

Solteq Plc's Financial Statements Bulletin January 1 – December 31, 2022

Stock Exchange Bulletin
Financial Statement Release
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The profitability of Solteq weakened due to a decrease in demand and difficulties in product development

October–December

- Revenue totaled EUR 16.9 million (18.3) and decreased by 7.5 percent
- EBITDA was EUR 0.3 million (2.6) and EBITDA percent was 1.5 (14.4)
- Operating result was EUR -1.2 million (1.3) and operating result percent was -7.1 (7.2)
- Earnings per share was EUR -0.09 (0.03)

January–December

- Revenue totaled EUR 68.4 million (69.1) and decreased by 0.9 percent
- EBITDA was EUR 5.6 million (12.3) and EBITDA percent was 8.1 (17.8)
- Operating result was EUR -4.4 million (7.1) and operating result percent was -6.4 (10.3), including a EUR 4.4 million write-off for the Solteq Robotics business
- Earnings per share was EUR -0.28 (0.21)
- Solteq Group's equity ratio was 30.3 percent (36.9)
- Net cash flow from operating activities was EUR 3.9 million (10.0)
- Solteq Group's revenue is expected to remain on the same level and operating profit to be positive

Key figures

	10- 12/2022	10- 12/2021	Change %	1- 12/2022	1- 12/2021	Change %
Revenue, TEUR	16,900	18,277	-7.5	68,426	69,055	-0.9
EBITDA, TEUR	262	2,629	-90.0	5,555	12,267	-54.7
Comparable EBITDA, TEUR	654	2,732	-76.0	6,400	12,556	-49.0
Operating result, TEUR	-1,199	1,321	-190.7	-4,406	7,123	-161.9
Comparable operating result, TEUR	-776	1,424	-154.5	888	7,412	-88.0
Result for the financial period, TEUR	-1,664	604	-375.3	-5,404	4,100	-231.8
Earnings per share, EUR	-0.09	0.03	-377.0	-0.28	0.21	-231.7
Operating result, %	-7.1	7.2		-6.4	10.3	
Comparable operating result, %	-4.6	7.8		1.3	10.7	
Equity ratio, %				30.3	36.9	

CEO Aarne Aktan: The profitability of Solteq weakened due to a decrease in demand and difficulties in product development

The fourth quarter of Solteq Plc was weak. The Group's revenue was EUR 16.9 million, EBITDA EUR 0.3 million, and comparable operating result EUR -0.8 million. The revenue diminished by 7.5 percent due to a decrease in demand and problems with Utilities product development.

The revenue of the Solteq Digital segment decreased as a result of the economic uncertainties in the market. The demand was lower than in the comparison period, which decreased the utilization rate and profitability of the segment.

The profitability of the Solteq Software segment weakened significantly. The continued problems with product development in the Solteq Utilities business increased the project and service delivery costs and decreased customer invoicing. The offering of the Utilities product portfolio was strengthened in November 2022 with the acquisition of an energy sector system and service provider, S2B Energia Oy. The segment's Solteq Robotics business area, which had demanded significant product development investments, was terminated for being unprofitable.

To address the challenges in the external and internal operating environment, the company updated its business strategy, management system, and reporting structure during the fourth quarter. The main objective of the strategy work was to clarify the vision of the company's competitive advantage and to focus the business operations to support the identified strengths. As of January 1, 2023, the Group's business was divided into Utilities segment focusing on the energy sector and Retail & Commerce segment serving the needs of retail and e-commerce. To execute the updated strategy, a new Executive Team was appointed to the company as of January 1, 2023.

In the fourth quarter, efforts were also made to ensure the flexibility of financing for the current financial year. The company initiated a written procedure to amend the terms and conditions of its EUR 23 million senior unsecured fixed rate notes. Due to the approved amendments to the terms and conditions, the working capital facility was increased from EUR 7 million to EUR 10 million. The increased flexibility in financing is a good thing for the company, although we strive to develop our business in a way that doesn't require additional debt.

Despite the challenges the uncertain economic situation and the rise in costs pose to all market participants, we expect the outlook for the Retail & Commerce segment to remain moderate during the current financial year. The outlook for the Utilities segment is expected to remain good. By solving product development problems during the first half of the year, the company aspires to improve the segment's profitability.

Profit Guidance 2023

Solteq Group's revenue is expected to remain on the same level and operating profit to be positive

Attachments

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Further Information

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Solteq in brief

Solteq is a Nordic software solution and expert service provider specializing in retail and energy sectors and needs related to e-commerce. The company employs over 650 professionals and has

offices in Finland, Sweden, Norway, Denmark, Poland, and the UK.