

Well in line with expectations

Solteq's Q1 was in line with our expectations, with revenue at EUR 19.2m (Evli EUR 18.9m) and adj. EBIT at EUR 1.6m (Evli EUR 1.5m). Guidance for 2022 reiterated: group revenue is expected to grow clearly and the operating profit to improve.

- Net sales in Q1 were EUR 19.2m (EUR 17.4m in Q1/21), in line with our estimates (Evli EUR 18.9m). Growth in Q1 amounted to 10.7% y/y, of which approximately a third was organic growth.
- The operating profit and adj. operating profit in Q1 amounted to EUR 1.4m and 1.6m respectively (EUR 2.2m/2.3m in Q1/21), in line with our estimates (Evli EUR 1.5m/1.5m).
- Solteq Digital: revenue in Q1 amounted to EUR 11.8m (Q1/21: EUR 11.2m) vs. Evli EUR 12.0m. Growth amounted to 5.6%. The adj. EBIT was EUR 1.5m (Q1/21: EUR 1.4m) vs. Evli EUR 1.5m. Demand in key areas, such as digital business and commerce solutions, is expected to remain good during the on-going quarter.
- Solteq Software: Revenue in Q1 amounted to EUR 7.4m (Q1/21: EUR 6.2m) vs. Evli EUR 6.9m. The adj. EBIT was EUR 0.1m (Q1/21: EUR 0.9m) vs. Evli EUR 0.0m. Growth was 19.7%. The business outlook is expected to remain positive.
- **Guidance for 2022 (reiterated):** group revenue is expected to grow clearly and operating profit to improve.

Rating 🟢 BUY

Q1/22	Actual	Evli	Year ago	Q4/21
Net sales	19.2	18.9	17.4	18.3
EBIT	1.4	1.5	2.2	1.3
Adj. EBIT	1.6	1.5	2.0	1.2
EPS	0.04	0.04	0.08	0.03

Deviation	Actual	Evli	Year ago	Q4/21
Net sales		2 %	10 %	5 %
EBIT		-8 %	-38 %	5 %
Adj. EBIT		6 %	-22 %	32 %
EPS		-5 %	-47 %	28 %

Share price, EUR (Last trading day's closing price) 3.13

Target price, EUR 5.0

Latest change in recommendation 14-Aug-20

Latest report on company 18-Feb-22

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 61

Free float, % 43.0

Exchange rate 0.000

Reuters code SOLTEQ.HE

Bloomberg code SOLTEQ FH

Average daily volume, EURm 0.01

Next interim report 28-Apr-22

Web site solteq.com/en/investors

Analyst Jerker Salokivi

E-mail jerker.salokivi@evli.com

Telephone +358 9 4766 9149

🟢 BUY 🟡 HOLD 🔴 SELL

PRE-REPORT KEY FIGURES

	Sales EURm	EBIT EURm	EBIT %	FCF EURm	EPS EUR	P/E (x)	EV/Sales (x)	EV/EBIT (x)	FCF yield %	DPS EUR
2020	60.5	5.4	8.8%	5.0	0.10	27.3	1.3	15.1	9.3	0.15
2021	69.1	7.2	10.4%	3.2	0.21	19.1	1.5	14.6	4.0	0.10
2022E	76.7	7.8	10.2%	4.2	0.24	12.9	1.1	10.8	6.9	0.12
2023E	80.5	10.1	12.5%	5.7	0.34	9.1	1.0	8.0	9.5	0.17
2024E	84.5	11.4	13.5%	7.2	0.41	7.6	0.9	6.8	11.8	0.21

Market cap, EURm	61	BV per share 2022E, EUR	77.0	CAGR EPS 2021-24, %	24.4
Net debt 2022E, EURm	24	Price/book 2022E	2.0	CAGR sales 2021-24, %	7.0
Enterprise value, EURm	84	Dividend yield 2022E, %	3.9	ROE 2022E, %	16.0
Total assets 2022E, EURm	82	Tax rate 2022E, %	20.0	ROCE 2022E, %	13.1
Goodwill 2022E, EURm	42	Equity ratio 2022E, %	37.5	PEG, P/E 22/CAGR	0.5

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

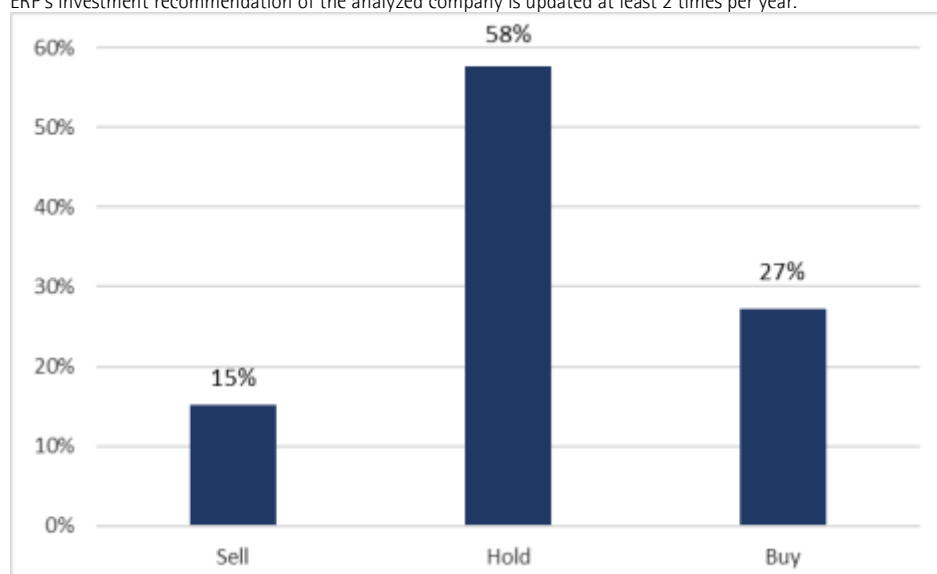
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Investment recommendations are defined as follows:

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

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

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Contact information

SALES, TRADING AND RESEARCH

Equity, ETF and Derivatives Sales

Joachim Dannberg +358 9 4766 9123
Ari Laine +358 9 4766 9115
Kimmo Lilja +358 9 4766 9130

Trading

Lauri Vehkaluoto (Head) +358 9 4766 9120
Pasi Väisänen +358 9 4766 9120
Antti Kässi +358 9 4766 9120
Miika Ronkanen +358 9 4766 9120

Structured Investments

Heikki Savijoki +358 9 4766 9726
Aki Lakkisto +358 9 4766 9123

Equity Research

Arttu Heikura +358 40 082 8098
Joonas Ilvonen +358 44 430 9071
Jerker Salokivi +358 9 4766 9149

Evli Investment Solutions

Johannes Asuja +358 9 4766 9205



EVLI PLC
Aleksanterinkatu 19 A
P.O. Box 1081
FIN-00101 Helsinki, FINLAND
Phone +358 9 476 690
Internet www.evli.com
E-mail firstname.lastname@evli.com

**EVLI PLC,
STOCKHOLMSFILIAL**
Regeringsgatan 67 P.O. Box 16354
SE-103 26 Stockholm
Sverige
stockholm@evli.com
Tel +46 (0)8 407 8000