

## A two-sided year behind

Solteq reports Q4'24 results on Thursday, February 13th. We expect revenue to remain soft due to the challenging operating environment and recent divestment, while profitability improvements continue.

### Wrapping up the year in line with full-year trends

Solteq successfully accelerated its profitability in Q3, while revenue continued its y/y decline. This trend is expected to persist in Q4, with costs restructured to a more sustainable level, supporting profitability, while the prolonged economic slowdown weighs on demand, as evidenced by the October profit warning. As a result, growth expectations have now shifted to 2025, with a substantial market recovery unlikely before H2. In November, Solteq announced the sale of its Danish healthcare software business for EUR 4m, aligning with its strategy to focus on core operations. The proceeds enabled the buyback and cancellation of EUR 2.26m of its outstanding notes, lowering its expensive interest costs. If conditions allow, further repurchases easing the debt burden are likely to follow.

### Utilities performance key for further improvements

Looking ahead to 2025, Solteq's larger Retail & Commerce segment has been stabilized through efforts to increase operational efficiency and should be able to deliver close to double-digit operating profit margins with its current composition, in line with its EBIT-margin target of 8%. However, further Group profitability leaps will require the Utilities segment's continued development and strengthening. The segment has steadily increased its share of recurring revenue, with over 30% y/y increases in Q2 and Q3. With product quality issues largely resolved and the successful execution of the Helen FEENIX project boosting the segment's market reputation, 2025 presents an opportunity to capitalize, even though the path to the targeted 18% EBIT-margin remains long. Given the progress in product quality, recurring revenue growth, and an improving market position, we believe the segment will continue to improve its performance, though much still depends on pick-up in demand.

### BUY with a target price of EUR 0.75

We have updated our estimates to reflect the recent divestment. The overall impact is small, and thus the effect on our estimates limited. The crucial profitability turnaround in 2024 has largely been successful, and we believe the turnaround is at a sustainable level, although growth prospects remain weaker. We keep our TP of EUR 0.75 and BUY rating.

## Rating

**++ Buy**


Share price, EUR (Last trading day's closing price)	0.64
Target price, EUR	0.75
Latest change in recommendation	21-Oct-24
Latest report on company	25-Oct-24
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	12
Free float, %	73.0 %
Exchange rate	0.0
Reuters code	SOLTEQ.HE
Bloomberg code	SOLTEQ FH
Average daily volume, EUR	0.008
Next interim report	13-Feb-25
Web site	solteq.com/en/investors
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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
2022	68.4	-4.4	-6.5%	-5.6	-0.28	-4.4	0.8	-12.5	-23.5%	
2023	57.7	-3.5	-6.1%	6.0	-0.28	-2.3	0.7	-11.1	40.8%	
2024E	51.8	3.9	7.4%	0.6	0.04	18.4	0.7	9.5	4.4%	
2025E	52.3	3.9	7.4%	0.9	0.05	13.7	0.7	9.2	7.4%	
2026E	55.1	5.1	9.2%	1.9	0.10	6.6	0.6	6.6	15.5%	0.05
Market cap, EURm	12	Gearing 2024E, %		133.8 %	CAGR EPS 2023-26, %		0.0 %			
Net debt 2024E, EURm	24	Price/book 2024		0.7	CAGR Sales 2023-26, %		-1.5 %			
Enterprise value, EURm	36	Dividend yield 2024E, %		0.0 %	ROE 2024E, %		3.9 %			
Total assets 2024E, EURm	57	Tax rate 2024E, %		50.8 %	ROCE 2024E, %		8.7 %			
Goodwill 2024E, EURm	41	Equity ratio 2024E, %		31.3 %	PEG, P/E 24/CAGR		0.3			

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

Solteq	2022	Q1/'23	Q2/'23	Q3/'23	Q4/'23	2023	Q1/'24	Q2/'24	Q3/'24	Q4/'24E	2024E	2025E	2026E
<b>Net sales</b>	<b>68.4</b>	<b>16.9</b>	<b>14.3</b>	<b>12.2</b>	<b>14.3</b>	<b>57.7</b>	<b>13.6</b>	<b>13.4</b>	<b>11.4</b>	<b>13.4</b>	<b>51.8</b>	<b>52.3</b>	<b>55.1</b>
sales growth %	-0.9%	-12.2%	-20.4%	-14.9%	-15.6%	-15.7%	-19.7%	-6.1%	-6.5%	-6.1%	-10.2%	1.0%	5.4%
comparable growth %			-8.2%	1.9%	0.0%	-5.3%	-3.8%	-1.6%	-6.5%	-2.8%	-4.4%	3.6%	5.4%
<b>EBITDA</b>	<b>5.6</b>	<b>1.3</b>	<b>7.7</b>	<b>0.5</b>	<b>-0.8</b>	<b>8.7</b>	<b>0.4</b>	<b>0.6</b>	<b>0.9</b>	<b>4.4</b>	<b>6.3</b>	<b>6.4</b>	<b>7.7</b>
<b>Adj. EBITDA</b>	<b>6.1</b>	<b>0.1</b>	<b>-1.3</b>	<b>-0.1</b>	<b>-0.5</b>	<b>-1.7</b>	<b>0.4</b>	<b>0.6</b>	<b>1.2</b>	<b>1.4</b>	<b>3.6</b>	<b>6.4</b>	<b>7.7</b>
D&A	-10.0	-1.4	-1.4	-1.2	-8.3	-12.2	-0.6	-0.6	-0.6	-0.6	-2.4	-2.5	-2.6
<b>EBIT</b>	<b>-4.4</b>	<b>-0.1</b>	<b>6.3</b>	<b>-0.7</b>	<b>-9.1</b>	<b>-3.5</b>	<b>-0.2</b>	<b>0.0</b>	<b>0.3</b>	<b>3.8</b>	<b>3.9</b>	<b>3.9</b>	<b>5.1</b>
EBIT-%	-6.4%	-0.5%	44.4%	-5.7%	-63.7%	-6.1%	-1.8%	0.0%	2.6%	28.4%	7.4%	7.4%	9.2%
Adjustment items	5.1	-0.6	-8.4	-0.1	8.1	-1.0	0.0	0.0	0.3	-3.0	-2.7	0.0	0.0
<b>Adj. EBIT</b>	<b>0.7</b>	<b>-0.7</b>	<b>-2.1</b>	<b>-0.8</b>	<b>-1.0</b>	<b>-4.6</b>	<b>-0.2</b>	<b>0.0</b>	<b>0.6</b>	<b>0.8</b>	<b>1.2</b>	<b>3.9</b>	<b>5.1</b>
Adj. EBIT-%	1.0%	-3.9%	-14.5%	-6.7%	-7.2%	-7.9%	-1.8%	0.0%	5.4%	6.0%	2.3%	7.4%	9.2%
<b>Retail &amp; Commerce</b>	<b>2022</b>	<b>Q1/'23</b>	<b>Q2/'23</b>	<b>Q3/'23</b>	<b>Q4/'23</b>	<b>2023</b>	<b>Q1/'24</b>	<b>Q2/'24</b>	<b>Q3/'24</b>	<b>Q4/'24E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>Net sales</b>	<b>53.8</b>	<b>13.4</b>	<b>10.8</b>	<b>9.2</b>	<b>10.5</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>38.6</b>	<b>39.8</b>
sales growth %		-9.8%	-24.3%	-18.8%	-21.1%	-18.3%	-22.8%	-7.3%	-7.5%	-7.3%	-12.1%	-0.1%	3.0%
<b>Adj. EBITDA</b>	<b>6.5</b>	<b>1.3</b>	<b>0.1</b>	<b>0.7</b>	<b>0.2</b>	<b>2.3</b>	<b>0.8</b>	<b>0.8</b>	<b>1.1</b>	<b>1.2</b>	<b>3.9</b>	<b>5.1</b>	<b>5.5</b>
Adj. EBITDA-%	12.2%	9.9%	1.4%	7.4%	1.5%	5.3%	7.9%	7.7%	12.7%	12.4%	10.1%	13.1%	13.8%
<b>EBIT</b>	<b>-1.8</b>	<b>1.2</b>	<b>7.8</b>	<b>0.4</b>	<b>-4.2</b>	<b>5.2</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>3.8</b>	<b>5.0</b>	<b>3.4</b>	<b>3.8</b>
EBIT-%	-3.4%	8.8%	72.5%	4.1%	-40.4%	11.8%	4.0%	3.7%	5.1%	39.2%	13.0%	8.8%	9.5%
<b>Adj. EBIT</b>	<b>3.0</b>	<b>0.8</b>	<b>-0.4</b>	<b>0.3</b>	<b>-0.2</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.7</b>	<b>0.8</b>	<b>2.3</b>	<b>3.4</b>	<b>3.8</b>
Adj. EBIT-%	5.5%	6.1%	-3.6%	2.8%	-2.3%	1.0%	4.0%	3.7%	8.5%	8.2%	6.0%	8.8%	9.5%
<b>Utilities</b>	<b>2022</b>	<b>Q1/'23</b>	<b>Q2/'23</b>	<b>Q3/'23</b>	<b>Q4/'23</b>	<b>2023</b>	<b>Q1/'24</b>	<b>Q2/'24</b>	<b>Q3/'24</b>	<b>Q4/'24E</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>
<b>Net sales</b>	<b>14.6</b>	<b>3.5</b>	<b>3.4</b>	<b>3.0</b>	<b>3.8</b>	<b>13.7</b>	<b>3.2</b>	<b>3.4</b>	<b>2.9</b>	<b>3.7</b>	<b>13.1</b>	<b>13.7</b>	<b>15.4</b>
sales growth %		-20.2%	-5.1%	-0.1%	4.3%	-6.2%	-7.5%	-2.5%	-3.3%	-2.7%	-4.0%	4.3%	12.0%
<b>Adj. EBITDA</b>	<b>-0.5</b>	<b>-1.2</b>	<b>-1.4</b>	<b>-0.8</b>	<b>-0.5</b>	<b>-4.0</b>	<b>-0.5</b>	<b>-0.2</b>	<b>0.1</b>	<b>0.2</b>	<b>-0.3</b>	<b>1.3</b>	<b>2.2</b>
Adj. EBITDA-%	-3.2%	-34.8%	-41.2%	-27.4%	-14.0%	-29.0%	-14.5%	-4.8%	3.2%	5.5%	-2.5%	9.5%	14.1%
<b>EBIT</b>	<b>-2.6</b>	<b>-1.3</b>	<b>-1.5</b>	<b>-1.1</b>	<b>-4.9</b>	<b>-8.7</b>	<b>-0.7</b>	<b>-0.4</b>	<b>-0.1</b>	<b>0.0</b>	<b>-1.2</b>	<b>0.5</b>	<b>1.3</b>
EBIT-%	-17.6%	-36.7%	-44.0%	-35.9%	-127.9%	-63.7%	-20.7%	-10.9%	-4.9%	0.0%	-8.9%	3.4%	8.5%
<b>Adj. EBIT</b>	<b>-2.3</b>	<b>-1.5</b>	<b>-1.7</b>	<b>-1.1</b>	<b>-0.8</b>	<b>-5.0</b>	<b>-0.7</b>	<b>-0.4</b>	<b>-0.1</b>	<b>0.0</b>	<b>-1.1</b>	<b>0.5</b>	<b>1.3</b>
Adj. EBIT-%	-15.8%	-42.4%	-49.1%	-36.2%	-20.6%	-36.7%	-20.7%	-10.9%	-3.7%	0.0%	-8.7%	3.4%	8.5%

Source: Evli Research

We have amended our rating methodology since the previous update of the stock. Please see the updated and previous methodologies below.

**NEW**

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

**OLD**

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

VALUATION RESULTS	BASE CASE DETAILS	VALUATION ASSUMPTIONS	ASSUMPTIONS FOR WACC	
Current share price	0.64 PV of Free Cash Flow	47 Long-term growth, %	2.0 % Risk-free interest rate, %	2.25 %
DCF share value	3.51 PV of Horizon value	46 WACC, %	10.6 % Market risk premium, %	5.8 %
Share price potential, %	444.5 % Unconsolidated equity	0 Spread, %	0.5 % Debt risk premium %	7.8 %
Maximum value	3.8 Marketable securities	2 Minimum WACC, %	10.1 % Equity beta coefficient	1.30
Minimum value	3.2 Debt – dividend	–26 Maximum WACC, %	11.1 % Target debt ratio, %	20 %
Horizon value, %	49.4 % Value of stock	68 No. of shares, Mn	19.4 Effective tax rate, %	20 %

DCF valuation, EURm	2023	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	TERMINAL
Net sales	58	52	52	55	58	61	64	67	70	74	75	77
Sales growth (%)	–15.8%	10.2%	1.1%	5.4%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	2.0%	2.0%
Operating income (EBIT)	–4	4	4	5	6	6	7	7	7	8	8	8
Operating income margin %	–6.1%	7.4%	7.4%	9.2%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%
+ Depreciation+amort.	12	2	3	3	3	3	3	3	3	3	4	
EBITDA	9	6	6	8	9	9	10	10	11	11	12	
– Paid taxes	–1	–1	–1	–1	–1	–1	–1	–1	–1	–1	–2	
– Change in NWC	–3	0	0	0	0	0	0	0	0	0	0	
NWC / Sales, %	–5.4%	–5.4%	–5.4%	–5.4%	–5.4%	–5.4%	–5.4%	–5.4%	–5.4%	–5.4%	–5.4%	
+ Change in other liabs	0											
– Operative CAPEX	–2	0	0	0	0	0	–1	–1	–1	–1	–1	
opCAPEX / Sales, %	4.9%	4.3%	4.8%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	
– Acquisitions												
+ Divestments	14											
– Other items	–9											
= FCFF	8	4	5	6	7	8	8	8	9	9	9	112
= Discounted FCFF		4	5	5	5	5	5	5	4	4	4	46
= DFCF min WACC		4	5	5	5	5	5	5	5	4	4	50
= DFCF max WACC		4	5	5	5	5	5	5	4	4	4	41

### Sensitivity analysis, EUR

		Terminal WACC				
		8.58 %	9.58 %	10.58 %	11.58 %	12.58 %
Terminal EBIT–%	8.50 %	4.38	3.67	3.13	2.70	2.35
	9.50 %	4.67	3.90	3.32	2.85	2.48
	10.50 %	4.96	4.14	3.51	3.01	2.61
	11.50 %	5.25	4.37	3.70	3.16	2.74
	12.50 %	5.54	4.60	3.88	3.32	2.87

## INTERIM FIGURES

EVLI ESTIMATES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3	2024Q4E	2024E	2025E	2026E
Net sales	16.9	14.3	12.2	14.3	57.7	13.6	13.4	11.4	13.4	51.8	52.3	55.1
EBITDA	1.3	7.7	0.5	-0.8	8.7	0.4	0.6	0.9	4.4	6.3	6.4	7.7
EBITDA margin (%)	7.6%	54.0%	4.5%	-5.9%	15.1%	2.7%	4.6%	7.8%	32.9%	12.1%	12.2%	13.9%
EBIT	-0.1	6.3	-0.7	-9.1	-3.5	-0.2	0.0	0.3	3.8	3.9	3.9	5.1
EBIT margin (%)	-0.5%	44.4%	-5.7%	-63.7%	-6.1%	-1.8%	0.0%	2.6%	28.4%	7.4%	7.4%	9.2%
Net financial items	0.4	-0.6	-0.5	-0.6	-1.2	-0.5	-0.5	-0.8	-0.7	-2.5	-2.7	-2.7
Pre-tax profit	0.4	5.8	-1.2	-9.7	-4.7	-0.7	-0.5	-0.5	3.1	1.4	1.1	2.4
Tax	-0.1	-2.1	0.2	1.4	-0.7	0.0	0.0	0.0	-0.6	-0.7	-0.2	-0.5
Tax rate (%)	42.0%	36.4%	15.4%	14.5%	-14.1%	0.1%	-7.2%	-8.4%	20.0%	50.8%	20.0%	20.0%
Net profit	0.2	3.7	-1.0	-8.3	-5.4	-0.7	-0.5	-0.6	2.5	0.7	0.9	1.9
EPS	0.01	0.19	-0.05	-0.43	-0.28	-0.04	-0.03	-0.03	0.13	0.04	0.05	0.10
EPS adj. (diluted)	-0.03	0.19	-0.05	-0.43	-0.33	-0.04	-0.03	-0.03	0.13	0.04	0.05	0.10
Dividend per share												0.05
SALES, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3	2024Q4E	2024E	2025E	2026E
Retail & Commerce	13.4	10.8	9.2	10.5	44.0	10.4	10.0	8.5	9.7	38.6	38.6	39.8
Utilities	3.5	3.4	3.0	3.8	13.7	3.2	3.4	2.9	3.7	13.1	13.7	15.4
Total	16.9	14.3	12.2	14.3	57.7	13.6	13.4	11.4	13.4	51.8	52.3	55.1
SALES GROWTH, Y/Y %	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3	2024Q4E	2024E	2025E	2026E
Retail & Commerce	-9.8%	-24.3%	-18.8%	-21.1%	-18.3%	-22.8%	-7.3%	-7.5%	-7.3%	-12.1%	-0.1%	3.0%
Utilities	-20.2%	-5.1%	-0.1%	4.3%	-6.2%	-7.5%	-2.5%	-3.3%	-2.7%	-4.0%	4.3%	12.0%
Total	-12.2%	-20.4%	-14.9%	-15.6%	-15.8%	-19.7%	-6.1%	-6.5%	-6.1%	-10.2%	1.1%	5.4%
EBIT, EURm	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3	2024Q4E	2024E	2025E	2026E
Retail & Commerce	1.2	7.9	0.4	-4.2	5.2	0.4	0.4	0.4	3.8	5.0	3.4	3.8
Utilities	-1.3	-1.5	-1.1	-4.9	-8.7	-0.7	-0.4	-0.1		-1.2	0.5	1.3
Total	-0.1	6.3	-0.7	-9.1	-3.5	-0.2	0.0	0.3	3.8	3.9	3.9	5.1
EBIT margin %	2023Q1	2023Q2	2023Q3	2023Q4	2023	2024Q1	2024Q2	2024Q3	2024Q4E	2024E	2025E	2026E
Retail & Commerce	8.8%	72.5%	4.1%	-40.4%	11.8%	4.0%	3.7%	5.1%	39.2%	13.0%	8.8%	9.5%
Utilities	-36.7%	-44.0%	-35.9%	-100.0%	-63.7%	-20.7%	-10.9%	-4.9%		-8.9%	3.4%	8.5%
Total	-0.5%	44.4%	-5.7%	-63.7%	-6.1%	-1.8%	0.0%	2.6%	28.4%	7.4%	7.4%	9.2%

<b>INCOME STATEMENT, EURm</b>	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	58.3	60.5	69.1	68.4	57.7	51.8	52.3	55.1
<i>Sales growth (%)</i>	2.5%	3.7%	14.2%	-0.9%	-15.8%	-10.2%	1.1%	5.4%
EBITDA	9.7	10.4	12.3	5.5	8.7	6.3	6.4	7.7
<i>EBITDA margin (%)</i>	16.7%	17.2%	17.8%	8.1%	15.1%	12.1%	12.2%	13.9%
Depreciation	-4.0	-5.0	-5.1	-10.0	-12.2	-2.4	-2.5	-2.6
EBITA	5.7	5.4	7.2	-4.4	-3.5	3.9	3.9	5.1
Goodwill amortization / writedown								
EBIT	5.7	5.4	7.2	-4.4	-3.5	3.9	3.9	5.1
<i>EBIT margin (%)</i>	9.8%	8.9%	10.4%	-6.5%	-6.1%	7.4%	7.4%	9.2%
Reported EBIT	5.7	5.4	7.2	-4.4	-3.5	3.9	3.9	5.1
<i>EBIT margin (reported) (%)</i>	9.8%	8.9%	10.4%	-6.5%	-6.1%	7.4%	7.4%	9.2%
Net financials	-2.0	-2.6	-1.9	-2.2	-1.2	-2.5	-2.7	-2.7
Pre-tax profit	3.7	2.7	5.3	-6.6	-4.7	1.4	1.1	2.4
Taxes	-0.9	-0.8	-1.1	1.2	-0.7	-0.7	-0.2	-0.5
Minority shares								
Net profit	2.8	2.0	4.1	-5.4	-5.4	0.7	0.9	1.9
Cash NRIs								
Non-cash NRIs								
<b>BALANCE SHEET, EURm</b>								
Assets								
Fixed assets	11	12	13	10	2	2	2	2
Goodwill	39	39	42	46	41	41	41	41
Right of use assets	7	7	5	3	2	2	2	2
Inventory	0	0	0	0	0	0	0	0
Receivables	16	12	12	11	10	9	9	9
Liquid funds	4	5	4	2	2	3	2	2
Total assets	77	75	76	74	57	57	56	57
Liabilities								
Shareholders' equity	25	27	28	23	17	18	19	21
Minority interest								
Convertibles								
Lease liabilities	8	7	5	3	2	2	2	2
Deferred taxes	1	1	1	1	1	1	1	1
Interest bearing debt	28	24	24	30	24	25	24	22
Non-interest bearing current liabilities	17	16	18	17	13	12	12	12
Other interest-free debt								
Total liabilities	77	75	76	74	57	57	56	57
<b>CASH FLOW, EURm</b>								
+ EBITDA	10	10	12	6	9	6	6	8
- Net financial items	-2	-3	-2	-2	-1	-2	-3	-3
- Taxes	-1	-1	-1	0	-1	-1	0	0
- Increase in Net Working Capital	-1	0	1	1	-3	0	0	0
+/- Other	-2	-1	0	0	-9			
= Cash flow from operations	4	6	10	4	-5	3	3	5
- Capex	-7	-5	-4	-4	-3	-2	-3	-3
- Acquisitions			-3	-5				
+ Divestments		4			14			
= Free cash flow	-3	6	4	-6	6	1	1	2
+/- New issues/buybacks	0	0	0	2	0			
- Paid dividend		3	2					1
+/- Other	2	-4	-2	4	-6	1	-2	-2
Change in cash	-2	1	-1	-2	0	1	-1	0

KEY FIGURES	2020	2021	2022	2023	2024E	2025E	2026E
M-cap	54	91	24	15	12	12	12
Net debt (excl. convertibles)	26	26	31	25	24	23	21
Enterprise value	81	117	55	39	36	36	34
Sales	60	69	68	58	52	52	55
EBITDA	10	12	6	9	6	6	8
EBIT	5	7	-4	-4	4	4	5
Pre-tax	3	5	-7	-5	1	1	2
Earnings	2	4	-5	-5	1	1	2
Equity book value (excl. minorities)	27	28	23	17	18	19	21

Valuation multiple	2020	2021	2022	2023	2024E	2025E	2026E
EV/Sales	1.3	1.7	0.8	0.7	0.7	0.7	0.6
EV/EBITDA	7.8	9.5	10.0	4.5	5.8	5.6	4.4
EV/EBITA	15.1	16.3	-12.5	-11.1	9.5	9.2	6.6
EV/EBIT	15.1	16.3	-12.5	-11.1	9.5	9.2	6.6
EV/OCF	12.8	11.7	14.2	-7.4	13.0	10.3	7.2
EV/FCF	9.1	21.2	-19.1	5.0	8.4	6.8	5.3
P/FCFR	9.8	25.6	-4.3	2.5	22.6	13.6	6.4
P/E	27.3	21.9	-4.4	-2.3	18.4	13.7	6.6
P/BV	2.0	3.2	1.1	0.9	0.7	0.7	0.6
Target EV/EBITDA					6.1	5.9	4.7
Target EV/EBIT					10.0	9.7	7.0
Target EV/FCFF					69.8	41.0	18.4
Target P/BV					0.8	0.8	0.7
Target P/E, diluted					21.5	16.0	7.6

Per share measures	2020	2021	2022	2023	2024E	2025E	2026E
Number of shares (million)	19.31	19.40	19.40	19.40	19.40	19.40	19.40
Number of shares (diluted, million)	19.31	19.40	19.40	19.40	19.40	19.40	19.40
EPS	0.10	0.21	-0.28	-0.28	0.04	0.05	0.10
Operating cash flow per share	0.33	0.51	0.20	-0.27	0.14	0.18	0.24
Free cash flow per share	0.29	0.18	-0.29	0.31	0.03	0.05	0.10
Book value per share	1.37	1.44	1.16	0.89	0.92	0.97	1.07
Dividend per share	0.15	0.10					0.05
Dividend payout ratio, %	146.3%	46.8%					50.0%
Dividend yield, %	5.4%	2.1%					7.6%
FCF yield, %	10.2%	3.9%	-23.5%	40.8%	4.4%	7.4%	15.5%

Efficiency measures	2020	2021	2022	2023	2024E	2025E	2026E
ROE	7.8%	15.2%	-21.5%	-27.1%	3.9%	5.0%	9.6%
ROCE	9.1%	12.4%	-7.8%	-7.1%	8.7%	8.9%	11.6%

Financial ratios	2020	2021	2022	2023	2024E	2025E	2026E
Inventories as % of sales	0.1%	0.3%	0.2%	0.1%	0.1%	0.1%	0.1%
Receivables as % of sales	19.1%	17.0%	16.2%	16.9%	16.9%	16.9%	16.9%
Non-int. bearing liabilities as % of sales	26.8%	25.5%	25.6%	22.4%	22.4%	22.4%	22.4%
NWC/sales, %	-7.5%	-8.2%	-9.2%	-5.4%	-5.4%	-5.4%	-5.4%
Operative CAPEX/Sales, %	8.0%	5.1%	6.4%	4.9%	4.3%	4.8%	4.9%
CAPEX/sales (incl. acquisitions), %	8.0%	1.0%	-1.1%	4.9%	4.3%	4.8%	4.9%
FCFF/EBITDA	0.9	0.4	-0.5	0.9	0.7	0.8	0.8
Net Debt/EBITDA, book-weighted	2.6	2.1	5.7	2.8	3.8	3.6	2.8
Debt/equity, market-weighted	0.4	0.3	1.3	1.7	2.0	1.9	1.7
Equity ratio, book-weighted	0.4	0.4	0.3	0.3	0.3	0.3	0.4
Gearing, %	99.9%	92.6%	139.4%	142.3%	133.8%	122.5%	101.9%

**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	1.414	11.3 %
Elo Mutual Pension Insurance Company	2 000 000	1.288	10.3 %
Ilmarinen Mutual Pensions Insurance Company	1 651 293	1.063	8.5 %
Varma Mutual Pension Insurance Company	1 545 597	0.995	8.0 %
Aktia Capital Mutual Fund	770 000	0.496	4.0 %
Aalto Seppo Tapio	625 000	0.402	3.2 %
Saadetdin Ali	602 216	0.388	3.1 %
Säästöpankki Small Cap Mutual Fund	500 000	0.322	2.6 %
Incedo Oy	304 001	0.196	1.6 %
Kelhu Markku Juhani	300 000	0.193	1.5 %
Ten largest	10 493 676	6.758	54.1 %
Residual	8 902 825	5.733	45.9 %
Total	19 396 501	12.491	100%

#### EARNINGS CALENDAR

February 13, 2025	FY 2024 Results
April 29, 2025	Q1 report
August 21, 2025	Q2 report
October 29, 2025	Q3 report

#### OTHER EVENTS

#### COMPANY MISCELLANEOUS

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CFO: Mikko Sairanen	Tel:
IR:	



## 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>  Price per share * Number of shares	<b>OCF (Operating cash flow)</b>  EBITDA – Net financial items – Taxes – Increase in working capital – Cash NRIs ± Other adjustments
<b>EV (Enterprise value)</b>  Market cap + net debt + minority interest at market value – share of associated companies at market value	<b>FCF (Free cash flow)</b>  Operating cash flow – Operative CAPEX – acquisitions + 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>  Current assets – current liabilities
<b>Net debt</b>  Interest bearing debt – financial assets	<b>Capital employed / Share</b>  $\frac{\text{Total assets} - \text{non-interest bearing debt}}{\text{Number of shares}}$
<b>Total assets</b>  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>  $\frac{\text{Profit before extraordinary items} + \text{interest expenses} + \text{other financial costs}}{\text{Balance sheet total} - \text{non-interest bearing debt (average)}}$	<b>CAGR, %</b>  Cumulative annual growth rate = Average growth rate per year
<b>ROE, %</b>  $\frac{\text{Profit before extraordinary items and taxes} - \text{income taxes}}{\text{Shareholders' equity} + \text{minority interest} + \text{taxed provisions (average)}}$	

Important Disclosures

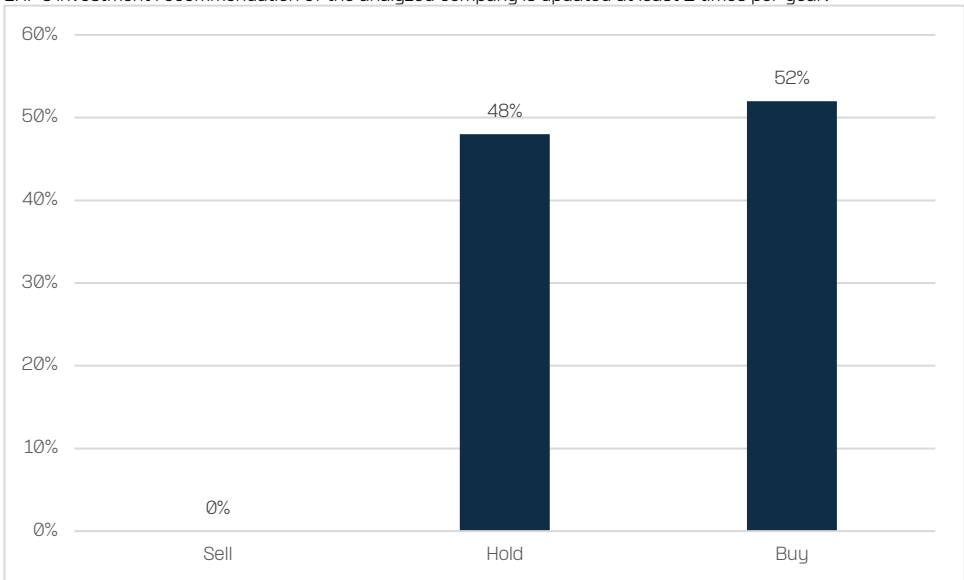
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 - 0 %	RECUDE
0 - (+10) %	ACCUMULATE
> 10 %	BUY

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Name(s) of the analyst(s): Jerker Salokivi, Atte Pitkääjärvi

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