



Loihde Plc

HALF-YEAR REPORT

1 January – 30 June 2024

27 August 2024

LOIHDE

Loihde Plc Company announcement 27 August 2024 at 8:00 a.m. EEST

Loihde Plc Half-Year Report 1 January–30 June 2024

Adjusted EBITDA improved clearly and revenue increased slightly, driven by the security and network businesses

April–June 2024 in brief

- Loihde Group's revenue for the second quarter amounted to EUR 35.4 (34.2) million, an increase of 3%.
- Adjusted EBITDA was EUR 2.6 (1.0) million, or 7.2% (2.9%) of revenue.

January–June 2024 in brief

- Loihde Group's revenue for January–June amounted to EUR 68.4 (65.5) million, an increase of 4%.
- Revenue by business area in January-June:
 - Security Solutions: EUR 36.0 (32.0) million, an increase of 13%
 - Cyber, Cloud & Connect: EUR 15.7 (14.3) million, an increase of 10%
 - Data & AI: EUR 8.2 (9.6) million, a decrease of 15%
 - Digital Services EUR 8.6 (9.8) million, a decrease of 13%
- Adjusted EBITDA was EUR 4.2 (0.9) million, or 6.1% (1.4%) of revenue.
- Adjusted operating profit (EBIT) was EUR 0.3 (-2.8) million, or 0.4% (-4.3%) of revenue.

The figures in the half-year report are unaudited.

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.

Financial targets for the strategy period 2024–2027

Loihde Group aims to achieve an average annual revenue growth of approximately 10%, including potential acquisitions. The revenue target for the end of the strategy period, i.e. for 2027, is at least EUR 200 million.

In terms of profitability, the target is to achieve an adjusted EBITDA margin of 15% by the end of the strategy period.

The target return on investment (ROI) is 10% and net debt/EBITDA between 0–2x.

Key figures (IFRS)

January–June, EUR 1,000	1–6 2024	1–6 2023	Change in %	1–12 2023
Revenue, EUR 1,000	68,423	65,492	4%	132,690
- Security Solutions	36,041	32,013	13%	67,552
- Cyber, Cloud & Connect	15,715	14,274	10%	28,978
- Data & AI	8,176	9,619	-15%	18,462
- Digital Services	8,552	9,798	-13%	18,128
- Other (incl. eliminations) ¹	-62	-213	71%	-430
EBITDA	3,640	405	798%	6,669
Adjusted EBITDA, EUR 1,000¹	4,161	896	364%	7,569
Adjusted EBITDA, %	6.1%	1.4%		5.7%
EBITA, EUR 1,000	273	-2,621	110%	422
Adjusted EBITA, EUR 1,000¹	794	-2,130	137%	1,322
EBITA, %	1.2%	-3.3%		1.0%
Operating profit (EBIT), EUR 1,000	-273	-3,308	92%	-901
Adjusted operating profit (EBIT), EUR 1,000¹	248	-2,817	109%	-1
Profit/loss for the period, EUR 1,000	-644	-3,108	79%	-620
Adjusted profit/loss for the period, EUR 1,000¹	-227	-2,697	92%	121
Equity-to-assets ratio, %	67.8%	71.4%		69.6%
Earnings per share (EPS), EUR, basic (undiluted)²	-0.11	-0.54	79%	-0.11
Earnings per share (EPS), EUR, diluted²	-0.11	-0.54	79%	-0.11
Return on investment (ROI), %	2.9%	-1.0%		0.5%
Adjusted return on investment (ROI), %¹	3.8%	0.0%		1.3%
Net debt/EBITDA	-0.03	-1.72		-0.91
Net debt / adjusted EBITDA	-0.03	-1.44		-0.80
Average number of employees	835	876	-5%	863

The figures in the table are those of continuous operations.

¹ The adjusted EBITDA, the adjusted operating profit (EBIT) and the adjusted profit/loss 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 (30,606 shares on average in January–June 2024, 0 shares on average in January–June 2023 and 4,014 shares on average in January–December 2023) are excluded from the total number of shares.

CEO Samu Konttinen:

In April–June, Loihde's revenue came to EUR 35.4 (34.2) million, an increase of 3% year-on-year. Adjusted EBITDA improved significantly (+153%) year-on-year to EUR 2.6 (1.0) million, or 7.2% of revenue.

Continuous services continue to show good growth

The positive momentum of our continuous services related to security and business networks has continued in the second quarter of the year. Contracts signed early in the year were in production as planned before the summer holiday season and we entered into several new continuous service agreements with both public and private sector clients. Growth has been driven by services such as cyber surveillance (CSOC) and network operations control (NOC), as well as access control and other security technology solutions that Loihde offer as a service. Nurse call systems for hospitals and nursing homes also continued to grow briskly, as did identity and access management (IAM) consulting.

Our broad portfolio of services focused on security, networks and cloud solutions is competitive and suits customer needs well. For these services, the market outlook is fairly positive, although the general economic uncertainty may affect companies' investments in security and networks.

IT consulting has continued to face challenges

The market for bespoke software development and some data consultancy continued to be difficult. The utilisation rates were lower than targeted and weighed on the profitability of the company as a whole. However, we have done well in some of our areas of expertise, such as data platform consulting and analytics. We have won new clients

and strengthened our position in our most important client relationships, for example in the financial and industrial sectors.

In IT consulting, we have continued to take measures to improve our efficiency. Although the outlook for revenue for the remainder of the year is very cautious due to client demand and a lower number of consultants doing client work compared to last year, we expect the relative profitability of these service areas to improve slightly towards the end of the year.

Customer satisfaction is at a good level and profitability is improving

According to a customer satisfaction survey we commissioned this spring, our customers' NPS was 42, indicating a high level of satisfaction with Loihde's services and the expertise of our employees.

The first half of the year has been very mixed. Security and corporate network consulting, projects and especially continuous services, which are of strategic importance to us, have developed nicely, while IT consulting has continued to face challenges throughout the first half of the year.

Overall, the company's profitability has improved clearly, and we are confident about the prospects for improved profitability for the full year.

Revenue and profit performance April–June 2024

The Group's revenue grew by 3% in April–June and totalled EUR 35.4 (34.2) million.

The Group's EBITDA was EUR 2.2 (0.8) million, or 6.3% (2.4%) of revenue, and the Group's adjusted EBITDA was EUR 2.6 (1.0) million, or 7.2% (2.9%) of revenue.

Revenue and profit performance in January–June 2024

The Group's revenue for the first half of the year was EUR 68.4 (65.5) million. Revenue saw a year-on-year increase of 4%.

Revenue from the Security Solutions business increased by 13% and amounted to EUR 36.0 (32.0) million. Revenue from the Cyber, Cloud & Connect business increased by 10% to EUR 15.7 (14.3) million. Revenue from the Data & AI business decreased by 15% and amounted to EUR 8.2 (9.6) million. Revenue from the Digital Services business decreased by 13% to EUR 8.6 (9.8) million.

EBITDA was EUR 3.6 (0.4) million, or 5.3% (0.6%) of revenue. Adjusted EBITDA was EUR 4.2 (0.9) million, or 6.1% (1.4%) of revenue.

Operating profit (EBIT) was EUR -0.3 (-3.3) million, or -0.4% (-5.1%) of revenue, and adjusted operating profit (EBIT) was EUR 0.2 (-2,8) million, or 0.4% (-4.3%) of revenue.

Personnel expenses totalled EUR 34.7 (36.9) million, or 50.7% (56.3%) of revenue.

Other operating expenses amounted to EUR 7.7 (8.9) million, or 11.3% (13.5%) of revenue.

The Group's planned depreciation totalled EUR 3.9 (3.7) million.

The Group's profit or loss for the period was EUR -0.6 (-3.1) million. Earnings per share (EPS) were EUR -0.11 (-0.54), both basic (undiluted) and diluted.

Financial position, financing and investments

The Group's balance sheet total at the end of the review period was EUR 139.3 (147.1) million. The balance sheet was reduced by dividend payments in November 2023 and May 2024, totalling approximately EUR 11.5 million. Goodwill on the balance sheet amounted to EUR 64.0 (63.9) million.

The equity-to-assets ratio at the end of the review period was 67.8% (71.4%) and the Group's return on equity was -1.3% (-5.8%). Return on investment (ROI) was 2.9% (-1.0%) and adjusted ROI was 3.8% (0.0%).

Cash flow from operating activities was EUR 3.9 (-3.8) million. Cash flow from operating activities has been improved by better financial performance than in the comparative period and the timing of payment plans for projects.

The Group's investments totalled EUR 3.7 (5.0) million. The most significant investments during the period under review were investments in equipment included in the services provided to customers.

Loihde Plc paid a dividend of EUR 1.00 per share for 2023 in accordance with the resolution of the Annual General Meeting (AGM). The dividend record date was 10 May 2024 and the payment date 17 May 2024. The dividends totalled approximately EUR 5.7 million.

Shares and shareholders

The number of outstanding shares in Loihde Plc was 5,740,424 at the end of the review period and 5,732,406 on average in January–June (5,746,181 at the end of June 2023 and 5,738,689 on average in January–June 2023). Each share entitles its holder to one vote at the AGM.

	30 June 2024	30 June 2023
Number of shares	5,740,424	5,746,181
Treasury shares	400	400
Outstanding shares	5,740,024	5,745,781
Market value, EUR million	70.0	73.0
Number of shareholders	24,463	25,250
Number of nominee-registered shares	6,562	8,265

Overview of trading on Nasdaq First North Growth Market Helsinki 1 January–30 June 2024

	Number of shares ex-changed	Total value, EUR	Highest, EUR	Lowest, EUR	Weighted average price, EUR	Latest, EUR
LOIHDE	291,224	3,823,142	15.70	11.50	13.13	12.70

The share buyback programme initiated by the company on 5 September 2023 ended on 19 April 2024. During the programme, the company acquired 59,123 treasury shares, which have been cancelled on 7 May 2024, in accordance with the decision of the company's Board of Directors on 29 April 2024.

On 28 June 2024, Loihde Plc's Board of Directors decided to launch a new share buyback programme in accordance with the authorisation given to them by the AGM on 7 May 2024. The repurchase of shares started on 1 July 2024.

The list of major shareholders is available on the company's website at loihde.com.

Share-based incentive schemes

During the period under review, the company has issued a total of 37,840 new shares in relation to share-based incentive schemes.

Bonus shares under the 2021–2023 share-based incentive scheme for the personnel

In March, Loihde carried out a directed share issue without payment in relation to the payment of matching shares and bonus shares for the personnel incentive scheme vesting period that began in 2021. A total of 12,987 new shares were transferred to incentive scheme participants in the share issue.

Bonus shares under the long-term incentive scheme (LTI) for the management and key personnel 2021–2023

In March, Loihde also carried out a directed share issue without payment to pay the bonuses of the incentive scheme for management and key employees that began in 2021. A total of 7,762 shares were transferred in the share issue in accordance with the terms and conditions and performance criteria of the incentive scheme.

Savings shares under the Employee Share Savings Plan (ESSP) 2023

For savings shares subscriptions under the ESSP that began in 2023, the company issued 8,470 new shares in March and 8,043 new shares in June. The new shares were savings shares subscribed for with the savings accumulated by ESSP participants between 1 December 2023 and 30 May 2024.

Employee Share Savings Plan (ESSP) 2024

On 29 April 2024, the Board of Directors of Loihde Plc decided to continue the ESSP that started the year before with a new savings

plan. The aim of the ESSP is to encourage employees to acquire and own Loihde shares. The ESSP is also intended to align the interests of shareholders and employees and to increase employee motivation and long-term commitment to the company.

Share-based incentive scheme for the CEO

On 26 February 2024, Loihde Plc's Board of Directors decided to launch a new long-term conditional share-based incentive scheme for the CEO. It is the purpose of the scheme to align the objectives of the owners and the CEO in order to increase Loihde's value and implement the company's business strategy in the long run as well as to commit the CEO to the company.

The share-based incentive scheme for the CEO has one three-year vesting period, covering the years 2024–2026. The main terms of the scheme include the continued employment of the CEO, subject to certain conditions, at the time of payment of the bonus. The number of bonus shares to be transferred is also affected by the number of shares acquired by the CEO at market conditions.

Share-based incentive scheme for the Board of Directors

On 7 May 2024, the AGM decided on a directed share issues without payment to pay the bonus shares relating to the vesting period that started in 2021 of the long-term share-based incentive scheme for the company's Board of Directors. In the share issue, the company transferred a total of 578 shares to those who participated in the vesting period.

Loihde Plc's share-based incentive schemes are described on the company's website at <https://www.loihde.com/en/investors/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 four business areas: Data & AI; Digital Services; Cyber, Cloud & Connect; and Security Solutions. The four business areas form one reportable operating segment.

The legal structure of the Group does not fully reflect the operational business structure. Loihde Group consists of:

- the parent company Loihde Plc,
- Loihde Advance Ltd,
- Loihde Factor Ltd,
- Loihde Cloudon Ltd,
- Loihde Trust Ltd
- Loihde Properties Ltd and
- Loihde Advisory AB (no business operations).

Changes in Group structure

Hämeen Lukko Oy has merged with Loihde Trust Ltd on 29 February 2024.

Loihde Trust Ltd has acquired the alarm transmission business of Vakka-Suomen Puhelin Oy on 31 May 2024.

Personnel, management and corporate governance

The Group's number of employees, converted into full-time equivalents (FTE), averaged 835 in the review period January–June 2024

(876 in January–June 2023) and stood at 819 (877) at the end of the review period. Potential part-time employment has also been taken into account when 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 employee satisfaction, sustainable modes of operation and continuous competence development. Job satisfaction is assessed by continuously collecting feedback through pulse surveys and discussions.

During the period under review, the members of the Group's Leadership Team were Group CEO Samu Konttinen; EVP, Security Solutions Marko Järvinen; EVP, Data & AI Tomi Bergman; EVP, Digital Services Juha Meronen; EVP, Cyber, Cloud & Connect Jarno Mäki; EVP, Business Development Katja Ahola; CFO Pirjo Suhonen; CMO Jere Teutari; and CPO Kristiina Aaltonen.

Until 7 May 2024, the Board of Directors of Loihde Plc consisted of Timo Kotilainen (Chair), Kaj Hagros, Juha Murtopuro, Matti Piri, Anni Ronkainen, Matti Vikkula and Stefan Wikman, and from 7 May 2024, the Board consisted of Marko Kauppi (Chair), Juha Murtopuro, Jari Niska, Anni Ronkainen, Matti Vikkula and Christian Wetterstrand.

General Meeting

Loihde Plc's Annual General Meeting (AGM) was held in Vaasa on 7 May 2024. The AGM confirmed the company's financial statements for the financial year 2023 and discharged the persons responsible for the accounts and operations from liability.

The AGM resolved to distribute a dividend of EUR 1.00 per share based on the profit for 2023. The dividend record date was 10 May 2024 and the payment date 17 May 2024.

The AGM adopted the Remuneration Report for 2023.

The AGM confirmed the number of Board members as six, re-elected the current Board members Juha Murtopuro, Anni Ronkainen and Matti Vikkula, and elected Marko Kauppi, Jari Niska and Christian Wetterstrand as new Board members. Marko Kauppi was elected Chair of the Board and Jari Niska Vice-Chair.

The AGM decided that the Chair of the Board shall be paid an annual fee of EUR 55,000, the Vice-Chair an annual fee of EUR 40,000 and the members an annual fee of EUR 27,400. Also, the AGM decided that the Chair of a committee shall be paid an annual fee of EUR 7,000 and the members an annual fee of EUR 3,500. No separate meeting fees will be paid. The AGM decided on a directed share issue without payment in order to pay the commitment shares earned in the second vesting period of the share-based incentive scheme for the Board of Directors, which began on 7 May 2021 and ended on 31 December 2023.

Ernst & Young Oy was elected as the company's auditor, with Maria Onniselkä, auditor approved by the Finnish Central Chamber of Commerce, as the principal auditor.

The AGM authorised the Board of Directors to decide on a share buy-back programme, where at most 350,000 of the company's shares would be acquired, in one or more instalments, using the company's unrestricted equity. The authorisation entitles the Board of Directors to decide on the acquisition of shares also otherwise than in proportion to the shareholdings of the shareholders (directed acquisition). The authorisation is valid until the end of the next AGM, but until 30 June 2025 at the latest.

The AGM authorised the Board of Directors to decide on a share issue of a maximum of 583,000 shares. The authorisation concerns issuing new shares as well as transferring treasury shares held by the

company. The shares can be used for financing acquisitions or restructuring, a maximum of 483,000 shares, or as part of the personnel's incentive schemes, a maximum of 100,000 shares. The share issue authorisation with regard to shares used for acquisitions and restructuring is valid until the end of the next AGM, but until 30 June 2025 at the latest, while the authorisation with regard to shares related to incentive schemes for the company's personnel is valid for four years from the decision of the AGM. The authorisation does not revoke the previous authorisations granted by the AGM to the Board of Directors on 6 May 2021, 5 May 2022 and 4 May 2023 to the extent that the previous authorisations concern shares issued as part of the personnel incentive schemes.

The AGM decided that the annual fee of the Chair of the Shareholders' Nomination Board will be EUR 4,000 and that the annual fee of the members will be EUR 2,500.

The AGM authorised the Board of Directors to decide on donations of at most EUR 50,000 in total to training and research activities that support the company's business or non-profit or comparable causes.

Significant legal matters

In December 2021, Loihde Trust Ltd won a public tender organised by Finnish Customs. During the delivery project, a disagreement arose between Loihde and Customs regarding the functionalities included in the agreement, and Customs terminated the delivery agreement in October 2023. In Loihde's view, the termination of the contract by Customs is unfounded, and on 21 March 2024, Loihde Trust Ltd brought legal action against Customs, claiming approximately EUR 1.9 million in damages from Customs. The dispute is still pending. After the end of the review period, on 22 August 2024, Loihde has been informed that Finnish Customs has filed a counterclaim against Loihde Trust Ltd, in which they are seeking damages of

approximately EUR 2.2 million from Loihde. Loihde considers the counterclaim to be unfounded and has not made any provisions in relation to it.

Market review

Global economic uncertainty and runaway inflation have had an impact on companies' willingness to invest. Customer demand for digital development has remained high, but in an uncertain market situation, development projects may be postponed to a later date. There is a wide variation between sectors, and demand for digital development has remained strong in sectors such as manufacturing, finance and energy. There is also variation between service areas. Therefore, we do not see this as a longer-term market change but believe that the positive digitalisation trend will continue.

The security business is less affected by economic fluctuations, as there is no desire to compromise on security even in more difficult times. In addition, the uncertain geopolitical situation increases the awareness of and preparedness for cyber threats and other security threats. The slowdown in the construction sector has reduced the demand for locking solutions, which has increased price competition also in security technology solutions, where Loihde's strong market position is based primarily on expertise and quality of service.

With the growth of digitalisation, 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, and this 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. According to our survey, almost one in two companies have merged their security organisations and are managing security as a whole.

The blurring of the boundary between the physical and digital worlds 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 these.

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 and cloud technology is being adopted at an accelerating pace.

The competition for skilled employees has eased with the change in the IT market situation, but there is still competition for experienced professionals, particularly in certain service areas.

Strategy

Loihde's comprehensive portfolio of security, data, digitalisation and cloud technologies is well aligned with global market trends. As a result of the global situation and technological development, security in both the physical and cyber world has become an even more topical issue, and the use of data is growing rapidly, driven by e.g. efforts in artificial intelligence. Businesses are modernising their networks, and more and more companies are seeking the benefits of cloud technologies. The development and deployment of digital services are essential for all companies that want to remain competitive.

Around the customer needs related to these, Loihde has formed five complementary and interlinked service areas, which also serve as a basis for the company's business units:

- 1) Data & AI, 2) Cloud & Connect, 3) Cyber Security, 4) Digital Services, and 5) Security Solutions.

Each service area focuses on delivering in-depth expertise and an excellent customer experience. Together, they can deliver comprehensive service packages and act as a total security and digitalisation partner for customers. The common mission of everyone at Loihde is to enable the continuity of the customers' business.

During the strategy period 2024–2027, Loihde aims to grow faster than the market and achieve a significant improvement in profitability.

Loihde will focus in particular on continuous services. The aim is for continuous services to grow faster than Loihde's other offering and represent 30% of revenue at the end of the strategy period.

To clarify the total offering, customer communication and employer brand, Loihde will start using a single, common Loihde brand, instead of the earlier network model with several sub-brands. Synergies will also be sought through jointly produced support 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' ability to pay. Increased costs may affect Loihde's profitability. Russia's invasion of Ukraine does not directly affect Loihde's business but has increased the risk level through the above-mentioned

indirect effects. On the other hand, the uncertainty of the global political situation increases 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 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 employees of Group companies. Potential corporate acquisitions may also lead to unforeseen risks and hidden responsibilities, for which it has been impossible to make preparations.

Events after the review period

There have been no significant events after the end of the review period.

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–September 2024 will be published on Wednesday, 30 October 2024.

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

27 August 2024

Loihde Plc
Board of Directors

Webcast press conference

Loihde's CEO Samu Konttinen will present the results in a webcast today, 27 August 2024 at 11:00 a.m. EEST. The webcast is held in Finnish and will be live at <https://loihde.videosync.fi/q2-2024>.

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/>.

Further information

CEO Samu Konttinen

Media contact: Director of Communications Tiina Nieminen, tel. +358 44 411 3480 or 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 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

TABLES

Accounting principles for the half-year report

The half-year report has been prepared in accordance with Finnish legislation and the information is presented to the extent required by the Nasdaq First North Growth Market Rulebook sections 4.4.6 and 4.4.7. Loihde Plc prepares its financial statements in accordance with IFRS, and the accounting principles followed in this half-year report are consistent with those followed in the 2023 consolidated financial statements. This half-year report is not an interim report in accordance with IAS 34. The figures presented have been rounded from the exact figures. The figures in the half-year report are unaudited.

Consolidated comprehensive income statement (IFRS)

EUR 1,000	1 Jan–30 June 2024	1 Jan–30 June 2023	1 Jan–31 Dec 2023
CONTINUING OPERATIONS			
REVENUE	68,423	65,492	132,690
Other operating income	158	262	586
Changes in inventories of finished goods and work in progress	-	3	-50
Production for own use	28	51	76
Use of materials and services	-22,553	-19,701	-41,915
Employee benefit expenses	-34,708	-36,851	-68,164
Depreciation, amortisation and impairment	-3,913	-3,713	-7,571
Other operating expenses	-7,707	-8,851	-16,554
OPERATING PROFIT (EBIT)	-273	-3,308	-901
Finance income and expenses			
Interest and finance income	433	832	1,452
Interest and finance expenses	-239	-468	-1,058
Total finance income and expenses	194	364	394
PROFIT/LOSS BEFORE TAXES	-80	-2,944	-507
Income taxes	-565	-165	-112
Profit/loss from continuing operations	-644	-3,108	-620
PROFIT/LOSS FOR THE PERIOD			
	-644	-3,108	-620

	1 Jan–30 June 2024	1 Jan–30 June 2023	1 Jan–31 Dec 2023
Other comprehensive income:			
Items not subsequently reclassified to profit or loss			
Value remeasurements of defined benefit plans	-	-	70
	-	-	70
Items that may be reclassified subsequently to profit or loss			
Translation differences from foreign units	8	14	-12
	8	14	-12
Other comprehensive income	8	14	58
TOTAL COMPREHENSIVE INCOME	-636	-3,095	-561
Profit/loss attributable to:			
Owners of the parent company	-644	-3,108	-620
	-644	-3,108	-620
Total comprehensive income attributable to:			
Owners of the parent company	-636	-3,095	-561
	-636	-3,095	-561
Earnings per share			
Earnings per share, basic (undiluted)	-0.11	-0.54	-0.11
Earnings per share, diluted	-0.11	-0.54	-0.11

Consolidated balance sheet (IFRS)

EUR 1,000	30 June 2024	30 June 2023	31 Dec. 2023
ASSETS			
NON-CURRENT ASSETS			
Tangible property, plant and equipment	4,543	5,130	5,404
Investment properties	3,130	2,490	2,381
Right-of-use assets	10,395	9,723	9,902
Goodwill	64,035	63,851	63,881
Intangible assets	1,624	2,722	2,140
Other financial assets	17	22	17
Receivables	129	313	158
Deferred tax assets	1,427	1,449	1,463
NON-CURRENT ASSETS	85,301	85,699	85,348
CURRENT ASSETS			
Inventories	14,449	12,421	12,052
Trade and other receivables	15,989	17,307	20,603
Assets based on customer contracts	6,853	7,516	7,695
Prepayments and accrued income	5,460	4,577	3,290
Current tax assets	225	364	291
Financial assets at fair value through profit or loss	4,122	10,680	3,775
Cash and cash equivalents	6,933	8,575	12,436
CURRENT ASSETS	54,030	61,440	60,142
ASSETS	139,331	147,139	145,490

	30 June 2024	30 June 2023	31 Dec. 2023
EQUITY AND LIABILITIES			
Owners of the parent company			
Share capital	1,504	1,504	1,504
Reserve fund	8,132	8,132	8,132
Reserve for invested unrestricted equity	49,892	50,246	50,152
Translation differences	-4	-3	-4
Retained earnings	34,686	44,153	40,993
Owners of the parent company	94,211	104,032	100,778
EQUITY	94,211	104,032	100,778
NON-CURRENT LIABILITIES			
Interest-bearing financial liabilities	-	31	4
Lease liabilities	6,031	5,496	5,429
Liabilities from customer contracts	147	490	283
Accrued expenses and deferred income	24	50	43
Pension liabilities	75	205	75
Deferred tax liability	437	543	458
NON-CURRENT LIABILITIES	6,715	6,815	6,291
CURRENT LIABILITIES			
Interest-bearing financial liabilities	-	20	14
Lease liabilities	4,754	4,581	4,837
Trade and other payables	12,082	10,798	14,536
Liabilities from customer contracts	6,100	6,031	6,329
Current tax liabilities	474	155	34
Accrued expenses and deferred income	14,996	14,706	12,670
CURRENT LIABILITIES	38,405	36,292	38,421
LIABILITIES	45,120	43,107	44,712
EQUITY AND LIABILITIES	139,331	147,139	145,490

Consolidated cash flow statement (IFRS)

EUR 1,000	1 Jan–30 June 2024	1 Jan–30 June 2023	1 Jan–31 Dec 2023
Cash flow from operating activities			
PROFIT/LOSS FOR THE PERIOD	-644	-3,108	-620
Adjustments:			
Depreciation	3,913	3,713	7,571
Unrealised changes in value and exchange gains and losses	-293	-605	-466
Capital gains or losses from tangible and intangible assets and companies	-2	0	-78
Finance income and expenses	100	240	72
Income taxes	565	165	112
Other adjustments*	60	446	492
Total adjustments	4,342	3,960	7,703
Change in working capital			
Change in inventories	-2,397	-1,423	-1,054
Increase/decrease in current interest-free receivables	3,226	-4,317	-6,692
Increase/decrease in current interest-free liabilities	-505	2,033	3,758
Change in provisions	-	-	-42
Total change in working capital	324	-3,706	-4,031
Interest and other financial items paid	-184	-142	-314
Interest and other financial items received	114	95	206
Dividends received	5	16	24
Other financial items	-38	-70	-92
Taxes paid	-43	-861	-974
Cash flow from operating activities	3,876	-3,816	1,902

	1 Jan–30 June 2024	1 Jan–30 June 2023	1 Jan–31 Dec 2023
Cash flow from investing activities			
Investments in tangible and intangible assets	-689	-949	-1,815
Proceeds from sale of tangible and intangible assets	16	21	99
Acquisition of subsidiary, net of cash acquired	-	-2,170	-2,049
Proceeds from sale of other investments	-39	971	7,981
Cash flow from investing activities	-712	-2,127	4,215
Cash flow from financing activities			
Share issue against payment	315	398	828
Repurchase of shares	-477	-	-281
Repayments of short-term loans	-14	-	-6
Proceeds from long-term loans	-	-	1
Repayments of long-term loans	-4	-16	-44
Repayments of lease liabilities	-2,738	-2,434	-5,027
Dividends paid	-5,731	-4,593	-10,332
Cash flow from financing activities	-8,650	-6,644	-14,862
Change in cash and cash equivalents	-5,486	-12,587	-8,745
Cash and cash equivalents, opening balance	12,436	21,173	21,173
Change in cash and cash equivalents	-5,486	-12,587	-8,745
Foreign exchange differences on cash and cash equivalents	-17	-11	8
Impact of currency exchange rate changes	-17	-11	8
Cash and cash equivalents	6,933	8,575	12,436

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

Consolidated statement of changes in equity (IFRS)

EUR 1,000	Share capital	Reserve for invested un-restricted equity	Reserve funds	Translation differences	Retained earnings	Retained earnings (loss)	Total	Total equity
EQUITY 1 JAN. 2024	1,504	50,152	8,132	-4	40,993	40,993	100,778	100,778
Adjusted equity	1,504	50,152	8,132	-4	40,993	40,993	100,778	100,778
Comprehensive income								
Profit/loss for the period	-	-	-	-	-644	-644	-644	-644
Other comprehensive income:								
Translation differences	-	-	-	0	8	8	8	8
TOTAL COMPREHENSIVE INCOME	-	-	-	0	-636	-636	-636	-636
Transactions with owners								
Distribution of dividends, distribution of assets	-	-	-	-	-5,731	-5,731	-5,731	-5,731
Repurchase of shares	-	-477	-	-	-	-	-477	-477
Share-based payments	-	-	-	-	60	60	60	60
Share issue	-	217	-	-	-	-	217	217
Total transactions with owners	-	-260	-	-	-5,671	-5,671	-5,931	-5,931
TOTAL EQUITY 30 JUNE 2024	1,504	49,892	8,132	-4	34,686	34,686	94,211	94,211

EUR 1,000	Share capital	Reserve for invested un-restricted equity	Reserve funds	Translation differences	Retained earnings	Retained earnings (loss)	Total	Total equity
EQUITY 1 JAN. 2023	1,504	50,189	8,132	-4	51,490	51,490	111,312	111,312
Adjusted equity	1,504	50,189	8,132	-4	51,490	51,490	111,312	111,312
Comprehensive income								
Profit/loss for the period	-	-	-	-	-3,108	-3,108	-3,108	-3,108
Other comprehensive income:								
Translation differences	-	-	-	0	13	13	14	14
TOTAL COMPREHENSIVE INCOME	-	-	-	0	-3,095	-3,095	-3,095	-3,095
Transactions with owners								
Distribution of dividends, distribution of assets	-	-	-	-	-4,593	-4,593	-4,593	-4,593
Share-based payments	-	-	-	-	351	351	351	351
Share issue	-	57	-	-	-	-	57	57
Other changes	-	-	-	0	-	-	0	0
Total transactions with owners	-	57	-	0	-4,242	-4,242	-4,185	-4,185
TOTAL EQUITY 30 JUNE 2023	1,504	50,246	8,132	-3	44,153	44,153	104,032	104,032

	Share capital	Reserve for invested un-restricted equity	Reserve funds	Translation differences	Retained earnings	Retained earnings (loss)	Total	Total equity
EQUITY 1 JAN. 2023	1,504	50,189	8,132	-4	51,490	51,490	111,312	111,312
Adjusted equity	1,504	50,189	8,132	-4	51,490	51,490	111,312	111,312
Comprehensive income								
Profit/loss for the period	-	-	-	-	-620	-620	-620	-620
Other comprehensive income:								
Value remeasurements of defined benefit plans	-	-	-	-	70	70	70	70
Translation differences	-	-	-	0	-12	-12	-12	-12
TOTAL COMPREHENSIVE INCOME	-	-	-	0	-561	-561	-561	-561
Transactions with owners								
Distribution of dividends, distribution of assets	-	-	-	-	-10,335	-10,335	-10,335	-10,335
Repurchase of shares	-	-287	-	-	-	-	-287	-287
Share-based payments	-	-	-	-	397	397	397	397
Share issue	-	249	-	-	-	-	249	249
Transfer of expired dividends of joint book-entry account shares	-	-	-	-	3	3	3	3
Total transactions with owners	-	-37	-	-	-9,935	-9,935	-9,973	-9,973
TOTAL EQUITY 31 DEC. 2023	1,504	50,152	8,132	-4	40,993	40,993	100,778	100,778

Consolidated commitments, guarantees and contingent liabilities (IFRS)

Contingent liabilities – Accounting principles

A contingent liability is a possible obligation resulting from previous events, the existence of which will only be ascertained once an uncertain event that is beyond the Group's control materialises. An existing obligation that is unlikely to require the fulfilment of a payment obligation or the amount of which cannot be reliably determined is also deemed to constitute a contingent liability. The contingent liability is presented in the notes to the financial statements.

Commitments, guarantees and contingent liabilities

EUR 1,000

	30 June 2024	30 June 2023	31 Dec. 2023
Business mortgages	7,084	84	7,084
Lease guarantees	408	358	328
Performance and warranty guarantees, drawn	1,376	788	1,143
Bank guarantees	612	612	612
Other commitments	31	105	47
Total	9,511	1,947	9,214

EUR 1,000

	30 June 2024	30 June 2023	31 Dec. 2023
VAT liability on real estate investments	79	73	85
TOTAL COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES	9,590	2,020	9,299

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

Loihde Group has a contingent liability of EUR 510,000 to the city of Vaasa relating to a land use agreement, for which the Group has applied for a bank guarantee of EUR 612,000 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. In addition, Loihde Group has a lease commitment related to an office lease, with the lease period starting on 1 October 2024 and the obligation to pay starting on 1 June 2025. The undiscounted lease liability related to the lease agreement amounted to EUR 1,632,000 on 30 June 2024.

Calculation formulas

EBITDA:

Operating income + depreciation, amortisation and impairment

EBITA:

Operating income + amortisation and impairment of intangible assets

Adjustments:

The adjusted EBITDA, the adjusted EBITA, the adjusted operating profit (EBIT) and the adjusted profit/loss 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 that have a significant impact on comparability from the respective reported figure.

Return on equity % (ROE):

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

The divisor used is the average of the value at the beginning and end of the period.

Return on investment % (ROI):

$$\frac{\text{Net result} + \text{taxes} + \text{finance expenses} \times 100}{\text{Equity (average)} + \text{interest-bearing liabilities}}$$

The divisor used is the average of the value at the beginning and end of the period.

Equity-to-assets ratio:

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

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 EBITA, adjusted operating profit (EBIT) and adjusted profit for the period.

Alternative performance measures published quarterly

EBITDA AND ADJUSTED EBITDA

EUR 1,000	4-6 2024	4-6 2023	1-6 2024	1-6 2023	1-12 2023
Operating profit (EBIT)	288	-1,108	-273	-3,308	-901
Depreciation, amortisation and impairment	1,946	1,918	3,913	3,713	7,571
EBITDA	2,233	810	3,640	405	6,669
Gains from the disposal of fixed assets	-1	-	-1	-	-78
Restructuring expenses	270	84	348	293	617
Other non-recurring operating expenses	52	115	175	198	362
Foreign exchange differences	-1	-	-1	-	-1
ADJUSTED EBITDA	2,554	1,009	4,161	896	7,569

Alternative performance measures published twice a year

ADJUSTED EBITA

EUR 1,000	1-6 2024	1-6 2023	1-12 2023
Operating profit (EBIT)	-273	-3,308	-901
Amortisation and impairment of intangible assets	546	687	1,323
EBITA	273	-2,621	422
Gains from the disposal of fixed assets	-1	-	-78
Restructuring expenses	348	293	617
Other non-recurring operating expenses	175	198	362
Foreign exchange differences	0	-	-1
ADJUSTED EBITA	794	-2,130	1,322

ADJUSTED OPERATING PROFIT (EBIT)

EUR 1,000	1-6 2024	1-6 2023	1-12 2023
Operating profit (EBIT)	-273	-3,308	-901
Gains from the disposal of fixed assets	-1	-	-78
Restructuring expenses	348	293	617
Other non-recurring operating expenses	175	198	362
Foreign exchange differences	0	-	-1
ADJUSTED OPERATING PROFIT (EBIT)	248	-2,817	-1

ADJUSTED PROFIT/LOSS FOR THE PERIOD

EUR 1,000	1-6 2024	1-6 2023	1-12 2023
Profit/loss for the period	-644	-3,108	-620
Gains from the disposal of fixed assets	-1	-	-78
Restructuring expenses	348	293	617
Other non-recurring operating expenses	175	198	362
Tax effects of adjustment items	-105	-79	-160
Foreign exchange differences	0	-	0
ADJUSTED PROFIT/LOSS FOR THE PERIOD	-227	-2,697	121