

## Challenging outlook, earnings set to improve

Solteq reports Q4 figures on February 12. Despite a December guidance cut and change negotiations announced in January, we expect Q4 comparable operating profit to have improved modestly, while sales to have declined y/y.

### Lowered guidance and announced change negotiations

Solteq lowered its comparable operating result guidance in December to remain at the same level or improve (prev. improve significantly), while maintaining its net sales guidance of a slight decrease. The company also announced change negotiations in January affecting up to 40 employees, and targeting EUR 2.1m in annual cost savings to right-size operations amid prolonged weak customer demand and delayed decision-making in new customer projects. In Utilities, improved productization has reduced labor needs, while Retail & Commerce is being restructured to match market demand. Despite the profit warning and restructuring, we expect Q4 to be the most resilient quarter of the year, with comparable net sales of EUR 11.6m (−3% y/y) and comparable operating result of EUR 0.5m. We estimate net sales for both R&C and Utilities to have declined by 3% y/y, with comparable EBIT of EUR 0.8m for R&C and EUR −0.3m for Utilities.

### Cost savings critical, but return to growth still key

Looking ahead to 2026, the restructuring should provide earnings support of some EUR 2m annually, which is crucial given financing costs of around EUR 0.45m per quarter related to the company's outstanding bond, with refinancing negotiations expected in H1. We expect one-off costs in Q1, with savings materializing from Q2 onwards, but cost-cutting alone is not a long-term solution and a sustainable improvement requires revenue growth, which remains challenging amid market weakness. While Utilities' productization gains are encouraging, new customer wins are essential for top-line push and sustainable earnings growth. Our revised 2026E estimates of EUR 46.2m in net sales and EUR 3.0m in comparable operating profit (prev. EUR 47.5m & EUR 3.4m) reflect lower net sales expectations, partly offsetting the restructuring benefits.

### ACCUMULATE with a TP of EUR 0.45 (prev. EUR 0.52)

Solteq trades below peer median at 6–5x EV/EBITDA on our 2026–27E estimates. Planned cost savings should support earnings and improve turnaround visibility, but a sustained recovery still depends on improvements in Utilities and a top-line recovery. Given the strained balance sheet and high financing costs, we remain cautious. We keep our ACCUMULATE rating but lower our TP to EUR 0.45 (prev. EUR 0.52).

### KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2023	57.7	−3.5	−6.1%	6.0	−0.28	−2.3	0.7	−11.1	40.8%	0.00
2024	50.9	1.8	3.6%	3.6	−0.06	−10.3	0.6	18.2	29.1%	0.00
2025E	46.3	0.9	2.0%	−1.0	−0.06	−7.0	0.6	31.3	−12.7%	0.00
2026E	46.2	2.7	5.8%	0.6	0.03	14.2	0.6	10.7	7.4%	0.00
2027E	48.2	4.0	8.3%	1.9	0.09	4.5	0.6	6.7	24.2%	0.00
Market cap, EURm		8	Gearing 2025E, %		145.0 %	CAGR EPS 2024–27, %				0.0 %
Net debt 2025E, EURm		21	Price/book 2025E		0.5	CAGR Sales 2024–27, %				−18 %
Enterprise value, EURm		29	Dividend yield 2025E, %		0.0 %	ROE 2025E, %				−7.4 %
Total assets 2025E, EURm		49	Tax rate 2025E, %		19.8 %	ROCE 2025E, %				2.4 %
Goodwill 2025E, EURm		39	Equity ratio 2025E, %		30.0 %	PEG, P/E 25/CAGR				0.0

All the important disclosures can be found on the last pages of this report.

### Rating

+ Accumulate



Share price, EUR (Last trading day's closing price)	<b>0.41</b>
Target price, EUR	0.45
Latest change in recommendation	13–Feb–25
Latest report on company	30–Oct–25
Research paid by issuer:	YES
No. of shares outstanding, '000's	19 397
No. of shares fully diluted, '000's	19 397
Market cap, EURm	8
Free float, %	73.0 %
Exchange rate	0.0
Reuters code	SOLTEQ.HE
Bloomberg code	SOLTEQ.FH
Average daily volume, EURm	0.008
Next interim report	12–Feb–26
Web site	<a href="http://solteq.com/en/investors">solteq.com/en/investors</a>
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Telephone	+358 440 476 597

+ BUY + ACCUMULATE - REDUCE - SELL

Table 1: Estimate summary

Solteq	2023	Q1/24	Q2/24	Q3/24	Q4/24	2024	Q1/25	Q2/25	Q3/25	Q4/25E	2025E	2026E	2027E
<b>Net sales</b>	<b>57.7</b>	<b>13.6</b>	<b>13.4</b>	<b>11.4</b>	<b>12.5</b>	<b>50.9</b>	<b>12.1</b>	<b>12.2</b>	<b>10.4</b>	<b>11.6</b>	<b>46.3</b>	<b>46.2</b>	<b>48.2</b>
sales growth %	-15.7%	-19.7%	-6.1%	-6.5%	-12.5%	-11.8%	-10.7%	-9.3%	-9.1%	-7.0%	-9.1%	-0.1%	4.4%
comparable growth %	-5.3%	-3.8%	-1.6%	-6.5%	-12.4%	-6.1%	-7.2%	-5.5%	-5.1%	-2.8%	-5.2%		
<b>EBITDA</b>	<b>8.7</b>	<b>0.4</b>	<b>0.6</b>	<b>0.9</b>	<b>2.2</b>	<b>4.1</b>	<b>0.6</b>	<b>0.5</b>	<b>0.4</b>	<b>0.8</b>	<b>2.3</b>	<b>4.1</b>	<b>5.6</b>
<b>Adj. EBITDA</b>	<b>-1.7</b>	<b>0.3</b>	<b>0.5</b>	<b>1.1</b>	<b>0.8</b>	<b>2.7</b>	<b>0.5</b>	<b>0.4</b>	<b>0.4</b>	<b>0.8</b>	<b>2.2</b>	<b>4.4</b>	<b>5.6</b>
Adj. EBITDA-%	-2.9%	2.1%	3.9%	9.3%	6.4%	5.2%	4.5%	3.3%	4.1%	6.9%	4.7%	9.4%	11.7%
<b>EBIT</b>	<b>-3.5</b>	<b>-0.2</b>	<b>0.0</b>	<b>0.3</b>	<b>1.8</b>	<b>1.8</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>0.5</b>	<b>0.9</b>	<b>2.7</b>	<b>4.0</b>
EBIT-%	-6.1%	-1.8%	0.0%	2.6%	14.1%	3.6%	1.3%	1.7%	0.8%	4.3%	2.0%	5.8%	8.3%
Adjustment items	-1.0	0.0	0.0	0.3	-1.4	-1.1	0.0	-0.1	0.0	0.0	-0.1	0.3	0.0
<b>Adj. EBIT</b>	<b>-4.6</b>	<b>-0.2</b>	<b>0.0</b>	<b>0.6</b>	<b>0.3</b>	<b>0.7</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.5</b>	<b>0.8</b>	<b>3.0</b>	<b>4.0</b>
Adj. EBIT-%	-7.9%	-1.8%	0.0%	5.4%	2.7%	1.4%	1.1%	0.6%	1.1%	4.3%	1.8%	6.5%	8.3%
<b>Retail &amp; Commerce</b>	<b>2023</b>	<b>Q1/24</b>	<b>Q2/24</b>	<b>Q3/24</b>	<b>Q4/24</b>	<b>2024</b>	<b>Q1/25</b>	<b>Q2/25</b>	<b>Q3/25</b>	<b>Q4/25E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>Net sales</b>	<b>44.0</b>	<b>10.4</b>	<b>10.0</b>	<b>8.5</b>	<b>9.7</b>	<b>38.6</b>	<b>9.2</b>	<b>9.1</b>	<b>7.7</b>	<b>8.9</b>	<b>35.0</b>	<b>34.7</b>	<b>35.9</b>
sales growth %	-18.3%	-22.8%	-7.3%	-7.5%	-7.3%	-12.1%	-11.5%	-9.1%	-9.2%	-8.2%	-9.5%	-0.7%	3.5%
comparable growth %							-6.9%	-4.1%	-4.0%	-2.8%	-4.5%		
<b>Adj. EBITDA</b>	<b>2.3</b>	<b>0.7</b>	<b>0.7</b>	<b>1.0</b>	<b>1.3</b>	<b>3.7</b>	<b>1.0</b>	<b>0.9</b>	<b>0.7</b>	<b>1.0</b>	<b>3.6</b>	<b>4.2</b>	<b>4.6</b>
Adj. EBITDA-%	5.3%	7.2%	6.9%	11.3%	13.1%	9.5%	10.6%	9.8%	9.5%	11.2%	10.3%	12.1%	12.8%
<b>EBIT</b>	<b>5.2</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>2.4</b>	<b>3.6</b>	<b>0.8</b>	<b>0.8</b>	<b>0.5</b>	<b>0.8</b>	<b>2.9</b>	<b>3.2</b>	<b>3.5</b>
EBIT-%	11.8%	4.0%	3.7%	5.1%	24.7%	9.4%	8.4%	8.6%	6.8%	9.0%	8.3%	9.1%	9.7%
<b>Adj. EBIT</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.7</b>	<b>1.0</b>	<b>2.5</b>	<b>0.7</b>	<b>0.7</b>	<b>0.6</b>	<b>0.8</b>	<b>2.8</b>	<b>3.3</b>	<b>3.5</b>
Adj. EBIT-%	10%	4.2%	3.9%	9.0%	10.9%	6.9%	8.2%	7.6%	7.3%	9.0%	8.0%	9.5%	9.7%
<b>Utilities</b>	<b>2023</b>	<b>Q1/24</b>	<b>Q2/24</b>	<b>Q3/24</b>	<b>Q4/24</b>	<b>2024</b>	<b>Q1/25</b>	<b>Q2/25</b>	<b>Q3/25</b>	<b>Q4/25E</b>	<b>2025E</b>	<b>2026E</b>	<b>2027E</b>
<b>Net sales</b>	<b>13.7</b>	<b>3.2</b>	<b>3.4</b>	<b>2.9</b>	<b>2.8</b>	<b>12.2</b>	<b>2.9</b>	<b>3.0</b>	<b>2.6</b>	<b>2.7</b>	<b>11.3</b>	<b>11.5</b>	<b>12.3</b>
sales growth %	-6.2%	-7.5%	-2.5%	-3.3%	-27.0%	-10.7%	-8.2%	-9.9%	-8.7%	-2.8%	-7.5%	3.5%	7.0%
<b>Adj. EBITDA</b>	<b>-4.0</b>	<b>-0.5</b>	<b>-0.2</b>	<b>0.1</b>	<b>-0.5</b>	<b>-1.0</b>	<b>-0.4</b>	<b>-0.5</b>	<b>-0.3</b>	<b>-0.2</b>	<b>-1.4</b>	<b>0.2</b>	<b>1.0</b>
Adj. EBITDA-%	-29.0%	-14.5%	-4.8%	3.2%	-17.1%	-0.1	-14.6%	-16.2%	-11.8%	-7.4%	-12.6%	1.3%	8.5%
<b>EBIT</b>	<b>-8.7</b>	<b>-0.7</b>	<b>-0.4</b>	<b>-0.1</b>	<b>-0.6</b>	<b>-1.8</b>	<b>-0.6</b>	<b>-0.6</b>	<b>-0.4</b>	<b>-0.3</b>	<b>-2.0</b>	<b>-0.5</b>	<b>0.5</b>
EBIT-%	-63.7%	-20.7%	-10.9%	-4.9%	-22.8%	-14.8%	-21.0%	-19.2%	-17.0%	-11.1%	-17.6%	-3.9%	4.1%
<b>Adj. EBIT</b>	<b>-5.0</b>	<b>-0.7</b>	<b>-0.4</b>	<b>-0.1</b>	<b>-0.7</b>	<b>-1.8</b>	<b>-0.6</b>	<b>-0.6</b>	<b>-0.4</b>	<b>-0.3</b>	<b>-2.0</b>	<b>-0.3</b>	<b>0.5</b>
Adj. EBIT-%	-36.7%	-20.7%	-10.9%	-3.7%	-23.8%	-14.7%	-21.0%	-20.8%	-17.0%	-11.1%	-17.6%	-2.6%	4.1%

Source: Evli Research

Table 2: Peer group

SOLTEQ PEER GROUP	MCAP	EV/EBITDA			EV/EBIT			P/E			EV/Sales		
		2025	2026	2027	2025	2026	2027	2025	2026	2027	2025	2026	2027
NORDIC IT SERVICES	EUR m												
TietoEVRY Oyj	2066	9.7x	8.5x	8.2x	11.2x	11.1x	10.3x	13.4x	12.4x	11.3x	15x	14x	14x
Atea ASA	1447	9.2x	7.8x	7.1x	14.4x	11.6x	10.6x	18.8x	14.7x	13.0x	0.3x	0.3x	0.3x
Bouvet ASA	514	11.0x	9.6x	9.0x	13.2x	11.5x	10.7x	16.1x	15.3x	14.0x	1.6x	1.4x	1.3x
Knowit AB	335	7.1x	6.2x	5.8x	14.1x	10.7x	9.4x	14.8x	11.5x	11.0x	0.7x	0.6x	0.6x
Gofore Oyj	190	12.1x	7.5x	6.4x	20.7x	11.4x	9.0x	15.8x	10.6x	8.5x	1.3x	1.0x	0.9x
Digia Oyj	175	7.4x	6.9x	6.5x	9.8x	8.7x	8.1x	10.2x	9.2x	8.7x	0.9x	0.9x	0.8x
Siiili Solutions Oyj	36	7.2x	4.7x	4.2x	77.1x	8.8x	7.2x	15.3x	7.3x	6.0x	0.4x	0.4x	0.4x
Netum Group Oyj	13	12.1x	8.5x	8.0x				21.1x	24.8x	13.7x	0.6x	0.6x	0.6x
Vincit Oyj	21	9.2x	3.5x	3.1x				10.4x	7.3x	13.8x	0.3x	0.3x	0.3x
<b>Peer group average</b>	<b>788</b>	<b>9.5x</b>	<b>7.0x</b>	<b>6.5x</b>	<b>22.9x</b>	<b>10.5x</b>	<b>9.1x</b>	<b>15.7x</b>	<b>13.3x</b>	<b>10.6x</b>	<b>0.8x</b>	<b>0.8x</b>	<b>0.7x</b>
<b>Peer group median</b>	<b>425</b>	<b>9.2x</b>	<b>7.5x</b>	<b>6.5x</b>	<b>14.1x</b>	<b>10.9x</b>	<b>9.2x</b>	<b>15.6x</b>	<b>12.4x</b>	<b>11.0x</b>	<b>0.7x</b>	<b>0.6x</b>	<b>0.6x</b>
<b>Solteq (Evli est.)</b>	<b>8</b>	<b>13.6x</b>	<b>6.5x</b>	<b>4.7x</b>	<b>36.2x</b>	<b>9.6x</b>	<b>6.7x</b>	<b>neg.</b>	<b>14.2x</b>	<b>4.5x</b>	<b>0.6x</b>	<b>0.6x</b>	<b>0.5x</b>

Prem./disc. to peer median 47.4% -14.1% -28.0% 156.2% -12.0% -26.9% 14.4% -58.9% -7.2% -8.0% -16.9%

Source: FactSet, Evli Research

Think about adjusting EV/EBIT and P/E

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	0.41 PV of Free Cash Flow	35 Long-term growth, %	2.0 % Risk-free interest rate, %	2.25 %
DCF share value	2.49 PV of Horizon value	34 WACC, %	11.0 % Market risk premium, %	5.8 %
Share price potential, %	507.2 % Unconsolidated equity	0 Spread, %	0.5 % Debt risk premium %	7.8 %
Maximum value	2.7 Marketable securities	3 Minimum WACC, %	10.5 % Equity beta coefficient	1.30
Minimum value	2.3 Debt – dividend	-24 Maximum WACC, %	11.5 % Target debt ratio, %	20 %
Horizon value, %	49.1 % Value of stock	48 No. of shares, Mn	19.4 Effective tax rate, %	20 %

DCF valuation, EURm	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	TERMINAL
Net sales	51	46	46	48	51	53	55	58	59	61	62	64
<i>Sales growth (%)</i>	<i>-11.8%</i>	<i>-9.0%</i>	<i>-0.1%</i>	<i>4.4%</i>	<i>5.4%</i>	<i>5.0%</i>	<i>4.0%</i>	<i>4.0%</i>	<i>3.0%</i>	<i>3.0%</i>	<i>2.0%</i>	<i>2.0%</i>
Operating income (EBIT)	2	1	3	4	5	6	6	6	6	6	7	7
<i>Operating income margin %</i>	<i>3.6%</i>	<i>2.0%</i>	<i>5.8%</i>	<i>8.3%</i>	<i>10.2%</i>	<i>10.5%</i>						
+ Depreciation+amort.	2	1	1	2	2	2	2	2	2	2	2	2
EBITDA	4	2	4	6	7	7	8	8	8	9	9	9
- Paid taxes	-1	0	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1
- Change in NWC	1	0	0	0	0	0	0	0	0	0	0	0
<i>NWC / Sales, %</i>	<i>-11.3%</i>	<i>-11.4%</i>	<i>-11.4%</i>	<i>-11.4%</i>	<i>-11.3%</i>	<i>-11.3%</i>	<i>-11.3%</i>	<i>-11.3%</i>	<i>-11.2%</i>	<i>-11.2%</i>	<i>-11.2%</i>	<i>-11.2%</i>
+ Change in other liabs	0											
- Operative CAPEX	0	0	0	0	0	0	0	0	0	0	0	0
<i>opCAPEX / Sales, %</i>	<i>3.7%</i>	<i>16%</i>	<i>20%</i>	<i>3.5%</i>								
- Acquisitions												
+ Divestments	4											
- Other items	-1											
= FCFF	7	2	3	5	6	7	7	7	7	7	7	85
= Discounted FCFF	2	3	4	5	4	4	4	4	4	3	3	34
= DFCF min WACC	2	3	4	5	4	4	4	4	4	3	3	37
= DFCF max WACC	2	3	4	4	4	4	4	4	3	3	3	31

### Sensitivity analysis, EUR

Terminal WACC					
	8.98 %	9.98 %	10.98 %	11.98 %	12.98 %
Terminal EBIT-%	8.50 %	3.10	2.59	2.20	1.88
	9.50 %	3.32	2.77	2.34	2.00
	10.50 %	3.54	2.95	2.49	2.12
	11.50 %	3.76	3.12	2.63	2.24
	12.50 %	3.98	3.30	2.78	2.36
					2.03

**INTERIM FIGURES**

<b>EVLI ESTIMATES, EURm</b>	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3	2025Q4E	2025E	2026E	2027E
Net sales	13.6	13.4	11.4	12.5	50.9	12.1	12.2	10.4	11.6	46.3	46.2	48.2
EBITDA	0.4	0.6	0.9	2.2	4.1	0.6	0.5	0.4	0.8	2.3	3.6	5.6
<i>EBITDA margin (%)</i>	2.7%	4.6%	7.8%	17.7%	8.0%	4.7%	4.5%	3.8%	6.9%	5.0%	7.9%	11.7%
EBIT	-0.2	0.0	0.3	1.8	1.8	0.2	0.2	0.1	0.5	0.9	2.7	4.0
<i>EBIT margin (%)</i>	-1.8%	0.0%	2.6%	14.1%	3.6%	1.3%	1.7%	0.8%	4.3%	2.0%	5.8%	8.3%
Net financial items	-0.5	-0.5	-0.8	-0.6	-2.4	-0.5	-0.6	-0.7	-0.5	-2.4	-2.0	-1.8
Pre-tax profit	-0.7	-0.5	-0.5	1.1	-0.6	-0.4	-0.4	-0.6	-0.5	-1.4	0.7	2.2
Tax	0.0	0.0	0.0	-0.5	-0.6	-0.1	0.4	-0.1	-0.1	0.3	-0.1	-0.4
<i>Tax rate (%)</i>	0.1%	-7.2%	-8.4%	47.4%	-102.3%	-24.9%	96.6%	-8.5%	-	19.8%	20.0%	20.0%
Net profit	-0.7	-0.5	-0.6	0.6	-1.2	-0.5	0.0	-0.7	-	-11	0.6	1.8
EPS	-0.04	-0.03	-0.03	0.03	-0.06	-0.02	0.00	-0.03	-	-0.06	0.03	0.09
EPS adj. (diluted)	-0.04	-0.03	-0.03	0.03	-0.06	-0.02	0.00	-0.03	-	-0.06	0.03	0.09
Dividend per share												
<b>SALES, EURm</b>	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3	2025Q4E	2025E	2026E	2027E
Retail & Commerce	10.4	10.0	8.5	9.7	38.6	9.2	9.1	7.7	8.9	35.0	34.7	35.9
Utilities	3.2	3.4	2.9	2.8	12.2	2.9	3.0	2.6	2.7	11.3	11.5	12.3
Total	13.6	13.4	11.4	12.5	50.9	12.1	12.2	10.4	11.6	46.3	46.2	48.2
<b>SALES GROWTH, Y/Y%</b>	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3	2025Q4E	2025E	2026E	2027E
Retail & Commerce	-22.8%	-7.3%	-7.5%	-7.3%	-12.1%	-11.5%	-9.1%	-9.2%	-8.2%	-9.5%	-0.7%	3.5%
Utilities	-7.5%	-2.5%	-3.3%	-27.0%	-10.7%	-8.2%	-9.9%	-8.6%	-2.8%	-7.5%	1.7%	7.0%
Total	-19.7%	-6.1%	-6.5%	-12.6%	-11.8%	-10.7%	-9.3%	-9.1%	-7.0%	-9.0%	-0.1%	4.4%
<b>EBIT, EURm</b>	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3	2025Q4E	2025E	2026E	2027E
Retail & Commerce	0.4	0.4	0.4	2.4	3.6	0.8	0.8	0.5	0.8	2.9	3.2	3.5
Utilities	-0.7	-0.4	-0.1	-0.6	-1.8	-0.6	-0.6	-0.4	-0.3	-1.9	-0.5	0.5
Total	-0.2	0.0	0.3	1.8	1.8	0.2	0.2	0.1	0.5	0.9	2.7	4.0
<b>EBIT margin %</b>	2024Q1	2024Q2	2024Q3	2024Q4	2024	2025Q1	2025Q2	2025Q3	2025Q4E	2025E	2026E	2027E
Retail & Commerce	4.0%	3.7%	5.1%	24.7%	9.4%	8.4%	8.6%	6.8%	9.0%	8.3%	9.1%	9.8%
Utilities	-20.7%	-10.9%	-4.9%	-22.8%	-14.8%	-21.0%	-19.2%	-17.0%	-11.1%	-17.2%	-3.9%	4.1%
Total	-18%	0.0%	2.6%	14.1%	3.6%	1.3%	1.7%	0.8%	4.3%	2.0%	5.8%	8.3%

INCOME STATEMENT, EURm	2020	2021	2022	2023	2024	2025E	2026E	2027E
Sales	60.5	69.1	68.4	57.7	50.9	46.3	46.2	48.2
<i>Sales growth (%)</i>	3.7%	14.2%	-0.9%	-15.8%	-11.8%	-9.0%	-0.1%	4.4%
EBITDA	10.4	12.3	5.5	8.7	4.1	2.3	3.6	5.6
<i>EBITDA margin (%)</i>	17.2%	17.8%	8.1%	15.1%	8.0%	5.0%	7.9%	11.7%
Depreciation	-5.0	-5.1	-10.0	-12.2	-2.3	-1.4	-0.9	-1.6
EBITA	5.4	7.2	-4.4	-3.5	1.8	0.9	2.7	4.0
Goodwill amortization / writedown								
EBIT	5.4	7.2	-4.4	-3.5	1.8	0.9	2.7	4.0
<i>EBIT margin (%)</i>	8.9%	10.4%	-6.5%	-6.1%	3.6%	2.0%	5.8%	8.3%
Reported EBIT	5.4	7.2	-4.4	-3.5	1.8	0.9	2.7	4.0
<i>EBIT margin (reported) (%)</i>	8.9%	10.4%	-6.5%	-6.1%	3.6%	2.0%	5.8%	8.3%
Net financials	-2.6	-1.9	-2.2	-1.2	-2.4	-2.4	-2.0	-1.8
Pre-tax profit	2.7	5.3	-6.6	-4.7	-0.6	-1.4	0.7	2.2
Taxes	-0.8	-1.1	1.2	-0.7	-0.6	0.3	-0.1	-0.4
Minority shares								
Net profit	2.0	4.1	-5.4	-5.4	-1.2	-1.1	0.6	1.8
Cash NRIs								
Non-cash NRIs								
BALANCE SHEET, EURm								
Assets								
Fixed assets	12	13	10	2	2	1	1	1
Goodwill	39	42	46	41	39	39	39	39
Right of use assets	7	5	3	2	2	2	2	2
Inventory	0	0	0	0	0	0	0	0
Receivables	12	12	11	10	6	6	6	6
Liquid funds	5	4	2	2	3	2	2	2
Total assets	75	76	74	57	52	49	49	50
Liabilities								
Shareholders' equity	27	28	23	17	16	15	15	17
Minority interest								
Convertibles								
Lease liabilities	7	5	3	2	2	2	2	2
Deferred taxes	1	1	1	0	0	0	0	0
Interest bearing debt	24	24	30	24	22	22	21	19
Non-interest bearing current liabilities	16	18	17	13	12	11	11	11
Other interest-free debt					1	1	1	1
Total liabilities	75	76	74	57	52	49	49	50
CASH FLOW, EURm								
+ EBITDA	10	12	6	9	4	2	4	6
- Net financial items	-3	-2	-2	-1	-2	-2	-2	-2
- Taxes	-1	-1	0	-1	-1	0	0	0
- Increase in Net Working Capital	0	1	1	-3	1	0	0	0
+/- Other	-1	0	0	-9	-1			
= Cash flow from operations	6	10	4	-5	2	0	1	4
- Capex	-5	-4	-4	-3	-2	-1	-1	-2
- Acquisitions		-3	-5					
+ Divestments	4			14	4			
= Free cash flow	6	4	-6	6	4	-1	1	2
+/- New issues/buybacks	0	0	2	0	0			
- Paid dividend	3	2						
+/- Other	-4	-2	4	-6	-2	0	-1	-2
Change in cash	1	-1	-2	0	1	-1	0	0

KEY FIGURES	2021	2022	2023	2024	2025E	2026E	2027E
M-cap	91	24	15	12	8	8	8
Net debt (excl. convertibles)	26	31	25	20	21	21	19
Enterprise value	117	55	39	33	29	29	27
Sales	69	68	58	51	46	46	48
EBITDA	12	6	9	4	2	4	6
EBIT	7	-4	-4	2	1	3	4
Pre-tax	5	-7	-5	-1	-1	1	2
Earnings	4	-5	-5	-1	-1	1	2
Equity book value (excl. minorities)	28	23	17	16	15	15	17
Valuation multiple	2021	2022	2023	2024	2025E	2026E	2027E
EV/Sales	1.7	0.8	0.7	0.6	0.6	0.6	0.6
EV/EBITDA	9.5	10.0	4.5	8.0	12.8	7.9	4.8
EV/EBITA	16.3	-12.5	-11.1	18.2	31.3	10.7	6.7
EV/EBIT	16.3	-12.5	-11.1	18.2	31.3	10.7	6.7
EV/OCF	11.7	14.2	-7.4	21.1	-110.3	19.3	7.4
EV/FCF	21.2	-19.1	5.0	4.5	18.1	9.3	5.3
P/FCFFR	25.6	-4.3	2.5	3.4	-7.9	13.6	4.1
P/E	21.9	-4.4	-2.3	-10.3	-7.0	14.2	4.5
P/BV	3.2	1.1	0.9	0.8	0.5	0.5	0.5
Target EV/EBITDA					13.1	8.1	4.9
Target EV/EBIT					32.2	11.0	6.9
Target EV/FCFF					-29.8	50.6	14.4
Target P/BV					0.6	0.6	0.5
Target P/E, diluted					-7.7	15.6	5.0
Per share measures	2021	2022	2023	2024	2025E	2026E	2027E
Number of shares (million)	19.40	19.40	19.40	19.40	19.40	19.40	19.40
Number of shares (diluted, million)	19.40	19.40	19.40	19.40	19.40	19.40	19.40
EPS	0.21	-0.28	-0.28	-0.06	-0.06	0.03	0.09
Operating cash flow per share	0.51	0.20	-0.27	0.08	-0.01	0.08	0.19
Free cash flow per share	0.18	-0.29	0.31	0.19	-0.05	0.03	0.10
Book value per share	1.44	1.16	0.89	0.82	0.76	0.79	0.88
Dividend per share	0.10						
Dividend payout ratio, %	46.8%						
Dividend yield, %	2.1%						
FCF yield, %	3.9%	-23.5%	40.8%	29.1%	-12.7%	7.4%	24.2%
Efficiency measures	2021	2022	2023	2024	2025E	2026E	2027E
ROE	15.2%	-21.5%	-27.1%	-7.3%	-7.4%	3.7%	10.8%
ROOE	12.4%	-7.8%	-7.1%	4.3%	2.4%	7.1%	10.5%
Financial ratios	2021	2022	2023	2024	2025E	2026E	2027E
Inventories as % of sales	0.3%	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%
Receivables as % of sales	17.0%	16.2%	16.9%	12.2%	12.2%	12.2%	12.2%
Non-int. bearing liabilities as % of sales	25.5%	25.6%	22.4%	22.9%	22.9%	22.9%	22.9%
NWC/sales, %	-8.2%	-9.2%	-5.4%	-11.3%	-11.4%	-11.4%	-11.4%
Operative CAPEX/Sales, %	5.1%	6.4%	4.9%	3.7%	1.6%	2.0%	3.5%
CAPEX/sales (incl. acquisitions), %	1.0%	-1.1%	4.9%	3.7%	1.6%	2.0%	3.5%
FCFF/EBITDA	0.4	-0.5	0.9	1.8	0.7	0.8	0.9
Net Debt/EBITDA, book-weighted	2.1	5.7	2.8	5.0	9.3	5.7	3.4
Debt/equity, market-weighted	0.3	1.3	1.7	1.8	2.7	2.7	2.4
Equity ratio, book-weighted	0.4	0.3	0.3	0.3	0.3	0.3	0.3
Gearing, %	92.6%	139.4%	142.3%	128.3%	145.0%	135.9%	110.7%

**COMPANY DESCRIPTION:** Solteq is a Nordic software and IT-services provider specializing in digital business solutions. Solteq's strength has been in commerce related solutions with a focus on selected sectors, namely the retail and wholesale, industry, energy, and services sectors.

**INVESTMENT CASE:** Solteq's investment case revolves around the success of executing its strategy of shifting from its IT-services oriented past towards increasingly becoming a software house. Implied margin upside potential is considerable, with segment targets putting margins clearly in the double digits. Growth will increasingly need to be sought from abroad, as domestic growth potential is somewhat restricted within core competencies.

OWNERSHIP STRUCTURE	SHARES	EURm	%
Profiz Business Solution Oyj	2 195 569	0.900	11.3 %
Elo Mutual Pension Insurance Company	2 000 000	0.820	10.3 %
Ilmarinen Mutual Pensions Insurance Company	1 651 293	0.677	8.5 %
Varma Mutual Pension Insurance Company	1 545 597	0.634	8.0 %
Aktia Capital Mutual Fund	770 000	0.316	4.0 %
Aalto Seppo Tapio	625 000	0.256	3.2 %
Saadetdin Ali	602 216	0.247	3.1 %
Säästöpankki Small Cap Mutual Fund	500 000	0.205	2.6 %
Inoedo Oy	304 001	0.125	1.6 %
Kelhu Markku Juhani	300 000	0.123	1.5 %
Ten largest	10 493 676	4.302	54.1 %
Residual	8 902 825	3.650	45.9 %
Total	19 396 501	7.953	100%

**EARNINGS CALENDAR**
**OTHER EVENTS**
**COMPANY MISCELLANEOUS**

CEO: Aarne Aktan  
 CFO: Mikko Sairanen  
 IR:

Revontulenkuja 1, FI-02100 Espoo  
 Tel:

**DEFINITIONS**

<b>P/E</b>  $\frac{\text{Price per share}}{\text{Earnings per share}}$	<b>EPS</b>  $\frac{\text{Profit before extraord. items and taxes} - \text{income taxes} + \text{minority interest}}{\text{Number of shares}}$
<b>P/BV</b>  $\frac{\text{Price per share}}{\text{Shareholder's equity} + \text{taxed provisions per share}}$	<b>DPS</b>  Dividend for the financial period per share
<b>Market cap</b>  $\text{Price per share} * \text{Number of shares}$	<b>OCF (Operating cash flow)</b>  $\text{EBITDA} - \text{Net financial items} - \text{Taxes} - \text{Increase in working capital} - \text{Cash NRIs} \pm \text{Other adjustments}$
<b>EV (Enterprise value)</b>  $\text{Market cap} + \text{net debt} + \text{minority interest at market value} - \text{share of associated companies at market value}$	<b>FCF (Free cash flow)</b>  $\text{Operating cash flow} - \text{Operative CAPEX} - \text{acquisitions} + \text{divestments}$
<b>EV/Sales</b>  $\frac{\text{Enterprise value}}{\text{Sales}}$	<b>FCF yield, %</b>  $\frac{\text{Free cash flow}}{\text{Market cap}}$
<b>EV/EBITDA</b>  $\frac{\text{Enterprise value}}{\text{Earnings before interest, tax, depreciation and amortization}}$	<b>Operative CAPEX / Sales</b>  $\frac{\text{Capital expenditure} - \text{divestments} - \text{acquisitions}}{\text{Sales}}$
<b>EV/EBIT</b>  $\frac{\text{Enterprise value}}{\text{Operating profit}}$	<b>Net working capital</b>  $\text{Current assets} - \text{current liabilities}$
<b>Net debt</b>  $\text{Interest bearing debt} - \text{financial assets}$	<b>Capital employed / Share</b>  $\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
<b>Total assets</b>  $\text{Balance sheet total}$	<b>Gearing</b>  $\frac{\text{Net debt}}{\text{Equity}}$
<b>Div yield, %</b>  $\frac{\text{Dividend per share}}{\text{Price per share}}$	<b>Debt/Equity, %</b>  $\frac{\text{Interest bearing debt}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}$
<b>Payout ratio, %</b>  $\frac{\text{Total dividends}}{\text{Earnings before extraordinary items and taxes} - \text{income taxes} + \text{minority interest}}$	<b>Equity ratio, %</b>  $\frac{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions}}{\text{Total assets} - \text{interest-free loans}}$
<b>ROCE, %</b>  $\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt} \text{ (average)}}$	<b>CAGR, %</b>  Cumulative annual growth rate = Average growth rate per year
<b>ROE, %</b>  $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions} \text{ (average)}}$	

**Important Disclosures**

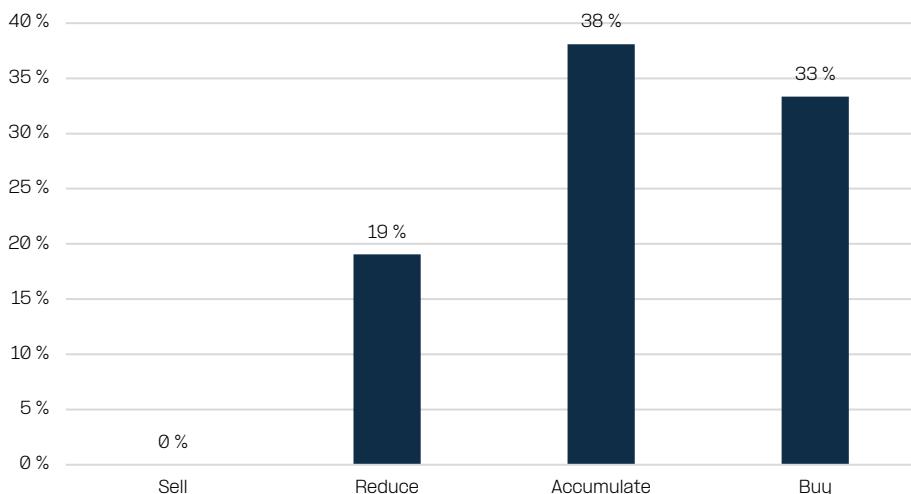
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Investment recommendations are defined as follows:

Target price compared to share price	Recommendation
< -10 %	SELL
-10 – 0 %	REDUCE
0 – (+10) %	ACCUMULATE
> 10 %	BUY

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Name(s) of the analyst(s): Atte Pitkäjärvi

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