



Loihde Plc's business report 1 January–31 March 2023: Loihde's revenue increased by 13%

28.4.2023 08:00:00 EEST | Loihde Oyj | Company Announcement

Loihde Plc Company announcement 28 April 2023 at 8:00 a.m. 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 amounted to EUR 31.3 (27.6) million, an increase of 13%.
- Revenue from the security business amounted to EUR 20.2 (16.5) million, an increase of 22%.
- Revenue from the digital development business amounted to EUR 11.1 (11.3) million, a decrease of 1%.
- Adjusted EBITDA was EUR -0.1 (2.5) million, or -0.4% (8.9%) of revenue.
- Adjusted EBIT was EUR -1.9 (0.8) million, or -6.1% (3.0%) of revenue.

Outlook for 2023 (unchanged)

In 2023, Loihde expects revenue from the security business to increase more than 10% and from the digital development business 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	1-3 2023	1-3 2022	Change %	1-12/2022
Revenue, continuing operations¹, EUR 1,000	31,250	27,645	13%	122,987
- Security	20,197	16,526	22%	82,450
- Digital development ¹	11,141	11,253	-1%	40,849
- Other (incl. eliminations) ¹	-88	-135	35%	-312
EBITDA	-405	6,215	-107%	13,319
Adjusted EBITDA, EUR 1,000¹	-113	2,468	-105%	10,290
Adjusted EBITDA, %¹	-0.4%	8.9%		8.4%
Operating profit (EBIT), EUR 1,000	-2,200	4,565	-148%	6,371
Adjusted operating profit (EBIT), EUR 1,000¹	-1,908	818	-333%	3,482
Profit/loss for the period, EUR 1,000	-2,034	2,761	-174%	3,359
Adjusted profit/loss for the period, EUR 1,000¹	-1,800	-520	-246%	526
Equity-to-assets ratio, %	73.8%	75.8%		73.8%

Earnings per share (EPS), EUR, undiluted²	-0.35	0.47	-176%	0.58
Earnings per share (EPS), EUR, diluted²	-0.35	0.46	-177%	0.58
Average number of employees	867	743	17%	812

The table shows the figures for continuing operations, with the exception of the profit/loss for the period, where the profit for the financial year 2022 also includes the effect of discontinued operations on the profit, i.e. the additional purchase price that the company received for Hibox Systems Oy Ab that was sold in February 2021.

¹ 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.

² The parent company's treasury shares (0 shares on average in January–March 2023, 96,347 shares on average in January–March 2022 and 32,948 shares on average in January–December 2022) are excluded from the total number of shares.

CEO Samu Konttinen:

In the first quarter, Loihde's revenue came to EUR 31.3 (27.6) million, an increase of 13% year-on-year. Adjusted EBITDA for the period was well below our expectations at EUR -0.1 (2.5) million due to non-recurring additional expenses related to the implementation of an ERP system, deferrals of some major projects and challenges with capacity utilisation. We anticipate that these issues, which have impaired the result for the beginning of the year, will be temporary.

The performance of the digital development business was weaker than expected and revenue decreased by 1% in relation to the comparative period. Many customers have remained cautious about starting new projects, and decision-making is slower than usual. During the period under review, our utilisation rate fell clearly short of the normal level. In recent months, we have not sought to increase the number of employees, as our existing number of employees allows for growth and a higher employee utilisation rate would improve profitability. Our order book has strengthened, and we expect growth of more than 10% for the full year. Companies and organisations still need to digitise their services to remain competitive, and our diverse expertise in areas such as data, AI and design is well suited to meet those needs.

Onrego, or Loihde Cloudon, who joined us in December, grew as expected. There is currently strong demand for cloud expertise and management services as companies move their IT operations either entirely to the cloud or to hybrid solutions with both cloud services and own servers. There is also a strong demand for cloud security consulting, and in this respect Onrego supports Loihde's security business.

The security business grew by 22%. In security technology, Loihde's competitiveness and market position is strong, and we perform well both in public tenders and in the private sector. In cyber security, ongoing services such as CSOC and IAM consulting have grown well. The implementation of the new ERP system in the security business has been considerably more difficult than planned, complicating the organisation of client work and causing non-recurring additional expenses weighing on the result of the entire Group. However, we expect these challenges to ease as the year progresses. The outlook for the security market is positive, although there is market uncertainty due to the general economic situation, and the shortage of components that has slowed our growth has not fully subsided. Companies and organisations are, however, taking potential physical and cyber threats seriously and are striving to protect themselves effectively. According to our survey, almost one in two companies have merged their security organisations and are managing security as a whole. Our One Security sales has grown very rapidly in the early part of the year.

Events after the review period

On 3 April 2023, Loihde has acquired the entire share capital of Hämeen Lukko Oy. The acquired company's revenue was EUR 5.2 million in 2022 (according to FAS). The debt-free price of the transaction was EUR 2.4 million.

Webcast press conference

Loihde's CEO Samu Konttinen presents the results in a webcast today, 28 April 2023 at 11:00 a.m. EEST. The webcast is held in Finnish and will be live at <https://loihde.videosync.fi/q1-2023-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 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.

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

28 April 2023
Loihde Plc
Board of Directors

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 900 employees and its revenue in 2022 amounted to EUR 123.0 million.

Attachments

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