

## Certainly not the best of quarters

Solteq's Q3 was below the already weak expectations, with revenue at EUR 14.4m (Evli EUR 14.7m) and adj. EBIT at EUR -0.5m (Evli EUR 0.3m). The weakness relates to earlier communicated challenges in Solteq Utilities' software development and lower revenue and profitability in Solteq Digital.

- Net sales in Q3 were EUR 14.4m (EUR 14.9m in Q3/21), slightly below our estimates (Evli EUR 14.7m). Growth in Q3 amounted to -3.7% y/y.
- The operating profit and adj. operating profit in Q3 amounted to EUR -5.0m and -0.5m respectively (EUR 1.1m/1.2m in Q3/21), below our estimates (Evli EUR -4.1m/0.3m).
- Q3 challenges relates to earlier communicated challenges in Solteq Utilities' software development and lower revenue and profitability in Solteq Digital. Write-downs relating to Solteq Robotics had a negative one-off impact of EUR 4.4m on EBIT.
- Solteq Digital: revenue in Q3 amounted to EUR 8.6m (Q3/21: EUR 9.6m) vs. Evli EUR 9.4m. Growth amounted to -9.6%. The adj. EBIT was EUR 0.2m (Q3/21: EUR 0.9m) vs. Evli EUR 0.8m. Demand in key business areas, such as digital business and commerce solutions, is expected to remain at a good level during the ongoing quarter.
- Solteq Software: Revenue in Q3 amounted to EUR 5.7m (Q3/21: EUR 5.4m) vs. Evli EUR 5.3m. The adj. EBIT was EUR -0.7m (Q3/21: EUR 0.3m) vs. Evli EUR -0.5m. Growth was 6.6%. The business outlook for Solteq Software is expected to remain positive.
- **Guidance for 2022 (reiterated):** group revenue is expected to remain at same levels as in 2021 and operating profit to be negative.

 Rating 🟡 HOLD

Q3/22	Actual	Evli	Year ago	Q2/22
Net sales	14.4	14.7	14.9	17.9
EBIT	-5.0	-4.1	1.1	0.4
Adj. EBIT	-0.5	0.3	1.2	0.6
EPS	-0.23	-0.19	0.03	0.00

Deviation	Actual	Evli	Year ago	Q2/22
Net sales		-2 %	-4 %	-20 %
EBIT		-22 %	-	-
Adj. EBIT		-	-	-
EPS		-22 %	-	<100%

 Share price, EUR (Last trading day's closing price) 1.28

 Target price, EUR 1.5

 Latest change in recommendation 20-Sep-22

 Latest report on company 20-Sep-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 25

 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 27-Oct-22

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🟢 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%	5.5	0.10	27.3	1.3	15.1	10.2	0.15
2021	69.1	7.2	10.4%	4.3	0.21	21.9	1.7	16.3	4.7	0.10
2022E	69.9	-1.0	-1.4%	-2.7	-0.12	-10.8	0.8	-55.3	-10.8	0.04
2023E	72.7	6.1	8.4%	2.5	0.17	7.4	0.7	8.8	10.0	0.09
2024E	76.3	7.8	10.2%	3.4	0.25	5.2	0.7	6.7	13.8	0.12

Market cap, EURm	25	BV per share 2022E, EUR	128.6	CAGR EPS 2021-24, %	4.8
Net debt 2022E, EURm	31	Price/book 2022E	1.0	CAGR sales 2021-24, %	3.4
Enterprise value, EURm	55	Dividend yield 2022E, %	3.1	ROE 2022E, %	-8.9
Total assets 2022E, EURm	76	Tax rate 2022E, %	18.8	ROCE 2022E, %	-1.7
Goodwill 2022E, EURm	46	Equity ratio 2022E, %	31.1	PEG, P/E 22/CAGR	0.0

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

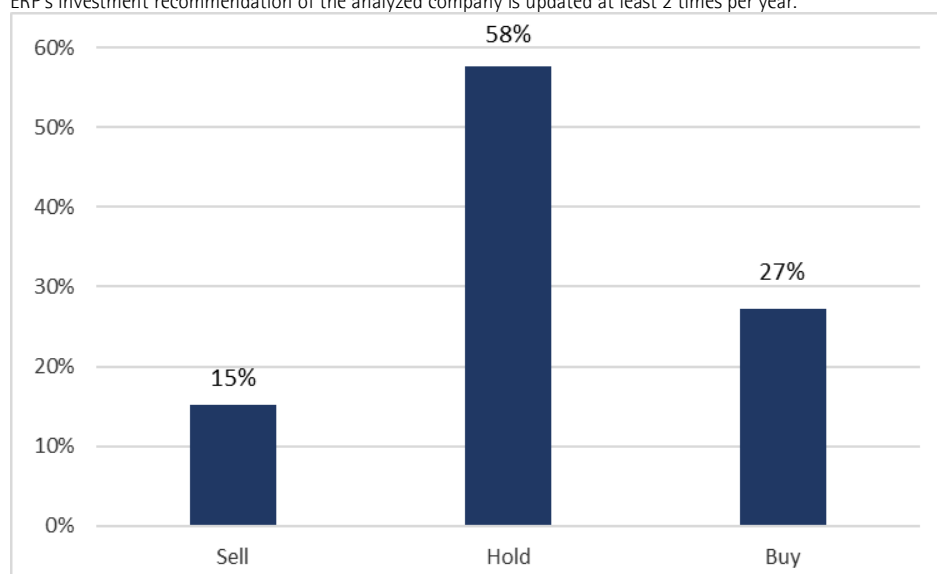
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Target price compared to share price	Recommendation
< -10 %	SELL
-10 – (+10) %	HOLD
> 10 %	BUY

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