



Loihde Plc's business report 1 January–30 September 2022: Loihde's revenue growth continued to be strong

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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.

July–September 2022 in brief

- Loihde Group's revenue for the third quarter amounted to EUR 30.0 million (EUR 24.8 million), an increase of 21%.
- Revenue from continuing operations in the security business amounted to EUR 21.4 million (EUR 16.5 million), an increase of 30%.
- Revenue from continuing operations in the digital development business amounted to EUR 8.7 million (EUR 8.3 million), an increase of 5%.
- Adjusted EBITDA was EUR 1.3 million (EUR 1.3 million), or 4.2% (5.1%) of revenue.
- Adjusted EBITA was EUR 0.8 million (EUR 0.8 million), or 2.7% (3.2%) of revenue.

January–September 2022 in brief

- Loihde Group's revenue for January–September was EUR 88.9 million (EUR 76.8 million), an increase of 16%.
- Revenue from the Group's continuing operations came to EUR 88.9 million (EUR 75.9 million), an increase of 17%.
- Revenue from continuing operations in the security business amounted to EUR 58.3 million (EUR 51.2 million), an increase of 14%.
- Revenue from continuing operations in the digital development business amounted to EUR 30.9 million (EUR 24.7 million), an increase of 25%.
- Adjusted EBITDA was EUR 3.4 million (EUR 2.4 million), or 3.9% (3.1%) of revenue.
- Adjusted EBITA was EUR 2.1 million (EUR 0.9 million), or 2.4% (1.2%) of revenue.

Outlook for 2022 (unchanged)

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.

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	7–9 2022	7–9 2021	Change %	1–9 2022	1–9 2021	Change %	1–12 2021
Revenue, EUR 1,000	29,998	24,774	21%	88,863	76,824	16%	108,079

- Security	21,371	16,483	30%	58,277	51,206	14%	71,421
- Digital development	8,667	8,255	5%	30,864	25,563	21%	37,054
- Others (incl. eliminations)	-40	36	-209%	-278	55	-607%	-396
Revenue, continuing operations, EUR 1,000¹	29,998	24,774	21%	88,863	75,940	17%	107,196
- Security	21,371	16,483	30%	58,277	51,206	14%	71,421
- Digital development	8,667	8,255	5%	30,864	24,673	25%	36,164
- Others (incl. eliminations)	-40	36	-209%	-278	62	-552%	-389
EBITDA, EUR 1,000	1,165	960	21%	7,399	7,614	-3%	9,389
Adjusted EBITDA, EUR 1000²	1,257	1,274	-1%	3,446	2,364	46%	4,250
Adjusted EBITDA, %²	4.2	5.1		3.9	3.1		3.9
EBITA, EUR 1,000	721	487	48%	6,080	6,162	-1%	7,427
EBITA, %	2.4	2.0		6.8	8.0		6.9
Adjusted EBITA, EUR 1,000²	813	802	-1%	2,127	912	133%	2,288
Adjusted EBITA, %²	2.7	3.2		2.4	1.2		2.1
Operating profit (EBIT), EUR 1,000	-1,276	-1,463	13%	297	603	-51%	-82
Adjusted operating profit (EBIT), EUR 1,000²	-1,185	-1,148	-3%	-3,656	-4,647	21%	-5,222
Profit for the period, EUR 1,000	-1,854	-1,774	-5%	-1,804	1,166	-255%	603
Adjusted profit for the period, EUR 1,000²	-1,781	-1,522	-17%	-5,312	-4,193	-27%	-4,812
Equity-to-assets ratio, %	79.0	79.9	-1%	79.0	79.9	-1%	80.4
Earnings per share (EPS), EUR³	-0.33	-0.30	-9%	-0.31	0.20	-255%	0.10
Average number of employees	852	729	17%	794	717	11%	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 parent company's treasury shares (258 shares on average in July–September 2022 and 43,930 shares on average in January–September 2022) are excluded from the total number of shares.

CEO Samu Konttinen:

Loihde's revenue increased 21% in July–September and amounted to EUR 30.0 (24.8) million. The Group's adjusted EBITDA was EUR 1.3 (1.3) million. In accordance with our guidance, we believe that full-year EBITDA will improve.

The security business grew very well in the review period. The prominent 30% growth is explained by the acquisition of Turvakolmio in early summer, but also organic growth was at a good level in both security technology and digital security. We have a strong position and good competitive ability on the security technology market, and the market outlook is stable. The integration of Turvakolmio is proceeding according to plan and will give us scale advantages and hence potential to improve our profitability. In the digital security business, our CSOC services and equipment sales grew the most. In both security technology and digital security, the shortage of components has still been delaying part of the deliveries and is creating uncertainty for the rest of the year.

In the digital development business, growth slowed down noticeably compared to the strong growth in the early part of the year and was 5% in the third quarter. The most significant reason for this was the decrease in purchases by two major customers during the period under review, but also on a general level demand has decreased slightly, as some customers are cautious about starting new projects. Negotiations about the resale of analytics software licences have been prolonged and agreements are being postponed to next year, which has impaired our growth compared to the comparative period. In the review period, we have entered into new customer relationships with, for example industry and public administration organisations. In the medium term, we do not yet see a change in the market situation and we believe that the IT services sector will continue to be a good growth market for Loihde, despite of the weakened short-term growth outlook.

In August, we founded an artificial intelligence development cluster, Loihde AI. Artificial intelligence is linked to many of our service areas, such as data management and analytics, and we already have around twenty experts working with AI. Secure and sustainable AI is an important focus area when we develop our AI solutions.

We are simplifying Loihde's group structure to promote the offering of even more extensive service packages to our customers and to make internal operations more efficient. In our security business, all other companies in the business area (Loihde Trust Spellpoint Ltd, Loihde Trust Tansec Ltd, Turvakolmio Group Oy and Turvakolmio Recycling Oy) will merge with Loihde Trust Ltd. In our digital development business, we are preparing a merger between Loihde Advisory Ltd and Loihde Analytics Ltd. Loihde Factor Ltd remains a separate company. Also in the future, our central idea is to operate according to our network model, which enables the sharp positioning of each company but gives us the opportunity to cooperate and offer extensive service packages as well.

Events after the review period

On 1 November 2022, Loihde has announced that it is acquiring the entire share capital of cloud service company Onrego Ltd. The planned implementation date of the acquisition is 1 December 2022. In addition, Loihde Plc's Board of Directors has decided on a directed share issue against payment to the owner of Onrego Ltd, Roaring Aspen Hill Ltd, in which a maximum of 50,000 Loihde Plc shares may be issued for subscription.

Webcast press conference

Loihde's CEO Samu Konttinen presents the results in a webcast today, 1 November 2022 at 11:00 EET. The webcast will be live at <https://loihde.videosync.fi/q3-2022-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 financial statements release for 2022 will be published on Friday, 3 March 2023.

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

1 November 2022
Loihde Plc
Board of Directors

Further information

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Loihde enables business continuity. We help our customers to create growth and competitiveness through digitalisation and to protect themselves from physical and cyber threats. 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 850 employees and its revenue in 2021 amounted to EUR 108.1 million.

Attachments

- [Download announcement as PDF.pdf](#)