



## Loihde Plc's Financial Statements Release 1 January–31 December 2022: Loihde's profitability improved noticeably, adjusted EBITDA increased 42% in 2022

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## Loihde Plc's Financial Statements Release 1 January–31 December 2022: Loihde's profitability improved noticeably, adjusted EBITDA increased 42% in 2022

### October–December 2022 in brief

- Loihde Group's revenue for the fourth quarter amounted to EUR 36.0 million (EUR 30.1 million), an increase of 20%.
- Revenue from the security business amounted to EUR 25.5 million (EUR 19.4 million), an increase of 31%.
- Revenue from the digital development business amounted to EUR 10.6 million (EUR 11.2 million), a decrease of 6%.
- Adjusted EBITDA was EUR 3.4 million (EUR 2.6 million), or 9.3% (8.7%) of revenue.
- Adjusted EBIT was EUR 1.5 million (EUR 0.7 million), or 4.1% (2.2%) of revenue.
- The company acquired the entire share capital of cloud service company Onrego Ltd, and Onrego is included in the figures as of 1 December 2022.
- The company announced that it is transitioning to IFRS-compliant reporting and publishes the financial information for the financial year 2022 in accordance with IFRS.

### January–December 2022 in brief

- Revenue from Loihde Group's continuing operations for the entire year came to EUR 123.0 million (EUR 104.4 million), an increase of 18%.
- Revenue from the security business amounted to EUR 82.5 million (EUR 69.3 million), an increase of 19%.
- Revenue from continuing operations in the digital development business amounted to EUR 40.8 million (EUR 35,5 million), an increase of 15%.
- Adjusted EBITDA was EUR 10.3 million (EUR 7.2 million), or 8.4% (6.9%) of revenue.
- Adjusted EBIT was EUR 3.5 million (EUR 0.8 million), or 2.8% (0.7%) of revenue.
- Turvakolmio Group Oy joined the Group on 1 June 2022 and Onrego Ltd on 1 December 2022.
- The Board of Directors proposes to the General Meeting that a dividend of EUR 0.15 per share be paid from distributable funds based on the company's operating profit and in addition to this an additional dividend of EUR 0.65 per share based on capital gains, in total EUR 0.80 per share. In addition, the Board of Directors proposes that the Annual General Meeting authorises the Board of Directors to decide on the distribution of an additional dividend of a maximum of EUR 1.00 per share.

### Outlook for 2023

In 2023, Loihde expects revenue from the security business to increase more than 10% and from the digital development to increase more than 10%. The Group's adjusted EBITDA is estimated to improve compared to 2022, when it was EUR 10.3 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.

### Key figures (IFRS)

EUR 1,000	10-12 2022	10-12 2021	Change %	1-12 2022	1-12 2021	Change %
Revenue, EUR 1,000	36,045	30,149	20%	122,987	104,418	18%

- Security	25,495	19,389	31%	82,450	69,287	19%
- Digital development	10,584	11,215	-6%	40,849	35,524	15%
- Others (incl. eliminations)	-34	-455	-93%	-312	-393	-20%
<b>EBITDA</b>	2,911	1,784	63%	13,319	5,591	138%
<b>Adjusted EBITDA, EUR 1,000<sup>1</sup></b>	3,351	2,618	28%	10,290	7,236	42%
<b>Adjusted EBITDA, %</b>	9.3%	8.7%		8.4%	6.9%	
<b>Operating profit (EBIT), EUR 1,000</b>	904	-164		6,371	-881	
<b>Adjusted operating profit (EBIT), EUR 1,000<sup>1</sup></b>	1,485	670	122%	3,482	764	356%
<b>Profit for the period, EUR 1,000</b>	1,252	965	30%	3,359	6,924	-51%
<b>Adjusted profit for the period, EUR 1,000<sup>1</sup></b>	1,754	1,632	7%	526	1,763	-70%
<b>Equity-to-assets ratio, %</b>	73.8%	74.9%		73.8%	74.9%	
<b>Earnings per share (EPS), EUR, undiluted<sup>2</sup></b>	0.22	0.16	38%	0.58	1.19	-51%
<b>Earnings per share (EPS), EUR, diluted<sup>2</sup></b>	0.22	0.16	38%	0.58	1.18	-51%
<b>Average number of employees</b>	866	738	17%	812	715	14%

The table shows the figures for continuing operations, with the exception of the profit for the period that also includes discontinued operations, i.e. the share of the profit belonging to Hibox Systems Oy Ab that was sold in February 2021. The discontinued operations' share of the profit is presented in the income statement in the tables section.

<sup>1</sup> The adjusted EBITDA, 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>2</sup> The parent company's treasury shares (0 shares on average in October–December 2022 and 32,948 shares on average in January–December 2022) are excluded from the total number of shares.

## CEO Samu Konttinen:

For the first time, we are now reporting our financial results in accordance with the international financial reporting standards, IFRS. As a result of the transition to IFRS, our key figures are more easily comparable to those of other listed companies. We have also announced our financial targets for the strategy period 2021–2024 in accordance with IFRS.

In October–December 2022, revenue from Loihde's continuing operations increased by 20% to EUR 36.0 (30.1) million. Adjusted EBITDA rose 28% to EUR 3.4 (2.6) million, or 9.3% (8.7%) of revenue.

Our cloud expertise was strategically strengthened as we acquired cloud service company Onrego Ltd, which became a part of Loihde at the beginning of December. Cloud expertise is central to both of Loihde's business areas: digital development projects are nowadays mainly built on cloud platforms, and the transition of IT functions to the cloud also changes the management of information security. Cloud security is actually one of the fastest growing areas in cyber security. As a new service area, Onrego extends our offering with cloud management delivered as a continuous service. In our financial reporting, Onrego is included in the digital development business area. Onrego will be joining the Loihde brand under the new name Loihde Cloudon, and it is part of the Loihde network as one of the Group's subsidiaries.

Revenue from the security business increased 31% in October–December. The main reasons behind the strong growth were our comprehensive and unique One Security service and continuing services in security technology and cyber security, such as fire safety and video surveillance services and CSOC 24/7 cyber monitoring and response service. Growth also increased due to the acquisition of Turvakolmio in spring 2022, and Turvakolmio is now an integrated part of our Loihde Trust organisation. Growth drivers have been, e.g. large hospital projects to which we have delivered locking and nurse call systems. Of our digital security services, the strongest growth also in Q4 has, in addition to our CSOC monitoring service, been in identity and access management solutions. The shortage of components has still delayed many deliveries and is expected to continue. As a result of the stocking up on components up-front and a slight relief in the situation, the effects of the component shortage towards the end of the year were, however, smaller than feared.

Digital development had a rough Q4, as its revenue decreased 6% year-on-year. The decrease in demand started in Q3, when we announced that two large customers had reduced their purchases. The utilisation rate fell clearly short of the normal level and also had a negative effect on the entire Group's profit. We expect the demand to remain at a lower level than last year also in the beginning of this year, but we do not expect a longer-term decrease in demand. The joint operations of Loihde Analytics and Loihde Advisory under the new Loihde Advance brand began in November and planning related to this has also required human resources. The integration has proceeded well, and we estimate the internal integration tasks to be in the home straight. Onrego, which we acquired in December, is now part of our digital development figures, and especially their consulting that focuses on Azure cloud expertise and their managed cloud services are good additions to our offering.

Our Loihde Family partner programme has seen some excellent development. In the digital development sector a strong partner network is of vital importance, since it provides flexibility and a wide range of possibilities to adhere to the current needs of the customers.

We simplified Loihde's group structure at the turn of the year, when Loihde Trust Spellpoint Ltd, Loihde Trust Tansec Ltd, Turvakolmio Group Oy and Turvakolmio Recycling Oy merged with Loihde Trust Ltd. This means that our security business now consists of only one company.

During 2022, we have strengthened our offering and expertise both by developing our own operations and through acquisitions. Turvakolmio that was acquired in early summer and integrated with Loihde Trust at the turn of the year strengthens our position in the security technology market, and Onrego widens our offering of cloud technology services.

Revenue increased year-on-year in both our business areas: in the security business, revenue for the entire year increased 19% and in digital development, the increase was 15%. In both business areas, we grew at a faster pace than the market, and the Group's adjusted EBITDA increased by 42% compared to 2021. The general economic uncertainty and cost-push inflation impairs the business environment, but we believe that both our business areas will see continued growth and improved profitability. I also want to express my sincerest thanks to all our employees for their commitment and strong service spirit and to our customers and owners for their confidence in Loihde.

## **Proposal on the use of the profit for the period**

The parent company's distributable funds amount to EUR 110,881,942.35 and the parent company's profit for the financial year is EUR 57,178.31. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.15 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 0.65 per share be paid based on capital gains from the divestment of fibre networks. Based on the situation at the time of signing the financial statements, the dividend would correspond to EUR 4,583,767.20 euroa in total.

In addition to the aforementioned dividend distribution, the Board of Directors proposes that the Annual General Meeting authorises the Board of Directors to decide, at its discretion, on the distribution of an additional dividend of a maximum of EUR 1.00 per share from the distributable funds of the parent company so that the authorization is valid until the beginning of the next Annual General Meeting. Based on the situation at the time of signing the financial statements, the authorisation would correspond to a total of EUR 5,729,709.00. The Company will publish such a decision separately and at the same time confirm the final record and payment dates. The distribution of additional funds depends on the capital needs of the next strategy period 2024-2027, which the company aims to disclose by the end of 2023.

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

## **Events after the financial year**

There have been no significant events after the end of the financial year.

## **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 Friday, 28 April 2023.
- The half-year report for January–June will be published on Thursday, 31 August 2023.
- The business report for July–September will be published on Wednesday, 1 November 2023.

The annual report, including the financial statements and the report of the Board of Directors, the remuneration report and the corporate governance statement for 2022 will be published in week 13/2023.

The Annual General Meeting is planned to be held on 4 May 2023. The Board of Directors will publish a separate notice of 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/>.

3 March 2023

Loihde Plc  
Board of Directors

## Webcast press conference

Loihde's CEO Samu Konttinen presents the results in a webcast today, 3 March 2023 at 11:00 a.m. EET. The webcast will be live at <https://loihde.videosync.fi/q4-2022-result>.

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/>.

## Further information

CEO Samu Konttinen

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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 Advance, Loihde Factor and Loihde Cloudon. The Group has approximately 885 employees and its revenue in 2022 amounted to EUR 123.0 million.*

## Attachments

- [Download announcement as PDF.pdf](#)
- [Loihde Plc Financial Statements Release 2022.pdf](#)