

# Solteq Plc's Financial Statements Bulletin

## January 1 – December 31, 2023

Stock Exchange Bulletin  
Financial Statement Release  
February 15, 2024, at 8.00 am

**The actions taken to enhance operational efficiency turned the company's profitability in a more positive direction**

### October–December

- Comparable revenue totaled EUR 14.2 million (14.2) and remained on the same level as comparison period. Revenue totaled EUR 14.3 million (16.9) and decreased by 15.6 percent
- Comparable EBITDA was EUR -0.3 million (0.3) and EBITDA EUR -0.8 million (0.3). Comparable EBITDA percent was -2.0 (2.4)
- Comparable operating result was EUR -1.0 million (-1.0) and operating result EUR -9.1 million (-1.2) including a write-off of product development activations of EUR 7.5 million. Comparable operating result percent was -7.1 (-6.9)
- Earnings per share was EUR -0.43 (-0.09)

### January–December

- Comparable revenue totaled EUR 54.2 million (57.2) and decreased by 5.3 percent. Revenue totaled EUR 57.7 million (68.4) and decreased by 15.8 percent
- Comparable EBITDA was EUR 0.7 million (4.5) and EBITDA EUR 8.7 million (5.6). Comparable EBITDA percent was 1.3 (7.8)
- Comparable operating result was EUR -3.9 million (-0.6) and operating result EUR -3.5 million (-4.4). Comparable operating result percent was -7.2 (-1.1)
- The ERP business based on Microsoft BC and LS Retail was transferred to Azets Group as of May 2, 2023. The profit on the sale of the business transaction improved the group's EBITDA and operating result by EUR 8.1 million
- Earnings per share was EUR -0.28 (-0.28)
- Solteq Group's equity ratio was 30.1 percent (30.3)
- Net cash flow from operating activities was EUR -5.3 million (3.9)
- The company expects the comparable revenue to grow and the operating result to be positive. The comparable revenue was EUR 54,183 thousand for the financial year 2023

### Key figures

	10-12/2023	10-12/2022	Change %	1-12/2023	1-12/2022	Change %
Revenue, TEUR	14,265	16,900	-15.6	57,655	68,426	-15.7
Comparable revenue, TEUR	14,244	14,240	0.0	54,183	57,230	-5.3
EBITDA, TEUR	-822	262	-414.1	8,695	5,555	56.5
Comparable EBITDA, TEUR	-282	338	-183.6	694	4,469	-84.5
Operating result, TEUR	-9,090	-1,199	-658.3	-3,541	-4,406	19.6

Comparable operating result, TEUR	-1,012	-986	-2.6	-3,881	-613	-533.2
Result for the financial period, TEUR	-8,281	-1,664	-397.8	-5,380	-5,404	0.4
Earnings per share, EUR	-0.43	-0.09	-397.8	-0.28	-0.28	0.4
Operating result, %	-63.7	-7.1		-6.1	-6.4	
Comparable operating result, %	-7.1	-6.9		-7.2	-1.1	
Equity ratio, %				30.1	30.3	

### **CEO Aarne Aktan: The actions taken to enhance operational efficiency turned the company's profitability in a more positive direction**

We decided on two very significant company matters in the last quarter. Due to the changed circumstances, the treatment of product development costs was updated and aligned with the new operational logic. We ceased product development cost activations during the quarter and fully wrote off the activated product development costs of EUR 7.5 million from the balance sheet. Additionally, we concluded the change negotiations for the Utilities segment, resulting in an annual cost reduction of approximately EUR 3.8 million. Both implemented matters positively affect the company's business, but particularly the change in product development cost treatment practices complicates the comparison of the quarter to the corresponding quarter of the previous financial year.

The comparable revenue of Solteq Plc was EUR 14.2 million, remaining at the comparison period's level. The comparable revenue decreased by 1.4 percent in Retail & Commerce and increased by 4.3 percent in Utilities.

During the review period, the company announced a change in its product development practices. Developing its software products had become an integral part of continuous services and standard operations, and the costs related to product development no longer met the requirements for activating them. During the fourth quarter, the company treated the product development expenses of its existing software products as cost items in the income statement, as part of normal business operations, and ceased product development cost activations. This change affects the comparability of EBITDA and operating result of the fourth quarter to the corresponding quarter in 2022.

During the review period, the Group's comparable EBITDA was EUR -0.3 million, and product development activations amounted to EUR 0.1 million. In the fourth quarter of 2022, the comparable EBITDA was EUR 0.3 million, and product development activations amounted to EUR 0.9 million. Excluding the impact of activations, the Group's comparable EBITDA was EUR 0.2 million better than in the comparison period.

The Group's comparable operating result was EUR -1.0 million in the review period. Still, EUR 0.1 million in depreciations related to product development activations were conducted. In the fourth quarter of 2022, the comparable operating result was EUR -1.0 million, and depreciations related to product development activations accounted for EUR 0.5 million. Excluding the impact of activations and depreciations, the company's comparable operating result was EUR 0.4 million better than in the comparison period.

Additionally, in December 2023, the company assessed the product development investment activations on the balance sheet and the expected returns. As a result of the assessment, the company made a EUR 7.5 million write-off, issued a profit warning, and updated its profit guidance.

During the review period, the revenue and business result of the Utilities segment developed positively. This was due to the completed change negotiations, the restructuring of operations, and the development of the product business. The change negotiations, initiated to improve profitability and operational efficiency, were completed on October 10, 2023. As a result of the negotiations and implemented efficiency and cost-saving measures, the company expects to achieve approximately EUR 3.8 million in cost savings annually. These savings are anticipated to be fully realized during the fiscal year 2024, although optimizing cost structure during the review period has enhanced the segment's profitability already. The change negotiations resulted in a one-time cost of approximately EUR 300 thousand, which is included in the segment's personnel costs. The Utilities segment's long-term market outlook is expected to remain good, providing opportunities for profitable growth.

The performance of the Retail & Commerce segment was hindered by the continued volatility of the global economy and its impact on demand. Customer organizations were cautious regarding investments, which led to delays in decision-making and scale-downs of scopes in project deliveries. The long-term market outlook for the Retail & Commerce segment is expected to remain moderate, with demand anticipated to recover as the markets stabilize.

### **Profit Guidance 2024**

The company expects the comparable revenue to grow and the operating result to be positive. The comparable revenue was EUR 54,183 thousand for the financial year 2023

## **Going concern principle**

The financial statements for the financial year 2023 have been drawn up under the going concern principle. In assessing the going concern principle, the management of the company has considered the risks related to the refinancing of the company. The key elements of Solteq Group's debt financing are a fixed-rate bond, as well as standby and bank account credit limits.

Solteq issued a fixed-rate unsecured senior bond with a nominal value of EUR 23.0 million on October 1, 2020. Of the EUR 23.0 million bond outstanding at the time of the financial statements bulletin, EUR 0.6 million was held by the company. The bond matures on October 1, 2024. The standby and bank account credit limits total EUR 7.0 million. The related financial covenants are linked to the terms of the bond.

The terms of the bond include financial covenants concerning the distribution of funds and incurring financial indebtedness other than permitted under the terms of the bond (Incurrence Covenant). The covenants require that the equity ratio exceeds 27.5 percent, the interest coverage ratio (EBITDA/net interest cost) exceeds 3.00:1, and that the Group's net interest-bearing debt to EBITDA ratio does not exceed 4:1. The covenants concerning the distribution of funds and incurring financial indebtedness other than permitted under the terms of the bond are not fulfilled based on the reporting period. The fulfillment of the covenants is always reviewed based on the last reported 12-month period. Violations of the above-mentioned financial covenants of the bond do not, as such, lead to the right to demand immediate repayment of the bond, but they limit the distribution of the company's funds and incurring financial indebtedness other than permitted under the terms of the bond.

The company has initiated measures to arrange refinancing of the company. The arrangement consists of the renewal of the existing bond and of the standby and bank account credit limits.

In assessing the going concern, the management of the company has considered the effects of the measures taken during the financial year 2023 on the company's financial performance, financial forecasts and risks related to financial negotiations. Based on these factors, management estimates that operations will continue and that the risk of insufficient funding is small. The company believes that the planned financing arrangements will lead to a favorable outcome. However, if the company fails to restructure the financing, this would jeopardize the continuity of the company's operations.

The 2023 financial statements have therefore been drawn up under the going concern principle.

## **Financial reporting**

The Financial Statements Bulletin has been prepared in accordance with the recognition and valuation principles of IFRS standards and using IAS 34 and the same accounting policies as the Financial Statements 2022. The new IFRS standards, taken into use on January 1, 2023, do not have a significant impact on the Group's Financial Statements Bulletin. The Financial Statements Bulletin is based on the unaudited Financial Statements of 2023.

## **Attachments**

Solteq Plc's Financial Statements Bulletin January 1 – December 31, 2023

## **Further Information**

CEO Aarne Aktan  
Tel: +358 40 342 4440  
E-mail: aarne.aktan@solteq.com

CFO, General Counsel Mikko Sairanen  
Tel: +358 50 567 3421  
E-mail: mikko.sairanen@solteq.com

## **Distribution**

Nasdaq Helsinki  
Key media  
[www.solteq.com](http://www.solteq.com)

## **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 nearly 500 professionals and has offices in Finland, Sweden, Norway, Denmark, Poland, and the UK.