

# Solteq Plc's Half-Year Report January 1 – June 30, 2023

Stock Exchange Bulletin  
Half-Year Report  
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## A tough second quarter – demand decreased in the Retail & Commerce segment, heavy cost structure burdened the Utilities segment

### April–June

- Comparable revenue totaled EUR 13.6 million (14.8) and decreased by 8.2 percent. Revenue totaled EUR 14.3 million (17.9) and decreased by 20.4 percent
- Comparable EBITDA was EUR -0.5 million (1.3) and EBITDA EUR 7.7 million (1.8). Comparable EBITDA percent was -3.9 (8.8)
- Comparable operating result was EUR -1.9 million (0.0) and operating result EUR 6.3 million (0.4). Comparable operating result percent was -13.7 (0.3)
- 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 8.3 million euros
- Earnings per share was EUR 0.19 (0.00)

### January–June

- Comparable revenue totaled EUR 27.7 million (31.0) and decreased by 10.6 percent. Revenue totaled EUR 31.2 million (37.2) and decreased by 16.1 percent
- Comparable EBITDA was EUR 0.4 million (3.6) and EBITDA EUR 9.0 million (4.5). Comparable EBITDA percent was 1.5 (11.5)
- Comparable operating result was EUR -2.2 million (1.1) and operating result EUR 6.2 million (1.8). Comparable operating result percent was -7.9 (3.5)
- 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 8.3 million euros
- Earnings per share was EUR 0.20 (0.04)
- Solteq Group's equity ratio was 38.4 percent (35.4)
- Net cash flow from operating activities was EUR -1.8 million (1.6)
- Solteq's revenue is expected to be EUR 60–62 million and operating result to be slightly negative excluding the one-time profit recognition of EUR 8 million on the sale of the Group's ERP business based on Microsoft BC and LS Retail solutions

### Key figures

	4-6/2023	4-6/2022	Change %	1-6/2023	1-6/2022	Change %	1-12/2022	Rolling 12mos
Revenue, TEUR	14,273	17,937	-20.4	31,173	37,176	-16.1	68,426	62,423
Comparable revenue, TEUR	13,609	14,824	-8.2	27,721	30,998	-10.6	57,230	53,954
EBITDA, TEUR	7,698	1,776	333.5	8,979	4,496	99.7	5,555	10,037
Comparable EBITDA, TEUR	-536	1,298	-141.3	411	3,569	-88.5	4,469	1,312
Operating result, TEUR	6,337	414	1,429.1	6,246	1,798	247.4	-4,406	42
Comparable operating result, TEUR	-1,869	43	-4,491.4	-2,200	1,089	-302.0	-613	-3,902

Result for the financial period, TEUR	3,672	-90	4,162.6	3,877	705	450.2	-5,404	-2,232
Earnings per share, EUR	0.19	0.00	4,162.6	0.20	0.04	450.2	-0.28	-0.12
Operating result, %	44.4	2.3		20.0	4.8		-6.4	0.1
Comparable operating result, %	-13.7	0.3		-7.9	3.5		-1.1	-7.2
Equity ratio, %				38.4	35.4		30.3	36.7

### **CEO Arne Aktan: A tough second quarter – demand decreased in the Retail & Commerce segment, heavy cost structure burdened the Utilities segment**

Solteq Plc's second quarter was weak. The Group's comparable revenue was EUR 13.6 million, down by 8.2 percent from the comparison period. This was mainly due to a weaker demand than in the comparison period affecting the Retail & Commerce segment. The downturn in the segment's revenue was due to a poorer performance in customer acquisition and certain customer deliveries being postponed to the future.

The comparable EBITDA was EUR -0.5 million, and the comparable operating result was EUR -1.9 million. Profitability decreased in both segments relative to the comparison period. In Utilities, the profitability suffered from a heavy cost structure. Utilities continued to work on solving the problems and improving efficiencies, but this did not progress as promptly as aspired. In Retail & Commerce, utilization rates didn't reach optimal levels due to the decreased order base.

The bland beginning of the year was aligned with the company's expectations. The relation between revenue and expenses is expected to be clearly better for the rest of the year. In addition, the demand for the Retail & Commerce segment is estimated to pick up towards the end of the year.

The Retail & Commerce segment's business based on Microsoft Dynamics 365 Business Central and LS Retail was sold to Azets Group. This allowed the company to decrease its indebtedness and focus even more on the chosen software solutions, expert services, and business areas.

The instability in international politics creates uncertainties in the Nordic operating environment, for example, high inflation and increased costs. The uncertainties still reflect in the demand for the services and solutions offered by the Retail & Commerce segment. In the Nordic energy sector, demand for software solutions and expert services is driven by changes in industry regulations, the transition to renewable energy sources, and opportunities created by emerging technologies for business efficiency.

We expect the market outlook for the Retail & Commerce segment to remain moderate during the current financial year and demand to recover as the market stabilizes. We expect the long-term market outlook for the Utilities to remain good and provide opportunities for profitable growth.

### **Profit Guidance 2023 (updated on May 3, 2023)**

Solteq's revenue is expected to be EUR 60–62 million and operating result to be slightly negative excluding the one-time profit recognition of EUR 8 million on the sale of the Group's ERP business based on Microsoft BC and LS Retail solutions.

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