



# SOLTEQ

**Capital Markets Day**

January 18<sup>th</sup>, 2023

© 2023 Solteq. All rights reserved.

---

Aarne

# Aktan

CEO – since July 2022

Member of the Board in Solteq: 2015–2022

"IT-entrepreneur that came back home"

Key Work Experience:

Several leadership positions, such as  
CEO of SYNLAB Finland Oy

Pihlajalinna Plc

Talentum Plc

Quartal Oy

Extensive amount of board work  
experience

© 2023 Solteq. All rights reserved.





# Agenda

- 10.00 ● **Towards a Better Tomorrow**  
CEO Aarne Aktan
- 10.15 ● **Financial update**  
CFO Kari Lehtosalo
- 10.30 ● **Market Outlook: Retail & Commerce**  
EVP Jesper Boye
- 11.00 ● **Market Outlook: Utilities**  
EVP Jaakko Hirvensalo
- 11.30 ● **Q&A**
- 12.00 ● **Thank You**



# Objectives of the Day

- 01 • Provide a more comprehensive a view of our ambitions and fears
- 02 • Present an overview of our business and operating model
- 03 • Describe the strategic choices





# Management Introduction



**Aarne Aktan**  
CEO



**Kari Lehtosalo**  
CFO



**Jesper Boye**  
EVP - Retail & Commerce



**Jaakko Hirvensalo**  
EVP - Utilities



**Christa Tavan**  
Director of Communications and  
Marketing



**Mikko Sairanen**  
General Counsel



**Kirsi Jalasaho**  
VP - People and Culture



Solteq Plc's Board of Directors has approved the company's segment-specific long-term financial targets, which are based on the updated strategy and segment structure. The financial targets, revenue and cost structures, and product development needs differ between the two segments. Software solutions and expert services are offered for the retail industry and needs related to e-commerce by the Retail & Commerce segment and for the needs of the energy sector by the Utilities segment.

The Retail & Commerce segment aims for the long-term target of a minimum annual growth of 8 percent in the revenue and operating result.

For the revenue of the Utilities segment, the long-term target is to grow a minimum of 15 percent annually. For the operating result, the segment is aiming for a long-term target of 18 percent annual growth. The segment is aiming to increase the share of software-based recurring revenue to half of its total revenue.

In addition to the segment-specific targets, the Board of Directors has approved the company's goals for dividend policy and leverage ratio. Solteq Group aims to pay, at minimum, dividends equaling 50 percent of the annual operating result. The aimed long-term leverage ratio is 3:1 (the net debt to EBITDA, the effect of IFRS16 has been eliminated).

*"Solteq has not performed at the desired level over the past year. Our task is to return the company back on a growth path and clearly improve profitability. The market situation and the challenges related to product development in the Utilities segment continue to strain the company during this year. With our long-term commitment to product development and understanding our customers' business operations even better, we are aiming to achieve the targets set in three years, at the latest. There is a lot of work to be done, but I strongly believe that with the know-how of our current personnel, we will reach our targets,"* comments **Aarne Aktan**, the CEO of Solteq.

The long-term financial targets for the segments:

Key Figure	Retail & Commerce	Utilities
Minimum average annual growth in revenue, %	8 %	15 %
Minimum EBIT, %	8 %	18 %

Summary  
of today's  
story



# Past, present, future

1. Solteq has not performed at the desired level over the past year
2. Our task is to return the company back on a growth path and clearly improve profitability
3. The market situation and the challenges related to product development in the Utilities segment continue to strain the company during this year
4. With our long-term commitment to product development and understanding our customers' business operations even better, we are aiming to achieve the targets set in three years, at the latest
5. There is a lot of work to be done, but I strongly believe that with the know-how of our current personnel, we will reach our targets

Primary focus for next 1-2 years

Competitive advantages that we need to succeed. We will deliver in 3 years.

Sleeping and boring ( - 2019)  
Overperformer (2020-2021)  
Underperformer (2022- )

No help from macro in near future, we need to deal with that – certain laundry is self-created

We have all the necessary ingredients available, no need to go out and acquire goods

---

Kari

# Lehtosalo

CFO

MBA

Key leadership positions in the  
software and technology  
industry.

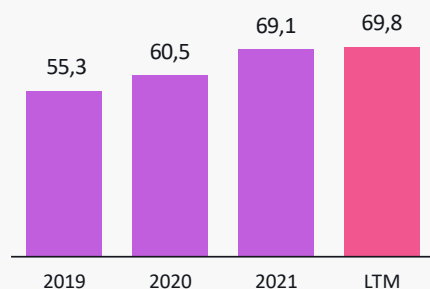
© 2023 Solteq. All rights reserved.



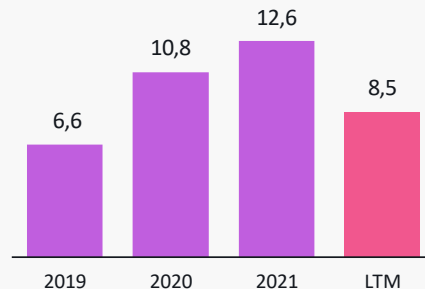


# Financial update - Key Figures

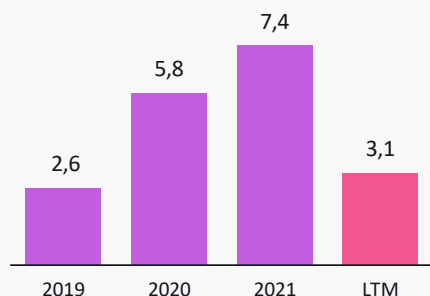
Revenue (EUR million)



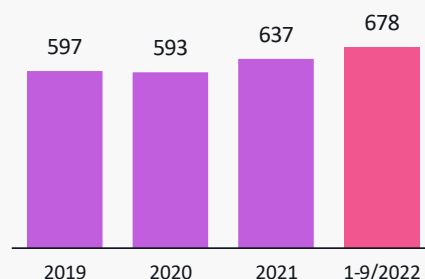
Comparable EBITDA (EUR million)



Comparable operating profit (EUR Million)



Average number of employees



Organic growth break off during 2022

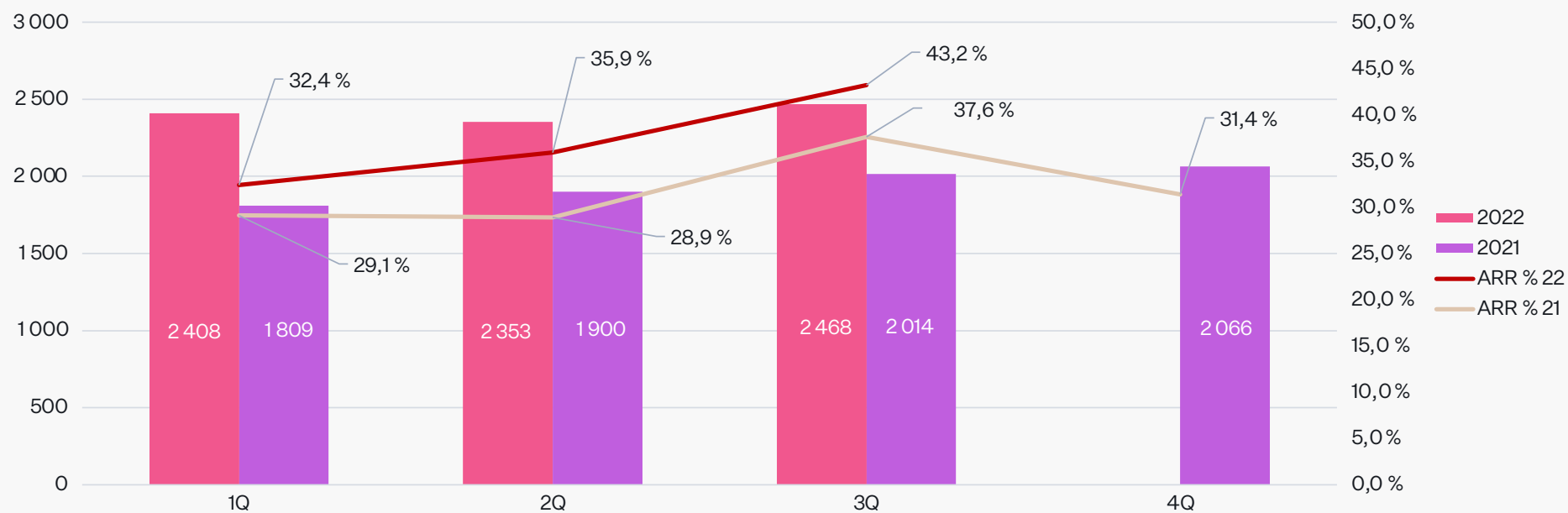
Profitability hit due quality issues in Utilities and slow down in Digital sales

As per 3Q22.

Solteq's full financial statements 2022 will be published on 16 February 2023.

# Recurring Revenue

ARR (keur & % of SW segment YtY)

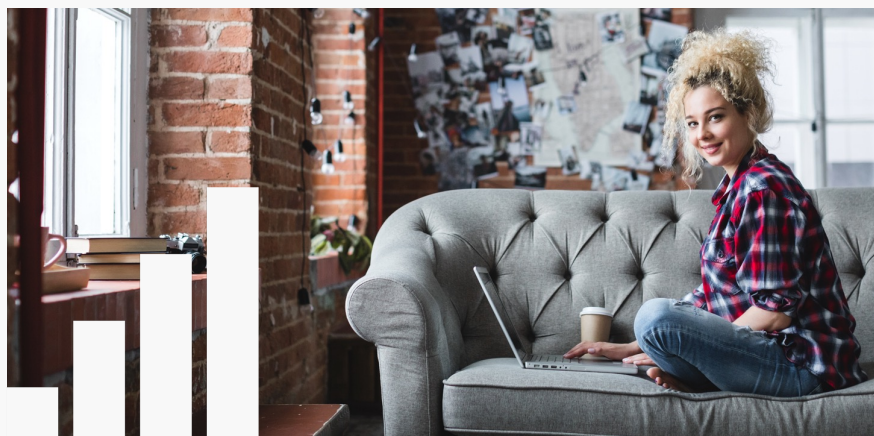


As per 3Q22.

Solteq's full financial statements 2022 will be published on 16 February 2023.



# Long-Term Financial Targets



## Retail & Commerce

- Minimum average annual growth in revenue: 8 percent
- Minimum EBIT (%): 8 percent
- Dividends – minimum of half of the annual operating result
- Net-Debt-to-EBITDA ratio – 3:1



## Utilities

- Minimum average annual growth in revenue: 15 percent
- Minimum EBIT (%): 18 percent

---

Jesper

**Boye**

EVP - Retail & Commerce

MBA

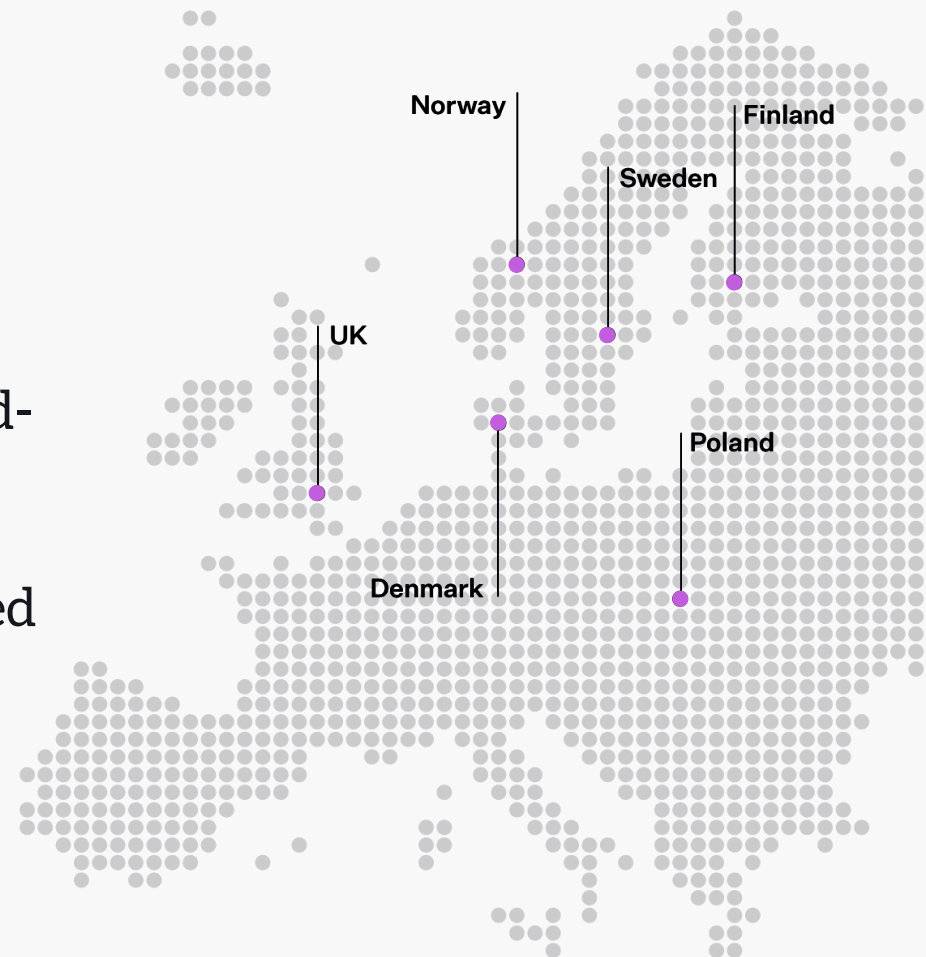
Key leadership positions in  
business and sales management  
within the technology industry.





# Retail & Commerce

- Retail & Commerce offers expert services and software solutions for retail and e-commerce.
- The portfolio consists of leading third-party software platforms, related services, and Solteq's own IPR.
- More than 1,000 customers are served by 450 professionals in 6 countries.



# Business Segments Portfolio

## Retail & Commerce

+8 %  
p.a. growth target

+8%  
EBIT margin target



ERP



Commerce & Data



Retail Software



Microsoft Dynamics 365  
Business Central



LS Retail



HCL SOFTWARE



MIRAKL



Adobe  
Commerce

**SOLTEQ**  
COMMERCE CLOUD



**inriver**



Liferay



akeneo

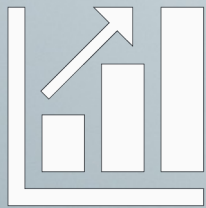


dynamicWEB

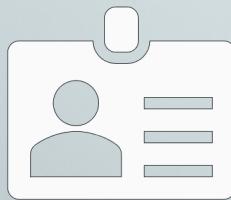


Informatica

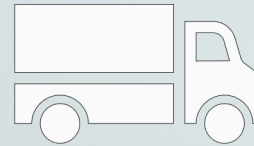
# Macroeconomic Headwinds



Rising inflation,  
interest rate, and  
cost levels



Challenging  
labor market



Disruptions in  
supply-chain



Increased  
amount of cyber  
security threats

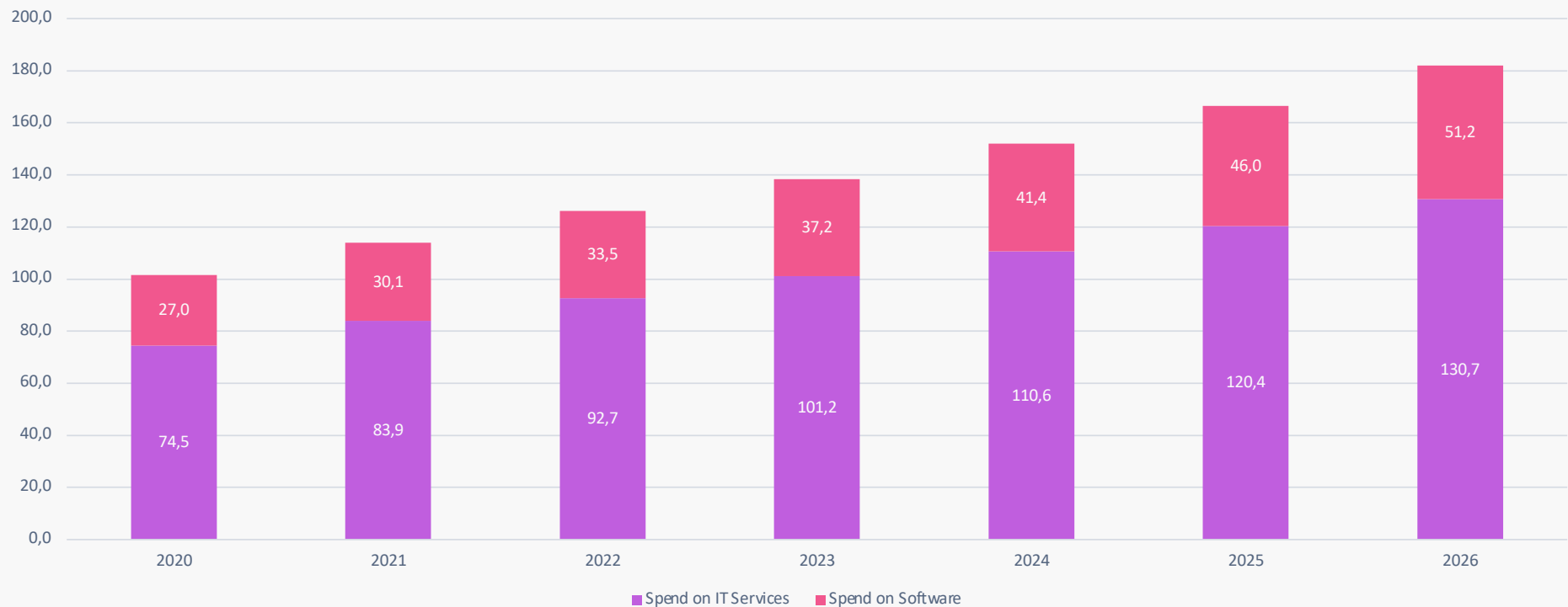


# Trends in retail and e-commerce

- Unified Commerce
- Digital Business Transformation
- Emerging Technologies
- Sustainability

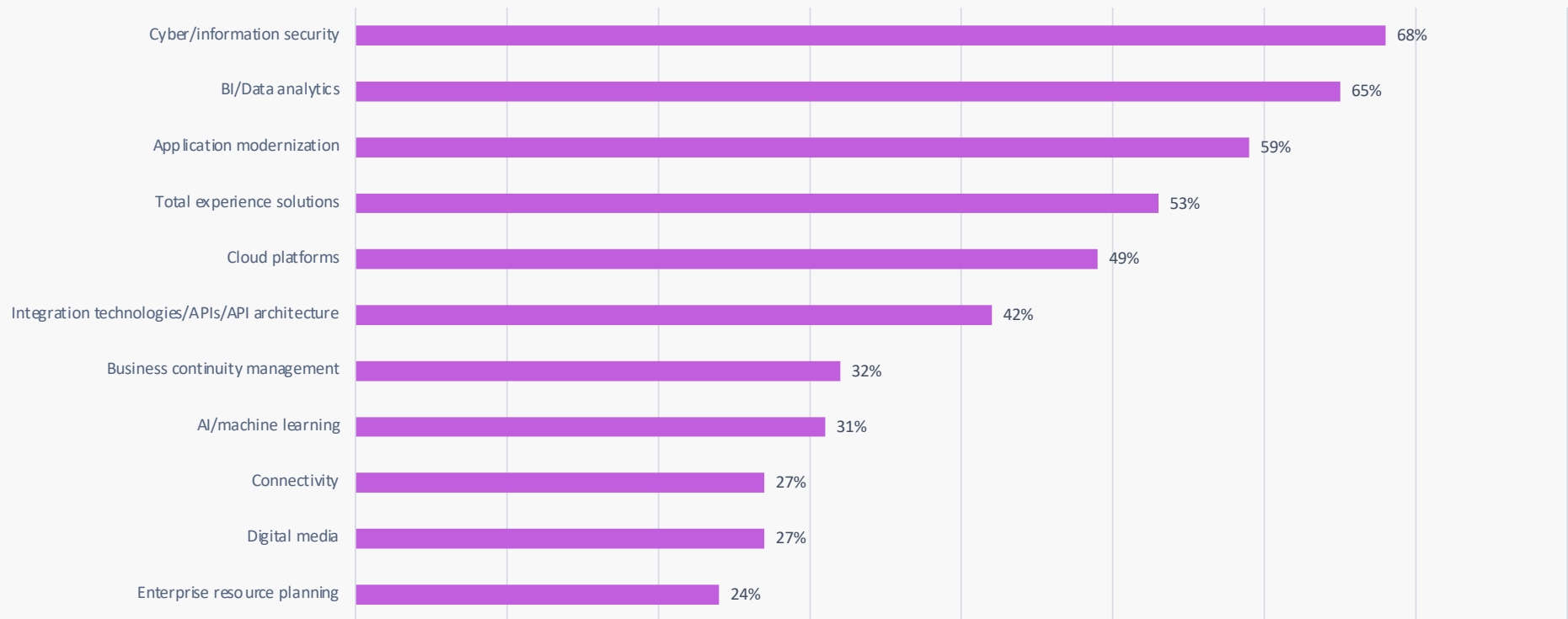


# Global Retail Spend in EUR Billion



Source: Gartner - "2023 Outlook Presentation: Enterprise IT Spending Forecast for Retail"

# Global Retail Leaders Increasing Investments



Source: Gartner - "2023 Outlook Presentation: Enterprise IT Spending Forecast for Retail"



---

Jaakko

# Hirvensalo

EVP - Utilities

M.Sc. (Tech)

Diversely experienced in business and turnaround leadership within the energy sector and international technology industry.





# Innovations for energy evolution



© 2023 Solteq. All rights reserved.

**SOLTEQ**



# Key Market Trends



Changing  
markets



New  
regulations



Intensifying  
competition



Extreme  
weather



Innovation

Sources:  
Deloitte: "2023 power and utilities industry outlook". 2023. <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/energy-resources/us-eri-power-utilities-outlook-2023.pdf>  
Gartner: "Energy and Utilities Digital Transformation and Innovation Primer for 2022".

# Innovations for Energy Evolution

- SQ Utilities Customers
  - Utilities e.g. Energy Supply, Retail and Distribution industry.
- Target market
  - Energy Utility Companies in Finland, Denmark, Sweden and Norway
- Selected Customers



- SQ Utilities Today
  - Second largest Utilities ICT SW service provider in Finland
  - Building capability to enter Swedish and Danish markets in 2023 – 2024
- Solteqians/Utilities
  - Over 200 professionals
    - FI, SWE, DK, NO, PL
  - Inhouse R&D and IPR



# Market Outlook

- The overall Utilities market IT spend has been increasing
  - According to Gartner, the growth rate in utilities SW could be as high as a 5year CAGR of 14.8%
  - Nordics estimated IT Service and Software spend is illustrated in figure 1.

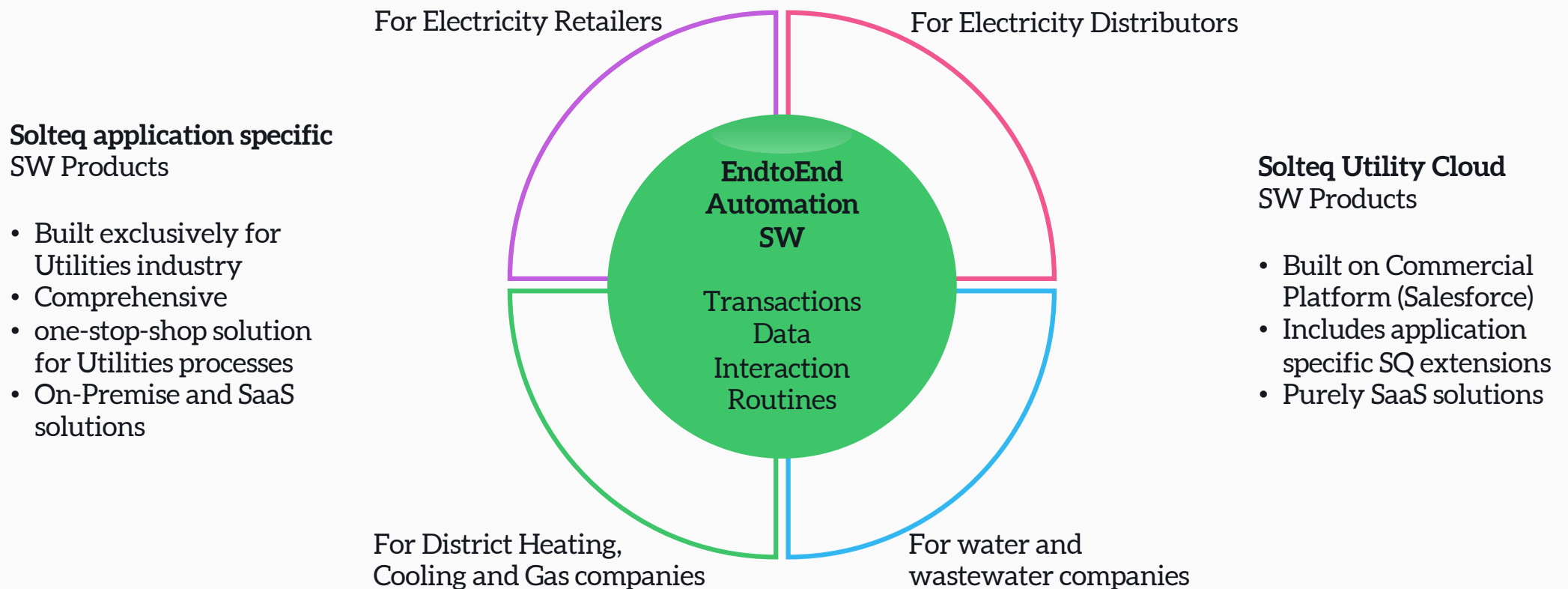
Nordic Energy Sector Spend is estimated to be 4,4B€ in Year 2023



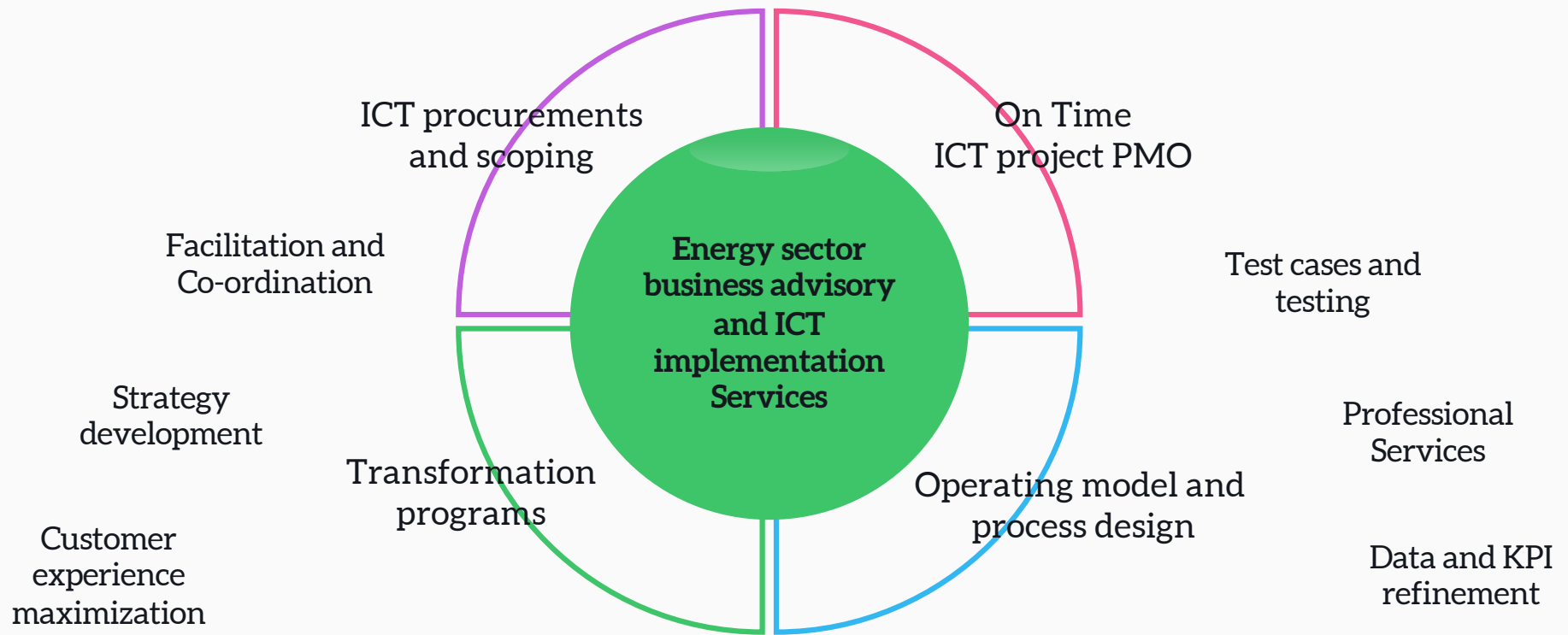
- Market size
  - Global Energy and Utilities SW market size is estimated by Gartner to reach a bold 75B\$/a.
  - Solteq focuses at first on targeted Nordics SW Utilities market estimated as 365 M€/a
- Solteq Utilities – Next Steps
  - H1/2023 continue turnaround and restructuring action plan
  - H2/2023 gradually reach normal capability
  - Estimate to turn towards healthy numbers in H2/2023
  - Expansion to new markets gradually during 2023



# Utilities Software Product families



# Utilities Consulting, Professional Services



*For the best to the Customer*

A wide-angle photograph of a calm sea under a heavy, grey mist. The water is a deep blue-grey, with gentle ripples. In the center of the frame, a small, dark buoy with a red top is visible. The horizon is obscured by the thick fog, creating a sense of vastness and solitude.

# Thank You

© 2023 Solteq. All rights reserved.