

Capnor Weasel Bidco

Interim Report
January – March 2020



Interim report for the first quarter of 2020

First quarter highlights (iLOQ Oy consolidated)

- Revenues increased by 10% to MEUR 14.0 (12.8)
- The Q1 gross margin increased to 55% (54%)
- Adjusted EBITDA increased by 1% to MEUR 1.2 (1.2)
- Operational Cashflow decreased to MEUR 1.0 (2.6)

Significant events during the quarter

- Successful launch of the new generation iLOQ S5, in the Nordic countries
- Successful launch of iLOQ S50 mobile key application for Apple IOS3 compatible NFC enabled phones
- Actions to mitigate possible supply chain disruptions from COVID-19 started in February. Multiple other actions also taken to ensure continuity of the business
- Actions in place to protect employee safety

<i>Capnor Weasel Bidco Group, in 1000 EUR (IFRS)*</i>	2020 Jan - Mar	2019 Jan - Mar	Change in %	2019 Jan - Dec
Revenue	14,040			
Gross profit**	6,414			
Gross margin	46%			
EBITDA	-116			
EBITDA margin	-1%			
Operational Cash Flow	25			
Operational Cash Flow%	-21%			

* No financials available for first quarter 2019

** 2020 Q1 Gross Profit Includes an impact from goodwill bridge calculation in which there is an inventory fair value adjustment of MEUR -1.2. This adjustment was done in connection with Nordic Capital Fund IX's acquisition of iLOQ and is an NRI.

<i>iLOQ Oy Consolidated, in 1000 EUR (IFRS)</i>	2020 Jan - Mar	2019 Jan - Mar	Change in %	2019 Jan - Dec
Revenue	14,040	12,797	10%	61,074
Gross profit	7,653	6,880	11%	34,076
Gross margin	55%	54%		56%
Adjusted EBITDA***	1167	1,151	1%	10,488
Adjusted EBITDA margin***	8%	9%		17%
Adjusted Operational Cash Flow***	994	2,621	-62%	4,772
Adjusted Operational Cash Flow%***	85%	228%		45%

*** excludes the impact from transaction related costs in connection with Nordic Capital Fund IX's acquisition of iLOQ.

Management overview of Q1

In Q1, iLOQ continued to market and sell its new iLOQ S5 product line in the Nordics. The launch of iLOQ S5 has been a success and has received a very positive market response. With the next generation product lines, iLOQ S50 and iLOQ S5, now being launched, management believes that iLOQ is well positioned to further grow its leadership within electromechanical locking systems.

The risks from possible supply chain disruptions due to COVID-19 are mitigated by the company's dual sourcing strategy, which distributes purchases and manufacturing across geographies. In addition, the management team has taken further measures to secure delivery capability and to mitigate possible unforeseen supply chain disruptions, to be able to meet customer demand.

In early Q1, when the COVID-19 pandemic hit Europe, the management team decided to draw 10 MEUR of the SSCRF as a precaution to guarantee the company's liquidity in case of unforeseen impacts of COVID-19. The management estimates that the company has taken the necessary and adequate steps to mitigate the potential COVID-19 related market disruptions. The company has also put in place actions to protect the health and safety of our employees. These actions include working from home, moving production and logistics employees to work in multiple shifts and restrictions on travel. The situation continues to be monitored closely and is reviewed on a daily basis by the management team and Board of Directors.

First quarter 2020 (iLOQ Group)

Revenue increased by 10%, driven by strong sales in Central Europe and the launch of iLOQ S5 product line continued to contribute to the growth in the Nordics.

Gross profit amounted to MEUR 7.6 (6.9), an increase by 11% compared to the same period last year. The gross margin amounted to 55% (54%). The 1p.p. improvement, compared to the same period last year, was due to productivity improvements, ramp up of our dual sourcing strategy and improved margin of the new iLOQ S5 product line.

Adjusted OPEX grew by 13% in Q1 y-o-y to MEUR 6.5 (5.7). The OPEX increase was mainly driven by increased R&D expenses related to the iLOQ S5 launch. Increase in the sales force headcount also contributed to the higher OPEX. Adjusted OPEX excluded MEUR -0.007 of one-off related transaction costs in Q1 (-0.021).

Adjusted EBITDA (excluding one-off items) amounted to MEUR 1.2, corresponding to 8% (9%) EBITDA margin, an increase of 1% compared to the same period last year.

Adjusted Operational cash flow was MEUR 1.0 (2.6). The decrease was caused by 2019 Q1 including a positive working capital impact from a MEUR 2.4 dividend liability, which was distributed to the shareholders in 2019 Q2. The Group is not planning on paying any dividends in the financial year of 2020 and there is therefore no need for a dividend accrual.

Declaration of the board

We confirm that, to the best of our knowledge, the condensed financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and Finnish Accounting Standards (FAS), and give a true and fair view of the Group's assets, liabilities, financial position and results of operations for the period. We also confirm, to the best of our knowledge, that the management overview includes a fair review of important events that have occurred during the first quarter 2020.

Espoo May 28, 2020

Heikki Hiltunen
President and CEO

Karl Petersson
Member of the Board

Financial statement, Group

Consolidated statement of income 1.1. -31.3.2020

<i>1 000 EUR</i>	<i>Capnor Weasel Bidco Group</i> IFRS	<i>Capnor Weasel Bidco Oy</i> FAS
Revenue	14,040	0
Other income	0	0
Materials and services	-7,627	0
Employee benefit expenses	-3,634	0
Depreciation, amortization and impairment losses	-1,875	0
Other expenses	-2,896	-35
Operating profit	-1,991	-35
Finance income	14	0
Finance cost	-1,157	-964
Net finance costs	-1,143	-964
Profit (-loss) before taxes	-3,135	-998
Income taxes	600	0
Profit (-loss) for the financial year	-2,535	-998

Balance sheet 31.3.2020

<i>1 000 EUR</i>	<i>Capnor Weasel Bidco Group</i> IFRS	<i>Capnor Weasel Bidco Oy</i> FAS
Assets		
Non-current assets		
Intangible assets	104,153	0
Goodwill	91,672	0
Tangible assets	2,346	0
Facility leasing	772	0
Car leasing	697	0
Other non-current assets	0	194,969
Deferred tax assets	409	0
Total non-current assets	200,048	194,969
Current assets		
Inventories	7,217	0
Other receivables	7,380	10
Prepayments	500	0
Deferred tax assets	342	0
Cash and cash equivalents	14,386	10,621
Total current assets	29,826	10,631
Total assets	229,874	205,600
Equity and liabilities		
Equity		
Reserves	143,061	143,060
Translation difference	9	0
Retained earnings	-5,036	-1,778
Profit and loss for the year	-2,535	-998
Total equity	135,499	140,284
Liabilities		
Interest-bearing financial liabilities	54,098	55,000
Provisions	521	0
Non-Current liability, facility	331	0
Non-Current liability, vehicles	338	0
Short-term interest-bearing liabilities	10,000	10,000
Short-term interest-free liabilities	8,875	316
Current liability, facility	452	0
Current liability, vehicles	369	0
Current tax liabilities	21	0
Provisions	333	0
Deferred tax liabilities	19,036	0
Total liabilities	94,375	65,316
Total equity and liabilities	229,874	205,600

Consolidated statement of cash flows 1.1.- 31.3.2020

<i>1 000 EUR</i>	Capnor Weasel Bidco Group	Capnor Weasel Bidco Oy
	IFRS	FAS
Cash flow from operating activities		
Profit (-loss) for the financial year	-2,526	-998
Adjustments:	0	0
Planned depreciation	1,875	0
Financial income and expenses	1,143	964
Cash flow before change in working capital	492	-34
Change in working capital:		
Increase (-)/decrease (+) in short-term interest-free trade receivables	2,997	-2
Increase (-)/decrease (+) in inventories	1,255	0
Increase (+)/decrease (-) in short-term interest-free liabilities	-3,067	-18
Cash flow from operating activities before financial items and taxes	1,677	-54
Interest paid and payments on other financial expenses	-1,056	-964
Interest received from operating activities	0	0
Direct taxes paid	-975	
Cash flow from operating activities (A)	-354	-1 018
CASH FLOW FROM INVESTMENT ACTIVITIES		
Investments in tangible assets	-68	0
Investments in intangible assets	-976	0
Cash flow from investment activities (B)	-1,044	0
CASH FLOW FROM FINANCING ACTIVITIES		
Withdrawal of short-term loans	10,000	10,000
Payments of lease liabilities	0	0
Cash flow from financing activities (C)	10,000	10,000
CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	8,602	8,982
Cash and cash equivalents at the beginning of the financial period	5,784	1,639
Cash and cash equivalents at the end of the financial period	14,386	10,621

iLOQ Oy consolidated IFRS

Consolidated statement of comprehensive income

<i>1 000 EUR</i>	Q1 2020	Q1 2019
Revenue	14,040	12,797
Materials and services	-6,387	-5,917
Employee benefit expenses	-3,634	-3,492
Depreciation, amortization and impairment losses	-755	-676
Other expenses	-2,859	-2,258
Operating profit	406	454
Finance income	14	51
Finance cost	-142	-164
Net finance costs	-128	-112
Profit (-loss) before taxes	278	342
Income taxes	-33	-56
Profit (-loss) for the financial year	245	286

iLOQ Oy consolidated IFRS

CONSOLIDATED STATEMENT OF BALANCE SHEET 31.3.2020

<i>1 000 EUR</i>	Q1 2020	Q1 2019
Assets		
Non-current assets		
Intangible assets	8,759	6,779
Tangible assets	2,346	1,469
Facility Leasing	772	1,159
Vehicle Leasing	697	573
Deferred tax assets	409	513
Total non-current assets	12,982	10,493
Current assets		
Inventories	7,076	5,462
Long-term receivable	0	2,662
Other receivables	7,371	5,545
Prepayments	500	0
Tax receivables	342	370
Cash and cash equivalents	3,734	2,913
Total current assets	19,023	16,951
Total assets	32,005	27,444
Equity and liabilities		
Equity		
Share capital	1,000	1,000
Reserves	5,682	5,098
Translation difference	-4	-56
Retained earnings	14,158	9,038
Profit and loss for the year	245	286
Total equity	21,081	15,367
Liabilities		
Provisions	521	333
Non-Current liability, facility	331	652
Non-Current liability, vehicle	338	283
Short-term interest-free liabilities	8,559	9,287
Current liability, facility	452	510
Current liability, vehicles	369	293
Current tax liabilities	21	0
Provisions	333	719
Total liabilities	10,925	12,078
Total equity and liabilities	32,005	27,444

iLOQ Oy consolidated IFRS
Consolidated statement of cash flows

<i>1 000 EUR</i>	Q1/2020	Q1/2019
Cash flow from operating activities		
Profit (-loss) for the financial year	245	286
Adjustments:		
Non-cash items	0	4
Depreciation and amortization	755	675
Finance income	-14	-51
Finance expenses	142	164
Taxes	33	56
Change in working capital:		
Change in trade and other receivables	2,756	2,718
Increase (-)/decrease (+) in inventories	15	70
Change in trade and other payables	-1,981	-533
Change in provisions	80	28
Interest paid	-41	-21
Interest received	0	0
Taxes paid	-975	-461
Other financial items	-12	-12
Net cash flow from operating activities	1,003	2,923
Cash flow from investing activities		
Purchase of tangible fixed assets	-68	-159
Purchase of intangible fixed assets	-976	-654
Net cash flow from investing activities	-1 044	-813
Cash flow from financing activities		
Acquisition of own shares	0	-261
Proceeds from issuance of shares	0	150
Payments of lease liabilities	-249	-215
Cash flow from financing activities	-249	-326
Change in cash flows	-289	1,784
Cash and cash equivalents 1.1	4,110	1 218
Net effect of exchange rate changes on cash and cash equivalent	-87	-90
Cash and cash equivalents 31.3	3,734	2,912

Notes to the interim consolidated financial statements

1. Reporting entity

Capnor Weasel Bidco Oy (the Company) is domiciled in Finland. These condensed consolidated interim financial statements for the quarter ended March 31, 2020 comprise the Company and its subsidiaries (together referred to as the 'Group').

2. Accounting principles

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and Finnish Accounting standards (FAS). These interim statements have not been audited.

3. Comments on financial results

The results of operations of iLOQ Oy are included in the consolidated financial statements of the Group from the date of acquisition, December 11, 2019. To provide meaningful information on the operational development, the financial comments refer to the financial performance of the underlying business of iLOQ Oy and its subsidiaries (together referred to as "iLOQ Oy consolidated").

Contact

Additional information about the company can be found on the corporate website www.ilq.com. The company can be contacted by e-mail, info@ilq.com.

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