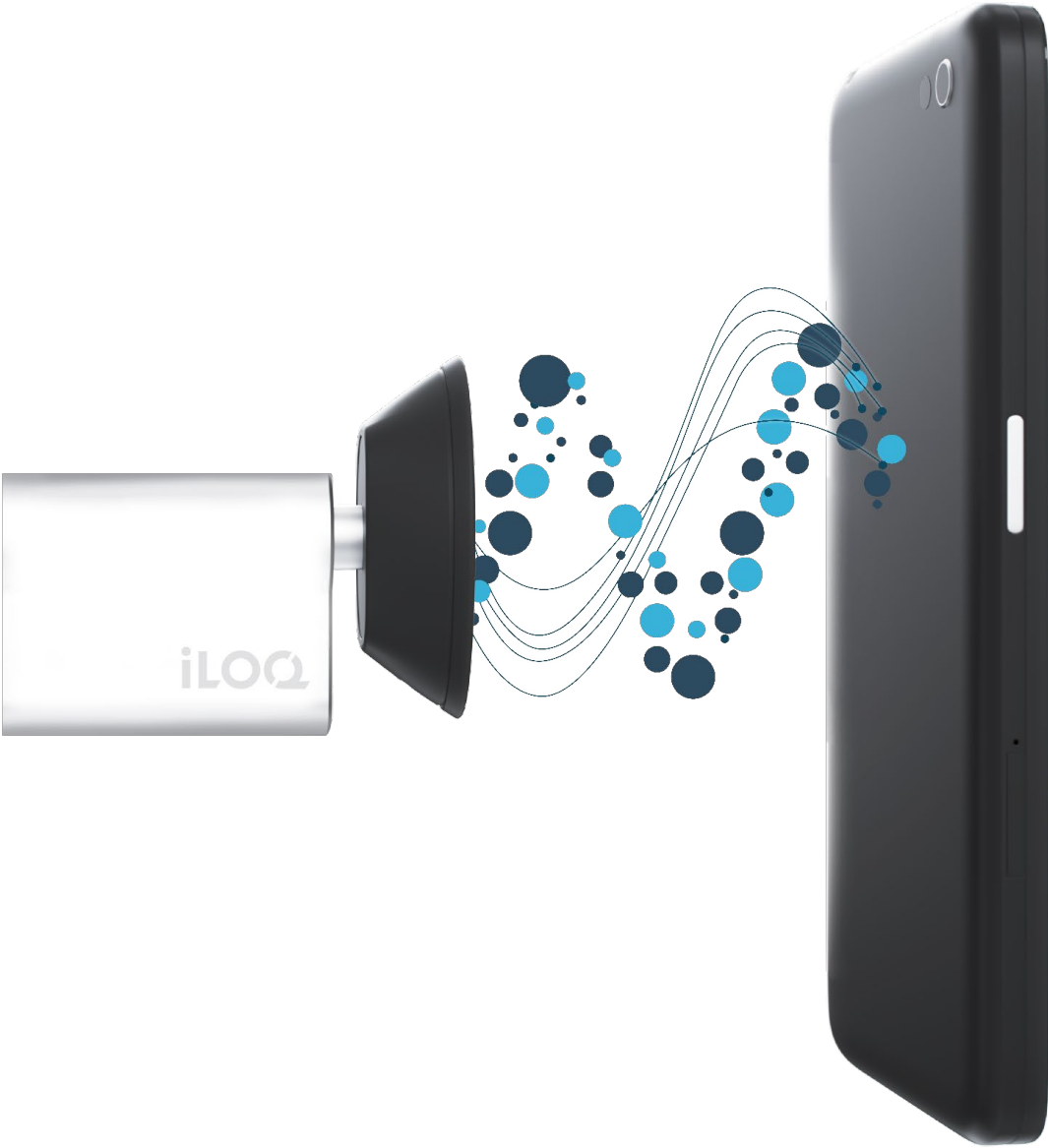


CAPNOR WEASEL BIDCO OYJ

Interim Report
January – March 2023



Interim Report for the first quarter of 2023

First quarter highlights

- Revenue increased by 24% to MEUR 32.0 (25.7)
- EBITDA increased to MEUR 6.1 (5.4), corresponding to a 19% (21%) EBITDA margin
- EBIT increased to MEUR 3.5 (3.1), corresponding to a 11% (12%) EBIT margin
- Operational Cash Flow increased to MEUR 7.8 (3.5)

Significant events during the quarter

- iLOQ signed a global Master Supply Agreement with Honeywell Building Technologies
- iLOQ established its US presence at ISC West Trade show in Las Vegas
- iLOQ announced that the Swedish real estate company Neobo, with more than 8,000 apartments, had chosen iLOQ as a partner for long-term cooperation
- After the review period on 1 April 2023, iLOQ welcomed employee number 300 to its fast-growing team

EUR thousand	Q1 2023	Q1 2022	Change in %	FY 2022
Revenue	32,000	25,716	24 %	132,948
EBITDA	6,060	5,368	13 %	31,378
EBITDA margin	19 %	21 %		24 %
EBIT	3,542	3,083	15 %	21,854
EBIT margin	11 %	12 %		16 %
Operational Cash Flow	7,753	3,451	125 %	18,160
Operational Cash Flow %	24 %	13 %		14 %
Adjusted EBITDA*	6,438	5,368	20 %	31,866
Adjusted EBITDA margin*	20 %	21 %		24 %
Adjusted EBIT	3,920	3,083	27 %	22,342
Adjusted EBIT margin	12 %	12 %		17 %
Adjusted Operational Cash Flow	8,131	3,451	136 %	18,648
Adjusted Operational Cash Flow %	25 %	13 %		14 %

* Q1 2023 and year 2022 EBITDA, EBIT & Operational Cash Flow included an impact from a brand renewal project and a market study conducted with external companies, which have been treated as items affecting comparability. The adjustment related to brand renewal in Q1 2023 was 378 thousand euros and in FY 2022 market study 488 thousand euros. These costs have been excluded in the Adjusted EBITDA, EBIT and Operational Cash Flow figures above.

Management overview of the first quarter

iLOQ Group's healthy performance continued also in the first quarter of the year 2023. Revenue growth was 24% compared to the same period in the previous year, despite slightly lower activity in the Nordic built environment market. The strong performance continued across all other regions and segments.

iLOQ continued to successfully mitigate supply-chain disruptions in the market to be able to meet customer demand. These mitigating actions continued the trend of materially higher inventory levels compared to the same period in the previous year. The company is still 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 materials and electronic components shortage. However, there are first signs of improving availability of materials and electronic components and the company continues to follow the global trends closely. Increase in working capital had a material negative effect on the Group's cash situation despite the normal seasonal cash inflow in the first quarter.

Prevailing geopolitical risks related to Russia's invasion of Ukraine and the resulting rise in energy prices, together with an increasing interest rate environment have had a negative impact on the real estate sector. Especially the new construction market has been affected, which constitutes only a small part of iLOQ's revenue base. However, some postponement in decision making in the renovation market has also affected overall demand in the first quarter. Management believes that iLOQ is well positioned to continue to outgrow the market also during periods of softer market activity.

First quarter of 2021 included multiple significant events for iLOQ:

iLOQ signed a global Master Supply Agreement with Honeywell, a global supplier of industry specific solutions in March 2023. Honeywell Building Technologies operates in more than 75 countries and is supported by a global channel partner network. Its solutions and services are used in more than 10 million buildings worldwide. Commercial building owners and operators are dealing with Honeywell Building Technologies to create safe, efficient, and productive facilities.

iLOQ established its US presence by showcasing its battery-free smart locks and keyless cellphone-based solutions at the ISC West Trade show in Las Vegas in March 2023.

iLOQ announced in March 2023 that the Swedish real estate company Neobo had chosen iLOQ as a partner for long-term cooperation. Neobo's ambition is to install iLOQ's S5 system in most of its properties, giving tenants in over 8,000 apartments increased security and more control over their accommodation.

After the review period on 1 April 2023, iLOQ welcomed employee number 300 to its fast-growing team. This is another milestone in a year of milestones as, this year, iLOQ will also be celebrating its 20th anniversary.

First quarter 2023

Total revenue grew 24% compared to Q1 2022. Good performance continued across all regions and segments, but with some initial signs of slightly slower activity in the Nordic built environment sector.

EBITDA amounted to MEUR 6.1 (5.4), corresponding to a 19% (21%) EBITDA margin. The increase in EBITDA was mainly driven by the increased volumes and related operational gearing.

EBIT amounted to MEUR 3.5 (3.1), corresponding to a 11% (12%) EBIT margin.

Operational Cash Flow was MEUR 7.8 (3.5). The strategic decision to continue operating with higher inventories to mitigate any possible global materials and electronic components shortage continued to have a material negative impact on the Operational Cash Flow in the first quarter of 2023. The company is expected to continue having higher than normal inventories until the risks related to possible unforeseen supply-chain disruptions clear away to guarantee its ability to produce and ship iLOQ products to customers.

Quarterly Information

QUARTERLY INFORMATION	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
Revenue	19,043	23,172	21,282	39,424	25,716	28,790	27,439	51,003	32,000
EBITDA	2,494	4,291	3,986	11,818	5,368	4,684	4,701	16,625	6,060
EBITDA margin	13 %	19 %	19 %	30 %	21 %	16 %	17 %	33 %	19 %
EBIT	492	2,230	1,902	9,758	3,083	2,405	2,414	13,952	3,542
EBIT margin	3 %	10 %	9 %	25 %	12 %	8 %	9 %	27 %	11 %
Operational Cash Flow	-3,194	1,277	-859	10,114	3,451	442	-2,358	16,625	7,753
Operational Cash Flow %	-17 %	6 %	-4 %	26 %	13 %	2 %	-9 %	33 %	24 %
Adjusted EBITDA	2,494	4,291	3,986	11,818	5,368	5,172	4,701	16,625	6,438
Adjusted EBITDA margin	13 %	19 %	19 %	30 %	21 %	18 %	17 %	33 %	20 %

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 2023.

Espoo May 14, 2023

Heikki Hiltunen

President and CEO

Karl Petersson

Member of the Board

INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT, IFRS			
EUR Thousand	Q1 2023	Q1 2022	FY 2022
Revenue	32,000	25,716	132,948
Other income	0	0	0
Materials and services	-13,171	-11,134	-56,846
Employee benefit expenses	-7,547	-6,057	-26,191
Depreciation, amortisation and impairment losses	-2,518	-2,285	-9,525
Other operating expenses	-5,221	-3,157	-18,533
Operating profit	3,542	3,083	21,853
Finance income	80	4	122
Finance cost	-1,434	-1,073	-4,599
Net financial expenses	-1,354	-1,069	-4,477
Profit (-loss) before taxes	2,188	2,014	17,376
Income taxes	-479	-564	-3,648
Profit (loss) for the financial period	1,709	1,449	13,728
Items that may be subsequently reclassified to profit or loss			
Translation differences	9	-3	12
Total comprehensive income	1,718	1,446	13,740

BALANCE SHEET

CONSOLIDATED BALANCE SHEET, IFRS			
EUR Thousand	Mar 2023	Mar 2022	Dec 2022
ASSETS			
Non-current assets			
Intangible assets	104,071	101,012	102,774
Goodwill	92,412	91,672	92,412
Property, plant and equipment	7,083	6,323	7,334
Deferred tax assets	427	496	447
Total non-current assets	203,994	199,503	202,967
Inventories	30,100	20,463	26,117
Trade and other receivables	17,115	13,338	30,073
Cash and cash equivalents	7,847	7,735	4,087
Total current assets	55,062	41,536	60,277
Total assets	259,056	241,039	263,244
EQUITY & LIABILITIES			
Equity			
Share capital	80	80	80
Invested unrestricted equity fund	143,240	143,240	143,240
Translation difference	16	-2	7
Retained earnings	18,534	5,397	17,658
Total equity	161,870	148,716	160,985
LIABILITIES			
Non-current liabilities			
Financial liabilities	54,888	54,447	54,899
Non-current lease liabilities	1,168	1,582	1,499
Non-current provisions	710	658	574
Deferred tax liabilities	17,027	17,712	17,246
Total non-current liabilities	73,793	74,400	74,219
Current liabilities			
Short-term interest-bearing liabilities	62	0	0
Account payables and other liabilities	21,178	15,113	24,185
Current lease liabilities	1,544	1,379	1,559
Current provisions	518	1,036	704
Current tax liabilities	92	396	1,593
Total current liabilities	23,393	17,923	28,040
Total liabilities	97,186	92,323	102,259
Total equity and liabilities	259,056	241,039	263,244

STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS, IFRS EUR Thousand	Q1 2023	Q1 2022	FY 2022
CASH FLOW FORM OPERATING ACTIVITIES			
Profit (Loss) for the financial period	1,709	1,449	13,728
Adjustments:			
Depreciation and amortization	2,518	2,285	9,525
Unrealized exchange rate gains and losses	0	0	38
Financial Income	-80	-4	-122
Financial Expense	1,434	1,073	4,599
Taxes	479	564	3,648
Other adjustments	0	0	0
Change in Working Capital:			
Change in trade and other receivables	13,009	3,569	-13,341
Change in inventory	-3,983	-660	-6,303
Change in trade and other payables	-3,762	-3,017	6,057
Change in provisions	-50	-122	-537
Interest paid	-1,045	-750	-3,356
Interest received	0	0	0
Income tax paid	-2,291	-1,864	-4,341
Other financial items	-38	-52	-294
Net cash flow from operating activities (A)	7,899	2,473	9,302
Cash flow from investing activities			
Payments from tangible assets sales			31
Investments in intangible assets	-3,134	-1,401	-6,937
Investments in tangible assets	-386	-286	-1,750
Business acquisitions	0	0	-1,716
Net cash flow from investing activities (B)	-3,520	-1,688	-10,371
Cash flow from financing activities			
Common control merger	0	0	-6
Payments of lease liabilities	-449	-401	-1,697
Proceeds from short-term liabilities	0	0	0
Payments of short-tem liabilities	0	0	0
Net cash flow from financing activities (C)	-449	-401	-1,703
CHANGE IN CASH AND EQUIVALENTS (A+B+C)	3,930	384	-2,772
Cash and cash equivalents, in the beginning of period	4,087	7,536	7,536
Net effect of exchange rate changes on cash and cash equivalents	-170	-186	-677
Cash and cash equivalents, at the end of period	7,847	7,735	4,087

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 an impact from a brand renewal project and a market study conducted with external companies, which have been treated as items affecting comparability. The adjustment related to brand renewal in Q1 2023 was 378 thousand euros and in FY 2022 market study 488 thousand euros. These costs have been excluded in the Adjusted EBITDA, EBIT and Operational Cash Flow figures above.

CONTACT

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