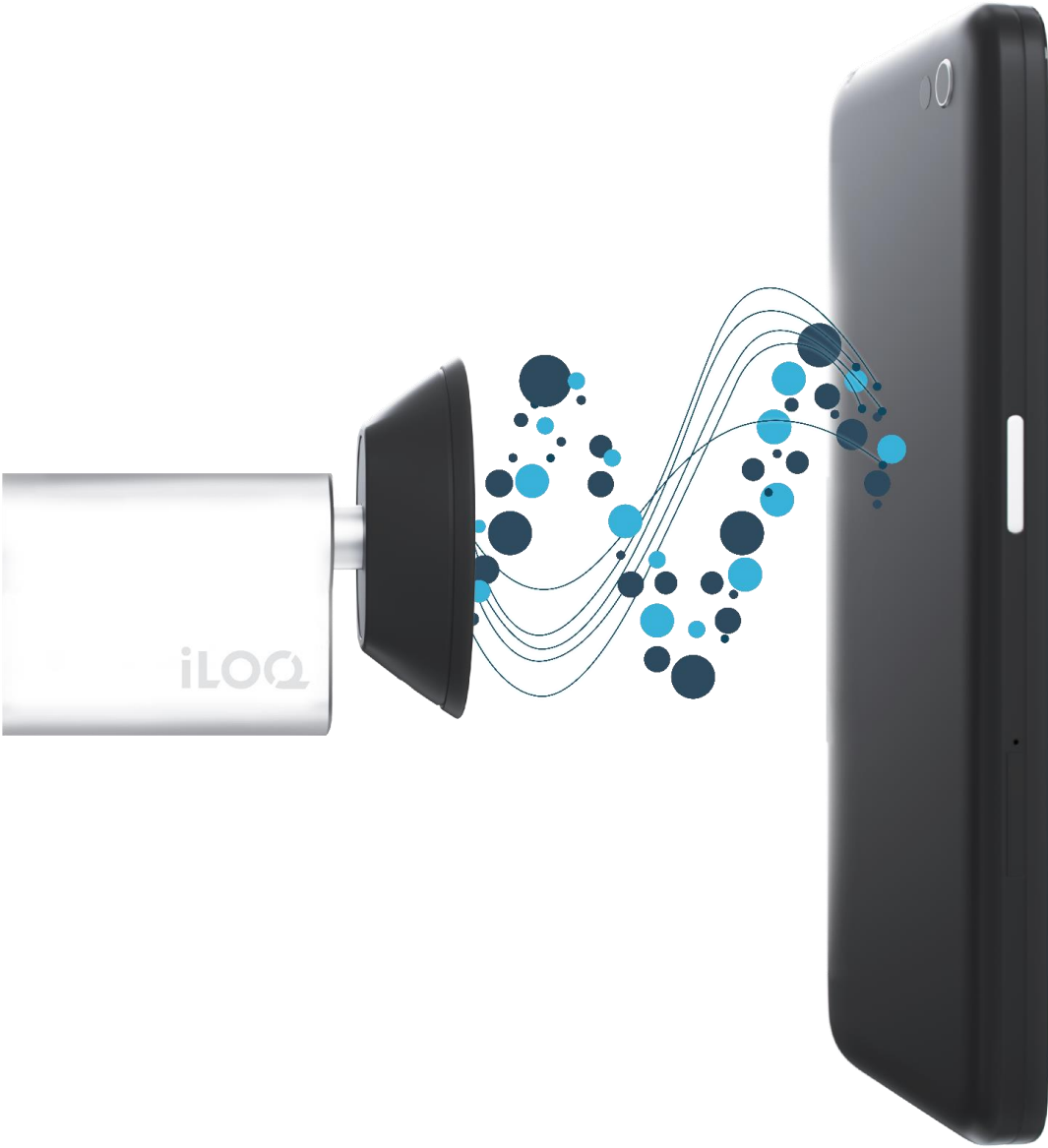


CAPNOR WEASEL BIDCO OYJ

Interim report
January – March 2021



Interim report for the first quarter of 2021

First quarter highlights

- Revenue increased by 36% to MEUR 19.0 (14.0).
- EBITDA increased to MEUR 2.5 (-0.1), corresponding to a 13% (-1%) EBITDA margin.
- EBIT increased to MEUR 0.5 (-2.0), corresponding to a 3% (-14%) EBIT margin.
- Operational cash flow decreased to MEUR -3.2 (0.7) due to strategic actions to mitigate possible global supply chain disruptions caused by global component shortages.

Significant events during the quarter

- The world's three millionth iLOQ key was delivered.
- New logistics center opened in Oulu, Finland to facilitate future growth.
- Market operations started in UK.
- COVID-19 mitigation actions continued successfully.
- Global component shortage situation mitigation actions started successfully.

KEY FINANCIALS, EUR thousand	Q1 2021	Q1 2020	Change in %	FY 2020
Revenue	19 043	14 040	36 %	74 125
EBITDA	2 494	-116*	-2243 %	12 635*
EBITDA margin	13 %	-1 %*		17 %
EBIT	492	-1 991*	-125 %	5 089*
EBIT margin	3 %	-14 %*		7 %*
Operational Cash Flow	-3 194	693*	-561 %	8 017*
Operational Cash Flow %	-17 %	5 %*		11 %*

* Q1 2020 EBITDA, EBIT & Operational Cash Flow include 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

Management overview of the first quarter

Following a strong Q4 2020, iLOQ was able to continue accelerating its growth in Q1 2021. For the third quarter in a row, the company's revenue growth was above 30% with Q1 2021 revenue growth being 36%. This is the highest quarterly revenue growth since Q3 2017. Despite the third wave of COVID-19 hitting iLOQ's main markets in Q1 2021, the strong financial performance proved that iLOQ has been able to continue and even accelerate its growth path in these unprecedented times.

The successful actions to mitigate potential risks of possible supply chain disruptions due to COVID-19 continued in Q1 2021. Management successfully continued measures to secure delivery capability and to mitigate possible unforeseen supply chain disruptions in the first quarter to be able to meet customer demand. These actions continued the trend of higher inventory levels compared to Q1 2020. To secure profitable growth, the company is likely to continue to hold higher than normal inventory levels in the coming quarters to mitigate any possible supply chain disruption coming from the global component shortage. Despite the mitigation activities, management sees a potential risk of continued global component shortage having an impact to the second half of 2021.

Since iLOQ established its first subsidiary outside Europe in Canada in Q4 2020, the market entry has continued to be successful in Q1 2021. The quarter also saw the first actual project in Canada with the first iLOQ S50 being sold to Core Data Centers. The iLOQ S50 solution helps the customer to eliminate security risks related to physical keys and, with no batteries or cabling, lifecycle costs and environmental impacts are minimized.

Management believes that the strong financial results achieved in Q1 2021 were a result of keeping the organization fully employed and active during the COVID-19 pandemic in 2020. During this time, a significant focus was directed to supporting and virtually training our partner network in these unprecedented times. The management continued to invest in digital marketing and sales channel development in 2020 according to iLOQ's long-term profitable growth strategy. Due to these and many other actions completed during 2020 and in Q1 2021, management believes that iLOQ is well positioned to continue executing its long-term profitable growth strategy in 2021, as well as in the coming years.

First quarter 2021

Total revenue grew 36% compared to Q1 2020, driven by strong sales across all regions. The management's decision to keep investing in digital marketing and sales channels has proven to be the right decision and the benefits of the work done to support the continuously growing partner network can be seen in the strong performance in Q1 2021. Management believes that the company has been able to continue taking market share in Q1 2021 and is well positioned to continue the growth momentum in all regions during the rest of 2021.

EBITDA amounted to MEUR 2.5 (-0.1), corresponding to a 13% (-1%) EBITDA margin. The increase in EBITDA was mainly caused by the increased volumes and operational leverage.

EBIT amounted to MEUR 0.5 (-2.0), corresponding to a 3% (-14%) EBIT margin. The increase in EBIT was mainly caused by the increased volumes and operational leverage.

Operational cash flow was MEUR -3.2 (0.7). The decrease was caused by continued efforts to mitigate any possible COVID-19-related supply chain disruptions. The increased inventories had a material negative impact on the Q1 2021 Operational cashflow. The company is expected to continue to have higher than normal inventories during the COVID-19 pandemic and until the global component situation improves to guarantee its ability to produce and ship iLOQ products to customers.

Declaration of the board

We confirm that, to the best of our knowledge, the condensed financial statements 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 2021.

Espoo May 12, 2021

Heikki Hiltunen

President and CEO

Karl Pettersson

Member of the Board

CONDENSED INCOME STATEMENT

CONDENSED INCOME STATEMENT, IFRS			
EUR Thousand	Q1 2021	Q1 2020	FY 2020
Revenue	19,043	14,040	74,125
Other income	0	0	1
Materials and services	-8,580	-7,627	-33,789
Employee benefit expenses	-4,928	-3,634	-15,474
Depreciation, amortization and impairment losses	-2,002	-1,875	-7,545
Other operating expenses	-3,041	-2,896	-12,229
Operating profit	492	-1,991	5,089
Finance income	21	14	133
Finance cost	-925	-1,157	-4,067
Net financial expenses	-905	-1,143	-3,934
Profit (-loss) before taxes	-413	-3,135	1,155
Income taxes	45	600	-637
Profit (loss) for the financial period	-368	-2,535	518
Items that may be subsequently reclassified to profit or loss	0	0	0
Translation differences	-16	9	-15
Total comprehensive income	-384	-2,526	503

CONDENSED BALANCE SHEET

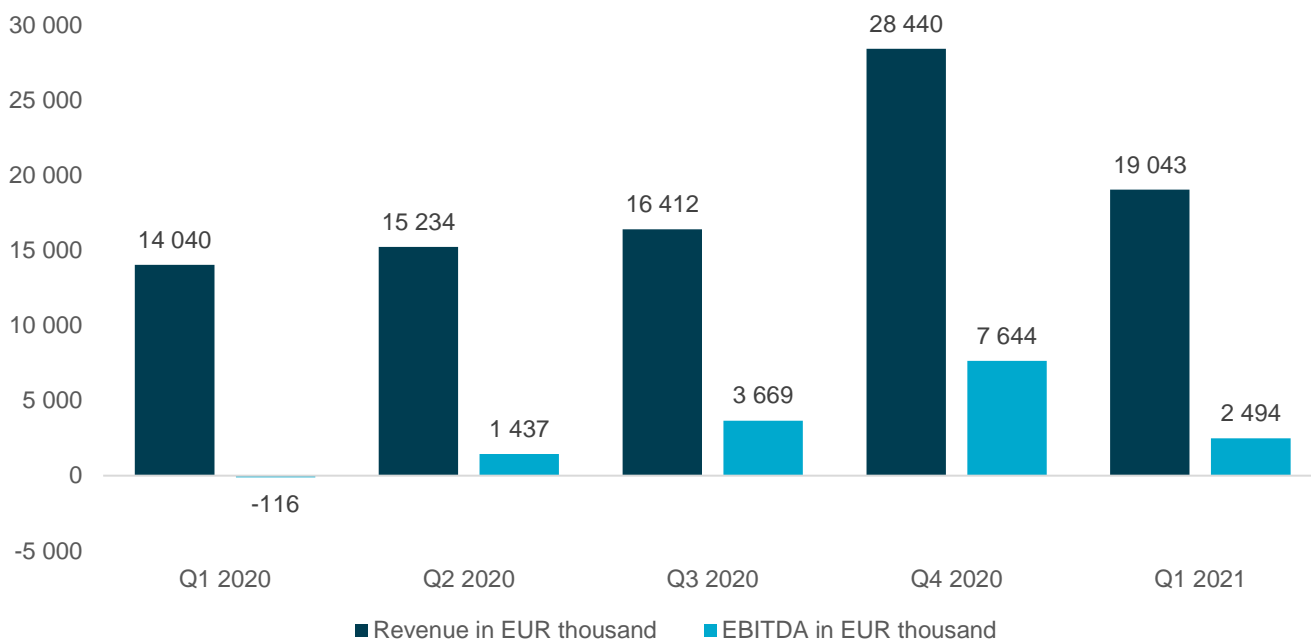
CONSOLIDATED BALANCE SHEET, IFRS			
EUR Thousand	Mar 2021	Mar 2020	Dec 2020
ASSETS			
Non-current assets			
Intangible assets	102,185	104,153	102,650
Business value	91,672	91,672	91,672
Property, plant and equipment	4,849	3,814	4,519
Deferred tax assets	475	409	478
Total non-current assets	199,181	200,048	199,319
Inventories	12,234	7,217	10,246
Trade and other receivables	13,322	8,223	12,119
Cash and cash equivalents	1,974	14,386	8,013
Total current assets	27,529	29,826	30,378
Total assets	226,711	229,874	229,697
EQUITY & LIABILITIES			
Equity			
Share capital	80		80
Invested unrestricted equity fund	142,980	143,061	142,980
Translation difference	31	9	15
Retained earnings	-4,952	-7,571	-4,568
Total equity	138,139	135,499	138,507
LIABILITIES			
Non-current liabilities			
Financial liabilities	54,263	54,098	54,218
Non-current lease liabilities	920	669	731
Non-current provisions	1,080	521	1,026
Deferred tax liabilities	18,451	19,036	18,743
Total non-current liabilities	74,714	74,325	74,719
Current liabilities			
Short-term interest-bearing liabilities		10,000	
Account payables and other liabilities	12,241	8,875	13,569
Current lease liabilities	1,057	821	1,017
Current provisions	521	333	460
Tax liabilities based on taxable income for the financial period	38	21	1,425
Total current liabilities	13,857	20,050	16,471
Total liabilities	88,571	94,375	91,190
Total equity and liabilities	226,711	229,874	229,697

CONDENSED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS, IFRS		
EUR Thousand	Q1 2021	Q1 2020
CASH FLOW FROM OPERATING ACTIVITIES		
Profit (Loss) for the financial period	-368	-2,536
Adjustments:		
Depreciation and amortization	2,002	1,875
Unrealized exchange rate gains and losses	0	0
Financial Income	-21	-14
Financial Expense	925	1,157
Taxes	-45	-600
Other adjustments	0	0
Change in Working Capital:		
Change in trade and other receivables	-1,172	2,940
Change in inventory	-1,987	1,255
Change in trade and other payables	-1,267	-2,422
Change in provisions	116	80
Interest paid	-737	-762
Interest received	0	0
Income tax paid	-1,750	-975
Other financial items	-47	-14
Net cash flow from operating activities (A)	-4,353	-16
Cash flow from investing activities		
Purchases of tangible fixed assets	-1,059	-718
Purchases of intangible fixed assets	-318	-326
Business acquisitions	0	0
Net cash flow from investing activities (B)	-1,377	-1,044
Cash flow from financing activities		
Payments of lease liabilities	-262	-251
Proceeds from short-term liabilities	0	10,000
Payments of short-term liabilities	0	0
Net cash flow from financing activities (C)	-262	9,749
CHANGE IN CASH AND EQUIVALENTS (A+B+C)	-5,992	8,689
Cash and cash equivalents, in the beginning of period	8,013	5,784
Net effect of exchange rate changes on cash and cash equivalents	-47	-87
Cash and cash equivalents, at the end of period	1,974	14,386

QUARTERLY DEVELOPMENT

Revenue & EBITDA quarterly development



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

For questions concerning this report please contact:

Heikki Hiltunen
CEO and President
Heikki.Hiltunen@ilq.com

Timo Pirskanen
CFO
Timo.Pirskanen@ilq.com