Enento Group

Company report

9/1/2023

Roni Peuranheimo
+358 505610455
roni.peuranheimo@inderes.fi

Inderes corporate customer

This report is a summary translation of the report “Pohjoismaiden luottotietokuningas” published on 9/1/2023 at 7:10 pm.

The Nordic credit information king

We initiate coverage of Enento with an Accumulate recommendation and a target price of EUR 24.50. Enento is profiled as a high-quality, mature technology company with stable growth and strong profitability and cash flow. We see an attractive expected return for the coming years, based on healthy organic earnings growth and a solid dividend yield. Furthermore, the share carries an M&A option.

A strong player with a long history in the Nordic business and consumer data market

Enento is one of the leading providers of digital business and consumer data in the Nordic countries. The company's product offering, and client base is broad, and its services are used in areas such as risk management, sales and marketing, and real estate. At the core of these services is the data collected from a wide range of information sources in the company's database, which the company processes and uses to develop a range of services that enable informed decisions in the various financial transactions of its clients. Enento has long-standing roots in Finland, where the company still operates mainly under the Asiakastieto brand. The company has expanded into other Nordic countries through acquisitions and operates under the UC, allabolag.se and Proff brands. Enento operates in a Nordic business and consumer data market worth around EUR 600 million, of which credit data accounts for about half. In credit data, the competitive landscape is well consolidated and Enento is the market leader in Finland and Sweden. In terms of business data, the company is a major player in Finland and Norway but is still a challenger in Denmark and Sweden.

Enento is profiled as a profitable mature technology company

Enento has a good track record of steady profitable organic growth, which has also been accelerated by acquisitions (notably UC and Proff). The company's business is generally quite stable and defensive, as there is demand for its services even in a weaker economic environment. At the core of Enento's strategy is maintaining a leading position in the credit data business. The company is particularly looking for growth in business information services, with a focus on ESG, compliance, and master data services. The company is targeting average net sales growth of 5-10% in 2024-2026 and an adjusted EBITDA margin of around 40% in 2026. This year, the company faces a number of headwinds as the challenging market environment (lower demand for loans and weak SEK), regulation (Finnish interest rate cap regulation in the fall) and internal factors (exit of the Tambur service) weigh on net sales. We expect the company to return to growth next year, but our growth forecasts for the coming years (2024-2026e CAGR: 4.9%) are still slightly below the company's targets. We expect profitability to scale gradually with growth, staying slightly below the company's target level (adjusted EBITDA 2022: 36.6% vs. 2026e: 38.5%).

Earnings growth and dividend create a comfortable expected return

Enento's solid business profile has historically priced the stock at relatively high multiples (2018-2022 median EV/EBIT 19x). Valuation multiples fell significantly, in particular due to repricing with the rise in interest rates, and currently the EV/EBIT multiples for 2023-2024 are 15x-14x. We consider the current multiples to be neutral and see no material upside in the current interest rate environment. However, with earnings growth (around 7-8%) and dividend yield (4-5%) estimates for the coming years, the expected return is over 10%, well above our required return. The DCF model, which is very useful in Enento's valuation, also indicates upside potential for the stock. We also see the stock as an option for potential M&A and consider the risk/reward ratio attractive at the current valuation.

Recommendation

Accumulate
(previous Accumulate)

EUR 24.50
(previous -)

Share price:
23.15

Key figures

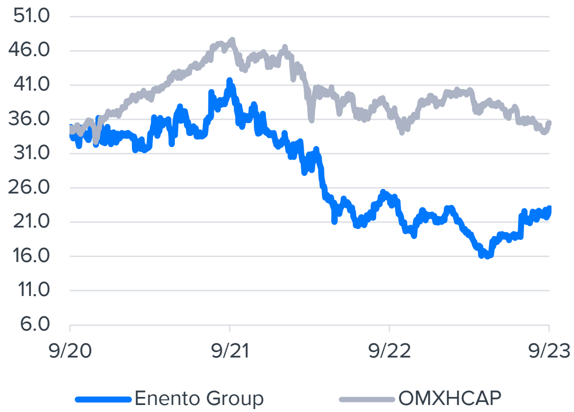
	2022	2023e	2024e	2025e
Revenue	167.5	157.7	166.3	174.3
growth-%	2%	-6%	5%	5%
EBIT adj.	49.1	47.1	50.2	54.7
EBIT-% adj.	29.3 %	29.8 %	30.2 %	31.4 %
Net Income	17.4	21.4	26.7	30.7
EPS (adj.)	1.11	1.22	1.44	1.59
P/E (adj.)	19.2	18.9	16.1	14.5
P/B	1.7	1.9	1.9	1.8
Dividend yield-%	4.7 %	4.3 %	4.5 %	4.8 %
EV/EBIT (adj.)	13.2	14.8	13.7	12.4
EV/EBITDA	11.6	12.8	11.1	10.3
EV/S	3.9	4.4	4.1	3.9

Source: Inderes

Guidance (Unchanged)

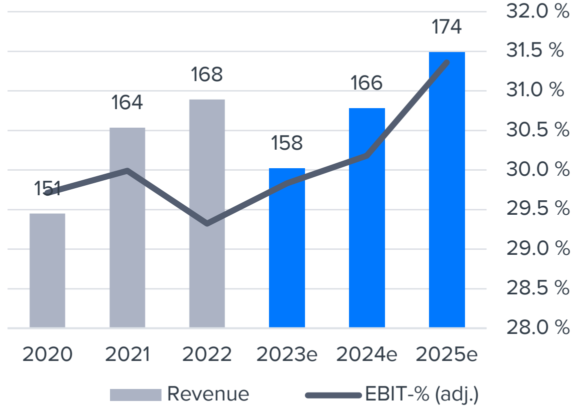
Enento Group expects net sales in 2023 to grow between 0-5% excluding the impact from the discontinued Tambur service at comparable exchange rates as compared to 2022. Enento Group expects its adjusted EBITDA margin to be in the range of 36-37%.

Share price



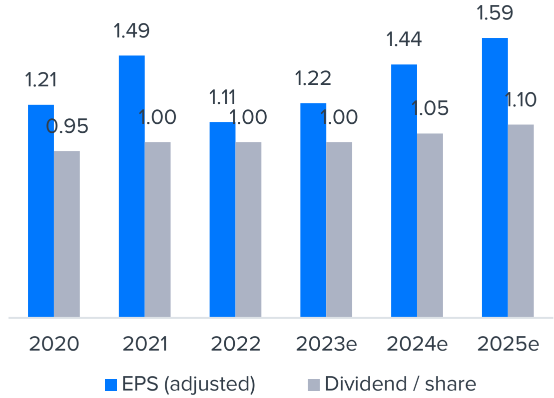
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Steady growth and strong profitability
- Stable cash flow enables investments for growth
- Well-known and respected brands in the Nordic countries
- Mainly defensive income streams
- Potential longer-term efficiency gains from building the new technology platform
- M&A option (potential buyer and target)

Risk factors

- In the short term, the growth outlook is weak in a challenging market environment
- Dependence on the Nordic banking sector
- Failure to build a unified technology platform
- Regulatory changes can lead to changes in the operating environment

Valuation	2023e	2024e	2025e
Share price	23.2	23.2	23.2
Number of shares, millions	23.8	23.8	23.8
Market cap	551	551	551
EV	697	687	676
P/E (adj.)	18.9	16.1	14.5
P/E	25.7	20.6	17.9
P/FCF	21.0	14.1	13.4
P/B	1.9	1.9	1.8
P/S	3.5	3.3	3.2
EV/Sales	4.4	4.1	3.9
EV/EBITDA	12.8	11.1	10.3
EV/EBIT (adj.)	14.8	13.7	12.4
Payout ratio (%)	111.1 %	93.5 %	85.2 %
Dividend yield-%	4.3 %	4.5 %	4.8 %

Source: Inderes

Contents

Company description and business model	6-15
Investment profile	16-18
Industry and competitive landscape	19-22
Strategy and financial objectives	23-25
Financial position	26-28
Estimates	29-33
Valuation and recommendation	34-40
Disclaimer	41

Enento in brief

Enento is one of the leading providers of digital business and consumer information services in the Nordic countries.

1905
Year of establishment

2015
IPO

167.5 MEUR (+2.5% vs. 2021)
Revenue 2022

49.1 MEUR (29.3% of revenue)
Adjusted EBIT 2022

29.6%
Average adjusted EBIT margin 2019-2022

393
Average headcount Q2'23

55% / 45%
Business Insight & Consumer Insight share of net sales by business area in 2022

-2017

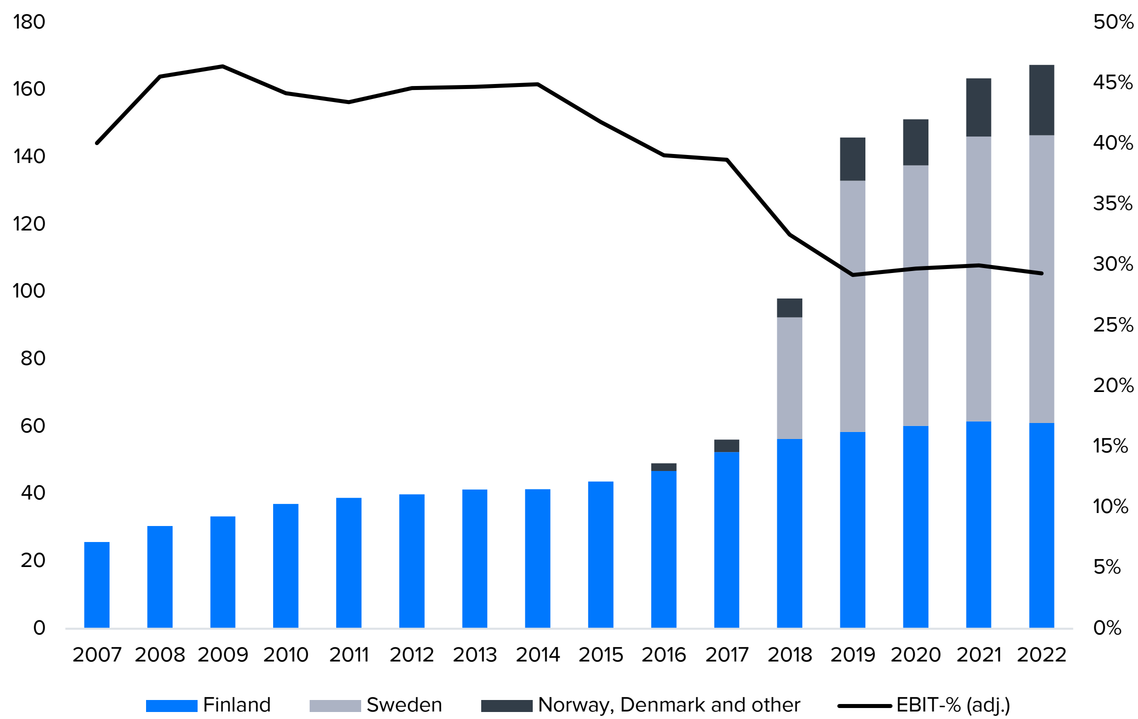
- Stable, mainly organic profitable growth in Finland
- A strong brand (Asiakastieto) achieved through a long history and a leading position in the Finnish credit and business information markets

2018-2022

- Growth to new size class and expansion to Sweden through the acquisition of UC in 2018
- Stronger expansion into Denmark and Norway in 2019 with Proff acquisition
- Starting the development of a common Nordic technology platform

2022-

- Challenging market conditions slow growth in 2022-2023
- Level adjustment to expectations for the development of the Nordic technology platform (write-down of development expenditure in 2022)



Source: Enento / Inderes

Company description and business model 1/6

Nordic provider of digital business and consumer information services

Enento is one of the leading providers of digital business and consumer information services in the Nordic countries. The company's products and services are primarily used in risk management, finance and financial administration, decision-making, sales and marketing, automation, compliance, real estate sales and financing, and personal financial management.

Enento's customers include large financial and banking companies, wholesalers and retailers, small and medium-sized enterprises and consumers. At the end of 2022, the company had around 500,000 consumer customers and around 76,000 corporate customers. The company operates in the Nordic market for business and consumer information services, which is estimated at around EUR 600 million.

Enento's product portfolio is broad and includes everything from individual reports to sophisticated, integrated risk management solutions. The company is also constantly developing new services based on its extensive database. At the heart of the company's services is a database collected from a variety of sources (such as public registers or directly from customers). Using the data it collects, the company develops services to meet different needs, with the core purpose of increasing trust in economic transactions between people, businesses and society. Enento's vision is to build trust in Nordic societies by transforming data into intelligence and helping businesses to act more sustainably and make responsible decisions.

Enento's history dates back to the early 1900s, when Finnish financial institutions and retail companies founded the Finnish Lenders' Association and the Businessmen's Information Association. Through a series of twists and turns, the association became Suomen Asiakastieto Oy in 1988, which initially provided credit information on consumers. By the turn of the millennium, the company had established itself as one of the leading players in the Finnish business and credit information market. Asiakastieto Group was listed on Nasdaq Helsinki in 2015. In 2018-2019, the company expanded into the Nordic countries with the acquisitions of UC and Proff. In 2020, the company changed its name to Enento Group.

In 2022, Enento had net sales of EUR 167.5 million and an adjusted EBIT of EUR 49.1 million (29.3% of net sales). 53% of the company's net sales came from Sweden, 41% from Finland, 5% from Norway and less than 1% from Denmark. The company employed an average of 393 people at Q2'23.

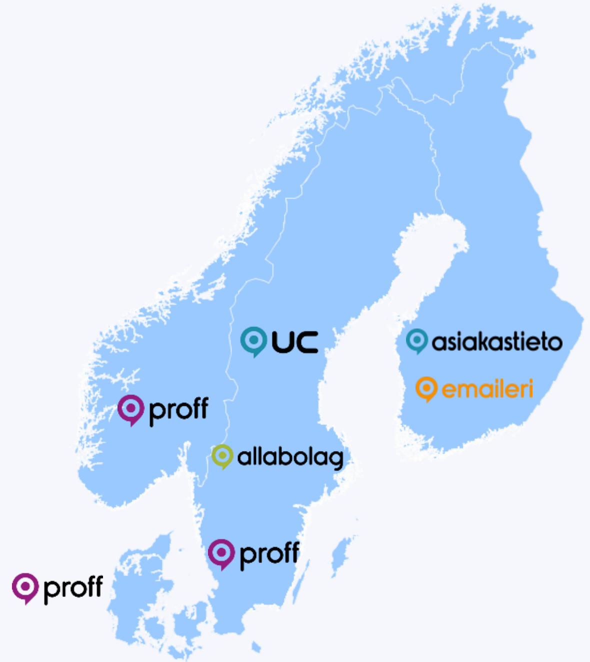
Group structure and main brands

The Enento Group includes several subsidiaries operating under their own brand that have been integrated into the group through acquisitions. Enento's main brands are Asiakastieto (Finland), UC (Sweden), allabolag.se (Sweden, part of UC), Proff (Denmark, Norway and Sweden). Emaileri, which became part of the group through an acquisition, also operates in Finland under its own brand. Other smaller acquisitions, such as Intellia Oy and Solidinfo.SE (business acquisition) have been consolidated.

Enento

- Enento is one of the leading providers of digital business and consumer information services in the Nordic countries
- Customer base includes large financial and banking companies, wholesalers, retailers, SMEs, and consumers
- Around 500,000 consumer customers and 76,000 corporate customers
- Operates in a Nordic business and consumer information market of around EUR 600 million
- The subsidiaries operate under their own brands, the most important of which are Asiakastieto, UC, Proff and Allabolag.

Enento's operating countries and brands



Source: Enento, Inderes

Company description and business model 2/6

Suomen Asiakastieto Oy forms the historical core of the group. In Finland, Enento continues to operate under its Asiakastieto brand, which we believe makes sense for brand awareness.

UC merged with Enento in 2018 through an acquisition. The transaction was very significant for a company of Enento's size, as UC was larger than Enento in terms of net sales at the time of the acquisition and UC's former owners became significant shareholders of Enento with a 36.9% stake. In 2017, UC generated net sales of EUR 74.4 million and an IFRS-adjusted EBITDA of EUR 17.7 million (24% of net sales). UC is one of Sweden's leading information services companies, offering products and services for risk management, decision-making, sales and marketing. UC's customer base consists of banking and financial institutions, other companies, private individuals and the public sector. The UC-owned business information website **allabolag.se** operates in Sweden under its own brand.

Proff is an internet-based freemium business and financial information service operating in Norway, Sweden and Denmark. Proff became part of the Enento Group in 2019 through an acquisition. Its business is based on visibility bought by businesses, display advertising and subscription-based advertising. In 2018, Proff's net sales were around EUR 9.4 million and EBITDA around EUR 1.5 million**.**

Emaileri became part of Enento in 2017 through an acquisition. This was a relatively small transaction, as Emaileri's net sales totaled EUR 2.0 million in 2016. Emaileri provides analytics-based sales, communications and marketing services.

Goava is a Swedish company providing Sales Intelligence services designed to improve sales effectiveness. Enento acquired a minority stake in the company in 2021 (38.3%), after which the company increased its ownership to 44.1% in 2022.

Business model

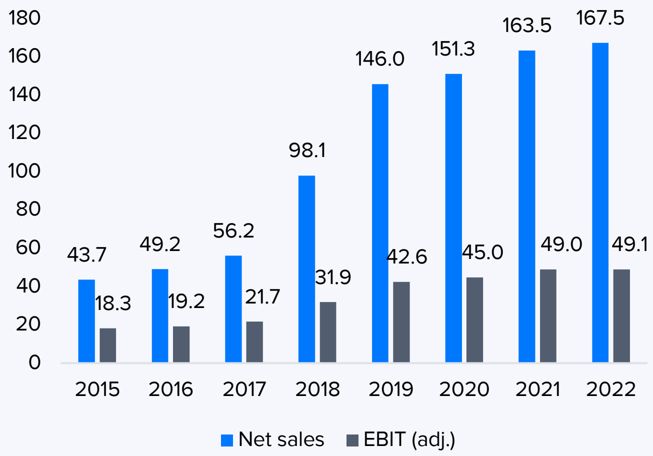
Data collection

Enento obtains and aggregates its data from various public registers, directly from customers and from other companies. The company's data collection is mostly automated, but a small amount of data is still collected and processed manually. Most of the data comes from public registers, which typically requires a license or contract from the data provider. In general, Enento is supported by its well-known and trusted brand in data collection.

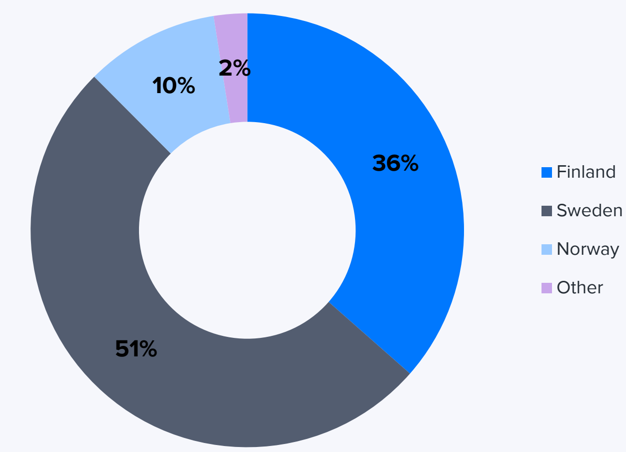
In Finland, the public data sources used by the company include the Legal Register Center, Statistics Finland, the Finnish Business Information System (YTJ), the Finnish Patent and Registration Office (PRH), the National Land Survey of Finland and the Finnish Tax Administration. In Sweden, similar public sources include the Swedish Tax Agency, the Swedish Enforcement Authority, the Swedish Companies Registration Office, Statistics Sweden, the National Land Survey and the National Board of Trade Sweden.

Information from these sources may include financial statements, data on payment defaults and basic business information. Enento receives data periodically and pays a small monthly or per transaction fee for the data. In certain cases, private companies are prohibited from collecting public data, in which case Enento offers its customers a real-time data link to public registers.

Net sales and adjusted EBIT development



Geographical breakdown of net sales 2022



Source: Inderes

Company description and business model 3/6

In addition to public registers, Enento collects data directly from its customers and other companies. The data is collected mainly through requests for information sent to businesses and partly through external service providers. In certain cases, the company also offers its products and services in exchange for the data it receives from the customer.

Database and service production

After data collection, the data is entered into the Enento database through a verification process. Most of the verification is fully automated with the help of certain filters. The data collected from companies, such as financial statements and analyses, require some manual work. Among other things, the company has an internal team of analysts responsible for analyzing financial statements. However, most of the analysis is automated.

Enento's proprietary database is at the heart of the company's business model. If the data in the database is of high quality, it can be used many times to provide different services at virtually no significant additional cost. With the data in the database, Enento uses statistical models, such as rating and scoring models, which form the basis for the company's products and services. If necessary, the models can also be tailored to the needs of individual customers, for example by using the customer's own credit policy as input to the model.

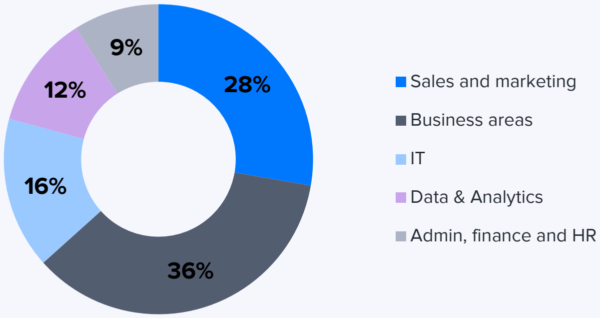
Distribution

The distribution of Enento's services and products can be roughly divided into three parts: integrated services, contract customer interfaces and open services. In addition, the company offers a small range of printed products and various certificates, as well as mobile and offline services.

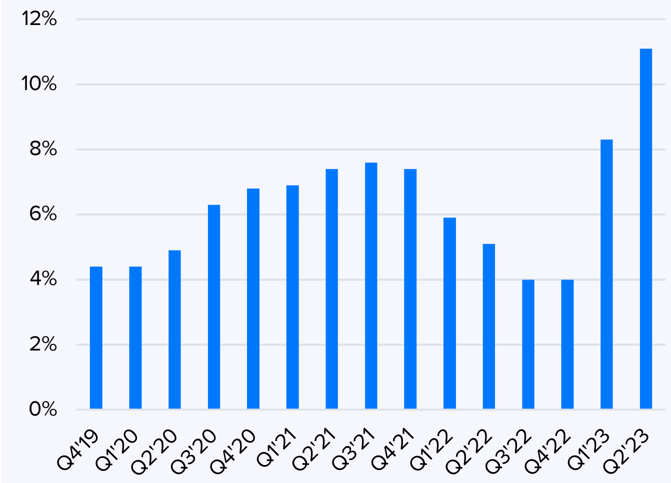
In integrated services, Enento's services are integrated into customers' IT environments and processes, often playing a critical role in the customer's business process. Typical customers of integrated services include banks and insurance companies that use Enento services integrated into their systems as part of their lending and decision-making processes. The usage volumes of these customers are usually high. We believe that integrated services are a very critical part of Enento's competitiveness. In the long run, the switching costs will become quite high as Enento's services become deeply integrated into customers' systems. At its 2020 Capital Markets Day, the company announced that more than 50% of its net sales comes from integrated services.

Contract customers who do not use integrated services typically use the contract customer interface. The interface works in a browser or via a direct connection between the customer's own system and Enento's services.

Personnel breakdown 2022



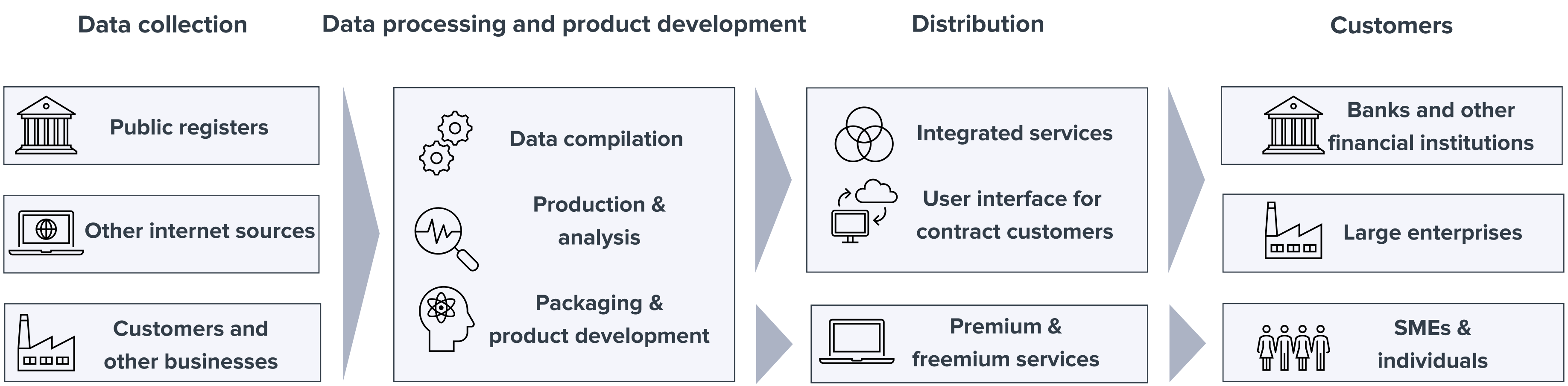
Share of new services in net sales



* Services launched within 24 months are classified as new services

Source: Inderes

Enento's business model



- Highly automated data acquisition
- A well-known and trusted brand is
  a competitive advantage in data collection
- Used public registers, e.g., Statistics Finland and PRH, the Swedish Tax Agency, the Swedish Enforcement Authority
- Data is purchased from a database
  or connected via data links

- The data are filtered (mainly automated) and enriched before being added to the database
- Using data to create different types of
  products and services using statistical models and algorithms
- The material added to the database can be used repeatedly with different services and products

- Services can be integrated directly into customers' business processes
- Integrated services play an essential role
  in Enento's competitive advantage
  due to high switching costs
- Freemium business website has
  over 6 million visitors per month
- Income is mainly transaction-based

- Clients mainly large companies, individuals and SMEs
- Banking and financial sector is the largest customer group, for whom services are often deeply integrated into their own systems

Source: Enento, Inderes

Company description and business model 4/6

Enento also offers its services on a freemium model, which are online services available to all businesses and individuals. The company's freemium business information sites have more than 6 million unique users each month. The business model of the freemium services relies mainly on trying to convert as many users as possible into paying customers. Enento also receives some advertising revenues from freemium sites.

Net sales mainly transaction-based, including cyclical and counter-cyclical income streams

Most of Enento's turnover is based on transaction-based income streams. In addition, there is also ongoing monthly or annual billing, in particular through services offered to SME customers. In the 2020 CMD, the company reported 75% of revenue as transaction-based, 20% as recurring order-based and 5% as other non-recurring revenue. We assume the ratio is roughly unchanged. As revenue is mainly transaction-based, the company's profitability scales well with volume growth.

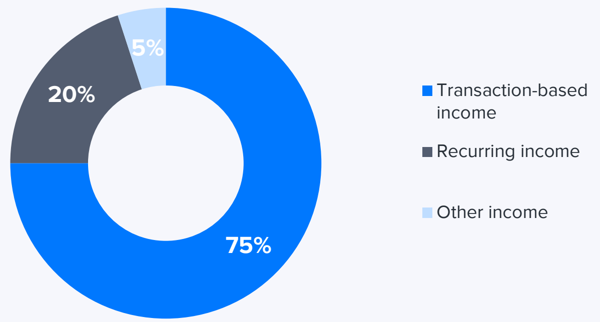
Enento's income streams include both cyclic and counter-cyclic elements. In general, the company's transaction volumes depend to some extent on the general economic situation. For example, demand for the company's real estate and housing-related services has slowed over the past year as the housing market in the Nordic countries has been sluggish due to rising interest rates. In contrast, the company has many services for which demand increases during economic downturns, such as certain risk management services. Historically, also in times of major economic crisis, the company has seen a clear increase in demand for certain of its services, as the importance of obtaining reliable information in financial dealings becomes more important. These items partly balance each other out and overall the company's business model is quite cycle-proof.

Building a unified Nordic technology platform at the heart of product development

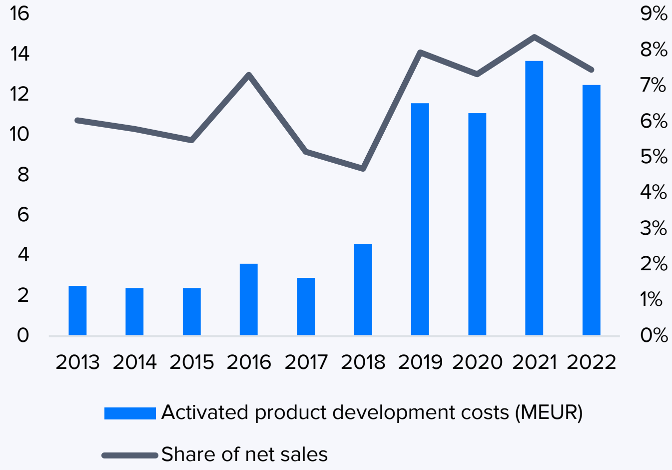
As a technology company, product development is critical to Enento's competitiveness and growth. A large part of the company's R&D is devoted to the development of new products, and the company is actively developing new products in all business areas to meet the needs of its customers. In 2022, Enento launched a total of 31 new services. The company capitalizes its product development costs on the balance sheet, and capitalization has been between 7% and 9% of net sales in 2019-2022 (after the UC acquisition).

Enento's Nordic business has been built largely through acquisitions (especially the UC and Proff acquisitions in 2018 and 2019), which has meant that the company's technology platforms in different countries have been practically disconnected from each other since the acquisitions. In recent years, the company's R&D efforts (around half of its R&D expenditure) have been strongly focused on the development of a common integrated Nordic technology platform ("Nordic Business Platform").

Net sales breakdown by income streams (2020 CMD)



Activated product development costs and share of net sales

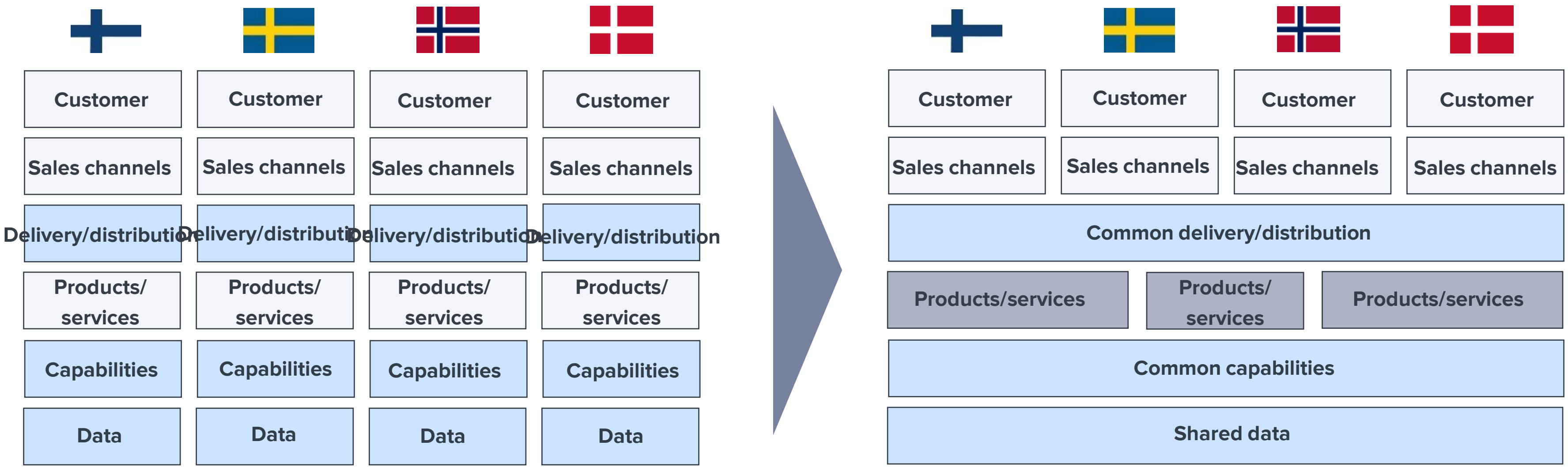


Source: Enento, Inderes

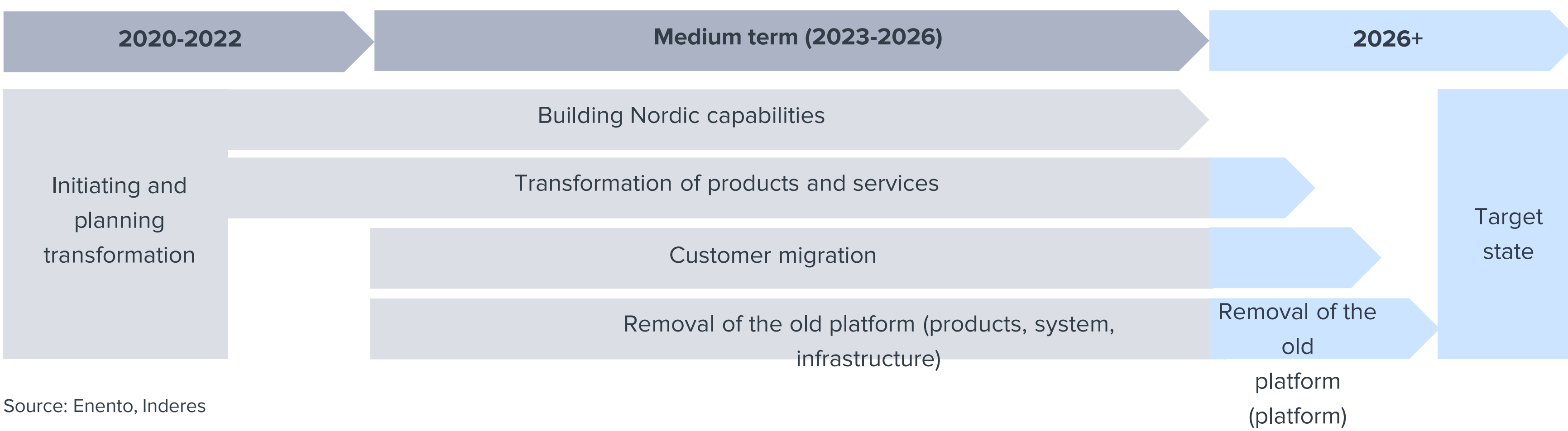
Enento's technology platform and target state

Current situation of Enento’s technology platforms

Target state after transformation



An outline of the technology transformation timeline



Source: Enento, Inderes

Company description and business model 5/6

The company's initial goal was to have a common platform developed by 2025. However, development work has not fully progressed in line with the company's initial expectations and the expectations have been adjusted over the past year. This is reflected, among other things, by the company's write-downs of around EUR 10 million in Q4'22 related to the IT platform, as the company changed its view on the future benefits of the platform's development. Some projects related to the platform were also completely abandoned after the company reassessed the potential benefits of the projects. However, despite the associated challenges, the development of the platform remains a strategically important project for Enento. The current target is to have the new platform ready by the end of the decade. However, the development of the company's own technology platform is ongoing and will therefore never completely stop.

In particular, the aim of the platform is to speed up the development of new services and cross-selling. At the same time, there should also be a clear margin for reduction in the costs of maintaining several platforms and in maintenance investments. However, in the short term, there is some duplicate cost in developing a new platform and maintaining the old one. The company expects the growth and cost-efficiency benefits of the new platform to be realized gradually over the medium term.

Sales and marketing

Enento's sales and marketing uses different models for different customer groups. Sales to the company's large and medium-sized customers are handled by customer-responsible sales managers. Sales to small and potential customers are mainly made through internal and outsourced telemarketing channels and digital marketing (e.g. SEO and marketing automation). Enento has a central unit responsible for the company's marketing and communications. In 2022, 28% of Enento's staff worked in sales and marketing.

Business Areas

Enento reports its net sales in two different business areas: Business Insight and Consumer Insight. The company has changed its reported business areas several times in history, which contributes to the difficulty of monitoring longer-term trends in different business areas. Earlier this year, the company still had a third business area, Digital Processes, which was merged into Business Insight in June.

Business Insight

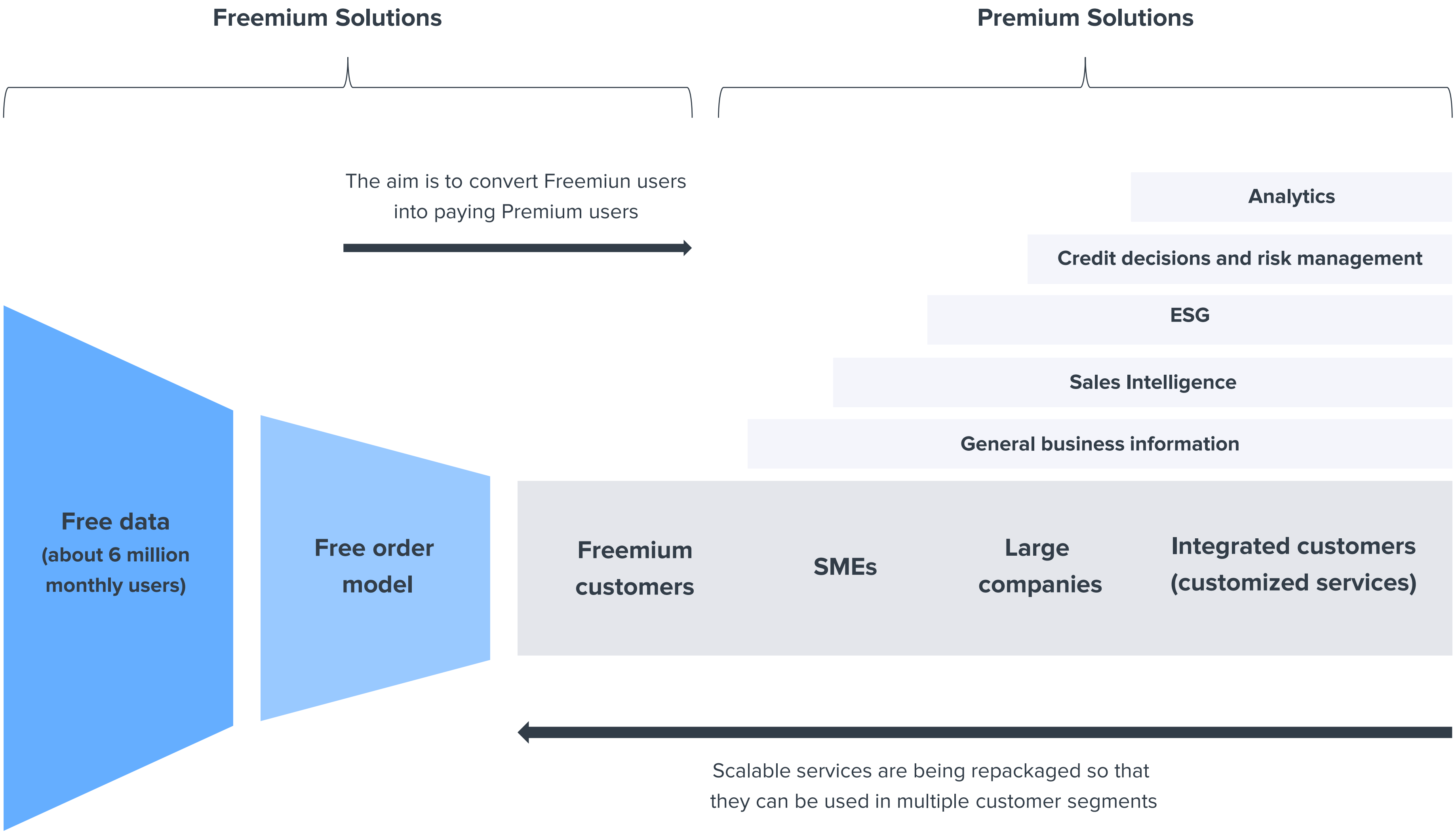
The Business Insight business area develops and provides data and analytics to business customers to make reliable credit and business decisions in the Nordic countries. Business Insight's core services (before the inclusion of Digital Processes) serve businesses of all sizes and the business area was previously made up of three different business lines: Enterprise, Premium and Freemium. The company offers services either through its website or directly integrated into customers' systems. The Enterprise Solutions line provides services to strategic and large customers in sectors such as banking and finance. The Premium Solutions line provides business information services for SMEs.

The Freemium Solutions develops business information service websites under the freemium model in all Nordic markets. Enento is the leading provider of freemium company data in the Nordic countries. Freemium services are designed to convert users of the company's free services into paying customers over time (Premium). Due to the large number of users (over 6 million per month), the business pages are also monetized through advertising revenues.

At the core of Business Insight's risk management services are corporate credit data, monitoring and scoring models, as well as tools for customer targeting and analysis of existing customers. More recently, ESG data, reports and services have also played an increasing role. The company sees demand for these continuing to grow in the coming years as ESG regulation increases significantly.

In addition, through the former Digital Processes business area, the services also include real estate data and data supporting valuation, as well as solutions related to the automation of collateral management processes and the digitalization of housing transactions. The services of the former Digital Processes business area also include various compliance services, such as services related to the identification of beneficial owners and politically influential persons.

Enento's business data conversion model



Source: Enento, Inderes

Company description and business model 6/6

In 2022, the Business Insight business area generated 55% (incl. Digital Processes) of Enento Group's net sales (2021: 56%). The old Digital Processes business area accounted for only about 8% of net sales in 2022 (14% of Business Insight), so it is a relatively small part.

Business Insight's net sales (Digital Process included in Business Insight) has grown at an average annual rate of 4.0% between 2021 and 2022. Old Business Insight's growth in recent years has been driven by Premium Solutions, aimed especially at SMEs, and Freemium Solutions, which focus on the online visibility of businesses. However, the development of Enterprise Solutions for major enterprises has been more moderate in recent years. However, Enterprise services with counter-cyclical elements have performed well in the current year.

The old Digital Processes business area has a history of strong growth (2019-2022 CAGR: 25%), but after years of strong growth, net sales declined last year (-3%). The fall was mainly due to a slowdown in the real estate and housing market as interest rates rose, which has continued to have a strong impact this year. The development of the business area was also negatively affected by the decision of Swedish banks to terminate Enento's Swedish housing market transaction service Tambur. This negative impact has continued this year, when the service actually ended in Q2'23. Contrastively, the business area's development in recent years has been positively influenced by an increase in demand for compliance services (such as sanctions lists) and risk assessments related to climate risks. The company sees significant growth potential in these areas also in the future.

Consumer Insight

The Consumer insight business area develops and offers consumer information and decision-making services in Finland and Sweden. Services are provided to businesses and directly to consumers. The business area consists of three different business lines. Consumer Credit Information services are primarily used for risk management, finance, administration and decision-making. Consumer Information Marketing services are used for sales and marketing needs, customer targeting and CRM data collection, among other things. Direct to Consumer services cover consumer information and identity protection services sold directly to consumers.

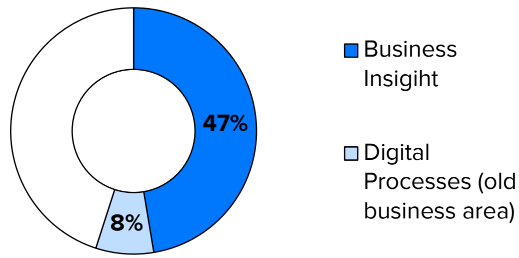
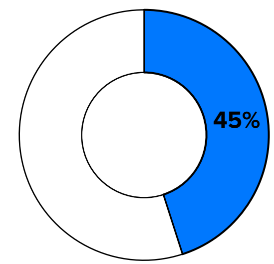
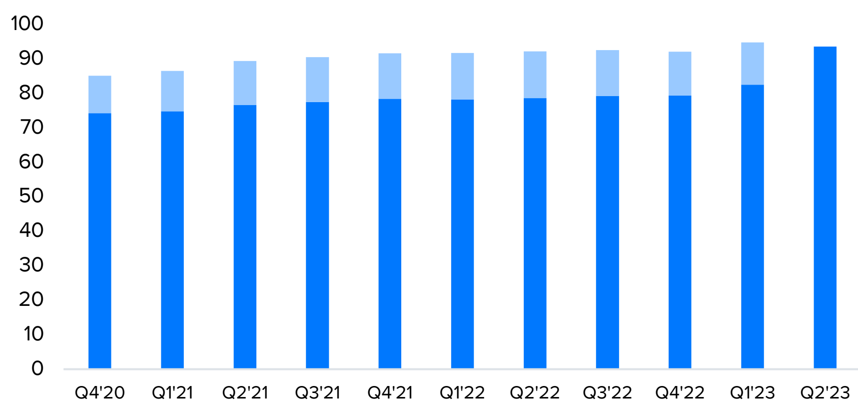
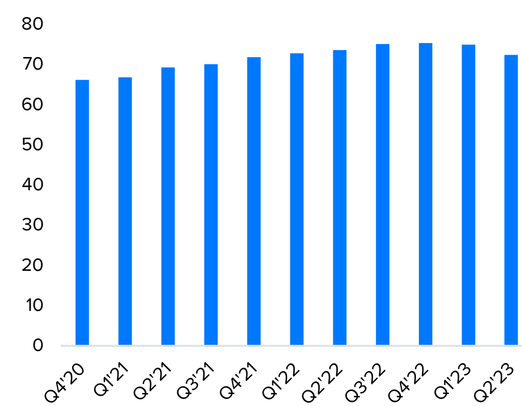
Enento sees the business area's services as playing an important role in supporting lending and preventing over-indebtedness. According to the company, Direct to Consumer services will also help consumers better understand and manage their finances and protect themselves against identity theft and fraud.

The Consumer Insight business area accounted for 45% of Enento's net sales in 2022 (2021: 44%). The area's net sales have grown at an average annual rate of 6.8% between 2021 and 2022. In recent years, the business area's growth has been driven in particular by increased volumes in consumer credit information services. This year, however, the trend has reversed with a fall in demand for consumer credit. The removal in 2021 of the lower interest rate cap (10%) imposed in Finland in 2020 also boosted demand in 2021-2022. In fall 2023, however, the interest rate cap is likely to be tightened again in Finland to 15% (now 20%), which may have a slight negative impact on the demand for services in the business area.

Enento is the market leader in consumer data in Finland and Sweden. The company is particularly strong in the banking and finance sector. However, the company still sees significant growth potential for the business through the development of new services and marketing investments.

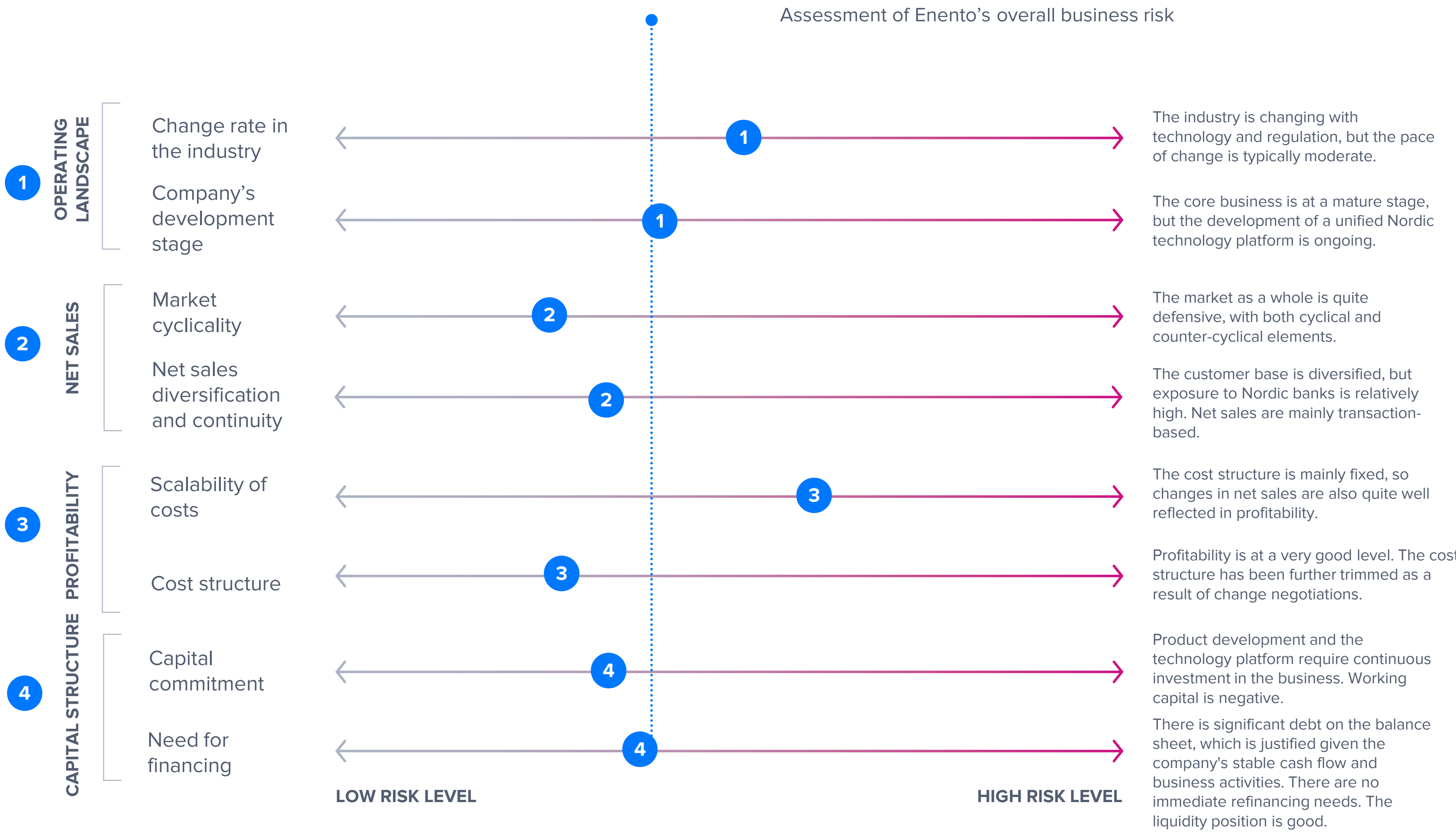
One interesting variable for the development of the business area in the coming years is the positive credit register (currently the Finnish register only contains credit defaults), which is expected to be introduced in Finland from spring 2024. We understand that the company has already developed a solution to this and is therefore quite neutral on the change. There has also been talk of introducing a positive credit register in Sweden, but this is still uncertain. One proposal made in Sweden is the so-called license-based credit register, which Enento has commented that it does not believe is the right solution to growing over-indebtedness. Based on this, we estimate that a potential license-based registry would pose at least some risk to Enento's existing services in Sweden. Developing a suitable solution is therefore important, as we believe that the new register may also cannibalize Enento's current services to some extent.

Summary of business areas

	Business Insight	Consumer Insight
Share of the group's net sales in 2022:		
Summary of business activities:	• **Enterprise Solutions** provides services to strategic and large clients, in particular in the banking and finance sector • **Premium Solutions** provides business information services for SMEs • **Freemium Solutions** develops business information pages based on the freemium model • **Real Estate and Collateral Information** services provide, e.g., real estate and housing information to support valuation. • **Compliance Services** provide information on, for example, beneficial owners and PEPs	• **Consumer Credit Information** services are used in particular for risk management, financing and decision-making • **Consumer Information Marketing** services are typically used for sales and marketing and customer information retrieval • **Direct to Consumer** provides consumer information and identity protection services
Business area development (LTM net sales rolling average):		

Source: Enento, Inderes

Risk profile of the business model



Source: Inderes

Investment profile

Mature technology company

Enento is a mature-stage technology company that grows moderately while making very good profitability. The ability to generate stable cash flow and a more moderate growth orientation highlights the role of dividends in the expected return on the company's share. However, the company is constantly developing new services to accelerate growth. With a cost structure that scales with growth, we also see the company primed for moderate organic earnings growth in the medium term. A genuine single Nordic technology platform should also bring certain efficiency gains in the medium term and speed up the launch of new services. In addition, we believe that the development of a single platform would facilitate the integration of future acquisitions into Enento, which we expect the company to continue to do selectively.

Strengths

A strong and well-established market position, especially among Nordic financial institutions, creates a strong basis for business. With long-standing customer relationships and deeply integrated services, the switching costs are very high, bringing stability and predictability to the business.

With strong brands, consumers and businesses have high confidence in the quality of Enento's data.

Scalable expense structure. Enento's cost structure is largely fixed, which means that the company's profitability scales quite well with rising volumes. The company can also use the same data for several different services and customer needs.

The business is mainly defensive and includes counter-cyclical elements. Demand for certain services can increase during economic downturns and crises, which helps offset business cyclicality.

Weaknesses

Non-harmonized technology platforms. Enento's subsidiaries in different countries (e.g. UC in Sweden and Asiakastieto in Finland) use their own technology platforms, which is not optimal for operational efficiency and the development of new services. However, the development of a common platform is underway, and the situation may change in the next few years.

Dependence and exposure to the Nordic banking sector. Nordic banks are important customers for the company, and any problems in the banking sector could also be reflected in the demand for Enento's services.

Transaction volumes are to some extent dependent on the economic cycle, which creates cyclical elements in the business. For example, changes in the housing market can be reflected in the company's business, and last year is an example of this.

Opportunities

The development of a truly unified Nordic technology platform would bring more scalability to the business through more efficient product development and lower system maintenance costs. We also believe that the platform would facilitate the integration of new acquisition targets.

Through acquisitions, Enento can strengthen its position in the Nordic business and consumer information market or expand its product range.

Threats

Failure to create a unified technology platform would mean that the efficiency gains sought from the platform would not be achieved, limiting the company's scalability potential.

Considerable goodwill in the balance sheet. The amount of goodwill in the balance sheet exceeds equity and if it had to be written down, this could have a significant negative impact on the company's solvency. However, we see no significant acute risks to this.

Customer attrition. The large Nordic banks are an important customer base for the company and the loss of customer relationships would be detrimental to the company. The termination of the Tambur platform and its impact on the company's business was an example of dependence on the sector.

Any cyber-attacks or misuse of data could be fatal for the company, as data integrity and security are critical to its reputation.

Failure to launch new services would limit the company's long-term growth potential.

Changes in regulation, such as interest rate cap regulation and credit register legislation, may cause changes in the company's demand outlook.

Investment profile

1. **Moderate growth, strong profitability and stable cash flow**

2. **A well-known brand and a strong position, especially among Nordic banks**

3. **Cost structure that scales with transaction volumes**

4. **Mainly defensive revenue flows, but cyclical items also included**

5. **Building a Nordic technology platform for efficiency gains**

Potential

- Profitable growth supported by new services
- Building a unified Nordic technology platform would bring efficiency gains
- Scalable profitability with increasing transaction volumes
- Potential acquisitions to strengthen product range and market position
- Strong profitability and stable cash flow allow for a high dividend payout and investments in growth

Risks

- In the short term, the growth outlook is weak due to challenging market conditions, regulatory changes and internal factors
- Failure to build a unified technology platform
- Loss of customer relationships or significant pricing pressure from Nordic banks
- Failure to launch new services and declining demand for old services

Source: Inderes

Industry and competitive landscape (1/4)

The Nordic business and consumer data market

Enento operates in the Nordic business and consumer information markets. These can be divided separately for both businesses and consumers into 1) credit and risk management data, 2) general business and consumer data and 3) sales and marketing data. The company estimates that the total Nordic market for business and personal data is around EUR 600 million, with Finland and Sweden being the largest markets due to the high availability of data. Based on the size of the market, we estimate Enento's market share in the Nordic business and consumer information market to be around 25%. The largest market segments are credit and risk management data and sales and marketing data.

Credit and risk management data is expected to grow quite moderately in the future, roughly in line with GDP growth in the target countries. The market also includes much faster growing areas such as ESG and compliance services (such as KYC and AML data), fueled by, e.g., tighter regulation.

Of these three, credit and risk management data is the most important market for Enento, with most of its net sales coming from related services. Credit and risk management data is used in particular to manage counterparty risk in various financial transactions. This data includes, e.g., KYC, checking customer information, checking credit information for loan conditions, preventing fraud and monitoring customer information.

General business and consumer data is typically used for financial management, legal affairs, strategy and product planning, and supplier management. This information can also be used in areas such as competitor analysis, market segmentation, supplier selection and billing information management.

Sales and marketing data is used for various sales promotion purposes, such as new customer acquisition, customer segmentation and direct marketing.

All three main categories of business data use certain common data, such as business contact details, financial statements, other financial data and data on company management and decision-makers. Real estate register data and information on the board members of companies are also used in the business data. Credit and risk management information for businesses includes default, payment and credit data, business register data, annual reports and legal documents. Sales and marketing information also includes sectoral data and analysis and demographic statistics.

For consumer data, all three main categories use, for example, civil registry data (such as name, contact details, personal identification number, nationality, marital status, occupation and property ownership and mortgages). For credit and risk management data, consumer information also includes payment behavior and credit data.

Classification and applications of the business and consumer data market

Credit and risk management data

- Used in particular to manage counterparty risk (in particular credit checks) for both consumers and businesses

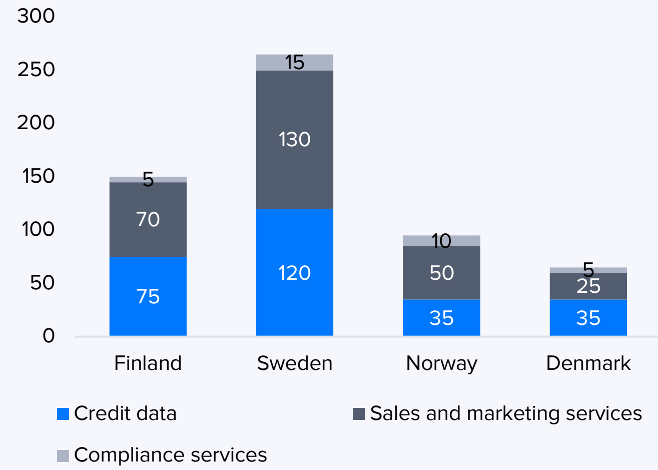
General business and consumer information

- Companies use data for general business purposes (e.g. financial management, supplier management and competitor analysis) and for strategic purposes.
- Personal data is used for purposes such as identification and verification.

Sales and marketing data

- Used for both businesses and consumers, especially for new customer acquisition, customer segmentation and direct marketing

Breakdown of the Nordic business and consumer data market (MEUR)



Source: Enento, Inderes

Industry and competitive landscape (2/4)

Value chain in the industry

In practice, the business and consumer information market value chain is divided into data collection, compilation, production, and service packaging and distribution. Enento operates at virtually every stage of the value chain.

Companies in the first part of the value chain collect data directly from businesses and consumers, and then compile and store the data in their own databases.

In most cases, the operator collecting data from public sources also compiles the data and stores it in its own databases (such as Enento). In certain situations, data from public sources is also sold directly to the end user without compilation. Compilation involves checking the data collected and obtained for errors and missing information. Sometimes, companies further process the data by combining information from different sources. In general, privately and publicly acquired data is stored in the data collectors' own databases. Depending on the country of operation, certain public data may not be stored in their own databases for regulatory reasons (such as the Digital and Population Data Services Agency or the National Land Survey in Finland).

After compiling the data, companies either sell it on as such or produce processed services from it. In service production, companies in the industry process data with different tools to develop value-added and decision-generating services and products. The degree of processing of the products and services of these operators can vary significantly. High value-added services include credit rating services, which require sophisticated statistical models. Companies in the production and packaging stages of the value chain often also collect and compile their data themselves.

The final part of the value chain is distribution. In the business and consumer data markets, products and services are distributed mainly through digital channels. Digital distribution can be implemented in a variety of ways, such as integrating the service into the customer's business processes or through web-based interfaces. Companies involved in data distribution are usually also involved in the compilation, production and packaging stages of the value chain (such as Enento). However, there are also players in the market who distribute material collected and compiled by other players.

End users of products and services

Business and consumer data are mainly used by large companies, which use the data in their operations to manage their counterparty risks and minimize their costs. SMEs account for a smaller share of demand, but the uses are largely the same as for large companies. The main customer sectors include banking and finance, insurance, wholesale and retail, telecom operator, public sector and collection agencies.

Services processed from business and consumer data are often an essential part of the business processes of customers in these sectors. Therefore, the relationship between the data provider and the customer is often long and deep, especially if the services are deeply integrated into the customer's business systems. Business criticality also highlights the quality of data and services as an important competitive factor in the market. This is particularly important in large banking and financial companies, where data accuracy requirements are high.

Short-term market drivers

To some extent, business and consumer data markets are always dependent on general economic developments and the overall volume of commercial transactions in the economy. However, in the big picture, the industry is relatively defensive, as there is a demand for reliable information even in economic downturns. Demand for certain services may even increase in times of economic downturn or crisis.

Relevant indicators of market development include GDP growth, consumer credit, credit growth and the number of defaults in the various Nordic countries (especially Finland and Sweden for Enento). Historically, Enento's organic growth rate has had at least some correlation with general economic confidence indicators, although, for example, when the COVID pandemic broke out, the business did not collapse with the indicators, demonstrating the crisis resilience of the business.

Industry and competitive landscape (3/4)

In the short term, market developments can also be driven by exceptional events, such as geopolitical crises. An example of this is the increased demand for compliance services following Russia's war of aggression in Ukraine.

Long-term market drivers

In addition to the above-mentioned short-term drivers of the business and consumer information market, the development of the industry is also driven by other long-term megatrends. One clear longer-term megatrend is the increasing volume of data and the accelerating digitalization of processes. This with the growth of electronic transactions will increase, e.g., the need for automated real-time information retrieval processes and credit decisions. As business processes become more automated, the importance of data quality becomes even more important, which is also a clear market driver.

The growth in demand for sustainability-related data is another megatrend driving the market. Environmental, social and governance regulation is increasingly affecting the business environment. The associated regulation will, among other things, increase the reporting requirements for companies on their own ESG risks. With sustainability trends being very topical, the demand for Enento's ESG services has been clearly increasing in recent years.

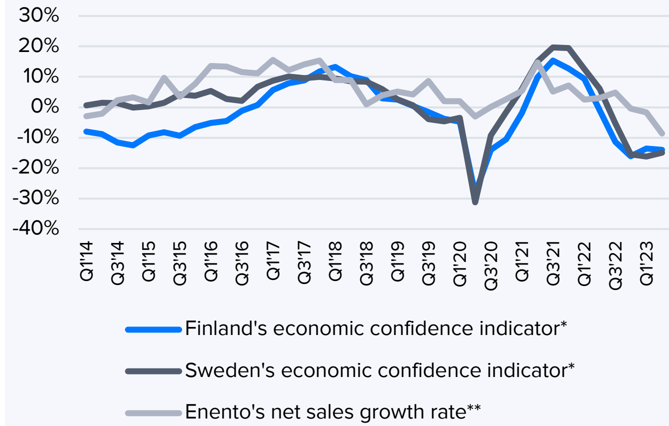
Regulation is also a strong driver of the business and the consumer data market in general. For example, the PSD2 (open banking) regulation has created opportunities for the industry by opening up payment interfaces to third party operators. In response, Enento developed its Account Insight service. In contrast, an example of the negative effects of regulation in Finland is the interest rate cap regulation that is expected to enter into force in fall 2023, which will presumably have an impact on the demand for Enento's credit and risk management services. An example of this was seen during the COVID pandemic, when a temporary 10% interest rate cap on consumer loans was imposed in Finland, reducing demand for consumer risk management services. However, when the temporary interest rate cap was lifted in 2021, demand for credit and risk management data increased accordingly. The positive credit register planned for Finland and Sweden also brings both opportunities and threats to the industry.

Competitive landscape varies by segment

Enento competes in the Nordic business and consumer data market, where it is one of the largest players. However, Enento's position varies from country to country. In Finland and Sweden, the company is the market leader in credit data. In Norway, the company's on credit data offering is still limited and in Denmark there's no credit data offering. In business data, Enento is the market leader in Finland. Enento is also one of the largest providers of business data in Norway. In Denmark and Sweden, the company is a challenger.

The credit data market is very much consolidated in the hands of a few players due to the high barrier to entry. The market for business data is characterized by a large number of competitors of different sizes from different sectors. However, not all players compete with Enento in all the same market segments or parts of the industry value chain.

Economic confidence indicators and Enento's net sales growth



Trends driving long-term market growth

Digitalization and higher data volumes

➢ Many processes that require manual work, such as credit decisions, will be automated

Responsibility

➢ Requirements for reporting ESG information are increasing

Regulation

➢ New laws create opportunities and threats for the industry (e.g. PSD2, ESG, compliance, interest rate caps and positive credit register)

Growth in e-commerce

➢ With the growth of e-commerce, real-time credit checks are pivotal

*Source: European Commission. Weighted index of different sectors. Ca difference from 100.

** Estimated organic growth (adj. for UC and Proff acquisitions)

Industry and competitive landscape (4/4)

In credit data, the competitive landscape is very concentrated

In terms of credit data, the most relevant competitor for Enento is Dun & Bradstreet, which in 2021 acquired Bisnode, Enento's main competitor, for EUR 806 million. Dun & Bradstreet operates mainly in the US, but has been quite active in consolidating the business data and analytics industry.

Enento is the clear market leader in credit data in Finland and Sweden. In Finland, Enento estimates that its market share in the credit data market of around EUR 75 million is about two thirds. The rest of the market effectively belongs to D&B. In Sweden, Enento estimates that its market share in the credit data market of around EUR 120 million is slightly less than half. D&B is the second largest player in the Swedish market too. In Sweden, the company is also competing with Creditsafe for credit data, which we believe has acted as a price disruptor. There are also smaller players competing in the market, such as Roaring.io and Syna.

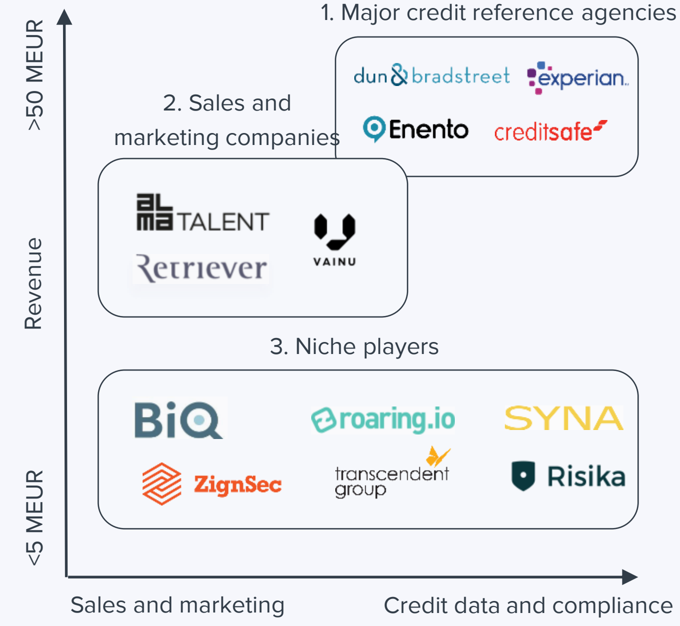
D&B is also active in the Norwegian and Danish credit data markets, but here Enento is practically only a challenger in credit data. In addition to D&B, a relevant player in the Norwegian and Danish credit data market is the global credit data company Experian.

Enento's main competitor, D&B, is significantly larger than Enento (net sales over USD 2 billion). To our understanding, Enento stands out, especially over time in the Nordic countries, with its strong brands and long-lasting and deep customer relationships. The barrier to entry into the sector is high for credit data, which makes a strong market position in the sector highly valuable. One indication of this is the relatively high price that Enento paid for UC. Given the highly consolidated market, we do not see any potential acquisition targets in the Nordic credit data market, at least not on a large scale.

The business data market is fragmented

Enento faces a wide range of competitors in the business data market. This is natural, as we estimate that the barriers to entry are lower than those of credit data. The competitive situation also varies significantly depending on the market segment. In ESG services, for example, we believe that competition is still very limited, which gives Enento a good opportunity to achieve a good position in a market that is still in its infancy. Geographically, Enento is one of the largest players in business data in Finland and Norway. In Sweden and Denmark, the company is largely a challenger.

In sales and marketing services, Enento competes with, e.g., Alma Talent, Vainu and Retriever. In addition, Enento faces competition from smaller companies specializing in their own areas, such as BiQ, ZignSec, roaring.io, Syna and Risika.



1. Major credit reference agencies

- Large international companies with a presence in most of the Nordic countries and serving multiple customer verticals
- Most relevant competitors for Enento

2. Sales and marketing companies

- Provide services including PR marketing and sales and marketing analytics

3. Niche players

- Smaller operators offering services such as compliance, search engine optimization and risk management

Source: Enento, Inderes

Strategy and financial objectives (1/2)

The strategy is geared toward profitable growth

Enento's aim is to ensure that important financial decisions for consumers and businesses, such as buying a home or making new investments, are based on reliable information. Through the data that Enento collects and transforms into intelligent information, the company aims to build trust in Nordic communities.

Enento's strategy for 2023-2026 aims for steady growth and scalable profitability. Key to this is maintaining and strengthening the company's leading position in credit data services and achieving a leading position as a provider of business data services. The core of the strategy revised in summer 2023 does not differ significantly from the company's previous strategy, which we believe is also justified given the stable nature of the company's business. The success of the strategy is largely measured in its implementation.

Credit and business data services at the heart of the strategy

The credit data business forms the historical core of Enento's business. This is where Enento has a leading position in the Nordic countries, and maintaining and further strengthening this position is a critical part of the company's strategy. The customers of the company's credit information business consist mainly of financial operators who use the services in connection with, for example, mortgage, credit card, car loan and corporate loan decisions. Enento's credit data solutions are business-critical for its customers and data quality, accuracy and timeliness play a pivotal role.

Enento's customer relationships in the credit data business are often very long-lasting and the company's services are deeply integrated into the business of corporate customers. As a result, customer switching costs are very high, which improves customer retention. Enento's large corporate customers are generally satisfied with the company's services (2022: NPS 48). Thanks to long-term customer relationships and high-quality services, Enento (Asiakastieto in Finland and UC in Sweden) has built a strong brand over time.

Throughout the strategy period, the company aims to achieve steady growth in credit data services offered in both the Consumer Insight and Business Insight business areas. In our opinion, credit data services account for more than half of the company's revenue. Despite its already strong market position, the company sees that it can further strengthen its position by developing value-added services in areas such as PSD2 and anti-fraud. The company also sees opportunities in expanding into new customer verticals and segments. The company sees itself as uniquely positioned to leverage its data processing capabilities, advanced analytics, real-time data and machine learning to advance its offering and create value for its customers.

A positive credit register (to be introduced in spring 2024 in Finland, still in the planning stage in Sweden) is also an important variable for credit data services, creating opportunities for the company. The regulation of these can also be a threat to the company if the registers are fully taken over by public operators or if they cannibalize the company's other product range. Enento has been developing its solution for a positive credit register in Finland for some time and at this stage seems to be quite confident in it. In Sweden, one of the proposals is for a so-called license-based credit register. This is still at an early planning stage, which is why the company will continue to monitor the development of the project.

Enento is the market leader in business data services in Finland and one of the largest business data providers in Norway. In Sweden and Denmark, the company is largely a challenger. The company aims to become the market leader in the Nordic region. However, we estimate that competition in business data is more intense than in the credit data business.

The company offers its business data services as a freemium service through allabolag.se in Sweden, asiakastieto.fi in Finland and Proff in Denmark and Norway. Through the Freemium model, the aim is to attract users to become paying customers of the Premium model. Enento's strategic priorities for business data services are to focus especially on information quality, value-added services, easy access to information and user-friendliness of services.

Growth focus areas of the strategy

The three growth focus areas of the company's strategy are ESG, compliance and master data services. In these areas, the company's offering is still limited or demand for services is still maturing, but the company sees significant growth opportunities in the future and is focusing its investments in these areas.

Strategy and financial objectives (2/2)

For example, the development of the ESG offering has been one of Enento's most significant strategic projects in recent years. Enento has been developing its ESG offering in Finland since 2017 and in 2022 the company launched an ESG reporting service also in Sweden. The growth areas in the strategy work in synergy with the company's core activities and are largely areas that support them.

Geographically, Enento primarily aims to grow in the Finnish and Swedish markets through market penetration and new customer verticals. The company is also seeking growth with selected products in Norway and Denmark.

Financial targets

Enento aims for an average organic net sales growth of 5-10%, which has also been the company's target in previous strategy periods. Growth towards the target is driven by market growth at current prices, which is driven by GDP growth and through it by growth in household borrowing and business investment in the longer term. The company also aims to gain market share by, e.g., expanding into new customer verticals and developing new distribution channels. The launch of new services will also play an important role in future growth. The company aims for the share of new services to be around 10% of net sales in 2026. The company is also constantly looking at potential acquisition targets to expand its customer base or increase its technological capabilities.

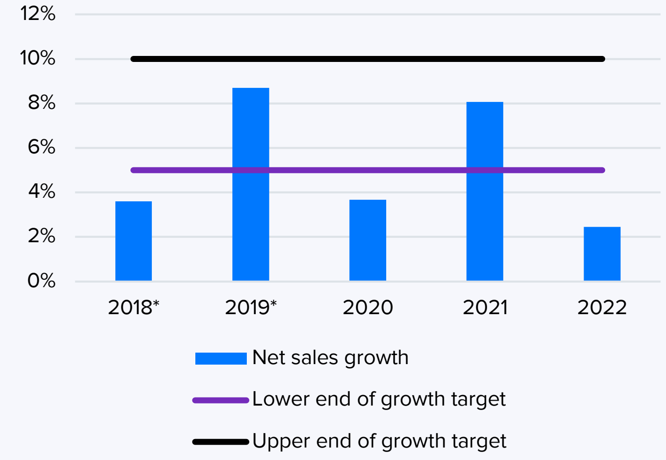
We believe the growth target is realistic given the company's historical track record, although we believe it will be challenging to reach the upper end of the range. Over the last five years, the average pro forma net sales growth rate adjusted for the UC acquisition has been just over 5%.

In terms of profitability, Enento is targeting an adjusted EBITDA margin of around 40% in 2026. The company's profitability has historically exceeded the threshold before the UC acquisition. The company aims to improve profitability by optimizing sales resources and distribution channels, and by improving the efficiency of its IT operations. We consider this target to be realistic given the current level (2022: 36.6%), a partly scalable cost structure with growth and the efficiency gains to be achieved with the upgraded technology platform.

In terms of balance sheet structure, the company targets a net debt to adjusted EBITDA ratio of less than 3x. Enento exceeded the target in 2018 after the acquisition of UC, since then the ratio has fallen, reaching the target level every year. At the end of Q2'23, the ratio was 2.4x. We believe the use of debt leverage is justified for Enento due to the company's stable cash flow generation ability and largely defensive business model. We estimate that the company is receiving debt financing on very good terms, although the rise in interest rates has also led to a clear increase in Enento's financing costs.

Enento aims to distribute at least 70% of the company's profit for the financial year as dividends, taking into account the group's business investment needs. We believe that the dividend payment is well justified, as we do not believe that Enento will be able to reinvest all of its cash flows back into the business with a meaningful return on capital.

Net sales growth and targets



Profitability development and 2026 target

*Pro forma figures adjusted for the UC acquisition

Source: Inderes

Strategy and financial targets

Two pillars of the growth strategy

Maintaining a leading position in the credit data business

- Stable business that forms the historic core of Enento
- Solutions often deeply integrated into customers' business processes, resulting in long customer relationships
- Market leader in Finland and Sweden

Leading provider of business data services

- Enento is a major player in Finland and Norway and a challenger in Sweden and Denmark
- Good growth potential, but we expect competition to be more fragmented and fierce than in the credit data business

Growth focus areas of the strategy

ESG services

- Enento's main strategic growth projects in recent years
- ESG report launched in Finland already in 2017, Swedish launch in 2022
- Limited competition in ESG services

Compliance services

- Compliance offering still mainly in Finland, but to be launched in Sweden
- Competition is fragmented

Master data services

- Master data services play a key role in enabling credit and business data business
- Strong position in Finland, aiming for expansion to Sweden

Financial targets

Growth
Net sales growth of 5-10% on average

2020- 2022:
CAGR 4.7%

Profitability
Adjusted EBITDA margin around 40% in 2026

2022: 36.6%

Balance sheet
< 3x net debt/adjusted EBITDA ratio

Q2'23: 2.4x

New services
10% of net sales in 2026

2022: 4.6%

Dividend policy
At least 70 % of profit

Source: Inderes

Economic situation and historical development (1/3)

Historical net sales and earnings development

Enento's net sales have grown by an average of 13% between 2008 and 2022. However, acquisitions have clearly accelerated the pace of growth and organic growth has been much slower. A better picture of organic growth is given by Enento's net sales in Finland, which have grown at an average annual rate of around 6% between 2008 and 2022, although this also includes some inorganic growth. Over the past three years, Enento's growth rate has slowed to around 5%. Growth slowed particularly last year (+2.5%, +4.1% in comparable currencies) and has continued to slow this year, as rising interest rates have negatively affected the company's housing and consumer credit services in particular.

Due to Enento's stable business, the company's earnings performance has also been quite steady and its profitability has historically been at an excellent level. Following the acquisitions made by the company (especially UC and Proff), the reported results are significantly impacted by PPA depreciation on the acquisitions. Due to PPA depreciation, we look at profitability mainly through adjusted EBIT. This has also been adjusted for the company's one-off items related to, e.g., the restructuring of operations. However, the company records these one-offs on a relatively regular basis, which is good to keep in mind. In general, the one-off items have been quite small.

The average adjusted EBIT for the period 2007-2022 has been 39%. Before the UC acquisition (2007-2017), the average adjusted operating profit of Asiakastieto in Finland was as high as 43%. After the UC acquisition, the average adjusted EBIT for 2018-2022 has been 30%.

M&A has played an important role in history

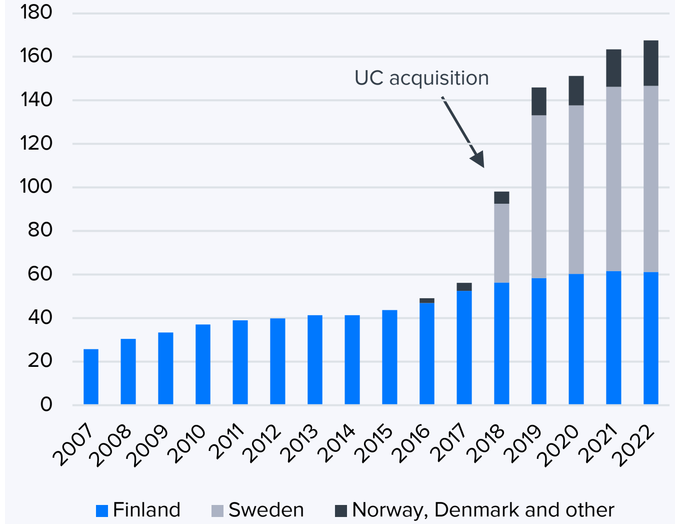
Since Enento's IPO (2015), the company has made at least 5 acquisitions and one minority investment.

Most of the acquisitions have been small in size and include Intellia Oy, a provider of sales and marketing services (2016), Emaileri Oy, a provider of communications and marketing services (2017) and the acquisition of Solidinfo.SE, a free business and financial data search service (2019). At the time of the acquisition, Intellia Oy and Emaileri Oy had net sales of raound EUR 2 million and Solidinfo.SE net sales of EUR 0.4 million.

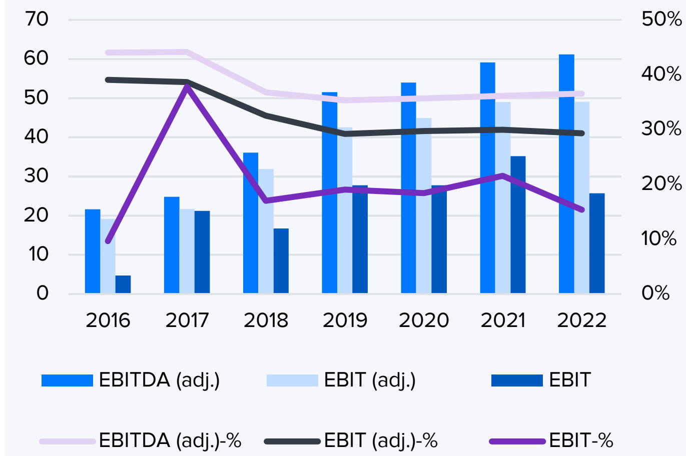
The company's acquisition of Proff and especially UC stand out in terms of size, the latter of which could practically be classified as a merger. UC became part of the then Asiakastieto in summer 2018. UC's 2017 net sales totaled EUR 74.4 million, which was significantly higher than Asiakastieto's (2017: 56.2 MEUR). UC had an EBITDA margin of around 8% in 2017 (under Swedish accounting standards) and an estimated EBITDA margin of around 24% under IFRS.

The aim of the merger was to achieve greater efficiency, a broader knowledge base and a stronger market position as a leading Nordic business and consumer data company. The merger was expected to generate substantial annual synergies of EUR 17 million from 2021 onwards, based on sales, costs and investment efficiency.

Net sales development (MEUR) per country



Earnings (MEUR) and margin development



Source: Inderes

Economic situation and historical development (2/3)

Ambitious synergy targets were also reflected in the valuation of the acquisition. Enento acquired UC for an unencumbered purchase price of EUR 339.8 million, of which EUR 98.8 million was paid in cash and the remaining EUR 241 million in shares. The purchase price corresponded to a very high EV/EBITDA multiple of 56x based on Swedish accounting standards or roughly 18x estimated IFRS-adjusted EBITDA. Taking into account synergies, the multiplier was 9.6x EV/EBITDA, which is already a very reasonable level. The company has communicated that the desired synergies have been fully realized, but we do not take this for granted when looking at the company's performance after the transaction. We also understand that the technology platforms of the former Asiakastiedo and UC are still largely separate and that the Nordic platform is still under construction. Overall, we consider the valuation of the transaction to be high, and we do not see it creating shareholder value, at least not on a significant scale. However, the low visibility of the financial performance of the acquired business after the transaction partly limits the ability to draw more accurate conclusions.

Another relatively significant acquisition was seen in 2019 when Enento acquired Proff, a business data service operating primarily in Norway, Denmark and Sweden. Proff's 2018 net sales totaled about EUR 9.4 million and the company had an EBITDA margin (carve out) of ~16%. The purchase price was just over EUR 11 million, which corresponded to an EV/EBITDA multiple of ca. 7.6x. The transaction was expected to generate annual synergies of just under EUR 1 million. Net sales in Norway and Denmark have continued to grow quite rapidly since the transaction. Given this and the low valuation of the transaction, we consider the arrangement to be generally successful.

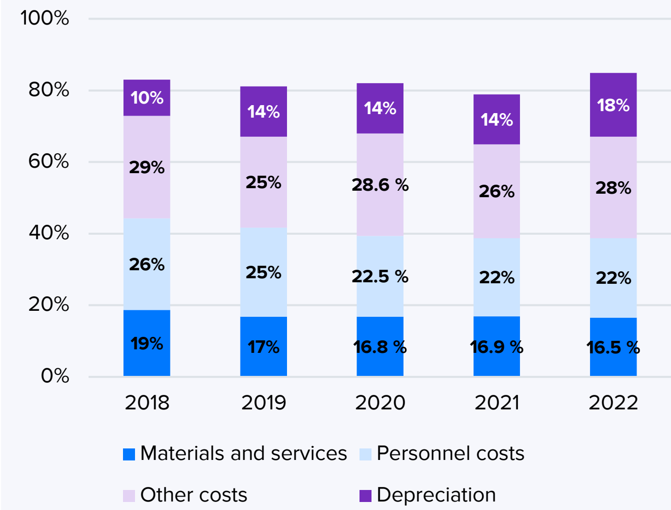
Cost structure

As is typical for a technology company, Enento's gross margin is very high, allowing the company's profitability to scale well with net sales growth. Over the last four years, the average gross margin has been 83.2% (2022: 83.5%). The Materials and services item consists mainly of the purchase of materials and to a lesser extent external services (subcontracting). Enento's net sales mix has some impact on gross margin. For example, the cost of purchasing material related to real estate services is high compared to other material. In contrast, we believe that the cost of purchasing material for Enterprise Solutions is very low.

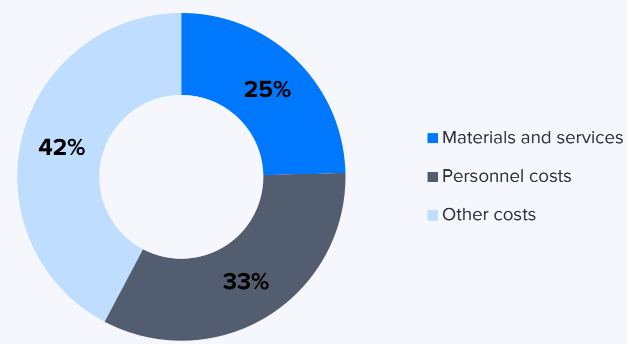
Enento's personnel costs have averaged 22.9% of net sales over the last four years (2022: 22.2%). In the short term, personnel costs are under downward pressure from the company's change negotiations in Q1'23, where the headcount fell by just under 10%. In general, personnel costs are already quite low and we see only a slight potential for scaling up in the longer term.

Enento's other expenses as a percentage of net sales have averaged 27.1% over the last four years (2022: 28.3%). In other expenses, IT costs are by far the largest item, followed by, e.g., sales commissions, office expenses and marketing costs.

Cost structure development



Breakdown of operational costs



Source: Inderes

Economic situation and historical development (3/3)

We see moderate scalability potential in this cost item. In the medium term, there should be room for IT costs to fall as a result of efficiency gains from the new technology platform developed by the company.

Over the last four years, Enento's depreciation has averaged 15.0% of net sales. In 2022, depreciation (17.8% of FY) was increased by a write-down on the company's IT platform. In recent years, PPA depreciation on acquisitions has accounted for more than half of the company's total depreciation.

Cash flow and investments

Enento's business has historically operated with negative working capital, allowing the business to generate strong cash flow as the company grows. However, in the last two years, the change in working capital has been exceptionally negative. This in combination with higher-than-normal taxes paid has weighed on cash flow.

When looking at the free cash flow, it should be noted that the company capitalizes its product development costs. As the level of investment is currently slightly higher than the related depreciation, this puts a strain on the company's free cash flow. We have illustrated the relationship between earnings figures and cash flow development in the graph in the sidebar.

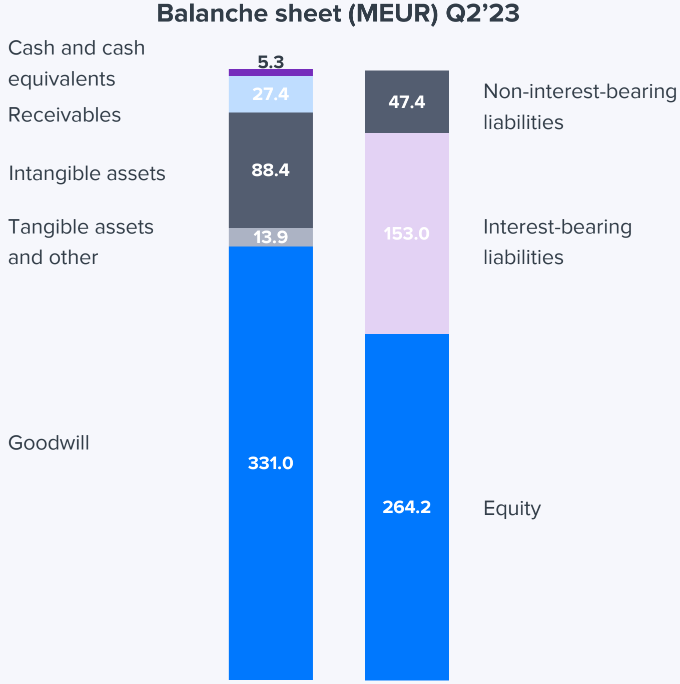
Balance sheet

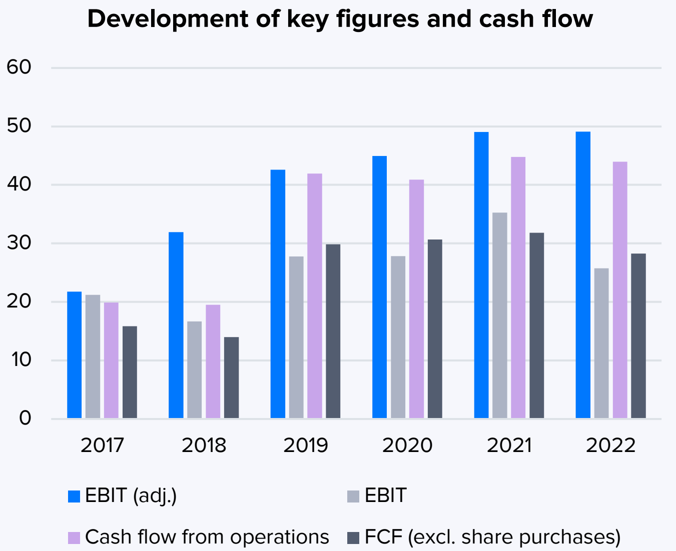
Enento has a very heavy balance sheet, where the goodwill arising from the UC acquisition is highlighted. At the end of Q2'23, the balance sheet total was EUR 466.1 million, of which EUR 331.0 million was goodwill. Other intangible assets amounted to EUR 88.4 million and include trademarks, customer loyalties, technology and product development costs capitalized in the company's balance sheet. Other significant items in the balance sheet were receivables (27.4 MEUR) and cash and cash equivalents (5.3 MEUR).

On the liability side of the balance sheet, equity amounted to EUR 264.2 million at the end of Q2'23. The company had interest-bearing debt of EUR 153.0 million and non-interest-bearing debt of EUR 47.4 million.

Enento's equity ratio was at a good level of 58% and net gearing at a moderate 56%. The ratio of net debt to EBITDA was 2.4x, which is in line with the company's target (below 3x). We believe that Enento's use of debt leverage is justified given the company's stable cash-flow generating and relatively defensive business model. Now, with the rise in interest rates, the significant amount of debt on the balance sheet is naturally hurting the company through higher interest costs.

In general, we consider the company's balance sheet position to be good, despite the significant amount of debt. We consider the most significant balance sheet risk to be the sizable amount of goodwill. If this were to be written down, it would have a major impact on the company's balance sheet. However, we do not see an immediate risk in this respect, although it is good to be aware of this.





Source: Inderes

Estimates 1/3

Basis for the estimates

We model Enento's net sales separately through its two different business areas (Business Insight & Consumer Insight). There are still a number of different business models within these business areas, but the company does not report separately on their development and therefore we do not see any point in modeling them separately.

Enento's net sales are quite predictable in the big picture due to the stable and defensive nature of the business. In the short term, our estimates are guided by various economic indicators (e.g. housing market developments and general economic indicators). Forecasts are also often affected by regulatory changes (e.g. Interest cap regulation) and company-specific factors (e.g. new product launches). In addition, Enento's reported figures are affected by exchange rate fluctuations between the euro and the Swedish krona, with Sweden accounting for roughly half of the company's net sales. Therefore, the company also reports and provides its guidance using comparable figures.

For longer-term growth projections, Enento's financial targets provide a reference framework. However, our forecasts are slightly below the company's target growth range (5-10%) and profitability (40% adjusted EBITDA in 2026).

Enento's cost structure is also relatively predictable, which is also reflected in the accuracy of the company's guidance range for the current year (adjusted EBITDA margin 36-37%). However, in addition to the PPA depreciation of acquisitions, the company adjusts the figure for one-off costs, usually related to organizational restructuring, which the company records in practice almost every quarter. Thus, the predictability of the reported results is clearly weaker than the adjusted figures.

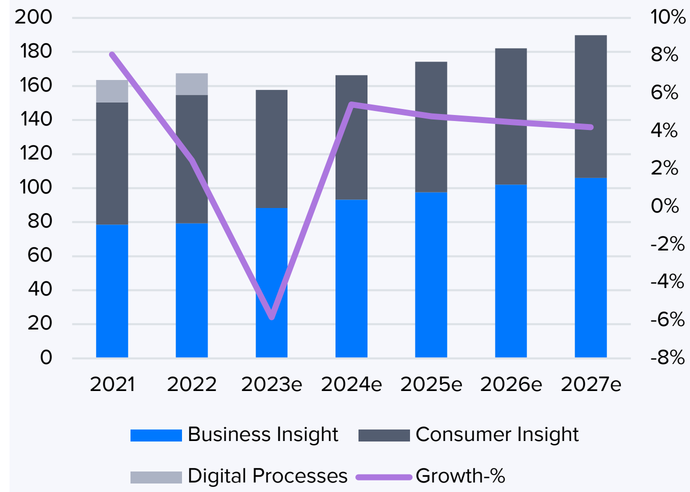
In terms of costs, the impact of exchange rates must also be taken into account as a significant part of the costs are in SEK. Thus, the company has at least partly a natural hedge against FX movements, and FX effects on the company's net sales are not fully reflected in the sub-items of the income statement.

In practice, the profitability of Enento is determined by the gross margin and the level of fixed costs (OPEX-%). Gross margin is somewhat affected by product mix and the geographic mix of net sales, but in the big picture, Enento's gross margin has been very steady at 83-84% in recent years, a level we expect to remain at in the future.

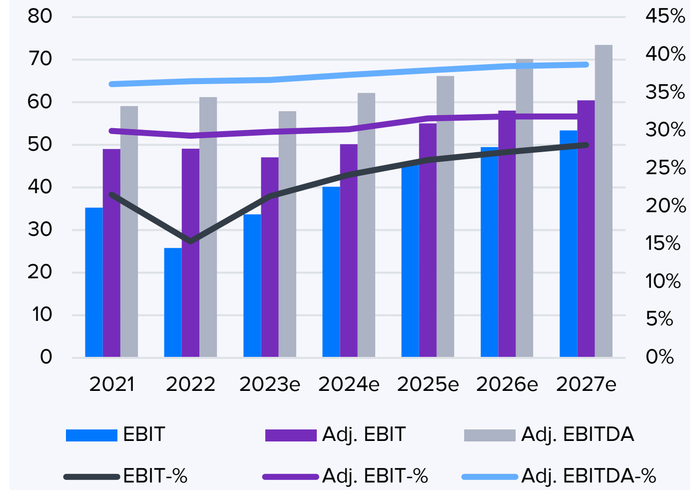
Estimates for the current year

The current year will be challenging for Enento, as net sales will be under pressure from declining transaction volumes due to the generally weakening economic environment. This is reflected in Business Insight due to the slowdown in the housing and real estate market (former Digital Processes area). The business area is also under pressure from Q2'23 onwards from the Swedish banks' termination of the Tambur platform, which is also weighing on the old Digital Processes business area.

Net sales and growth rate



Earnings and margin development



Source: Inderes

Estimates 2/3

However, we expect demand for compliance services in the region to remain at a good level, offsetting the decline. In the rest of the Business Insight area, we expect modest growth, supported in particular by Enterprise Solutions.

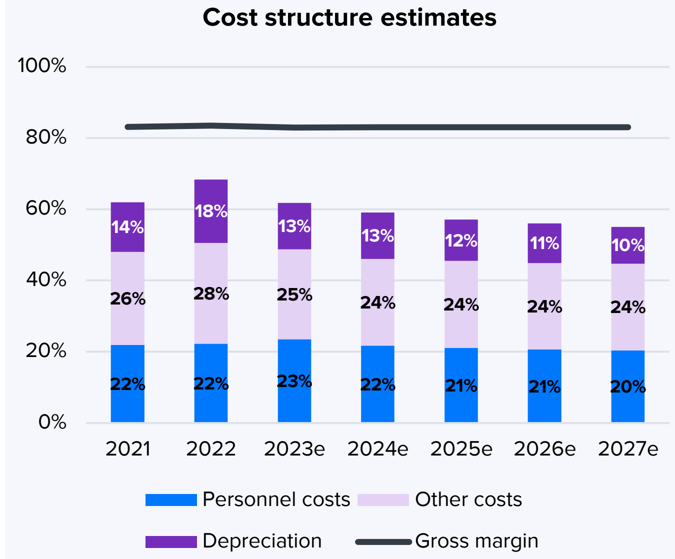
The Consumer Insight area will also experience significant headwinds this year, particularly as a result of falling consumer credit rates due to rising interest rates. At the end of the year, we expect further headwinds from the interest rate cap regulation that will come into force in Finland this fall. A general headwind to Enento's reported growth figures this year also comes from the significant weakening of the Swedish krona.

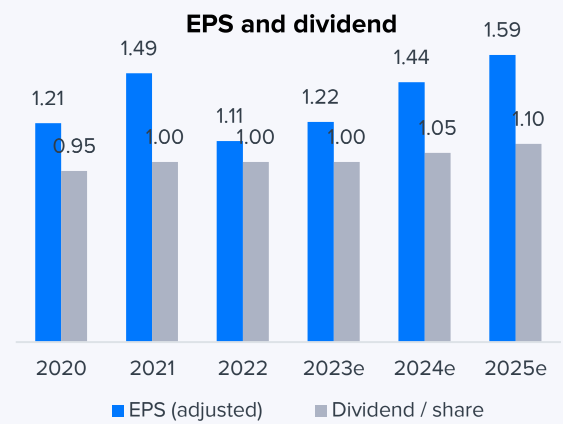
In response to the challenging market environment, Enento published an EUR 8 million efficiency program at the beginning of the year. Part of the efficiency program consisted of change negotiations early in the year, with a staff reduction of around 40 people (average headcount in Q2'23: 393). The resulting cost benefits will of course be realized immediately, but otherwise the efficiency program is expected to have a full impact on free cash flow from 2025 onwards. According to the company, more than half of the efficiency gains will be reflected in adjusted EBITDA, most of which we expect to come from the change negotiations. The remainder will be realized in the form of more efficient investments and reduced real estate costs.

For the current year, Enento has guided net sales growth of 0-5% year-on-year in comparable currencies, excluding the impact of the Tambur service termination. The adjusted EBITDA margin is expected to be between 36-37%.

We forecast Enento's reported net sales for 2023 to decline by 6% to EUR 158 million. According to the company, the Tambur platform accounted for about one third of the old Digital Processes business area's net sales, and we have estimated that the removal of the Tambur platform will impact reported net sales this year by just under EUR 4 million. The company has communicated that the tightening of interest rate cap regulation in Finland in the fall has been incorporated into the guidance and the company does not expect the negative impact of the regulation to be particularly significant. Our projected net sales growth adjusted for FX and Tambur is around 1%, near the lower end of the guidance range. For comparison, Enento's comparable net sales, adjusted for the Tambur platform termination, has increased by 0.5% in H1'23.

We expect Enento's adjusted EBITDA margin to be EUR 57.9 million or 36.7% (2022: 36.6%) of net sales, slightly above the mid-point of the guidance range. We expect the adjusted EBIT to be EUR 47.1 million, which corresponds to an adjusted EBIT margin of 29.8% (2022: 29.3%). Profitability will be under pressure this year, especially due to falling net sales. However, we expect relative profitability to remain strong, supported by the company's change negotiations at the beginning of the year and other efficiency measures. Preliminary results have already been seen in the early part of the year.





Source: Inderes

Source: Inderes

Estimates 3/3

Estimates for 2024

In 2024, we expect Enento's net sales to grow by 5.4% to EUR 166 million. We expect both the Consumer Insight and Business Insight business areas to grow their net sales. In our estimates for next year, the Consumer Insight area is supported by a gradual recovery in demand for consumer credit, although the Finnish interest rate cap regulation may still create a small headwind next year. In addition, the positive credit register to be introduced in spring 2024 introduces some uncertainty into the business area's forecasts for next year. The Business Insight area will start to be supported by easier benchmarks in late 2024, following the removal of the Tambur platform. We also expect the housing and real estate markets to gradually recover, which should start to support demand for related services. At the current exchange rate between EUR and SEK, the currencies will continue to somewhat weigh on the reported growth figures in early 2024.

We forecast Enento's 2024 adjusted EBITDA to increase to EUR 62.2 million (37.4% of net sales), driven by growth and a slight improvement in relative profitability. We expect adjusted EBIT to increase to EUR 50.2 million (30.2% of net sales). The development of profitability next year and in the coming years will be supported in particular by the efficiency measures taken by the company this year. Some of these are temporary cost cuts, but there are also long-term efficiency measures. Efficiencies have been sought through, e.g., improved staff efficiency (change negotiations) and the streamlining of IT operations by consolidating local solutions and capabilities, moving to more efficient portfolio management and gradually phasing out legacy IT platforms.

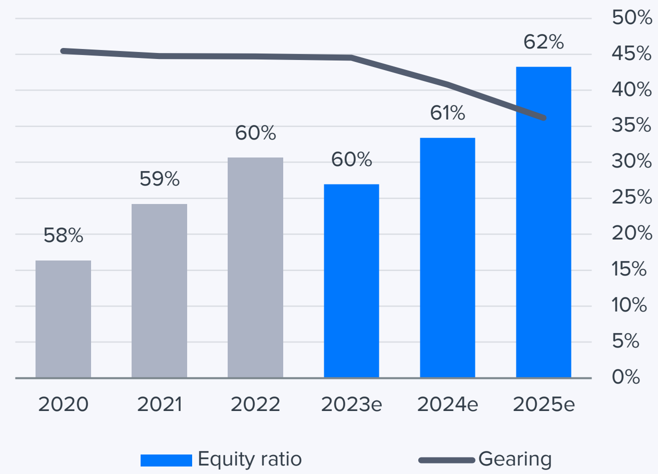
Estimates for 2025-2027

Between 2025 and 2027, we expect Enento to continue its moderate single-digit growth and net sales to grow by 4.5% on average. We expect profitability to scale up moderately and gradually (2025-2027 projected adjusted EBITDA-%: 38-39%) in line with net sales growth and the company's efficiency program. The new technology platform to be developed in the medium term should also start to support profitability. At the same time, the development of the new platform also involves some double costs in the medium term, which means that our estimates of scaling profitability are quite modest at this stage and below the company's target level (40% adjusted EBITDA). It's worth noting that the development of the reported profitability figures in the coming years will be supported by the gradual reduction of PPA depreciation (especially from the UC and Proff acquisitions).

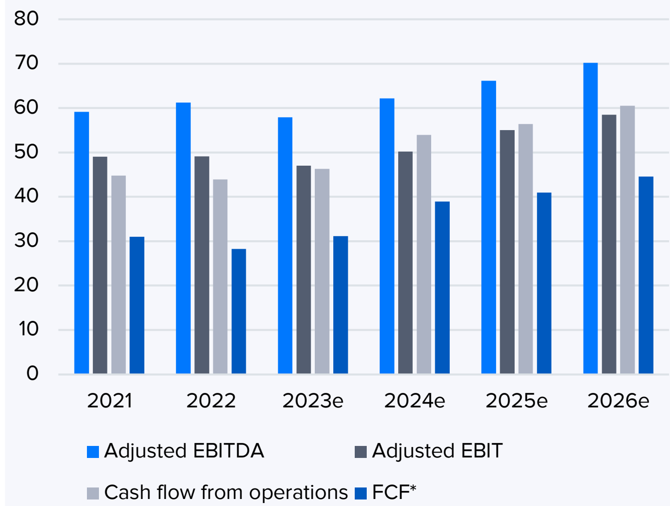
Longer-term estimates

Between 2028 and 2032, we expect net sales growth to level off from 4% to 2.2%, which is also our terminal growth assumption. Our long-term growth estimate is thus roughly in line with the expected GDP growth rate of Western countries. We consider this to be justified, as in the big picture Enento's business is linked to the development of activity in the real economy. We expect Enento's reported EBIT margin to reach around 29% in 2029, which is our terminal assumption for profitability.

Development of balance sheet key figures



Cash flow estimates (MEUR)



*Operating Free cash flow

Source: Inderes

Income statement

Income statement	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue	**164**	**40.7**	**43.4**	**40.5**	**42.9**	**168**	**40.0**	**39.7**	**37.6**	**40.5**	**158**	**166**	**174**	**182**
Business Insight	91.6	22.6	24.0	21.5	24.0	92.1	22.4	22.8	20.1	23.1	88.4	93.1	97.6	102
Consumer Insight	71.9	18.1	19.4	19.0	19.0	75.4	17.6	16.8	17.5	17.4	69.4	73.2	76.7	80.1
Adjusted EBITDA	**59.1**	**13.5**	**15.5**	**16.2**	**16.0**	**61.2**	**14.7**	**14.5**	**14.7**	**14.0**	**57.9**	**62.2**	**66.2**	**70.2**
EBITDA	**58.0**	**13.2**	**15.4**	**16.1**	**10.8**	**55.6**	**12.1**	**13.7**	**14.5**	**13.9**	**54.3**	**61.8**	**65.8**	**69.8**
Depreciation	-22.7	-7.1	-5.8	-5.6	-11.3	-29.8	-5.2	-5.1	-5.2	-5.2	-20.6	-21.6	-20.6	-21.1
EBIT (excl. NRI)	**49.0**	**9.5**	**12.8**	**13.6**	**13.3**	**49.1**	**12.0**	**11.8**	**12.0**	**11.3**	**47.1**	**50.2**	**54.7**	**57.7**
EBIT	**35.2**	**6.1**	**9.7**	**10.5**	**-0.5**	**25.8**	**6.9**	**8.7**	**9.4**	**8.7**	**33.7**	**40.2**	**45.2**	**48.7**
Group	35.2	6.1	9.7	10.5	-0.5	25.8	6.9	8.7	0.0	0.0	15.6	0.0	0.0	0.0
Share of profits in assoc. compan.	-0.4	-0.2	-0.2	-0.2	-0.3	-0.9	-0.3	-0.2	-0.3	-0.3	-1.0	-1.0	-1.0	-1.0
Net financial items	-2.2	-0.5	1.9	-2.8	-1.3	-2.7	-1.3	-1.4	-1.4	-1.6	-5.7	-5.5	-5.0	-4.5
PTP	**32.7**	**5.4**	**11.3**	**7.5**	**-2.2**	**22.1**	**5.3**	**7.1**	**7.7**	**6.9**	**27.0**	**33.7**	**39.1**	**43.1**
Taxes	-6.8	-1.1	-1.9	-2.1	0.3	-4.8	-1.1	-1.5	-1.6	-1.4	-5.6	-7.0	-8.4	-9.3
Net earnings	**25.9**	**4.3**	**9.5**	**5.4**	**-1.9**	**17.4**	**4.3**	**5.6**	**6.1**	**5.4**	**21.4**	**26.7**	**30.7**	**33.8**
EPS (adj.)	**1.49**	**0.28**	**0.49**	**0.32**	**0.02**	**1.11**	**0.26**	**0.31**	**0.34**	**0.31**	**1.22**	**1.44**	**1.59**	**1.71**
EPS (rep.)	**1.08**	**0.18**	**0.39**	**0.23**	**-0.08**	**0.72**	**0.18**	**0.24**	**0.26**	**0.23**	**0.90**	**1.12**	**1.29**	**1.42**

Key figures	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	8.1 %	2.6 %	3.1 %	4.9 %	-0.4 %	2.5 %	-1.7 %	-8.7 %	-7.1 %	-5.7 %	-5.8 %	5.4 %	4.8 %	4.5 %
Adjusted EBIT growth-%	9.1 %	-17.8 %	-5.1 %	13.9 %	9.5 %	0.2 %	26.6 %	-7.8 %	-12.0 %	-14.7 %	-4.2 %	6.7 %	8.9 %	5.5 %
EBITDA-%	35.5 %	32.5 %	35.5 %	39.8 %	25.2 %	33.2 %	30.4 %	34.7 %	38.6 %	34.2 %	34.4 %	37.2 %	37.7 %	38.3 %
Adjusted EBITDA-%	36.2 %	33.3 %	35.7 %	40.1 %	37.1 %	36.6 %	36.9 %	36.5 %	39.0 %	34.6 %	36.7 %	37.4 %	38.0 %	38.5 %
Adjusted EBIT-%	30.0 %	23.3 %	29.5 %	33.5 %	30.9 %	29.3 %	29.9 %	29.8 %	31.8 %	28.0 %	29.8 %	30.2 %	31.4 %	31.7 %
Net earnings-%	15.8 %	10.6 %	21.8 %	13.4 %	-4.3 %	10.4 %	10.7 %	14.2 %	16.2 %	13.4 %	13.6 %	16.1 %	17.6 %	18.6 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	**492**	**449**	**443**	**437**	**431**
Goodwill	355	341	341	341	341
Intangible assets	125	98.0	92.4	85.8	80.6
Tangible assets	8.9	6.1	6.1	6.1	6.3
Associated companies	3.4	3.9	3.9	3.9	3.9
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.1	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Current assets	**52.2**	**50.3**	**45.7**	**49.9**	**54.0**
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	26.9	29.5	26.8	28.3	29.6
Cash and equivalents	25.3	20.8	18.9	21.6	24.4
Balance sheet total	**544**	**499**	**489**	**486**	**486**

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	**316**	**295**	**292**	**295**	**301**
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	18.1	38.3	35.7	38.7	44.4
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	298	256	256	256	256
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**191**	**169**	**159**	**154**	**147**
Deferred tax liabilities	22.7	18.0	16.0	16.0	16.0
Provisions	0.0	0.1	0.0	0.0	0.0
Long term debt	165	151	143	138	131
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	3.7	0.0	0.0	0.0	0.0
Current liabilities	**36.4**	**34.9**	**37.5**	**37.5**	**37.5**
Short term debt	2.3	1.4	6.0	4.3	2.7
Payables	34.1	33.5	31.5	33.3	34.9
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	**544**	**499**	**489**	**486**	**486**

Valuation 1/3

Valuation has fluctuated throughout history

Given Enento's relatively stable and defensive business, the company's share price, and therefore its valuation, has fluctuated considerably during its stock market career. The stock performed excellently from the 2015 IPO to 2021. However, the stock fell from these peaks by around 60% to the low of spring 2023, after which it has recovered strongly. In our view, the sharp decline in the share price and valuation multiples has been driven by the company's own business challenges (internal and external market-related factors), but mainly by the rise in required returns due to rising interest rates. Due to the company's stable business, the share was priced at very high multiples in a zero interest rate world (low required return). Since interest rates started to rise sharply, the valuation multiples accepted by the market for Enento have changed dramatically.

Valuation methods used

Given the stable and mature stage of Enento's business, we prefer to use earnings-based adjusted EV/EBIT and P/E multiples for valuation purposes. Of these, we particularly favor the EV/EBIT multiple, as this takes into account Enento's significant net debt in the valuation. The P/E ratio is also worth looking at, as it considers the bottom lines of the income statement, especially now that financial costs have risen significantly. In addition, dividend yield is a relevant measure for valuation as a significant part of the expected return on the share is made up of dividends. We also rely on the DCF calculation, which is very useful due to Enento's highly predictable cash flows.

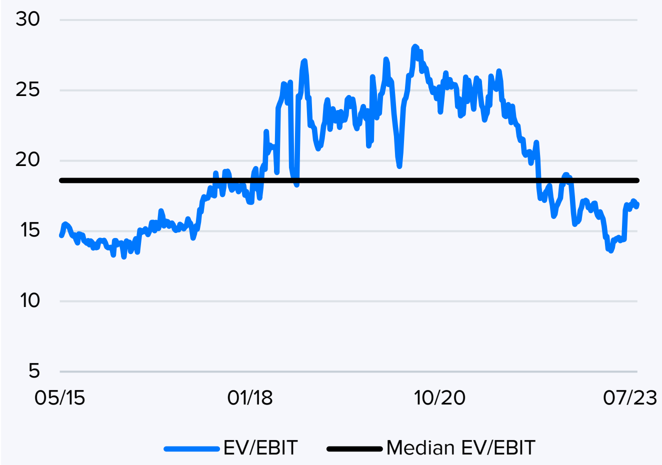
Factors affecting the acceptable level of valuation

We believe that the following factors should be taken into account in the valuation of Enento:

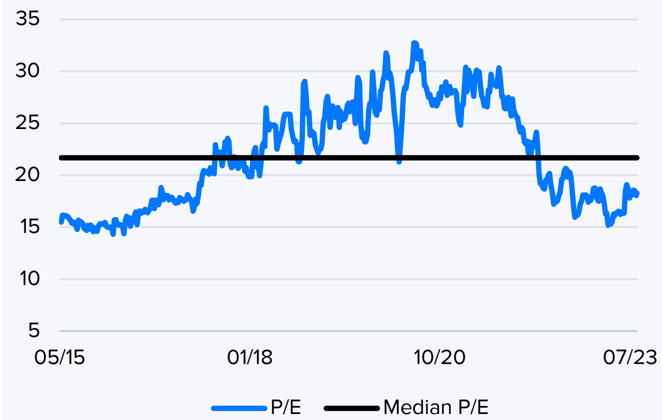
Given the mainly defensive nature of the business, the good profitable growth track record and the strong market position in credit data, we believe it is justified to accept relatively high valuation multiples for Enento, as the equity markets have historically done. The company's growth prospects may vary somewhat with economic cycles, but historically the company has weathered major downturns and has been able to generate strong profitability and cash flow even in challenging market conditions. We believe the company's organic growth prospects are good also in the future.

Return on capital ratios are ambiguous. The company's return on invested capital (ROIC) is relatively low, but this is largely due to the goodwill that was added to the balance sheet as a result of the UC acquisition. This partly reflects the high price paid for the acquisition. If goodwill is adjusted (not an ongoing investment required to run the business), the return on capital ratios increase significantly. In our estimates, the return on new invested capital in the company's business (RONIC) is well above the required return and thus the company's growth creates value.

Development of Enento's forward-looking 12-month EV/EBIT



Development of Enento's forward-looking 12-month P/E



Source: Inderes, Bloomberg

Valuation 2/3

M&A option. We believe that Enento is actively looking for acquisitions that strengthen its technology or market position. In our view, the company's track record of value-creating acquisitions is partly contradictory, as the UC acquisition was expensive in terms of valuation, even though it was a good strategic move for the company. The smaller Proff acquisition was very successful in our book.

We also see Enento as a potential acquisition target for, e.g., a larger international credit data company or a private equity investor. There has also been speculation in the media about this and the company also announced in the summer that it had received inquiries from certain parties. Enento's largest owner Sampo is also apparently transferring/selling its stake to Mandatum in the upcoming demerger of the two. This may create a slight discontinuity in the ownership structure of the company, should Mandatum wish to sell its stake in Enento.

Multiple-based valuation

Enento's median adjusted P/E ratio over the past five years is 26x and EV/EBIT is 19x. Thus, the share is priced at a clear discount to historical levels. However, we do not see the stock reaching historical valuation levels, especially in the current interest rate environment. In addition to the change in the interest rate environment, we estimate that earnings growth expectations have moderated over the past few years due to a slower-than-expected organic growth outlook and slower-than-expected development of the Nordic technology platform.

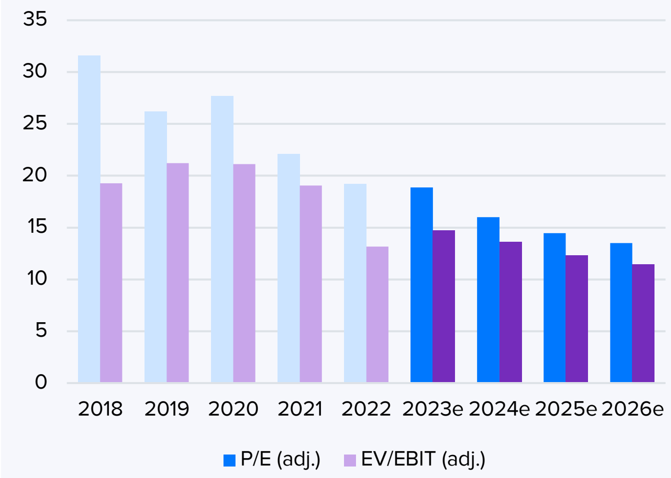
We forecast Enento's adjusted P/E multiples for 2023-2024 to be 19x-16x and the corresponding adjusted EV/EBIT multiples to be 15x-14x. In the adjusted EBIT, we have adjusted the fair value depreciation of acquisitions in addition to the company's non-recurring items. In adjusted EPS, only fair value amortization has been adjusted.

We view Enento's multiple-based valuation as broadly neutral given the company's current growth prospects. We see no upside in the multiples, especially in the current interest rate environment. Should the company's growth prospects improve, or interest rates start to fall, there could naturally be upside in the valuation multiples acceptable for the company and the company could be priced closer to historical levels. In our view, the neutral valuation range with EV/EBIT for Enento is currently 12x-16x.

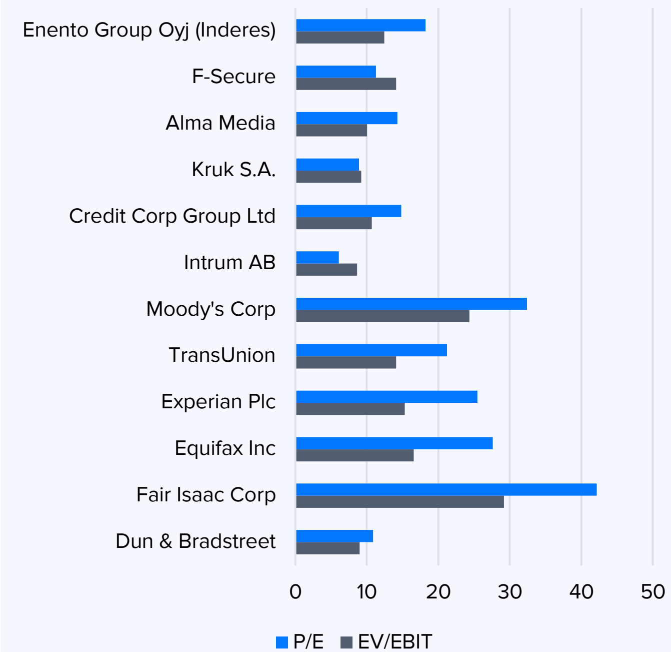
Peer group

We have assembled Enento's peer group of mainly listed credit reference and credit management companies. Significant differences can be seen in the valuations of the peer group. In particular, major global credit rating agencies Fair Isaac Corp, Equifax, Experian, TransUnion and Moody's stand out, for which the market accepts very high valuation multiples (2023e EV/EBIT 21-33x), excluding Dun & Bradstreet (2023e EV/EBIT 11x). However, the business profiles of the companies are relatively similar to Enento's (strong profitability and a stable and moderate growth outlook). Compared to these companies, Enento's valuation is at a clear discount, which we believe is partly justified given Enento's much smaller size and target market.

Development of valuation multiples



Peer group 2023e valuation multiples



Source: Inderes, Refinitiv

Valuation 3/3

In contrast, smaller credit management companies Intrum, Credit Corp Group and Kruk are valued at much more moderate multiples (2023e EV/EBIT 10-13x). Against this background, Enento is priced at a slight premium.

The peer group also includes Alma Media, a partial competitor to Enento, and consumer data security company F-Secure. F-Secure operates in a completely different industry but is a mature technology company with a growth and profitability profile, balance sheet structure and size very similar to Enento. Compared to F-Secure, Enento is valued at a premium of 30% with 2024e EV/EBIT. We believe the slight premium is justified given Enento's clearly stronger market position in its industry and better track record of steady historical growth.

Overall, Enento's valuation is at a slight premium to its peer group, but we do not consider this unjustified given the considerable diversity of the group.

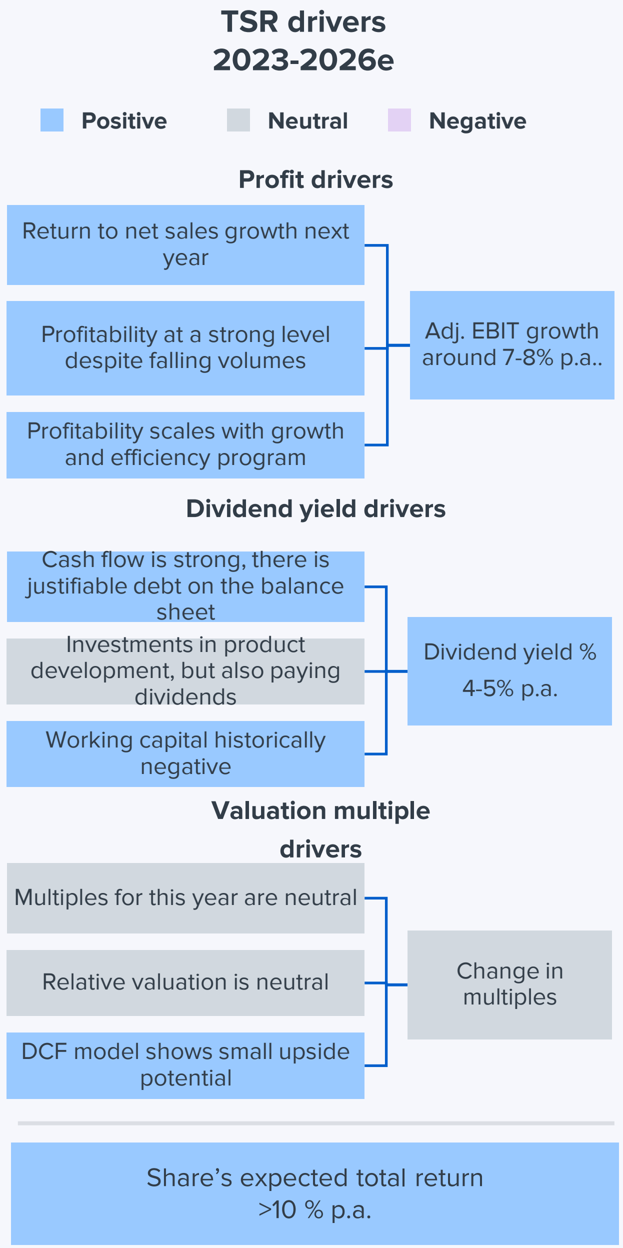
DCF model

Due to the stable nature of Enento's business, we believe that DCF is a very useful valuation method for the company. The equity value of Enento under our DCF model is EUR 599 million or EUR 25,2 per share. For growth, our terminal assumption in the model is 2.2%. In terms of profitability, our EBIT assumption is 29%. This is clearly above the current reported EBIT margin, but slightly below the current profitability on an adjusted EBIT level (PPA depreciation will gradually decrease).

The DCF model has a weighted average cost of capital (WACC) of 7.9% and a required return of 8.8%. We believe the levels are justified in the current interest rate environment. Our assessment is that in a zero interest rate environment, the stock was priced with significantly lower required returns. The cash flows of the estimate model for the next 10 years represent 40% of Enento's unlevered value and we believe that the weight of the terminal assumption (60%) is at a reasonable level.

Expected return exceeds required return – an attractive risk/return ratio

In our view, the expected return on Enento's share is based on organic earnings growth and a strong dividend yield. We forecast the company's adjusted EBIT to grow by around 7-8% per year in the coming years. In our estimates, the dividend yield for the next years will be around 4-5%. Thanks to a stable and profitable business, Enento's dividend is also on a very solid footing. We see no upside in the valuation multiples, but we believe the multiples are at neutral levels. Overall, Enento's stock offers a good expected return of over 10% for the next few years, well above the required return we have set for the stock. We consider the risk/return ratio of the stock to be attractive. Thus, we initiate the coverage of Enento with a target price of EUR 24.50 and an Accumulate recommendation.

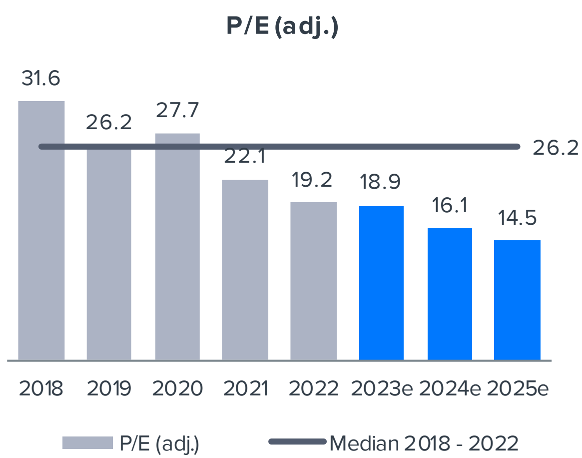


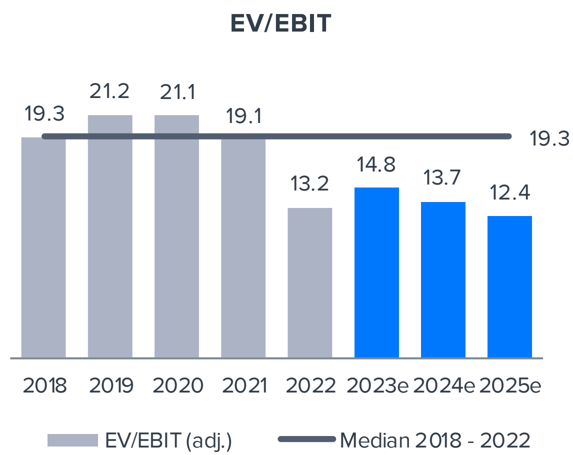
Source: Inderes

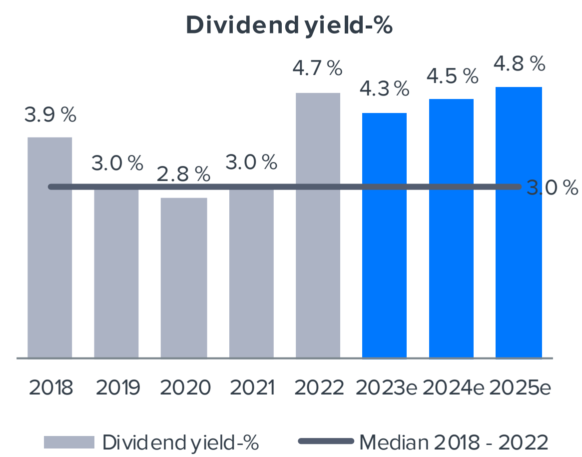
Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	24.6	31.5	33.6	33.0	21.4	**23.2**	**23.2**	**23.2**	**23.2**
Number of shares, millions	19.5	24.0	24.0	24.0	24.0	**23.8**	**23.8**	**23.8**	**23.8**
Market cap	480	756	807	793	514	**551**	**551**	**551**	**551**
EV	617	904	950	935	646	**697**	**687**	**676**	**663**
P/E (adj.)	31.6	26.2	27.7	22.1	19.2	**18.9**	**16.1**	**14.5**	**13.6**
P/E	44.0	38.3	41.5	30.7	29.6	**25.7**	**20.6**	**17.9**	**16.3**
P/FCF	neg.	35.2	36.6	25.0	9.8	**21.0**	**14.1**	**13.4**	**12.6**
P/B	1.5	2.4	2.6	2.5	1.7	**1.9**	**1.9**	**1.8**	**1.8**
P/S	4.9	5.2	5.3	4.9	3.1	**3.5**	**3.3**	**3.2**	**3.0**
EV/Sales	6.3	6.2	6.3	5.7	3.9	**4.4**	**4.1**	**3.9**	**3.6**
EV/EBITDA	23.1	18.7	19.3	16.1	11.6	**12.8**	**11.1**	**10.3**	**9.5**
EV/EBIT (adj.)	19.3	21.2	21.1	19.1	13.2	**14.8**	**13.7**	**12.4**	**11.5**
Payout ratio (%)	169.9 %	115.6 %	117.3 %	92.9 %	138.5 %	**111.1 %**	**93.5 %**	**85.2 %**	**80.8 %**
Dividend yield-%	3.9 %	3.0 %	2.8 %	3.0 %	4.7 %	**4.3 %**	**4.5 %**	**4.8 %**	**5.0 %**

Source: Inderes







Peer group valuation

Peer group valuation	Market cap	EV	EV/EBIT		EV/EBITDA		EV/S		P/E		Dividend yield-%		P/B
Company	**MEUR**	**MEUR**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**	**2024e**	**2023e**
Dun & Bradstreet	4411	7539	10.5	10.5	9.1	8.6	3.6	3.4	11.1	9.9	1.8	1.9	1.3
Fair Isaac Corp	20718	22346	33.3	28.9	31.1	27.2	16.0	14.4	45.2	37.8			
Equifax Inc	23372	28463	26.3	20.7	17.6	14.7	5.8	5.3	29.8	23.4	0.8	0.8	5.0
Experian Plc	29677	33393	21.3	19.2	15.7	14.6	5.5	5.2	26.1	24.3	1.7	1.7	7.3
TransUnion	14466	19188	25.8	20.7	14.8	13.2	5.4	5.0	22.6	19.1	0.5	0.6	3.4
Moody's Corp	56945	61527	28.3	24.0	25.0	21.6	11.2	10.2	33.4	29.5	0.9	1.0	17.3
Intrum AB	709	5936	13.1	11.0	8.7	7.7	3.5	3.4	6.4	4.1		13.4	0.4
Credit Corp Group Ltd	870	1034	12.3	11.1	11.3	10.2	3.7	3.5	15.9	15.1	3.2	3.4	1.8
Kruk S.A.	1728	2618	9.9	9.0	9.2	8.4	4.8	4.4	8.9	7.8	3.8	3.8	2.1
Alma Media	738	873	12.5	12.1	10.0	9.8	2.9	2.8	14.3	14.1	5.1	5.4	3.1
F-Secure	415	590	13.4	10.5	14.8	9.9	4.4	3.7	12.1	11.9	3.4	4.2	8.0
Enento Group (Inderes)	**551**	**697**	**14.8**	**13.7**	**12.8**	**11.1**	**4.4**	**4.1**	**18.9**	**16.1**	**4.3**	**4.5**	**1.9**
Average			**18.8**	**16.2**	**15.2**	**13.3**	**6.1**	**5.6**	**20.5**	**17.9**	**2.4**	**3.6**	**5.0**
Median			**13.4**	**12.1**	**14.8**	**10.2**	**4.8**	**4.4**	**15.9**	**15.1**	**1.8**	**2.6**	**3.2**
Diff-% to median			***10%***	***13%***	***-13%***	***9%***	***-8%***	***-6%***	***19%***	***6%***	***136%***	***71%***	***-42%***

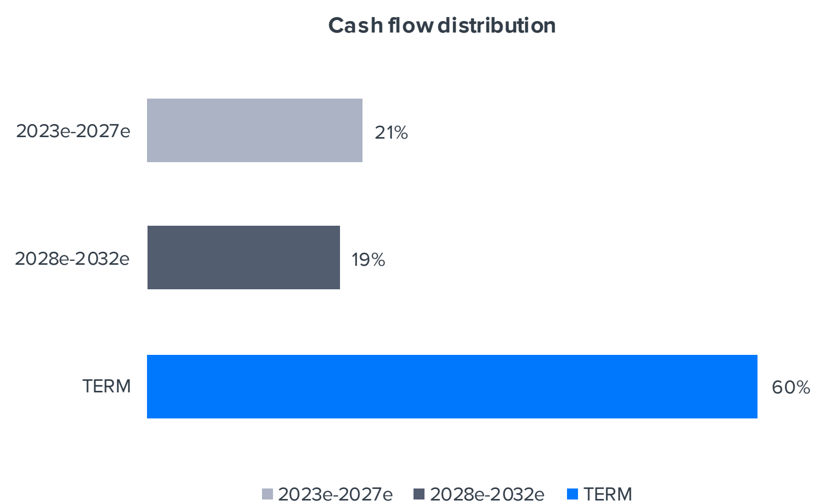
Source: Refinitiv / Inderes

DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	2.5 %	-5.8 %	5.4 %	4.8 %	4.5 %	4.3 %	4.2 %	4.1 %	3.9 %	3.7 %	2.2 %	2.2 %
EBIT-%	15.4 %	21.4 %	24.2 %	25.9 %	26.7 %	27.9 %	28.7 %	29.0 %	29.0 %	29.0 %	29.0 %	29.0 %
EBIT (operating profit)	**25.8**	**33.7**	**40.2**	**45.2**	**48.7**	**53.0**	**56.8**	**59.8**	**62.1**	**64.4**	**65.8**	
+ Depreciation	29.8	20.6	21.6	20.6	21.1	21.2	20.5	19.1	18.8	17.2	17.1	
- Paid taxes	-9.5	-7.6	-7.0	-8.4	-9.3	-10.3	-11.2	-11.8	-12.3	-12.8	-13.2	
- Tax, financial expenses	-0.6	-1.1	-1.1	-1.1	-0.9	-0.8	-0.7	-0.7	-0.7	-0.7	-0.6	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-3.2	0.7	0.3	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.1	
Operating cash flow	**42.4**	**46.3**	**54.0**	**56.5**	**59.8**	**63.3**	**65.6**	**66.6**	**68.1**	**68.3**	**69.2**	
+ Change in other long-term liabilities	-3.6	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	13.6	-15.0	-15.0	-15.5	-16.0	-16.4	-16.6	-16.8	-17.0	-17.0	-17.0	
Free operating cash flow	**52.3**	**31.2**	**39.0**	**41.0**	**43.8**	**46.9**	**49.0**	**49.8**	**51.1**	**51.3**	**52.2**	
+/- Other	0.0	-5.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	52.3	26.2	39.0	41.0	43.8	46.9	49.0	49.8	51.1	51.3	52.2	939
Discounted FCFF		**25.5**	**35.2**	**34.4**	**34.0**	**33.7**	**32.7**	**30.8**	**29.3**	**27.3**	**25.7**	**462**
Sum of FCFF present value		771	745	710	676	642	608	575	544	515	488	462
Enterprise value DCF		**771**										
- Interest bearing debt		-152.6										
+ Cash and cash equivalents		20.8										
-Minorities		0.0										
-Dividend/capital return		-24.0										
Equity value DCF		**599**										
Equity value DCF per share		**25.2**										

WACC	
Tax-% (WACC)	21.0 %
Target debt ratio (D/(D+E)	18.0 %
Cost of debt	5.0 %
Equity Beta	1.00
Market risk premium	4.75%
Liquidity premium	1.50%
Risk free interest rate	2.5 %
Cost of equity	**8.8 %**
Weighted average cost of capital (WACC)	**7.9 %**

Source: Inderes



Summary

Income statement	2021	2022	2023e	2024e	2025e
Revenue	163.5	167.5	**157.7**	**166.3**	**174.3**
EBITDA	58.0	55.6	**54.3**	**61.8**	**65.8**
EBIT	35.2	25.8	**33.7**	**40.2**	**45.2**
PTP	32.7	22.1	**27.0**	**33.7**	**39.1**
Net Income	25.9	17.4	**21.4**	**26.7**	**30.7**
Extraordinary items	-13.8	-3.4	**-3.1**	**-3.0**	**-13.8**

Per share data	2021	2022	2023e	2024e	2025e
EPS (reported)	1.08	0.72	**0.90**	**1.12**	**1.29**
EPS (adj.)	1.49	1.11	**1.22**	**1.44**	**1.59**
OCF / share	1.94	1.76	**1.95**	**2.27**	**2.38**
FCF / share	1.32	2.18	**1.10**	**1.64**	**1.72**
Book value / share	13.16	12.27	**12.28**	**12.41**	**12.65**
Dividend / share	1.00	1.00	**1.00**	**1.05**	**1.10**

Balance sheet	2021	2022	2023e	2024e	2025e
Balance sheet total	543.8	499.1	**488.9**	**486.5**	**485.5**
Equity capital	316.4	294.9	**292.3**	**295.2**	**300.9**
Goodwill	354.6	340.7	**340.7**	**340.7**	**340.7**
Net debt	141.6	131.8	**130.2**	**120.4**	**109.3**

Growth and profitability	2021	2022	2023e	2024e	2025e
Revenue growth-%	8%	2%	**-6%**	**5%**	**5%**
EBITDA growth-%	18%	-4%	**-2%**	**14%**	**6%**
EBIT (adj.) growth-%	9%	0%	**-4%**	**7%**	**9%**
EPS (adj.) growth-%	23%	-25%	**10%**	**18%**	**10%**
EBITDA-%	35.5 %	33.2 %	**34.4 %**	**37.2 %**	**37.7 %**
EBIT (adj.)-%	30.0 %	29.3 %	**29.8 %**	**30.2 %**	**31.4 %**
EBIT-%	21.6 %	15.4 %	**21.4 %**	**24.2 %**	**25.9 %**
ROE-%	8.2 %	5.7 %	**7.3 %**	**9.1 %**	**10.3 %**
ROI-%	7.2 %	5.3 %	**7.4 %**	**8.9 %**	**10.1 %**
Equity ratio	59.4 %	60.3 %	**59.8 %**	**60.7 %**	**62.0 %**
Gearing	44.7 %	44.7 %	**44.6 %**	**40.8 %**	**36.3 %**

Cash flow	2021	2022	2023e	2024e	2025e
EBITDA	58.0	55.6	**54.3**	**61.8**	**65.8**
Change in working capital	-4.2	-3.2	**0.7**	**0.3**	**0.2**
Operating cash flow	46.5	42.4	**46.3**	**54.0**	**56.5**
CAPEX	-10.1	13.6	**-15.0**	**-15.0**	**-15.5**
Free cash flow	31.7	52.3	**31.2**	**39.0**	**41.0**

Valuation multiples	2021	2022	2023e	2024e	2025e
EV/S	5.7	3.9	**4.4**	**4.1**	**3.9**
EV/EBITDA (adj.)	16.1	11.6	**12.8**	**11.1**	**10.3**
EV/EBIT (adj.)	19.1	13.2	**14.8**	**13.7**	**12.4**
P/E (adj.)	22.1	19.2	**18.9**	**16.1**	**14.5**
P/B	2.5	1.7	**1.9**	**1.9**	**1.8**
Dividend-%	3.0 %	4.7 %	**4.3 %**	**4.5 %**	**4.8 %**

Source: Inderes

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.

Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
9/1/2023	Accumulate	24.50 €	23.15 €

inderes.

Inderes connects investors and listed companies. We help over 400 listed companies to better serve their investors. Our community is home to over 70 000 active investors.

Our social objective is to democratize information in the financial markets.

We build solutions for listed companies that enable seamless and effective investor relations. Majority of our revenue comes from services to listed companies, including Commissioned Research, Virtual Events, AGM services, and IR technology and consultation.

Inderes is listed on Nasdaq First North growth market and operates in Finland, Sweden, Norway and Denmark.

Inderes Oyj

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

Award-winning research at **inderes.fi**

STARMINE ANALYST AWARDS FROM REFINITIV

THOMSON REUTERS ANALYST AWARDS

Juha Kinnunen
2012, 2016, 2017, 2018, 2019, 2020

Mikael Rautanen
2014, 2016, 2017, 2019

Sauli Vilén
2012, 2016, 2018, 2019, 2020

Antti Viljakainen
2014, 2015, 2016, 2018, 2019, 2020

Olli Koponen
2020

Joni Grönqvist
2019, 2020

Erkki Vesola
2018, 2020

Petri Gostowski
2020

Atte Riikola
2020

Research belongs
to everyone.