



Loihde Plc's Business Report 1 January–30 September 2024: Revenue increased 5% in a challenging market, driven by security and network services

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Loihde Plc Company announcement 30 October 2024 at 8:00 a.m. EET

Loihde Plc's Business Report 1 January–30 September 2024: Revenue increased 5% in a challenging market, driven by security and network services

July–September in brief

- Loihde Group's revenue for the third quarter amounted to EUR 31.5 (29.9) million, an increase of 5%.
- EBITDA was EUR 2.8 (2.8) million.
- Adjusted EBITDA¹ was EUR 2.9 (2.9) million, or 9.3% (9.7%) of revenue.

January–September in brief

- In January–September, revenue amounted to EUR 99.9 (95.4) million, an increase of 5%.
- EBITDA was EUR 6.4 (3.2) million.
- Adjusted EBITDA¹ was EUR 7.1 (3.8) million, or 7.1% (4.0%) of revenue.

¹The adjusted EBITDA is 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.

Outlook for 2024 (unchanged)

In 2024, Loihde expects the Group's revenue to be on par with the previous year or grow. The Group's adjusted EBITDA is estimated to improve compared to 2023, when it was EUR 7.6 million.

CEO Samu Konttinen:

Loihde's revenue and profitability developed as planned in July to September: Revenue increased by 5% to EUR 31.5 (29.9) million. Adjusted EBITDA was on par with the comparative period, EUR 2.9 (2.9) million, or 9.3% (9.7%) of revenue.

Continuous security and network services a source of joy once again

Our security solutions continued to grow well, both as continuous services and project deliveries. Loihde signed several agreements with operators in sectors such as logistics, energy and social welfare and health care. The delivery of security solutions as a service rather than an investment in equipment is increasing continuously, while traditional security technologies for the physical world are becoming digital and the distinction between the physical and digital world is blurred. We are at the forefront of this transformation and have strengthened our position as Finland's leading supplier of security technologies.

Continuous network and information security services, such as our 24/7/365 Cyber Security Operations Centre (CSOC) and our Network Operations Centre (NOC), also grew well. Identity and Access Management (IAM) consulting, one of our cyber security focus areas, also continued to show positive development. On the other hand, sales of network equipment have slowed down noticeably, for example to public sector customers, and the outlook for equipment sales for the rest of the year is highly uncertain. The slowdown in equipment sales will affect revenue, even though continuous services and consulting play a more essential role for Loihde in terms of profitability.

Our ability to offer customers total security solutions, including both security technologies and cyber security services, makes us a very competitive player when customers are looking for a strategic security service provider.

Slowdown in IT consulting continues

In the IT consulting market, there has been no significant turn for the better, and revenue in this business area has continued to decline, as in the early part of the year. Many customers are still cautious about starting new digital projects, and the public sector is feeling the effects of budget cuts. As we see it, there is still an oversupply in the sector, which is reflected in the increasing price competition.

We have won some very important customers in sectors such as manufacturing, where customers are looking for efficiencies through automation and artificial intelligence. We have also strengthened our position as a long-term partner to existing customers in sectors such as finance. Customers are interested in using AI, and this is also reflected in data solutions, as high-quality data and data management are a prerequisite for effective AI solutions.

Profitability has developed as expected

In the early part of the year, we reported a significant year-on-year improvement in profitability, which was driven by efficiency improvements and lower-than-normal profitability during the comparative period. This trend has now levelled off, with comparative figures at a more normal level.

We have made progress in developing the company's profitability and have also grown in a sometimes very challenging market. Our growth expectations for the rest of the year are rather cautious, however, partly because of the market situation and partly because revenue from security solutions projects has been more front-loaded than in previous years. This means that the relative contribution of the last quarter to the full-year revenue and profit probably will be lower than in previous years. For the full year, we are heading towards a clear improvement in profit performance, in line with our guidance.

Finally, I would like to thank all employees at Loihde for a job well done and for their commitment.

Webcast press conference

Loihde's CEO Samu Konttinen will present the results in a webcast today, 30 October 2024 at 11:00 a.m. EET. The webcast is held in Finnish and will be live at <https://loihde.videosync.fi/q3-2024>.

The presentation 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 2024 will be published on 13 February 2025.

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

30 October 2024
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

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Loihde enables business continuity. We help our customers to gain a sustainable competitive edge through data, AI and digitalisation, to harness the potential of the cloud and to protect themselves against both physical and cyber threats. The combining of these skills is what makes Loihde a unique and comprehensive partner. We are approximately 850 skilled professionals, and our revenue in 2023 amounted to EUR 132.7 million. loihde.com

Attachments

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