Solteq

Extensive report

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Inderes corporate customer

This report is a summary translation of the report “Matka jatkuu kaupan alan konsultista vahvemmin energia-alan tuotetaloksi” published on 6/12/2023 at 8:05 pm

inderes.

Journey continues from retail consultant to energy sector product house

The 2010s were challenging for Solteq that offers IT services and industry-specific solutions, it had a few good years in between, and now it is again seeking a new boost. With the updated strategy, Solteq is now seeking profitable growth with a clearer industry focus and own product solutions. The next few years are critical to the success of the strategy, especially in the energy business. There is clear uncertainty about the timing and trajectory of the earnings turnaround but there is a clear upside in the share if it reaches even close to its financial targets. The company's valuation prices a rather pessimistic future, and the risk/return ratio has turned cautiously attractive again with lower risk levels and the share price drop. We reiterate our EUR 1.4 target price and raise our recommendation to Accumulate.

Journey continues from a retail consultant to an energy sector product house

Solteq's background is as a retail sector IT service provider that specializes in business digitalization and industry-specific software. The company's products cover the entire life cycle of cloud-based IT solutions. Solteq's strengths lie in the retail sector, the energy sector, the manufacturing industry, and hotels and restaurants. Retail & Commerce represents about 75% and Utilities 25% of the revenue that considers the business divestment. Solteq has continued to develop the core around its strengths and has shaped its offering more strongly towards the Utilities segment and software products. The company has made small, precise acquisitions in the Utilities business in the past couple of years and divested a largish share (25%) of its Retail business in Q2'23.

New strategy, structure and financial targets

In December, the company revised its strategy around its strengths and divided its business operations into Retail & Commerce and Utilities segments. At the same time, the company changed its management model from country organizations to business-driven and wrote down the robotics business, improving focus. The financial targets are very realistic for Retail & Commercial (growth ≥ 8% and EBIT-% ≥ 8%) and ambitious for Utilities (growth ≥ 15% and EBIT % ≥ 18%) albeit achievable. We consider new divestments possible as the company focuses on selected industries. We expect potential acquisitions to be small and focus on the Utilities business.

The next few years are very interesting and important

Operationally the last few years have been a roller coaster and a new boost for profitable growth is now sought through the strategy update. Our estimates are below the segments' target levels, and we expect more evidence of the turnaround, especially for the turnaround in Utilities. The strategically important Utilities target market that is critical for earnings growth, is distributed in Sweden and Denmark over the next two years. The company needs to get product development and sales to work quickly to reach its target levels. We estimate that Solteq will grow organically by -3...+6% in the coming years and EBIT-% will rise to 6.3% in 2025. Divestments would further strengthen the balance sheet, improve focus and enable smaller acquisitions. Key risks relate to the quality and speed of product development, sales and, thus, the timing and trajectory of the operational turn.

The risk/return ratio has again turned cautiously attractive

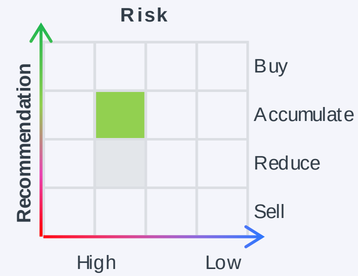
Solteq has a turnaround company profile, and the valuation involves uncertainty when earnings multiples offer no support in the short term and risks are elevated. In absolute terms and relative to peers, the valuation is relatively low compared to the revenue (0.7x), considering the company's growth and profitability potential and the capital-light business model. The low EV/S also limits the downside considering the recurring software business. With conservative SOTP (EUR 1.1-2.5) and DCF (EUR 1.6) methods, the company's fair value is clearly above the current share price.

Recommendation

Accumulate
(previous Reduce)

1.40 EUR
(previous EUR 1.40)

Share price:
1.20



Key figures

	2022	2023e	2024e	2025e
Revenue	68.4	60.2	59.4	62.7
growth-%	-1%	-12%	-1%	6%
EBIT adj.	0.5	-0.1	2.3	3.9
EBIT-% adj.	0.7 %	-0.1 %	3.9 %	6.3 %
Net Income	-5.4	5.3	2.6	2.1
EPS (adj.)	-0.03	-0.06	0.03	0.11

P/E (adj.)	neg.	neg.	38.4	11.2
P/B	1.1	0.8	0.8	0.7
Dividend yield-%	0.0 %	0.0 %	2.5 %	5.8 %
EV/EBIT (adj.)	>100	neg.	17.5	9.8
EV/EBITDA	10.0	8.0	5.5	4.4
EV/S	0.8	0.7	0.7	0.6

Source: Inderes

Guidance

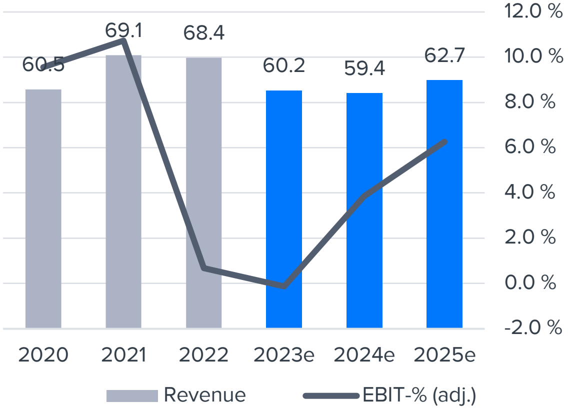
(Unchanged)

Solteq estimates revenue to be EUR 60–62 million, and EBIT adjusted for the EUR 8 million sales gain to be slightly negative.

Share price

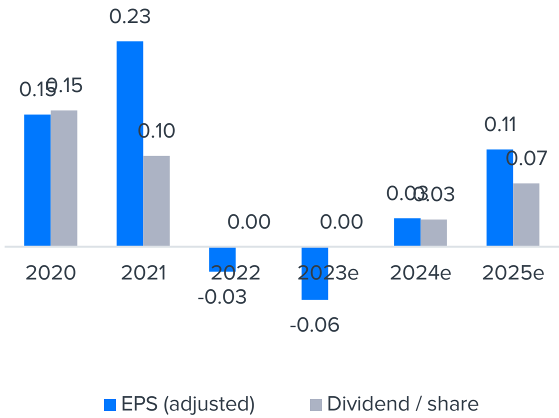
Source: Millistream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Turnaround of the Utilities business
- Profitability increase in Retail & Commerce
- Improved visibility
- Organic and acquisition-driven growth
- Divestments
- Improved cash flow and lighter financing costs
- Reduction of the balance sheet risk

Risk factors

- Prolonged development and quality problems in the Utilities business would also limit internationalization opportunities
- Failure in sales and, thus, operational turnaround being postponed and its curve rounding-out
- Unsuccessful internationalization
- Failure in M&A transactions
- Highish leverage compared to market cap, although the situation has clearly improved
- Restructuring of financing would still be subject to some uncertainty if the cash-flow profile remains as it is for a longer time

Valuation	2023e	2024e	2025e
Share price	1.20	1.20	1.20
Number of shares, millions	19.4	19.4	19.4
Market cap	23	23	23
EV	43	40	38
P/E (adj.)	neg.	38.4	11.2
P/E	4.4	8.9	11.2
P/FCF	1.8	6.2	6.9
P/B	0.8	0.8	0.7
P/S	0.4	0.4	0.4
EV/Sales	0.7	0.7	0.6
EV/EBITDA	8.0	5.5	4.4
EV/EBIT (adj.)	neg.	17.5	9.8
Payout ratio (%)	0%	22%	65%
Dividend yield-%	0.0 %	2.5 %	5.8 %

Source: Inderes

Contents

Solteq in brief

Solteq is a Nordic IT service and software solution provider that specializes in retail and energy sector software.

60 MEUR **(-1% vs. 2022)**
Revenue 2023e

23% & 77%
Utilities and Retail & Commerce business, share of 2023 estimate

-0.1 MEUR **(0.1% of revenue)**
Adjusted EBIT 2023e

2-4 MEUR or 4-7% of revenue
Investments in product development (capitalized) in 2018-2022

635
Personnel at the end of Q1'23e

14 offices in 6 countries
Finland, Sweden, Norway, Denmark, Great Britain and Poland

16 M&A transactions **since 2012**
12 acquisitions and 4 divestments

2010-2013
In 2012, Solteq strengthened its know-how in the retail sector, expanded its customer base and added the Retail solution to its product portfolio with the Aldata acquisition.

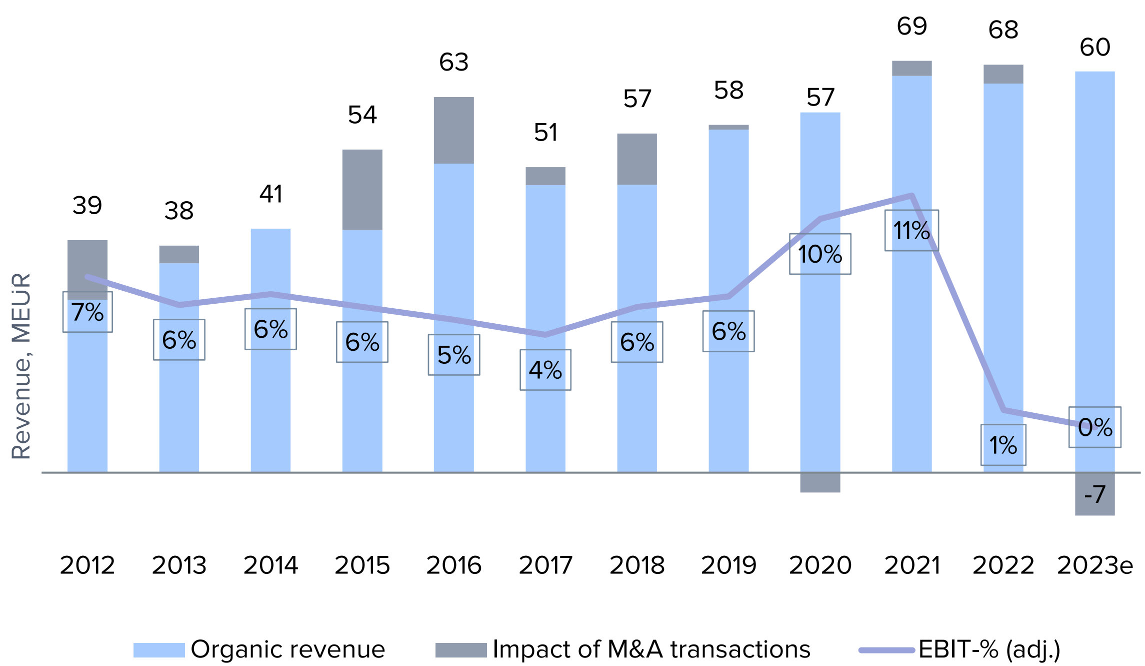
2013-2015
Large retail sector customers began to put a tighter squeeze on suppliers.

2015
Solteq nearly doubled its size with the Descom acquisition. Integration was challenging and all benefits did not materialize.

2016-2019
Investments in internationalization and strong focus on software solutions. Several acquisitions in line with the strategy

2020-2021
Transformation into a product company seemed successful with the strong pull of the Utilities business until project and product development challenges began

2022-2023
Demand challenges with the market, addressed with corrective measures. Strategy update, stronger industry focus, new management model and Robotics business write-down.
A significant part of the Retail business was divested, which lowered the high leverage.



Source: Vincit / Inderes

Company description 1/5

Company description

IT service company with own industry solutions

Solteq is a Nordic IT service and software solution provider that specializes in business digitalization and industry-specific software. The company was established in 1982 and listed on the Helsinki Stock Exchange in 1999. Solteq's services cover the entire life cycle of cloud-based IT solutions, from consulting on electronic business and service design to implementation and maintenance. The company has divided its business operations into two segments, Retail & Commerce and Utilities.

Solteq is known as an IT supplier in the retail sector but the company's solutions are also suitable for hotels and restaurants, the manufacturing industry, and in recent years especially the energy sector. In addition to Finland, the company currently operates in Sweden, Norway, Denmark, Poland and Great Britain. The company's customer markets are the Nordic countries.

Since the business divestment, Solteq employs some 575 IT professionals. Solteq's revenue in 2023 will be around EUR 60 million with the divestment and the earnings will be slightly in the red. In operational terms, the company is currently building a base for a new phase of profitable growth.

Transformation from a retail sector service company towards digital solutions and own products

In 2015, Solteq began focusing more strongly on digital commerce through the Descom acquisition that nearly doubled the company in size. In 2016, the company added an international growth element to its strategy. In 2017, the CEO was replaced and Solteq began boosting the transformation towards digital solutions and international growth. The company also wanted to diversify its customer portfolio beyond the retail sector. The biggest change was focusing more strongly on the software and product business.

In recent years, Solteq has invested some 5% of revenue on product development. Solteq's turnaround and transformation into a product company seemed to progress very well for a good year (in 2020-2021). The main owner had exited, the CEO had resigned, and then problems started appearing with already completed installations in the Utilities business, which the company still has to repair. At the same time, demand in the services business, which was boosted by COVID, slowed down. With the new CEO in spring 2022, the company started to take corrective actions, specified its strategy, changed the management model (from country to business-specific), wrote down the robotics business (which had been heavily invested in for years) and divested a significant part of the Retail business. Now the company's steps are clear, but building the foundation will continue at least this year.

Solteq has accelerated the change towards digital solutions and software and expanded the customer portfolio with several M&A transactions. The company has carried out 16 M&A transactions since 2012, 12 acquisitions and 4 divestments. In the 2020s, the company has carried out 3 small, precision acquisitions strengthening the Utilities business, and one largish divestment of the Retail business.

SOLTEQ

- Solteq's products cover the entire life cycle and almost the entire value chain of cloud-based IT solutions.
- Solteq's DNA is in the retail sector but the company has been strengthening its product solutions for the energy sector for years
- The company has modified its structure relatively strongly through M&A transactions, strengthened the Utilities business and divested retail operations
- There have been some evidence of the profitability and scalability of the product business already but now the company is developing its product offering further and building a foundation for sustainable and profitable growth

- Solteq's product families can be divided into the following industries:
    - Retail and wholesale trade
    - Service sectors
    - Energy and water sectors
    - Automotive trade
    - Others

Source: Solteq, Inderes

Company description 2/5

Solteq has conventionally been strong among retail sector customers. The revolution in the retail sector and the bargaining power of large customers, however, depressed Solteq's development in the 2010s. The retail sector in Finland is highly concentrated and customers have adopted a large proportion of value-added IT services in-house. Thus, IT service providers have had a smaller slice and produced lower value-added services, which was the root of Solteq's problems in the 2010s. For several years, the company has expended its customer portfolio and is now less dependent on the retail sector.

Business model

Solteq reorganized its business in early 2023 and moved from a country-specific management model to an industry-oriented one. At the same time, the business was divided into corresponding industry segments. In a way, the change in the management model is relatively large, as deliveries are now made across country borders and managed by businesses. In the past, countries themselves were responsible for sales and delivery was mainly country-specific.

There are not many clear connections or synergies between the segments. The majority of revenue is still personalized service revenue, partly third-party license sales and a growing share of own scalable solutions (approximately 1/5). Geographically, Solteq's focus is still strongly on Finland, where we estimate that Solteq, after the retail business divestment, employs some 400 experts. Abroad in Denmark the company has ~ 80 employees, in Sweden ~ 20, a few in Great Britain, and around 70 employees in the Polish product development and delivery unit.

Retail & Commerce

After the divestment, the Retail & Commerce segment employs close on 400 people out of the Group's 600 employees. After the divestment, we estimate that revenue will be EUR 46 million in 2023, which still includes almost EUR 4 million of revenue from the divested business. Thus, the segment represents about 75% of the Group's revenue. The segment's revenue is mainly based on service revenue, which represented good 80% of the revenue in Q1. The rest are recurring revenue from own software (good 10%) and third-party software and hardware sales (close on 10%).

Retail & Commerce services consist of e-commerce systems delivered to customers, data management solutions and operational systems. The service business covers the entire life cycle of cloud-based IT solutions and includes consulting, implementation of customer systems, continuous development services and maintenance. Retail & Commerce can be divided into three areas in the future, now that the ERP business was sold. The areas include: 1) Commerce and Data, which is mainly consulting and includes product management and third-party solutions; 2) retail sector payment/ERP systems (POS), including expert services and software solutions for e-commerce, product information management and data and analytics; and 3) other businesses including small, specialized software solutions, e.g. for healthcare, car sales and aftermarket, and Alko's Gold system.

Solteq's services, Retail & Commerce

- Digital commerce
- Data and analytics
- Business systems (partly divested)
- Support and maintenance services

Technology partners

IBM Gold Business Partner, HubSpot, Magento An Adobe Company, Qlik, HCL Software, RELEX, aws, Microsoft, snowflake, Informatica, Liferay, Google Premier Partner, Adobe Commerce, inriver

Source: Solteq, Inderes

Company description 3/5

Our understanding is that Commerce & Data and retail sector software are service areas that the company wants to develop further, even though cross-selling opportunities were slightly weakened with the [divestment of other retail operations](). We believe other smaller operations are mature, and we do not feel they are at the core of the strategy and consider them very potential divestment targets. In the medium term, we also consider POS solutions a potential divestment target.

Solteq's customers are large and medium sized. The ideal customer size is around millions in revenue to which the company can deliver its entire life cycle offering. Solteq delivers the entire offering to medium-sized customers. To large companies Solteq usually delivers stand-alone solutions such as extensive online store solutions. The nature of the service business has over the years shifted from large fixed price projects to large entities that have been split into several smaller hourly billed projects. This has lowered Solteq's risk profile. We believe a majority of the service business is currently based on hourly billing.

Solteq still has a relatively small number of customers that use the solution family more extensively and the company expects the Cloud product family of Retail Commerce to improve the competitive advantage and revenue growth. COVID has, however, slowed down the growth in this business. In Finland, the market for cash register systems is really big and so far, Solteq only has a market share of a few percent in these. The product still requires better recognition of Solteq abroad before the product can be expected to succeed internationally. In terms of the delivery model, the solution is fast and the sales cycle is from a few weeks to a few months. Once the "hardware" is delivered to the customer and has been hooked up, the software is installed from the cloud and the solution is ready to use. Thus, Solteq has much to gain in terms of efficiency through new products.

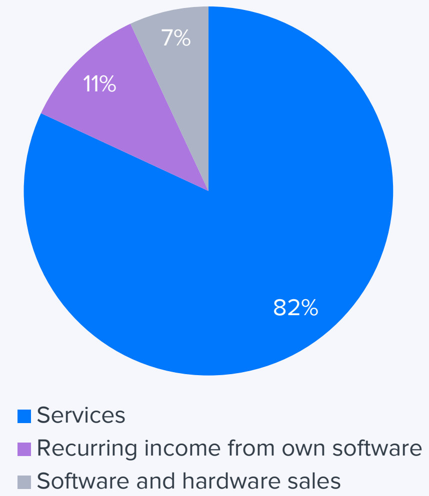
Geographically, the company can still grow in Finland, but especially in other countries, the company has clearer growth potential. The competitive advantage of the segment is based on strong industry knowledge and experienced professionals, not technology. In Denmark, the company has achieved success with its current solutions, while in Sweden the business was mainly based on solutions that were divested in May. In the big picture, market growth is not a problem for the company, but the company must succeed in sales.

In its service business, Solteq widely uses different third-party technologies, the key ones being Microsoft, AWS, HCL, Informatica and Magento.

Utilities

The Utilities business offers cloud-based customer engagement systems, online services and expert services for energy sector customers. Solteq acquired a majority of this business in 2017. In 2020, Solteq was able to raise its previously stable market share when TietoEVRY ceased its own similar Utilities activities. We estimate that the segment employs approximately 200 people. Our estimate is that revenue will be about EUR 14 million in 2023, representing about 25% of the Group's revenue. The segment's revenue is mainly based on service revenue, which represented good 60% of the revenue in Q1.

Retail & Commerce, revenue distribution



Retail customer references

Alko
BAUHAUS
ANORA
mayoral
ROYAL ARENA
POWERPARK SUOMI FINLAND

Source: Solteq, Inderes

Company description 4/5

The rest are recurring revenue from own software (good 10%) and one-off third-party software and hardware sales (close on 10%). The company is investing heavily in the Utilities business and aiming for an increase in the share of own software revenue.

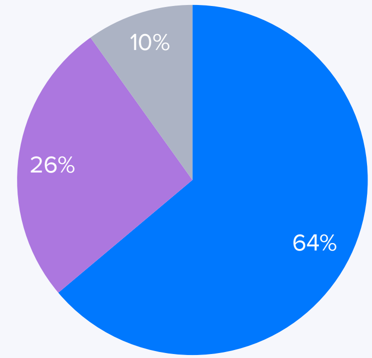
The competitive advantages of the Utilities business are based on being cloud-based and compatibility with the new Datahub legislation. However, the product's competitive advantages took a hit last year when the company had to repair completed deliveries and invest more in developing the product. However, project repairs and critical product improvements should now be in their home stretch (the company has commented that the situation is clearly better in H2'23), but visibility to the situation is still weak. The objective of the product over time is that there would, in principle, be very little need for manual work. Then at least half of revenue would be recurring software revenue and the rest new product deployments and other expert business. In this situation, the company would be able to price the solution more flexibly, which would further strengthen the company's competitive advantage.

The product should not require any customization in a single market once the product is in shape. Some customization must be carried out for large customers or in international sales. The sales cycle of the business is usually long (about 12mos). At the moment, challenges are also created by product problems, which has temporarily stopped sales, which means stronger ramp-up takes time. Usually, the contracts in the Utilities business are 5-year contracts but software typically continue for over 10 years as valid until further notice. which provides continuity and predictability to the company's business.

In the Nordic energy sector, demand for software solutions and expert services is boosted by changes in industry regulations, the transition to renewable energy sources and opportunities created by emerging technologies for business efficiency. These include nationally managed centralized data hub projects for centralized data exchange and harmonization of operating models in measuring practices as the electricity market opens up. Overall, demand in the Utilities market has been at a good level, but the company has made product development and project delivery errors, which has depressed and continues to depress the development of the segment.

In Finland, the segment has a strong position and the offering covers both service and software solutions. In Denmark, the company has service revenue as a result of M&A transactions. The company has sales operations in Sweden. In H1'23, the company focused on turning the segment around and fixing the current problems. In H2, the company expects the segment to return to a more profitable development path as the big Helen delivery begins. The Helen project is the company's largest so far and we believe it is very important for the company that the project is successful. In the second half of 2023, the company aims for controlled expansion in the Swedish and Danish markets, but based on the company's comments we believe that this will take place more strongly next year.

Utilities, revenue ditribution



- Services
- Recurring income from own software
- Software and hardware sales

Utilities customer references

FINGRID

HELEN

fortum

FINGRID Datahub

Several electricity companies

Source: Solteq, Inderes

Company description 5/5

2024 is therefore a critical year, as the market is now being divided. We feel the company is already a little late, because the sales cycle is long, but with product improvements and successful sales, Solteq should still have time to jump aboard. It is essential that the first deliveries are successful and that the company receives good references. In Sweden and Denmark, orders should be received by H1'24 at the latest and deliveries made from H2'24 onwards.

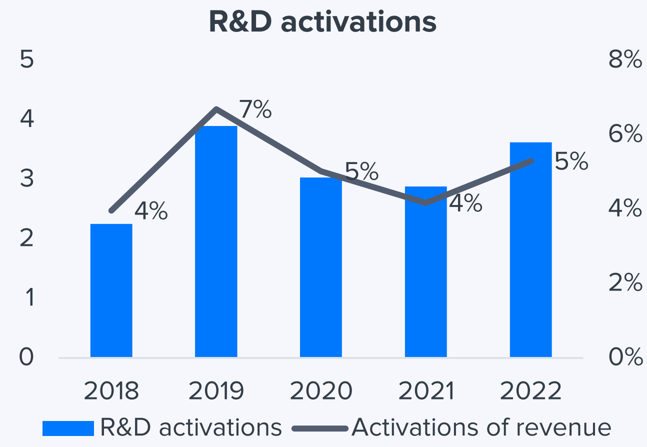
In the Utilities segment, Solteq is also trying to expand to Norway but according to the company's communication it will take clearly longer than Sweden and Denmark and is at the moment still in the option category. The market will change clearly in this decade, driven by the EU's emission targets, which opens interesting opportunities for Solteq's Utilities business.

Product development

Solteq's product development strategy is built on the company's industry strengths and customers. The company has conventionally been strong in retail sector, industrial, restaurant, energy and service sector customers. Thus, development projects are built around these areas and development often stems from customer needs. Development is partly carried out in cooperation with the customer, however, so that Solteq maintains IPR rights. In addition to Solteq's own development, the company has also partly used subcontracting, but this has clearly decreased with the shutdown of the robotics business.

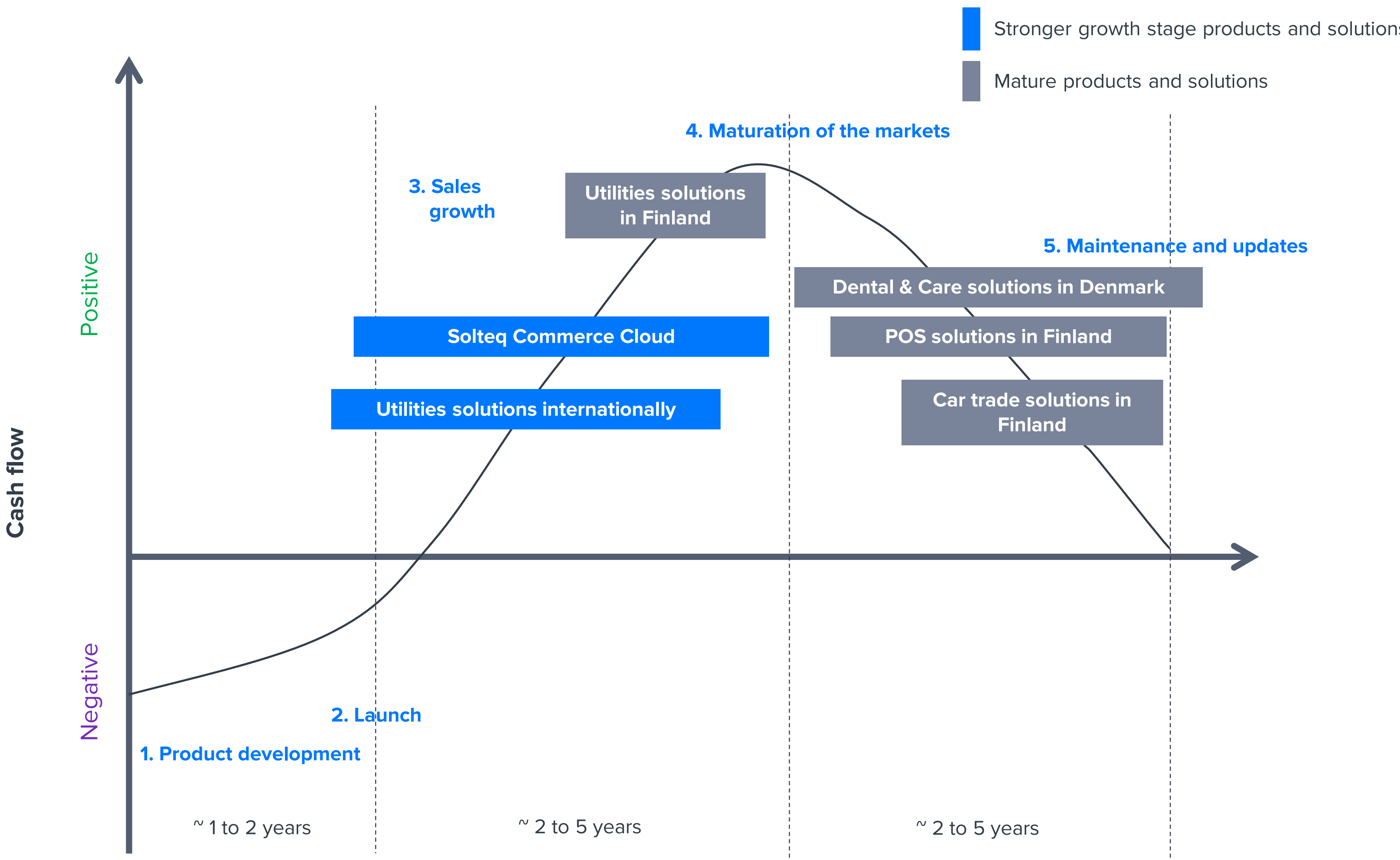
Over the past three years, Solteq has capitalized an estimated EUR 9.5 million of product development costs in the balance sheet or annually some 4 to 6% of revenue. We expect the capitalization to decrease gradually and the company's R&D costs to gradually transfer to the income statement. We believe the product development investments describe the company's willingness to turn more strongly into a product company.

Our understanding is that the biggest investments will be made in the Utilities business, whereas in the past the company also invested heavily in the robotics business. The robotics the business was written down last year (4.4 MEUR), which was clearly disappointing relative to the significant investments made in it. Naturally, we considered this an option in our estimates.



Source: Solteq, Inderes

Life span of products and solutions



Source: Solteq and Inderes

Partners

Microsoft
Informatica
aws
Magento
HCL
IBM
Google
HubSpot
inRiver
Klarna.
Paytrail by nets
zendesk

Technology suppliers and cooperation partners

Subcontractors, talent resources

Services

- BI & Analytics
- Digital experience
- Digital marketing
- Software development
- Integration services
- ERP
- Support and maintenance services
- Store solutions and online stores

Products

New and large products:

Solteq Commerce Cloud product family
Utilities product family

Other products:

Dental & Care in Denmark
Car trade solutions in Finland
POS solutions in Finland

Business idea

Solteq is a Nordic IT service and software solution provider that specializes in business digitalization and industry-specific software.

SOLTEQ

- The business is divided into Retail & Commerce and Utilities segments
- Strong investments in own strengths and divestment of non-strategic businesses
- Traditionally a strong IT supplier in the retail sector and has built competitiveness in the energy sector, where the position is good in Finland
- Established position on Finland's IT service market
- International growth potential in industry solutions

Long term estimates

Retail & Commerce growth ≥ 8% and EBIT-% ≥ 8%

Utilities growth ≥ 15 % and EBIT % ≥ 18%

Competition

accenture
tieto EVRY
CGI

IT generalists

digia
GOFORE
SOLTEQ
SOLITA
VINCIT
SOFIGATE

Agile software developers

futurice
INNOFACTOR
Reaktor
netum
siili_
Witted
LOIHDE

Customer sectors

Manufacturing
Retail sector
Service sector
Energy sector

Cost structure*

676 employees on average (2022)
73 MEUR (2022)

Personnel costs *(61% of costs)*

Materials and services *(10%)*

Other operating expenses *(15%)*

Depreciation (6%)

Impairment (8%)

Income streams

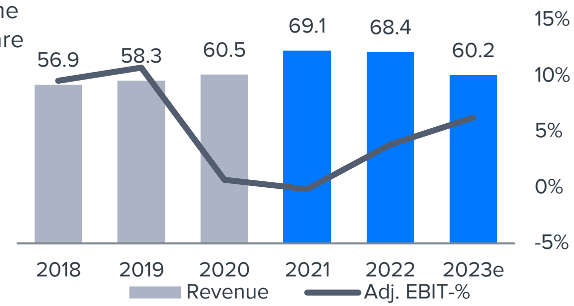
Revenue 66 MEUR
EBIT (adj.) 0.5 MEUR (2022)

Services + other software and hardware sales

71%

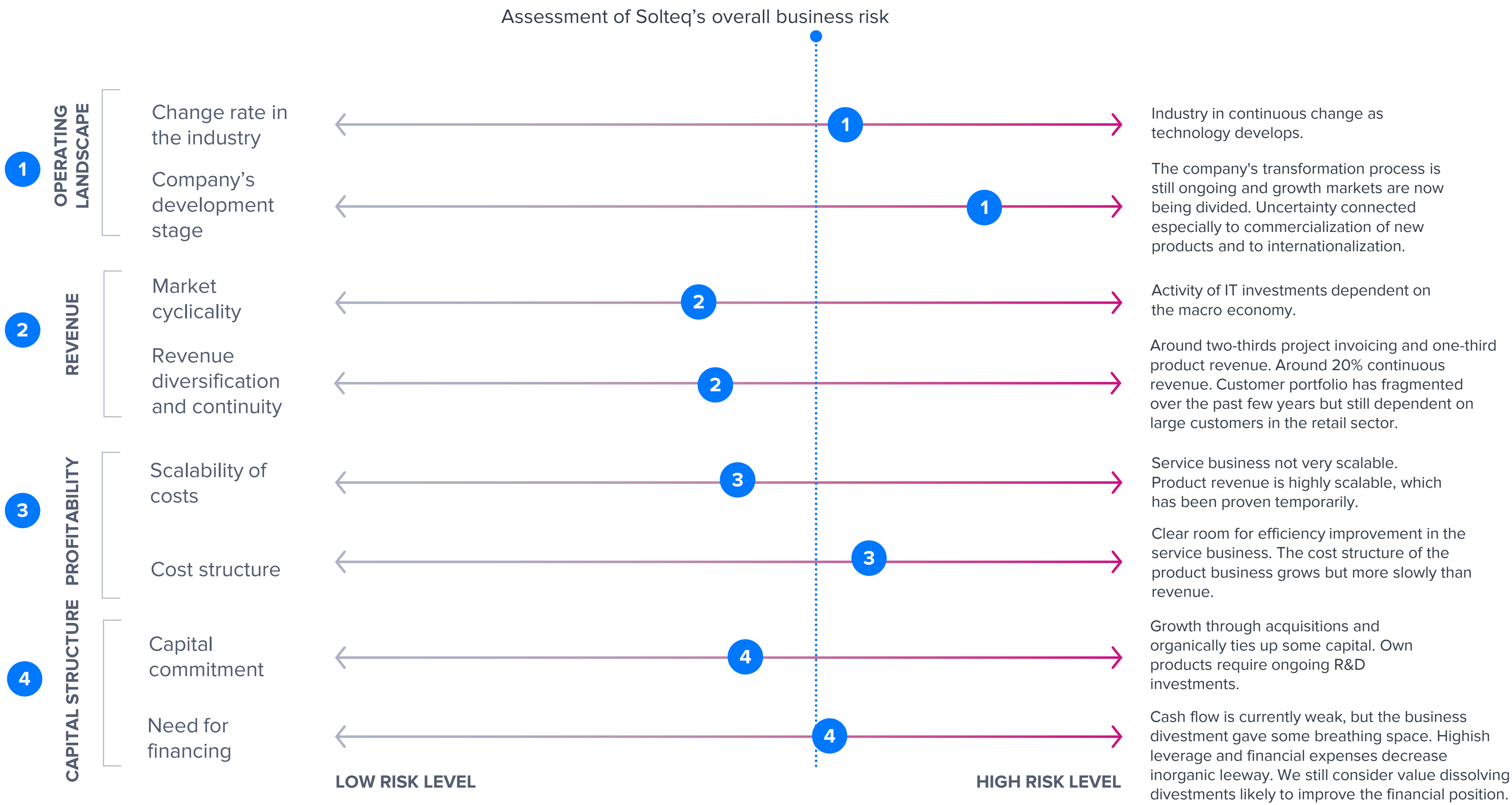
Recurring income from own software

19%



Source: Inderes, Solteq

Risk profile of the business model



Source: Inderes

IT service market 1/8

Large overall market

According to various research institutes, the size of the Nordic (Sweden, Norway, Finland, Denmark) IT service market was USD 25 billion in 2019. The Finnish IT service market has in turn been estimated to be divided into some EUR 3.5 billion private and some EUR 1.1 billion public sector. Even though the data point for market research is already several years old, it reflects the large market and room for growth for the listed companies we monitor. We believe the market has grown in recent years roughly in line with estimates, so we estimate the market size is around EUR 5.5 billion.

According to the definition of IT service markets, the market includes areas like IT consulting, software development services, integration and implementation services, outsourcing services, software maintenance and support, and IT infrastructure services. The definition of the IT service market and its euro-denominated size continues becoming obscure as the role of IT and technology continues rising from the engine room to the operational core in various industries because of digitalization. Thus, the operating field of IT service companies crosses paths with new parallel markets that have not conventionally been considered part of the IT markets. These include, for example, strategy consulting, transformation management and service design.

Market growth driven by digital services

According to various estimates, the conventional service areas are expected to grow by an average of 2-4% p.a. New digital services are expected to grow by as much as 10% depending on the area. Market growth is slowed down by decreasing demand for conventional infra and older generation software solutions. In addition, conventional IT systems are modernized, creating a rapidly growing area between the two.

By service area, according to our research, the areas growing faster than the market are cloud services, transformation management, data & analytics, and cybersecurity. Tietoevry expects cloud services to grow by 15%, data & analytics by 15%, core software by 10%, and automation and DevOps by 20%. In our opinion, Tietoevry is one of the best players to assess market development in the Nordic countries because the company has an extensive IT offering, and it operates in most customer sectors and has strong geographical presence in all Nordic countries. By customer sector, Tietoevry reported that it expects the health care sector to grow by an average of 5-6%, public sector by 4-5%, energy sector by 3-4%, the forest industry by 6-7%, and banking and payment solutions by 4-9% in 2020-2023.

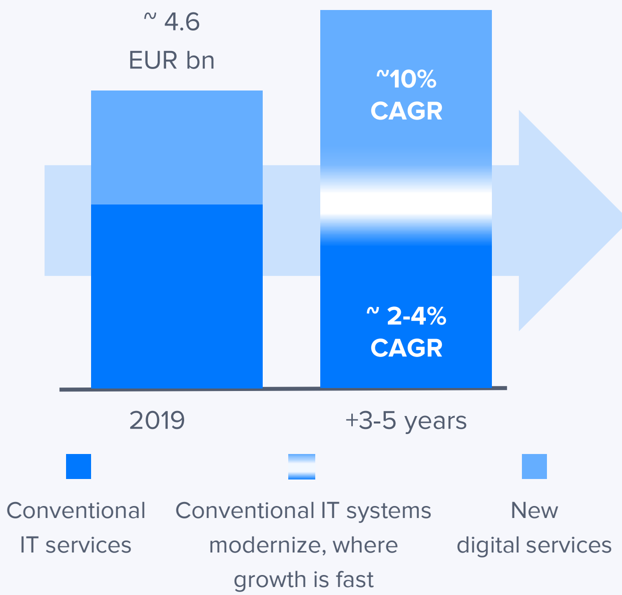
Solteq grew by an average of 9% per year in the 2010s. Organic revenue has been depressed by the revolution in the retail sector and acquisitions have supported growth. The change in Solteq's strategy and the structure transformed by M&A transactions have made the growth base wider, but this still requires proof of materializing.

Long-term growth outlook of the market

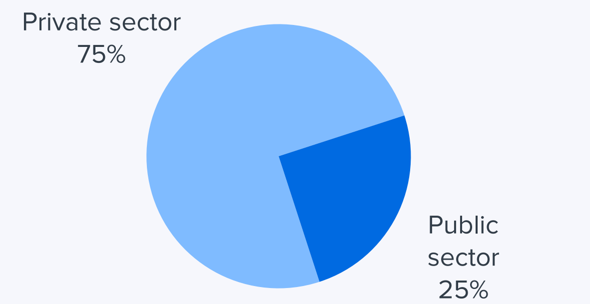
The digitalization of society requires a huge number of hands to build, integrate and maintain new applications, which means that the long-term demand fundamentals of IT consulting companies are strong.

Finnish IT market,
2019, EUR billion

Finnish market and growth picture



Market distribution by buyer group,
2019, % of the market



Source: IDC, Tutkihankintoja.fi

IT service market 2/8

Therefore, IT service companies offer investors a good opportunity to invest in the digitalization trend with the more limited risk profile of the service business. One can expect the market to grow more quickly than the macro economy in the long term.

Changing nature of IT investments divide the market

The continuously strengthening digitalization revolution launched a new era on the IT markets in the 2010s, which has redivided the market and generated new ways to operate on the market. Thanks to the digitalization revolution and accelerating technological change, IT purchases are changing, which requires IT companies to have the ability to adjust their offering constantly.

The shift on the market towards IT investments that create new business and differentiating factors that began in the 2010s continues as the quest for cost efficiency is no longer enough in the competition. This means that the IT buyer is often a business unit or product development not data administration or support function.

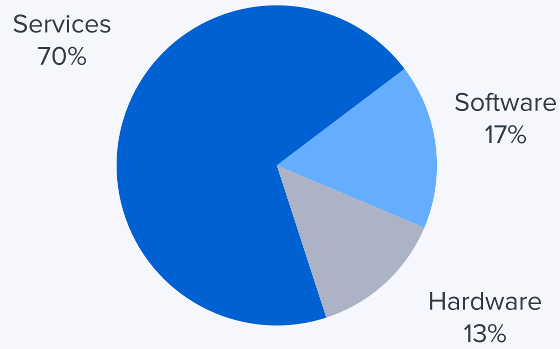
The desired expertise areas are increasingly linked to new digital services and less to background systems. The market revolution created strong growth potential for many original players of the new era (e.g. Futurice, Solita, Reaktor, Siili, Gofore and Vincit), that are profiled as developers of new digital services. Conventional players were initially slow to adapt their offering and culture to better correspond with the changing purchasing behavior and demand for service areas.

The change on the IT service markets in the 2010s can be illustrated in a simple way by dividing the market into new digital services that grow strongly and into the faltering traditional software system development. Dividing the market in two is, however, becoming irrelevant, as new digital services cannot be discussed separately from the core business systems.

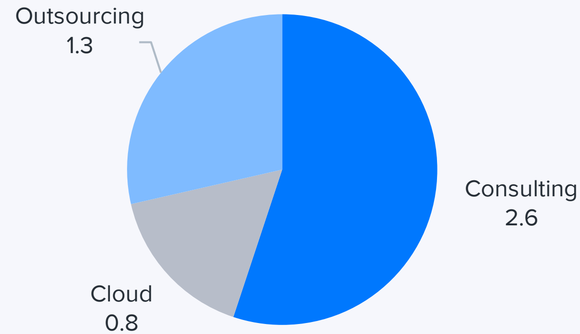
A clear trend on the market has in recent years been that IT purchases become more serious as the customer organizations have realized that you cannot get a short cut to digitalization by buying digital applications bypassing data administration. Organizations' established data systems will not disappear, but they must be modernized to work as platforms for new digital services. IT investments are directed at new functionalities that are built with interface solutions on top of existing systems. Correspondingly, this trend has restored competitive advantage to more conventional players, while many, primarily digital service developers that have succeeded mainly by acquiring talent, have been forced to reassess their strategies. As a result of increasing digital maturity in customer organizations, they have also become more demanding buyers and active in building their own software development teams.

As a result of the above-described revolution, the IT service market has undergone a considerable change over the past decade. Over the coming 10 years the change rate on the market will accelerate further and due to the complexity of technology and rapid development, it will become harder for companies to predict change. Thus, we believe that the ability of the companies in the sector to react and change will become increasingly important.

Finnish IT market,
2019, EUR billion



Finnish IT service market,
2019, EUR billion



Source: Radareco Nordic Outlook 2019

IT service market 3/8

Three different market areas

We have divided the IT service markets into three sections as follows:

Market for new digital services, that includes development of new digital services (tailored software development). This has been the strongest growing area on the markets that was practically born only in the past decade. Well-known players on the markets are, e.g., Reaktor, Futurice, Nitor, Siili and Vincit, in addition to which large IT generalists have also started investing in this area but have been late to the game. Characteristic for this market is a low threshold to enter the market.

Market for background IT systems and enterprise software, that includes ERP extensively and related systems covering primarily delivery, tailoring, integration and maintenance of firmware. Known players on this market in Finland include, e.g., Innofactor, Enfo, Solteq, Digia, Sofigate, Fellowmind, Vincit (after Bilot merger) and in particular IT generalists like Tietoevry and CGI. Market growth has been slow in this area and a high threshold to enter the market is typical. However, modernization of old systems has also created rapidly growing pockets in the market.

Market for IT platforms, that mainly covers infrastructure services (local, hybrid and cloud) and ICT outsourcing. This market has mainly been the strength of IT generalists (like Tietoevry, Fujitsu) and the threshold for entering the market is high because the market has required economies of scale and investments. As a result of the cloud revolution, a redistribution of the market is ongoing that has generated new quickly growing players (like Nordcloud) and many medium-sized IT consultants (like Gofore, Siili and Enfo) are also entering the field. This market has rapidly shrinking (local infra) and drastically growing (cloud platforms) areas.

Cross-cutting service areas of these three markets are, for example, data and analytics, integration, cyber security and robotic process automation. Solteq has strong data and analytics know-how and integration expertise in selected solution areas. The development of new digital services is characterized by low entry barriers, while it is harder to acquire background system expertise.

In recent years, the most visible trend on the market has been IT players striving to win over customers already when digitalization projects are being planned, as selling one hour of design work has translated into selling multiple hours of software development work. Many players seek a stronger position in the value chain by strengthening their consulting service expertise, in which case the IT supplier manages the projects and resources and does not merely deliver them. This trend has been visible as several acquisitions on the market. In addition, many IT consultants try to expand into strategy level consulting, granted with varying degrees of success.

Another clear trend for the players in this sector is the life cycle approach, as many new players now try to build the ability to offer software maintenance. Customers' purchases continue to shift from software development projects towards continuous software development, which changes the nature of the markets.

Common for the strategies of all medium-sized and large players is also a strive towards the position of a more business critical partner for the customer. The know-how and offering of small software developers does not in this case reach deep enough into the customer's IT systems and processes. This development may accelerate market consolidation.

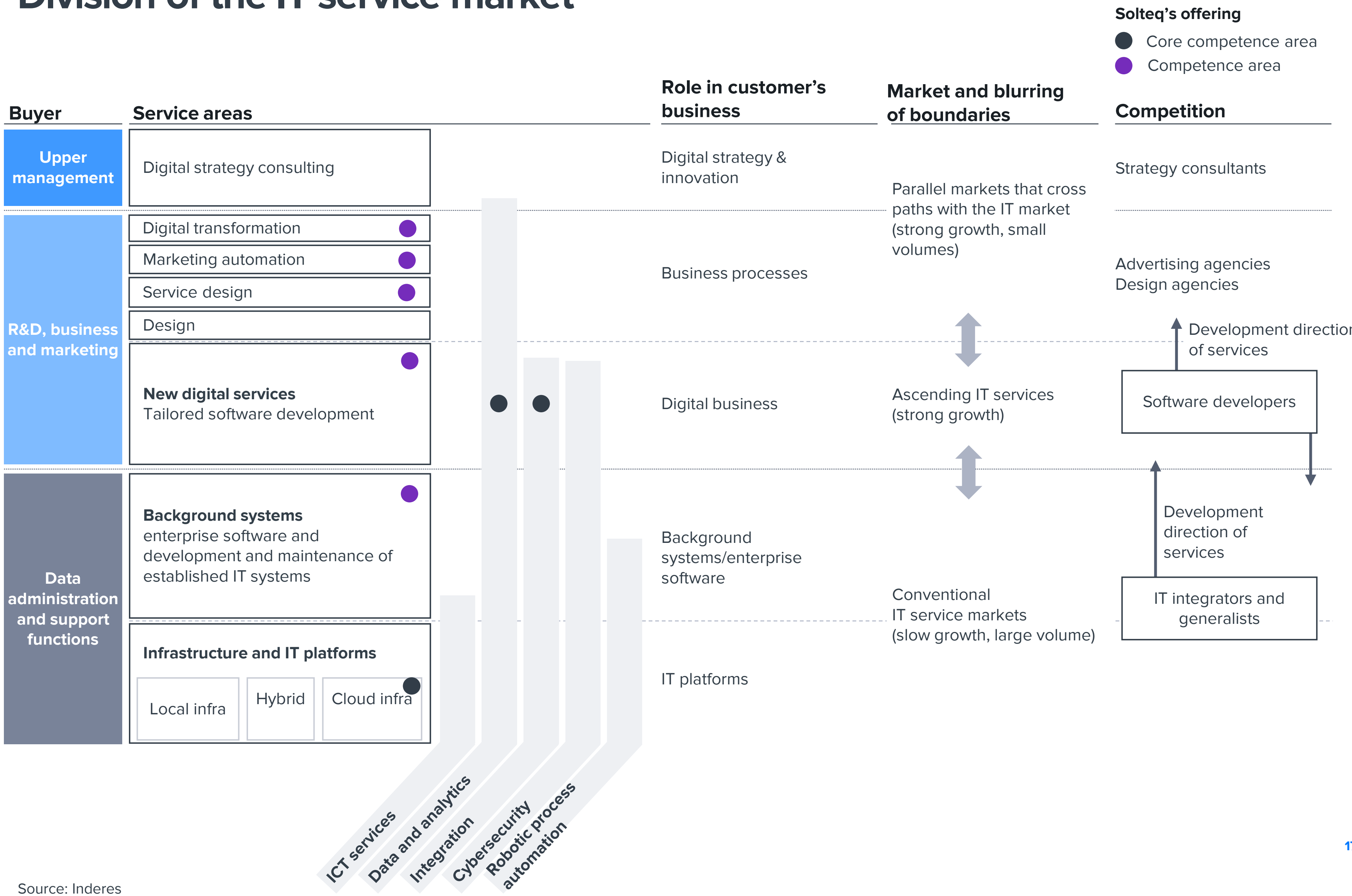
We believe the Finnish IT service market is strongly developing in a direction where the paths of conventional and new players cross and the boundary between new and conventional IT continues to blur.

Background system expertise makes a comeback and one must know how to utilize related data

The strongest demand on IT markets has for years been in developing digital services and in software development that is still quite experimental by nature. According to our view, the market has, however, in recent years moved to a stage where one must be able to integrate new digital services and especially related data more tightly with the customer's background systems to get full business benefits from the new solutions.

Customers also have increasing needs to modernize their background systems because an old ERP system may act as a break for the development of digitalization solutions. Thus, the nature of the ERP market that has suffered from slow growth for a long time will change, and the market is clearly picking up. The importance of integration and data expertise also becomes emphasized.

Division of the IT service market



Source: Inderes

IT service market 4/8

This development has offered a growth opportunity from Solteq's viewpoint and positioned the company in an interesting position on the markets, as the company's background system and integration know-how especially in the energy sector and retail sector is strong.

In background systems and maintenance, the competitive landscape is much more stable, the entry barrier is higher and customer relationship are long lasting. It is also difficult to build the capabilities required for background systems. This trend towards a life cycle approach is one challenge for pure digital service developers in the competition with generalists and Solteq.

Trends in organizations' IT purchases

According to our view, the digitalization revolution will drive customers' purchasing behavior towards the following trends, where there are both winners and losers:

Data and analytics is one of the hottest trends on the market. Data is becoming a strategic competitive factor in several industries and the precondition for AI solutions. Many players have put it at the core of their strategies. The challenge for customers is to combine data from silo-like data administration throughout the organization to marketing and business management. IT companies that have a combination of understanding in analytics, machine learning, and business are the winners.

Cyber security is still a relatively small share of IT service suppliers' offerings but like data it is becoming an increasingly strong competition factor. Buyers focus increasingly on cybersecurity, and a lack of this expertise is a clear reputation risk for suppliers. The geopolitical situation has further increased demand. Several companies in the sector are currently investing in their security capabilities.

Automation and robotic process automation are also becoming more important as service areas. Automation enables increased productivity, flexibility, scalability, and improved quality, as well as a customer experience without large and expensive system projects. Several companies in the sector have developed or acquired this expertise (e.g. Digital Workforce is an industry pioneer).

Building **subcontractor networks** is one of the clear trends of recent years. Companies partly patch-up their recruitment needs this way and increase flexibility.

Building **nearshore** capabilities has been a clear trend in recent years. With COVID, telecommuting has enabled this more widely. However, the cost level (wages) in nearshore countries has also increased but is still lagging behind the Nordic countries and this is one way to solve the lack of experts.

Very little direct or indirect effects **from the war in Ukraine** have been seen on companies' business, only in Tietoevry's business. The virtually elimination of capacity from Russia and Belarus and the reduction in Ukrainian capacity has increased demand for other European countries. Large organizations have also begun to weigh their purchasing decisions outside Europe more closely.

User orientation and the customer experience continue growing. Rising areas include, e.g., digital service design, design and customer experience. Know-how in these areas will become the biggest competitive factor when selecting IT suppliers. Many players have patched up this area through acquisitions. Creative, design-centered players have been the winners.

The IT market still does least of what is talked about most. The volume of services related to the most visible terms (VR, AR, IoT, NLP, etc.) is still small on a sectoral level. These are, however, likely to become considerable service areas over the next five years.

The market for **artificial intelligence (AI)** has been growing rapidly in recent years and is no longer just a buzzword. Recently, the market has taken quick leaps, e.g., in the field of technologies like ChatGPT and almost all actors are trying to exploit AI.

Low-code and No-Code software development has become increasingly common in recent years. The development can be seen as partly disrupting conventional "easier" software development when software development can be done with a low number of or without any codes. However, it contributes to technological development, which companies have to adapt to and learn to utilize, which enables spending time on developing more challenging and better solutions.

Cloud revolution still divides the market. Customers' IT operations are moved to the cloud at an accelerating speed due to the benefits, and because it is often a precondition for new digital business models. Players with strong cloud technology expertise are the winners. The big losers are players in conventional local IT infrastructure.

Conventional reselling of software licenses moves to the cloud and software companies try to take over a larger share of the value chain when moving to SaaS models. License commissions of resellers have decreased in recent years. Players that are dependent on license reselling are the losers. Customers are the winners.

IT service market 5/8

Customer organizations becoming silo-like will be a challenge for IT company sales. In addition to data administration, the IT buyer is increasingly marketing or product development, but building of a digital business requires cooperation between these areas and the ability to manage the whole. Players that manage large entities and who can address the customer's management and marketing are the winners.

The importance of **cheaper offshore resources** as a competitive factor constantly diminishes as it is hard to generate new digital services reliably, fast enough and cost efficiently with offshore resources. Robotic process automation weakens the competitive advantage of cheap labor. In addition, the price advantage of offshore has decreased with higher wage inflation. This will restore the cost-competitive advantage of IT expertise to Europe. Players whose competitive edge has been based on offshore cost efficiency are the losers. Players who can combine local presence with sufficient cost efficiency by utilizing nearshore resources are the winners.

Large, multi-year high-risk ERP implementation projects (SAP, Oracle, IBM) are no longer carried out to the same extent and the nature of the market changes. Established ERP systems will not disappear from customers, but they will remain in maintenance mode by existing IT suppliers, and they will be moved to the cloud. Companies invest in modernizing ERP systems so that they do not become a bottleneck for digitalization projects. Generalists dependent on large projects have been the losers. Smaller players that have integration expertise are the winners.

Buying IT as large projects decreases further and moves towards smaller, iterating processes and continuous development. Slowly reacting project organizations are the losers. Players that have expertise in agile production, the ability to manage the services of several suppliers, and the ability to generate continuous services are the winners.

As business-oriented purchasing becomes more common, IT companies seek new value production based and more scalable pricing models to break their business model away from poorly scalable sales of expert resources.

IT investments shift from investments that make the customers' business support processes more efficient towards core business processes or investments that improve the end product itself. Players that have conventionally served business support processes and ERP stakeholders are the losers. Developers of new digital service with technological know-how, expertise in background systems and business savvy are the winners.

Ownership of customers' IT budgets becomes blurred and moves from a CIO role more towards the role of business directors and marketing. Players that understand the customer's business and industry are the winners.

Lack of experts, wage inflation and customer prices are the nut to crack in the sector

According to our view the chronic lack of experts and stronger wage inflation than customer price increases is one of the key medium- and long-term challenges for the sector. It becomes increasingly difficult over time to solve this equation through continuously improving efficiency. In particular, at senior level, companies must be able to distinguish themselves with other factors than pay related ones. We believe these factors include, e.g., interesting customer projects and a good work environment for career development.

Companies must also be able to retain employees and minimize attrition. In recent years, the sector has tried to solve the lack of experts by increasing and building outsourcing networks.

Based on discussions we have had with various companies, wage inflation has been between 2% and 6% in recent years depending on emphasized skills. Tietoevry's wage inflation averaged 4% in 2022, which is lower than the sector's other comments. In 2023, Tietoevry expects wage inflation to be on average 4-5%. In the shorter term, the slowdown in demand could curb wage inflation, as in a weak economic environment attrition typically decreases, but at the same time high inflation creates additional pressure on pay raises. This is partly controlled by using geographically cheaper workforce, which is not, however, a sustainable solution for the problem in the long run. Gofore's collective agreement where wage increases are linked to the development of organic growth and profitability, seems to us to be one of the ways of controlling wage inflation.

The development of customer prices has for years been 0-2% based on sector comments and thus clearly more modest than wage inflation. Personnel costs represent roughly two-thirds of costs in the sector and thus comparison with wage inflation is not one-to-one, but the effect is still negative for nearly all players in the sector. As a rule of thumb, customer prices are higher in the private sector while contracts in the public sector are conventionally long and thus offer continuity and predictability which enables better management of billable utilization.

IT service market 6/8

In the short- and medium-term, wider use of junior resources would solve the lack of experts, alleviate wage inflation, and increase efficiency. Wider use of nearshore working would also solve the lack of experts in the short term and could curb wage inflation in the companies. In the medium and long term also those who can generate added value for customers and thus raise customer prices will be winners.

Features we expect from future market winners

The clearest winners on the IT markets in the past five years have been companies specialized in developing new digital services that have been particularly successful in the competition for talent. The market for digital services has now reached a clearly more mature stage and the next battle will also be outside pure talent competition. In our view, the sector's success factors change and the winners in the next five years will be:

Companies capable of continuous renewal. The IT service market is sort of in a constant transformation. Reacting to these changes and recognizing them in advance is crucial for one's success. In an accelerating technological change, experts' ability to change also becomes key. Failure in this renewal exercise would directly affect current customer relationships, acquisition of new customers, relative competitive position, and thus long-term value creation potential. We believe that sustainable competitiveness of the IT service market must be built on constant ability to change.

We believe that companies that **are better able to combine junior resources** will grow more strongly and profitably. A god example of this is the Danish IT service company Netcompany. Wider use of junior resources in Finland would to some extent also require a change in buyers (away from the CV model to buying solutions).

Owners **of strong customer relationships** with a strategic partner role among customers, a strong sales machine and the ability to manage large IT projects and scale operations through a strong subcontractor network. Small players that hold the role of subcontractor and that have focused more on talent competition that on customers are weak when the macro market weakens.

Companies with strong integration and background system expertise and the ability to provide maintenance and continuous services. Strong maintenance players are also strong when the market weakens. This is the weakness of many medium-sized digital service developers.

Companies that can build a dynamic organization model that has the agility to react to a rapidly developing market. Many companies in the sector suffer from inefficient, inflexible, hierarchal, and silo-like organization structures, which makes renewal difficult when the market changes.

Data and analytics are becoming an increasingly critical part of the delivery and an ability to generate added value for the customer and competitive advantage for the supplier. The role of the service area is already important but becoming even more important and also enables wider and more efficient use of AI and machine learning.

Sources of competitive advantage in the market

- Ability to renew
- Ability to react
- Life cycle offering
- Hot expert areas:
  - Transformation ability
  - Data utilization
  - Cyber security
- Agility and speed
- Experts' abilities (CV)

Added value in the market

- Digitalization and digital transformation
- Business approach
- Developing new business
- Data utilization

Source: Inderes

IT service market 7/8

Acquisitions and consolidation continue in the sector

Consolidation of the IT service sector was active throughout the last decade and has continued as surprisingly lively despite market uncertainty. However, we believe many companies in the sector would have preferred to continue more active inorganic growth as well and put strong balance sheets into productive work.

In the big picture, most companies in the sector have a high interest in M&A transactions. Consolidation is driven by the desire to expand the expertise portfolio, geographical expansion and increase supply capacity. We believe, however, that most companies in the sector do not have a critical need for acquisitions, and the need is driven by other issues, like strategic objectives. Growth alone is a relatively 'poor' reason for acquisitions and, in our view, the greatest benefit will come through the expansion of the expertise portfolio, which will strengthen competitiveness and generate revenue synergies. For an acquisition to be successful it is important that strategies and cultures are compatible.

Most companies in the sector have strong balance sheets and virtually all have healthy profitable businesses, which consistently generate good cash flow and further strengthen the balance sheet. Of course, it is possible to use own shares and many companies have also utilized this option. However, the valuation level of several companies is currently relatively low and the use of own shares does not offer the same opportunities for creating shareholder value.

We believe using leverage in acquisitions remains a good option, even though interest rate levels have risen considering the strong balance sheets and companies' strong cash flow. A moderate leverage would also improve equity efficiency.

Capital investors are also still active and building IT expert houses. A couple of years ago Triton acquired HiQ that was listed in Sweden In addition, several capital investors have continued consolidating smaller IT service companies.

As the market for digital service development is becoming more mature and the various areas of the IT market become integrated, a broader consolidation is likely as was seen in the Tieto and EVRY, and the KnowIT and Cybercom mergers.

An interesting scenario could be to combine two players in the mid-market to better challenge large generalists like the merger of Bilot and Vincit. In our view a merger should have clear revenue synergies and factors that strengthen competitive advantages. We believe there are unlisted players on the Finnish market whose expert focus, geographical presence and customer portfolio would fit in well with listed players. In terms of Solteq's value creation over the next 10 years, being successful in the product business and especially Utilities is, however, essential. We also consider new smaller divestments highly possible.

Clear expert areas that in recent years have been acquired to strengthen the offering include consulting, transformation management, data and analytics, and automation expertise utilizing robotics. Cybersecurity is on the wish list, but we suspect that the valuations of the acquisition targets limit transactions. Transactions have also been carried out for delivery capacity, but especially at the moment, in an easier recruitment market, companies are more cautious about making arrangements simply based on capacity.

	Digia	Gofore	Innofactor	Loihde	Netum	Siili	Solteq	Tietoevry	Vincit	Digital Workforce	Witted
Interest in transactions	4	4	3	4	4	4	3	4	4	5	4
Need for transactions	2	3	2	2	2	3	2	1	2	4	2
Balance sheet enables acquisitions	3	5	2	5	2	3	2	3	4	5	4
Interesting acquisition target	2	3	3	2	3	2	4	1	3	4	2

1=lowest, 5=highest.

Source: Inderes' estimates

IT service market 8/8

Comments based on latest earnings periods

Company-specific Q1 figures for the IT services sector are seen in the table on the right. Key comments about the sector in the latest quarter are:

- Organic growth accelerated slightly in Q1'23 and was 10% (Q4: 9%), although the sector still reported uncertainty in customer demand.
- Profitability in Q1 was good (median 9%) and at Q4 level. Profitability exceeded expectations for most companies in the sector.
- Attrition has continued to fall and is already approaching normal levels (~10%) for most companies to our understanding.
- A summary of the entire IT service sector for Q1 can be read here.

Short-term outlook for the sector

Company-specific 2023 estimates for the IT services sector are seen in the table on the right. Key findings on the short-term outlook:

- We expect customer demand to remain quite good overall in the short term, but the geopolitical situation and economic uncertainty have also increased the uncertainty in the IT services sector, especially among private sector customers.
- In the big picture, it can be said that competition has shifted from experts to customers for the first time in several years. However, we expect this to be temporary.
- In the current environment it may be difficult to push through price increases and those who made them last year are well positioned. Now, we believe that prices are temporarily even falling due to tighter competition in some areas, such as software development.
- Attrition is starting to be at good levels in the big picture and will not support profitability in the same way anymore, especially Q/Q.
- Declining attrition and uncertainty in customer demand are likely to curb the strongest wage inflation. We also expect wage inflation to moderate to somewhat in the short term at sector level, following the wage increase based on collective agreements this spring. In some companies, attrition even reduces wage inflation.
- Toward the end of the year, profitability will be countered by the wage increases of April . Q2 has one working day less, limiting profitability.
- This year, success in sales is critical to growth and naturally the companies that already have invested in this hold a strong position.
- Over the past few years, the public sector has become a very attractive market due to healthy, predictable and growing overall demand. Although the formation of the government may temporarily affect new competitive tendering, the big picture of the market remains attractive for suppliers.
- Different salary models are a strength when recruiting the more experienced end of the spectrum, because professionals value different things. Many have also recruited younger talent to tackle talent shortages and wage inflation.
- Subcontracting provides valuable business flexibility in the prevailing customer uncertainty.

Q1'23	Growth, %	Organic growth, %	EBIT % adj. Q1'23	EBIT % adj. Q1'22
Digia	18%	11%	9.7%	12.1%
Gofore	39%	32%	16.9%	14.4%
Innofactor	19%	11%	8.8%	8.2%
Loihde	13%	-2%	-6.1%	2.5%
Siili	15%	10%	9.4%	11.9%
Solteq	-12%	-14%	-1.0%	7.0%
Tietoevry	2%	8%	12.3%	12.0%
Vincit	59%	10%	8.6%	10.4%
Witted	48%	19%	-0.9%	3.2%
Average	22%	9%	6.4%	9.1%
Median	18%	10%	8.8%	10.4%

Source: Companies and Inderes.

	2023e (after Q1 report)			2022
	Growth, %	Organic growth, %	EBIT % adj.	EBIT % adj.
Digia	11%	7%	10.3%	*9.2%*
Digital Workforce*	19%	17%	3.2%	*-7.0%*
Gofore	28%	20%	15.0%	*14.5%*
Innofactor	12%	8%	7.6%	*7.1%*
Loihde	13%	3%	6.6%	*3.2%*
Netum*	23%	10%	10.4%	*8.7%*
Siili	12%	8%	10.0%	*9.8%*
Solteq	-12%	-1%	-0.1%	*0.7%*
Tietoevry	3%	7%	13.3%	*13.0%*
Vincit	27%	7%	8.4%	*6.1%*
Witted	36%	17%	1.0%	*0.5%*
Average	15.6%	9.3%	7.8%	*6.0%*
Median	13.0%	8.0%	8.4%	*7.1%*

Source: Inderes, *after H2, Gofore's estimate after April's business review

Solteq's relevant customer market

The relevant energy market for Solteq

The research company Gartner predicted that during 2022, over EUR 1.3 billion will be invested in software solutions in the Nordic energy sector and about EUR 2.2 billion in IT expert services. According to Gartner, investments in the digitalization of the industry will continue to grow in the Nordic countries and reach about EUR 2.3 billion in software solutions and about EUR 3.2 billion in IT expert services in 2025. Thus, market growth is not limiting Solteq's growth. In the Nordic energy sector, demand for software solutions and expert services is boosted by changes in industry regulations, the transition to renewable energy sources and opportunities created by emerging technologies for business efficiency.

In Finland, Solteq already has a good position. However, in Sweden and Denmark, the market is now being divided and the company needs to complete the product and be successful in sales to win market shares. This is critical since if the company fails now, the market will only "open" after several years (+5 years), because contracts are long, and the customer is unlikely to change suppliers during the contract period. The Swedish market is about 3 times larger than the Finnish market, which reflects the huge potential if the breakthrough is successful.

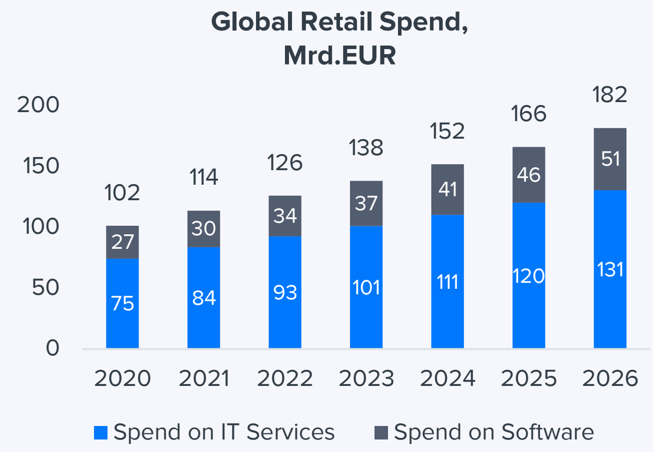
In Finland, it is important for the company to succeed this year in the large Helen delivery, which would be a good reference. To our understanding, CGI or Tietoevry were not successful in this customer relationship.

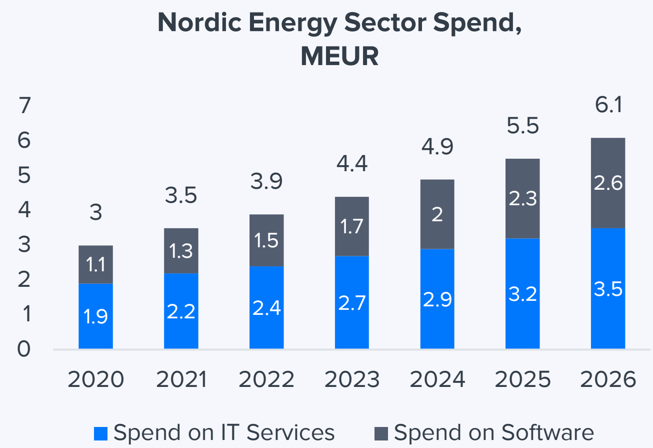
The retail and service sectors relevant to Solteq

The research company Gartner predicted that during 2022, around EUR 550 million will be invested in software solutions in the Nordic retail and service sectors and about EUR 1.9 billion in IT expert services. According to the research company, investment needs will increase in the Nordic countries to about EUR 800 million in software solutions and EUR 2.9 billion in IT expert services by 2025 as digitalization progresses and consumer behavior constantly changes.

According to Solteq, uncertainty still has a negative effect on demand for the Retail & Commerce segment in the short term, although the decline has stabilized from H2'22. In 2023, Solteq expects the Retail & Commerce segment's market outlook to remain reasonable.

In Finland, the company already has a good market position thanks to its long history, although there is still clear growth potential. In Denmark, the company received a good reference last year with its POS product from Royal Arena, where events for up to 16,500 people are organized. Solteq is now seeking to utilize this momentum. In Sweden, the company delivered more of the recently sold LS-retail solutions, and thus it can take more time to grow new business there. The Retail & Commerce market differs from the Utilities market in that the market is always open.





Source: Gartner

Sector acquisitions in the Nordic countries

Recent acquisitions in the IT service sector in Nordic countries

Date	Buyer	Target	Revenue MEUR	EBITDA MEUR	EBITDA %	Personnel	EV MEUR	EV/Sales	EV/EBITDA
04/23	Azets	Solteq’s Microsoft and Retail businesses	11.2	1.5	~13 %	60	15-20	1.3x-1.8x	10x-13x
02/23	DNV Group	Nixu	60.2	2.4	4%	393	98.0	1.6x	41x
01/23	Netum	Studyo	1.3	0.1		14			
01/23	Investcorp International	Eficode Oy	150.0			600			
11/22	Solteq	S2B Energia Oy				10			
11/22	Loihde	Onrego	7.1	0.5	7%	30	4.3	0.6x	~9x
11/22	Gofore	eMundo	~8	0.8	9%	96	8.0	~1x	~8x
10/22	Digia	Avalon	2.4	0.4	15%	24			
10/22	Siili	Haallas	5.8	0.9	~15 %	>50	3.75-9.0	0.6x-1.6x	4x-10x
09/22	Witted	Nexec Oy	12.8	0.7	5.8%	80	8.3-12	0.7x-0.9x	11x-16x
07/22	Vincit	Bilot (merger)	30.5	0.6	2.1%	195			
06/22	Digia	Productivity Leap Oy	5.5	1.2	22%	35			
06/22	Innofactor	Invenco Oy	6.3	0.4		50	3-7	0.5x-1.1x	8x-19x
06/22	KnowIT	Marketing Clinic Oy	10.5			60	8.5-10	1.0x	
05/22	Pinja	Oiwa	2.1			25			
04/22	Digia	MOST Digital	3.0	0.0	0%	34			
01/22	Gofore	Devecto	10.7	2.0	19%	130	21-26	2.0x-2.4x	10x-13x
01/22	Solteq	Enerity Solutions Oy	2.2	0.3	~15 %	>20	4.5	2x	15x
11/21	Norvestor	Pinja	40.0			450			
11/21	HiQ	Lamia	8.3	2.7	33%	90			
10/21	NetCompany	Intrasoft International S.A.	197.0	18.0	9%	2800	235	1.2x	13.1x
10/21	Netum	Cerion Solutions Oy	3.6	0.5		38	6-7.1	~1.8x	9x
10/21	Bilot	Motley	4.1	0.2		40	5.1	1.2x	26x
09/21	KnowIT	Capacent (management consulting)				50			
08/21	HiQ	Advicon				25			
08/21	Advania	Visolit				1200			
05/21	eCraft (Fellowind)	Project-IT	12.0			30			
05/21	Eficode	Beecom (SUI)	10.0	1.5	15%	58	10	1.0x	6.7x
05/21	Loihde	Talent Base Oy	7.4	1.1	15%	58	10	1.4x	9x
05/21	HiQ	Scandio (GER)				100			
05/21	KnowIT	Cybercom				1200			13x
04/21	Vincit	Bonsky Digital	2.7	0.2	7%	30	2.7-3.0	1.0x-1.1x	13x-15x
03/21	TSS	Innofactor's Prime business	>2			15			
02/21	Aucerna	TietoEVRY's oil and gas business	~50			430	155	3.2x	
02/21	Solteq	Partiture Oy	2.4	1.0	40%	16		1x	2x-3x
02/21	Gofore	CCEA and Celkee Oy	5.6	1.2	21%	50		1.1x	5.1x
12/20	IBM	Nordcloud	80.0			490			
12/20	Digia	Climber (SE, FI, DK, NED)	13.8	0.7	5%	77	8-14	0.6x-1.0x	12x-20x
12/20	Siili	Supercharge (Hungary)	9.0	2.1	23%	115	17	~1.8x	~8x
08/20	Triton	Hiq	~180	~25	14%	1500	~340	1.9x	13.6x
08/20	Bilot	CastorIT	7.3	0.9	12%	60	8.8	1.2x	10x
08/20	Gofore	Qentinel	12.0	1.7	14%	100	8.9-10.9	~0.9x	~6.4x
08/20	Pinja (Protacon)	PiiMega							

Competitive landscape 1/5

Competitors on three levels

Following the fragmented structure of the Finnish IT service market the competitive landscape is also fragmented. At the top level we feel the competitive field can be divided into three layers.

The first layer is international IT generalists whom according to different market sources hold a market share of around 50%. Such global giants include, e.g., Tietoevry, CGI, Fujitsu, Accenture and CapGemini. The second layer is suppliers with revenue of around EUR 20-150 million and their combined market share is estimated to be around 30%. The third layer and thus the tail-end of the market includes smaller solution houses that employ less than 200 people.

Solteq's competitors

Solteq's competitors are large, often international IT generalists and smaller software developers. Of the generalists, CGI and Tietoevry are faced most often. Of smaller software developers the most common competitors the company faces are Vincit and Digia that also has strong background system and SAP/ Microsoft know-how. In addition, key competitors in digital solutions include, e.g. Futurice and Gofore. In some smaller technologies, like Magento solutions, the main competitors are often small, specialized players. In the big picture, Solteq does not have an extensive group of medium-sized competitors typical for an IT service company due to the company's strong focus on the retail sector. Depending on the product area and the customer's size class, the company competes with small, specialized players or international IT generalists. Among large retail sector customers, Solteq also competes with the customer's own internal IT. When trying to grow into new product areas that are internationally large the company will also face new local players.

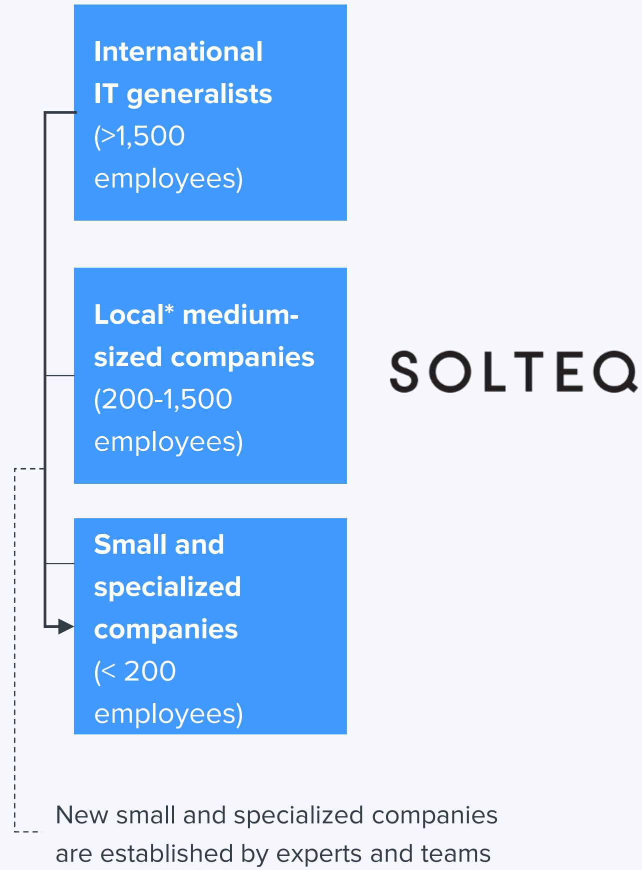
In the Utilities market, the main competitors in Finland are Hansel and Empower. Tietoevry and CGI also continue to consult in Finland. There is no global competition in the Utilities market in the Nordic countries yet because the market size is still small. This provides opportunities for operators like Solteq to grow to a much larger size.

Various ways to combat the scale of big players

We feel the clearest strengths of large IT generalists are extensive resources and offerings, which are often strengthened with cost-efficient offshore production.

The customer and industry portfolios of these players are typically extensive. Customer and industry understanding is also often deeper than for smaller players. Strong background system expertise lies at the core of IT generalists genetic ancestry.

Dynamics of the competitive landscape



*There are also international or internationalizing companies among medium-sized companies like Gofore, Siili and Vincit
Source: Inderes

Competitive landscape 2/5

In practice this means that the solutions of these companies are both very business critical and established from the customer's viewpoint. In addition, these background system deliveries are also technically very challenging and high-risk projects, which raises the threshold of market entry. The key sources of competitive advantages of IT generalists can in our opinion be summarized as large resources, the costs the customer faces if changing suppliers, and high thresholds to enter the market.

In Solteq's size class, companies generally need some expert spearhead next to agility to be competitive against large generalists, like Solteq's industry focus in the retail and energy sectors. Smaller companies also break into customers through some other buyer than IT management by selling digitalization solutions, for example, directly to the business. Thus, smaller companies do not necessarily ever face the customer's established system supplier in competition. Large generalists often operate in slightly different areas. In recent years, the biggest players in the sector have, however, started strengthening their abilities in the development of new digital services, which has made the competition tighter (e.g. more overlapping).

Because the revenue model in the industry is capital light and personnel intensive the thresholds to enter the industry are also low in general. Many new payers on the IT service market have been born when experts that have left established IT generalists have founded their own companies. We believe the biggest weakness of smaller players is that they often get stuck in the value chain and must serve end customers only as a part of the value chain. Therefore, small companies are not necessarily able to offer ambitious experts interesting career paths which also makes it more difficult to grow the business and improve the company's position in the value chain. In the competition for experts the key assets of small companies are usually cultural.

Competitive advantages are constantly being built

Despite the good growth outlook in the industry there is a lot of competition as there are several suppliers on the market, and, as stated before, the thresholds to enter the market are low. We also believe that the preconditions to stand out merely with technical skills and individual point solutions are small. In the long term, we believe competitive advantage must be built based on more extensive skills that aim at strategic partnerships. This in turn requires that the company's operations offer continued dynamism, flexibility, and renewal ability. To be successful in the long term, we believe companies must be able to read the development of both technologies and customer needs and react to these changes by building their own capabilities.

Considering this, we believe that building truly sustainable competitive advantages is structurally hard. We do not, however, consider this to be a barrier for long-term value creation.

Solteq's competitive factors

Strengthening factors

- Strong retail and energy sector focus that supports the service and product business
- Ability to deliver projects that cover the entire IT life cycle vs. small players
- Industry-specific software, in small and medium-sized customers
- Nearshore capacity, compared to other medium-sized and small

Weakening factors

- Narrower offering vs. generalists with extensive offshore resources, extensive offering and ability to deliver large high-risk projects
- Several small players as challengers, several service areas have a low entrance threshold
- Industry-specific software still mainly for smaller customers
- Still relatively focused on the retail sector even though headed for more diversified customer portfolio

Source: Inderes

Competitive landscape 3/5

Growth and profitability of the peer group

The figure on the following page examines the growth and profitability of listed and unlisted Finnish and other Nordic IT service companies as does the table on page 28. The comparison also includes some US players that operate globally and play an important role in the European market, as well as Kainos from Great Britain. For some companies we have not yet received 2022 figures.

The annual average growth of the peer group has been around 21% in 2018-2022, which is explained by market growth, the fast organic growth of many players and acquisitions. The companies that have grown most strongly have expanded both through acquisitions and organically. Solteq has shaped its offering more through small acquisitions in recent years than accelerated growth. In addition, Solteq has also divested larger business activities, which has slowed down growth. Strong organic growers have been, e.g., Witted, Luoto, Gofore, Sulava, Siili, Vincit, Futurice, Netum, Reaktor, Bouvet Netcompany. Growth has been slowest for the largest players that have suffered from the market revolution (like Tietoevry and CGI).

When examining growth, you can see that small, specialized players have clearly reached the fastest growth on the Finnish IT markets. This reflects the faltering of the demand for conventional system development, and IT demand focusing on new areas to which smaller and more agile players have been able to respond more efficiently. Over the past few years many formerly small and agile players have, however, already grown relatively into a larger size class and maintaining the growth rate is becoming more challenging, which was visible as slowing organic growth in 2019-2021. A company that stands our clearly is the Danish Netcompany that despite its nearly 5,000 experts (now 7,400) was able to grow organically in its service business by ~20% p.a. and generate an EBITDA margin of over 25%. In addition, Gofore's organic growth has even accelerated in recent years.

In terms of profitability, the average for the peer group is 11% measured by EBITDA % at an annual level in 2018-2022 (2017-2021: 12%). On average, the profitability of the companies is on a healthy level. The IFRS-16 amendment raised the EBITDA margins of companies using IFRS accounting by some 1 to 3 percentage points starting from 2019 (more moderate effect when examining averages). This weakens comparability with the period preceding 2019, and especially with companies using FAS accounting. In the IT service sector, we have considered an EBITDA level of over 10% to be a good profitability level (excluding the IFRS-16 effect). Companies should not be satisfied with single-digit profitability levels. Large generalists Tietoevry and CGI have generated good profitability despite slow growth, which is based on their strong market position and software business.

By comparing the combination of profitability and growth over the past few years, a few players stand out above the rest. The stars include Finnish companies Gofore, Solita, Sofigate, Netum and Reaktor, Danish Netcompany, Kainas from Great Britain, Norwegian Bouvet, as well as Globant, Endava and Epam from the US.

Growth drivers

Long-term

- Digitalization will accelerate and grow the market
- IT will become more of a key area of companies' business and strategy
- The definition of the IT service market becomes broader
- Internationalization and increasing nearshore
- Acquisitions

Short-term

- Increasing customer prices
- Recruitment - employee image, low attrition
- Improving efficiency through billable utilization and/or process efficiency
- Increasing subcontracting
- Acquisitions

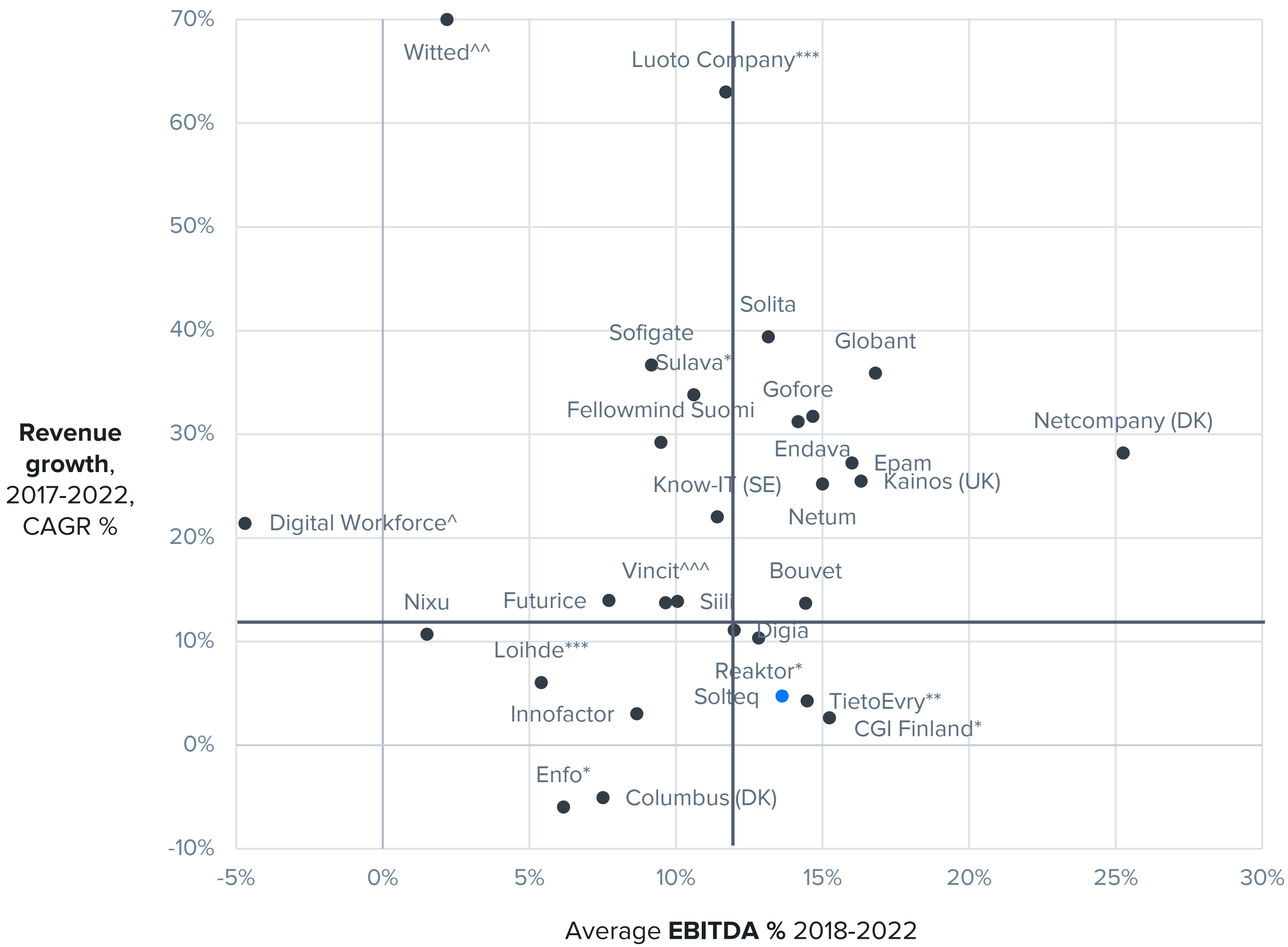
Profitability drivers

Short-term

- Billable utilization
- Attrition management
- Controlling wage inflation
- Improving efficiency

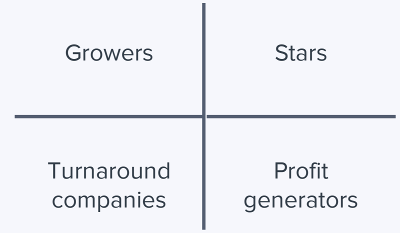
Competitive landscape 4/5

Competitors' financial development 5 years



Source: Inderes, companies. Figures include the IFRS 16 amendment starting from 2019, for some
*2017-2021
**Contains independent figures of Tieto and Evry first for 2017-2020
***2019-2022; revenue development for digital development and Group EBITDA used for Loihde
^EBITDA % -10.7 %; ^^ growth 88%; ^^^Vincit's and Bilot's consolidated figures

Profile of competitive field



Stars

- Forerunners with a history of profitable growth
- Mainly small and agile players that have positioned themselves and invested in growing areas of the IT service market
- The organization structures of stars are light, and they are highly business oriented

Growers

- Companies that are growing but whose investments depress profitability
- Growth has often been accelerated with acquisitions

Profit generators

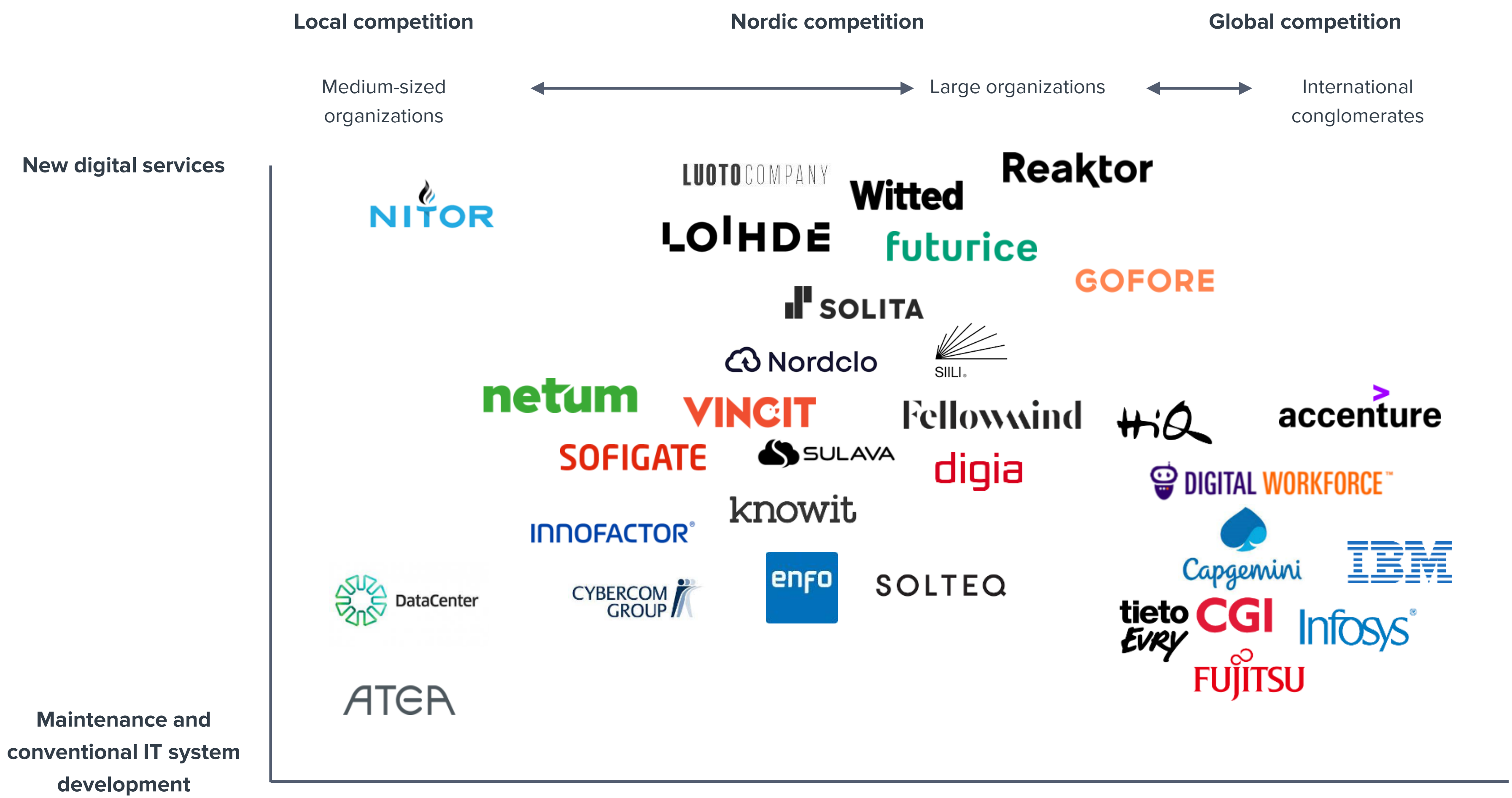
- Companies whose customers have high costs of changing supplier, for example due to tailored software solutions
- Profitability partially optimized at the expense of growth

Turnaround companies

- Mainly conventional IT companies that are in transition or have not been fully capable to adjust to the IT market revolution

Competitive landscape 5/5

Finland's market structure based on customer size and service area-specific positioning



Source: Companies, Inderes

Strategy 1/3

Own industry strengths and software solutions at the core of the strategy

At the end of 2022, Solteq issued a much-needed refined strategy. The main objective was to sharpen the view of the company's competitive advantages and focus businesses to support the identified strengths. The new strategy will enable the company to offer software solutions and expert services more in a centralized manner to the energy and retail sector, as well as for the e-commerce sector, which was built into the previous internationalization strategy. The guidelines and selected industries of the new strategy were, therefore, in line with our expectations, but also indicate that the company focuses more strongly on these very areas. We also believe this leaves non-strategic businesses open to divestment next to already divested retail operations. Over the past good five years, the company has clearly shaped its structure with several small acquisitions and a few divestments. Latest was the divestment of larger retail operations in early 2023.

Solteq's industry-specific software solutions will continue to be based on both the company's own products and selected principal products. In the future, growth is sought through own products-based business and high-quality third-party solutions, such as the newly added Salesforce-based software solution for the energy sector. Solteq's story has, in our opinion, called for a clearer focus and, the restructuring was, in particular, logical and brought clarity, because internationalization was a flimsier driving factor.

From a technology viewpoint, Solteq is not specialized on a particular technology. Solteq widely uses third-party technologies, the key ones being Microsoft, AWS, HCL, Informatica and Magento. The company also decided not to focus on SAP technologies and divested this business at the end of 2019.

The key themes of Solteq's strategy and the company's focus areas for the next few years are:

- Built around the company's own strengths
    - Own software solutions
    - Third-party solutions
- Strong industry focus
    - The energy sector
    - The needs of the retail sector and e-commerce

We believe, internationalization is the growth driver in the next few years and in the long term, but no longer "the" driving factor, The company's new segment structure and abolishing country-specific companies will, in our view, support an integrated international business. In addition, the company has production capacity of over 70 experts in Poland to support customers in the Nordic countries, which improves price competitiveness. In terms of international growth, the company has small service business units in the Nordic countries on to which it can start building its business. In addition to the service business, Solteq's strategy is to sell, in particular, its own industry-specific software internationally.

Key changes to the strategy

- A stronger focus on own strengths in the energy and retail sector
    - We expect non-strategic divestments to continue
    - Focus small acquisitions in these sectors, which we estimate will concentrate on Utilities
- Transition from country organizations to an industry-led model
- Growth is sought through own and third-party software solutions
- The reporting structure was changed to reflect the new industry division

Financial targets

- Retail & Commerce growth ≥ 8 % and EBIT-% ≥ 8 %
- Utilities growth ≥ 15 % and EBIT -% ≥ 18 %
- Dividend at least 50% of the profit for the period

Strategy 2/3

Own products strategy

The company will invest around the current industrial focus areas and further developing their product families. We find it very unlikely that the company would once again start developing something completely new, because the company failed in developing robotics and the current strategy is built around existing strengths. We expect the size of investments (activations) to remain at the previous levels of about 5% of revenue.

We believe Retail & Commerce's growth strategy focuses on increasing the market share in Finland and expanding in Sweden and Denmark. In terms of revenue growth, we expect that it will mainly be based on service revenue and partly on own POS solutions while other included software products are at a mature stage. In terms of the Utilities business, growth is more limited in Finland due to the good market share, but success in Sweden and Denmark would create a considerable growth opportunity. However, the company is soon in a hurry in other Nordic markets and we suspect it only has one chance of success in the next 1-2 years before the market is practically closed for the next 5 years. The company is trying to shift the focus of growth in the Utilities business more strongly than in the rest of the Group from service revenue to own product revenue and the aim is to achieve a revenue ratio of 50/50 in the longer term. A 50/50 ratio would already amount to EUR 50 million in revenue (or >3x current level) and very good profitability. It would then be difficult for the company to grow further in the Nordic countries in the current product areas.

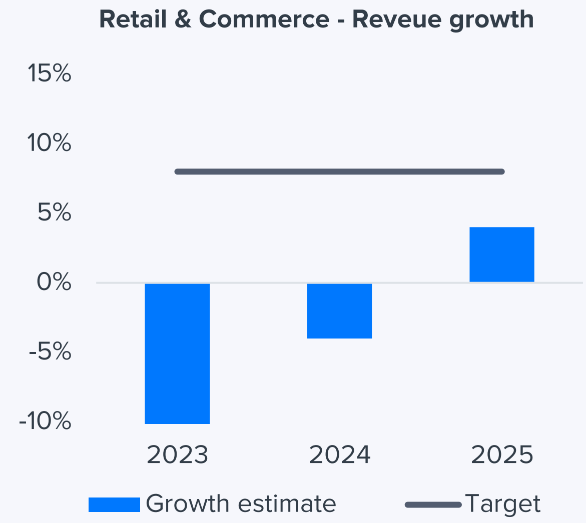
Financial targets

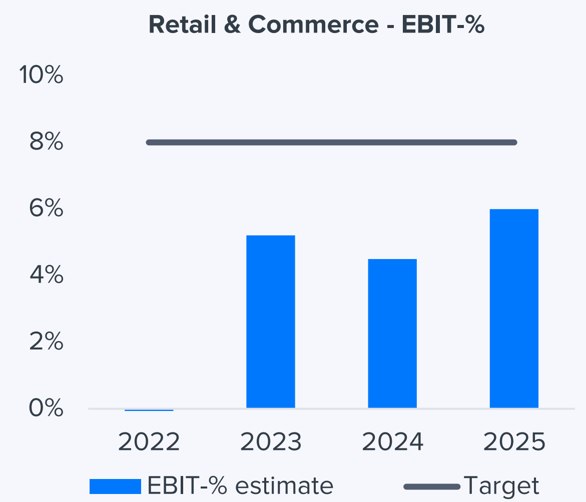
Solteq's Retail & Commerce segment that focuses on the retail sector and e-commerce, and the Utilities segment that offers software solutions and expert services in the energy sector, have different financial targets, income and cost structures, and product development needs.

The Retail & Commerce segment's long-term target is annual revenue growth of at least 8% and an 8% EBIT. Part of the segment's software is third-party software, but some are also part of the own Commerce Cloud family. Our view is that the potential of the software is not reflected in the long-term targets of the segment, which are 8% growth and 8% EBIT. We feel that the company should be able to exceed these targets with the service business alone. Thus, we consider the targets of the segment to be very realistic.

The long-term target of the Utilities segment is at least 15% annual revenue growth and at least 18% EBIT. We believe, the objectives reflect the high share of software in the Utilities segment. The company aims to achieve the set targets at the latest within three years (end of 2025). We consider the target ambitious and it requires success in product development and sales within the next year.

In addition to segment-specific targets, the Board of Directors has confirmed the company's targeted dividend policy and level of indebtedness. Solteq Group's objective is to distribute at least 50% of the profit for the financial period as dividends.





Source: Solteq and Inderes

Strategy 3/3

The company has not previously had a dividend policy. We believe the new dividend policy can be kept at the target level once the balance sheet is on a sound basis, the bond has been refinanced, and the business is profitable again.

The targeted long-term debt level is 3:1 (net debt relative to EBITDA, IFRS16 effect eliminated), which, to our understanding, is below the current outstanding bond. The targets reflect the significant potential in the share if the targets are met. We currently expect the Group to grow by -12...+6% and EBIT % to be 0-6% in 2023-25.

Acquisition strategy

In terms of M&A transactions, we consider both small, precision acquisitions and business divestments possible in the short term. We estimate that the company will strengthen the Utilities business with small, precision acquisitions, as we have seen in recent years. Naturally, the company is currently prioritizing “fixing” its own business above larger acquisitions.

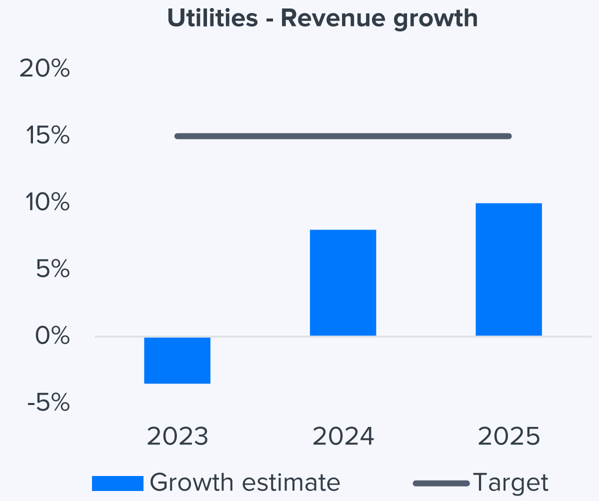
Related to divestments, we consider car trade solutions in Finland and dental solutions in Denmark highly likely divestment targets. The challenge can be finding a buyer for such specific and relatively small solutions. In addition, Alko’s Gold system is not at the core of the strategy and a potential divestment target but it may be especially difficult to find a buyer for this. However, mature software solutions provide a steady cash flow to the company. In the medium term, we also consider POS solutions a potential divestment target but we understand that the company still wants to develop the product family. If the POS family were to be divested, it would also be logical to divest the Commerce and Data activities. If the above divestments materialize, only the Utilities business would remain, which currently appears to be strongly at the core of the company's long-term strategy.

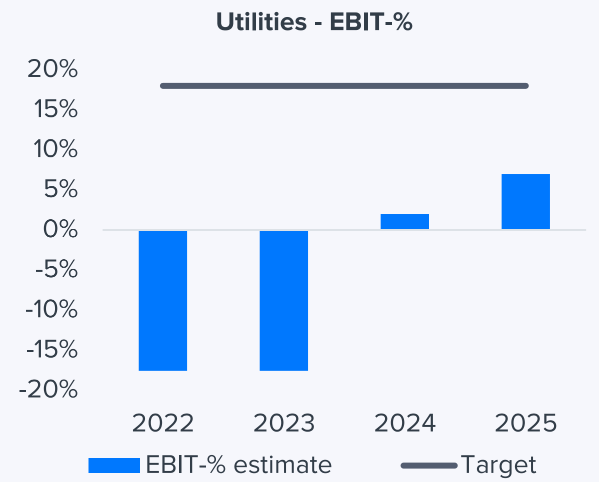
Culture risk is one of the key risks in acquisitions in the IT service sector. In addition, international acquisitions increase the risk from the viewpoint of culture, management and legislation. In recent years, the sector has been able to lower these risks by tighter culture screening and structuring of acquisitions.

M&A transactions

Solteq modified its business quite heavily in the 2010s through 12 M&A transactions. The company primarily acquired businesses, but it has also divested 3 nonstrategic operations. Based on figures, Solteq struggled to integrate the largest acquisitions. However, integration challenges are partly offset by the low valuation multiples of the acquisitions (0.5x-0.9x EV/S and P/S). In the 2020s, the company has made three smaller acquisitions to strengthen the Utilities business and sold a largish chunk of its retail operations.

The most significant transaction for Solteq's current strategy was the inPulse acquisition in 2017. With the inPulse acquisition, the company strengthened its own software offering and expanded into the new Utilities business. inPulse's operations are now at the core of Solteq's strategy and the part of the company where strongest earnings growth is sought in coming years.





Solteq's strategy and Inderes' vision

2016 - 2022

Building the basis for international and software business

- The foundation for internationalization is built
- Product businesses are being developed
- Seeking an earnings turnaround and software transformation

2023 - 2025

A new strategy and industry focus

- Stronger industry focus, Retail & Commerce and Utilities.
- The management model was changed to reflect the new segments and country organizations were abandoned
- New financial targets 2023-25:
- Retail & Commerce growth ≥ 8% and EBIT-% ≥ 8% - Very realistic in our view
- Utilities growth ≥ 15% and EBIT % ≥ 18% - Ambitious but not impossible, requires evidence
- Profitable growth through own software solutions and by utilizing third-party solutions

2026-

Utilities business in the Nordic countries

- The Utilities business drives growth
- Expansion to new markets, also possibly outside the Nordic countries
- Revenue focusing more on profitable software revenue
- We expect the retail business to be divested
- Possible acquisitions that accelerate growth

Must Win Battles in the strategy

Actualized

- Expansion to Denmark, Sweden, Norway, and Great Britain with acquisitions in the service business
- Product businesses were developed, focus was refined and robotics was written down
- The earnings turnaround and software transformation took place in 2020-21, until new challenges emerged and the problems in Utilities sort of required the company to start from a clean slate

Near future, 1-2 years

- Critical years from the viewpoint of the Nordic expansion in the Utilities business
- New divestments are very likely
- Possibly only small, carefully selected acquisitions
- Recovering the profitability of the Retail & Commerce business and growth in Denmark and Sweden
- Continued development of existing products and fixing problems in the critical Utilities business in the next year or so at the latest

Next 5 years

- Strengthening the Nordic market further, especially in Utilities
- Potential larger acquisition in the Utilities business
- Potential full divestment of the retail business and focusing on the Utilities business
- Potential expansion into new markets, e.g., Germany, but probability is still very low

Source: Solteq and Inderes

Solteq's acquisitions

Year	Purchase/Divestment	The other party	EV	EV/S	EV/EBIT	Revenue	EBIT	Personnel
2023	Divestment	Microsoft Dynamics 365 Business Central and LS retail	15-20	1.3x-1.8x	10x-13x	-11.2	1.5	60
2022	Acquisition	S2B Energia Oy				<1		10
2022	Acquisition	Enerity Solutions Oy	4.5	2.0	15.0	2.2	0.3	20
2021	Acquisition	Kouno P/S and Forsyning 360 Aps						50
2021	Acquisition	Partiture	2.4	1.0	2.9	2.4	0.8	16
2019	Divestment	SAP ERP business to Enfo Oyj				-4.0		
2018	Acquisition	ProInfo A/S	1.0	0.7		1.5		
2018	Acquisition 2/2	Analyteq Oy						
2017	Acquisition	TM United A/S (Theilgaard Mortensen)	3.5	0.7		4.8		
2017	Acquisition	inPulse Works Ltd	3.8	0.9		4.0	-0.3	
2017	Divestment	Microsoft- AX business				-0.5		
2017	Acquisition 1/2	Analyteq Ltd	1.1	0.7		1.5		
2016	Acquisition	Pardco Group Inc.	0.3	0.5		0.5		
2016	Acquisition	Aponsa AB (Sweden)	1.1	0.5		2.2		30
2016	Divestment	MainIoT Software Oy	3.2	-0.6		-5.0	0.6	40
2015	Acquisition	Descom Group Oy	23.1	0.8		27.4	3.3	
2012	Acquisition	Aldata Solutions Finland	8.3	0.6		13.3	1.2	74

Source: Solteq and Inderes

Historical development and economic situation 1/3

Varying development in history

In this section, we review the history of Solteq since 2012, as this better reflects the relevant development and market changes to the company's current business structure, although the company has undergone a strong change in recent years as well. In 2012-2022, Solteq grew on average by 6% per year to from EUR 38 million → to EUR 68 million. Over the past 9 years, the company has net acquired revenue to the tune of some EUR 42 million, and this growth has been strongly driven by acquisitions. The strong concentration of the retail sector in Finland and its transition was challenging for Solteq, which depressed the revenue development of the company. In addition, we feel Solteq has not been able to fully benefit from the acquisitions, especially the large Descom integration proved difficult.

After the IFRS 16 amendment and increased product investments, depreciation has averaged about 8% of revenue in 2017-2022. In 2022, Solteq Robotics' write-down increased the level by EUR 4.4 million. Without the write-down, the depreciation level has stabilized at around 8% in recent years.

Solteq's depreciation has also been lower than its capitalization of R&D costs in the past, but in recent years capitalization has stabilized below depreciation and in Q1'23 capitalization was already below it. The company has also communicated that it may disassemble the current activation model and start to capitalize R&D costs directly through the income statement. This would have no cash-flow effect but would make EBITDA a better profitability measure than EBIT.

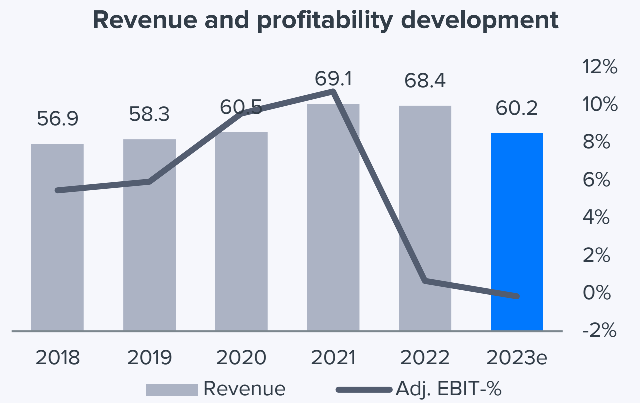
Solteq's EBIT % has been 5.4% on average in 2012-2022 and the range has been 0-10%. Adjusted for non-recurring items, EBIT % has been on average 6.0%. Thus, profitability has on average been lower than the sector average and we believe this reflects the market and integration challenges the company has faced, and in recent years especially Utilities challenges.

Solteq has not been much of a dividend distributor in its history but has used its modest cash flow more for acquisitions. The company's debt level has also been relatively high for longer, which has reduced its ability to pay dividends. In 2016-2022, the company has distributed dividends 3 times and then on average 71% of the result. The dividend payment in 2020-21 was quite high relative to the company's debt level.

2022 was very difficult

2022 was a challenging year for Solteq, especially toward the end of the year. Market uncertainty driven by the war in Ukraine, high inflation, and rising interest rates, was reflected in Retail & Commerce's demand in H2, in particular. In addition, the company's internal project and product development challenges in the Utilities segment depressed the development. Revenue decreased by 1% and organically by 5% compared to the previous year.

Solteq recorded a write-down of EUR 4.4 million in its robotics business during the financial year. The return on investments in the robotics business was weak, but the R&D investments required by the business are also eliminated.



Historical development and economic situation 2/3

Starting from 2023, Solteq restructured its segment structure into the Retail & Commerce and Utilities segments. The company published comparison data on the segments only for 2022.

In 2022, Retail & Commerce's revenue was EUR 54 million representing 79% of the Group's revenue. Recurring software revenue accounted for 11% of the segment's revenue. Adjusted EBIT was 6%. The segment's adjusted EBIT was at a good 9-10% level in H1 but market uncertainty hit strongly in H2 and profitability dropped to 1.2% driven by weaker billable utilization.

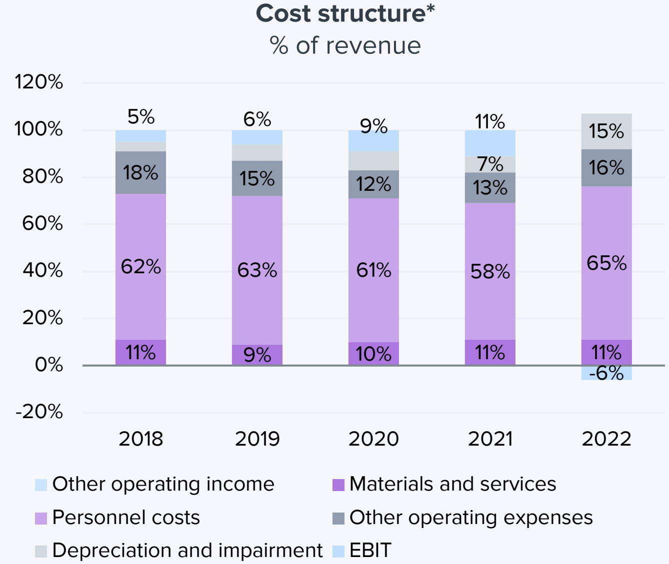
In 2022, the revenue of the Utilities segment was EUR 15 million representing 21% of the Group's revenue. Recurring software revenue accounted for 26% of the segment's revenue. Adjusted EBIT was -16%. Profitability suffered strongly from the repair of completed installations, which also decreased the capacity available-for-sale.

Depreciation and impairment rose clearly to EUR million in 2022 (2021: 5.1 MEUR) due to the EUR 4.4 million write-down from Solteq Robotics. Depreciation of development costs (1.9 MEUR), intangible assets (1.3 MEUR) and machinery & equipment totaled EUR 3.2 million, while investments in these totaled EUR 3.6 million. The figures do not consider changes in right-of-use assets related to leases. Depreciation levels for R&D costs were still lower than their capitalization, but depreciation as a whole was quite in line with capitalization.

A significant proportion of the depreciation is acquisition-related depreciation with no cash flow effect but we do not think adjusting them is sensible at this point in time as investments would still clearly exceed depreciation. If R&D capitalizations would decrease proportionate to their depreciation, adjusting depreciation related to acquisitions would be justified. According to our estimates, depreciation will in the future be even more in line with investments as investments in robotics have ended. Thus, adjusted EBIT is again a rather good cash flow indicator for the company. The company invested EUR 5.3 million in the Enerity Solutions acquisition.

2023 started out with a cautiously promising vibe

In Q1'23, Solteq's revenue fell by 12% to EUR 16.9 million depressed by both businesses. The demand decline in Retail & Commerce calmed down and the company also had sales successes. For the Utilities segment challenges continued but the company expects the situation to be clearly better after summer, which, however, requires a sharp turn. EBIT was EUR 0.1 million in the red or -0.5% of revenue, exceeding our EUR -0.8 million estimate. Profitability improved clearly from the previous quarter (Q4: -7%) in our opinion mainly driven by improved efficiency and billable utilization (number of employees decreased by 27).



Historical development and economic situation 3/3

In April, Solteq sold its Microsoft Dynamics 365 Business Central and its service business related to LS retail ERP solutions at a fixed price of EUR 15 million + a possible additional purchase price of EUR 5 million linked to the revenue development of the next 12 months. The transaction will clearly improve the company's difficult balance sheet position and, thus, reduce the risk associated with the refinancing of existing debt. On the other hand, the company sold one of its most profitable businesses, which further weakens cash flow in the near future.

Leveraged balance sheet and rearrangement of financing

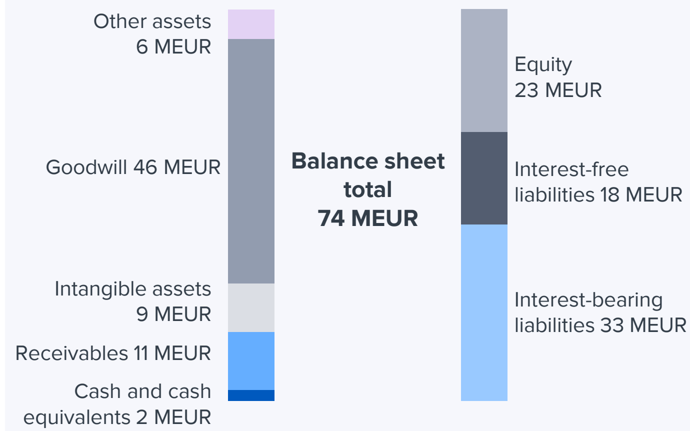
Solteq's equity ratio at the end of Q1'23 was 31% and gearing was high at 137% (Q1'23: 36% and 96%). The company's net debt was EUR 31 million and it had EUR 2 million in cash assets at the end of the quarter. Net debt/EBITDA was high at 7.6x. Excluding the leveraged balance sheet and R&D capitalization, Solteq's balance sheet depicts a typical IT service company that has carried out several acquisitions that have generated goodwill in the balance sheet. There was EUR 46 million in goodwill in the balance sheet at the end of Q1'23. Unlike other companies in the sector, the company has capitalized substantial R&D costs in the balance sheet and other intangible assets that also include intangible assets generated by acquisitions stood at EUR 9 million at the end of Q1'23. Receivables amounted to EUR 12 million and current interest-free liabilities were EUR 18 million at the end of Q1'23. Thus, the company operated with negative working capital. The balance sheet total was EUR 74 million.

At the end of 2020, Solteq refinanced its bond by issuing a fixed interest-rate, unsecured senior bond of EUR 23.0 million. The interest rate of the loan is 6% and it falls due on October 1, 2024. The original bond was withdrawn in connection with the Descom acquisition in 2015. Refinancing of the loan is starting to be a topical issue again, however, with the business transaction, the risks associated with unfavorable terms of a new loan or equity-based financing has clearly decreased. Now we estimate that net debt could be EUR 20 million at the end of 2023.

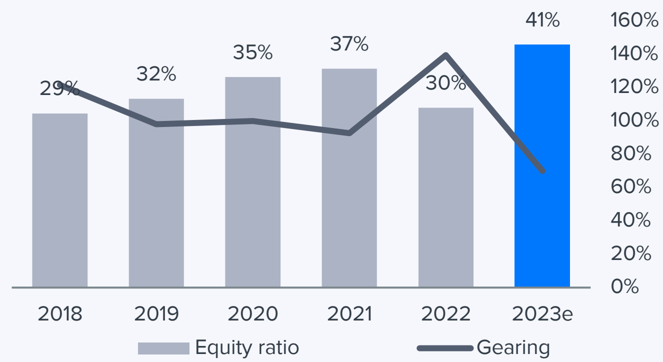
The covenants of the bond require that the company's equity ratio exceeds 27.5%, the interest margin (EBITDA/net interest expenses) exceeds a ratio of 3.0:1, and the Group's interest-bearing net debt/EBITDA does not exceed a ratio of 4:1. The previous 12 months are used as the review period. At the end of Q1'23, net debt/EBITDA, as well as interest margin-covenants were not met, but after the transaction, they are again met quite clearly from Q2'23 onwards.

Solteq applied for an authorization to increase the working capital loan from EUR 7 million to EUR 10 million from the holders of the bond at the end of 2022 and received the authorization. The transaction cost EUR 230,000. The increase was a precautionary measure if the challenges were to come to a head and was unnecessary in retrospect, but a justified "insurance" at that point in time.

Balance sheet structure, December 31, 2022



Development of key balance sheet figures



Past development

Condensed income statement	2018	2019	2020	2021	2022	2023e
Revenue	56.9	58.3	60.5	69.1	68.4	60.2
EBITDA	4.8	9.7	10.4	12.3	5.6	13.3
Adjusted EBIT	3.1	3.5	5.8	7.4	0.5	-0.1
EBIT	2.5	5.7	5.4	7.1	-4.4	7.9
PTP	0.6	3.7	2.7	5.2	-6.6	6.8
Net earnings	0.4	2.8	2.0	4.1	-5.4	5.3
EPS	0.1	0.1	0.15	0.23	-0.03	-0.06
Free cash flow	-2.4	4.1	-0.6	4.6	-3.6	13.6

Key figures	2018	2019	2020	2021	2022	2023e
Revenue growth-%	12.1 %	2.5 %	3.7 %	14.2 %	-0.9 %	-12.1 %
EBITDA-%	8.4 %	16.7 %	17.2 %	17.8 %	8.1 %	22.2 %
Adj. EBIT-%	5.5 %	6.0 %	9.6 %	10.7 %	0.7 %	-0.1 %
EBIT-%	4.3 %	9.8 %	8.8 %	10.3 %	-6.4 %	13.2 %
ROE-%	1.7 %	12.1 %	7.8 %	15.0 %	-21.4 %	20.9 %
ROI-%	5.0 %	10.8 %	9.7 %	12.3 %	-7.8 %	14.7 %
Equity ratio	29.4 %	31.9 %	35.5 %	36.9 %	30.3 %	41.0 %
Net gearing	121.6 %	97.9 %	99.9 %	92.6 %	139.4 %	67.4 %

Per share figures	2018	2019	2020	2021	2022	2023e
EPS (adjusted)	0.05	0.05	0.15	0.23	-0.03	-0.06
Cash flow / share	-0.12	0.21	-0.03	0.24	-0.19	0.70
Dividend / share	0.00	0.00	0.15	0.10	0.00	0.00
Equity / share	1.13	1.27	1.37	1.44	1.16	1.43

Source: Inderes

Estimates 1/4

In 2023, we expect the trend to improve toward the end of the year

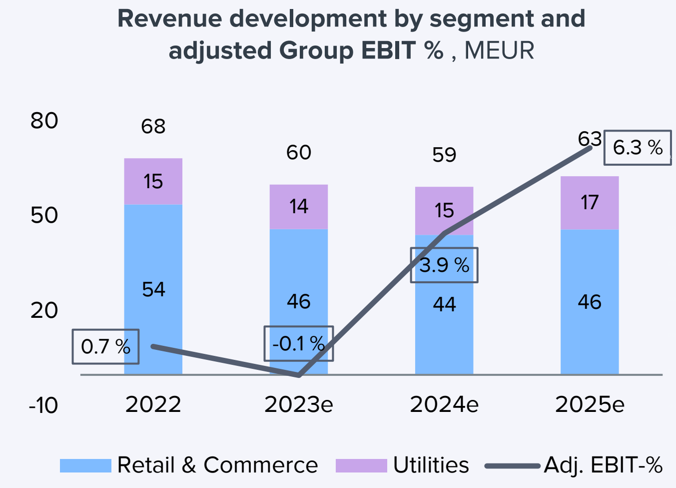
Solteq's guidance is that revenue will be EUR 60–62 million, and EBIT adjusted for the EUR 8 million sales gain will be slightly negative. 2023 started out with a cautiously promising vibe. We expect full-year revenue to fall by 12% to EUR 60.2 million due to the divested businesses. Organically, we expect revenue growth to decrease by 3%. We expect adjusted EBIT to decrease to EUR -0.1 million (2022: 0.5 MEUR). Therefore, our revenue estimate is at the bottom end of the rather narrow guidance range and our profitability expectation is in line with the guidance.

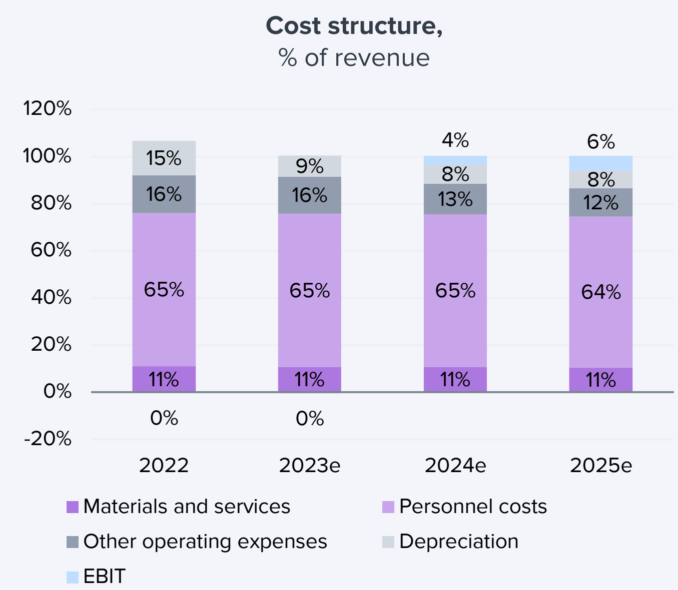
We expect Retail & Commerce segment's revenue to decline by 14% (organic development -2%) driven by the divested businesses. After the divestment of the Microsoft BC and the business related to LS retail ERP solutions, we estimate that the profitability of the remaining entity will be 9% lower than the profitability seen in Q1. The EBIT of the divested business was about 13%. In H2, we conservatively expect the segment to generate around 3% in adjusted EBIT. Profitability is supported by better billable utilization compared to H2'22. Headwind is caused by uncertain market conditions, wage inflation and a tighter customer demand situation. On the other hand, we estimate that without the divested business, profitability would have been around 7% in Q1, so the segment also has preconditions for better performance than our forecasts.

We expect the Utilities segment's revenue to fall by 4% due to product development challenges. Most of the decrease came in Q1 (-20%), where the comparison period was strong. We expect the worst to be ongoing/over and revenue to return to 8% growth in H2. The growth is supported by the problems slowly dispersing, the launch of the largest project in the company's history, the Helen project, and the comparison periods are easier than in Q1. The Helen implementation is a very important watershed for the company. The company is confident at the moment that its product's impact is good enough and that it is able to deliver as agreed. We estimate that the segment's EBIT % will remain at the low level of the previous year at -18% but will improve as revenue turns back to the growth path as the year progresses.

We also see preconditions for profitability increasing more than we expect, as a significant part of the weak profitability is explained by the fact that experts have been tied up in repairing existing installations who would otherwise have been performing billable work. This would allow the end of the current problems to be reflected in profitability with a lever as we estimate that the demand for Solteq's Utilities expert services would have been good but the company was unable to respond to the demand due to settling the problems. However, although we believe the visibility of the problems being settled has improved, it is still weak, which results in considerable uncertainty in our forecasts.

We estimate that adjusted EPS will remain at EUR -0.06 and do not expect the company to pay dividends for the financial year. We estimate that R&D capitalization will be EUR 2-3 million over the next few years, which should be in line with the total amount of intangible depreciation.





Estimates 2/4

We also consider new divestments of non-essential operations possible in the coming years. The divestments would clarify the structure, as well as improve focus and the balance sheet position. We expect Solteq to exit in the short/medium term from its mature Dental & Care and car trade solution included in the Retail & Commerce segment, but they are included in our estimates for the time being.

2024-2025 will be critical years for the equity story

2024-25 will be at the heart of Solteq's equity story, especially for the Utilities business. We expect the Group's revenue to grow organically by 5% and contract as a whole by 1% in 2024 driven by the business divestment, and to grow by 6% in 2025. We estimate that the EBIT % will strengthen to 4% in 2024 driven by the strong improvement in the Utilities segment. In 2025, we estimate that the EBIT % will rise to 6%, driven by software in the Utilities business.

We expect the Retail & Commerce segment to grow by 4% in these years, which is clearly slower than the 8% target. In our estimates, growth is supported by improved customer demand in the commerce & data expert business, orders for Solteq Commerce Cloud's own software and internationalization, especially in Denmark. The strength of the Swedish retail business was just divested and we expect that constructing a new sales pipeline will take time. We cautiously estimate that the EBIT % will remain at 4.5% in 2024 and rise to 6.0% in 2025. The company is aiming for an 8% EBIT %, which, despite our cautious estimate, is a very realistic target, considering the share of software business (close to 20%).

We expect the growth in the Utilities segment to accelerate to 8% in 2024 and 10% in 2025, supported by internationalization. The company targets 15% annual growth, so in a positive scenario there is still a clear upside in our estimates. 2024 and 2025 will be extremely important when the Swedish and Danish markets are divided. Expansion to the Danish and Swedish markets will, according to our estimates, start supporting figures in 2025 and beyond, but orders should be issued already in 2024. We expect the EBIT % to rise to 2% in 2024 and 7% in 2025. The company aims for a 18% margin in the long term. Our profitability forecasts are rather conservative so far because we also believe that internationalization involves significant risks, because country-specific regulation and required customization make market entry relatively difficult. An extreme example of the market's difficulty has now been witnessed in Finland.

Adjusted EPS is estimated to rise to EUR 0.03 in 2024 and EUR 0.11 with a strong lever, as interest expenses decrease with debt repayment in 2025 . The unadjusted EPS in 2024 is further supported by the additional purchase price of the business divestment of which we have recorded EUR 2.5 million or 50% of the potential total sum in our estimates.

Solteq’s growth drivers

Long-term

- The revolution in the energy market offers opportunities
- Digitalization and increasing e-commerce will accelerate and grow the market
- Stronger expansion to the Nordic countries in the Utilities business in this strategy period and outside the Nordic countries in the longer term
- International growth in expert and software business in Commerce & Retail
- Acquisitions and divestment as decelerators

Short-term

- End of problems in Utilities and initiation of the large Helen project
- Expansion of the Swedish and Danish markets in the Utilities business
- The market returning to growth in the Retail & Commerce segment
- Possible divestments as decelerators

Solteq's profitability drivers

- Utilities’ problems ending and continued growth, as well as growth scaling to profitability
- Improving efficiency – increased billable utilization in service businesses
- Controlling wage inflation, attrition and customer price development
- Increasing the share of software business
- Lower interest costs as debt is repaid

Estimates 3/4

Long term estimates

In the long term, Solteq's estimates depend very much on how the company's internationalization and commercialization of software progresses. In 2026 to 2030, we estimate that Solteq will grow by 4 to 5% annually. The growth driver in our forecasts is particularly the Utilities segment into which the company makes significant investments. We expect EBIT % to gradually increase to 8%, also driven by the Utilities segment, as international markets mature. If the company is successful in internationalization of the software business there is still clear upside in our estimates. At the same time, this would bring visibility and confidence to lean on longer-term estimates, which currently is too early in our opinion.

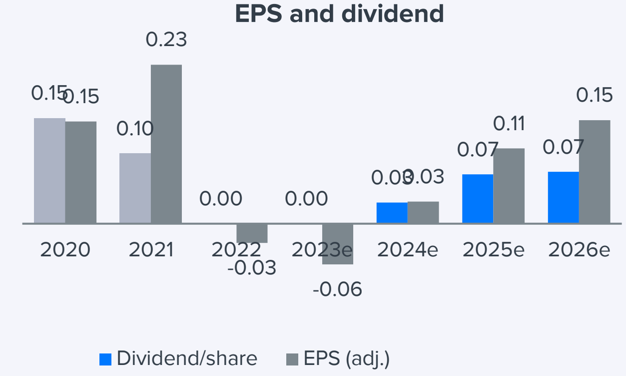
The economies of scale of the Utilities business start to surface more in a size class of around EUR 25 million. The company is aiming for a 50% share for recurring software services. The Nordic market could have preconditions for revenue of about EUR 50 million with a relatively tight concentration after which growth would be more challenging. In this case, profitability should scale to a very good level (~30% EBIT %). During the current strategy period, the company is not planning expansion outside the Nordic countries. In the longer term, we see expansion to the rest of Europe possible, which is supported by the transformation of the energy market that is visible in the ongoing decade.

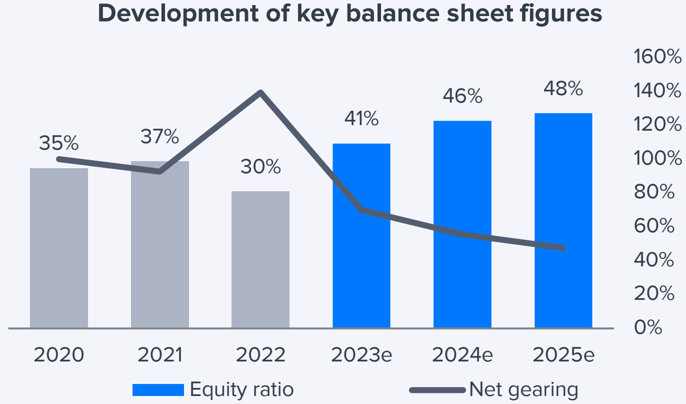
The balance sheet strengthens clearly

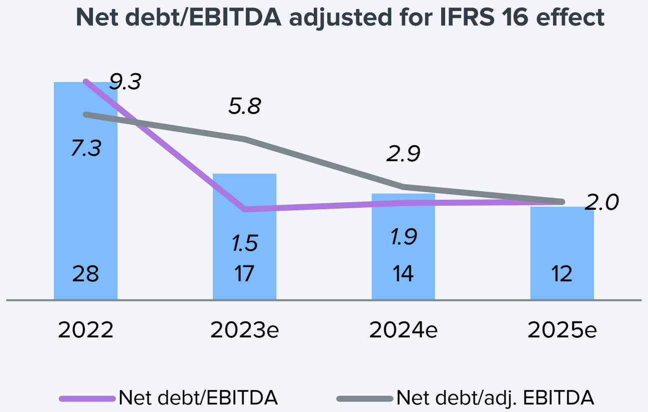
With stronger cash flow and the divestment of the Microsoft & LS Retail business, the balance sheet will clearly strengthen annually from the weak position at the end of 2022, and in our estimates the equity ratio rises from 41% in 2023e to 47% in 2024e and the net gearing ratio will fall from 67% to 49%. Net debt/EBITDA excluding the IFRS 16 effect is estimated to be 1.5x and 1.9x in 2023e and 2024e. Net debt/EBITDA excluding the IFRS 16 effect, adjusted for the sales gains of the business divestment, will fall to 5.8x and 2.9x in those years. We expect net debt to decrease to EUR 17 and 14 million in those years, which is a reasonable level. This should enable the company to refinance the current 6% interest rate bond with reasonable terms and with a significantly lower total liability. In addition, Solteq will have more leeway for dividend distribution in future.

Solteq's financial covenants that apply to distribution of assets and taking out new loans apart from those separately permitted in the terms of the bond are:

- Net debt/ EBITDA cannot exceed 4x
- EBITDA/net interest expenses are not below 3x
- Equity ratio at least 27.5%







Estimates 4/4

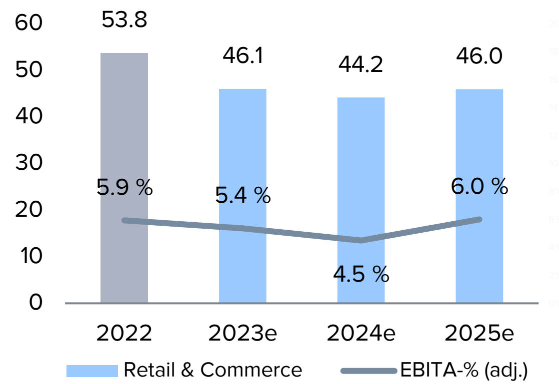
Condensed income statement

Income statement	2022	2023e	2024e	2025e	2026e
Revenue	**68.4**	**60.2**	**59.4**	**62.7**	**65.9**
Retail & Commerce	42.1	46.1	44.2	46.0	47.8
Utilities	26.3	14.1	15.2	16.7	18.1
EBITDA	**5.6**	**13.3**	**9.8**	**8.7**	**9.4**
Depreciation, amortization and impairment	-10.0	-5.4	-5.0	-4.7	-4.6
EBIT excluding non-recurring items	**0.5**	**-0.1**	**2.3**	**3.9**	**4.8**
EBIT	**-4.4**	**7.9**	**4.8**	**3.9**	**4.8**
Retail & Commerce	3.2	2.4	2.0	2.8	3.3
Utilities	-7.6	-2.5	0.3	1.2	1.4
Net financial expenses	-2.2	-1.2	-1.5	-1.3	-1.2
Profit before taxes	**-6.6**	**6.8**	**3.3**	**2.6**	**3.6**
Taxes	1.2	-1.5	-0.7	-0.5	-0.7
Minority interest	0.0	0.0	0.0	0.0	0.0
Net profit	**-5.4**	**5.3**	**2.6**	**2.1**	**2.9**
EPS (adjusted)	**-0.03**	**-0.06**	**0.03**	**0.11**	**0.15**
EPS (reported)	**-0.28**	**0.27**	**0.13**	**0.11**	**0.15**

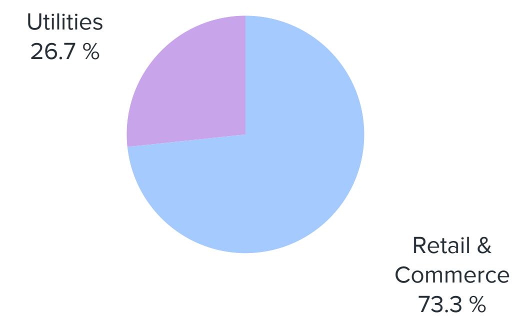
Key indicators	2022	2023e	2024e	2025e	2026e
Revenue growth %	-0.9%	-12.1%	-1.2%	5.5%	5.1%
Adjusted EBIT growth %	-93.7%	-116.3%	-3117.4%	71.3%	22.0%
EBITDA-%	8.1%	22.2%	16.5%	13.8%	14.2%
Adjusted EBIT %	0.7%	-0.1%	3.9%	6.3%	7.3%
Net profit %	-7.9%	8.8%	4.4%	3.3%	4.3%

Source: Inderes

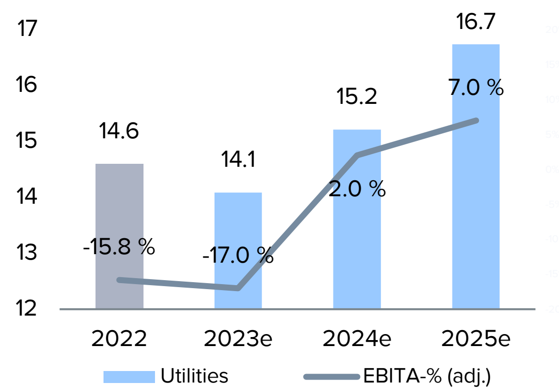
Retail & Commerce revenue and EBIT %, MEUR and % of revenue



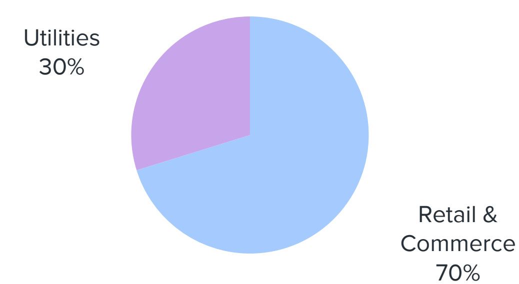
Share of the Group's revenue, 2025e



Utilities revenue and EBIT %, MEUR and % of revenue



Share of the Group's revenue, 2025e



Investment profile

1. **Turnaround in both businesses**

2. **Proving the competitiveness of products and internationalization as growth drivers**

3. **The market has good long term demand fundamentals.**

4. **The balance sheet is leveraged, but debt is again at a reasonable level**

5. **Upside in valuation as growth, stability of the earnings level, and scalability of the business model improve**

Potential

- Growing markets
- Own products as growth and profitability drivers
- Internationalization of the product and service business
- Divestments
- There is a clear upside in the valuation if the competitiveness improves and internationalization is successful in the Utilities business
- Clear room for scaling in efficiency issues

Risks

- Prolonged development and quality problems in the Utilities business would also limit internationalization opportunities
- Failure to manage the equation of wage inflation and customer prices
- The impact of a weaker general economy on customer demand in Retail & Commerce
- Project risks and customers' bargaining power
- Marginalized position between large and small players
- Failure in M&A transactions

Source: Inderes

Valuation 1/4

Background to the valuation

Solteq's valuation is subject to a great deal of uncertainty in the current situation. There is no support for short-term earnings and, at the same time, it is difficult to rely on longer-term potential in the present. In addition, if the cash flow profile of existing businesses remained as it is for longer, indebtedness could again become a problem. The earnings-based valuation, therefore, requires at least a medium time horizon. We rely primarily on the result for the current and next year, as well as on revenue, where revenue plays an emphasized role for the time being. Solteq's share price has plummeted to almost its lowest levels in the 2010s and the company's profile is clearly that of a turnaround company. We believe that the most obvious share price driver is profitability development. As the uncertainty related to the problems of the Utilities business and the earnings turnaround is still high, we feel a low share price is partially justified.

We base our valuation on absolute valuation multiples and a peer group valuation. In addition, we use the sum of the parts and DCF methods as supportive methods.

Earnings-based valuation is tight, but revenue-based valuation indicates the potential

We examine EV/EBIT, EV/S and P/E ratios in Solteq's valuation. We primarily use EV-based multiples as they consider the relatively high net debt. Of the multiples, EV/EBIT is our key indicator and in the current situation, when we estimate that depreciation and capitalization are balanced, we feel EBIT is the most useful earnings indicator. We also use the revenue-based EV/S ratio, because Solteq's earnings level is well below the potential and historical levels this year and next. In addition, a significant share of revenue, which we estimate is growing the fastest, is well scalable and recurring software business, which also supports the use of revenue multiples in the current development stage. The P/E ratio, on the other hand, reflects the potential of the share, especially if the cash flow strengthens and the risk level decreases faster than we expect. The P/E ratio is, however, raised by high interest costs at the moment. On the other hand, it also considers the relatively high interest costs. The EBITDA margin would, in turn, reflect the profitability and cash flow potential in a situation where the company's product development costs would reduce relative to depreciation. However, for the time being we pay less attention to the EBITDA as the growth in the software business is at the core of the company's strategy.

Thus, we look at the valuation multiples more as a whole "in general". The earnings multiples for 2023e are negative due to weak performance and still in 2024e, earnings multiples remain very tight as the profitability turnaround is still very much ongoing (adj. EV/EBIT: 18x and P/E 38x). Corresponding EV/S ratios are 0.71x and 0.68x. However, we believe these levels are already moderate relative to 1) the company's growth and profitability potential, 2) recurring software revenue, and 3) reduced risk levels, with the improved financial position.

Valuation	2023e	2024e	2025e
Share price	1.20	1.20	1.20
Number of shares, millions	19.4	19.4	19.4
Market cap	23	23	23
EV	43	40	38
P/E (adj.)	neg.	38.4	11.2
P/E	4.4	8.9	11.2
P/FCF	1.8	6.2	6.9
P/B	0.8	0.8	0.7
P/S	0.4	0.4	0.4
EV/Sales	0.7	0.7	0.6
EV/EBITDA	8.0	5.5	4.4
EV/EBIT (adj.)	neg.	17.5	9.8
Payout ratio (%)	0%	22%	65%
Dividend yield-%	0.0 %	2.5 %	5.8 %

Source: Inderes

Valuation 2/4

In relative terms, the earnings multiples are clearly above those of Finnish peers and Nordic service company peers. The 2023-24 EV/S ratios are on average 25-20% below Finnish and 35-30% below Nordic peers. In the current situation, we accept a slightly lower revenue-based valuation than for Finnish peers, but feel the current discount is exaggerated. The valuation is supported by the significant share of scalable recurring software revenue and lowered by the uncertainty related to the duration of the current problems, as well as the weaker historical growth and profitability development than for the peers. In addition, there is uncertainty about the profitability of the remaining Retail & Commerce business after the ERP business divestment. We also believe that the peer group valuation is already at a relatively low level. As a whole, we consider the company's revenue-based valuation cautiously attractive.

Sum of the parts

The share valuation can also be examined through the sum of the parts, as the company reports recurring revenue from own software separately for both segments. There are no strong synergies between the segments, but the product business still gets some sales support from the geographical presence of the service business. The Utilities business is very clearly at the core of Solteq's strategy and we expect it is likely that Solteq will exit from most mature software businesses and possibly also more widely from Retail & Commerce businesses in the longer term. Therefore, the sum of parts method that describes the underlying potential in businesses, seems very useful in Solteq's case and there are more routes for dismantling the value.

The bottom end of the conservatively compiled sum of the parts is EUR 1.07 per share which is close to the current share price. The upper end, in turn, is set at EUR 2.48 and the average at EUR 1.78. Thus, the sum of the parts method clearly supports the current valuation of the share. It could be noted that, at the current level, a very weak future is already priced into the share.

Background of the sum of the parts

We divide our sum of the parts calculation into two parts for both segments: 1) recurring revenue from own software and 2) service and other software and hardware revenue (for Utilities, one-off software and hardware revenue). We have defined lower and upper limits in the calculation, and we also look at the average of the two. The multiples we use do not require remarkable growth and profitability development considering the capital-light nature of the businesses. However, we feel that this conservative approach is justified in the current situation, where the company's operations involve several uncertainty factors. In our calculation we rely on our 2024 revenue estimates because they are clean from business divestments, we are already halfway through the year and the Utilities business' H1'23 was still exceptionally difficult. In addition, our forecasts are relatively conservative for both businesses. We use our 2023 estimate as the net debt value because it considers the purchase price received from the business divestment.

Valuation, Retail & Commerce	2024e
Recurring revenue from own software, EUR million	**6.6**
Valuation bottom end, 1x revenue	6.6
Valuation top end, 2x revenue	13.2
Other revenue	**37.6**
Valuation bottom end, 0.6x revenue	22.6
Valuation top end, 0.8x revenue	30.1
Retail & Commerce total, average	**36.2**
Total valuation, bottom end	29.2
Total valuation, top end	43.3

Valuation, Utilities	2024e
Recurring revenue from own software	**5.0**
Valuation bottom end, 1x revenue	5.0
Valuation top end, 3x revenue	15.0
Other revenue	**10.2**
Valuation bottom end, 0.6x revenue	6.1
Valuation top end, 0.9x revenue	9.2
Utilities average	**17.7**
Total valuation, bottom end	11.1
Total valuation, top end	24.2

Valuation, Group	2024e
Average Group EV	**53.9**
EV bottom end	40.3
EV top end	67.5
Net debt estimate, 2023e	**19.5**
Average market cap	**34.4**
Market cap bottom end	20.8
Market cap top end	48.0
Market cap per share average	**1.78**
Market cap bottom end	1.07
Market cap top end	2.48

Valuation 3/4

Retail & Commerce. We value own recurring software revenue with a 1-2x revenue ratio. Our conservative assumptions are justified by the large share of mature software in software revenue. We expect these to be profitable, but at the same time there is no precise visibility into profitability and, in the event of possible divestments, the valuation could be in this range. The 1x revenue at the lower end is very conservative, but we have taken a cautious approach, as the profitability of the whole segment is weak at the moment without the divested business. We value other revenue (service and other software and hardware sales) at 0.6x-0.8x. The top end of the range corresponds to the EV/EBIT 10x if Solteq were able to reach the 8% EBIT margin it targets in the segment. With support from an earnings turnaround there is upside in the acceptable valuation. Using these methods, the segment's EV would be EUR 29-43 million.

Utilities. We value own recurring software revenue with a 1-3x revenue ratio. The 1x revenue at the lower end is very conservative, but in the current situation with uncertainty related to the duration of the problems we feel this is justified. When the problems are solved, we see an upside in both the lower and upper end of the valuation range. We value other revenue (service and one-off software and hardware sales) at 0.6x-0.9x. Another factor that would raise the acceptable valuation are signs of internationalization being successful. Using these methods, the Utilities segment's EV would be EUR 11-24 million. The range is wide and, as the business gets closer to the targeted growth and profitability levels, its value would be clearly higher.

DCF also provides clear support at these levels

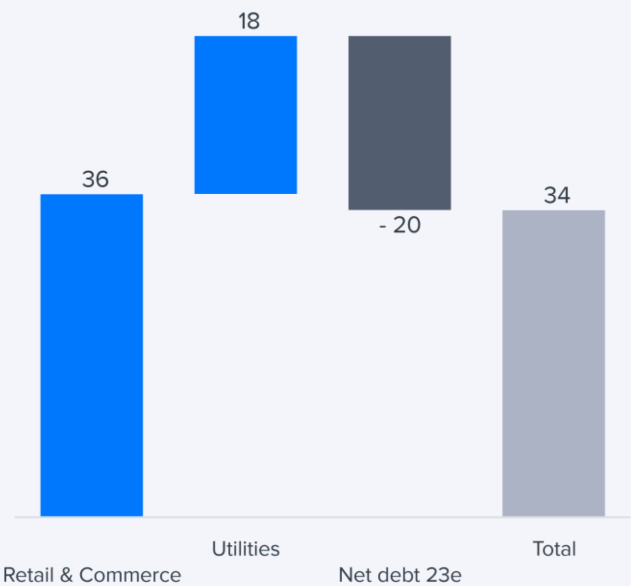
Our DCF model compiled with conservative assumptions gives a value of EUR 1.59 per share. We have used 10.4% required return (WACC) and a 11.3% COE requirement. Our terminal profitability is an 8% EBIT margin, which we believe would be a conservative level if the transformation into a stronger software house is successful. For 2025-2032, we expect an average annual growth of 4% and use 2% as terminal growth.

Peer group description

In terms of its investment profile, Solteq should currently be positioned among Nordic IT service companies, especially as the transformation into a product and software company has been slowed down. As the share of recurring revenue from own software (especially in the Utilities business) grows, the company can gradually be valued more as a product company. Thus, the peer group also includes Nordic software companies.

Therefore, a solid Nordic peer group can be found for Solteq not only from the service business, but also from software companies, to which the valuation can be mirrored. Compared to pure IT service companies, the company has more recurring and scalable product business, which results in a higher potential profitability level than the average of an IT service company. If the internationalization of Utilities is successful, the company has potential for a clearly stronger earnings growth, and we can gradually “again” start accepting higher valuation multiples it.

Sum of the parts,
Average, MEUR



Valuation 4/4

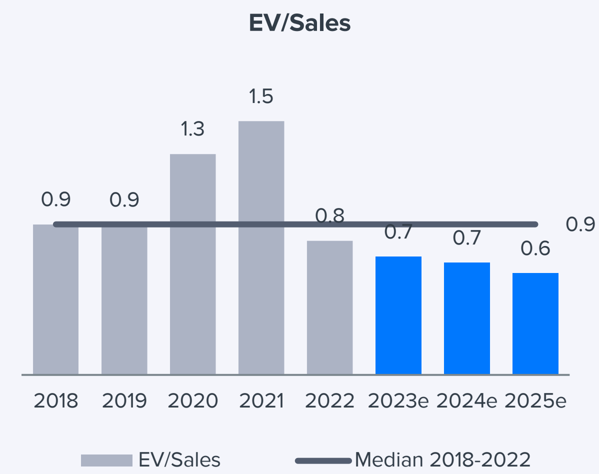
Compared to software companies, the share of Solteq's recurring software revenue from own products is "only" some 20% of the Group's revenue. We estimate that growth has been quite good, but a relatively significant share of this revenue also comes from mature software that grows slowly.

In the peer group, we have used Inderes' estimates for the IT service companies we monitor, which takes into account GWA and PPA depreciation of the peers and improves comparability between Finnish IT service companies. We also now accept the valuation level of the sector for the company, because its risk profile, albeit falling, is still higher than average.

Valuation summary

Solteq has a clear turnaround company profile, and in the present time, the valuation involves significant uncertainty when support from earnings may still take several years to materialize. The business divestment lowered the company's indebtedness back to a reasonable level and reduced its risk level. In absolute terms, the valuation is relatively low compared to the revenue considering the company's growth and profitability potential and the capital-light business model. Compared to the peers, the valuation is currently tight with 2023-2024 earnings multiples, but low on revenue-basis. The revenue-based valuation is also low compared to historical level. With conservative SOTP and DCF methods, the company's fair value is clearly above the current share price. We, therefore, believe that the downward risk from current levels is very limited.

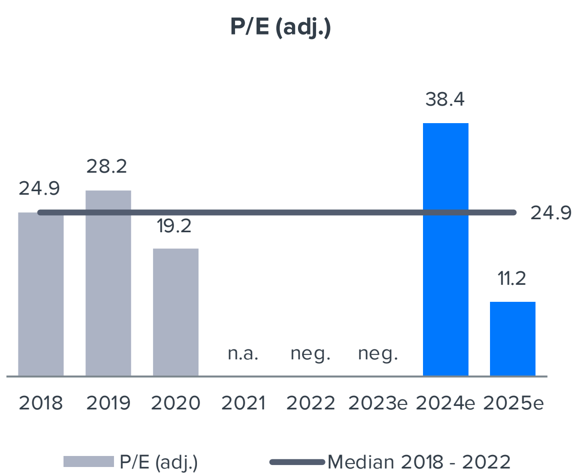
We reiterate our EUR 1.4 target price and revise our recommendation to Accumulate with the share price drop and lower risk profile. In our opinion, the risk-return ratio has again turned attractive with the current share price level. We believe potential significant share price drivers could include strengthening profitability, surviving Utilities' problems and turning revenue back to growth, cash flow turning clearly back to positive, new significant contract gains (especially in the Utilities segment), and business divestments. The main risks, however, relate to prolonged problems in Utilities and weaker than expected shape of the remaining Retail & Commerce business, as well as the difficult market situation.

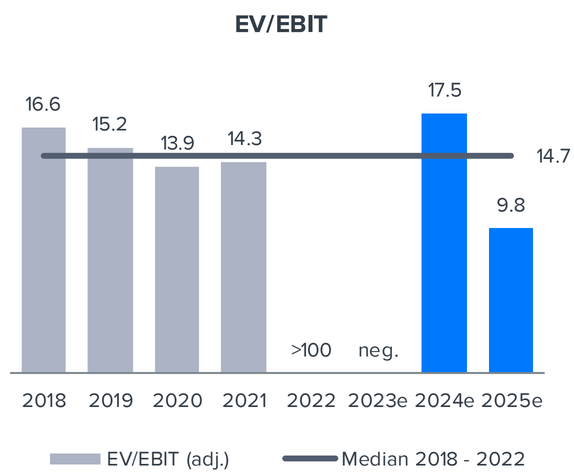


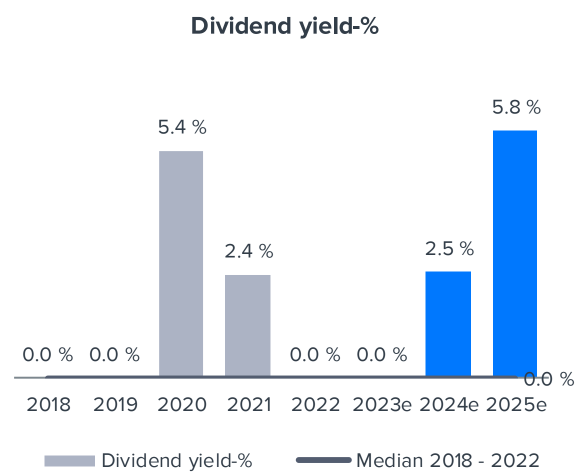
Valuation table

Valuation	2018	2019	2020	2021	2022	2023e	2024e	2025e	2026e
Share price	1.30	1.49	2.80	4.11	1.23	**1.20**	**1.20**	**1.20**	**1.20**
Number of shares, millions	19.3	19.3	19.3	19.4	19.4	**19.4**	**19.4**	**19.4**	**19.4**
Market cap	25	29	54	80	24	**23**	**23**	**23**	**23**
EV	52	53	81	106	55	**43**	**40**	**38**	**37**
P/E (adj.)	24.9	28.2	19.2	n.a.	neg.	**neg.**	**38.4**	**11.2**	**8.2**
P/E	70.5	10.2	27.3	19.4	neg.	**4.4**	**8.9**	**11.2**	**8.2**
P/FCF	neg.	7.0	neg.	17.2	neg.	**1.8**	**6.2**	**6.9**	**5.7**
P/B	1.2	1.2	2.0	2.8	1.1	**0.8**	**0.8**	**0.7**	**0.7**
P/S	0.4	0.5	0.9	1.2	0.3	**0.4**	**0.4**	**0.4**	**0.4**
EV/Sales	0.9	0.9	1.3	1.5	0.8	**0.71**	**0.68**	**0.6**	**0.6**
EV/EBITDA	10.8	5.4	7.8	8.6	10.0	**8.0**	**5.5**	**4.4**	**3.9**
EV/EBIT (adj.)	16.6	15.2	13.9	14.3	>100	**neg.**	**17.5**	**9.8**	**7.7**
Payout ratio (%)	0.0 %	0.0 %	146.3 %	47.3 %	0.0 %	**0.0 %**	**22.3 %**	**65.4 %**	**50.0 %**
Dividend yield-%	0.0 %	0.0 %	5.4 %	2.4 %	0.0 %	**0.0 %**	**2.5 %**	**5.8 %**	**6.1 %**

Source: Inderes







Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT 2023e	 2024e	EV/EBITDA 2023e	 2024e	EV/S 2023e	 2024e	P/E 2023e	 2024e	Dividend yield-% 2023e	 2024e
Digia*	168	180	9.2	7.8	7.6	6.6	1.0	0.9	11.5	10.0	3.0	3.2
Digital Workforce*	59	44	52.5	17.5	37.6	15.3	1.4	1.1	85.8	28.1		
Gofore*	415	385	13.4	11.6	12.4	10.7	2.0	1.7	18.1	16.7	1.9	2.2
Loihde*	73	53	17.2	8.0	5.7	3.7	0.4	0.3	29.7	14.0	2.4	2.5
Innofactor*	44	53	8.8	7.6	6.0	5.3	0.7	0.6	10.1	9.2	5.7	6.5
Netum Group*	41	43	11.5	9.8	10.7	9.1	1.2	1.1	14.0	12.4	4.1	4.3
Nixu*	97	98	25.5	18.7	19.1	15.2	1.5	1.3	36.1	25.9		
Siili Solutions*	127	117	8.8	7.2	7.0	5.9	0.9	0.8	13.3	11.4	1.9	2.4
Tietoevry*	3060	3653	9.1	8.3	7.8	7.2	1.2	1.1	10.3	9.6	5.8	6.0
Vincit*	76	64	7.1	5.6	6.6	5.3	0.6	0.5	11.0	9.2	3.7	4.3
Witted Megacorp*	50	41	57.1	8.8	53.3	8.7	0.6	0.4	68.4	14.1		
Bouvet	615	632	17.0	15.6	14.2	13.3	2.1	2.0	21.7	20.0	4.0	4.4
Knowit	435	526	13.5	11.6	7.6	7.0	0.8	0.8	16.8	14.1	4.3	4.3
Netcompany Group	1924	2167	19.6	16.3	14.9	13.0	2.7	2.4	23.5	18.3	0.5	1.0
Admicom*	206	200	16.1	14.5	15.9	14.3	6.0	5.5	21.2	19.5	2.9	3.2
Basware*	580	634	53.0	38.7	22.7	19.2	3.7	3.5	95.7	57.6		
Efecte*	68	67		51.6	532.2	33.4	2.6	2.3		57.1		
Heeros*	23	25	32.3	21.0	10.2	8.3	2.2	1.9	37.9	24.8		
Leaddesk*	51	54	38.2	19.6	13.0	9.2	1.8	1.6	123.9	27.3		
Qt Group*	2141	2118	41.4	30.2	39.0	29.6	10.9	8.3	50.0	37.5		
Lime Technologies AB	326	340	35.1	29.7	22.1	19.9	7.0	6.1	45.9	37.1	1.1	1.2
Upsales Technology AB	79	73	24.9	18.8	19.7	14.9	5.0	3.9	33.9	25.3	2.2	2.4
Carasent ASA	110	53	615.5	16.2	16.2	8.1	2.4	2.1	213.3	55.2		
FormPipe Software AB	121	121	31.8	19.4	12.9	10.2	2.7	2.4	41.9	25.2	1.2	1.5
Solteq (Inderes)	**23**	**43**	**-562.4**	**17.5**	**8.0**	**5.5**	**0.71**	**0.68**	**-20.7**	**38.4**	**0.0**	**2.5**
Average			49.0	17.3	36.8	12.0	2.5	2.2	43.5	23.6	3.0	3.3
Median Nordic IT service companies			**13.4**	**9.3**	**9.2**	**7.9**	**1.1**	**1.0**	**17.4**	**14.0**	**3.7**	**4.3**
Diff-% to median			*-4292%*	*89%*	*-13%*	*-30%*	*-34%*	*-29%*	*-219%*	*174%*	*-100%*	*-41%*
Median Finnish IT service companies			**11.5**	**8.3**	**7.8**	**7.2**	**0.95**	**0.85**	**14.0**	**12.4**	**3.4**	**3.8**
Diff-% to median			*-4999%*	*111%*	*3%*	*-23%*	*-25%*	*-20%*	*-248%*	*210%*	*-100%*	*-33%*
Median Nordic software companies			**35.1**	**20.3**	**17.9**	**14.6**	**3.2**	**2.9**	**45.9**	**32.2**	**1.7**	**2.0**
Diff-% to median			*-1704%*	*-14%*	*-55%*	*-62%*	*-78%*	*-77%*	*-145%*	*19%*	*-100%*	*27%*

Souce: Refinitiv and *adjusted Indere' estimate / Inderes. NB! The market cap Inderes uses does not consider own shares held by the company.

Income statement

Income statement	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue	**60.5**	**69.1**	**19.2**	**17.9**	**14.4**	**16.9**	**68.4**	**16.9**	**15.6**	**12.4**	**15.3**	**60.2**	**59.4**	**62.7**	**65.9**
Retail & Commerce	41.6	44.3	11.8	11.4	8.6	10.3	42.1	13.4	12.2	9.2	11.3	46.1	44.2	46.0	47.8
Utilities	18.8	24.8	7.4	6.6	5.7	6.6	26.3	3.5	3.4	3.2	4.0	14.1	15.2	16.7	18.1
EBITDA	**10.4**	**12.3**	**2.7**	**1.8**	**0.8**	**0.3**	**5.6**	**1.3**	**9.3**	**1.3**	**1.5**	**13.3**	**9.8**	**8.7**	**9.4**
Depreciation	-5.0	-5.1	-1.3	-1.4	-5.8	-1.5	-10.0	-1.4	-1.4	-1.4	-1.4	-5.4	-5.0	-4.7	-4.6
EBIT (excl. NRI)	**5.8**	**7.4**	**1.6**	**0.6**	**-0.5**	**-1.2**	**0.5**	**-0.1**	**-0.1**	**0.0**	**0.1**	**-0.1**	**2.3**	**3.9**	**4.8**
EBIT	**5.4**	**7.1**	**1.4**	**0.4**	**-5.0**	**-1.2**	**-4.4**	**-0.1**	**7.9**	**0.0**	**0.1**	**7.9**	**4.8**	**3.9**	**4.8**
Retail & Commerce	3.1	5.6	1.5	1.3	0.1	0.3	3.2	1.2	0.6	0.3	0.3	2.4	2.0	2.8	3.3
Utilities	2.2	1.6	-0.1	-0.9	-5.1	-1.5	-7.6	-1.3	-0.7	-0.3	-0.2	-2.5	0.3	1.2	1.4
Net financial items	-2.6	-1.9	-0.4	-0.5	-0.4	-0.8	-2.2	0.4	-0.6	-0.5	-0.5	-1.2	-1.5	-1.3	-1.2
PTP	**2.7**	**5.2**	**1.0**	**-0.1**	**-5.5**	**-2.0**	**-6.6**	**0.4**	**7.3**	**-0.5**	**-0.4**	**6.8**	**3.3**	**2.6**	**3.6**
Taxes	-0.8	-1.1	-0.2	0.0	1.0	0.4	1.2	-0.1	-1.5	0.1	0.1	-1.5	-0.7	-0.5	-0.7
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net earnings	**2.0**	**4.1**	**0.8**	**-0.1**	**-4.4**	**-1.7**	**-5.4**	**0.2**	**5.8**	**-0.4**	**-0.3**	**5.3**	**2.6**	**2.1**	**2.9**
EPS (adj.)	**0.15**	**0.23**	**0.05**	**0.00**	**0.00**	**-0.09**	**-0.03**	**0.01**	**-0.03**	**-0.02**	**-0.01**	**-0.06**	**0.03**	**0.11**	**0.15**
EPS (rep.)	**0.10**	**0.21**	**0.04**	**0.00**	**-0.23**	**-0.09**	**-0.28**	**0.01**	**0.30**	**-0.02**	**-0.01**	**0.27**	**0.13**	**0.11**	**0.15**

Key figures	2020	2021	Q1'22	Q2'22	Q3'22	Q4'22	2022	Q1'23	Q2'23e	Q3'23e	Q4'23e	2023e	2024e	2025e	2026e
Revenue growth-%	3.7 %	14.2 %	10.7 %	-3.0 %	-3.7 %	-7.5 %	-0.9 %	-12.1 %	-13.0 %	-13.8 %	-9.6 %	-12.1 %	-1.2 %	5.5 %	5.1 %
Adjusted EBIT growth-%		28.2 %	-31.1 %	-76.3 %	-141.7 %	-184.4 %	-93.7 %	-105.8 %	-113.7 %	-91.9 %	-111.5 %	-116.3 %	-3117.4 %	71.3 %	22.0 %
EBITDA-%	17.2 %	17.8 %	14.1 %	9.9 %	5.5 %	1.6 %	8.1 %	7.6 %	59.4 %	10.6 %	9.7 %	22.2 %	16.5 %	13.8 %	14.2 %
Adjusted EBIT-%	9.6 %	10.7 %	8.2 %	3.3 %	-3.5 %	-7.1 %	0.7 %	-0.5 %	-0.5 %	-0.3 %	0.9 %	-0.1 %	3.9 %	6.3 %	7.3 %
Net earnings-%	3.3 %	5.9 %	4.1 %	-0.5 %	-31.0 %	-9.8 %	-7.9 %	1.2 %	37.0 %	-3.5 %	-1.9 %	8.8 %	4.4 %	3.3 %	4.3 %

Source: Inderes

Balance sheet

Assets	2021	2022	2023e	2024e	2025e
Non-current assets	**60.3**	**61.1**	**52.5**	**52.5**	**52.5**
Goodwill	42.3	46.5	39.5	39.5	39.5
Intangible assets	12.1	9.1	8.9	8.9	8.9
Tangible assets	5.3	3.4	3.4	3.4	3.4
Associated companies	0.0	0.0	0.0	0.0	0.0
Other investments	0.4	0.4	0.4	0.4	0.4
Other non-current assets	0.2	0.3	0.3	0.3	0.3
Deferred tax assets	0.0	1.4	0.0	0.0	0.0
Current assets	**15.5**	**13.3**	**15.4**	**13.7**	**14.5**
Inventories	0.2	0.1	0.1	0.1	0.1
Other current assets	0.0	0.0	0.0	0.0	0.0
Receivables	11.7	11.1	10.8	10.7	11.3
Cash and equivalents	3.6	2.1	4.5	3.0	3.1
Balance sheet total	**75.8**	**74.3**	**67.9**	**66.2**	**67.0**

Source: Inderes

Liabilities & equity	2021	2022	2023e	2024e	2025e
Equity	**28.0**	**22.5**	**27.8**	**30.4**	**31.9**
Share capital	1.0	1.0	1.0	1.0	1.0
Retained earnings	13.7	8.2	13.5	16.1	17.6
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.1	0.1	0.1	0.1
Other equity	13.3	13.3	13.3	13.3	13.3
Minorities	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	**28.2**	**26.7**	**23.8**	**17.6**	**16.5**
Deferred tax liabilities	0.7	0.8	0.8	0.8	0.8
Provisions	0.0	0.0	0.0	0.0	0.0
Long term debt	27.5	25.9	23.0	16.8	15.7
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.1	0.0	0.0	0.0
Current liabilities	**19.6**	**25.1**	**16.3**	**18.2**	**18.6**
Short term debt	2.0	7.6	1.0	3.1	2.6
Payables	17.6	17.5	15.3	15.2	16.0
Other current liabilities	0.0	0.0	0.0	0.0	0.0
Balance sheet total	**75.8**	**74.3**	**67.9**	**66.2**	**67.0**

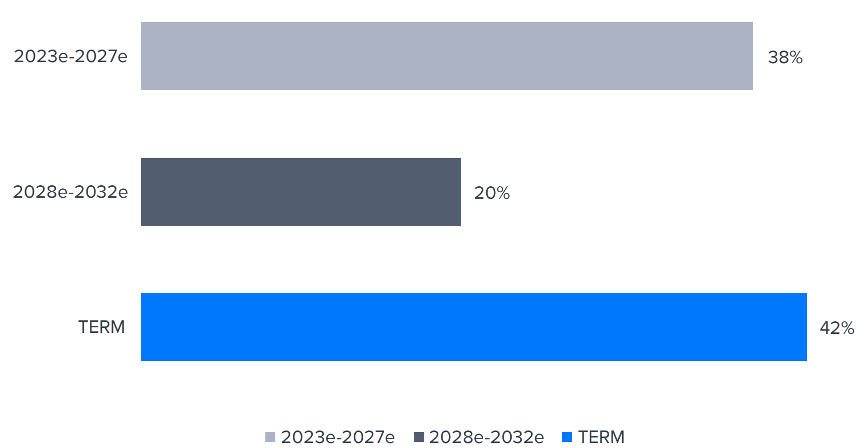
DCF calculation

DCF model	2022	2023e	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	TERM
Revenue growth-%	-0.9 %	-12.1 %	-1.2 %	5.5 %	5.1 %	5.0 %	5.0 %	4.0 %	4.0 %	4.0 %	2.0 %	2.0 %
EBIT-%	-6.4 %	13.2 %	8.1 %	6.3 %	7.3 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %	8.0 %
EBIT (operating profit)	**-4.4**	**7.9**	**4.8**	**3.9**	**4.8**	**5.5**	**5.8**	**6.0**	**6.3**	**6.5**	**6.7**	
+ Depreciation	10.0	5.4	5.0	4.7	4.6	4.3	4.1	4.2	4.2	4.2	4.2	
- Paid taxes	-0.1	-0.1	-0.7	-0.5	-0.7	-0.9	-1.0	-1.1	-1.1	-1.2	-1.2	
- Tax, financial expenses	-0.4	-0.3	-0.3	-0.3	-0.2	-0.2	-0.2	-0.1	-0.1	-0.1	-0.1	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	0.6	-1.8	-0.1	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.1	
Operating cash flow	**5.6**	**11.1**	**8.8**	**8.1**	**8.6**	**9.0**	**9.0**	**9.2**	**9.5**	**9.7**	**9.7**	
+ Change in other long-term liabilities	0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-9.4	1.8	-5.0	-4.7	-4.6	-4.3	-4.1	-4.2	-4.2	-4.2	-4.2	
Free operating cash flow	**-3.6**	**12.9**	**3.8**	**3.4**	**4.1**	**4.7**	**4.9**	**5.1**	**5.3**	**5.5**	**5.5**	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-3.6	12.9	3.8	3.4	4.1	4.7	4.9	5.1	5.3	5.5	5.5	66.6
Discounted FCFF		**12.1**	**3.2**	**2.6**	**2.9**	**3.0**	**2.8**	**2.6**	**2.5**	**2.3**	**2.1**	**25.9**
Sum of FCFF present value		62.1	49.9	46.7	44.1	41.2	38.3	35.4	32.8	30.3	28.0	25.9
Enterprise value DCF		**62.1**										
- Interest bearing debt		-33.5										
+ Cash and cash equivalents		2.1										
-Minorities		0.0										
-Dividend/capital return		0.0										
Equity value DCF		**30.6**										
Equity value DCF per share		**1.6**										

WACC	
Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E)	15.0 %
Cost of debt	6.0 %
Equity Beta	1.65
Market risk premium	4.75%
Liquidity premium	1.00%
Risk free interest rate	2.5 %
Cost of equity	**11.3 %**
Weighted average cost of capital (WACC)	**10.4 %**

Source: Inderes

Cash flow distribution



Summary

Income statement	2020	2021	2022	2023e	2024e
Revenue	60.5	69.1	68.4	**60.2**	**59.4**
EBITDA	10.4	12.3	5.6	**13.3**	**9.8**
EBIT	5.4	7.1	-4.4	**7.9**	**4.8**
PTP	2.7	5.2	-6.6	**6.8**	**3.3**
Net Income	2.0	4.1	-5.4	**5.3**	**2.6**
Extraordinary items	-0.4	-0.3	-4.9	**8.0**	**2.5**

Per share data	2020	2021	2022	2023e	2024e
EPS (reported)	0.10	0.21	-0.28	**0.27**	**0.13**
EPS (adj.)	0.15	0.23	-0.03	**-0.06**	**0.03**
OCF / share	0.53	0.62	0.29	**0.57**	**0.45**
FCF / share	-0.03	0.24	-0.19	**0.66**	**0.20**
Book value / share	1.37	1.44	1.16	**1.43**	**1.57**
Dividend / share	0.15	0.10	0.00	**0.00**	**0.03**

Balance sheet	2020	2021	2022	2023e	2024e
Balance sheet total	74.7	75.8	74.3	**67.9**	**66.2**
Equity capital	26.5	28.0	22.5	**27.8**	**30.4**
Goodwill	38.9	42.3	46.5	**39.5**	**39.5**
Net debt	26.5	25.9	31.4	**19.5**	**16.9**

Growth and profitability	2020	2021	2022	2023e	2024e
Revenue growth-%	4%	14%	-1%	**-12%**	**-1%**
EBITDA growth-%	7%	18%	-55%	**140%**	**-27%**
EBIT (adj.) growth-%	67%	28%	-94%	**-116%**	**-3117%**
EPS (adj.) growth-%	175%	55%	-112%	**112%**	**-154%**
EBITDA-%	17.2 %	17.8 %	8.1 %	**22.2 %**	**16.5 %**
EBIT (adj.)-%	9.6 %	10.7 %	0.7 %	**-0.1 %**	**3.9 %**
EBIT-%	8.8 %	10.3 %	-6.4 %	**13.2 %**	**8.1 %**
ROE-%	7.8 %	15.0 %	-21.4 %	**20.9 %**	**9.0 %**
ROI-%	9.7 %	12.3 %	-7.8 %	**14.7 %**	**9.4 %**
Equity ratio	35.5 %	36.9 %	30.3 %	**41.0 %**	**45.9 %**
Gearing	99.9 %	92.6 %	139.4 %	**70.0 %**	**55.6 %**

Cash flow	2020	2021	2022	2023e	2024e
EBITDA	10.4	12.3	5.6	**13.3**	**9.8**
Change in working capital	1.4	1.1	0.6	**-1.8**	**-0.1**
Operating cash flow	10.2	12.0	5.6	**11.1**	**8.8**
CAPEX	-5.7	-7.3	-9.4	**1.8**	**-5.0**
Free cash flow	-0.6	4.6	-3.6	**12.9**	**3.8**

Valuation multiples	2020	2021	2022	2023e	2024e
EV/S	1.3	1.5	0.8	**0.7**	**0.7**
EV/EBITDA (adj.)	7.8	8.6	10.0	**8.0**	**5.5**
EV/EBIT (adj.)	13.9	14.3	>100	**neg.**	**17.5**
P/E (adj.)	19.2	18.2	neg.	**neg.**	**38.4**
P/B	2.0	2.8	1.1	**0.8**	**0.8**
Dividend-%	5.4 %	2.4 %	0.0 %	**0.0 %**	**2.5 %**

Source: Inderes

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Reduce The 12-month risk-adjusted expected shareholder return of the share is weak

Sell The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
10/30/2019	Reduce	1.45 €	1.41 €
2/25/2020	Reduce	1.45 €	1.45 €
2/28/2020	Reduce	1.30 €	1.33 €
4/5/2020	Reduce	1.00 €	1.00 €
5/4/2020	Reduce	1.10 €	1.08 €
8/14/2020	Accumulate	1.60 €	1.47 €
10/30/2020	Buy	2.00 €	1.59 €
12/8/2020	Reduce	3.00 €	3.00 €
2/3/2021	Accumulate	3.40 €	2.96 €
2/26/2021	Buy	4.80 €	4.04 €
3/2/2021	Buy	5.60 €	4.84 €
4/30/2021	Buy	7.00 €	6.08 €
8/13/2021	Accumulate	7.50 €	6.80 €
10/29/2021	Buy	6.00 €	4.57 €
2/18/2022	Accumulate	4.60 €	3.92 €
4/29/2022	Buy	4.60 €	3.23 €
5/26/2022	Accumulate	3.00 €	2.66 €
8/12/2022	Accumulate	2.30 €	1.99 €
10/28/2022	Accumulate	1.40 €	1.19 €
2/17/2023	Reduce	1.40 €	1.40 €
5/3/2023	Reduce	1.40 €	1.29 €
5/5/2023	Reduce	1.40 €	1.26 €
6/12/2023	Accumulate	1.40 €	1.20 €

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