 – 10.40 EEST

Present from Enento Group:

- Jeanette Jäger, CEO
- Elina Stråhlman, CFO
- Arto Paukku, IRO

Analyst present:

- Daniel Lepistö, Danske
- Matti Riikonen, Carnegie
- Felix Henriksson, Nordea
- Roni Peuranheimo, Inderes
- Kimmo Stenvall, OP
- Jaakko Tyrväinen, SEB

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Arto Paukku, IRO

So welcome to post Q3 previous analyst call. We have everyone in the room and we will start with Jeanette recapping the queue tree events and then followed by Elena and some commentary on the current training and then we will follow. Follow that section with Q&A from everyone but channel. Please go ahead. Take it away.

Jeanette Jäger, CEO

OK. Thank you, Arto, and good morning all of you. Good to see you again. So a few highlights them from a recent development. One is by actually starting with that Arto as we all already know, will now take on his new assignment, which has already been announced. So I had to will now join the management team of ENENTO and be heading marketing and communication, our customer support as well, uh.

In addition, when it comes to our strategy execution, which has now started after summer vacation, those initiatives and planning were doing their is progressing as planned. I would say the right now we're working with organizational alignment by ensuring that our internal framework and also support the effect effective strategy implementation by both that we have now the the financial framework working on that one for the next 4 year, which is also a part of our operational planning process which we are doing right now.

In addition to that, we of course are looking over our resources in order to get resources into play, and that is both euro and competence and that is done both in short term and longer term. In shorter term, we're aligning our queue 4 portfolio development to our strategy. So that is going on already right now. And then, of course, we're also now starting to plan for the resource and competence for also 2024.

A little bit about the efficiency program. I would like to mention two areas there, which has also been on the agenda and you know them quite well from earlier. One is the a AD transition that we are actually into right now that started and to some extent already in June, meaning started is that we are actually now

starting to execute on what was earlier planned when it comes to the transition of the people. So now in in, in Q3 and Q4 actually there's a handover between the people who has been doing the tasks as developers to those who are now taking it on. In TCS, we are planning to have what we call a cat over early next year. We have some, uh, I would say that we have some software and some access which we need to make sure is according to regulation, but still I would say that Kathy over will be possible to do definitely in Q1 and and hopefully and probably already early and in in the Q1.

Now the next I would say large initiative from our side is to consolidate our IT infrastructure and there are so many reasons for doing this. There is a we see that we can get a Better Business continuity. hWe see that we can have a reach, a higher security. We see that we can also get financial impact of this and that is of course also why this is also part of our reporting to you. Now we are right now in the stage that we are doing our our work to analyze and that will continue during this year. So there will be a conclusions connected to all of these named. Advantages that we can reach so that analyzes also need to take into account what are the potential risk and how can that those then be mitigated before we're going for an execution and the infrastructure does include for example also data center handling. So this needs to be done carefully in the analysis phase and the better we do the analysis, the better. We can also then not only take a good decision, but also execute on it. So that's the the second one.

Also, continuing according to plan also, I would say actually a it's it's a big change to to do both of these and it will be a game changing not only efficiency within how do we drive our IT. But I would say that it would also give us an efficiency Dynamo. Again, coming back to the money and and the financial part, but it's actually will be very much of the base for us forward in order to be able to execute according to our strategy forward, because we need to be smart and we need to have speed also. And this is the part I would say of handling a fragmented IT environment a consolidated. This is maybe not connected to efficiency as such, but it's definitely connected to the next topic. I mean to one and end to. It is definitely connected to that.

We bring our core together and that we deliver with scale and that is connected to our decision as a service and the decision as a service that is core and this and in this industry that we are driving and you might remember that we have earlier said that we are doing an investment and the decision as a service and this is also not only bringing it to one and unto bringing it to be able to drive scale. It is actually also very much improving our capabilities to be competitive in the future connected to anything that is the base of the decisioning abilities. It is, of course, a very important ability within the credit part. Now what has actually been executed now is that we have completed this in Finland and now we are starting up the journey in the next phase, which Sweden.

Last but not least, I asked wanted to share a few words also about that I took the decision to integrate digital processes with business insight. As you might remember, in Q2 and right now, we have done the integration of these two business areas and that is also, yeah, very much being an enforcement of now driving for example and Nordic compliance which earlier was divided into the two different organizations we had within the compliance area PEP and sanction list screening service is launched now just before the summer and this is for Sweden. We have already had Pep and sanction lists in Finland and we have done very well in the growth within these areas, so of course we're really, really glad to see now that this is also launched in the Swedish area and on top of that we have also launched a monitoring sanction list monitoring service in Finland which of course enables an automatization of the KYC process for our customers. And and this will definitely be a service which will make it easier for the customers to assure that they're actually following it's actions on a continuous basis. Not only that, you ask for the date on a continuous matter, but you actually have it updated all the time. So this will of course also be something that we are bringing to Sweden as well in the next step. So that was a few highlights and now I'm handing over to Elina to continue with our current trading and our financials. And then we will open up for

questions and I can of course also come back to those later on in both the part that Elena is now sharing with you as well as the areas that I've been sharing with you.

Elina Stråhlman, CFO

Thank you, Janette. So backrow environment that has continued to be very challenging and unfortunately there are no, no positive signs. Uh, in the in the short term, outlook either currently. Obviously, the sweetest crooner and Norwegian Pruna had continued to be on on very weak levels and on top of that, the situation in in Sweden continues to be very challenging. Trip the trend in consumer credit volumes has has continued and and consumer credit. Uh, lending and unpolluted those have continued to decline as we saw so already in Q2. On the Finnish side, then, on the other hand, the business Information Devices, Enterprise Services, premium services, compliance services, those have continued to develop. Well and strong and and also the consumer credit business, Finland has been more defensive in this, this macro that is sweet and although although not uh not definitely. Well, in the time it's, but nevertheless not as negative development than in in the Swedish side in Norway. And we see some what's lowering slowing growth pace as well. So macro ah, it's somewhat now started doing that also also the Norwegian Growth rates.

So, but as total, uh, unfortunately the trend in consumer credit size we can overall in the Swedish business continues. The macro continues to have really make a negatively impact impact that that business until situation and business information growth, especially on the Finnish side, this is barely offsetting that that development at the moment. So that is that is the situation with the with the alright trading when it comes to the coming coming once of course we we currently we currently don't see too many positive signs when it comes to the Swedish consumer credit uh consumer credit situation.

But obviously we continue to follow following the situation closely and the key with the full year full year revenue will be the development development in, in the consumer credit volumes start on the profitability side, we have taken lot of efficiency actions in in recent quarters and and continue to execute on those. So on on profitability wise, we we are we are good, good. I'm confident with the, with the watching levels, with the buyer. But that was what I might I plan to say now regarding to current reading the macro situation. Thank you.