



## **Loihde Plc Half-year report 1 January –30 June 2022: Loihde’s revenue increased 13% and adjusted EBITDA improved 101%, the strategic acquisition of Turvakolmio strengthens the security technology business**

31.8.2022 08:00:00 EEST | Loihde Oyj | Company Announcement

Loihde Plc Company Announcement 31 August 2022 at 8:00 EEST

### **Loihde Plc Half-year report 1 January –30 June 2022: Loihde’s revenue increased 13% and adjusted EBITDA improved 101%, the strategic acquisition of Turvakolmio strengthens the security technology business**

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

#### **April–June 2022 in brief**

- Loihde Group’s revenue for the second quarter amounted to EUR 30.5 million (EUR 26.9 million), an increase of 13%.
- Revenue from continuing operations in the security business amounted to EUR 19.9 million (EUR 18.3 million), an increase of 8%.
- Revenue from continuing operations in the digital development business amounted to EUR 10.7 million (EUR 8.6 million), an increase of 24%.
- Adjusted EBITDA was EUR 1.0 million (EUR 0.7 million), or 3.3% (2.6%) of revenue.
- Adjusted EBITA was EUR 0.6 million (EUR 0.2 million), or 1.8% (0.7%) of revenue.
- In May, Loihde acquired the entire share capital of Turvakolmio Group Oy.

#### **January–June 2022 in brief**

- Loihde Group’s revenue for January–June amounted to EUR 58.9 million (EUR 52.1 million), an increase of 13%.
- Revenue from the Group’s continuing operations came to EUR 58.9 million (EUR 51.2 million), an increase of 15%.
- Revenue from continuing operations in the security business amounted to EUR 36.9 million (EUR 34.7 million), an increase of 6%.
- Revenue from continuing operations in the digital development business amounted to EUR 22.2 million (EUR 16.4 million), an increase of 35%.
- Adjusted EBITDA was EUR 2.2 million (EUR 1.1 million), or 3.7% (2.1%) of revenue.
- Adjusted EBITA was EUR 1.3 million (EUR 0.1 million), or 2.2% (0.2%) of revenue.
- In January, Loihde Trust Ltd 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.

#### **Outlook**

Loihde Plc specifies its guidance for 2022 as far as revenue from the security business is concerned. The guidance is specified due to the acquisition of the share capital of Turvakolmio Group Oy on 1 June 2022 and a more precise market outlook for the remainder of the year. As for revenue from digital development and the Group’s adjusted EBITDA, the guidance remains unchanged.

#### **Updated outlook (issued 31 August 2022)**

In 2022, Loihde expects revenue from continuing operations in the security business to grow approximately 15% 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.

## Previous outlook for 2022 (issued 4 March 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 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	4–6/2022	4–6/2021	Change %	1–6/2022	1–6/2021	Change %	1–12/2021
Revenue, EUR 1,000	30,453	26,931	13%	58,865	52,050	13%	108,079
- Security	19,853	18,303	8%	36,907	34,723	6%	71,421
- Digital development	10,704	8,613	24%	22,197	17,308	28%	37,054
- Other (incl. eliminations)	-104	15	-	-239	18	-	-396
Revenue, continuing operations <sup>1</sup> , EUR 1,000	30,453	26,931	13%	58,865	51,166	15%	107,196
- Security	19,853	18,303	8%	36,907	34,723	6%	71,421
- Digital development <sup>1</sup>	10,704	8,613	24%	22,197	16,418	35%	36,164
- Other (incl. eliminations) <sup>1</sup>	-104	15	-	-239	25	-	-389
EBITDA	1,293	597	116%	6,234	6,655	-6%	9,389
Adjusted EBITDA, EUR 1,000 <sup>2</sup>	995	689	44%	2,189	1,090	101%	4,250
Adjusted EBITDA, %	3.3	2.6	-	3.7	2.1	77%	3.9
EBITA, EUR 1,000	851	110	677%	5,359	5,675	-6%	7,427
Adjusted EBITA, EUR 1,000 <sup>2</sup>	553	201	175%	1,314	110	1,091%	2,288
Operating profit (EBIT), EUR 1,000	-1,064	-1,731	-	1,574	2,066	-24%	-82
Adjusted operating profit (EBIT), EUR 1,000 <sup>2</sup>	-1,362	-1,639	-	-2,471	-3,498	-	-5,222
Profit for the period, EUR 1,000	-1,632	-1,026	-	50	2,940	-98%	603
Adjusted profit for the period, EUR 1,000 <sup>2</sup>	-1,932	-952	-	-3,531	-2,671	-	-4,812
Equity-to-assets ratio, %	78.4	79.6	-2%	78.4	79.6	-2%	80.4
Earnings per share (EPS), EUR <sup>3</sup>	-0.28	-0.18	-	0.0	0.5	-98%	0.10
Average number of employees (FTE)	787	713	10%	765	711	8%	720

<sup>1</sup> Revenue from continuing operations does not include Hibox Systems Oy Ab's revenue for January–February 2021, which amounted to EUR 0.9 million.

<sup>2</sup> 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.

<sup>3</sup> The Group's treasury shares (35,187 shares on average in April–June 2022 and 65,767 shares on average in January–June 2022) are excluded from the total number of shares.

*Loihde has changed its reporting practice starting from this half-year report and does no longer specify organic revenue growth. Acquisitions are an integral part of Loihde's growth strategy. Turvakolmio that joined the Group starting from June 2022 is being firmly integrated with the rest of the security business and specifying its organic growth is no longer possible.*

## **CEO Samu Konttinen:**

Both our business areas grew during the second quarter and our operational profitability increased as planned. Our revenue grew by 13% in April–June and totalled EUR 30.5 (26.9) million. The Group's adjusted EBITDA improved by 44% to EUR 1.0 (0.7) million.

We are implementing our growth strategy both organically and through acquisitions. In May, we strengthened our security business by acquiring the entire share capital of Turvakolmio Group Oy, providing Loihde with approximately 100 additional security technology experts. Turvakolmio has a strong position in the Helsinki Metropolitan Area and in fire safety services, and thus is a good complement to Loihde's offering and service capability. Through the acquisition, Loihde Trust, in our estimation, takes on the role as Finland's largest provider of electronic security technology services. Turvakolmio also adds interesting digital solutions that have been developed for process automation in the circular economy to Loihde's offering.

The security business grew by 8% in the second quarter. Revenue from the physical security business continued to grow well, while revenue from the digital security business decreased slightly mainly due to component shortage delaying customer deliveries. We have made preparations for the continued component shortage by stocking up on critical components earlier in the process. The order book in the security business is at a good level.

Of our digital security services, our continuous CSOC 24/7 cyber surveillance service and our IAM consulting grew the most. Also, the demand for security services for customers' critical OT/SCADA networks has increased, and in relation to this, new customer agreements have been made.

As for security technology, the early part of the year has been characterised by, for example large hospital construction and modernisation projects to which we deliver locking solutions and nurse call systems among other things.

Our One Security comprehensive service solutions continued to grow. One of our One Security customers is store chain Tokmanni, to whom we have delivered security technology and structural security services for a long time. As the result of an agreement early in the year, our cooperation expanded to digital security as well.

The digital development business grew with 24% in April–June compared to the same period last year. There is a strong increase especially in solutions relating to data utilisation, analytics and AI, but also in strategic planning relating to data and digitalisation in general. The demand for software development, cloud technology consulting and UX design for digital services has also continued at a good level.

Recruiting is still demanding, but we have succeeded quite well and the increase in experts creates opportunities for growth. However, the shortage of competent professionals is still a significant risk that may slow down the growth of the digital development business area.

The market uncertainty and increased inflation has not significantly affected Loihde's business yet, but as we see it, the risks have increased. A deterioration of the economic situation might decrease customer investments, and increased costs might affect the company's profitability.

As a whole, I am pleased with the first half of the year, our profitability has improved noticeably, and both our business areas have grown faster than last year. The cross-selling between business areas has increased as well.

## **Events after the review period**

The shares subscribed for in May–June as part of the share-based incentive schemes for the personnel and the Board of Directors were entered in the Trade Register on 5 July 2022 and 18 July 2022. Following the registration of the new shares, the company has 5,678,791 shares in total.

On 31 August 2022, Loihde's Board of Directors decided to specify its guidance for 2022 as far as revenue growth of the security business is concerned.

## Webcast press conference

Loihde's CEO Samu Konttinen presents the results in a webcast today, 31 August 2022 at 11:00 EEST. The webcast will be live at <https://loihde.videosync.fi/q2-2022-liiketoimintakatsaus/>.

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 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/>.

31 August 2022  
Loihde Plc  
Board of Directors

## 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 855 employees and its revenue in 2021 amounted to EUR 108.1 million.*

## Attachments

- [Download announcement as PDF.pdf](#)
- [Loihde Plc Half-year-report 2022.pdf](#)