

CAPNOR WEASEL BIDCO OYJ

Interim Report
January – September 2021



Interim Report for the third quarter of 2021

Third quarter highlights

- Revenue increased by 30% to MEUR 21.3 (16.4)
- EBITDA increased to MEUR 4.0 (3.7), corresponding to a 19% (22%) EBITDA margin
- EBIT decreased to MEUR 1.9 (2.0), corresponding to a 9% (12%) EBIT margin
- Operational cash flow decreased to MEUR -0.9 (1.5). As planned, the strategic actions to mitigate possible global supply chain disruptions caused by global component shortages continued to have a negative impact to the Operational cash flow

Significant events during the quarter

- iLOQ S50 APP launched for Huawei mobile phones. Android, IOS and Huawei now supported by iLOQ
- iLOQ was presented with the Product Innovation Award for the iLOQ S5 digital locking solution in the Advanced Architecture Awards 2021
- COVID-19 mitigation actions continued successfully
- Global electronics component shortage situation mitigation continued successfully
- Agustín Llobet Pedrero has been appointed as Country Manager for iLOQ Spain. He takes over the role from Joaquim Serrahima who is now Director of Global Key Accounts for the telecom segment – a strategic move in order to further strengthen iLOQ's focus on the critical infrastructure business.

KEY FINANCIALS EUR thousand	Q3 2021	Q3 2020	Change in %	YTD 2021	YTD 2020	Change in %	FY 2020
Revenue	21,282	16,412	30%	63,496	45,685	39%	74,125
EBITDA	3,986	3,669	9%	10,771	4,990	116%	12,635
EBITDA margin	19%	22%		17%	11%		17%
EBIT	1,902	2,011	-5%	4,624	-517	-995%	5,089
EBIT margin	9%	12%		7%	-1%		7%
Operational Cash Flow	-883	1,509	-158%	-2,799	2,589	-208%	8,017
Operational Cash Flow %	-4%	9%		-4%	6%		11%
Adjusted EBITDA	3,986	3,669	9%	10,771	6,230	73%	13,874
Adjusted EBITDA margin	19%	22%		17%	14%		19%

* YTD 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. This impact has been eliminated in the Adjusted EBITDA

Management overview of the third quarter

Following a strong H1 2021, iLOQ was able to continue on its growth path in Q3 2021. Despite the strong comparison quarter Q3 2020, the Group's revenue growth was 30% or higher for the fifth consecutive quarter with Q3 2021 revenue growth being 30%. The strong financial performance continued to prove that iLOQ has been able to continue accelerating its growth path.

The successful actions to mitigate potential supply-chain disruptions due to COVID-19 continued in Q3 2021. Management successfully continued measures to secure delivery capability and to mitigate possible unforeseen supply-chain disruptions in the third quarter to be able to meet customer demand. These actions continued the trend of higher inventory levels compared to Q3 2020. 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. This increase in working capital had a material negative effect on the Group's cash situation, but management sees that by strategically prioritizing delivery capability, the Group has been able to continue taking market share in Q3 2021.

Q3 2021 included multiple significant events for iLOQ: The iLOQ S50 APP became available for Huawei mobile phone users and, with it, the benefits of the iLOQ S50 mobile access sharing solution is reaching even further corners of the globe. Agustín Llobet Pedrero was appointed as Country Manager for iLOQ Spain. Agustín has widespread knowledge of the security industry. For over 20 years, he has worked for Casmar, one of the largest electronic security systems distributors in Iberia. His experience with distributing major brands of electronic locks and managing the Intrusion and Access Control Divisions will be an asset to iLOQ as business continues to grow in Spain. In September 2021, iLOQ was presented with the Product Innovation award at the Advanced Architecture Awards 2021 out of 256 candidates.

Third quarter 2021

The growth rate slowed down from the record high growth of Q2 2021 due to the strong comparison quarter of Q3 2020. Despite the strong comparison quarter, total revenue grew 30% compared to Q3 2020, driven by strong sales across all regions. Management expects the quarterly growth rates to continue to slow down closer to the Group's long-term average in Q4 2021 due to the strong sales in the comparison quarter of Q4 of 2020. The stronger comparison quarters were caused by projects which were postponed from Q2 2020 to Q3 and Q4 2020.

EBITDA amounted to MEUR 4.0 (3.7), corresponding to a 19% (22%) EBITDA margin. The increase in EBITDA was mainly caused by the increased volumes

EBIT amounted to MEUR 1.9 (2.0), corresponding to a 9% (12%) EBIT margin. The decrease in EBIT was caused by a correction to goodwill depreciations which were increased in Q3 due to H1 2021 having too low depreciation levels.

Operational cash flow was MEUR -0.9 (1.5). The increased inventories to mitigate any possible COVID-19-related supply-chain disruptions continued to have a material negative impact on the Q3 2021 Operational cash flow. 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.

YTD September 2021

Total revenue grew 39% compared to YTD 2020, driven by strong sales across all regions. The high revenue growth was partly due to the comparison period being weaker than normal due to COVID-19 negatively affecting H1 2020 with Q3 2020 being the first stronger comparison period. Management expects the Q4 2021 growth rate to be slower and closer to the Group's long-term average due to the strong sales in the comparison quarter of Q4 2020. Despite this, management believes that the company has been able to continue taking market share in YTD 2021 and is well positioned to continue the growth momentum in all regions during the rest of 2021 and 2022.

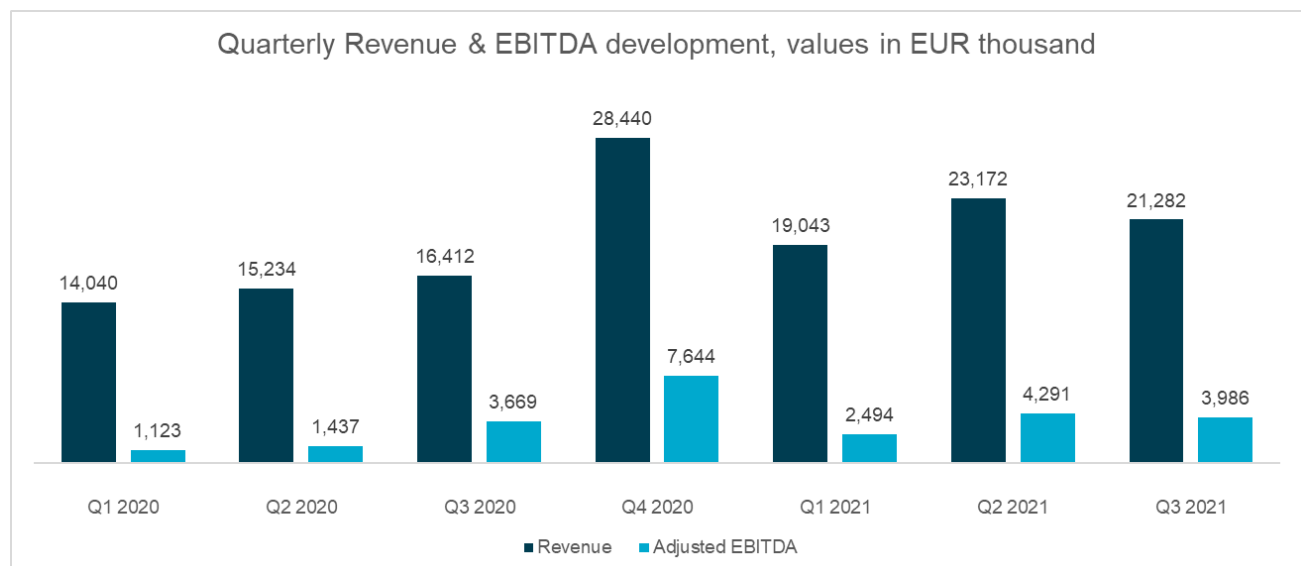
EBITDA amounted to MEUR 10.8 (5.0), corresponding to a 17% (11%) EBITDA margin. The increase in EBITDA was mainly caused by the increased volumes and related operational leverage.

EBIT amounted to MEUR 4.6 (-0.5), corresponding to a 7% (-1%) EBIT margin. The increase in EBIT was mainly caused by the increased volumes and related operational leverage.

Operational cash flow was MEUR -2.8 (2.6). The decrease was caused by continued efforts to mitigate any possible COVID-19 and global-component-shortage-related supply-chain disruptions. The increased inventories had a material negative impact on the YTD 2021 Operational cash flow. 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.

Quarterly Information

QUARTERLY INFORMATION	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Revenue	14,040	15,234	16,412	28,440	19,043	23,172	21,282
EBITDA	-116	1,437	3,669	7,644	2,494	4,291	3,986
EBITDA margin	-1%	9%	22%	27%	13%	19%	19%
EBIT	-1,991	-537	2,011	5,606	492	2,230	1,902
EBIT margin	-14%	-4%	12%	20%	3%	10%	9%
Operational Cash Flow	693	387	1,509	5,428	-3,194	1,277	-883
Operational Cash Flow %	5%	3%	9%	19%	-17%	6%	-4%
Adjusted EBITDA	1,123	1,437	3,669	7,644	2,494	4,291	3,986
Adjusted EBITDA margin	8%	9%	22%	27%	13%	19%	19%



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 nine months of 2021.

Espoo November 12, 2021

Heikki Hiltunen
President and CEO

Karl Petersson
Member of the Board

INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT, IFRS					
EUR Thousand	Q3 2021	Q3 2020	YTD 2021	YTD 2020	FY 2020
Revenue	21,282	16,412	63,496	45,685	74,125
Other income	0	0	0	1	1
Materials and services	-9,640	-7,173	-28,127	-21,976	-33,789
Employee benefit expenses	-4,756	-3,177	-15,456	-10,552	-15,474
Depreciation, amortisation and impairment losses	-2,084	-1,658	-6,147	-5,507	-7,545
Other operating expenses	-2,900	-2,392	-9,143	-8,168	-12,229
Operating profit	1,902	2,011	4,624	-517	5,089
Finance income	-1	32	37	93	133
Finance cost	-967	-1,066	-2,892	-3,114	-4,067
Net financial expenses	-968	-1,034	-2,854	-3,021	-3,934
Profit (-loss) before taxes	934	977	1,769	-3,538	1,155
Income taxes	-327	-194	-762	507	-637
Profit (loss) for the financial period	607	783	1,008	-3,031	518
Items that may be subsequently reclassified to profit or loss					0
Translation differences	-5	-9	-4	-11	-15
Total comprehensive income	602	774	1,004	-3,042	503

BALANCE SHEET

CONSOLIDATED BALANCE SHEET, IFRS			
EUR Thousand	Sep 2021	Sep 2020	Dec 2020
ASSETS			
Non-current assets			
Intangible assets	101,238	102,899	102,650
Business value	91,672	91,672	91,672
Property, plant and equipment	4,728	3,409	4,519
Deferred tax assets	490	474	478
Total non-current assets	198,128	198,454	199,319
Inventories	19,765	9,781	10,246
Trade and other receivables	14,783	9,449	12,119
Cash and cash equivalents	1,785	3,773	8,013
Total current assets	36,333	23,002	30,378
Total assets	234,461	221,456	229,697
EQUITY & LIABILITIES			
Equity			
Share capital	80	80	80
Invested unrestricted equity fund	142,980	142,980	142,980
Translation difference	19	-11	15
Retained earnings	-3,568	-8,027	-4,568
Total equity	139,511	135,023	138,507
LIABILITIES			
Non-current liabilities			
Financial liabilities	54,354	54,175	54,218
Non-current lease liabilities	690	442	731
Non-current provisions	933	744	1,026
Deferred tax liabilities	18,107	18,444	18,743
Total non-current liabilities	74,085	73,806	74,719
Current liabilities			
Short-term interest-bearing liabilities	2,535	0	0
Account payables and other liabilities	16,235	11,208	13,569
Current lease liabilities	942	565	1,017
Current provisions	735	435	460
Current tax liabilities	418	420	1,425
Total current liabilities	20,866	12,628	16,471
Total liabilities	94,950	86,433	91,190
Total equity and liabilities	234,461	221,456	229,697

STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS, IFRS					
EUR Thousand	Q3 2021	Q3 2020	YTD2021	YTD2020	FY 2020
CASH FLOW FORM OPERATING ACTIVITIES					
Profit (Loss) for the financial period	608	783	1,008	-3,031	518
Adjustments:					
Depreciation and amortization	2,084	1,658	6,147	5,507	7,545
Unrealized exchange rate gains and losses	0	0	0	0	-150
Financial Income	1	-32	-37	-93	-133
Financial Expense	968	1,066	2,892	3,114	4,067
Taxes	327	194	762	-507	637
Other adjustments	0	0	0	0	186
Change in Working Capital:					
Change in trade and other receivables	89	-905	-2,664	1,372	-1,255
Change in inventory	-4,586	-1,834	-9,519	-1,309	-1,774
Change in trade and other payables	963	1,221	2,666	148	2,580
Change in provisions	41	146	183	405	712
Interest paid	-766	-949	-2,290	-2,506	-3,261
Interest received	0	0	0	0	1
Income tax paid	-348	-18	-2,446	-1,005	-1,050
Other financial items	-62	-52	-152	-220	-319
Net cash flow from operating activities (A)	-681	1,279	-3,450	1,876	8,304
Cash flow from investing activities					
Investments in intangible assets	-1,090	-754	-3,224	-2,396	-3,671
Investments in tangible assets	-262	-35	-988	-623	-1,210
Business acquisitions	0	0	0	0	0
Net cash flow from investing activities (B)	-1,352	-789	-4,212	-3,018	-4,881
Cash flow from financing activities					
Payments of lease liabilities	-289	-238	-848	-734	-1,027
Proceeds from short-term liabilities	2,535	0	2,535	10,000	10,000
Payments of short-tem liabilities	0	-10,000	0	-10,000	-10,000
Net cash flow from financing activities (C)	2,246	-10,238	1,687	-734	-1,027
CHANGE IN CASH AND EQUIVALENTS (A+B+C)	213	-9,748	-5,975	-1,877	2,396
Cash and cash equivalents, in the beginning of period	1,666	13,565	8,013	5,784	5,784
Net effect of exchange rate changes on cash and cash equivalents	-94	-44	-253	-135	-167
Cash and cash equivalents, at the end of period	1,785	3,773	1,785	3,773	8,013

Definitions of alternative performance measures

1. **EBITDA** = EBIT before depreciation, amortization and impairments
2. **Operational Cash Flow** = EBITDA + Change in trade and other receivables + Change in inventory + Change in trade and other payables + Change in provisions + Net cash flow from investing activities (C). Operational cash flow is used internally by the group to follow EBITDA which takes into account investments and change in working capital
3. **Operational Cash Flow %** = Operational Cash Flow / Revenue
4. **Adjusted EBITDA** = EBITDA excluding items affecting comparability

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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