



Loihde Plc's Business report 1 January–30 September 2023: Adjusted EBITDA improved 30% compared to the previous year and was 10% of revenue in July–September

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Loihde Plc Company announcement 1 November 2023 at 8:00 a.m. EET

Loihde Plc's Business report 1 January–30 September 2023: Adjusted EBITDA improved 30% compared to the previous year and was 10% of revenue in July–September

July–September in brief

- Loihde Group's revenue for the third quarter amounted to EUR 29.9 million (29.5), an increase of 1%.
- Revenue from the security business amounted to EUR 21.4 (21.1) million, an increase of 1%.
- Revenue from the digital development business amounted to EUR 8.5 (8.5) million, a decrease of 1%.
- Adjusted EBITDA was EUR 2.9 (2.2) million, or 9.7% (7.5%) of revenue.
- Adjusted operating profit (EBIT) was EUR 1.0 (0.6) million, or 3.4% (2.0%) of revenue.

January–September in brief

- Loihde Group's revenue for January–September amounted to EUR 95.4 (86.9) million, an increase of 10%.
- Revenue from the security business amounted to EUR 65.7 (57.0) million, an increase of 15%.
- Revenue from the digital development business amounted to EUR 29.7 (30.3) million, a decrease of 2%.
- Adjusted EBITDA was EUR 3.8 (6.9) million, or 4.0% (8.0%) of revenue.
- Adjusted operating profit (EBIT) was EUR -1.8 (2.0) million, or -1.9% (2.3%) of revenue.

Outlook for 2023 (updated 22 August 2023)

In 2023, Loihde expects revenue from the security business to increase more than 10% and revenue from the digital development business to remain at approximately the same level as last year or increase. 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 an 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.

Key figures (IFRS)

EUR 1,000	7-9 2023	7-9 2022	Change in %	1-9 2023	1-9 2022	Change in %	1-12 2022
Revenue, EUR 1,000	29,932	29,549	1%	95,424	86,942	10%	122,987
- Security	21,351	21,064	1%	65,673	56,956	15%	82,450
- Digital development	8,462	8,524	-1%	29,688	30,265	-2%	40,849
- Other (incl. eliminations)	119	-40	401%	63	-278	123%	-312
EBITDA	2,752	2,128	29%	3,158	10,409	-70%	13,319
Adjusted EBITDA, EUR 1,000 ¹	2,902	2,229	30%	3,799	6,939	-45%	10,290
Adjusted EBITDA, %	9.7%	7.5%		4.0%	8.0%		8.4%

Operating profit (EBIT), EUR 1,000	866	476	82%	-2,442	5,467	-145%	6,371
Adjusted operating profit (EBIT), EUR 1,000²	1,016	577	76%	-1,800	1,997	-190%	3,482
Profit/loss for the period, EUR 1,000	399	-144	378%	-2,709	2,107	-229%	3,359
Adjusted profit/loss for the period, EUR 1,000¹	520	-61	955%	-2,176	-1,228	-77%	526
Equity-to-assets ratio, %	73.0%	74.8%		73.0%	74.8%		73.8%
Earnings per share (EPS), EUR, undiluted²	0.07	-0.03	377%	-0.47	0.36	-229%	0.58
Earnings per share (EPS), EUR, diluted²	0.07	-0.03	373%	-0.47	0.36	-229%	0.58
Average number of employees	857	852	1%	869	794	10%	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 (287 shares on average in January–September 2023, 43,930 shares on average in January–September 2022 and 32,948 shares on average in January–December 2022) are excluded from the total number of shares.

CEO Samu Konttinen:

In July–September, Lohde's revenue came to EUR 29.9 (29.5) million, an increase of 1% year-on-year. After a weak start to the year, profitability improved and adjusted EBITDA increased by 30 per cent year-on-year to EUR 2.9 (2.2) million and 9.7 (7.5) per cent of revenue.

During the period under review, we divested our digital development business in Sweden, which has been quite small and has represented only a limited part of our service offering.

Revenue development varies by service area in digital development

Revenue from digital development remained at the same level as the previous year, i.e. EUR 8.5 (8.5) million. Overall, the market conditions have continued to be challenging, but there are clear differences between the different service areas.

The market for bespoke software development is very difficult and companies are cautious about starting new projects. Our revenue from this service area has continued to decline and we do not see any significant improvement in the market conditions in the near future.

Cloud transformation and cloud optimisation consulting are in high demand, and we are constantly recruiting more talent in this area.

Data and analytics services have also improved since the beginning of the year, and we have won several projects in both the private and public sectors. Clients are looking to utilise data to improve the efficiency of their business and want to develop their own knowledge-based management capabilities. This is also linked to the growing interest in AI utilisation, as AI solutions require high-quality data models and data governance, and we can provide the complete solutions that e.g. generative AI utilisation requires.

Good development in ongoing services and IAM consulting in the security business

During the period under review, revenue from the security business increased slightly to EUR 21.4 (21.1) million.

In digital security, the quarter was weak in terms of revenue, due to postponed equipment purchases and deferrals of related deployment projects, among other things. Ongoing services, such as the CSOC 24/7 cyber surveillance service, have continued to grow well, as has identity and access management consulting.

In security technology, the quarter was also a bit weak; the slowdown in the construction sector has increased price competition in other areas, and our new ERP system is still causing additional costs and delays, although a lot less than during the beginning of the year. We won several client contracts in all our security technology service areas. Our strategically important recurring services, such as access control and video surveillance services, continued to grow well.

Our One Security service is also growing well, and our comprehensive security offering provides opportunities for expansion across our broad customer base. We see the security market, encompassing both digital security and security technology, as relatively positive, although the general economic uncertainty is negatively impacting security investments in some customer segments.

Progress in profitability development

We are making long-term improvements to our efficiency and competitiveness and have also implemented a number of cost-saving measures to respond to the slowdown in market demand in some of our service areas. We expect the good financial performance to continue in the last quarter of the year.

On 16 November 2023, Loihde will host a Capital Markets Day, where we will present the outlook and plans for our next strategy period.

Webcast press conference

Loihde's CEO Samu Konttinen presents the results in a webcast today, 1 November 2023 at 11:00 a.m. EET. The webcast is held in Finnish and will be live at <https://loihde.videosync.fi/q3-2023-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 financial statements release for 2023 will be published on Friday, 1 March 2024.

Loihde will host a Capital Markets Day on 16 November 2023. Further information and registration: <https://www.loihde.com/en/for-shareholders-2/loihde-as-an-investment/capital-markets-day/>

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

1 November 2023
Loihde Plc
Board of Directors

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

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](#)