

# CAPNOR WEASEL BIDCO OYJ

Interim Report  
January – September 2022



## Interim Report for the third quarter of 2022

### Third quarter highlights

- Revenue increased by 29% to MEUR 27.4 (21.3)
- EBITDA increased to MEUR 4.7 (4.0), corresponding to a 17% (19%) EBITDA margin
- EBIT increased to MEUR 2.4 (1.9), corresponding to a 9% (9%) EBIT margin
- Operational Cash Flow decreased to MEUR -2.4 (-0.9)

### Significant events during the quarter

- iLOQ acquired Kodinportti / IT-Salonen Ltd's share capital
- iLOQ's geographical expansion continued with expansion to Poland
- Johanna Wretdal appointed as iLOQ's Chief Marketing Officer (CMO)

EUR thousand	Q3 2022	Q3 2021	Change in %	YTD 2022	YTD 2021	Change in %	FY 2021
<b>Revenue</b>	<b>27,439</b>	<b>21,282</b>	<b>29%</b>	<b>81,945</b>	<b>63,497</b>	<b>29%</b>	<b>102,921</b>
EBITDA	4,701	3,986	18%	14,753	10,771	37%	22,588
EBITDA margin	17%	19%		18%	17%		22%
EBIT	2,414	1,902	27%	7,902	4,624	71%	14,382
EBIT margin	9%	9%		10%	7%		14%
Operational Cash Flow	-2,358	-859	175%	1,520	-2,776	-155%	7,339
Operational Cash Flow %	-9%	-4%		2%	-4%		7%
<b>Adjusted EBITDA*</b>	<b>4,701</b>	<b>3,986</b>	<b>18%</b>	<b>15,241</b>	<b>10,771</b>	<b>42%</b>	<b>22,588</b>
<b>Adjusted EBITDA margin*</b>	<b>17%</b>	<b>19%</b>		<b>19%</b>	<b>17%</b>		<b>22%</b>
Adjusted EBIT	2,414	1,902	27%	8,390	4,624	81%	14,382
Adjusted EBIT margin	9%	9%		10%	7%		14%
Adjusted Operational Cash Flow	-2,358	-859	175%	2,009	-2,776	-172%	7,339
Adjusted Operational Cash Flow %	-9%	-4%		2%	-4%		7%

\* Q2 2022 EBITDA, EBIT & Operational Cash Flow included an impact from a market study conducted with an external company, which is an item affecting comparability. The impact of this study included in EBITDA, EBIT and Operational Cash Flow was 488 thousand euros and is not a recurring item. This cost has been excluded in the Adjusted EBITDA, EBIT and Operational Cash Flow figures above.

## Management overview of the third quarter

Following a strong H1 2022, iLOQ continued its growth path in Q3 2022. The Group's revenue growth was 29% year-on-year with strong performance across all regions and segments.

The successful actions to mitigate potential supply-chain disruptions due to the global electronics component shortages continued in Q3 2022. 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 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 gaining market share in Q3 2022.

In addition to the global electronics component shortages, the timing of China's COVID-19 restrictions, the increased geopolitical risks related to the crisis in Ukraine and the rising inflation especially in building materials are having a material impact to global supply chains. Despite the above-mentioned uncertainties, iLOQ has been able to continue its strong growth trajectory and management continues to take necessary mitigation actions to secure delivery capability. Management continues to follow and evaluate the impacts the rising energy costs have on the real estate sector and therefore on iLOQ's customers

Q3 2022 included multiple significant events for iLOQ: iLOQ acquired Kodinportti / IT-Salonen Ltd's share capital and, through the acquisition, iLOQ will further strengthen its software development capabilities. Under the trade name DreamIt, IT-Salonen specializes in providing a wide range of IT services and various cyber services, including software product development. Kodinportti is a digital user interface for residential and commercial properties. The residents list, the noticeboard, and the reservations lists for common areas of an apartment building are replaced by a single touch-screen panel, and a remote interface that can be used with a computer or mobile phone's internet browser. "The acquisition will strengthen iLOQ's digital competence and competitiveness. By bringing DreamIt's expertise to us, we will be able to develop new features for the iLOQ HOME access management system," explains Heikki Hiltunen, President and CEO of iLOQ.

iLOQ continued to fulfill its growth strategy by expanding to Poland. Adding Poland to iLOQ's country portfolio continues to fulfill the company's growth strategy and allows iLOQ to introduce the benefits of its battery-free digital-locking and mobile-access-sharing technology to a new market. Grzegorz Korzeniowski has been appointed Country Manager in Poland. He will be responsible for building a winning team to establish the company's commercial activities and developing a strong base of partners and customers.

Johanna Wretdal has been appointed as iLOQ's Chief Marketing Officer from 15.8.2022, and she will also become a member of the Management Team. Prior to joining iLOQ, Johanna was the CMO for Silo AI. Johanna is equipped with two decades of global experience, ranging from local startups to internationally listed, leading organizations. She will take overall responsibility for the company's marketing and communications agenda, along with playing a key role in ensuring an end-to-end brand development that ultimately supports the organization's strategy.

## Third quarter 2022

Total revenue grew 29% compared to Q3 2021, driven by strong sales across all regions and segments. iLOQ continues to rapidly gain market share with its leading self-powered digital solutions. To date, iLOQ has had no delivery issues despite the negative supply-chain disruptions affecting the industry.

EBITDA amounted to MEUR 4.7 (4.0), corresponding to a 17% (19%) EBITDA margin. The increase in EBITDA was mainly caused by the increased volumes.

EBIT amounted to MEUR 2.4 (1.9), corresponding to a 9% (9%) EBIT margin.

Operational Cash Flow was MEUR -2.4 (-0.9). The decision to continue having increased inventories to mitigate any possible global component shortage situation related to supply chain disruptions continued to have a material negative impact on the Q3 2022 Operational Cash Flow. The company is expected to continue having higher than normal inventories until the global component situation improves to guarantee its ability to produce and ship iLOQ products to customers.

## YTD September 2022

Total revenue grew 29% compared to YTD September 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.

Adjusted EBITDA amounted to MEUR 15.2 (10.8), corresponding to a 19% (17%) EBITDA margin. The increase in EBITDA was mainly caused by the increased volumes and operating leverage.

Adjusted EBIT amounted to MEUR 7.9 (4.6), corresponding to a 10% (7%) EBIT margin.

Adjusted Operational Cash Flow was MEUR 2.0 (-2.8). The increase was mainly caused by increased profitability, partly offset by the continued higher inventory levels.

## Quarterly Information

QUARTERLY INFORMATION	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022
Revenue	16,412	28,440	19,043	23,172	21,282	39,424	25,716	28,790	27,439
EBITDA	3,669	7,644	2,494	4,291	3,986	11,818	5,368	4,684	4,701
EBITDA margin	22%	27%	13%	19%	19%	30%	21%	16%	17%
EBIT	2,011	5,606	492	2,230	1,902	9,758	3,083	2,405	2,414
EBIT margin	12%	20%	3%	10%	9%	25%	12%	8%	9%
Operational Cash Flow	1,509	5,428	-3,194	1,277	-859	10,114	3,451	442	-2,372
Operational Cash Flow %	9%	19%	-17%	6%	-4%	26%	13%	2%	-9%
Adjusted EBITDA	3,669	7,644	2,494	4,291	3,986	11,818	5,368	5,172	4,701
Adjusted EBITDA margin	22%	27%	13%	19%	19%	30%	21%	18%	17%

## 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 2022.

Espoo November 14, 2022

Heikki Hiltunen  
President and CEO

Karl Petersson  
Member of the Board

## INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT, IFRS					
EUR Thousand	Q3 2022	Q3 2021	YTD 2022	YTD 2021	FY 2021
<b>Revenue</b>	27,439	21,282	81,945	63,496	102,921
Other income	0	0	0	0	0
Materials and services	-12,467	-9,640	-35,946	-28,127	-44,459
Employee benefit expenses	-5,927	-4,756	-18,912	-15,456	-22,072
Depreciation, amortization and impairment losses	-2,287	-2,084	-6,852	-6,147	-8,207
Other operating expenses	-4,343	-2,900	-12,333	-9,143	-13,802
<b>Operating profit</b>	<b>2,414</b>	<b>1,902</b>	<b>7,902</b>	<b>4,624</b>	<b>14,382</b>
Finance income	100	-1	110	37	73
Finance cost	-1,146	-967	-3,309	-2,892	-3,947
<b>Net financial expenses</b>	<b>-1,046</b>	<b>-968</b>	<b>-3,199</b>	<b>-2,854</b>	<b>-3,874</b>
<b>Profit (-loss) before taxes</b>	<b>1,368</b>	<b>934</b>	<b>4,703</b>	<b>1,769</b>	<b>10,507</b>
Income taxes	-510	-327	-1,587	-762	-2,014
<b>Profit (loss) for the financial period</b>	<b>857</b>	<b>607</b>	<b>3,115</b>	<b>1,008</b>	<b>8,493</b>
<b>Items that may be subsequently reclassified to profit or loss</b>					
Translation differences	6	-5	18	-4	-19
<b>Total comprehensive income</b>	<b>864</b>	<b>602</b>	<b>3,134</b>	<b>1,004</b>	<b>8,474</b>

## BALANCE SHEET

CONSOLIDATED BALANCE SHEET, IFRS			
EUR Thousand	Sep 2022	Sep 2021	Dec 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	102,155	101,238	101,313
Goodwill	92,409	91,672	91,672
Property, plant and equipment	6,909	4,728	4,983
Deferred tax assets	381	490	494
<b>Total non-current assets</b>	<b>201,854</b>	<b>198,128</b>	<b>198,461</b>
Inventories	28,776	19,765	19,804
Trade and other receivables	18,151	14,783	16,826
Cash and cash equivalents	1,961	1,785	7,536
<b>Total current assets</b>	<b>48,888</b>	<b>36,333</b>	<b>44,165</b>
<b>Total assets</b>	<b>250,743</b>	<b>234,461</b>	<b>242,626</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Share capital	80	80	80
Invested unrestricted equity fund	143,264	142,980	143,240
Translation difference	14	19	-5
Retained earnings	7,009	-3,568	3,949
<b>Total equity</b>	<b>150,366</b>	<b>139,511</b>	<b>147,264</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities	54,851	54,354	54,400
Non-current lease liabilities	1,331	690	680
Non-current provisions	39	933	807
Deferred tax liabilities	17,463	18,107	17,919
<b>Total non-current liabilities</b>	<b>73,683</b>	<b>74,085</b>	<b>73,805</b>
<b>Current liabilities</b>			
Short-term interest-bearing liabilities	2,167	2,535	0
Account payables and other liabilities	21,968	16,235	18,132
Current lease liabilities	1,401	942	933
Current provisions	841	735	1,009
Current tax liabilities	316	418	1,484
<b>Total current liabilities</b>	<b>26,693</b>	<b>20,866</b>	<b>21,557</b>
<b>Total liabilities</b>	<b>100,376</b>	<b>94,950</b>	<b>95,362</b>
<b>Total equity and liabilities</b>	<b>250,743</b>	<b>234,461</b>	<b>242,626</b>

## STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS, IFRS					
EUR Thousand	Q3 2022	Q3 2021	H1 2022	H1 2021	FY 2021
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Profit (Loss) for the financial period	857	608	3,115	1,008	8,493
Adjustments:					
Depreciation and amortization	2,288	2,084	6,852	6,147	8,207
Unrealized exchange rate gains and losses	0	0	0	0	9
Financial Income	-100	1	-110	-37	-73
Financial Expense	1,147	968	3,309	2,892	3,947
Taxes	510	327	1,587	762	2,014
Other adjustments	0	0	0	0	0
<b>Change in Working Capital:</b>					
Change in trade and other receivables	-942	89	-1,258	-2,664	-4,651
Change in inventory	-5,890	-4,586	-8,962	-9,519	-9,557
Change in trade and other payables	2,106	963	3,787	2,666	4,528
Change in provisions	-303	41	-936	183	330
Interest paid	-932	-766	-2,457	-2,290	-3,181
Interest received	0	0	0	0	12
Income tax paid	-944	-348	-3,257	-2,446	-2,868
Other financial items	-62	-62	-168	-152	-200
<b>Net cash flow from operating activities (A)</b>	<b>-2,265</b>	<b>-681</b>	<b>1,502</b>	<b>-3,450</b>	<b>7,012</b>
<b>Cash flow from investing activities</b>					
Payments from tangible assets sales	14		14		
Investments in intangible assets	-1,443	-1,090	-4,518	-3,224	-4,406
Investments in tangible assets	-602	-262	-1,346	-988	-1,495
Business acquisitions	-1,716	0	-1,716	0	0
<b>Net cash flow from investing activities (B)</b>	<b>-3,746</b>	<b>-1,352</b>	<b>-7,565</b>	<b>-4,212</b>	<b>-5,900</b>
<b>Cash flow from financing activities</b>					
Common control merger	0	0	0	0	6
Payments of lease liabilities	-367	-289	-1,178	-848	-1,204
Proceeds from short-term liabilities	2,167	2,535	2,167	2,535	0
Payments of short-term liabilities	-6	0	-6	0	0
<b>Net cash flow from financing activities (C)</b>	<b>1,794</b>	<b>2,246</b>	<b>983</b>	<b>1,687</b>	<b>-1,198</b>
<b>CHANGE IN CASH AND EQUIVALENTS (A+B+C)</b>	<b>-4,217</b>	<b>213</b>	<b>-5,080</b>	<b>-5,975</b>	<b>-87</b>
<b>Cash and cash equivalents, in the beginning of period</b>	<b>6,297</b>	<b>1,666</b>	<b>7,536</b>	<b>8,013</b>	<b>8,013</b>
Net effect of exchange rate changes on cash and cash equivalents	-119	-94	-495	-253	-391
<b>Cash and cash equivalents, at the end of period</b>	<b>1,961</b>	<b>1,785</b>	<b>1,961</b>	<b>1,785</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 + Investments in intangible assets + Investments and Payments in tangible assets. 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, Adjusted EBIT & Adjusted Operational Cash Flow** = Same as above, but excluding the impact from a market study conducted in Q2 2022 with an external company, which is an item affecting comparability. The impact of this study included in EBITDA, EBIT and Operational Cash Flow was 488 thousand euros and is not a recurring item.

## CONTACT

Additional information about the company can be found on the corporate website [www.ilq.com](http://www.ilq.com). The company can be contacted by e-mail, [info@ilq.com](mailto:info@ilq.com)

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