

# Solteq Plc Half-Year Report January 1 – June 30, 2022

Stock Exchange Bulletin  
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## Challenges in the Utilities Business Weakened the Profitability of Solteq

### April–June

- Revenue totaled EUR 17.9 million (18.5) and decreased by 3.0 percent
- EBITDA was EUR 1.8 million (3.7) and EBITDA percent was 9.9 (20.2)
- Operating profit was EUR 0.4 million (2.4) and operating profit percent was 2.3 (13.2)
- Earnings per share was EUR 0.00 (0.08)

### January–June

- Revenue totaled EUR 37.2 million (35.9) and increased by 3.6 percent
- EBITDA was EUR 4.5 million (7.2) and EBITDA percent was 12.1 (20.1)
- Operating profit was EUR 1.8 million (4.7) and operating profit percent was 4.8 (13.0)
- Earnings per share was EUR 0.04 (0.16)
- Solteq Group's equity ratio was 35.4 percent (35.3)
- Net cash flow from operating activities was EUR 1.6 million (7.8)

## Key figures

	4- 6/2022	4- 6/2021	Change %	1- 6/2022	1- 6/2021	Change %	1- 12/2021	Rolling 12mos
Revenue, TEUR	17,937	18,487	-3.0	37,176	35,870	3.6	69,055	70,361
EBITDA, TEUR	1,776	3,726	-52.3	4,496	7,217	-37.7	12,267	9,547
Comparable EBITDA, TEUR	1,946	3,767	-48.3	4,868	7,322	-33.5	12,556	10,103
Operating profit, TEUR	414	2,440	-83.0	1,798	4,672	-61.5	7,123	4,249
Comparable operating profit, TEUR	585	2,481	-76.4	2,170	4,777	-54.6	7,412	4,805
Profit for the financial period, TEUR	-90	1,551	-105.8	705	3,007	-76.6	4,100	1,798
Earnings per share, EUR	0.00	0.08	-105.8	0.04	0.16	-76.6	0.21	0.09
Operating profit, %	2.3	13.2		4.8	13.0		10.3	6.0
Comparable operating profit, %	3.3	13.4		5.8	13.3		10.7	6.8
Equity ratio, %				35.4	35.3		36.9	35.3

**CEO Aarne Aktan: Challenges in the Utilities Business Weakened the Profitability of Solteq**

The second quarter of the year was challenging for Solteq. The Group's revenue was EUR 17.9 million, with operating profit of EUR 0.4 million. The revenue decreased by 3.0 percent and operating profit by 83.0 percent from the comparison period.

The difficulties were mainly caused by challenges in the development of software products. This increased delivery costs for projects and decreased customer invoicing relative to the comparison period. Due to these factors, Solteq published a profit warning on May 25, 2022, and lowered its guidance for both revenue and operating profit.

The Solteq Software segment accounted for just over one-third of the Group's revenue, and the Solteq Digital segment for just under two-thirds. Solteq Software's profitability was affected by challenges in product development in the Solteq Utilities business area and the resulting increase in project delivery costs. The revenue and profitability of Solteq Digital were weakened by slower than expected sales and delays in the commencement of certain customer projects. Foreign subsidiaries accounted for 22.7 percent of the Group's revenue.

Russian invasion of Ukraine, increasing inflation, and changes in the energy sector caused insecurities in the operating environment during the second quarter. Changes in the operating environment were not significantly reflected in the Group's operations yet. In the long run, Russian invasion of Ukraine causes economic uncertainty, which will affect the investment capabilities of customer organizations. In addition, the high inflation will affect the Group's cost level going forward.

Despite some growing pains and changes in the operating environment, the outlook for Solteq Group's international and domestic business is estimated to remain positive. Demand in the key solution areas of Solteq Software is expected to create significant growth opportunities, especially in the energy sector. In Solteq Digital, growth will be driven by the internationalizing customer base and new technological solutions. Solteq Group is updating its business strategy and will release it within the current half-year period. Solteq continues to strengthen its international operations and to develop the Utilities business for profitable, international growth.

### **Profit Guidance 2022 (updated on May 25, 2022)**

Solteq Group's revenue is expected to grow and profit to weaken.

### **Attachments**

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### **Further Information**

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

CFO Kari Lehtosalo  
Tel: +358 40 701 0338  
E-mail: kari.lehtosalo@solteq.com

### **Distribution**

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www.solteq.com

### **Solteq in brief**

Solteq is a provider of IT services and software solutions specializing in the digitalization of business and industry-specific software. The key sectors in which the company has long-term experience are retail, manufacturing, utilities, and services. The company employs over 650 professionals with offices in Finland, Sweden, Norway, Denmark, Poland, and the UK, with a customer base throughout Europe.