

CAPNOR WEASEL BIDCO OYJ

Financial Statement Bulletin
January – December 2021



Financial Statement Bulletin 2021

Fourth quarter highlights

- Revenue increased by 39% to MEUR 39.4 (28.4)
- EBITDA increased to MEUR 11.8 (7.6), corresponding to a 30% (27%) EBITDA margin
- EBIT increased to MEUR 9.8 (5.6), corresponding to a 25% (20%) EBIT margin
- Operational Cash Flow increased to MEUR 10.1 (5.4). The Group continued the strategic actions to mitigate possible global supply chain disruptions by having higher than normal inventory levels which had material impact on the Operational Cash Flow

Significant events during the quarter

- iLOQ Group's full year revenue exceeded MEUR 100
- Global frame agreement signed with Heimstaden, which is one of the leading residential real estate companies in Europe with some 150 000 apartments across ten countries
- Global component shortage mitigation actions continued successfully securing normal delivery times also in the fourth quarter of the year

KEY FINANCIALS EUR thousand	Q4		Change in %	FY		Change in %
	2021	2020		2021	2020	
Revenue	39,424	28,440	39%	102,921	74,125	39%
EBITDA	11,818	7,644	55%	22,588	12,635	79%
EBITDA margin	30%	27%		22%	17%	
EBIT	9,758	5,606	74%	14,382	5,089	183%
EBIT margin	25%	20%		14%	7%	
Operational Cash Flow	10,114	5,428	86%	7,339	8,017	-8%
Operational Cash Flow %	26%	19%		7%	11%	
Adjusted EBITDA	11,818	7,644	55%	22,588	13,874	63%
Adjusted EBITDA margin	30%	27%		22%	19%	

* FY 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 item affecting comparability. This impact has been eliminated in the Adjusted EBITDA

Management overview of the fourth quarter

Following the strong first nine months of 2021, iLOQ was able to continue on its growth path in Q4 2021. For the sixth quarter in a row, the Group's revenue growth was 30% or higher with Q4 2021 revenue growth being 39%. Despite the comparison quarter Q4 2020 having strong revenue growth partly due to multiple projects being shipped and delivered in Q4 2020 instead of the original schedule of Q2 2020 due to COVID-19, the strong revenue performance proved that iLOQ has been able to continue accelerating its growth path.

The actions to mitigate potential supply chain disruptions continued in Q4 2021. Management successfully continued measures to secure delivery capability and to mitigate possible unforeseen supply chain disruptions in the fourth quarter to be able to meet customer demand. These actions continued the trend of higher inventory levels compared to Q4 2020. The company is likely to continue to hold higher than normal inventory levels in 2022 to mitigate any possible supply chain disruption coming from the global component shortage.

Q4 2021 included the signing of a frame agreement with leading European residential real estate company Heimstaden. Heimstaden's portfolio consists of approximately 150,000 apartments across ten countries. Their common and global objective is to create friendly homes and proactively work in the years to come to phase out mechanical locking systems by retrofitting existing properties and equipping new builds with the latest iLOQ 5 Series software platform which includes the revolutionary new iLOQ HOME solution launched in January 2022. The cooperation demonstrates that Heimstaden clearly recognizes and understands the benefits of digital access management throughout the housing value chain.

Management believes that the continued strong financial results achieved in Q4 2021 were a result of continuing to execute the Group's long-term strategic plan which leverages the accelerating penetration rates of digital access management systems in its key markets. By continuing to follow the Group's long-term strategy, management believes that iLOQ is well positioned to continue executing its long-term growth in 2022, as well as in the coming years.

Fourth quarter 2021

Total revenue grew 39% compared to Q4 2020, driven by strong sales across all regions. Despite the strong comparison quarter, the Group's revenue growth was 30% or higher for the sixth consecutive quarter. The strong comparison quarter Q4 2020 was partly caused by projects which were postponed from Q2 2020 to Q3 and Q4 2020.

EBITDA amounted to MEUR 11.8 (7.6), corresponding to a 30% (27%) EBITDA margin. The increase in EBITDA was mainly caused by the increased volumes and related operational leverage.

EBIT amounted to MEUR 9.8 (5.6), corresponding to a 25% (20%) EBIT margin. The increase in EBIT was mainly caused by the increased volumes and related operational leverage.

Operational cash flow was MEUR 10.1 (5.4). The increased inventories to mitigate any possible supply chain disruptions continued to have a material negative impact on the Q4 2021 Operational Cash Flow. The company is expected to continue to have higher than normal inventories during 2022 and until the global component situation improves to guarantee its ability to produce and ship iLOQ products to customers.

Full year 2021

Total revenue grew 39% compared to full year 2020, driven by strong sales across all regions. Management believes that the company has been able to continue taking market share in 2021 and is well positioned to continue the growth momentum in all regions during 2022.

EBITDA amounted to MEUR 22.6 (12.6), corresponding to a 22% (17%) EBITDA margin. The increase in EBITDA was mainly caused by the increased volumes and related operational leverage.

EBIT amounted to MEUR 14.4 (5.1), corresponding to a 14% (7%) EBIT margin. The increase in EBIT was mainly caused by the increased volumes and related operational leverage.

Operational Cash Flow was MEUR 7.3 (8.0). The increased inventories to mitigate any possible supply chain disruptions had a material negative impact on the full year 2021 Operational Cash Flow. The company is expected to continue to have higher than normal inventories during 2022 and until the global component situation improves to guarantee its ability to produce and ship iLOQ products to customers.

Events after the reporting period

As of 12th of January, iLOQ HOME was introduced, which is a solution that enables residents to have visibility and control of their keys in a ground-breaking way that has never been seen before in the residential sector. As of 1st February, Erja Sankari has been appointed as Executive Vice President and Chief Operating Officer. Erja will also become a member of iLOQ's Management Team. Before joining iLOQ, Sankari has been working as Vice President of Global Supply Chain at Nokia. She will replace Esa Myllylä who will be retiring in 2022.

Key figures

FINANCIAL KEY FIGURES	FY 2021	FY 2020
Revenue (EUR 1,000)	102,921	74,125
Operating profit (EUR 1,000)	14,382	5,089
Operating profit (%)	14.0 %	6.9 %
Return on equity (%) (ROE)	5.9 %	0.4 %
Equity ratio (%)	60.9 %	60.3 %
Average number of employees for the financial period	212	170

Quarterly Information

QUARTERLY INFORMATION	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Revenue	14,040	15,234	16,412	28,440	19,043	23,172	21,282	39,424
EBITDA	-116	1,437	3,669	7,644	2,494	4,291	3,986	11,818
EBITDA margin	-1%	9%	22%	27%	13%	19%	19%	30%
EBIT	-1,991	-537	2,011	5,606	492	2,230	1,902	9,758
EBIT margin	-14%	-4%	12%	20%	3%	10%	9%	25%
Operational Cash Flow	693	387	1,509	5,428	-3,194	1,277	-859	10,114
Operational Cash Flow %	5%	3%	9%	19%	-17%	6%	-4%	26%
Adjusted EBITDA	1,123	1,437	3,669	7,644	2,494	4,291	3,986	11,818
Adjusted EBITDA margin	8%	9%	22%	27%	13%	19%	19%	30%

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 financial year 2021.

Espoo February 13, 2022

Heikki Hiltunen

President and CEO

Karl Petersson

Member of the Board

INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT, IFRS				
EUR Thousand	Q4 2021	Q4 2020	FY 2021	FY 2020
Revenue	39,424	28,440	102,921	74,125
Other income	0	0	0	1
Materials and services	-16,332	-11,813	-44,459	-33,789
Employee benefit expenses	-6,616	-4,922	-22,072	-15,474
Depreciation, amortization and impairment losses	-2,060	-2,038	-8,207	-7,545
Other operating expenses	-4,659	-4,061	-13,802	-12,229
Operating profit	9,758	5,606	14,382	5,089
Finance income	35	40	73	133
Finance cost	-1,055	-954	-3,947	-4,067
Net financial expenses	-1,020	-913	-3,874	-3,934
Profit (-loss) before taxes	8,738	4,693	10,507	1,155
Income taxes	-1,252	-1,144	-2,014	-637
Profit (loss) for the financial period	7,486	3,549	8,493	518
Items that may be subsequently reclassified to profit or loss				
Translation differences	-15	-4	-19	15
Total comprehensive income	7,470	3,545	8,474	533
Earnings per share, undiluted (EUR)	74,856	35,489	84,933	5,181
Earnings per share, diluted (EUR)	74,856	35,489	84,933	5,181

BALANCE SHEET

CONSOLIDATED BALANCE SHEET, IFRS		
EUR Thousand	Dec 2021	Dec 2020
ASSETS		
Non-current assets		
Intangible assets	101,313	102,650
Goodwill	91,672	91,672
Property, plant and equipment	4,983	4,519
Deferred tax assets	494	478
Total non-current assets	198,461	199,319
Inventories	19,804	10,246
Trade and other receivables	16,826	12,119
Cash and cash equivalents	7,536	8,013
Total current assets	44,165	30,378
Total assets	242,626	229,697
EQUITY & LIABILITIES		
Equity		
Share capital	80	80
Invested unrestricted equity fund	143,240	142,980
Translation difference	-5	15
Retained earnings	3,949	-4,568
Total equity	147,264	138,507
LIABILITIES		
Non-current liabilities		
Financial liabilities	54,400	54,218
Non-current lease liabilities	680	731
Non-current provisions	807	1,026
Deferred tax liabilities	17,919	18,743
Total non-current liabilities	73,805	74,719
Current liabilities		
Short-term interest-bearing liabilities	0	0
Account payables and other liabilities	18,132	13,569
Current lease liabilities	933	1,017
Current provisions	1,009	460
Current tax liabilities	1,484	1,425
Total current liabilities	21,557	16,471
Total liabilities	95,362	91,190
Total equity and liabilities	242,626	229,697

STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS, IFRS				
EUR Thousand	Q4 2021	Q4 2020	FY 2021	FY 2020
CASH FLOW FORM OPERATING ACTIVITIES				
Profit (Loss) for the financial period	7,485	3,549	8,493	518
Adjustments:				
Depreciation and amortization	2,060	2,038	8,207	7,545
Unrealized exchange rate gains and losses	9	-150	9	-150
Financial Income	-36	-40	-73	-133
Financial Expense	1,055	953	3,947	4,067
Taxes	1,252	1,144	2,014	637
Other adjustments	0	186	0	186
Change in Working Capital:				
Change in trade and other receivables	-1,987	-2,627	-4,651	-1,255
Change in inventory	-38	-465	-9,557	-1,774
Change in trade and other payables	1,862	2,432	4,528	2,580
Change in provisions	147	307	330	712
Interest paid	-891	-755	-3,181	-3,261
Interest received	12	1	12	1
Income tax paid	-422	-45	-2,868	-1,050
Other financial items	-48	-99	-200	-319
Net cash flow from operating activities (A)	10,462	6,428	7,012	8,304
Cash flow from investing activities				
Investments in intangible assets	-1,182	-1,275	-4,406	-3,671
Investments in tangible assets	-507	-587	-1,495	-1,210
Net cash flow from investing activities (B)	-1,688	-1,863	-5,900	-4,881
Cash flow from financing activities				
Merger under common control	6	0	6	0
Payments of lease liabilities	-356	-293	-1,204	-1,027
Proceeds from short-term liabilities	0	0	0	10,000
Payments of short-term liabilities	-2,535	0	0	-10,000
Net cash flow from financing activities (C)	-2,885	-293	-1,198	-1,027
CHANGE IN CASH AND EQUIVALENTS (A+B+C)	5,888	4,273	-87	2,396
Cash and cash equivalents, in the beginning of period	1,785	3,773	8,013	5,784
Net effect of exchange rate changes on cash and cash equivalents	-138	-32	-391	-167
Cash and cash equivalents, at the end of period	7,536	8,013	7,536	8,013

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand	Share capital	Share premium reserve	Reserve for invested non-restricted equity	Translation reserve	Retained earnings	Total
Equity on Jan 1, 2021	80		142,980	15	-4,568	138,507
Adjustment for previous year's retained earnings					23	23
Comprehensive income						
Profit for the financial year				-19	8,493	8,474
Total comprehensive income	80		142,980	-19	8,493	8,474
Transactions with shareholders						
Merger under common control			260			260
Total transactions with shareholders			260			260
Equity on Dec 31, 2021	80		143,240	-4	3,949	147,265

EUR thousand	Share capital	Share premium reserve	Reserve for invested non-restricted equity	Translation reserve	Retained earnings	Total
Equity on Jan 1, 2020			142,778		-5,017	137,761
Adjustment for previous year's retained earnings					-69	-69
Comprehensive income						
Profit for the financial year				15	518	533
Total comprehensive income				15	518	533
Transactions with shareholders						
Unmatched investment			282			282
Issue of shares	80		-80			0
Total transactions with shareholders	80		202			282
Equity on Dec 31, 2020	80		142,980	15	-4,568	138,507

Notes to the interim consolidated financial statements

1. Reporting Entity

Capnor Weasel Bidco Oyj (the Company) is domiciled in Finland. These condensed interim financial statements for the quarter which ended on December 31, 2021 comprise the Company and its subsidiaries (together referred to as the 'Group')

2. Accounting Principles

The Group's Financial Statement Bulletin for January–December 2021 has been prepared in line with IAS 34, 'Interim Financial Reporting' and should be read in conjunction with the Group's financial statements for 2020, published on April 30, 2021. The Group has applied the same accounting principles in the preparation of this Interim Report as in its Financial Statements for 2020. The information presented in this Interim Report has not been audited.

Revenue from IFRS IC finalized in April 2021 its agenda decision Configuration or Customization Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets). In this agenda decision, IFRS IC considered whether, applying IAS 38, the customer recognizes an intangible asset in relation to configuration or customization of the application software, and, if an intangible asset is not recognized, how the customer accounts for the configuration or customization costs. IFRIC agenda decisions have no effective date, so they are expected to be applied as soon as possible. As the Group has cloud computing arrangements in place, it analyzed if this agenda decision had an impact on the accounting policies applied to implementation costs in cloud computing arrangements. The Group undertook this analysis during the fall 2021, and the possible impacts have been implemented retrospectively in the financial statements 2021 with no significant material impacts.

3. Seasonality

The Group operates in an industry that sees seasonal changes in revenue. In a typical year, the first three quarters amount to approximately two thirds of the Group's full-year revenue while the last quarter sees the revenue rise to amount to one third of the full-year revenue. Therefore, in a normalized year, the financial results of the fourth quarter can be expected to be stronger than compared to the first three quarters.

4. Segment reporting

Capnor Weasel Bidco Group is a Finnish group of companies. In addition to the parent company Capnor Weasel Bidco Oyj, iLOQ Group belongs to the Group. Industrial operations are in the iLOQ Group that offers solutions for electronical locking. iLOQ Group operates with a network business model in the manufacture and distribution of products. iLOQ Group's products are sold through iLOQ's distribution channel providing professional installation and maintenance services. iLOQ Group has subsidiaries in Sweden, Denmark, Norway, Germany, Benelux, France, Spain, the United Kingdom and Canada.

The Group's business operations are managed and monitored as one entity. Subsidiaries are sales organizations, and their turnover consists of commission charges from the iLOQ Group's parent company. Based on the similarity of business operations, products, services and production processes, the Group has only one operating segment. The Executive Board is iLOQ Group's chief operative decision maker. The Executive Board evaluates the performance of the company and the use of resources as a whole.

Composition of the Group's turnover and geographical distribution is presented with the notes related to turnover. The Group has one external customer with net sales over 10% of the Group's total net sales. The Group's most significant non-current assets are located at the domicile state of the parent company.

5. Revenue

The revenue of Capnor Weasel Bidco Group consists of digital locking and access management systems. The Group's products consist of supplied locks, software as well as lock operation and maintenance services. The Group's main customers are retailers and partners of locking products, except one major end customer in the Critical Infrastructure segment with a signed frame agreement.

Revenue is recognized when control over the goods or the service is transferred to the customer. Lock deliveries are recognized as revenue when control is transferred on the basis of the delivery of the products, when the risks and benefits have been transferred to retailers. EX Works Incoterms delivery term is generally used on the delivery of products. For one significant customer, performance obligation is satisfied at the time of the delivery, and for these deliveries Delivered Duty Paid Incoterms are applied. Revenue from maintenance and repair services is recognized over time as the customer receives the benefits simultaneously as the service is provided. Sales contracts are made with the regular payment terms. A yearly discount can be granted to customers for products sold.

The Group's revenue by geographical area is presented below.

REVENUE BY GEOGRAPHY EUR thousand	Q4 2021	% of Rev	Q4 2020	% of Rev	FY 2021	% of Rev	FY 2020	% of Rev
Finland	17,695	45%	14,802	52%	44,859	44%	36,094	49%
Northern Europe excl Finland	14,376	36%	8,378	29%	34,218	33%	23,218	31%
Rest of the World	7,354	19%	5,261	18%	23,844	23%	14,813	20%
Total Sales	39,424	100%	28,440	100%	102,921	100%	74,125	100%

The classification of revenue according to the timing of product deliveries and service production is presented below

REVENUE EUR thousand	Q4 2021	% of Rev	Q4 2020	% of Rev	FY 2021	% of Rev	FY 2020	% of Rev
Revenue is recognized at point in time	38,930	98.7 %	28,132	98.9 %	101,250	98.4 %	73,102	98.6 %
Revenue is recognized over time	495	1.3 %	307	1.1 %	1,671	1.6 %	1,023	1.4 %
Total Sales	39,424	100%	28,440	100%	102,921	100%	74,125	100%

INTANGIBLE ASSETS

EUR thousand	Technology	Intangible Rights	Brand	Goodwill	Other Intangible assets	Customer relations	Work in progress	Total
Acquisition cost, Jan 1, 2021	79,699	210	12,865	91,672	850	12,142	3,103	200,540
Additions	268	112			22		4,004	4,406
Transfer between items	91				1,003		-1,094	0
Merger under common control	366							366
Acquisition cost, Dec 31, 2021	80,424	322	12,865	91,672	1,875	12,142	6,013	205,313
Accumulated depreciations and impairment Jan 1, 2021	4,251	46	906		162	854		6,219
Amortisation	4,079	59	858		302	809		6,108
Accumulated depreciations and impairment Dec 31, 2021	8,330	105	1,764		464	1,663		12,327
Carrying amount Jan 1, 2021	75,448	164	11,959	91,672	688	11,288	3,103	194,321
Carrying amount Dec 31, 2021	72,094	216	11,101	91,672	1,411	10,479	6,013	192,986

EUR thousand	Technology	Intangible Rights	Brand	Goodwill	Other Intangible assets	Customer relations	Work in progress	Total
Acquisition cost, Jan 1, 2020	77,472	148	12,865	91,672	209	12,142	2,361	196,869
Correction of the previous year misstatement	-65							-65
Additions	2,834	62			641		200	3,736
Transfer between items	-542						542	
Acquisition cost, Dec 31, 2020	79,699	210	12,865	91,672	850	12,142	3,103	200,540
Accumulated depreciations and impairment Jan 1, 2020	220	2	48		39	45		354
Amortization	4,031	44	858		123	809		5,865
Accumulated depreciations and impairment Dec 31, 2020	4,251	46	906		162	854		6,219
Carrying amount Jan 1, 2020	77,252	146	12,817	91,672	170	12,097	2,361	196,515
Carrying amount Dec 31, 2020	75,449	164	11,959	91,672	688	11,288	3,103	194,321

PROPERTY, PLANT AND EQUIPMENT

EUR thousand	Machinery and equipment	Work in progress	Other tangible assets	Cars	Premises	Total
Acquisition cost, Jan 1, 2021	3,052	287	143	1,527	1,288	6,297
Additions	473	970	52	342	724	2,561
Transfer between items	669	-670	0	0	0	0
Acquisition cost, Dec 31, 2021	4,194	586	195	1,869	2,012	8,857
Accumulated depreciations and impairment Jan 1, 2021	651		39	513	575	1,778
Amortisation	831		46	528	692	2,097
Accumulated depreciations and impairment Dec 31, 2021	1,482		85	1,041	1,267	3,875
Carrying amount Jan 1, 2021	2,401	286	104	1,014	713	4,520
Carrying amount Dec 31, 2021	2,712	586	110	828	745	4,982

EUR thousand	Machinery and equipment	Work in progress	Other tangible assets	Cars	Premises	Total
Acquisition cost, Jan 1, 2020	1,613	553	105	835	943	4,049
Additions	1,439	736	38	692	345	3,250
Reductions		-1,002				-1,002
Transfer between items						
Acquisition cost, Dec 31, 2020	3,052	287	143	1,527	1,288	6,296
Accumulated depreciations and impairment Jan 1, 2020	36		1	26	32	96
Amortization	615		38	487	542	1,681
Accumulated depreciations and impairment Dec 31, 2020	651		39	513	575	1,778
Carrying amount Jan 1, 2020	1,577	554	104	809	911	3,954
Carrying amount Dec 31, 2020	2,401	286	104	1,014	713	4,519

RELATED PARTY TRANSACTIONS

The Group's related parties consist of parent company iLOQ Oy and its subsidiaries. In addition, related parties include iLOQ-Group's Board members as key management personnel, the CEO and members of the Group management, as well as entities that are under the control of key management personnel and their family members. There were no related party transactions during the reported period.

CONTINGENT LIABILITIES

COLLATERALS AND CONTINGENT LIABILITIES		
EUR thousand	Dec 2021	Dec 2020
Contingent liabilities		
Credit facility	15,000	15,000
Standby letter of credit	0	0
Lease guarantee	225	225
Corporate credit card	149	32
Total	15,374	15,257

Credit facility of EUR 15,000,000 has been in use at times during the review period but was not in use at the end of the review period of Jan 1 – Dec 31, 2021.

EUR thousand	H1 2021	H1 2020
Collateral given for own commitments	155,000	155,000
Collateral given on behalf of others		
Collateral	0	13
Guarantee	1,623	766
Total	156,623	155,780

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

CONTACT

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

For questions concerning this report please contact:

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

Timo Pirskanen
CFO
Timo.Pirskanen@iloq.com