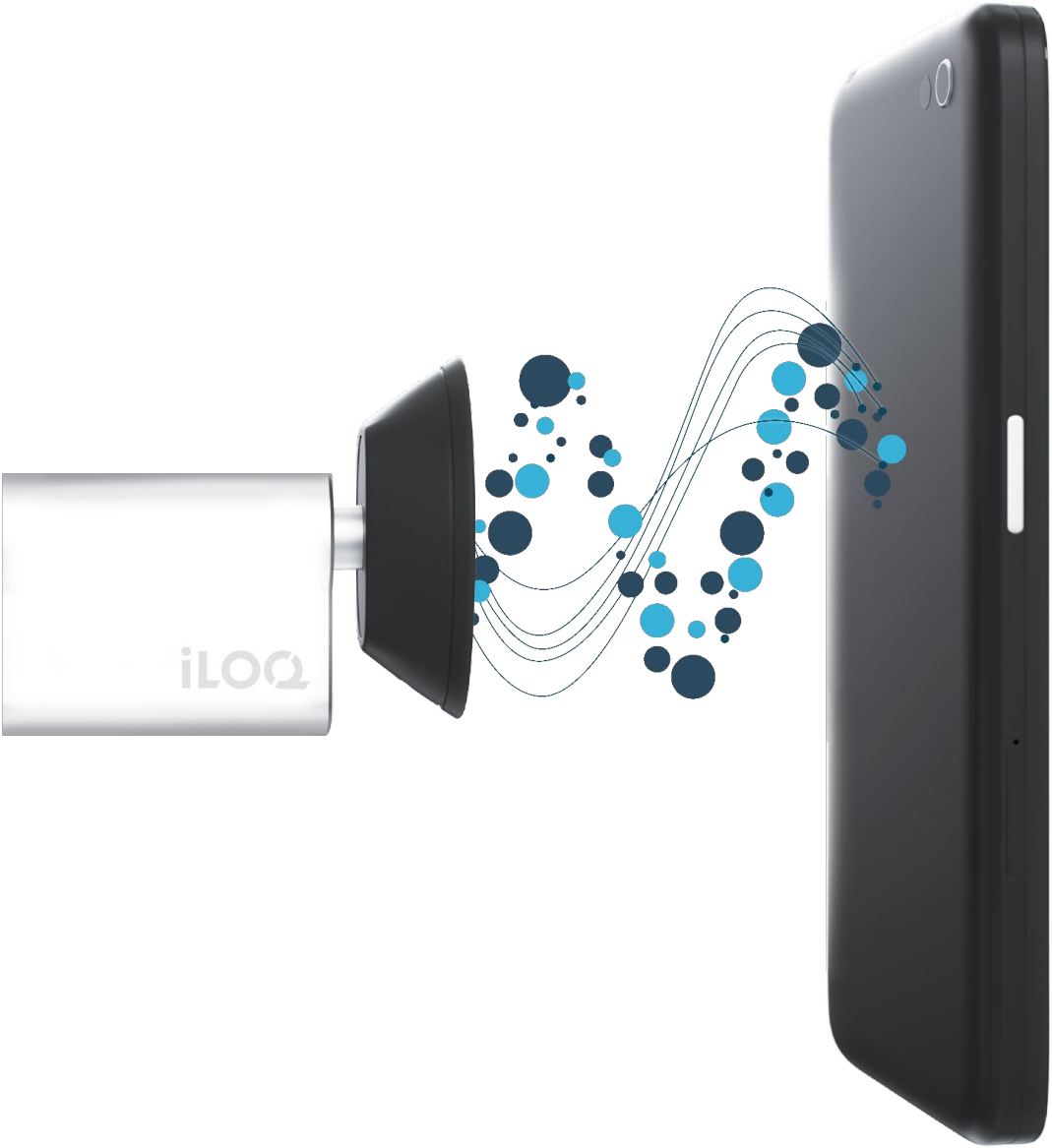


# CAPNOR WEASEL BIDCO OYJ

Interim Report  
January – March 2022



## Interim Report for the first quarter of 2022

### First quarter highlights

- Revenue increased by 35% to MEUR 25.7 (19.0)
- EBITDA increased to MEUR 5.4 (2.5), corresponding to a 21% (13%) EBITDA margin
- EBIT increased to MEUR 3.1 (0.5), corresponding to a 12% (3%) EBIT margin
- Operational Cash Flow increased to MEUR 3.5 (-3.2), corresponding to a 13% (-17%) Operational Cash Flow margin

### Significant events during the quarter

- iLOQ introduced a new solution that unlocks smart living – iLOQ HOME – 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
- iLOQ's second millionth cylinder was delivered to Germany
- iLOQ received EcoVadis silver ranking for its sustainable performance
- Erja Sankari was appointed as iLOQ's Executive Vice President and Chief Operating Officer
- Global electronics component shortage situation mitigation continued successfully

KEY FINANCIALS			Change	
EUR thousand	Q1 2022	Q1 2021	in %	FY 2021
Revenue	25,716	19,043	35%	102,921
<b>EBITDA</b>	<b>5,368</b>	<b>2,494</b>	<b>115%</b>	<b>22,588</b>
<b>EBITDA margin</b>	<b>21%</b>	<b>13%</b>		<b>22%</b>
EBIT	3,083	492	527%	14,382
EBIT margin	12%	3%		14%
Operational Cash Flow	3,451	-3,194	-208%	7,339
Operational Cash Flow %	13%	-17%		7%

## Management overview of the first quarter

Following a strong 2021, iLOQ was able to continue on its growth path in Q1 2022. The Group's revenue growth was 30% or higher for the seventh consecutive quarter with Q1 2022 revenue growth being 35%.

The successful actions to mitigate potential supply-chain disruptions due to the global electronics component shortages continued in Q1 2022. 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 2021. 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 continues to hold the view that, by strategically prioritizing delivery capability, the Group has been able to continue taking market share in Q1 2022.

In addition to the global electronics component shortages, the timing of China's COVID-19 restrictions together with the increased geopolitical risks related to the crisis in Ukraine are having a material impact to global supply chains and thus increases the risks also to iLOQ's business outlook. iLOQ's management has taken necessary mitigation actions to the above-mentioned risks to secure its delivery capability.

Q1 2022 included multiple significant events for iLOQ: iLOQ introduced a new solution that unlocks smart living – iLOQ HOME – a SaaS product 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. The solution is an extension of the iLOQ S5 digital locking system and iLOQ 5 Series platform. By removing the constraints of the traditional lock and key and how they are normally managed, iLOQ HOME has been designed to give residents more freedom, security and flexibility to live the way they want. With the introduction of the iLOQ HOME solution, iLOQ is once again innovating technological and resource-efficient solutions that fulfill society's requirements for more sustainable, secure and smarter living environments.

iLOQ received silver ranking from Ecovadis – the world's largest and most trusted provider of business sustainability ratings. Their assessment methodology is built on international sustainability standards, including the Global Reporting Initiative, the United Nations Global Compact, and ISO 26000. The silver ranking was given after evaluation of how well iLOQ has integrated environmental practices, labor and human rights, ethics and sustainable procurement into their business and management system.

Erja Sankari was appointed as Executive Vice President and Chief Operating Officer on 1st February, 2022. 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 replaces Esa Myllylä who will be retiring in 2022. Erja will be responsible for the comprehensive management and development of iLOQ's global operations, internal practices and way of working and driving forward management systems.

## First quarter 2022

Despite the strong final quarter Q4 2021, the quarter-to-quarter growth stayed on a high level with the revenue growth being 35% compared to Q1 2021, driven by strong sales across all regions and segments. In addition to iLOQ's strong product offering, the strong revenue and delivery performance can be partly credited to the management's decision to strategically increase short-term inventory levels to mitigate any possible supply-chain disruptions and therefore be able to gain market share due to high delivery capability.

EBITDA amounted to MEUR 5.4 (2.5), corresponding to a 21% (13%) EBITDA margin. The increase in EBITDA was mainly

caused by the increased volumes and related operational leverage.

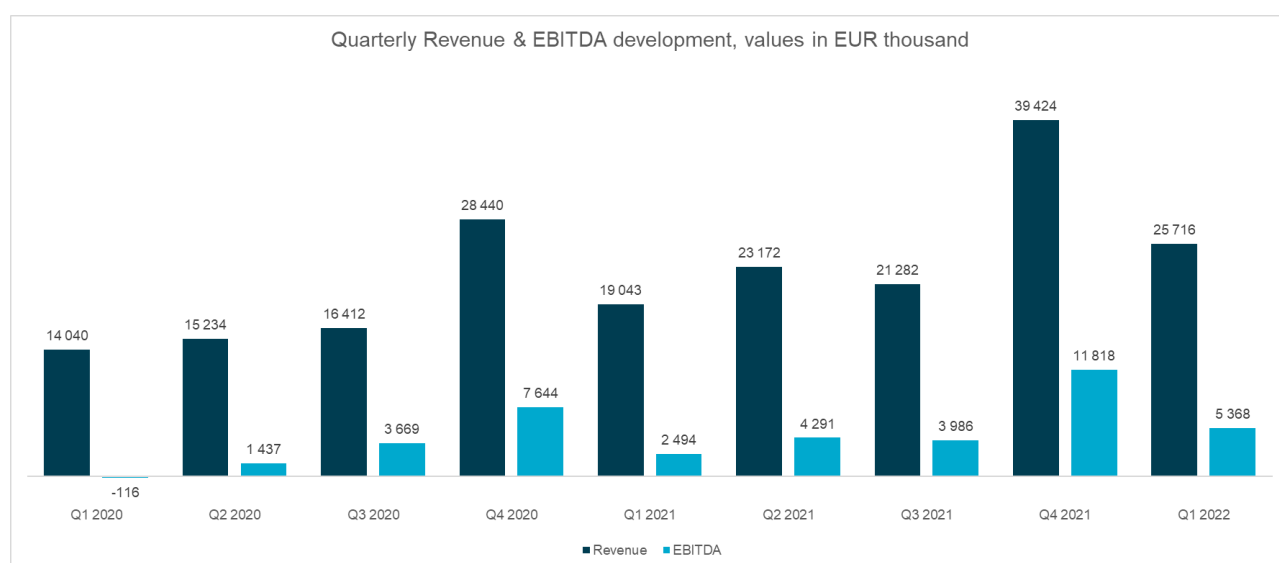
EBIT amounted to MEUR 3.1 (0.5), corresponding to a 12% (3%) EBIT margin. The increase in EBIT was mainly caused by the increased volumes and related operational leverage.

Operational cash flow was MEUR 3.5 (-3.2). The increase was mainly driven by the increased profitability and year-end 2021 having higher receivables due to the strong revenue performance. The increased inventories to mitigate any possible supply-chain disruptions continued to have a material negative impact on the Q1 2022 Operational Cash Flow. The company is expected to continue to have higher than normal inventories 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	Q4 2021	Q1 2022
Revenue	14,040	15,234	16,412	28,440	19,043	23,172	21,282	39,424	25,716
EBITDA	-116	1,437	3,669	7,644	2,494	4,291	3,986	11,818	5,368
EBITDA margin	-1%	9%	22%	27%	13%	19%	19%	30%	21%
EBIT	-1,991	-537	2,011	5,606	492	2,230	1,902	9,758	3,083
EBIT margin	-14%	-4%	12%	20%	3%	10%	9%	25%	12%
Operational Cash Flow	693	387	1,509	5,428	-3,194	1,277	-859	10,114	3,451
Operational Cash Flow %	5%	3%	9%	19%	-17%	6%	-4%	26%	13%
Adjusted EBITDA	1,123	1,437	3,669	7,644	2,494	4,291	3,986	11,818	5,368
Adjusted EBITDA margin	8%	9%	22%	27%	13%	19%	19%	30%	21%

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



## 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 three months of 2022.

Espoo May 10, 2022

Heikki Hiltunen  
President and CEO

Karl Petersson  
Member of the Board

## INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT, IFRS			
EUR Thousand	Q1 2022	Q1 2021	FY 2021
<b>Revenue</b>	25,716	19,043	102,921
Other income	0	0	0
Materials and services	-11,134	-8,580	-44,459
Employee benefit expenses	-6,057	-4,928	-22,072
Depreciation, amortization and impairment losses	-2,285	-2,002	-8,207
Other operating expenses	-3,157	-3,041	-13,802
<b>Operating profit</b>	<b>3,083</b>	<b>492</b>	<b>14,382</b>
Finance income	4	21	73
Finance cost	-1,073	-925	-3,947
<b>Net financial expenses</b>	<b>-1,069</b>	<b>-905</b>	<b>-3,874</b>
<b>Profit (loss) before taxes</b>	<b>2,014</b>	<b>-413</b>	<b>10,507</b>
Income taxes	-564	45	-2,014
<b>Profit (loss) for the financial period</b>	<b>1,449</b>	<b>-368</b>	<b>8,493</b>
<b>Items that may be subsequently reclassified to profit or loss</b>			
Translation differences	-3	-16	-19
<b>Total comprehensive income</b>	<b>1,446</b>	<b>-384</b>	<b>8,474</b>

## BALANCE SHEET

CONSOLIDATED BALANCE SHEET, IFRS			
EUR Thousand	Mar 2022	Mar 2021	Dec 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	101,012	102,185	101,313
Business value	91,672	91,672	91,672
Property, plant and equipment	6,323	4,849	4,983
Deferred tax assets	496	475	494
<b>Total non-current assets</b>	<b>199,503</b>	<b>199,181</b>	<b>198,461</b>
Inventories	20,463	12,234	19,804
Trade and other receivables	13,338	13,322	16,826
Cash and cash equivalents	7,735	1,974	7,536
<b>Total current assets</b>	<b>41,536</b>	<b>27,529</b>	<b>44,165</b>
<b>Total assets</b>	<b>241,039</b>	<b>226,711</b>	<b>242,626</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Share capital	80	80	80
Invested unrestricted equity fund	143,240	142,980	143,240
Translation difference	-2	31	-5
Retained earnings	5,397	-4,952	3,949
<b>Total equity</b>	<b>148,716</b>	<b>138,139</b>	<b>147,264</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities	54,447	54,263	54,400
Non-current lease liabilities	1,582	920	680
Non-current provisions	658	1,080	807
Deferred tax liabilities	17,712	18,451	17,919
<b>Total non-current liabilities</b>	<b>74,400</b>	<b>74,714</b>	<b>73,805</b>
<b>Current liabilities</b>			
Short-term interest-bearing liabilities	0	0	0
Account payables and other liabilities	15,113	12,241	18,132
Current lease liabilities	1,379	1,057	933
Current provisions	1,036	521	1,009
Current tax liabilities	396	38	1,484
<b>Total current liabilities</b>	<b>17,923</b>	<b>13,857</b>	<b>21,557</b>
<b>Total liabilities</b>	<b>92,323</b>	<b>88,571</b>	<b>95,362</b>
<b>Total equity and liabilities</b>	<b>241,039</b>	<b>226,711</b>	<b>242,626</b>

## STATEMENT OF CASH FLOWS

<b>CONSOLIDATED STATEMENT OF CASH FLOWS, IFRS</b>			
<b>EUR Thousand</b>	<b>Q1 2022</b>	<b>Q1 2021</b>	<b>FY 2021</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit (Loss) for the financial period	1,449	-368	8,493
Adjustments:			
Depreciation and amortization	2,285	2,002	8,207
Unrealized exchange rate gains and losses	0	0	9
Financial Income	-4	-21	-73
Financial Expense	1,073	925	3,947
Taxes	564	-45	2,014
Other adjustments	0	0	0
<b>Change in Working Capital:</b>			
Change in trade and other receivables	3,569	-1,172	-4,651
Change in inventory	-660	-1,987	-9,557
Change in trade and other payables	-3,017	-1,267	4,528
Change in provisions	-122	116	330
Interest paid	-750	-737	-3,181
Interest received	0	0	12
Income tax paid	-1,864	-1,750	-2,868
Other financial items	-52	-47	-200
<b>Net cash flow from operating activities (A)</b>	<b>2,473</b>	<b>-4,353</b>	<b>7,012</b>
<b>Cash flow from investing activities</b>			
Investments in intangible assets	-1,401	-1,059	-4,406
Investments in tangible assets	-286	-318	-1,495
Business acquisitions	0	0	0
<b>Net cash flow from investing activities (B)</b>	<b>-1,688</b>	<b>-1,377</b>	<b>-5,900</b>
<b>Cash flow from financing activities</b>			
Common control merger	0	0	6
Payments of lease liabilities	-401	-262	-1,204
Proceeds from short-term liabilities	0	0	0
Payments of short-term liabilities	0	0	0
<b>Net cash flow from financing activities (C)</b>	<b>-401</b>	<b>-262</b>	<b>-1,198</b>
<b>CHANGE IN CASH AND EQUIVALENTS (A+B+C)</b>	<b>384</b>	<b>-5,992</b>	<b>-87</b>
<b>Cash and cash equivalents, in the beginning of period</b>	<b>7,536</b>	<b>8,013</b>	<b>8,013</b>
Net effect of exchange rate changes on cash and cash equivalents	-186	-47	-391
<b>Cash and cash equivalents, at the end of period</b>	<b>7,735</b>	<b>1,974</b>	<b>7,536</b>



## 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.iloq.com](http://www.iloq.com). The company can be contacted by e-mail, [info@iloq.com](mailto:info@iloq.com).

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