



**SOLTEQ**

ANNUAL REPORT 2007



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# SOLTEQ IN BRIEF

SOLTEQ PLC IS A STRATEGIC PARTNER TO COMPANIES IN TRADE AND INDUSTRY. THE COMPANY'S CORE EXPERTISE IS BUSINESS CRITICAL IT SOLUTIONS. SOLTEQ PROVIDES CUSTOMISED BUSINESS DEVELOPMENT AND ERP SOLUTIONS, COMBINING IN-HOUSE PRODUCTS WITH SYSTEMS MADE BY THE WORLD'S LEADING SOFTWARE COMPANIES.

DATA PROCESSED WITH SOLTEQ'S SOLUTIONS HELPS CUSTOMERS TO LEAD THEIR BUSINESS MORE EFFECTIVELY AND ACHIEVE HIGHER PROFITABILITY.

SOLTEQ WAS FOUNDED IN 1982. THE COMPANY'S SHARES HAVE BEEN QUOTED ON THE HELSINKI STOCK EXCHANGE (OMX) SINCE 1999. SOLTEQ AIMS TO GROW PROFITABLY AND MAINTAIN AN ACTIVE DIVIDENDS POLICY. HEADQUARTERED IN TAMPERE, SOLTEQ ALSO HAS OFFICES IN HELSINKI, LAHTI, HÄMEENLINNA, KUOPIO, NOKIA AND IMATRA.

# BUSINESS STRUCTURE

In the 2007 financial year, Solteq's business operations were divided into two segments, one serving the retail and wholesale trade and the other industry. Operations were supported by the company's subsidiaries – Artekus Oy, a provider of maintenance systems, Tampereen Systeemitimi Oy, a supplier of Microsoft Dynamics NAV ERP systems, and Fulmentum Oy, a specialist in data harmonization and management. Artekus and Tampereen Systeemitimi were acquired in 2006 and Fulmentum in April 2007.

Solteq's Retail and Wholesale Trade business unit is Finland's most experienced IT partner to wholesalers and retailers. Its solutions upgrade efficiency in chain store, specialised retail and wholesale purchasing, sales and stock management. The business unit's strongest suit is the optimisation of solutions by integrating in-house and partner products. The Retail and Wholesale Trade business unit's partners include SAP, Microsoft, Wincor Nixdorf, IBM and JDA.

Solteq's Auto Trade business unit provides solutions and services for the entire value chain of the motor vehicle trade and its stakeholders. These solutions enable customers to control their business operations, manage their customer accounts and boost efficiency in financial administration. The turnover of Auto Trade is included in the figures of the Retail and Wholesale Trade segment.

Solteq's Industry business unit serves as a solutions partner to industrial companies. The business unit helps customers to control their business operations and ensure uninterrupted production. Solteq comes up with customised ERP solutions by combining in-house industrial expertise with the products of its international software partners, SAP and Microsoft. The company is the Nordic market leader in information systems for maintenance and materials management. Its maintenance and information management solutions are based on software products gained through acquisitions.

Following the subsidiary mergers in 2007, Solteq's profit units were also reorganised. As from the beginning of 2008, the company's operations were divided internally into five business units: Auto Trade, Retail and Wholesale Trade, Industry, Information Management and Application Services.

# KEY FIGURES

## TURNOVER BY BUSINESS AREA (EUR MILLION)

	2007	2006	Muutos
Trade	18,5	15,4	+3,1
Industry and services	9,4	7,8	+1,6
Total	27,9	23,2	+4,7

## OPERATING RESULT BY BUSINESS AREA (EUR MILLION)

	2007	2006	Muutos
Trade	1,0	-0,7	+1,7
Industry and services	0,3	0,2	+0,1
Total	1,3	-0,5	+1,8

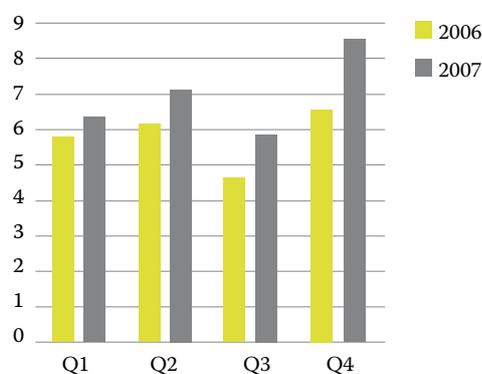
## TURNOVER AND OPERATING RESULT BY QUARTER IN 2007 (EUR MILLION)

	Q1	Q2	Q3	Q4
Turnover	6,4	7,1	5,9	8,5
Operating profit	0,1	0,4	0,3	0,5

## TURNOVER BY OPERATION (%)

	2007	2006
Services	63	60
Licenses	24	26
Hardware sales	13	14

## QUARTERLY TURNOVER 2006-2007 (EUR MILLION)



	2007	2006
Turnover, (EUR million)	27,9	23,2
Operating profit, (EUR million)	1,3	- 0,5
Pre-tax result, (EUR million)	1,1	- 0,5
Return on investments, %	8,7	- 2,4
Return on equity, %	11,5	1,2
Gross investments in non-current assets, (EUR million)	1,8	7,7
Equity ratio, %	44,1	47,7
Net gearing, %	69,0	15,8
Staff (average)	252	240
Dividends/return of equity per share, EUR	0,06	0,1
Earnings per share, EUR	0,09	0,01
Own equity per share, EUR	0,81	0,81



THE BOARD OF DIRECTORS' TARGET FOR ANNUAL ORGANIC GROWTH IN OUR TURNOVER DURING THE NEXT FEW YEARS IS TEN PER CENT ON AVERAGE. ADDITIONAL GROWTH WILL BE SOUGHT FROM THE RUSSIAN MARKET AND TARGETED ACQUISITIONS.

# MANAGING DIRECTOR'S REVIEW

DEAR READER,

When I wrote my review for the 2006 Annual Report, we were on course to enjoy a successful 2007. Now that 2007 is over, I can state that for the most part this was indeed the case. Our turnover saw record growth of 20 per cent. It was particularly satisfying that growth was mainly organic, generated by new customer accounts and our existing clientele. Our profitability also saw a substantial year-on-year improvement, although we are still short of our target level, an operating margin of 10 per cent. Operations grew in all our business areas and were profitable. This shows that our business is built on many solid cornerstones. All in all, we can be satisfied with our performance in 2007.

Our prospects for 2008 are as promising as they were for 2007. Many good projects are underway and our backlog of sales projects is strong. Following the acquisition of Fulmentum Oy in spring 2007, our solutions portfolio is in excellent shape – we have an extensive range of solutions for our customers' problems and their business development needs. Our challenge is to get the word out about all our offerings – we will keep making outlays on our marketing. The integration of the businesses acquired during the past two years has been concluded both in legal and operational terms. The potential synergy

benefits are great and will enable us to improve our profitability.

The Board of Directors' target for annual organic growth in our turnover during the next few years is ten per cent on average. We will seek additional growth from, for instance, the Russian market, where we have now set up a sales office. Well-targeted acquisitions in support of our current business areas are an option. However, we must achieve this growth profitably and improve our profitability substantially compared with the previous year. Thanks to the effective organisation of our operations, we are in a good position to achieve these goals.

We have a great deal of work ahead of us in the next few years, but we are on the right track. Solteq's personnel work in co-operation with our customers, partners and stakeholders. I would like to extend my thanks to all of you for your efforts during the year now ended, and wish our co-operation will be successful in 2008 as well.

HANNU AHOLA  
Managing Director



DATA HARMONIZATION IS EMERGING AS A NEW COMPETITIVE  
EDGE FOR COMPANIES, ENABLING THEM TO BOOST THEIR  
IT SYSTEM EFFICIENCY

# SOLTEQ IN 2007

## BUSINESS TRENDS

Restructuring in the retail and wholesale trade in 2007 provided momentum to the adoption of new innovations such as voice-directed picking systems and RFID tags. Trends have not been as brisk in the control of industrial processes in recent years, as industry is zeroing in on upgrading the efficiency of existing systems. New service-oriented software solutions and architecture are expected to make a wide-scale breakthrough during the next few years. According to the research company Gartner, the clear majority of companies planned to step up their investments in SOA, Web Services and Web 2.0 solutions last year. Gartner expects this trend to pick up the pace in the years ahead, when the existing systems of companies become more expensive to maintain and update.

This trend has a direct impact on demand in Solteq's new competence areas. Solteq's expertise in integration and information management thus has a growing role to play. Business system integration and successful service-oriented solutions hinge largely on two factors – first, the up-to-dateness of the data used in these systems and second, how the data can be leveraged in the company's operating environment. According to research agencies, one of the major trends in the next few years will be metadata, the harmonization of the master data in information systems. Up-to-date metadata results in higher efficiency in the management and prioritisation of information generated within the organisation.

In the management of retail and wholesale supply chains, for instance, it is increasingly important to know the location of information in the system, what it means, how it is used and which parties are involved in the management process. For retail and wholesale companies, this not only yields operational efficiency, but also improves customer service opportunities.

## GROWING STRATEGIC ROLE FOR IT SYSTEMS

Last November, the Finnish Information Processing Association FIPA surveyed Finnish executives on their views of IT utilisation – 176 IT and business directors from companies with over 500 employees responded to the survey. The results revealed that Finnish companies earmark 4.5 per cent of their turnover into information technology and are seeking a more strategic role for IT in their organisation.

The respondents stated that information technology is becoming increasingly important as a competitive factor. In their view, it is vital to utilise IT systems in coming up with innovations and the development of new business functions. They hope that the IT professionals of the future will be able to utilise technology to develop new approaches – accordingly, they should have both technical and business expertise.

## GROWING INTERNATIONAL PRESENCE

Slightly less than half of the retail and wholesale companies interviewed by Market-Visio Oy in autumn 2007 have business operations abroad. Retailers focus on the Baltic rim, while wholesalers operate on a much broader scale.

Large retailers and wholesalers are expected to make vigorous outlays on the development and expansion of foreign operations in the years ahead. Small retailers and wholesalers do not generally have the resources to do so. Growth potential is seen in Russia, the Baltic countries and other emerging markets in Eastern Europe.

Decisions and actions to engage in business abroad have a firm effect on a company's IT solutions and development. Retailers and wholesalers state that the major problems they encounter are re-

lated to the business environment in their foreign territories. These problems include local legislation and procedures, and sourcing the necessary expertise for their system projects.

Solteq is playing an active role in customers' drive to go international – both in trade and industry. To date, the company has supplied systems for its mainly Finnish customers in close to thirty countries. Potential in international deliveries is on the rise. In Solteq's estimation, the most attractive territory is the St Petersburg region, where the company set up a sales office at the beginning of 2008.

## OPERATIONAL FOCUSES

During its jubilee year, Solteq forged ahead with the business transformation process kicked off in 2006. Following the acquisitions carried out in 2006, Solteq bought Fulmentum Oy in April 2007. Fulmentum is a consulting and service company established in 2000. It had earlier co-operated with Artekus, the maintenance and materials management system provider that Solteq acquired in the previous year. Fulmentum rounds out Solteq's expertise very well. The company specialises in the global harmonization and maintenance of master data (product, customer and supplier information). Surging growth is forecast for the information management market in the next few years. Frontline expertise gives Solteq a substantial competitive edge.

One of the objectives set for 2007 was to integrate Artekus, Fulmentum and Tampereen Systemiimi into the parent group. Sales and marketing functions were bolstered to ensure that the right target group is informed of Solteq's well-rounded solutions portfolio and the benefits of integration. Solteq carried on with its transition from production-centred operations to a sales company. The company's sales, marketing and communications were revamped throughout the year. In practice, this meant overhauling the sales organisation and making a concerted effort to acquire new customers. Sales training focused on expertise in sales of solutions.

Supervisory skills were another development focus. A total of 40 people were part of the coaching group for supervisors during the report year. Coaching was geared towards clarifying the job descriptions and tasks of supervisors. During this process,

guidelines and operating models were drafted for supervisors to facilitate their day-to-day work.

Solteq bolstered its intellectual capital not only through mergers and acquisitions, but also by hiring new employees. One of the major means by which Solteq seeks to grow its business is to improve sales of broader solutions. In order to achieve this goal, Solteq must have end-to-end expertise and a clear grasp of the customer's value chains. To this end, the company hired new employees during the report year, particularly for the Retail and Wholesale Trade business unit.

In the development of basic products, Solteq's strategy is to partner up with global vendors such as SAP, Wincor Nixdorf, Microsoft and Oracle, and draw on their resources and distribution channels. Solteq closely follows the product development of its partners and adapts the results for use in customer applications. Solteq sought to upgrade its SAP expertise during the report year by appointing a partnership development officer to co-ordinate SAP product training and development needs. Responsible officers will also be appointed to co-ordinate co-operation on Microsoft Dynamics NAV and other partner products during the present year. Furthermore, in the new organisation that came into force at the beginning of 2008, the development of partner products is largely centralised in the Applications Services business unit.

## RISKS AND THEIR MANAGEMENT

Solteq's near-future risks are related to general economic trends on the one hand and the development of its own organisation's operations on the other. If the national economy were to weaken, this would probably not have a major impact on the company's near-term outlook, as trade and industry will continue to undergo structural changes regardless of the trends in the general economic situation. The outlook for Solteq's customer base in 2008 is largely positive.

In order to minimise risks in Solteq's own operations, the company will continue to develop its sales, marketing and communications. The product and service portfolio has been improved by securing new expertise. The next step is to ensure that the company can effectively get the word out about its upgraded portfolio. Another focus area in the current year

**IN THE DEVELOPMENT OF BASIC PRODUCTS, SOLTEQ'S STRATEGY IS TO PARTNER UP WITH GLOBAL VENDORS SUCH AS SAP, WINCOR NIXDORF, MICROSOFT AND ORACLE, AND DRAW ON THEIR RESOURCES AND DISTRIBUTION CHANNELS**

## SOLTEQ IS PLAYING AN ACTIVE ROLE IN CUSTOMERS' DRIVE TO GO INTERNATIONAL – BOTH IN TRADE AND INDUSTRY.

is developing project business operations. The company must be able to provide new expertise efficiently in end-to-end projects.

Joint resources are required in efficient project business. Inputs into the development of the organisation's own information systems will thus be increased. The organisational overhaul carried out at the beginning of 2008 aims to reduce overlapping work and centralise customer relationship management. In practice, the reforms will improve the management of both customer relationships and the overall offering.

One of the particular challenges faced in business operations is the internationalisation of customers and the business environment. In particular, growth in the export industry is spurring companies to transfer production closer to the markets in Asia and at an accelerating pace also to Eastern Europe. Solteq's strategy is to expand its international presence in step with its customers and ensure that its own organisation can provide them with optimal solutions for their global requirements. The company will have no need to establish large-scale international operations of its own in the years ahead.

Co-operation with international partners also opens up opportunities for expanding business operations to international markets. For instance, thanks to product development carried out with Wincor Nixdorf, Solteq's Retail and Wholesale Trade business unit will be able to benefit from new market areas.

Furthermore, the company's own specialist expertise provides opportunities for seeking new customers in international markets. One example is the maintenance business in Russia. Solteq has already landed its first Russian customers. Solteq's own representative office opened in St Petersburg in early 2008.

### SOLTEQ'S BUSINESS UNITS

In 2007, Solteq's business operations were divided into the Retail and Wholesale Trade segment and the Industry and Services segment. The operations of the Auto Trade business unit were included under the Retail and Wholesale Trade business unit. In the organisational overhaul that came into effect at the beginning of 2008, the company's operations were divided internally into five business units: Auto Trade, Retail and Wholesale Trade, Industry, Information Management and Application Services.

The Retail and Wholesale Trade business unit,

which has close to 80 employees, is Finland's most experienced IT partner to retailers and wholesalers. Its solutions upgrade efficiency in chain store, specialised retail and wholesale purchasing, sales and stock management. The business unit also has expertise in application development for the sector. Retail and Wholesale Trade is headed up by Ilmari Vallo and is Solteq's largest business unit in terms of turnover.

Solteq provides IT solutions for the motor vehicle trade in Finland. The Auto Trade business unit is led by Carl-Eric Packalén and has a total of 30 employees. In addition to account managers and project managers, the business unit also has a centralised development group for industry-specific solutions.

Expertise in industrial ERP and maintenance systems is centralised in the Industry business unit. Solteq can provide end-to-end services for all its customers. The business unit has 70 employees and is headed up by Risto Metsälä. The business unit's strength is its leading expertise in maintenance and materials management in the Nordic countries. In the future, one of the focus areas of the business unit will be developing sales of traditional ERP systems.

Information Management is a new business unit launched at the turn of 2008. It specialises in the global harmonization and maintenance of information system master data (product, customer and supplier information), and operates in a fast-growing business area. The launch of the new business unit is geared towards supporting the operations of all the business units and ensuring that harmonization services will be effectively available to all Solteq customers. The head of the business unit is Jarmo Halmet.

The expertise of the former Tampereen Systeemitimi and SAP consultants was centralised in another new business unit, Application Services. Its 55 employees also attend to the customer and technical support of the systems supplied by Solteq. The business unit is led by Jani Lehtinen.

The internal division of profit units does not change the company's external reporting. The financial result will still be monitored through two business segments. The Retail and Wholesale Trade segment includes both the Retail and Wholesale Trade business unit and the Auto Trade business unit. The Industry and Information Management business units are included in the Industry and Services segment. Application Services is an internal service unit.



WITH THE HELP OF SOLTEQ'S SOLUTIONS, CUSTOMERS CAN CONTROL  
THEIR OPERATIONS, MANAGE THEIR CUSTOMER RELATIONSHIPS,  
BOOST THE EFFICIENCY OF THEIR FINANCIAL ADMINISTRATION AND  
IMPROVE THEIR REPORTING.

# INDUSTRY

THE INDUSTRY BUSINESS UNIT SERVES AS A SOLUTIONS PARTNER TO INDUSTRIAL COMPANIES. THE BUSINESS UNIT HELPS CUSTOMERS TO CONTROL THEIR BUSINESS OPERATIONS AND ENSURE UNINTERRUPTED PRODUCTION. LONG-TERM CUSTOMER RELATIONSHIPS ARE EMPHASISED IN SOLTEQ'S OPERATIONS.

Solteq has 25 years of experience in industry – customers can rest assured that the company is capable of supporting them in their business development. Solteq is well versed in the business environment of industry and its special challenges, and finds solutions for the development of operations during transitional phases.

The business unit's strengths are its extensive range of solutions and its ability to develop and re-vamp its products. Solteq's service offering comprises industry-leading software products, adapting them to the needs of customers, consulting and a range of support services.

Solteq comes up with customised ERP solutions by combining in-house industrial expertise with the products of its international software partners, SAP and Microsoft. Solteq is the Nordic market leader in information systems for maintenance and materials management. Maintenance solutions are based on the in-house software products Arttu, Artturi and PowerMaint.

Major ERP solutions include the SAP-based qualified Solteq Industry Solution and Microsoft Dynamics NAV. Solteq's own products include the SmartCollect data collection solution and the Art-Connect harmonization solution.

## MARKET SITUATION

No significant year-on-year changes were seen in the IT investments or decision-making processes of the entire Finnish industrial sector in 2007. Industrial companies continued to seek cost-savings through measures such as IT solutions. The Industry business unit's solution and service portfolio was expanded with Microsoft Dynamics NAV, enabling it to enlarge its clientele among small and medium-sized companies.

Solteq views cost-savings measures by industrial companies as an opportunity – companies are making outlays on more cost-effective and advanced solutions. Solteq is increasingly well poised to meet this need. Acquisitions have forged the company into a major partner in the provision of solutions to a growing group of industrial customers.

The acquisition of Fulmentum Oy in April 2007 enabled the Industry business unit to offer data management and harmonization services. Research agencies expect that the harmonization of the master data of information systems will be a major growth area in the next few years. Demand for data collection solutions is also clearly on the rise. This is favourable for Solteq. Demand gains momentum from the increasingly common trend among indus-

trial companies to implement tighter integration of ERP and maintenance systems.

Solteq's services for industry developed significantly in 2007. Demand for services keeps mounting. Services are playing an increasingly important role in the entire sector, while the share accounted for by equipment and licenses is on the wane. The greatest growth in services will be seen in data collection, processing and harmonization. Forward-looking industrial companies have a better understanding of the importance of up to date information: in order to direct processes more efficiently, real-time data is required.

## INVESTMENTS

Solteq made substantial investments in new expertise in 2007. The acquisition of Artekus, Fulmentum and Tampereen Systeemitimi had a significant effect on Solteq's total offering, particularly for industry. The transactions were legally concluded during the report year, with Artekus being merged into Solteq in October, followed by Fulmentum and Tampereen Systeemitimi in December. The merger of the companies into their parent has progressed smoothly for the most part. It has not been necessary to dismantle overlapping functions on a large scale. The objectives set for the overhaul have been achieved and in some respects even surpassed.

Thanks to the mergers and acquisitions, the company is now better prepared to expand its international reach. Solteq has now made deliveries to industry in 16 countries. Operations have expanded abroad, mainly in co-operation with Finnish companies that are expanding their global reach. The com-

pany is also gaining new customers of its own in the St Petersburg region as a provider of solutions that demand specialist expertise – such as maintenance systems. The harmonization of data and quality improvement will continue to be important elements in the international project offering.

Over and above the reorganisation, new recruitments were a major investment for the business unit. The acquisitions brought 35 new employees to the unit. In addition, 10 new employees were hired.

## REFERENCES

One of the most important customer projects carried out during the financial year was a demanding project on a particularly tight schedule for Proma-Palvelut, a Pohjolan Voima group company that provides operation services. The agreement covers the modernisation of the maintenance and materials management systems of six thermal power plants and numerous hydropower plants.

Solteq started up one of the biggest maintenance projects in Finland last year when Rautaruukki, the country's largest maintenance organisation, chose the company as its systems supplier. The project runs for almost two years and is proceeding according to plan.

The major customers for harmonization services were Outokumpu and Outotec, to which Solteq also provides the harmonization of inventory items as a maintenance service. A SAP-based Business Intelligence solution was supplied to Tekmanni Oy. Solteq has made outlays on the product development of this solution. The application was built on the core solution platform implemented earlier.

**A PARTNER PROVIDING SOLUTIONS TO INDUSTRY, SOLTEQ HELPS ITS CUSTOMERS CONTROL THEIR BUSINESS OPERATIONS AND KEEP THEIR PRODUCTION RUNNING WITHOUT INTERRUPTIONS.**

## SOLTEQ'S COMPETITIVE EDGE LIES IN THE REFINEMENT OF INFORMATION AND QUICK AND FLEXIBLE SERVICE.

In international deliveries, the company's first Russian customer was Vodokanal, the St Petersburg waterworks. Vodokanal has 9,000 employees who are responsible for the water supply of over five million inhabitants.

The most significant customer project in the latter part of the year was a new ERP system supplied to the funds of the University of Helsinki. In this project, which began at year's end, Solteq will implement a SAP-based financial administration IT system for the customer, including e-invoicing, processing of accounts payable and a user portal. The system will go live in the second half of 2008.

Other significant customer accounts included Nokian Tyres, which was provided with harmonization services, and Sanitec, for which the company designed a large-scale ERP system. In addition, Solteq implemented an ERP project for Componenta that covered both its Finnish and foreign units as well as supplied Microsoft Dynamics NAV ERP systems to AVANT Tecno and Mildola. Major customer accounts in maintenance services included Vantaa Energy, YIT, Stora Enso and Maintpartner.

### OUTLOOK FOR 2008

The Industry business unit expects its positive trend to continue during the current year. The unit's offering, expanded through mergers and acquisitions during the last financial year, has attracted new customer relationships and grown existing ones. Vigorous efforts are being devoted to the acquisition of new customers with the help of an extensive offering of solutions. The objective is to further grow the clientele and make it more diverse and international.

In product development, the focus will be on the development of maintenance and materials management solutions. With the support of Tekes, the Finnish Funding Agency for Technology and Innovation, Solteq has started preparations for a next-generation product range which can be integrated into Solteq's existing range of solutions. The goal is to secure customers' investments by developing and modernising solutions.

The drive to become more international and the expansion into Russia has started with the opening of an office in St Petersburg early in 2008. The operations in Russia will focus on offering maintenance software to Finnish companies operating in the country and to Russian companies.



SOLTEQ'S SOLUTIONS BOOST THE EFFICIENCY OF THE PROCUREMENTS,  
SALES AND STOCK MANAGEMENT OF RETAIL CHAIN, SPECIALISED RETAIL  
AND WHOLESALE TRADE.

# RETAIL AND WHOLESALE TRADE

SOLTEQ IS THE MOST EXPERIENCED INDEPENDENT IT PARTNER TO RETAIL AND WHOLESALE IN FINLAND. THE RETAIL AND WHOLESALE TRADE BUSINESS UNIT'S SOLUTIONS HELP MAKE TRADE OPERATIONS SMOOTHER BY BOOSTING THE EFFICIENCY OF THE PROCUREMENTS, SALES AND STOCK MANAGEMENT OF RETAIL CHAIN, SPECIALISED RETAIL AND WHOLESALE TRADE. OUR CLIENTELE INCLUDES THE ENTIRE RANGE OF OPERATORS IN THE SECTOR, FROM WHOLESALE TO RETAILERS AND FROM STORES RUN BY ONE PERSON TO RETAIL CHAINS WITH HUNDREDS OF USERS.

Solteq's strength stems from its ability to combine its own products with those of its partners to create the best solutions for customers. The partners of the Retail and Wholesale Trade business unit include SAP, IBM, Microsoft, JDA, CDC, Optiscan and Wincor Nixdorf. In addition, the unit offers service packages customised to a customer's needs.

Solteq's solutions can be used to refine a wholesaler's or retailer's data so that it supports profitable business operations. The strengths of the unit's employees include many years of experience and a deep understanding of the entire value chain of retail and wholesale trade.

## MARKET SITUATION

The year 2007 was marked by a general economic boom, which had a considerable effect on the retail and wholesale trade sector. Consumption continued to grow, and the retail and wholesale trade sector is making constant efforts to improve its service to consumers. Changes that occurred in the sector have also increased information systems' development needs, which concern the entire value chain of trade and its structures. With these changes taking place, Solteq's expertise will continue to enjoy increasing demand.

According to a study by Market-Visio Oy, the development of information systems is one of the key factors in ensuring an optimal selection and availability of products in retail trade. In practice, this has transformed the role of cash registers. Cash registers and their supporting information systems must enable retailers to obtain up-to-date customer, product and warehouse information from the store's and possibly the entire retail chain's database directly in a customer service situation. This transformation has increased the sales of Solteq's cash register and store systems. The new systems can be used efficiently to ensure that information is correct, customer service is quick and payment transactions are reliable.

In wholesale trade, customers are focusing their attention on boosting the efficiency of the delivery and logistics chain. Last year, projects carried out by Solteq focused on solutions for voice-controlled picking, the optimisation of warehouses and the automatization of procurements.

The entire value chain of trade has become increasingly tighter. The new demands placed on customer service highlight the importance of correct information and close integration, as information needs to be entered into and retrieved from a sys-

tem without interruptions. This is essential for ensuring that operations remain efficient in every store of a retail chain. The enormous volume of products passing through retail and wholesale trade and the importance of correct information increased demand for Solteq's harmonization solutions during the last financial year.

## INVESTMENTS

During the last financial year, Solteq made extensive investments in the development of systems. Thanks to the development work, products have been created in several versions so that solutions benefit all customers as much as possible. At the same time, the company has been able to develop a service production process and product selection that complies with good information management practices.

Comprehensive solutions for stores and retail chains are based on the Solteq Store concept, which was released in autumn 2007. The goal of the concept is to increase the retail and wholesale trade sector's understanding of the store as a whole unit and to promote the sales of solutions. Solteq Store is a comprehensive solution that, in addition to a store system, can include an online store facility, financial administration, telecommunications solutions and technical maintenance. From this concept, wholesalers and retailers can select the applications which suit their operations and which can be used to increase the efficiency of their sales and communications, for example.

The Solteq HUB solution has been developed to meet the challenges posed by the integration of the retail and wholesale trade sector's value chain. The solution enables the integration of a company's internal and external systems and is used, for example, in the sending of EDI messages to the stakeholders of wholesale trade and in the information exchange taking place in the internal systems of trade customers.

In product development, Solteq has engaged in international co-operation with Wincor Nixdorf, successfully importing global product development to Finland. By the same token, Solteq's know-how has been integrated in shared solutions and exported to international companies abroad.

The importance of the Microsoft Dynamics NAV enterprise resource planning system in the Retail and Wholesale Trade business unit's product range has also increased. The objective of our product development work is to further expand this system, too, so that it can better meet the future challenges of the sector.

## REFERENCES

The deliveries of new Microsoft Dynamics NAV enterprise resource planning systems can be counted among the brightest successes of the past year. For example, Myllymäen Rauta Oy, a supplier of prefabricated houses belonging to the Kastelli-talot Group, chose Solteq as its NAV system supplier early in the summer of 2007. The new system is used to enhance the house supplier's customer service, and it enables direct sales to be expanded to the internet.

Demand for loyal customer schemes and online retail reflected positively on the Retail and Wholesale Trade business unit's sales. One of the most significant projects of the year was the setting up of an online store for Koivunen Oy, a company with diversified technical trade activities in the automotive sector, and the launching of a system designed to optimise the company's procurements more efficiently.

Onninen, a supplier of HEPAC systems, picked Solteq to revamp its online store. The new online store, built on Microsoft's system architecture, was opened in the summer of 2007.

Heinon Tukku Oy started a voice-controlled picking project in autumn 2007, with the aim of speeding up the picking of products and, at the same time, improving its accuracy.

**SOLTEQ'S SOLUTIONS COVER THE ENTIRE RETAIL AND WHOLESALE TRADE SECTOR FROM WHOLESALERS TO RETAILERS AND FROM STORES RUN BY ONE PERSON TO RETAIL CHAINS WITH HUNDREDS OF USERS.**

## WITH SOLTEQ'S SOLUTIONS, CUSTOMERS CAN ENSURE THAT THEY ARE OFFERING THE RIGHT PRODUCTS IN THE RIGHT PLACE, AT THE RIGHT TIME AND AT THE RIGHT PRICE.

At the end of the year, Solteq began deliveries for the largest order of cash register systems in its 25-year history. The project will see Solteq deliver the TP.net store system, which is based on a solution by Wincor Nixdorf, to all the stores of the Tokmanni retail chain during 2008.

### OUTLOOK FOR 2008

Solteq expects its retail and wholesale trade operations to enjoy a positive trend in 2008. All areas of the value chain are experiencing a great deal of demand, which Solteq is excellently equipped to meet with its range of solutions.

According to a study by Market-Visio Oy, cash register systems will form one of the most significant focuses and drivers of development in the IT market this year as well.

In the retail and wholesale trade operating environment, the utilisation of customer information will become increasingly important. Demand for loyal customer schemes and online retail is expected to continue. The optimisation of procurements remains one of the factors contributing to the success of retailers and wholesalers. By partially automating their systems, purchasers can make better use of their time and, thanks to precise demand forecasts, are able to operate like an investor. The growth in the sales of store solutions and the spread of retail chains are estimated to also promote the sales of Solteq's harmonization solutions.

In light of this trend, development investments made in the last financial year have proven to be the right choice, and investments in 2008 will be channelled to the upgrading of competence in selected areas.

In the coming years, large companies in the retail and wholesale trade sector will make significant investments in the development and expansion of operations abroad. Slightly less than half of the retail and wholesale companies interviewed by Mar-

ket-Visio Oy in autumn 2007 have business operations abroad. Retailers focus on the Baltic rim, while wholesalers operate on a much broader scale. It is believed that growth potential exists in Russia, the Baltic countries and other eastern European countries in particular.

Measures concerning international operations have a fixed effect on the demands placed on companies' information systems. The internationalisation of trade is raising interest in Solteq's solutions and know-how, as companies are forced to boost the efficiency of the operations of their chains' business locations in Finland and abroad. The systems of international retailer chains entering the Finnish market must also be integrated into the chains' global information systems.

Companies in the retail and wholesale trade sector have emphasised development work on payment cards due to the revision of the EU's regulations on payment cards and electronic payment verification. The transformation in the use of payment cards did not proceed at the quick pace forecast in 2007 but, during the current year, investments in development projects are expected to grow substantially. The challenge lies in the differences between banking institutions, which means the standardisation of operations may take another couple of years. With this in mind, retail trade is aiming to take advantage of the entire transition stage and to adopt new card systems gradually. During the transition stage, wholesalers' and retailers' systems will face constant upgrading needs because new payment cards are becoming more widespread.

Solteq sees the year 2008 as a positive challenge. Efforts devoted to the enhancement of personnel, the fine-tuning of sales processes and the continuous improvement of the solution offering in line with the trends prevailing in the sector will play a crucial role in the retail and wholesale trade sector.



A PARTNER TO THE VEHICLE TRADE SECTOR, SOLTEQ PROVIDES  
IT SOLUTIONS THAT GUARANTEE THE CONTINUITY OF CUSTOMERS'  
BUSINESS OPERATIONS.

# AUTO TRADE

SOLTEQ IS A SUPPLIER OF IT SOLUTIONS TO THE MOTOR VEHICLE TRADE SECTOR IN FINLAND. THE PRODUCTS AND SERVICES OF SOLTEQ'S AUTO TRADE BUSINESS UNIT COVER THE ENTIRE VALUE CHAIN OF VEHICLE TRADE AND ITS STAKEHOLDERS.

The Auto Trade business unit supplies comprehensive ERP systems and services related to them to vehicle dealers and importers. For the vehicle trade's stakeholders, such as financing and insurance companies, Solteq implements integrated systems that are used to ensure the smooth and real-time utilisation of the stakeholders' services in car dealerships. With these solutions, the customers of the Auto Trade business unit direct their business operations, manage their customer relationships and increase the efficiency of their financial administration.

The unit's strengths lie in the understanding of the vehicle trade sector's business processes, a large and successful clientele and a diverse and constantly improving product selection that caters to the special requirements of auto trade. Customers are served by a total of 30 experts who ensure quick customer service and delivery ability. The unit also utilises the extensive expertise of Solteq's other units.

The turnover generated by the Auto Trade unit is included in the figures for the Retail and Wholesale Trade segment.

## MARKET SITUATION

According to the Finnish Information Centre of the Automobile Sector, almost 126,000 new cars were sold in Finland last year, a drop of 13.8 per cent on the previous year. The car tax reform proposed in early November slowed down car trade for the rest of the year.

## INVESTMENTS

Solteq's auto trade solutions are based on the company's in-house product development over the past 15 years and on solutions offered by partners.

The basis for the auto trade solution is the Solteq CD enterprise resource planning system and the added value products developed around it. The Solteq CD product range is still being actively enhanced, maintained and marketed. In addition to this, the Auto Trade business unit is developing its next-generation SAP-based ERP system and marketing it to vehicle traders. Dealer Business Management, or DBM, is a package solution created for the needs of vehicle trade, serving the entire retailer community.

## REFERENCES

During 2007, Solteq signed several significant contracts with the vehicle trade sector.

The decision by Renault to set up a separate organisation in the Nordic countries and Finland for the importing of vehicles landed Solteq a substantial systems project for 2007. Solteq completed the project with Renault and, as a result, connections were installed between dealers' ERP systems and Renault's factories, to be utilised by the new organisation.

Another major project was the harmonization of the information systems of the Automaa Oy car dealership chain. Solteq delivered the Solteq CD en-

terprise resource planning system to seven of Automaa's dealerships during the year.

At the end of the year, an extensive agreement was signed with Veho Group Oy Ab for the replacement of its current SAP system with a new ERP system. The system replacement will be carried out on the spare parts logistics of Veho Group's import function and the operations of its financial administration.

### OUTLOOK FOR 2008

The initial situation of Solteq's Auto Trade business unit for the current year is good.

With the new car tax reform, the volume of auto

trade is expected to increase and the Finnish Central Organisation for Motor Trades and Repairs estimates that 151,000 cars will be sold in Finland in 2008. The increasing volume of vehicle trade is expected to have a positive impact on the sales of Solteq's auto trade solutions and services.

According to research company Market-Visio, the most important areas of development in 2008 include the improvement of customer service in purchasing situations and the more efficient utilisation of customer information. Solteq's Auto Trade business unit boasts strong expertise in both these areas. Solteq will continue to develop these aspects and bolster its solution portfolio during the current year.

**USING SOLTEQ'S SOLUTIONS, CUSTOMERS CAN ENSURE THAT THE DECISIONS THEY MAKE ARE BASED ON CORRECT INFORMATION THAT IS MATERIAL TO THEIR OPERATIONS.**

# CORPORATE GOVERNANCE

Solteq Oyj is a publicly quoted limited company. Its decision-making and administration are in accordance with the Finnish Companies Act, other rules and regulations governing public limited companies and the company's Articles of Association. In addition, the company complies with the Corporate Governance Recommendation for Listed Companies issued by the Helsinki Stock Exchange, the Central Chamber of Commerce of Finland and the Confederation of Finnish Industries, as well as the insider guidelines of the Helsinki Stock Exchange.

Solteq Oyj's Articles of Association define a redemption obligation in situations where a shareholder's proportion of all shares reaches the level of 1/3 or 1/2. The Company is not aware of any shareholder agreements that would limit the use of votes or transfer of shares.

Solteq Oyj's highest decision-making bodies are the General Meeting of Shareholders, the Board of Directors and the Managing Director.

## GENERAL MEETING OF SHAREHOLDERS

The highest decision-making authority in Solteq Oyj is the General Meeting of Shareholders. The Board of Directors convenes the Annual General Meeting once a year. The General Meeting is held at the company's place of domicile, which is Tampere, by the end of June. In accordance with the Finnish Companies Act, the General Meeting makes decisions on the following matters, among others:

- amendments to the Articles of Association
- approval of the financial statements
- dividend distribution
- number of the members of the Board of Directors, their election and fees
- auditors

The Board of Directors can convene an Extraordinary General Meeting if necessary.

## BOARD OF DIRECTORS

According to Solteq Oyj's Articles of Association, the Board of Directors consists of no less than five and no more than seven ordinary members. Each member's term of office ends at the conclusion of the next Annual General Meeting following the election. The Board appoints a Chairman from among its members. The Board of Directors will perform its duty in accordance with the Finnish Companies Act and other legislation as well as the Articles of Association. The Board of Directors makes decisions on the following matters, among others:

- Group strategy
- preparation of interim reports and financial statements
- significant capital expenditure
- appointment of the Managing Director and remuneration
- Group structure

The Board of Directors does not have any separate committees. The Board of Directors has assessed the independence of its members and noted that Ari Heiniö and Jukka Sonninen are independent of major shareholders. Veli-Pekka Jokiniiva is independent of the company.

The Board of Directors convened 12 times in 2007. The average attendance rate of the Board members was 97 %.

## MANAGING DIRECTOR

Solteq Oyj has a Managing Director whose duty is to manage the Group in accordance with the Board of Directors' instructions. In accordance with the Articles of Association, the Managing Director is

appointed by the Board of Directors, which also determines the terms and conditions of the Managing Director's employment.

## AUDITORS

The Company has one ordinary auditor and, in case the auditor is not a public accounting firm authorised by the Central Chamber of Commerce, one deputy auditor. Because Solteq Oyj is a public limited company, only an auditor authorised by the Central Chamber of Commerce can be appointed. The auditor's term of office is indefinite. KPMG Oy Ab was Solteq's auditor in 2007. Frans Kärki, APA, acts as the leading partner.

## RISK MANAGEMENT AND INTERNAL AUDIT

The Board of Directors is responsible for internal control. The Managing Director oversees the practical arrangements of control. Business operations are controlled and monitored using reporting and forecasting systems. The information includes central sales projects, turnover and result as well as accounts receivable. Actual figures by business area are monitored monthly.

The forecast period is three to six months. The Managing Director presents a monthly overview of the business and its developments in the Board meetings.

Risk management aims to identify significant risks to the business operations at the earliest possible stage and ensure that the ability to react quickly

to risks and changes is retained. The company's financing risks are controlled centrally from the group's finance unit and risks are reported, when necessary, to the Managing Director. Appropriate insurance cover is in place in case of property, occupational safety and liability risks arising from business operations.

The company has no internal audit organization of its own. The finance department together with the auditors take care of the internal audit function in practice. The aim is to ensure that unified administration practices and accounting policies are adhered to.

## INSIDER MANAGEMENT

Solteq Oyj has insider regulations corresponding to the insider guidelines of the Helsinki Stock Exchange that entered into force on 1 January 2006. According to legislation, the company's insiders include the members of the Board, the Managing Director and the auditors. In addition, according to the company's own interpretation, permanent insiders include members of the management group and named persons in the company's governance. Persons who participate in projects affecting the company's share value are considered as project-specific insiders.

Solteq Oyj maintains its permanent register of insiders in the SIRE system of Finnish Central Securities Depository Ltd. Real-time ownership information regarding insiders is available for viewing on the FCSD's premises in Urho Kekkosen katu 5 C, 8th floor, Helsinki.

# MANAGEMENT

## BOARD OF DIRECTORS



CHAIRMAN  
OF THE BOARD  
ALI U. SAADETDIN

• born 1949,  
board member since 1982



SEPPÖ AALTO  
• born 1953,  
board member  
since 1982



ARI HEINIÖ  
• born 1945,  
board member  
since 2002



VELI-PEKKA JOKINIVA  
• born 1948,  
board member  
since 2003



JUKKA SONNINEN  
• born 1958,  
board member  
since 2005

## MANAGING DIRECTOR



MANAGING DIRECTOR  
HANNU AHOLA

• born 1972,  
Managing Director  
since 2006

# INFORMATION FOR INVESTORS

FINANCIAL INFORMATION IN 2008	RELEASE
Financial statements 2007	30.1.2008
Interim report 1Q 2008	16.4.2008
Interim report 2Q 2008	13.8.2008
Interim report 3Q 2008	15.10.2008

## ANNUAL GENERAL MEETING

Solteq Oyj's Annual General Meeting will be held on the company's premises at Eteläpuisto 2 C, Tampere, on Friday 28 March 2008 at 3 p.m. Shareholders who no later than on 18 March 2008 have been registered in the company's register of shares maintained by Finnish Central Securities Depository Ltd are entitled to attend the General Meeting.

Shareholders wishing to attend the meeting shall notify the company's headquarters on Monday 24 March 2008 at 4 p.m. at the latest.

## STOCK EXCHANGE RELEASES IN 2007

31 Dec. 2007	Mergers of subsidiaries
17 Dec. 2007	Solteq's financial reporting in 2008
17 Dec. 2007	Announcement in accordance with Chapter 2, Section 9, of the Securities Market Act on a change in holdings
12 Dec. 2007	Solteq to provide Tokmanni Group a new Point of Sale (POS) system
03 Dec. 2007	Shares subscribed with warrants in Solteq Plc
01 Nov. 2007	Shares subscribed with warrants in Solteq Plc

## 24 OCT. 2007 SOLTEQ PLC'S INTERIM REPORT 1 JAN. – 30 SEP. 2007

01 Oct. 2007	Mergers of subsidiaries
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## 08 AUG. 2007 SOLTEQ PLC'S INTERIM REPORT 1 JAN. – 30 JUN. 2007

13 Jul. 2007	Solteq's subsidiaries to merge with Solteq
19 Jun. 2007	Correction to the previous stock exchange bulletin, 19 June 2007 at 3 p.m.
19 Jun. 2007	Shares subscribed with warrants in Solteq Plc
30 May 2007	Solteq's subsidiary Artekus to merge with Solteq

- 28 May 2007      Announcement in accordance with Chapter 2, Section 9,  
of the Securities Market Act on a change in holdings
- 04 May 2007      Solteq Plc's increase of share capital
- 25 APR. 2007      SOLTEQ PLC'S INTERIM REPORT  
1 JAN. – 31 MAR. 2007
- 30 Mar. 2007      Correction to the previous stock exchange bulletin,  
30 March 2007 at 10 a.m.
- 30 Mar. 2007      The start of trading with Solteq's new shares
- 23 Mar. 2007      Decisions of the Annual General Meeting of Solteq Plc
- 14 Mar. 2007      Solteq's Annual Report 2006 has been published
- 13 Mar. 2007      Solteq acquires Fulmentum Oy and expands its offering to master data  
harmonizing and maintenance
- 28 Feb. 2007      Annual summary of Solteq Plc in 2006
- 27 Feb. 2007      Notice of the Annual General Meeting of shareholders

30 JAN. 2007      SOLTEQ PLC'S FINANCIAL STATEMENTS BULLETIN  
1 JAN. – 31 DEC. 2006

- 16 Jan. 2007      Advance information on turnover and profit for 2006

PRESS RELEASES IN 2007

- 21 Nov. 2007      Solteq to open Koivunen Oy's spare parts stocks to dealers
- 07 Aug. 2007      Pohjolan Voima revamps the maintenance solution of its power plants
- 16 Jul. 2007      Solteq obtains dealership for Mepco's HRM solution
- 29 Jun. 2007      Solteq centralises Mildola's enterprise resource planning
- 23 May 2007      Solteq speeds up Avant Tecno's drive to become international
- 24 Apr. 2007      Ruukki upgrades the efficiency of its facilities' maintenance
- 08 Feb. 2007      Solteq's subsidiary Artekus lands four new maintenance  
ERP system projects
- 31 Jan. 2007      Solteq obtains seven new ERP system projects from the Automaa chain
- 19 Jan. 2007      Solteq gains Microsoft's Gold Certified Partner status
- 11 Jan. 2007      Solteq Plc's financial statements information 30 January 2007
- 08 Jan. 2007      Solteq enters international specialty goods trade market  
in co-operation with Wincor Nixdorf

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70210 KUOPIO

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15140 LAHTI

RAATIHUONEENKATU 2  
13100 HÄMEENLINNA

PIRKKALAISTIE 3  
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