



Loihde Plc's financial statements release 1 January–31 December 2021: Continuing operations grew 7% in October–December

4.3.2022 08:00:00 EET | Loihde Oyj | Company Announcement

Loihde Plc Company Announcement 4 March 2022 at 08:00 EET

Loihde Plc's financial statements release 1 January–31 December 2021: Continuing operations grew 7% in October–December

(audited)

October–December 2021 in brief

- In Q4, Loihde Group's revenue was EUR 31.3 million (EUR 30.6 million), an increase of 2%.
- Revenue from the Group's continuing operations was EUR 31.3 million (EUR 29.3 million), a total increase of 7% and organic growth¹ -1%.
- Revenue from continuing operations in the security business amounted to EUR 20.2 million (EUR 20.6 million), growth -2%.
- Revenue from continuing operations in the digital development business amounted to EUR 11.5 million (EUR 8.9 million), growth 29% and organic growth 5%.
- Adjusted EBITDA was EUR 1.9 million (EUR 2.2 million), or 6.0% (7.3%) of revenue.
- Adjusted EBITA was EUR 1.4 million (EUR 1.7 million), or 4.4% (5.6%) of revenue.
- Trading in Loihde's shares commenced on Nasdaq First North Growth Market Finland on 7 October 2021.
- As decided by the Annual General Meeting, the company carried out an additional distribution of assets of EUR 0.90 per share.

January–December 2021 in brief

- Loihde Group's revenue for the entire year was EUR 108.1 million (EUR 106.8 million), an increase of 1%.
- Revenue from the Group's continuing operations was EUR 107.2 million (EUR 101.0 million), growth 6% and organic growth 2%.
- Revenue from continuing operations in the security business amounted to EUR 71.4 million (EUR 69.1 million), growth 3%.
- Revenue from continuing operations in the digital development business amounted to EUR 36.2 million (EUR 32.0 million), a total growth of 13% and organic growth -1%.
- Adjusted EBITDA was EUR 4.3 million (EUR 6.2 million), or 3.9% (5.8%) of revenue.
- Adjusted EBITA was EUR 2.3 million (EUR 4.1 million), or 2.1% (3.8%) of revenue.
- The Board of Directors proposes to the General Meeting that a dividend of EUR 0.14 per share be paid from distributable funds based on the company's operating profit and in addition to this an additional dividend of EUR 0.41 per share based on capital gains.

[1] The organic growth of continuing operations excludes the revenue of Hibox Systems Oy Ab (part of the Group until 28 February 2021), Loihde Advisory Ltd (part of the Group as of 1 June 2021) and Loihde Advisory AB (part of the Group as of 1 June 2021).

Outlook for 2022

In 2022, Loihde expects revenue from continuing operations in the security business to grow and revenue from continuing operations in digital development to grow more rapidly than in the previous year, or more than 13%. The Group's adjusted EBITDA is estimated to improve compared to 2021, when it was EUR 4.3 million.

Financial targets for the strategy period 2021–2024

Loihde Group aims to achieve average annual revenue growth of more than 10 per cent, including potential acquisitions. The profitability target is an adjusted EBITDA margin in excess of 10 per cent, calculated in accordance with the IFRS standards.

The Group plans a transition to IFRS-compliant reporting during the strategy period. The management estimates that the transition to IFRS reporting will increase the adjusted EBITDA margin by approximately 3–4 percentage points compared to

the corresponding figure calculated in accordance with the FAS standards. The difference of 3–4 percentage points is mainly due to handling of leases in accordance with IFRS 16.

Key Figures

EUR 1,000	10–12 2021	10–12 2020	Change %	1–12 2021	1–12 2020	Change %
Revenue, EUR 1,000	31,255	30,561	2%	108,079	106,823	1%
- Security business	20,215	20,558	-2%	71,421	69,122	3%
- Digital development business	11,491	10,156	13%	37,054	37,859	-2%
- Others (incl. eliminations)	-451	-152	-	-396	-158	-
Revenue, continuing operations, EUR 1,000 ¹	31,255	29,345	7%	107,196	101,026	6%
- Security business	20,215	20,558	-2%	71,421	69,122	3%
- Digital development business	11,491	8,932	29%	36,164	32,028	13%
- Others (incl. eliminations)	-451	-144	-	-389	-124	-
EBITDA, EUR 1,000	1,775	1,868	-5%	9,389	5,434	73%
Adjusted EBITDA, EUR 1,000 ²	1,885	2,232	-16%	4,250	6,160	-31%
Adjusted EBITDA, %	6.0	7.3	-	3.9	5.8	-
EBITA, EUR 1,000	1,265	1,355	-7%	7,427	3,386	119%
EBITA, %	4.0	4.4	-	6.9	3.2	-
Adjusted EBITA, EUR 1,000 ²	1,376	1,719	-20%	2,288	4,113	-44%
Adjusted EBITA, % ²	4.4	5.6	-	2.1	3.8	-
Operating profit (EBIT), EUR 1,000	-685	-420	-	-82	-3,838	-
Adjusted operating profit, EUR 1,000 ²	-575	-56	-	-5,222	-3,111	-
Profit for the period, EUR 1,000	-563	-177	-	603	-4,172	-
Adjusted profit for the period, EUR 1,000 ²	-620	114	-	-4,812	--3,590	-
Equity-to-assets ratio, %	80.4	81.3	-	80.4	81.3	-
Earnings per share (EPS), EUR ³	-0.09	-0.03	-	0.10	-0.75	-
Average number of employees (FTE)	738	716	3%	720	714	1%

¹ Revenue from continuing operations does not include Hibox Systems Oy Ab's revenue for January–February 2021 EUR 0.9 million and for 2020 EUR 5.8 million.

² The adjusted EBITDA, the adjusted EBITA, the adjusted operating profit (EBIT) and the adjusted profit for the period are calculated by excluding capital gains/losses arising from the disposal of properties, fixed asset shares and businesses, insurance and other compensations and other adjustments from the respective reported figure.

³ The own shares owned by the Group are excluded from the total number of shares.

CEO Samu Konttinen:

In October–December 2021, revenue from Loihde's continuing operations increased by 7 per cent to EUR 31.3 (29.3) million. Adjusted EBITDA totalled EUR 1.9 (2.2) million, or 6.0 (7.3) per cent of revenue.

The growth at the end of the year was boosted by the digital development business, as its continuing operations increased 29 per cent taking into account acquisitions and organically 5 per cent. Companies and organisations invest heavily in digitalisation and business intelligence, and this shows as a strong demand for our digital and data services. Our extensive offerings cover customer needs in many different ways, including software development on different technology platforms,

cloud technologies and data analytics, as well as digital strategy and business intelligence consulting. The development of a network model for our three digital development companies has made good progress and our customers always have access to our entire offerings. Successful recruitment towards the end of the year lays the foundations for growth. However, we need to take into account that the shortage of skilled professionals and the keen competition over these will probably not abate in the next few years and this will also have the potential to slow down future growth.

In the security business, revenue for the comparative period was at an all-time high due to an explosive increase in demand that had previously been held up by the COVID-19 pandemic, and achieving a revenue of almost the same size also this past period is a good result. The global shortage of components has created uncertainty and caused delays relating to several projects. The volume of orders in the security business is at a good level, and we consider the opportunities for growth to be good.

Among the highlights in the latter part of the year were two framework agreements with the Finnish Defence Forces, where the locking systems and services agreement is worth EUR 6.9 million and the access control system extension agreement is worth EUR 6 million. The framework agreements are for the years 2021–2025 and the delivery relating to these starts in 2022.

Our Cyber Security Operations Centre CSOC that monitors the state of our customers' cyber security 24/7 demonstrated the importance of continuous surveillance and quick responses when it protected our customers' systems from the serious Log4J vulnerability. These types of incidents increase the awareness of how critical information security is and create demand for Loihde's continuous cyber security services.

Building Loihde as a whole has proceeded according to plan, and the successes in selling our joint offerings have proved that we are on the right track. Loihde has a wide and satisfied customer base, where many customers have needs in several of our service areas. Customers concentrate their purchases with operators that are perceived as good and reliable, and through cross-selling we have been able to deepen several of our customer relationships.

By combining the capabilities of our businesses, we can offer customers integrated solutions that make us stand out on the market. In December, we signed an agreement with Finnish Customs, worth EUR 2.9 million, where we agreed on a solution that combines exactly this kind of expertise from two businesses. We provide Customs with a progressive video analytics solution, where computer vision linked to surveillance cameras is utilised for automatic identification, classification and analysis of number plates and containers, among other things.

As a whole, 2021 was of importance for Loihde in many ways. We took important steps in making the Group's business operations clearer through acquisitions and divestments, we created a common Loihde brand and were listed on First North. In terms of results, the year was in line with our expectations. For achieving all of this, I would like to express my sincerest thanks to all our employees, customers and owners.

Proposal on the use of the profit for the period

The parent company's distributable funds amount to EUR 112,929,594.56 and the parent company's profit for the accounting period is EUR 5,791,493.15. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.14 per share be paid from distributable funds based on the company's operating profit. In addition to this, the Board of Directors proposes that an additional dividend of EUR 0.41 per share be paid based on capital gains from the divestment of Hibox. Based on the situation at the time of signing the financial statements, the dividend and additional dividend would correspond to EUR 3,252,560.85 in total.

No material changes have taken place in the company's financial position after the end of the financial year.

Events after the financial year

On 3 January 2022, Loihde Trust Ltd has divested its fibre networks in Kuusamo, Kemijärvi and Salla to Koillisnet Oy. The transaction price was EUR 4.7 million and Loihde records capital gains of EUR 3.9 million arising from the divestment.

On 4 January 2022, Loihde Plc's Board of Directors decided to begin the acquisition of the company's own shares. The maximum number of shares to be acquired is 230,000, which corresponds to approximately 3.8 per cent of the company's shares. However, the amount used for acquiring shares will be at most EUR 5,000,000. The decision is based on the authorisation by the Annual General Meeting held on 6 May 2021.

Loihde Advisory Ltd's subsidiary Altotech Oy has merged with its parent company on 7 January 2022.

The company has updated its risk assessment with the possible effects of the war in Ukraine on the company's business environment and business activities.

Webcast press conference

Loihde's CEO Samu Konttinen presents the results in a webcast today, 4 March 2022 at 11:00 EET.

The webcast will be live at <https://loihde.videosync.fi/2021-q4-tulos>

Presentations and a recording of the webcast will later be available in Finnish on the company's website at <https://www.loihde.com/en/for-shareholders-2/reports-and-presentations/>.

Financial calendar

In addition to the half-year report and the financial statements release, Loihde publishes a more concise business report for the first and third quarters of the year.

- The business report for January–March will be published on Wednesday, 4 May 2022.
- The half-year report for January–June will be published on Wednesday, 31 August 2022.
- The business report for July–September will be published on Tuesday, 1 November 2021.

The annual report, including the financial statements and the report of the Board of Directors, the remuneration report and the corporate governance statement for 2021 will be published in week 13/2022. The Annual General Meeting is planned to be held on 5 May 2022. The Board of Directors publish a separate invitation to the Annual General Meeting later.

Financial reports are published on the company's website at <https://www.loihde.com/en/for-shareholders-2/reports-and-presentations/>.

4 March 2022
Loihde Plc
Board of Directors

Further information

CEO Samu Konttinen, media contact Director of Communications Tiina Nieminen, tel. +358 44 411 3480 or tiina.nieminen@loihde.com

Certified Adviser Alexander Corporate Finance Oy, tel. +358 50 520 4098

Loihde is an expert organisation specialising in digital development and security solutions. We help our customers create growth and competitiveness through digitalisation, while ensuring the security of people and information and the continuity of business. Loihde consists of two business areas: security solutions with the brand Loihde Trust, and digital development with the brands Loihde Advisory, Loihde Analytics and Loihde Factor. The Group has approximately 750 employees and its revenue in 2021 amounted to EUR 108.1 million.

Attachments

- [Download announcement as PDF.pdf](#)
- [Loihde Plc Financial statements release 2021.pdf](#)