



Loihde Plc's business report 1 January–31 March 2022: Revenue from continuing operations increased 17%, adjusted EBITDA improved significantly

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Loihde Plc Company announcement 4 May 2021 at 08:00 EEST

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This is not an interim report in accordance with the IAS 34 standard. The financial information presented in this business report is unaudited. Unless otherwise stated, the figures in brackets indicate the corresponding period last year.

January–March in brief

- Loihde Group's revenue for the first quarter increased 13% and amounted to EUR 28.4 million (25.1).
- Revenue from the Group's continuing operations grew 17% and came to EUR 28.4 million (24.2), organic growth¹ was 9%.
- Revenue from continuing operations in the security business grew 4% and amounted to EUR 17.1 million (16.4). The growth was entirely organic.
- Revenue from continuing operations in the digital development business grew 47%, supported by company acquisitions, and amounted to EUR 11.5 million (7.8). Organic growth was 20%.
- Adjusted EBITDA was EUR 1.2 million (0.4), or 4.2% (1.6%) of revenue, growth was 198%.
- Adjusted EBITA was EUR 0.8 million (-0.1), or 2.7% (-0.4%) of revenue.
- Loihde Trust Ltd has divested its fibre networks in Northern Finland to the fibre network company Koillisnet Oy. Loihde has recorded capital gains of EUR 3.9 million arising from the divestment.

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 and Loihde Advisory AB (part of the Group as of 1 June 2021).

Outlook for 2022 (unchanged)

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 to 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 is mainly due to the handling of leases in accordance with IFRS 16.

Key Figures

EUR 1,000	1–3 2022	1–3 2021	Change %	1–12 2021
Revenue, EUR 1,000	28,412	25,119	13%	108,079
- Security	17,054	16,419	4%	71,421
- Digital development	11,493	8,696	32%	37,054
- Others (incl. eliminations)	-135	4	-	-396

Revenue, continuing operations, EUR 1,000¹	28,412	24,236	17%	107,196
- Security	17,054	16,419	4%	71,421
- Digital development	11,493	7,805	47%	36,164
- Others (incl. eliminations)	-135	12	-	-389
EBITDA, EUR 1,000	4,941	6,058	-18%	9,389
Adjusted EBITDA, EUR 1,000²	1,195	401	198%	4,250
Adjusted EBITDA, %	4.2	1.6	-	3.9
EBITA, EUR 1,000	4,508	5,565	-19%	7,427
EBITA, %	15.9	22.2	-	6.9
Adjusted EBITA, EUR 1,000²	761	-91	-	2,288
Adjusted EBITA, %²	2.7	-0.4	-	2.1
Operating profit (EBIT), EUR 1,000	2,638	3,797	-31%	-82
Adjusted operating profit (EBIT), EUR 1,000²	-1,109	-1,859	40%	-5,222
Profit for the period, EUR 1,000	1,682	3,966	-58%	603
Adjusted profit for the period, EUR 1,000²	-1,315	-1,720	24%	-4,812
Equity-to-assets ratio, %	80.7	83.4	-	80.4
Earnings per share (EPS), EUR³	0.28	0.7	-60%	0.10
Average number of employees	744	710	5%	720

¹ Revenue from continuing operations does not include Hibox Systems Oy Ab's revenue for January–February 2021, which amounted to EUR 0.9 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 Group's treasury shares (96,347 shares on average in January–March 2022) are excluded from the total number of shares.

CEO Samu Konttinen:

In line with our expectations, 2022 got off to a good start for Lohde. Revenue from continuing operations increased year-on-year, organically 9 per cent and taking into account the acquisition of Talent Base (current Lohde Advisory) 17 per cent, to EUR 28.4 (24.2) million. Adjusted EBITDA almost tripled compared to the corresponding period of the previous year and amounted to EUR 1.2 (0.4) million.

The divestment of our fibre networks in Northern Finland to Koillisnet was part of the corporate transactions through which we since 2021 have been divesting parts that do not belong to our core operations in order to focus on our two core business areas, that is, security and digital development, and the synergies between them.

In digital development, organic growth without the aforementioned acquisition was 20 per cent and taking the acquisition into account, growth increased to 47 per cent. All our digital development companies (Lohde Advisory, Lohde Analytics and Lohde Factor) had an excellent early part of the year.

The underlying cause of the strong growth is our data, design and software development expertise that meets market demand very well. As a result of successful recruitment towards the end of 2021, we have been able to increase our delivery capacity and in addition, we use partner networks more than before. Utilisation rates were on a good level as a whole, even if sick leaves at the beginning of the year slightly decreased invoicing.

The total offering and closer cooperation of our digital development companies show in customer projects, where an increasing number of projects include experts from two or three Loihde companies. We are also increasingly delivering customer projects as a cooperation between our units in Finland and Sweden.

A strong trend in customer needs is the increased utilisation of data and analytics in business operations, which is one of the cornerstones of our expertise. Among the solutions that we produce for our customers are management and refinement of internal and external company data, analytics, data models, business intelligence and utilisation of artificial intelligence. In software development and data platforms, we help our customers with all the leading technology platforms in a technology-neutral way.

In the security business, revenue increased 4 per cent and the beginning of the year was mainly in line with our expectations. Both our digital and physical security businesses grew, but the digital security business grew slightly faster. Our capability to combine our physical and digital offering into one total offering separates us from the competition and enables comprehensive security solutions for our customers.

The shortage of components has delayed some of Loihde's own deliveries but especially caused delays in customer project schedules already at earlier stages. Due to the shortage of components, it is more difficult than normal to estimate the timetable for deliveries, but in the longer term, opportunities for growth are unchanged.

In digital security, we have been successful in selling our IAM solutions during the beginning of the year. The importance of access management has increased as cloud services and system integrations have expanded the IT environment of companies beyond their internal networks, and an increasing number of companies recognise the cyber security and user experience benefits of efficient access management.

As the risk for cyberattacks increased with the war in Ukraine, Loihde Trust extended its cyber security operations centre service into a 24/7 service for all of its CSOC customers.

Loihde produces services for many key players in society and one of the largest customer industries of our security business is the social welfare and health care sector. During the beginning of the year, several large hospital construction or modernisation projects are under way, and to these we are delivering, for example, locking solutions, nurse call systems and personal safety systems.

Russia's invasion of Ukraine and the sanctions imposed due to the war do not directly affect Loihde's business, since the company does not have operations or supply chains in Russia, Belarus or Ukraine. The decrease in general security and the increased risk for cyberattacks increase the need for cyber and other security services. So far, we have not seen signs of our customers slowing down investments to a significant extent, but if the war is prolonged financial uncertainty might increase and affect our customers' propensity to invest.

The good Q1 result is all thanks to our competent and hard-working personnel. At the same time, I would like to thank our customers for their trust in us.

Events after the review period

On 3 May 2022, the company has announced that the Board of Directors has decided to cancel a total of 407 219 treasury shares corresponding to 6.8% of the total number of shares and votes in the company. The cancellation does not affect the company's share capital. The cancellation is effective after it is registered with the Trade Register.

Webcast press conference

Loihde's CEO Samu Konttinen presents the results in a webcast today, 4 May 2022 at 11:00 EEST. The webcast will be live at <https://loihde.videosync.fi/2022-q1-tulos>.

Presentations and a recording of the webcast will later be available in Finnish on the company's website at <https://www.loihde.com/omistajille/raportit-ja-esitykset/>.

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 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 2022.

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

Further information

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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](#)