

## Fairly well in line with our estimates

Solteq's Q1 performance was broadly in line with our expectations. The company recorded its fifth consecutive quarter of improved comparable operating profit, though sales remained sluggish as anticipated. In the Utilities segment, recurring revenue continued to rise, exceeding 50%.

- Comparable net sales in Q1 were EUR 12.1m (Q1'24: EUR 13.1m) vs. Evli EUR 12.3m, a decline of 7.2% y/y in comparable terms.
- Comparable operating profit in Q1 was EUR 0.1m (Q1'24: EUR -0.3m) vs. Evli EUR 0.3m. Operating result was EUR 0.2m (Q1'24: EUR -0.2m).
- **Retail & Commerce:** Comparable revenue in Q1 amounted to EUR 9.2m (Q1'24: EUR 9.9m) vs. Evli EUR 9.3m. Revenue declined by 6.9% in comparable terms. The adj. EBIT was EUR 0.7m (Q1'24: EUR 0.4m) hitting our estimate. Profitability continued to improve, supported by efficiency measures implemented in 2024.
- **Utilities:** Revenue in Q1 amounted to EUR 2.9m (Q1'24: EUR 3.2) vs. Evli EUR 3.0m. The 8.2% y/y decrease in revenue was driven by weak demand in the consulting business. The adj. EBIT was EUR -0.6m (Q1'24: -0.7m) vs. Evli EUR -0.4m. The company succeeded in improving the segment's recurring revenue share to over 50%.
- Net debt amounted to EUR 20.4m (Q1'24: 23.6m).
- **Guidance for 2025 (reiterated):** Comparable revenue is expected to decrease slightly (2024: EUR 48.8m excluding the divested healthcare software solutions business), while comparable operating result is set to improve significantly (2024: EUR 0.7m).
- The market environment remained challenging, with sluggish customer demand, postponed investment decisions and an uncertain global economy.
- During the review period, Solteq cancelled EUR 4.3m worth of its outstanding notes. The debt repurchase and cancellation strengthen Solteq's balance sheet, reduce interest expenses, and enhance financial flexibility going forward.

## Rating Accumulate

Q1'25	Actual	Evli	Q1'24	Q4'24
Net sales	12.1	12.3	13.6	12.5
EBIT	0.2	0.3	-0.2	1.8
Adj. EBIT	0.1	0.3	-0.3	0.3

Deviation	Actual	Evli	Q1'24	Q4'24
Net sales		-1 %	-11 %	-3 %
EBIT		-52 %	-	-91 %
Adj. EBIT		-58 %	-	-60 %

<b>Share price, EUR</b> (Last trading day's closing price)	<b>0.68</b>
Target price, EUR	0.65

Latest change in recommendation 14-Feb-25

Latest report on company 09-Apr-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 13

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 29-Apr-25

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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
2023	57.7	-3.5	-6.1%	6.0	-0.28	-2.3	0.7	-11.1	40.8%	
2024	50.9	1.8	3.6%	3.6	-0.06	-10.3	0.6	18.2	29.1%	
2025E	48.7	2.5	5.1%	0.2	0.01	91.1	0.7	13.5	1.6%	
2026E	51.2	4.2	8.2%	1.9	0.08	8.2	0.6	7.5	14.6%	
2027E	55.3	6.0	10.9%	3.7	0.17	3.9	0.5	4.6	28.4%	
Market cap, EURm	13		Gearing 2025E, %		125.9 %		CAGR EPS 2024-27, %		0.0 %	
Net debt 2025E, EURm	20		Price/book 2025		0.8		CAGR Sales 2024-27, %		2.8 %	
Enterprise value, EURm	33		Dividend yield 2025E, %		0.0 %		ROE 2025E, %		0.9 %	
Total assets 2025E, EURm	50		Tax rate 2025E, %		20.0 %		ROCE 2025E, %		6.4 %	
Goodwill 2025E, EURm	39		Equity ratio 2025E, %		32.1 %		PEG, P/E 25/CAGR		0.5	

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

Important Disclosures

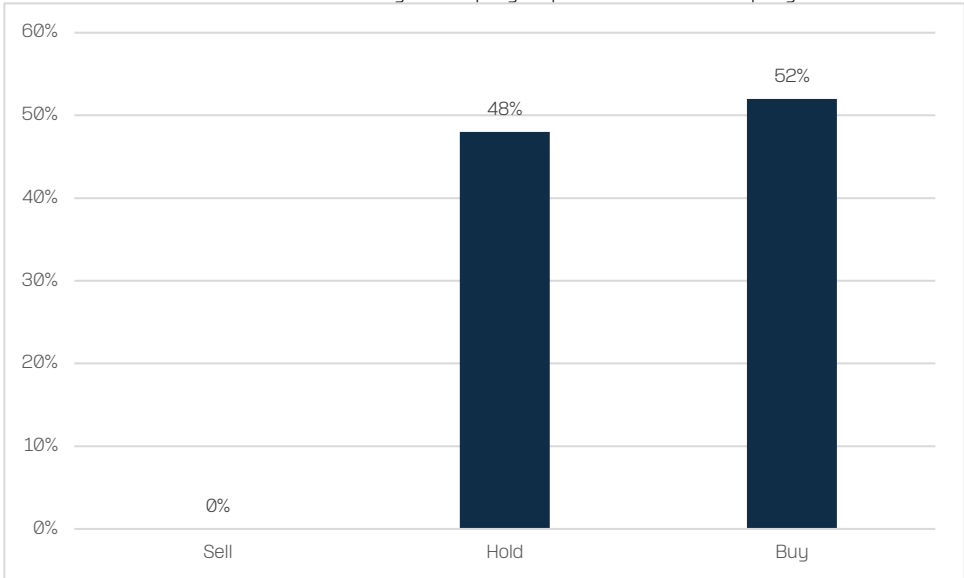
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 - 0 %	REDUCE
0 - (+10) %	ACCUMULATE
> 10 %	BUY

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

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