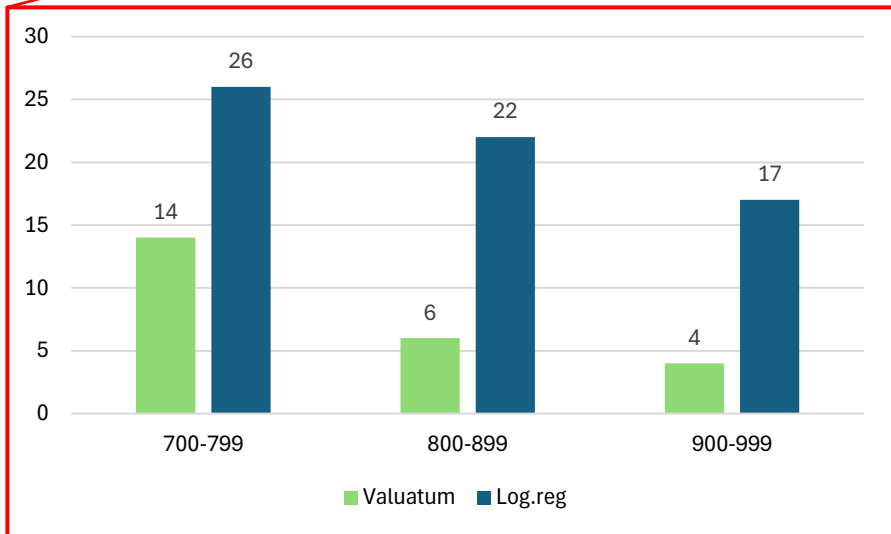
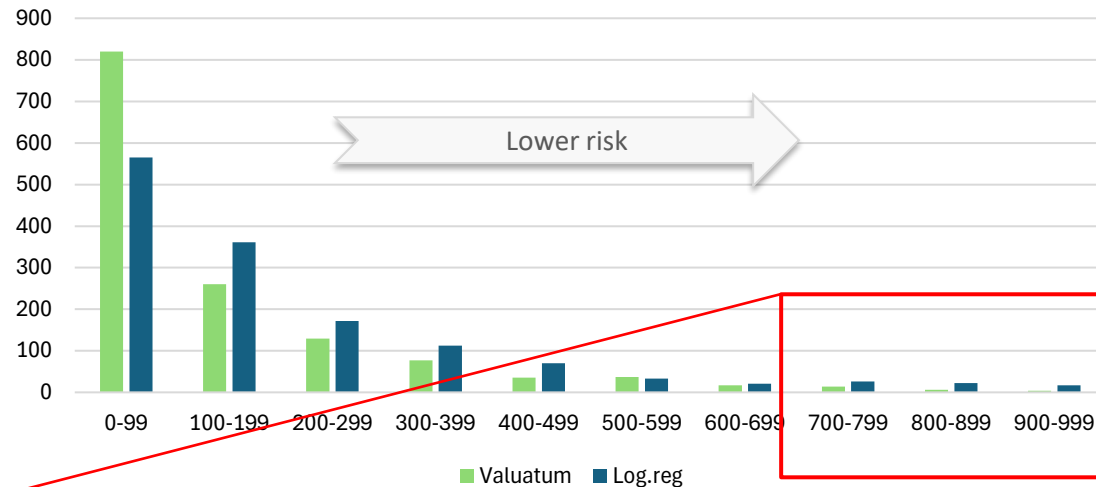


Example: Comparison between Valuatum AI-rating vs. Log.reg rating

- This example demonstrates the accuracy of Valuatum's AI-rating model compared to traditional logistic regression model. The logistic regression model in this example is used by professionals.
- We use Finnish data because we unfortunately lack logistic regression model data for Denmark that would be in use by professionals in the field.
- However, we will show you that our model trained with Danish data provides even more accurate estimates than our model trained with Finnish data.
- The better the credit risk rating is that a company achieves the lower is the risk for bankruptcy. Therefore the best model should involve as few bankruptcy companies in top credit risk rating categories as possible.

Number of Finnish bankruptcies by credit rating deciles in 2023



Comparison between Valuatum AI-rating vs. Log.reg rating

- Picture on the left shows how Finnish companies that have gone bankrupt in 2023 were positioned according to the risk estimate made by Valuatum's AI credit rating model compared to the risk estimate made by a logistic regression model used by professionals.
- If a lender only grants loans to 30% of least risky companies, **how much could have been saved in terms of credit loss using our AI model vs. logistic regression?**

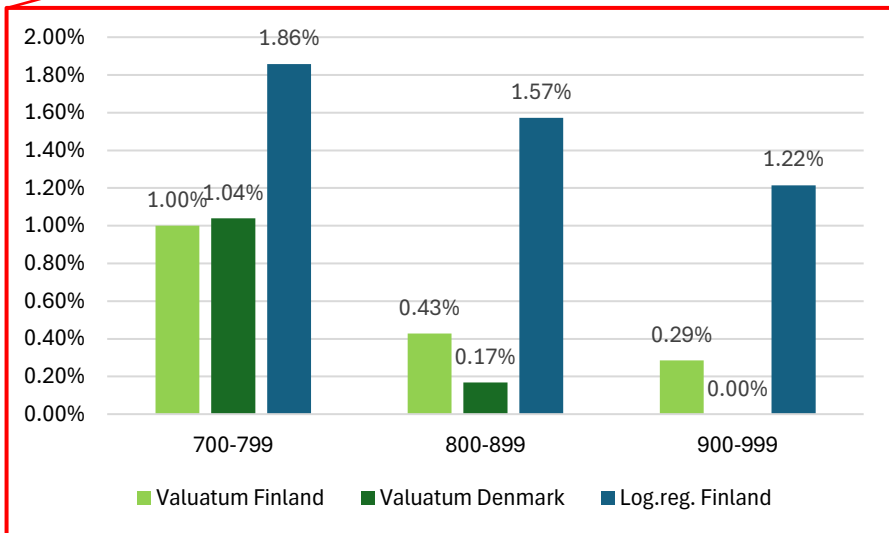
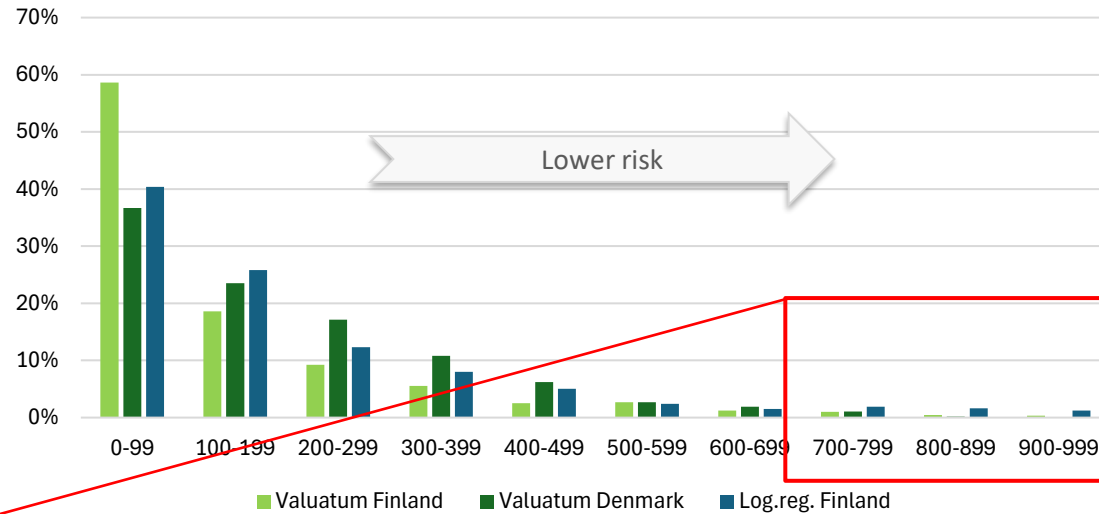
Loan grant threshold	Bankrupt companies (Valuatum)	Bankrupt companies (Log.reg.)	Savings %
Top 30%	24	65	63.1 %
Top 20%	10	39	74.4 %
Top 10%	4	17	76.5 %

Example:

Lender has issued 10 billion euros of credit to the least risky 30% of companies using their logistic regression model. They recorded a credit loss of 25 million euros or 0.25% of issued credit when 65 companies that they granted loans to went bankrupt.

By using our AI model and the same threshold, only 24 companies that later went bankrupt would've received a loan. **Using our AI model would have saved the lender 63.1 % of the losses or 15.8 million euros.**

Percentage of both Finnish and Danish bankrupt companies by credit rating deciles in 2023



- On this slide we have included data of Danish bankrupt companies in 2023 and compared it relatively to the Finnish data as the absolute number of bankrupt companies differ between the countries.
- Relatively the results are even better in Denmark than in Finland, as fewer bankrupt companies are rated to the top 30 % and not a single bankrupt company in Denmark was rated to the top 10 %.