



**Loihde Plc**  
**Financial Statements**  
**Release**  
**1 January–31 December 2022**

3 March 2023

**LOIHDE**

Loihde Plc Company announcement 3 March 2023 8:00 a.m. EET (audited)

## 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, Lohde 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**

Lohde 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 %
<b>Revenue, EUR 1,000</b>	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.

## **Revenue and profit performance in October–December 2022**

The Group's revenue increased by 20% in October–December and amounted to EUR 36.0 (30.1) million. Revenue from the security business increased by 31% and amounted to EUR 25.5 (19.4) million. Revenue from the digital development business decreased by 6% and amounted to EUR 10.6 (11.2) million.

The Group's EBITDA was EUR 2.9 (1.8) million, or 8.1% (5.9%) of revenue, and the Group's adjusted EBITDA was EUR 3.4 (2.6) million, or 9.3% (8.7%) of revenue.

The Group's operating profit (EBIT) was EUR 0.9 (-0.2) million, or 2.5% (-0.5%) of revenue, and the Group's adjusted operating profit (EBIT) was EUR 1.5 (0.7) million, or 4.1% (2.2%) of revenue.

The profit for the financial year was EUR 1.3 (1.0) million. Earnings per share (EPS) were EUR 0.22 (0.16), both undiluted and diluted.

## **Revenue and profit performance in January–December 2022**

The Group's revenue for the entire year 2022 amounted to EUR 123.0 (104.4) million. Revenue saw a year-on-year increase of 18%. Revenue from the security business increased by 19% and amounted to EUR 82.5 (69.3) million. Revenue from the digital development business increased by 15% and amounted to EUR 40.8 (35.5) million. The acquisitions are included as follows: Turvakolmio Group is included in the figures of the security business as of June and Onrego Ltd is included in the figures of the digital development business as of December.

EBITDA was EUR 13.3 (5.6) million, or 10.8% (5.4%) of revenue. The EBITDA of the financial year was increased by capital gains of approximately EUR 3.9 million from the divestment of fibre networks. Adjusted EBITDA was EUR 10.3 (7.2) million, or 8.4% (6.9%) of revenue.

The Group's operating profit (EBIT) was EUR 6.4 (-0.9) million, or 5.2% (-0.8%) of revenue, and the Group's adjusted operating profit (EBIT) was EUR 3.5 (0.8) million, or 2.8% (0.7%) of revenue.

Personnel expenses totalled EUR 64.4 (58.0) million, or 52.4% (55.5%) of revenue.

Other operating expenses amounted to EUR 14.2 (13.5) million, or 11.6% (12.9%) of revenue.

The Group's planned depreciation totalled EUR 6.9 (6.5) million. In the financial year, taxation increased due to taxes paid on capital gains from the divesting of our fibre networks.

The profit for the financial year was EUR 3.4 (6.9) million. Undiluted EPS was EUR 0.58 (1.19) and diluted EPS was EUR 0.58 (1.18). The profit for the financial year was affected by a change in market value of the company's investment securities, which was EUR -2.4 (0.8) million.

The profit for the comparative year 2021 was increased by capital gains of approximately EUR 6.5 million from the divestment of Hibox Systems Oy Ab that have been recorded as discontinued operations.

## **Financial position, financing and investments**

The Group's balance sheet total at the end of the financial year was EUR 150.9 (146.3) million. Goodwill on the balance sheet amounted to EUR 62.8 (53.5) million. The balance sheet total increased primarily due to the acquisitions of Turvakolmio and Onrego.

The equity-to-assets ratio at the end of the financial year was 73.8% (74.9%) and the Group's return on equity was 3.0% (6.3%). During the financial year, return on equity was improved by capital gains from the divestment of fibre networks. The stronger return on equity in the comparative period is explained by capital gains from the divestment of Hibox Systems Oy Ab and a tax refund that the company received.

Cash flow from operating activities was EUR 5.1 (6.6) million. Cash flow from operating activities has been weakened by an increase in inventories due to precautionary measures relating to the component shortage and projects being delayed as well as by an increase in sales receivables.

The Group's investments totalled EUR 14.7 (14.8) million. Both in the period under review and the comparative period, the most significant investments were associated with acquisitions.

Loihde Plc paid a dividend of EUR 0.55 per share for 2021 in accordance with the resolution of the Annual General Meeting. The dividend record date was 9 May 2022 and the payment date 17 May 2022. The dividend totalled approximately EUR 3.1 million.



## Shares and shareholders

The number of Loihde Plc's shares was 5,729,709 at the end of the financial year and 5,753,658 on average from January to December (6,010,041 at the end of the financial year 2021 and 5,905,644 on average from January to December 2021). The average number of shares from July to December was 5,687,251 (July to December 2021: 6,008,041).

	31 Dec. 2022	31 Dec. 2021
Number of shares	5,729,709	6,010,041
The Group's treasury shares	400	80,530
The Group's outstanding shares	5,729,309	5,929,511
Market value, EUR million	75,345,673	97,362,664
Number of shareholders	25,499	26,183
Number of nominee-registered shares	8,247	2,738

## Overview of trading on Nasdaq First North Growth Market Helsinki 1 January–31 December 2022

	Shares ex- changed	Total value, EUR	Highest, EUR	Lowest, EUR	Weighted average price, EUR	Last, EUR
LOIHDE	429,351	5,899,746	18.35	11.00	13.74	13.15

On 4 January 2022, Loihde Plc's Board of Directors decided to start a share buyback programme in accordance with the authorisation granted to them by the Annual General Meeting on 6 May 2021. The repurchase of shares started on 10 January 2022 and ended on 4 May 2022. During that period, Loihde acquired 25,325 own shares at a total value of EUR 0.4 million and an average price of EUR 16.57. The shares were acquired by public trading on the Nasdaq First North Growth Market Finland marketplace at the market price quoted at the time of acquisition.

On 3 May 2022, the company's Board of Directors decided to cancel the 25,088 shares that by that time had been acquired in the buyback programme. At the same time, 382,130 other treasury shares were also cancelled. Of these, 302,000 had been transferred to the company from its joint book-entry account as the rights carried by such so-called paper shares were forfeited. On 30 August 2022, the company's Board of Directors decided to cancel an additional 537 treasury shares, of which 300 had been transferred to the company from its joint book-entry account and 237 had been acquired in the share buyback programme after 3 May 2022.

The list of major shareholders can be found on the company's website at loihde.com.

During the financial year, the company issued a total of 127,423 new shares. In connection with the acquisition of Onrego Ltd, Loihde Plc issued a total of 50,000 new shares in a targeted share issue for the former owner of the acquired company. The subscription price was EUR 11.99 per share. The company has also carried out share issues in relation to share-based incentive schemes for the personnel and the Board of Directors.

## Share-based incentive schemes

During the financial year, the company has issued 77,423 new shares in relation to share-based incentive schemes.

### *Bonus shares under the 2018–2023 share-based incentive scheme for the personnel*

In March, Loihde carried out a directed share issue in relation to the payment of additional shares and bonus shares under the personnel incentive scheme that began in 2019. A total of 22,093 new shares were transferred to incentive scheme participants in the share issue. The incentive scheme and its terms and conditions are described in more detail on the company's website.

### *Share-based incentive scheme for the personnel 2022*

On 6 June 2022, the Board of Directors of Loihde decided on a long-term incentive scheme for the company's personnel (Employee matching share plan 2022). The target group for the incentive scheme includes all the personnel of Loihde Group, including the management. The purpose of the incentive scheme is to align the goals of the shareholders and personnel in order to increase the value of the company and implement the business strategy in the long term as well as to engage the personnel's commitment to the company and offer them a competitive scheme based on the earnings and value development of the company's shares.

The incentive scheme consists of one vesting period, 1 June 2022 to 31 December 2024. During the subscription period, 14–22 June 2022, the participants in the scheme had the opportunity to subscribe for company shares at a reduced subscription price of EUR 12.70 per share. The subscription price was based on the volume-weighted average share price in May 2022 (EUR 14.11), with a 10 per cent discount applied. In order to be eligible to receive the additional shares, the participant must own the shares he or she subscribed for in the employee share issue and must still be employed by the Loihde Group at the time of the payment of the bonus.

A total of 144 people participated in the scheme and they subscribed for a total of 50,208 shares. The subscription price was entered in the company's reserve for invested unrestricted equity in July 2022 and the new shares were entered in the Trade Register on 18 July 2022.

After the vesting period that will end on 31 December 2024, participants who have subscribed for shares will receive one additional share free of charge for each three shares they have subscribed for and still hold at the time of the payment of the bonus. In order to be eligible to receive the additional shares, the participant must own the shares he or she subscribed for in the employee share issue and still be employed by the Loihde Group at the time of the payment of the bonus.

### *Long-term incentive scheme for the management and key personnel (LTI)*

On 3 March 2021, the company's Board of Directors decided on a performance-based long-term incentive scheme aimed at the Group's Leadership Team and selected key employees. The scheme consists of three-year vesting periods starting annually, each of which requires separate approval by the Board of Directors. The Board of Directors decided on the beginning of the second vesting period on 25 November 2021 and on the beginning of the third vesting period on 29 November 2022. The criteria for the payment of the bonus are revenue and EBITDA targets set by the Board of Directors for the vesting period in question. A prerequisite of the bonus under the incentive scheme is that the key employee's employment or service relationship has not been terminated or ended by the employee in question or by the company before the end of the vesting period.

On 29 November 2022, the Board of Directors decided on a directed share issue without payment in order to implement a bonus payment that is part of the CEO's share-based incentive scheme. In the share issue, a total of 1,455 new shares in the company were issued to CEO Samu Konttinen as part of the share-based incentive scheme agreed in his CEO contract.

### *Share-based incentive scheme for the Board of Directors*

On 5 May 2022, the Annual General Meeting decided on a directed share issue related to the long-term share-based incentive scheme for the company's Board of Directors, in which a maximum of 3,667 shares were issued for subscription by the members of the Board of Directors at a subscription price of EUR 13.98 per share. The subscription price was based on the volume-weighted average share price in April 2022, with a 10 per cent discount applied. All five members of the Board of Directors subscribed for shares, with the total number being 3,667 shares. The subscription price was entered in the company's reserve for

invested unrestricted equity and the new shares were entered in the Trade Register on 5 July 2022.

Loihde Plc's share-based incentive schemes are described on the company's website at <https://www.loihde.com/en/for-shareholders-2/corporate-governance/remuneration/>

## **Group structure and business areas**

Loihde Plc is an expert organisation specialising in digital development and security solutions that enables business continuity for its customers. The Group has two business areas: The digital development business offers customers digital strategy consulting, business intelligence and data analytics services, solutions promoting digitalisation from service and user interface design to software development and change management as well as services related to implementing and managing cloud technologies. Loihde's security business covers a wide range of corporate security services, from cyber security and secure network connections to locking and electronic security technology. From the point of view of IFRS 8 Operating Segments, Loihde has two operating segments and one reportable segment, as the segment aggregation criteria are met.

The Group's parent company is Loihde Plc.

At the end of the financial year, the digital development business consisted of:

- Loihde Advisory Ltd and its subsidiary Loihde Advisory AB,
- Loihde Analytics Ltd,
- Loihde Factor Ltd and
- Onrego Ltd.

The security business consists of:

- Loihde Trust Ltd.

The Group also includes Loihde Properties Ltd.

## **Changes in Group structure**

Loihde acquired the entire share capital of Turvakolmio Group Oy in May, and the company and its subsidiary Turvakolmio Recycling Oy joined the Group on 1 June 2022.

Loihde acquired the entire share capital of Onrego Ltd in November, and the company joined the Group on 1 December 2022.

Loihde Trust Ltd divested its fibre networks in Northern Finland to Koillisnet Oy in January 2022.

Loihde Advisory Ltd's subsidiary Altotech Oy merged with its parent company on 7 January 2022.

Turvakolmio Group Oy, Turvakolmio Recycling Oy, Loihde Trust Spellpoint Ltd and Loihde Trust Tansec Ltd merged with Loihde Trust Ltd on 31 December 2022.

The joint operations of Loihde Analytics Ltd and Loihde Advisory Ltd started in November 2022, and together they use the brand name Loihde Advance. The Board of Directors of Loihde Analytics Ltd (the receiving company) has on 28 November 2022 signed a merger plan with Loihde Advisory Ltd (the merging company). The planned registration of the merger is at the end of May.

## **Personnel, management and corporate governance**

The Group's number of employees, converted into full-time equivalents (FTE), averaged 812 (in 2021: 715 for continuing operations and 720 taking into account discontinued operations) during the financial year and stood at 885 (737) at the end of the financial year. Potential part-time employment has also been taken into account in calculating the average number of employees.

As skilled and committed personnel is one of the key factors enabling Loihde's success, the company focuses on fostering positive corporate culture and personnel satisfaction, sustainable modes of operation and developing competence continuously. Job satisfaction is assessed by continuously collecting feedback with pulse surveys and discussions.

During the financial year, the members of the Group's Leadership Team were Group CEO Samu Konttinen, Loihde Trust Ltd's Managing Director Marko Järvinen, Loihde Advisory Ltd's Managing Director Tomi Bergman, Loihde Analytics Ltd's Managing Director Katja Ahola, Loihde

Factor Ltd's Managing Director Juha Meronen, Onrego Ltd's Managing Director Jarno Mäki (as of 1 December 2022), CFO Pirjo Suhonen, CMO Jere Teutari, Head of People and Culture Kristiina Aaltonen (as of 1 October 2022) and EVP Strategy and Business Development Mikko Mäkelä (until 9 September 2022).

Loihde Plc's Board of Directors consisted of Timo Kotilainen (Chairperson), Kaj Hagros, Jussi Hattula (until 5 May 2022), Elina Piispanen, Matti Piri and Stefan Wikman.

### **General Meeting**

Loihde Plc's Annual General Meeting was held in Vaasa on Thursday, 5 May 2022. The Annual General Meeting confirmed the company's financial statements for the financial year 2021 and discharged the persons responsible for the accounts and operations from liability.

The Annual General Meeting resolved to distribute a dividend of EUR 0.14 per share based on the profit for 2021 and an additional dividend of EUR 0.41 per share, in total EUR 0.55 per share. The dividend record date was 9 May 2022 and the payment date 17 May 2022.

The Annual General Meeting adopted the remuneration policy for governing bodies and the remuneration report for 2021.

The Annual General Meeting confirmed the number of members of the Board of Directors as five and re-elected the following current members of the Board of Directors: Kaj Hagros, Timo Kotilainen, Elina Piispanen, Matti Piri and Stefan Wikman. Timo Kotilainen was re-elected as Chairperson of the Board of Directors.

The Annual General Meeting decided that the Chairperson of the Board of Directors shall be paid an annual fee of EUR 39,600 and a meeting fee of EUR 700 per meeting, that the members of the Board of Directors shall be paid an annual fee of EUR 16,500 and a meeting fee of EUR 600 per meeting and that the meeting fee shall be EUR 700 per

meeting for the Chairperson of a committee and EUR 600 per meeting for the members of a committee. The Annual General Meeting adopted the suggested changes to the terms of the long-term share-based incentive scheme for the Board of Directors. The changes were due to the listing of the company and changes in the company's corporate governance model. The Annual General Meeting confirmed that the third vesting period for the incentive scheme is 6 May 2022–31 December 2024 and confirmed that the persons that were elected to the Board of Directors are entitled to participate in the vesting period. In addition, the Annual General Meeting resolved on a directed share issue against payment related to the incentive scheme, in which a maximum of 3,667 shares in the company can be issued at a subscription price of EUR 13.98.

KPMG Oy Ab was elected as the company's auditor, with Esa Kailiala, auditor approved by the Finnish Central Chamber of Commerce, as the principal auditor.

The Annual General Meeting authorised the Board of Directors to decide on issuing a maximum of 683,000 shares. This authorisation applies to issuing new shares as well as the company's own shares held by it. The shares can be used for financing acquisitions or restructuring, a maximum of 483,000 shares, as part of the personnel's incentive schemes, a maximum of 200,000 shares, or for other purposes in the way and to the extent decided by the Board of Directors. The share issue authorisation with regard to shares used for acquisitions and restructuring is valid until the end of the next Annual General Meeting, but until 30 June 2023 at the latest, while the share issue authorisation with regard to shares related to the personnel's incentive schemes is valid for four years from the decision of the Annual General Meeting. The authorisation does not revoke the previous authorisations granted by the Annual General Meeting to the Board of Directors on 25 June 2020 and 6 May 2021 to the extent that the previous authorisations concern shares issued as part of the personnel incentive schemes.

The Annual General Meeting authorised the Board of Directors to decide on a donation of at most EUR 100,000 to training and research activities that support the company's business or non-profit or comparable causes.

## **Market review**

The demand for digital development has continued to be high, as services are moved online in an increasing degree and brand-new business and revenue models based on the digital world are created. When services are designed, user experience and data-drivenness are emphasised and in development projects, not only technological expertise but also the significance of customer and business insights and service design are highlighted. When it comes to the use of artificial intelligence, there is an ongoing transition from testing to production and scaling of solutions, which means more attention will be focused on the management, security and sustainability of AI.

Digital growth also means new threats, and for this reason, the secure development of systems and applications and comprehensive cyber security solutions are increasingly critical aspects of total security for companies. There is also an increased need for cyber security services since cybercrime is becoming increasingly professional and corporate IT environments are becoming increasingly complex, which has increased the significance of, e.g. identity and access management. Cyber security is also increasingly linked with the protection of the physical environment, including video surveillance, access control and locking solutions.

The blurring of the boundary between the physical world and the digital world creates demand for companies like Loihde – companies that have the ability to help their customers not only to develop new digital services and leverage data but also anticipate and solve the security threats related to them. In physical security services, there has been an increased demand especially for electronic security systems.

One of the major turning points in IT over the last few years has been the transition of companies' systems and data from their own servers to the cloud. For the vast majority of organisations, cloud transformation is underway at the moment and cloud technology is being adopted at an accelerating pace.

The increasing demand for IT and information security services has created a fierce competition for skilled employees. The sufficiency of competent labour is also a challenge for the growth of the physical security business.

The uncertainty caused by the COVID-19 pandemic and Russia's invasion of Ukraine has slowed down the growth rate of both the global and the Finnish economy. On the other hand, the geopolitical situation has increased the awareness of cyber threats and the preparedness level for these threats. Runaway inflation and investments being postponed due to the uncertainty associated with the economic development may affect also Loihde's businesses.

## **Strategy**

Loihde is a service company specialising in digital services and security technology. Loihde builds digital solutions for customers and protects them from cyber security risks and other security risks. The company helps its customers utilise data and digitalisation and ensure the continuity of the customer's business.

Loihde's business consists of two separate business areas: digital development and security solutions. Capabilities that bridge the two businesses – such as systems integration competencies, cloud technology expertise and making use of the data generated by security systems – provide the opportunity to create more comprehensive service solutions for customers and thereby promote the company's competitiveness. The businesses have many customers in common as well as the potential for cross-selling.

The cornerstones of our strategy are:

- *Organic growth and improving profitability*
- *We focus on growth segments in digital development and the security market*
- *Synergies through cooperation within the Group*
- *Accelerating growth through selected acquisitions*
- *People make Loihde and its services*

## **Risks and uncertainties**

The market uncertainty and runaway inflation may reduce companies' ability and willingness to make investments, or lead to such investments being postponed. They may also have negative effects on customers' financial standing. Increased costs may affect Loihde's profitability. The global component shortage makes it more difficult to deliver some types of equipment and related services. Russia's invasion of Ukraine does not directly affect Loihde's business but has increased the risk level through the above-mentioned indirect effects. The COVID-19 pandemic is anticipated to still cause sick leaves. At the same time, the COVID-19 pandemic has accelerated the implementation of new digital services and changes in how society works. This and the uncertain global political situation also increase the need for cyber security services.

A significant portion of Loihde's business consists of projects executed for customers. Mismatch problems in project resource allocation, failures in project pricing or execution or project delays may impair the company's profitability. Unfavourable terms and conditions of customer or supplier agreements or disputes arising with regard to their content may have negative impacts on the company's profit or may generate unexpected additional costs. Other customer-related risks include the loss of one or more key customers, a considerable decrease of purchases or customers' financial problems.

Loihde is a service and expert company with business relying heavily on skilled personnel. The company's profit and the implementation of the company's strategy may be significantly impaired if the company cannot recruit and retain skilled experts and continuously develop their competence according to the customer needs at each particular moment. There is very intense competition for highly competent professionals in Loihde's business segments, which may lead to wage inflation and create upward pressure on personnel expenses.

As a security sector company, Loihde is subject to high expectations regarding the security and continuity of its services. A data breach, a data protection violation or the realisation of another security risk in the company's or a customer's environment may have significant direct or indirect negative effects.

Loihde consists of several companies and corporate acquisitions are also possible in the future. Failure in integrating companies and building synergy may complicate the attainment of Loihde's strategic targets and decrease the commitment of the management and personnel of Group companies. Potential corporate acquisitions may also lead to unforeseen risks and hidden responsibilities, for which it has been impossible to make preparations.

## **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/omis-tajille/raportit-ja-esitykset/>.

## **Further information**

CEO Samu Konttinen  
Media contact: Director of Communications Tiina Nieminen,  
tel. +358 44 411 3480 or [tiina.nieminen@loihde.com](mailto:tiina.nieminen@loihde.com)

Certified Adviser Aktia Alexander Corporate Finance Oy,  
tel. +358 50 520 4098

*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.*

## TABLES

### **Accounting principles for the financial statements**

The financial statements have been prepared in accordance with good accounting practice and the Finnish legislation. Loihde Plc prepares its consolidated financial statements and its financial statements release for the financial year that ended 31 December 2022 in accordance with IFRS, including IFRS-compliant comparative figures for the financial year 2021. The information is presented to the extent required by the Nasdaq First North Growth Market Rulebook sections 4.4.6 and 4.4.7. The figures presented have been rounded from the exact figures. The financial statements figures presented in this release are based on the company's audited financial statements. The auditor's report has been issued on 2 March 2023.

## Consolidated comprehensive income statement (IFRS)

EUR 1,000	1 July–31 Dec. 2022	1 July–31 Dec. 2021	1 Jan–31 Dec. 2022	1 Jan–31 Dec. 2021
<b>CONTINUING OPERATIONS</b>				
<b>REVENUE</b>	65,593	54,520	122,987	104,418
Other operating income	324	522	4,369	802
Changes in inventories of finished goods and work in progress	-4	0	6	0
Production for own use	159	239	441	495
Materials and services	-20,668	-14,744	-35,838	-28,609
Employee benefits expenses	-32,750	-29,695	-64,403	-57,999
Depreciation, amortisation and impairment	-3,658	-3,522	-6,948	-6,472
Other operating expenses	-7,615	-7,569	-14,242	-13,515
<b>OPERATING PROFIT (EBIT)</b>	<b>1,380</b>	<b>-249</b>	<b>6,371</b>	<b>-881</b>
<b>Finance income and expenses</b>				
Interest and finance income	167	315	736	1,401
Interest and finance expenses	-395	-134	-3,018	-271
<b>Finance income and expenses, total</b>	<b>-228</b>	<b>181</b>	<b>-2,282</b>	<b>1,129</b>
<b>PROFIT/LOSS BEFORE TAXES</b>	<b>1,153</b>	<b>-69</b>	<b>4,090</b>	<b>249</b>
Income taxes	-44	-141	-1,040	234
<b>Profit/loss from continuing operations</b>	<b>1,109</b>	<b>-210</b>	<b>3,049</b>	<b>483</b>
<b>DISCONTINUED OPERATIONS</b>				
Profit/loss from discontinued operations	0	700	310	6,441
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>1,109</b>	<b>490</b>	<b>3,359</b>	<b>6,924</b>

	1 July–31 Dec. 2022	1 July–31 Dec. 2021	1 Jan.–31 Dec. 2022	1 Jan.–31 Dec. 2021
<b>Other comprehensive income:</b>				
<b>Not transferred to profit or loss later</b>				
Value remeasurements of defined benefit plans	-60	0	-60	0
<b>Not transferred to profit or loss later</b>	<b>-60</b>	<b>0</b>	<b>-60</b>	<b>0</b>
<b>May be transferred to profit or loss later</b>				
Translation differences from foreign units	2	0	-3	-1
<b>May be transferred to profit or loss later</b>	<b>2</b>	<b>0</b>	<b>-3</b>	<b>-1</b>
<b>Other comprehensive income:</b>	<b>-58</b>	<b>0</b>	<b>-63</b>	<b>-1</b>
<b>COMPREHENSIVE INCOME, TOTAL</b>	<b>1,051</b>	<b>490</b>	<b>3,296</b>	<b>6,923</b>
<b>Profit/loss attributable to:</b>				
Owners of the parent company	1,109	490	3,359	6,934
Non-controlling interests	0	0	0	-10
			<b>3,359</b>	<b>6,924</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent company	1,051	490	3,296	6,933
Non-controlling interests	0	0	0	-10
	<b>1,051</b>	<b>490</b>	<b>3,296</b>	<b>6,923</b>
<b>Earnings per share</b>				
Earnings per share, undiluted	0.19	0.08	0.58	1.19
Earnings per share, diluted	0.19	0.08	0.58	1.18

## Consolidated balance sheet (IFRS)

EUR 1,000	31 Dec. 2022	31 Dec. 2021	1 Jan. 2021
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Tangible assets	4,646	4,772	5,823
Investment property	2,534	2,728	3,036
Right-of-use assets	8,457	7,945	6,536
Goodwill	62,819	53,481	44,781
Intangible assets	2,916	2,331	1,472
Other financial assets	22	23	23
Receivables	381	705	884
Deferred tax assets	1,347	1,528	1,356
<b>NON-CURRENT ASSETS</b>	<b>83,120</b>	<b>73,512</b>	<b>63,911</b>
<b>CURRENT ASSETS</b>			
Inventories	10,350	7,286	6,670
Trade and other receivables	17,936	15,634	19,646
Contract assets	3,478	2,725	3,395
Prepayments and accrued income	3,409	3,686	3,230
Current tax assets	254	290	399
Financial assets at fair value through profit or loss	11,186	18,097	16,820
Cash and cash equivalents	21,173	24,354	30,913
<b>CURRENT ASSETS</b>	<b>67,785</b>	<b>72,071</b>	<b>81,073</b>
<b>ASSETS HELD FOR SALE</b>	<b>0</b>	<b>758</b>	<b>946</b>
<b>ASSETS</b>	<b>150,905</b>	<b>146,341</b>	<b>145,930</b>

EUR 1,000	31 Dec. 2022	31 Dec. 2021	1 Jan. 2021
<b>EQUITY AND LIABILITIES</b>			
<b>Owners of the parent company</b>			
Share capital	1,504	1,504	1,504
Reserve fund	8,132	8,132	8,132
Reserve for invested unrestricted equity	50,189	49,320	49,706
Translation differences	-4	0	0
Retained earnings	51,490	50,631	50,934
<b>Owners of the parent company</b>	<b>111,312</b>	<b>109,589</b>	<b>110,277</b>
<b>Non-controlling interests</b>	<b>0</b>	<b>0</b>	<b>357</b>
<b>EQUITY</b>	<b>111,312</b>	<b>109,589</b>	<b>110,633</b>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing financial liabilities	18	38	36
Lease liabilities	4,795	4,404	3,300
Contract liabilities	779	1,146	1,106
Accrued expenses and deferred income	48	46	0
Pension liabilities	205	169	167
Deferred tax liabilities	412	687	282
<b>NON-CURRENT LIABILITIES</b>	<b>6,257</b>	<b>6,490</b>	<b>4,890</b>
<b>CURRENT LIABILITIES</b>			
Interest-bearing financial liabilities	20	20	32
Lease liabilities	3,953	3,853	3,344
Trade and other payables	12,155	9,902	11,473
Contract liabilities	2,919	3,411	2,826
Current tax liabilities	639	120	346
Accrued expenses and deferred income	13,649	12,849	11,394
<b>CURRENT LIABILITIES</b>	<b>33,336</b>	<b>30,155</b>	<b>29,415</b>
<b>LIABILITIES ASSOCIATED WITH THE NON-CURRENT ASSETS HELD FOR SALE</b>	<b>0</b>	<b>107</b>	<b>992</b>
<b>LIABILITIES</b>	<b>39,593</b>	<b>36,752</b>	<b>35,297</b>
<b>EQUITY AND LIABILITIES</b>	<b>150,905</b>	<b>146,341</b>	<b>145,930</b>

## Consolidated cash flow statement (IFRS)

EUR 1,000	1 Jan.–31 Dec. 2022	1 Jan.–31 Dec. 2021
<b>Cash flow from operating activities</b>		
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>3,359</b>	<b>6,924</b>
<b>Adjustments:</b>		
Depreciation	6,948	6,475
Unrealised changes in value and exchange gains and losses	2,441	-788
Capital gain or loss from tangible and intangible assets and companies	-4,191	-7,023
Finance income and expenses	-159	-343
Income taxes	1,040	-234
Other adjustments*	890	1,176
<b>Adjustments, total</b>	<b>6,969</b>	<b>-737</b>
<b>Change in working capital</b>		
Change in inventories	-1,875	-614
Increase/decrease in current interest-free receivables	-1,033	443
Increase/decrease in current interest-free liabilities	-1,325	918
Change in provisions	-39	2
<b>Change in working capital, total</b>	<b>-4,272</b>	<b>748</b>
Interest and other financial items paid	-200	-240
Interest and other financial items received	162	218
Dividends received	53	56
Other financial items	-134	-28
Taxes paid	-873	-301
<b>Cash flow from operating activities</b>	<b>5,064</b>	<b>6,641</b>

	1 Jan.–31 Dec. 2022	1 Jan.–31 Dec. 2021
<b>Cash flow from investing activities</b>		
Investments in tangible and intangible assets	-1,115	-1,653
Proceeds from sale of tangible and intangible assets	4,710	1,029
Acquisition of subsidiary, net of cash acquired	-10,834	-10,174
Disposal of subsidiary, net of cash disposed	1,034	5,757
Proceeds from sale of other investments	4,863	0
<b>Cash flow from investing activities</b>	<b>-1,342</b>	<b>-5,042</b>
<b>Cash flow from financing activities</b>		
Share issue against payment	1,902	4,750
Acquisition of own shares	-420	0
Sale of own shares	0	116
Proceeds from short-term loans	0	65
Repayments of short-term loans	-460	-10
Repayments of long-term loans	-110	
Repayment of lease liabilities	-4,610	-4,125
Repayment of loan receivables**	0	6,151
Dividends paid	-3,185	-15,102
<b>Cash flow from financing activities</b>	<b>-6,883</b>	<b>-8,155</b>
<b>Change in cash and cash equivalents</b>	<b>-3,162</b>	<b>-6,556</b>
Cash and cash equivalents, opening balance sheet	24,354	30,913
Change in cash and cash equivalents	-3,162	-6,556
Foreign exchange difference, cash and cash equivalents		
Foreign exchange difference of cash and cash equivalents	-19	-4
Impact of currency exchange rate changes		-4
Cash and cash equivalents	21,173	24,354
Cash and cash equivalents, other arrangements	0	0

\*) Other adjustments include share bonus periodisation and acquisition costs adjustments from consolidated goodwill to the income statement.

\*\*\*) Repayments of loan receivables include the repayment of a loan related to the divestment of AB Sappa in 2018.

## Consolidated statement of changes in equity

EUR 1,000	Share capital	Reserve for invested un-restricted equity	Reserve fund	Translation differences	Retained earnings	Treasury shares	Retained earnings (loss)	Total	Non-controlling interests	Equity, total
<b>EQUITY 1 JAN. 2022</b>	1,504	49,320	8,132	0	51,734	-1,102	50,631	109,589	0	109,589
Error correction and new standards			0				0	0		0
<b>Adjusted equity</b>	<b>1,504</b>	<b>49,320</b>	<b>8,132</b>	<b>0</b>	<b>51,734</b>	<b>-1,102</b>	<b>50,631</b>	<b>109,589</b>	<b>0</b>	<b>109,589</b>
<b>Comprehensive income</b>										
<b>Profit/loss for the period</b>			0		3,359		3,359	3,359		3,359
Other comprehensive income:										
Value remeasurements of defined benefit plans			0		-60		-60	-60		-60
Translation differences			0	-4	1		1	-3		-3
<b>COMPREHENSIVE INCOME, TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-4</b>	<b>3,300</b>	<b>0</b>	<b>3,300</b>	<b>3,296</b>	<b>0</b>	<b>3,296</b>
<b>Sale of shares and interests, at fair value permanently through other comprehensive income</b>			0				0	0		0
<b>Transactions with owners</b>										
Distribution of dividends, distribution of assets			0		-3,093		-3,093	-3,093		-3,093
Repurchase of shares		-420	0				0	-420		-420
Cancellation of shares					-1,102	1,102	0	0		0
Share-based payments			0		531		531	531		531
Share issue		1,288	0				0	1,288		1,288
Transfer of expired dividends of joint book-entry account shares					120		120	120		120
Other changes			0		0		0	0		0
<b>Transactions with owners, total</b>	<b>0</b>	<b>869</b>	<b>0</b>	<b>0</b>	<b>-3,544</b>	<b>1,102</b>	<b>-2,442</b>	<b>-1,573</b>	<b>0</b>	<b>-1,573</b>
<b>Changes in subsidiary ownership</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EQUITY, TOTAL 31 DEC. 2022</b>	<b>1,504</b>	<b>50,189</b>	<b>8,132</b>	<b>-4</b>	<b>51,490</b>	<b>0</b>	<b>51,490</b>	<b>111,312</b>	<b>0</b>	<b>111,312</b>

	Share capital	Reserve for invested un-restricted equity	Reserve fund	Translation differences	Retained earnings	Treasury shares	Retained earnings (loss)	Total	Non-controlling inter-ests	Equity, total
<b>FAS CONSOLIDATED FINANCIAL STATEMENTS EQUITY 31 DEC. 2020</b>	1,504	49,706	8,132	0	51,909	-1,102	50,807	110,149	0	110,149
Impact of IFRS transition			0		127		127	127	357	484
<b>Adjusted equity 1 Jan. 2021</b>	<b>1,504</b>	<b>49,706</b>	<b>8,132</b>	<b>0</b>	<b>52,037</b>	<b>-1,102</b>	<b>50,934</b>	<b>110,277</b>	<b>357</b>	<b>110,633</b>
<b>Comprehensive income</b>										
Profit/loss for the period			0		6,934		6,934	6,934	-10	6,924
Other comprehensive income:										
Translation differences			0	0	-1		-1	-1		-1
<b>COMPREHENSIVE INCOME, TO-TAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,933</b>		<b>6,933</b>	<b>6,933</b>	<b>-10</b>	<b>6,923</b>
<b>Sale of shares and interests, at fair value permanently through other comprehensive income</b>			0				0	0		0
<b>Transactions with owners</b>										
Distribution of dividends, distribution of assets		-5,074	0		-10,276		-10,276	-15,351	-36	-15,387
Repurchase of shares			0		0		0	0		0
Share-based payments			0		914		914	914		914
Share issue		4,689	0				0	4,689		4,689
Transfer of expired dividends of joint book-entry account shares			0		2,124		2,124	2,124		2,124
<b>Transactions with owners, total</b>	<b>0</b>	<b>-385</b>	<b>0</b>	<b>0</b>	<b>-7,239</b>		<b>-7,239</b>	<b>-7,624</b>	<b>-36</b>	<b>-7,660</b>
Acquisition and sale of subsidiaries			0		3		3	3	-311	-307
<b>Changes in subsidiary ownership</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>		<b>3</b>	<b>3</b>	<b>-311</b>	<b>-307</b>
<b>EQUITY, TOTAL 31 DEC. 2021</b>	<b>1,504</b>	<b>49,320</b>	<b>8,132</b>	<b>0</b>	<b>51,734</b>	<b>-1,102</b>	<b>50,631</b>	<b>109,589</b>	<b>0</b>	<b>109,589</b>

## Consolidated commitments and contingencies

### Commitments and contingencies

EUR 1,000

	31 Dec. 2022	31 Dec. 2021
Business mortgages	84	84
Rental security deposits	516	347
Performance and warranty securities, drawn	971	783
Bank guarantees	612	
Other commitments	105	73
<b>Total</b>	<b>2,288</b>	<b>1,287</b>

EUR 1,000

	31 Dec. 2022	31 Dec. 2021
VAT return obligation for real estate investments	67	74
<b>COMMITMENTS AND CONTINGENCIES, TOTAL</b>	<b>2,355</b>	<b>1,361</b>

The Loihde Group parent company has provided guarantees for part of the performance and warranty securities provided by Group companies and as collateral for bank guarantees.

In addition, Loihde Group has a lease commitment related to office leases, with the lease period starting on 1 January 2023 and the obligation to pay starting on 1 March 2023. The agreement has a term of notice of 6 months and the first possible start date of the term of notice is 30 June 2027.

The undiscounted lease liability related to the lease agreement amounted to EUR 1,220,000 on 31 December 2022.

## Contingent liabilities

Loihde Group has contingent liabilities of EUR 510,000 to the city of Vaasa relating to a land use agreement, for which a bank guarantee of EUR 612,000 has been applied for as collateral. The fulfilment of the commitment is conditional on the town plan related to the land use agreement being approved and the building permit obtaining legal validity.



## **Calculation formulas**

### ***EBITDA:***

Operating profit + depreciation, amortisation and impairment

### ***Adjustments:***

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.

### ***Return on equity, % (ROE):***

$$\frac{\text{Profit/loss before appropriations – income taxes from actual operations}}{\text{Equity (average) + minority interest (average)}} \times 100$$

The divisor used is the average of the value at the beginning and the end of period, weighted by the duration of the financial period.

### ***Equity-to-assets ratio:***

$$\frac{\text{Equity} + \text{minority interest}}{\text{Balance sheet total} - \text{advances received}} \times 100$$

Balance sheet total - advances received

The values of the balance sheet date are used in the divisor and the dividend.

### ***Investments:***

Capital expenditure for the period; divestments of assets not excluded.

## Reconciliation calculations for alternative performance measures

Loihde Plc discloses alternative performance measures to provide a better picture of the operational development of business operations and to improve comparability between reporting periods.

The alternative performance measures used by Loihde Plc are EBITDA, adjusted EBITDA, adjusted operating profit (EBIT) and adjusted profit for the period.

### EBITDA AND ADJUSTED EBITDA

EUR 1,000	10-12 2022	10-12 2021	1-12 2022	1-12 2021
Operating profit (EBIT)	904	-164	6,371	-881
Depreciation, amortisation and impairment	2,006	1,948	6,948	6,472
<b>EBITDA</b>	<b>2,911</b>	<b>1,784</b>	<b>13,319</b>	<b>5,591</b>
Capital gains from tangible and intangible assets	0	0	-3,925	-524
Restructuring expenses	160	127	274	605
Other non-recurring operating expenses	281	707	621	1,564
Non-recurring impairment losses	0	0	0	0
<b>ADJUSTED EBITDA</b>	<b>3,351</b>	<b>2,618</b>	<b>10,290</b>	<b>7,236</b>

### ADJUSTED OPERATING PROFIT (EBIT)

EUR 1,000	10-12 2022	10-12 2021	1-12 2022	1-12 2021
Operating profit (EBIT)	904	-164	6,371	-881
Capital gains from tangible and intangible assets	0	0	-3,925	-524
Restructuring expenses	160	127	274	605
Other non-recurring operating expenses	281	707	621	1,564
Non-recurring impairment losses	140	0	140	0
<b>ADJUSTED OPERATING PROFIT (EBIT)</b>	<b>1,485</b>	<b>670</b>	<b>3,482</b>	<b>764</b>

### ADJUSTED PROFIT FOR THE PERIOD

EUR 1,000	10-12 2022	10-12 2021	1-12 2022	1-12 2021
Profit for the period	1,252	965	3,359	6,924
Capital gains from tangible and intangible assets	0	0	-4,235	-7,115
Restructuring expenses	160	127	274	605
Other non-recurring operating expenses	281	707	621	1,625
Non-recurring impairment losses	140	0	140	0
Tax effects of adjustment items	-79	-167	366	-276
<b>ADJUSTED PROFIT FOR THE PERIOD</b>	<b>1,754</b>	<b>1,632</b>	<b>526</b>	<b>1,763</b>