

New bankruptcy analysis from Enento Group and Experian:

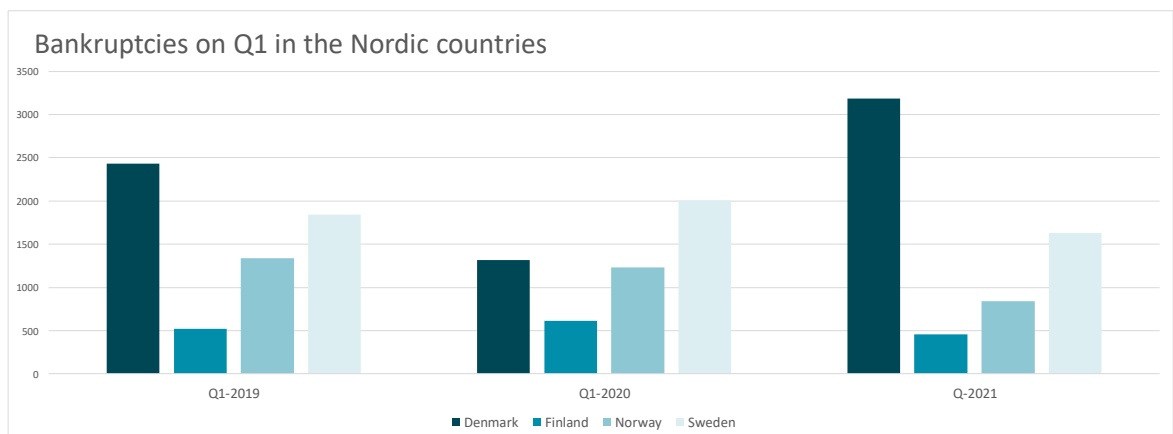
Nordic bankruptcies is back on pre-pandemic levels – but uncertainty remains for specific industries

New analysis from Enento Group and Experian shows that the trend of decreasing bankruptcies in the Nordics continues for the first quarter of 2021. The data tells us, that no bankruptcy wave can be seen in any Nordic country. The only exception is Denmark, where bankruptcies have increased by 142 % (compared to 2020), but the reason for this is unfortunately delayment in the processing of bankruptcies, and the bankruptcies were from companies with very limited or no activity, and we are now seeing the aftermath.

Enento Group and Experian have analyzed and summarized the bankruptcies for Q1 2021 for Denmark, Norway, Finland and Sweden and compared the data from Q1 2020, as well as Q1 2019 – prior to the world changing pandemic. The result is similar in all Nordic countries – bankruptcies are continuing to decrease.

- *The Nordic economy continues to grow. Crisis policies have fulfilled their task: stabilizing economic and financial systems. Another reason for the overall positive indications is that the industries where bankruptcies increased last year, still account for a very small part of the overall economy. In Sweden the stock market and house prices are breaking new records. Unemployment, which rose dramatically a year ago, has fallen slightly. In Finland however, growth fell sharply during the second quarter of 2020 in the wake of the pandemic. Since then, the economy has recovered – resulting in growth during the last quarter of 2020 of -1,3. Unemployment in Finland has also increased, but less than in Sweden, comments Jukka Ruuska, CEO of Enento Group, the Nordic owner of the local brands Asiakastieto in Finland and UC in Sweden.*
- *The lockdowns had significant impacts on economic growth and unemployment in both Denmark and Norway as in many countries. In Denmark, the economy narrowed down by 3,3% within the year 2020 where the fall in economic growth was limited to 0,8% in Norway. Unemployment rates in both countries increased nearly by 1% and reached to 4,4% and 5% in Denmark and Norway, respectively. It can still be said that Nordic economies performed relatively better in terms of GDP growth than many other European economies such as UK, Italy, Spain and Germany. From a micro level perspective, we have not been seeing an increase in bankruptcies in neither Denmark nor Norway. It is obvious that many companies have done well through the pandemic, while others have survived on support schemes and on the goodwill from creditors and suppliers. and the bankruptcies in Denmark coming in, have mainly been due delayment in the processing of bankruptcies and the bankruptcies coming from*

companies with very limited or not activity. In spite of finding ourselves in critical and unclear times, we do see light at the end of the tunnel as the vaccination progresses and we see a soft reopening in Norway. We hope that the predicted rush of bankruptcies can now be canceled, and that we have happier times ahead", comments Bo Rasmussen, Experian Nordics Chief Customer Officer.



Food and Accommodations industry is doing ok in the Nordics, but niche industries are at high risk

The Nordic economy continues to improve as a whole. The construction industry, which has traditionally been highly exposed to bankruptcies, is doing well. The bankruptcies within the segment has decreased with - 5 % in Finland and - 27 % in Norway and increased with 3 % in Sweden. The exception is Denmark, with an increase of 76 %.

- *The number of bankruptcies the first quarter of 2021 indicates that the development is going in the right direction for almost all major industries in both Sweden and Finland. According to the last survey from Swedish National Institute of Economic Research, half of the entrepreneurs asked stated that turnover is lower than normal. The risks are thus higher for increased bankruptcies, but this is not visible in the numbers so far. All indications for the future tell us that growth will increase as the restrictions ease, even though we may experience temporary peaks in the bankruptcy trend in individual industries such as Restaurants, hotels and the retail industry. However at the moment there are industries that are traditionally exposed to bankruptcies such as the construction business that is doing quite well in both Sweden and Finland – not least thanks to a segment of smaller businesses that target the increased demand for renovation at home as people spend more time in their homes, comments Jukka Ruuska, CEO of Enento Group, the Nordic owner of the local brands Asiakastiето in Finland and UC in Sweden.*
- *In Norway, on aggregate, there has been a 32 % decline in bankruptcies during the first quarter of 2021. We believe the low bankruptcy numbers are heavily influenced by*

government stimulus packages. In Denmark we have seen an increase in recent bankruptcy figures. However, it is worth mentioning that nearly half of the bankruptcies were coming from the IVS companies, mostly with no employees and only limited revenue.. By October 2021, all IVS companies need to seize, to shift legal form or close down. The large number of bankruptcies were likely caused by the fact that many companies had to turn in their annual report in September 2020. Some companies failed to do so, resulting in the compulsory dissolutions and ultimately in their bankruptcy in February 2021. Even though we started to observe the indications of recovery in the sectors with the re-openings and with the support of the government relief packages and holiday allowance payments, no one can assert that the uncertainties completely faded away. Even if we don't observe a bankruptcy trend today going worse, non-performing loan (NPL) stock in SME portfolios in Denmark continues its increase. Denmark differentiates from the other Nordics in terms of the increase in SMEs NPL levels of 31% within a year. In Norway, it increased until the 1st half of 2020 and then started to decrease and came to the previous levels of NPL as of December 2020. In Sweden, SME NPL curve stayed flatter. It means that SMEs in Danish financial sector require special attention and close monitoring. (, comments Bo Rasmussen, Experian Nordics Chief Customer Officer.

Even the Food and Accommodations industry and Transportation are managing ok. The bankruptcies within Food and Accommodations increased with 56 % in Sweden for 2021 compared with 2019 and the bankruptcies in the segment Transportation increased with 19 % compared with 2019.

- *Even the Food and accommodation industry see the light in the tunnel, after a tough year. Even though many are still on the verge of survival. In Finland and especially in Lapland, we have many entrepreneurs working in the tourism industry. Since the foreign tourists have completely disappeared, it is likely that there will be a sharp increase in bankruptcies among those companies. Another industry that are struggling are education. Many companies has cut their budgets last year for education due to the uncertainty we met last year and that has affected companies within the education industry. On top of that many companies have had a challenge to convert to the digital format to meet the new demands from the customers. This also applies to some other niche companies, comments Jukka Ruuska, CEO of Enento Group, the Nordic owner of the local brands Asiakastieto in Finland and UC in Sweden.*
- *In Norway we see that the Food and Accommodations industry has struggled, but surprisingly the bankruptcies are down 49% the fist quarter of 2021. When we look into the idustry of retail where we usually find quite high bankruptcies numbers we can see from the first quarter that the bankruptcies are down 50%. Some businesses within this sector has actually done better because of a change in spending among consumers. Consumer use less money on vacations and restaurants and more on equipment, sports gear etc. And eCommerce have experienced higher demand to to a shift in online*

spending habits. In Denmark we see that the Food and accommodations industry is one of the industries that has been impacted the most. We can also observe the impact by looking at the increase in NPL levels. The NPLs for the Food and Accommodations industry increased by 61% within one year while the increase in NPL stock was only limited to 13% for the wholesale and trade sector. It is an evidence of the importance of the business sector on the performance of the companies. However, as of beginning of March, re-openings started with the retail sector partially which were followed by the further re-opening of the economy, starting with hairdressers, beauty centers and, expanding to include department stores and outdoor service in restaurants on the 21st of April. This in addition the 2nd part of the holiday money disbursements that started in March and will continue in April, will help provide liquidity in the consumption market to revive the economy, comments Bo Rasmussen, Experian Nordics Chief Customer Officer.

For questions to the data per local market, please contact:

- Norway and Denmark:
Rie Lindgren, Experian Nordic Marketing Manager, +45 60 43 41 44 and e-mail: rie.lindgren@experian.com
- Sweden:
Karin Arrenfeldt, Nordic PR- and Communications Manager, +46 73 914 84 31 and e-mail: karin.arrenfeldt@uc.se
- Finland: Ville Kauppi, Content Manager Finland, +358 405 148 183 and e-mail: ville.kauppi@asiakastieto.fi