

Profitability recovery priority in 2026

Solteq returned to organic growth in Q4, but profitability remained weak. 2026 is a bridge year, with focus on turning the profitability around.

Return to growth, earnings yet to recover

Solteq's Q4 comparable net sales grew 1% to EUR 12.1m, exceeding our estimate and marking a return to organic growth. However, comparable operating result of EUR 0.5m came in line with our forecast, leaving the comparable operating margin at 4.1%. Utilities drove the top-line beat with revenue up 16% from an easy comparison base. Despite this momentum, the segment posted comparable operating result of EUR -0.3m as revenue growth failed to translate to profitability. Retail & Commerce followed its familiar trajectory as comparable net sales declined slightly (-4%) but comparable operating result of EUR 0.8m delivered a resilient 9.4% margin. We view this as a decent performance given the current cautious operating environment especially in R8C.

2026 will be another bridge year

With cost-saving measures implemented in both segments, profitability is set to improve significantly in 2026, though net sales development remains a concern. This is reflected in Solteq's guidance, which expects comparable revenue to remain at 2025 levels while comparable operating result improves clearly. Following minor revisions, we estimate FY2026 net sales of EUR 46.8m (+0.4%) and adjusted EBIT of EUR 3.0m. By segment, we expect R8C sales to remain essentially flat while Utilities turns to low single-digit growth. On profitability, Q1 should see some improvement in Utilities from recent efficiency measures, offset by one-off costs of around EUR 0.4m from recently announced change negotiations across both segments. From Q2 onwards, we estimate profitability in both segments will start improving as cost-saving measures take effect. With financial expenses remaining high, profitability improvement is critical just to cover financing costs. While the Q4 revenue beat was encouraging, sustained top-line growth appears to be a 2027 story with no clear jump in revenue yet visible.

ACCUMULATE with a TP of EUR 0.45

Solteq is valued neutrally on our 2026E estimates at EV/EBITDA of 7x in both absolute and relative terms. However, continued margin improvement into 2027 and beyond offers upside to peer median multiples. We keep our TP of EUR 0.45 and ACCUMULATE rating.

Rating

+ Accumulate



Share price, EUR (Last trading day's closing price) **0.41**
Target price, EUR 0.45

Latest change in recommendation 13-Feb-25

Latest report on company 10-Feb-26

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 29-Feb-26

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+ BUY + ACCUMULATE - REDUCE - SELL

KEY FIGURES

| | Sales EURm | EBIT EURm | EBIT % | FCF EURm | EPS EUR | P/E (x) | EV/Sales (x) | EV/EBIT (x) | FCF yield % | DPS EUR |
|--------------------------|---------------|--------------|-------------------------|-------------|------------|------------|-----------------------|----------------|----------------|------------|
| 2024 | 50.9 | 1.8 | 3.6% | 3.6 | -0.06 | -10.3 | 0.6 | 18.2 | 29.1% | 0.00 |
| 2025 | 46.7 | 0.8 | 1.6% | -2.7 | -0.07 | -5.8 | 0.7 | 40.9 | -33.4% | 0.00 |
| 2026E | 46.9 | 2.6 | 5.5% | 0.0 | 0.01 | 79.7 | 0.7 | 12.0 | -0.3% | 0.00 |
| 2027E | 48.5 | 4.0 | 8.3% | 1.2 | 0.07 | 6.2 | 0.6 | 7.5 | 15.6% | 0.00 |
| 2028E | 51.0 | 5.2 | 10.2% | 2.3 | 0.12 | 3.6 | 0.5 | 5.3 | 28.2% | 0.03 |
| Market cap, EURm | 8 | | Gearing 2026E, % | | 157.4 % | | CAGR EPS 2025-28, % | | 0.0 % | |
| Net debt 2026E, EURm | 23 | | Price/book 2026E | | 0.5 | | CAGR Sales 2025-28, % | | 3.0 % | |
| Enterprise value, EURm | 31 | | Dividend yield 2026E, % | | 0.0 % | | ROE 2026E, % | | 0.7 % | |
| Total assets 2026E, EURm | 50 | | Tax rate 2026E, % | | 0.0 % | | ROCE 2026E, % | | 6.6 % | |
| Goodwill 2026E, EURm | 39 | | Equity ratio 2026E, % | | 29.5 % | | PEG, P/E 26/CAGR | | 0.4 | |

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

Table 1: Estimate summary

| Solteq | 2024 | Q1/'25 | Q2/'25 | Q3/'25 | Q4/'25 | 2025 | Q1/'26E | Q2/'26E | Q3/'26E | Q4/'26E | 2026E | 2027E | 2028E |
|------------------------------|-------------|---------------|---------------|---------------|---------------|-------------|----------------|----------------|----------------|----------------|--------------|--------------|--------------|
| Net sales | 50.9 | 12.1 | 12.2 | 10.4 | 12.1 | 46.7 | 11.9 | 12.1 | 10.5 | 12.4 | 46.9 | 48.5 | 51.0 |
| sales growth % | -11.8% | -10.7% | -9.3% | -9.1% | -3.2% | -8.1% | -1.8% | -0.5% | 1.1% | 2.7% | 0.4% | 3.4% | 5.2% |
| comparable growth % | -6.1% | -7.2% | -5.5% | -5.1% | 1.1% | -4.3% | | | | | | | |
| EBITDA | 4.1 | 0.6 | 0.5 | 0.4 | 0.6 | 2.1 | 0.3 | 0.8 | 1.3 | 1.5 | 4.0 | 5.6 | 6.8 |
| Adj. EBITDA | 2.7 | 0.5 | 0.4 | 0.4 | 0.8 | 2.2 | 0.7 | 0.8 | 1.3 | 1.5 | 4.4 | 5.6 | 6.8 |
| Adj. EBITDA-% | 5.2% | 4.5% | 3.3% | 4.1% | 6.5% | 4.6% | 6.0% | 7.0% | 12.5% | 12.1% | 9.3% | 11.6% | 13.4% |
| EBIT | 1.8 | 0.2 | 0.2 | 0.1 | 0.3 | 0.8 | -0.1 | 0.5 | 1.0 | 1.2 | 2.6 | 4.0 | 5.2 |
| EBIT-% | 3.6% | 1.3% | 1.7% | 0.8% | 2.7% | 1.6% | -0.8% | 4.1% | 9.5% | 9.7% | 5.5% | 8.2% | 10.2% |
| Adjustment items | -1.1 | 0.0 | -0.1 | 0.0 | 0.2 | 0.0 | 0.4 | 0.0 | 0.0 | 0.0 | 0.4 | 0.0 | 0.0 |
| Adj. EBIT | 0.7 | 0.1 | 0.1 | 0.1 | 0.5 | 0.8 | 0.3 | 0.5 | 1.0 | 1.2 | 3.0 | 4.0 | 5.2 |
| Adj. EBIT-% | 1.4% | 1.1% | 0.6% | 1.1% | 4.1% | 1.7% | 2.5% | 4.1% | 9.5% | 9.7% | 6.4% | 8.2% | 10.2% |
| Retail & Commerce | 2024 | Q1/'25 | Q2/'25 | Q3/'25 | Q4/'25 | 2025 | Q1/'26E | Q2/'26E | Q3/'26E | Q4/'26E | 2026E | 2027E | 2028E |
| Net sales | 38.6 | 9.2 | 9.1 | 7.7 | 8.8 | 34.9 | 9.0 | 8.9 | 7.7 | 9.1 | 34.7 | 35.6 | 37.2 |
| sales growth % | -12.1% | -11.5% | -9.1% | -9.2% | -8.9% | -9.7% | -2.0% | -2.5% | -0.6% | 3.0% | -0.6% | 2.5% | 4.5% |
| comparable growth % | | -6.9% | -4.1% | -4.0% | -3.5% | -4.6% | | | | | | | |
| Adj. EBITDA | 3.7 | 1.0 | 0.9 | 0.7 | 1.0 | 3.6 | 0.9 | 0.9 | 1.1 | 1.3 | 4.2 | 4.6 | 5.0 |
| Adj. EBITDA-% | 9.5% | 10.6% | 9.8% | 9.5% | 11.3% | 10.3% | 9.7% | 10.4% | 14.4% | 14.3% | 12.1% | 12.9% | 13.4% |
| EBIT | 3.6 | 0.8 | 0.8 | 0.5 | 0.8 | 2.8 | 0.3 | 0.7 | 0.9 | 1.1 | 3.0 | 3.5 | 3.9 |
| EBIT-% | 9.4% | 8.4% | 8.6% | 6.8% | 8.5% | 8.1% | 3.7% | 7.9% | 11.7% | 12.1% | 8.7% | 9.8% | 10.5% |
| Adj. EBIT | 2.5 | 0.7 | 0.7 | 0.6 | 0.8 | 2.8 | 0.6 | 0.7 | 0.9 | 1.1 | 3.3 | 3.5 | 3.9 |
| Adj. EBIT-% | 6.9% | 8.2% | 7.6% | 7.3% | 9.4% | 8.1% | 6.7% | 7.9% | 11.7% | 12.1% | 9.5% | 9.8% | 10.5% |
| Utilities | 2024 | Q1/'25 | Q2/'25 | Q3/'25 | Q4/'25 | 2025 | Q1/'26E | Q2/'26E | Q3/'26E | Q4/'26E | 2026E | 2027E | 2028E |
| Net sales | 12.2 | 2.9 | 3.0 | 2.6 | 3.2 | 11.8 | 2.9 | 3.2 | 2.8 | 3.3 | 12.2 | 12.9 | 13.8 |
| sales growth % | -10.7% | -8.2% | -9.9% | -8.7% | 16.4% | -3.2% | -1.4% | 5.9% | 6.0% | 2.1% | 3.1% | 6.0% | 7.0% |
| Adj. EBITDA | -1.0 | -0.4 | -0.5 | -0.3 | -0.2 | -1.4 | -0.2 | -0.1 | 0.2 | 0.2 | 0.2 | 1.0 | 1.8 |
| Adj. EBITDA-% | -0.1 | -14.6% | -16.2% | -11.8% | -6.4% | -0.1 | -5.6% | -2.7% | 7.3% | 6.1% | 1.3% | 8.1% | 13.3% |
| EBIT | -1.8 | -0.6 | -0.6 | -0.4 | -0.4 | -2.1 | -0.4 | -0.2 | 0.1 | 0.1 | -0.4 | 0.5 | 1.3 |
| EBIT-% | -14.8% | -21.0% | -19.2% | -17.0% | -13.3% | -17.5% | -14.9% | -6.3% | 3.6% | 3.0% | -3.6% | 3.9% | 9.4% |
| Adj. EBIT | -1.8 | -0.6 | -0.6 | -0.4 | -0.3 | -2.0 | -0.3 | -0.2 | 0.1 | 0.1 | -0.3 | 0.5 | 1.3 |
| Adj. EBIT-% | -14.7% | -21.0% | -20.8% | -17.0% | -10.5% | -17.2% | -10.3% | -6.3% | 3.6% | 3.0% | -2.5% | 3.9% | 9.4% |

Source: Evli Research

Table 2: Peer group

| SOLTEQ PEER GROUP | MCAP | EV/EBITDA | | | EV/EBIT | | | P/E | | | EV/Sales | | |
|---------------------------|------------|-------------|-------------|-------------|--------------|-------------|-------------|--------------|--------------|-------------|-------------|-------------|-------------|
| NORDIC IT SERVICES | EUR m | 2026 | 2027 | 2028 | 2026 | 2027 | 2028 | 2026 | 2027 | 2028 | 2026 | 2027 | 2028 |
| TietoEVRY Oyj | 2251 | 9.1x | 8.7x | 8.3x | 11.8x | 11.0x | 10.3x | 13.4x | 12.2x | 10.4x | 1.5x | 1.5x | 1.4x |
| Atea ASA | 1402 | 6.9x | 6.4x | 5.9x | 10.1x | 9.4x | 8.6x | 14.3x | 12.7x | 11.1x | 0.3x | 0.3x | 0.3x |
| Bouvet ASA | 495 | 9.1x | 8.5x | | 10.9x | 10.2x | | 14.6x | 13.3x | | 1.4x | 1.3x | |
| Knowit AB | 313 | 6.7x | 5.8x | 5.3x | 14.2x | 10.7x | 9.5x | 18.4x | 13.3x | 11.3x | 0.6x | 0.6x | 0.6x |
| Gofore Oyj | 177 | 7.1x | 6.2x | 6.6x | 10.8x | 8.9x | 9.9x | 10.0x | 8.3x | 8.9x | 0.9x | 0.9x | 0.9x |
| Digia Oyj | 168 | 7.0x | 6.6x | 6.2x | 9.4x | 8.6x | 8.0x | 10.6x | 9.6x | 9.0x | 0.9x | 0.8x | 0.8x |
| Siili Solutions Oyj | 34 | 4.3x | 3.8x | 3.6x | 10.0x | 7.2x | 6.6x | 9.6x | 7.1x | 6.7x | 0.3x | 0.3x | 0.3x |
| Netum Group Oyj | 13 | 8.3x | 7.8x | 7.2x | | | | 24.1x | 13.3x | 10.0x | 0.6x | 0.6x | 0.5x |
| Vincit Oyj | 21 | 3.6x | 3.1x | 2.9x | 10.6x | 7.5x | 6.3x | 14.1x | 9.1x | 7.5x | 0.4x | 0.3x | 0.3x |
| Peer group average | 801 | 6.9x | 6.3x | 5.8x | 11.0x | 9.2x | 8.5x | 14.3x | 11.0x | 9.4x | 0.8x | 0.7x | 0.6x |
| Peer group median | 404 | 7.0x | 6.4x | 6.0x | 10.7x | 9.1x | 8.6x | 14.1x | 12.2x | 9.5x | 0.6x | 0.6x | 0.6x |
| Solteq (Evli est.) | 8 | 7.2x | 5.3x | 4.1x | 10.4x | 7.5x | 5.3x | 79.5x | 6.2x | 3.6x | 0.7x | 0.6x | 0.5x |

Prem./disc. to peer median

2.5% -16.4% -32.7% -3.0% -18.0% -37.6% -49.1% -62.7% 3.4% 1.0% -2.9%

Source: FactSet, Evli Research

| 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 | 2.15 PV of Horizon value | 30 WACC, % | 11.0 % Market risk premium, % | 5.8 % |
| Share price potential, % | 423.2 % Unconsolidated equity | 0 Spread, % | 0.5 % Debt risk premium % | 7.8 % |
| Maximum value | 2.4 Marketable securities | 1 Minimum WACC, % | 10.5 % Equity beta coefficient | 1.30 |
| Minimum value | 2.0 Debt – dividend | –25 Maximum WACC, % | 11.5 % Target debt ratio, % | 20 % |
| Horizon value, % | 46.0 % Value of stock | 42 No. of shares, Mn | 19.4 Effective tax rate, % | 20 % |

| DCF valuation, EURm | 2025 | 2026E | 2027E | 2028E | 2029E | 2030E | 2031E | 2032E | 2033E | 2034E | 2035E | TERMINAL |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|----------|
| Net sales | 47 | 47 | 48 | 51 | 54 | 55 | 57 | 59 | 60 | 62 | 63 | 65 |
| Sales growth (%) | –8.1% | 0.4% | 3.4% | 5.2% | 5.0% | 3.0% | 3.0% | 3.0% | 3.0% | 3.0% | 2.0% | 2.0% |
| Operating income (EBIT) | 1 | 3 | 4 | 5 | 6 | 6 | 6 | 6 | 6 | 7 | 7 | 7 |
| Operating income margin % | 1.6% | 5.5% | 8.3% | 10.2% | 10.5% | 10.5% | 10.5% | 10.5% | 10.5% | 10.5% | 10.5% | 10.5% |
| + Depreciation+amort. | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| EBITDA | 2 | 4 | 6 | 7 | 7 | 8 | 8 | 8 | 8 | 9 | 9 | |
| – Paid taxes | –1 | | –1 | –1 | –1 | –1 | –1 | –1 | –1 | –1 | –1 | |
| – Change in NWC | –1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| NWC / Sales, % | –9.4% | –9.4% | –9.4% | –9.4% | –9.4% | –9.4% | –9.4% | –9.4% | –9.4% | –9.4% | –9.4% | |
| + Change in other liabs | 0 | | | | | | | | | | | |
| – Operative CAPEX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| opCAPEX / Sales, % | 1.2% | 2.2% | 3.7% | 3.7% | 3.7% | 3.7% | 3.7% | 3.7% | 3.7% | 3.7% | 3.7% | |
| – Acquisitions | | | | | | | | | | | | |
| + Divestments | | | | | | | | | | | | |
| – Other items | | | | | | | | | | | | |
| = FCFF | 0 | 3 | 5 | 6 | 6 | 6 | 7 | 7 | 7 | 7 | 7 | 84 |
| = Discounted FCFF | | 3 | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 3 | 30 |
| = DFCF min WACC | | 3 | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 3 | 33 |
| = DFCF max WACC | | 3 | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 3 | 27 |

Sensitivity analysis, EUR

| | | Terminal WACC | | | | |
|-----------------|---------|---------------|--------|---------|---------|---------|
| | | 8.98 % | 9.98 % | 10.98 % | 11.98 % | 12.98 % |
| Terminal EBIT–% | 8.50 % | 2.75 | 2.27 | 1.89 | 1.58 | 1.33 |
| | 9.50 % | 2.96 | 2.43 | 2.02 | 1.69 | 1.42 |
| | 10.50 % | 3.16 | 2.59 | 2.15 | 1.80 | 1.51 |
| | 11.50 % | 3.36 | 2.75 | 2.28 | 1.91 | 1.60 |
| | 12.50 % | 3.57 | 2.92 | 2.42 | 2.02 | 1.69 |

INTERIM FIGURES

| EVLI ESTIMATES, EURm | 2025Q1 | 2025Q2 | 2025Q3 | 2025Q4 | 2025 | 2026Q1E | 2026Q2E | 2026Q3E | 2026Q4E | 2026E | 2027E | 2028E |
|----------------------|--------|--------|--------|--------|--------|---------|---------|---------|---------|-------|-------|-------|
| Net sales | 12.1 | 12.2 | 10.4 | 12.1 | 46.7 | 11.9 | 12.1 | 10.5 | 12.4 | 46.9 | 48.5 | 51.0 |
| EBITDA | 0.6 | 0.5 | 0.4 | 0.6 | 2.1 | 0.1 | 0.7 | 1.2 | 1.4 | 3.5 | 5.6 | 6.9 |
| EBITDA margin (%) | 4.7% | 4.5% | 3.8% | 5.2% | 4.6% | 1.1% | 6.0% | 11.7% | 11.5% | 7.5% | 11.6% | 13.5% |
| EBIT | 0.2 | 0.2 | 0.1 | 0.3 | 0.8 | -0.1 | 0.5 | 1.0 | 1.2 | 2.6 | 4.0 | 5.2 |
| EBIT margin (%) | 1.3% | 1.7% | 0.8% | 2.7% | 1.6% | -0.8% | 4.1% | 9.5% | 9.7% | 5.5% | 8.3% | 10.2% |
| Net financial items | -0.5 | -0.6 | -0.7 | -0.9 | -2.7 | -0.7 | -0.7 | -0.6 | -0.5 | -2.5 | -2.4 | -2.4 |
| Pre-tax profit | -0.4 | -0.4 | -0.6 | -0.5 | -1.9 | -0.8 | -0.2 | 0.4 | 0.7 | 0.1 | 1.6 | 2.8 |
| Tax | -0.1 | 0.4 | -0.1 | 0.3 | 0.6 | -0.1 | -0.1 | 0.1 | 0.1 | | -0.3 | -0.6 |
| Tax rate (%) | -24.9% | 96.6% | -8.5% | 57.0% | 29.9% | -12.5% | -50.0% | -25.0% | -14.3% | | 20.0% | 20.0% |
| Net profit | -0.5 | 0.0 | -0.7 | -0.2 | -1.4 | -0.9 | -0.3 | 0.5 | 0.8 | 0.1 | 1.3 | 2.2 |
| EPS | -0.02 | 0.00 | -0.03 | -0.01 | -0.07 | -0.05 | -0.02 | 0.03 | 0.04 | 0.01 | 0.07 | 0.12 |
| EPS adj. (diluted) | -0.02 | 0.00 | -0.03 | -0.01 | -0.07 | -0.05 | -0.02 | 0.03 | 0.04 | 0.01 | 0.07 | 0.12 |
| Dividend per share | | | | | | | | | | | | 0.03 |
| | | | | | | | | | | | | |
| SALES, EURm | 2025Q1 | 2025Q2 | 2025Q3 | 2025Q4 | 2025 | 2026Q1E | 2026Q2E | 2026Q3E | 2026Q4E | 2026E | 2027E | 2028E |
| Retail & Commerce | 9.2 | 9.1 | 7.7 | 8.8 | 34.9 | 9.0 | 8.9 | 7.7 | 9.1 | 34.7 | 35.6 | 37.2 |
| Utilities | 2.9 | 3.0 | 2.6 | 3.2 | 11.8 | 2.9 | 3.2 | 2.8 | 3.3 | 12.2 | 12.9 | 13.8 |
| Total | 12.1 | 12.2 | 10.4 | 12.1 | 46.7 | 11.9 | 12.1 | 10.5 | 12.4 | 46.9 | 48.5 | 51.0 |
| | | | | | | | | | | | | |
| SALES GROWTH, Y/Y % | 2025Q1 | 2025Q2 | 2025Q3 | 2025Q4 | 2025 | 2026Q1E | 2026Q2E | 2026Q3E | 2026Q4E | 2026E | 2027E | 2028E |
| Retail & Commerce | -11.5% | -9.1% | -9.2% | -8.9% | -9.7% | -2.0% | -2.5% | -0.6% | 2.9% | -0.6% | 2.5% | 4.5% |
| Utilities | -8.2% | -9.9% | -8.6% | 16.3% | -3.2% | -14% | 5.9% | 6.0% | 2.1% | 3.1% | 6.0% | 7.0% |
| Total | -10.7% | -9.3% | -9.1% | -3.3% | -8.1% | -1.8% | -0.5% | 1.1% | 2.7% | 0.4% | 3.4% | 5.2% |
| | | | | | | | | | | | | |
| EBIT, EURm | 2025Q1 | 2025Q2 | 2025Q3 | 2025Q4 | 2025 | 2026Q1E | 2026Q2E | 2026Q3E | 2026Q4E | 2026E | 2027E | 2028E |
| Retail & Commerce | 0.8 | 0.8 | 0.5 | 0.8 | 2.8 | 0.3 | 0.7 | 0.9 | 1.1 | 3.0 | 3.5 | 3.9 |
| Utilities | -0.6 | -0.6 | -0.4 | -0.4 | -2.1 | -0.4 | -0.2 | 0.1 | 0.1 | -0.4 | 0.5 | 1.3 |
| Total | 0.2 | 0.2 | 0.1 | 0.3 | 0.8 | -0.1 | 0.5 | 1.0 | 1.2 | 2.6 | 4.0 | 5.2 |
| | | | | | | | | | | | | |
| EBIT margin % | 2025Q1 | 2025Q2 | 2025Q3 | 2025Q4 | 2025 | 2026Q1E | 2026Q2E | 2026Q3E | 2026Q4E | 2026E | 2027E | 2028E |
| Retail & Commerce | 8.4% | 8.6% | 6.8% | 8.5% | 8.1% | 3.7% | 7.9% | 11.7% | 12.1% | 8.7% | 9.8% | 10.5% |
| Utilities | -21.0% | -19.2% | -17.0% | -13.3% | -17.5% | -14.9% | -6.3% | 3.6% | 3.0% | -3.6% | 3.9% | 9.4% |
| Total | 1.3% | 1.7% | 0.8% | 2.7% | 1.6% | -0.8% | 4.1% | 9.5% | 9.7% | 5.5% | 8.3% | 10.2% |

| INCOME STATEMENT, EURm | 2021 | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E |
|--|-------|-------|--------|--------|-------|-------|-------|-------|
| Sales | 69.1 | 68.4 | 57.7 | 50.9 | 46.7 | 46.9 | 48.5 | 51.0 |
| <i>Sales growth (%)</i> | 14.2% | -0.9% | -15.8% | -11.8% | -8.1% | 0.4% | 3.4% | 5.2% |
| EBITDA | 12.3 | 5.5 | 8.7 | 4.1 | 2.1 | 3.5 | 5.6 | 6.9 |
| <i>EBITDA margin (%)</i> | 17.8% | 8.1% | 15.1% | 8.0% | 4.6% | 7.5% | 11.6% | 13.5% |
| Depreciation | -5.1 | -10.0 | -12.2 | -2.3 | -1.4 | -0.9 | -1.6 | -1.7 |
| EBITA | 7.2 | -4.4 | -3.5 | 1.8 | 0.8 | 2.6 | 4.0 | 5.2 |
| Goodwill amortization / writedown | | | | | | | | |
| EBIT | 7.2 | -4.4 | -3.5 | 1.8 | 0.8 | 2.6 | 4.0 | 5.2 |
| <i>EBIT margin (%)</i> | 10.4% | -6.5% | -6.1% | 3.6% | 1.6% | 5.5% | 8.3% | 10.2% |
| Reported EBIT | 7.2 | -4.4 | -3.5 | 1.8 | 0.8 | 2.6 | 4.0 | 5.2 |
| <i>EBIT margin (reported) (%)</i> | 10.4% | -6.5% | -6.1% | 3.6% | 1.6% | 5.5% | 8.3% | 10.2% |
| Net financials | -1.9 | -2.2 | -1.2 | -2.4 | -2.7 | -2.5 | -2.4 | -2.4 |
| Pre-tax profit | 5.3 | -6.6 | -4.7 | -0.6 | -1.9 | 0.1 | 1.6 | 2.8 |
| Taxes | -1.1 | 1.2 | -0.7 | -0.6 | 0.6 | | -0.3 | -0.6 |
| Minority shares | | | | | | | | |
| Net profit | 4.1 | -5.4 | -5.4 | -1.2 | -1.4 | 0.1 | 1.3 | 2.2 |
| Cash NRIs | | | | | | | | |
| Non-cash NRIs | | | | | | | | |
| BALANCE SHEET, EURm | | | | | | | | |
| Assets | | | | | | | | |
| Fixed assets | 13 | 10 | 2 | 2 | 1 | 1 | 1 | 1 |
| Goodwill | 42 | 46 | 41 | 39 | 39 | 39 | 39 | 39 |
| Right of use assets | 5 | 3 | 2 | 2 | 1 | 1 | 2 | 2 |
| Inventory | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Receivables | 12 | 11 | 10 | 6 | 6 | 6 | 7 | 7 |
| Liquid funds | 4 | 2 | 2 | 3 | 1 | 1 | 1 | 1 |
| Total assets | 76 | 74 | 57 | 52 | 50 | 50 | 51 | 51 |
| Liabilities | | | | | | | | |
| Shareholders' equity | 28 | 23 | 17 | 16 | 15 | 15 | 16 | 18 |
| Minority interest | | | | | | | | |
| Convertibles | | | | | | | | |
| Lease liabilities | 5 | 3 | 2 | 2 | 2 | 1 | 2 | 2 |
| Deferred taxes | 1 | 1 | 0 | 0 | | | | |
| Interest bearing debt | 24 | 30 | 24 | 22 | 23 | 23 | 22 | 20 |
| Non-interest bearing current liabilities | 18 | 17 | 13 | 12 | 11 | 11 | 11 | 12 |
| Other interest-free debt | | | | 1 | 0 | 0 | 0 | 0 |
| Total liabilities | 76 | 74 | 57 | 52 | 50 | 50 | 51 | 51 |
| CASH FLOW, EURm | | | | | | | | |
| + EBITDA | 12 | 6 | 9 | 4 | 2 | 4 | 6 | 7 |
| - Net financial items | -2 | -2 | -1 | -2 | -3 | -3 | -2 | -2 |
| - Taxes | -1 | 0 | -1 | -1 | 0 | | 0 | -1 |
| - Increase in Net Working Capital | 1 | 1 | -3 | 1 | -1 | 0 | 0 | 0 |
| +/- Other | 0 | 0 | -9 | -1 | | | | |
| = Cash flow from operations | 10 | 4 | -5 | 2 | -2 | 1 | 3 | 4 |
| - Capex | -4 | -4 | -3 | -2 | -1 | -1 | -2 | -2 |
| - Acquisitions | -3 | -5 | | | | | | |
| + Divestments | | | 14 | 4 | | | | |
| = Free cash flow | 4 | -6 | 6 | 4 | -3 | 0 | 1 | 2 |
| +/- New issues/buybacks | 0 | 2 | 0 | 0 | 0 | | | |
| - Paid dividend | 2 | | | | | | | 1 |
| +/- Other | -2 | 4 | -6 | -2 | 1 | 0 | -1 | -2 |
| Change in cash | -1 | -2 | 0 | 1 | -2 | 0 | 0 | 0 |

| KEY FIGURES | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E |
|--------------------------------------|------|------|------|------|-------|-------|-------|
| M-cap | 24 | 15 | 12 | 8 | 8 | 8 | 8 |
| Net debt (excl. convertibles) | 31 | 25 | 20 | 23 | 23 | 22 | 20 |
| Enterprise value | 55 | 39 | 33 | 31 | 31 | 30 | 28 |
| Sales | 68 | 58 | 51 | 47 | 47 | 48 | 51 |
| EBITDA | 6 | 9 | 4 | 2 | 4 | 6 | 7 |
| EBIT | -4 | -4 | 2 | 1 | 3 | 4 | 5 |
| Pre-tax | -7 | -5 | -1 | -2 | 0 | 2 | 3 |
| Earnings | -5 | -5 | -1 | -1 | 0 | 1 | 2 |
| Equity book value (excl. minorities) | 23 | 17 | 16 | 15 | 15 | 16 | 18 |

| Valuation multiple | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---------------------|-------|-------|-------|-------|---------|-------|-------|
| EV/Sales | 0.8 | 0.7 | 0.6 | 0.7 | 0.7 | 0.6 | 0.5 |
| EV/EBITDA | 10.0 | 4.5 | 8.0 | 14.7 | 8.9 | 5.3 | 4.0 |
| EV/EBITA | -12.5 | -11.1 | 18.2 | 40.9 | 12.0 | 7.5 | 5.3 |
| EV/EBIT | -12.5 | -11.1 | 18.2 | 40.9 | 12.0 | 7.5 | 5.3 |
| EV/OCF | 14.2 | -7.4 | 21.1 | -15.1 | 30.7 | 9.8 | 6.7 |
| EV/FCF | -19.1 | 5.0 | 4.5 | -95.8 | 9.2 | 6.2 | 4.7 |
| P/FCFR | -4.3 | 2.5 | 3.4 | -3.0 | -390.6 | 6.4 | 3.5 |
| P/E | -4.4 | -2.3 | -10.3 | -5.8 | 79.7 | 6.2 | 3.6 |
| P/BV | 1.1 | 0.9 | 0.8 | 0.5 | 0.5 | 0.5 | 0.4 |
| Target EV/EBITDA | | | | | 9.1 | 5.5 | 4.1 |
| Target EV/EBIT | | | | | 12.3 | 7.7 | 5.5 |
| Target EV/FCFF | | | | | -1568.5 | 24.8 | 12.7 |
| Target P/BV | | | | | 0.6 | 0.5 | 0.5 |
| Target P/E, diluted | | | | | 87.3 | 6.8 | 3.9 |

| Per share measures | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E |
|-------------------------------------|--------|-------|-------|--------|-------|-------|-------|
| 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 | -0.28 | -0.28 | -0.06 | -0.07 | 0.01 | 0.07 | 0.12 |
| Operating cash flow per share | 0.20 | -0.27 | 0.08 | -0.11 | 0.05 | 0.16 | 0.21 |
| Free cash flow per share | -0.29 | 0.31 | 0.19 | -0.14 | 0.00 | 0.06 | 0.12 |
| Book value per share | 1.16 | 0.89 | 0.82 | 0.76 | 0.76 | 0.83 | 0.94 |
| Dividend per share | | | | | | | 0.03 |
| Dividend payout ratio, % | | | | | | | 30.0% |
| Dividend yield, % | | | | | | | 8.4% |
| FCF yield, % | -23.5% | 40.8% | 29.1% | -33.4% | -0.3% | 15.6% | 28.2% |

| Efficiency measures | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---------------------|--------|--------|-------|-------|-------|-------|-------|
| ROE | -21.5% | -27.1% | -7.3% | -8.9% | 0.7% | 8.3% | 13.0% |
| ROCE | -7.8% | -7.1% | 4.3% | 1.9% | 6.6% | 10.2% | 13.2% |

| Financial ratios | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E |
|--|--------|--------|--------|--------|--------|--------|--------|
| Inventories as % of sales | 0.2% | 0.1% | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% |
| Receivables as % of sales | 16.2% | 16.9% | 12.2% | 13.6% | 13.6% | 13.6% | 13.6% |
| Non-int. bearing liabilities as % of sales | 25.6% | 22.4% | 22.9% | 23.0% | 23.0% | 23.0% | 23.0% |
| NWC/sales, % | -9.2% | -5.4% | -11.3% | -9.4% | -9.4% | -9.4% | -9.4% |
| Operative CAPEX/Sales, % | 6.4% | 4.9% | 3.7% | 1.2% | 2.2% | 3.7% | 3.7% |
| CAPEX/sales (incl. acquisitions), % | -1.1% | 4.9% | 3.7% | 1.2% | 2.2% | 3.7% | 3.7% |
| FCFF/EBITDA | -0.5 | 0.9 | 1.8 | -0.2 | 1.0 | 0.9 | 0.9 |
| Net Debt/EBITDA, book-weighted | 5.7 | 2.8 | 5.0 | 11.0 | 6.6 | 3.9 | 2.9 |
| Debt/equity, market-weighted | 1.3 | 1.7 | 1.8 | 2.9 | 2.9 | 2.7 | 2.5 |
| Equity ratio, book-weighted | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | 0.4 |
| Gearing, % | 139.4% | 142.3% | 128.3% | 158.6% | 157.4% | 137.2% | 108.1% |

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 | 0.902 | 11.3 % |
| Elo Mutual Pension Insurance Company | 2 000 000 | 0.822 | 10.3 % |
| Ilmarinen Mutual Pensions Insurance Company | 1 651 293 | 0.679 | 8.5 % |
| Varma Mutual Pension Insurance Company | 1 545 597 | 0.635 | 8.0 % |
| Aktia Capital Mutual Fund | 770 000 | 0.316 | 4.0 % |
| Aalto Seppo Tapio | 625 000 | 0.257 | 3.2 % |
| Saadetdin Ali | 602 216 | 0.248 | 3.1 % |
| Säästöpankki Small Cap Mutual Fund | 500 000 | 0.205 | 2.6 % |
| Incedo Oy | 304 001 | 0.125 | 1.6 % |
| Kelhu Markku Juhani | 300 000 | 0.123 | 1.5 % |
| Ten largest | 10 493 676 | 4.313 | 54.1 % |
| Residual | 8 902 825 | 3.659 | 45.9 % |
| Total | 19 396 501 | 7.972 | 100% |

EARNINGS CALENDAR

OTHER EVENTS

COMPANY MISCELLANEOUS

CEO: Aarne Aktan
CFO: Mikko Sairanen
IR:

Revontulenkujä 1, FI-02100 Espoo
Tel:

DEFINITIONS

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

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Investment recommendations are defined as follows:

Target price compared to share price

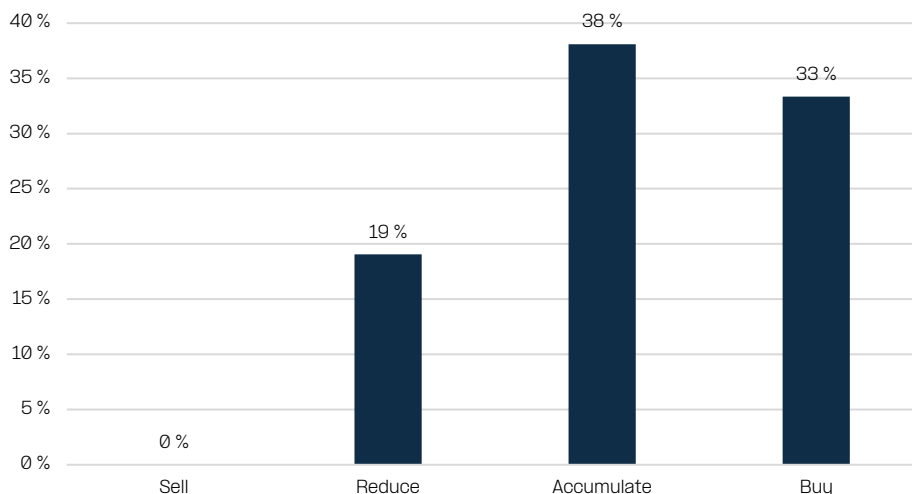
< -10 %
 -10 - 0 %
 0 - (+10) %
 > 10 %

Recommendation

SELL
 REDUCE
 ACCUMULATE
 BUY

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Name(s) of the analyst(s): Pitkääjärvi

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