

Capnor Weasel Bidco Oyj

Financial Statements and Annual Report
1 January 2024 - 31 December 2024

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ANNUAL REPORT OF THE BOARD OF DIRECTORS 2024

Capnor Weasel Bidco Oyj was established in 2019. It is a limited liability company domiciled in Helsinki and its main business area is management consultancy. The company employs one person.

The technological solutions of the company's subsidiary iLOQ Oy enable electro-mechanical locking without batteries or cables. The company's products are sold through iLOQ's distribution channel, providing professional installation and maintenance services. The company sells products to over thirty countries. The company's subsidiary iLOQ Oy's iLOQ 5 Series locking system allows the user to choose the type of key they want to use: the physical iLOQ S5 key, the NFC-enabled iLOQ S50 smartphone key (iOS or Android), the iLOQ S50 fob, the iLOQ S5 RFID or a PIN code. No batteries or additional cabling is required. Both solutions, whether based on physical smart keys or smartphones, are managed through a single, flexible, customisable and easy-to-use platform. Having all devices utilise two-way communication every time before the decision to open is made helps ensure maximum security and minimize management costs. Any lost, stolen or unreturned keys can easily be removed from the system or reset.

The company's revenue decreased 9 per cent compared to the corresponding period of the previous year. Negative market sentiment persisted in the Nordic countries throughout 2024, primarily due to delays in decision-making within the renovation market, which has impacted overall demand. This is largely driven by economic uncertainties, which are linked to high inflation in recent years and increased material costs, which have led to postponed projects. Market activity in Sweden was particularly slow in 2024. The outcome of the sales in the United States, a new market for iLOQ, did not fully meet expectations, either, as three larger projects that were originally scheduled for the final quarter of the year were postponed to the first quarter of 2025. This shift occurred as end customers were optimizing their 2024 cash flows, which led to delays. Similarly, the customers on the critical infrastructure segment also postponed their decision-making for the same reason. However, the worst of the slowdown seems to be behind us, and early signs indicate an improvement in the market sentiment, particularly in government or municipalities owned projects and in rental housing.

The market recovery in 2025 is still expected to be gradual. Despite the short-term slowdown, management remains confident in the long-term growth potential of the Nordic market, as digital solutions are expected to replace mechanical locking systems in the long term. For example, the market sentiment in Finland turned positive during the fourth quarter and iLOQ also won a large energy company deal in Austria for S50 products. Delayed investments are expected to be temporary as the underlying demand drivers have remained unchanged. iLOQ is well-positioned to continue outperforming the market even during periods of weaker market activity, leveraging a strong project pipeline, long-term customer relationships and its focus on innovations. In order to implement iLOQ's growth strategy, to promote the development of sales, brand and marketing activities, and to provide a more customer-oriented focus, iLOQ announced that it will establish three Regional Business Units, Nordics, Europe and emerging markets and North America, and create a new global Chief Revenue Officer function. iLOQ also invested in its future growth strategy in 2024 by developing a new sales strategy, a new sales incentive model, and a completely remodelled partner program.

iLOQ continues to invest in future growth and its entry into the US, an enormous market and opportunity for iLOQ. iLOQ has a local sales organization, which has already generated a strong project pipeline in the US market. The logistic channels with a distribution centre in Dallas and partner networks are operational, and the US standard ANSI cylinder products were launched already at the end of year 2024. Naturally, the growth objectives including the establishment of the US team and the expansion of US-relevant product features have resulted in an increased cost base.

Operational cash flow improved compared to the previous year, mainly due to improved efficiency of net working capital.

The manufacturing of iLOQ's products is based on outsourced, flexibly scalable production, and the products are distributed by the iLOQ-managed distribution centres in Oulu and in Dallas in the USA. In addition, the company has a small-scale production unit in Oulu to support product development needs.

During the financial year, the company successfully priced a EUR 55 million secured variable interest rate bond with a maturity of five years. The New Notes have a floating rate coupon of 3 months Euribor + 4.00% per year and final maturity in March 2029.

GROUP BUSINESS ACTIVITIES DURING THE FINANCIAL YEAR

This is the fifth 12-month financial year for Capnor Weasel Bidco Oyj. Business operations were challenging but still profitable during the operating period between 1 January 2024 and 31 December 2024.

Capnor Weasel Bidco Oyj's subsidiary iLOQ Oy again achieved a positive result, despite the difficult market situation and significant investments made in international expansion, most importantly the expansion to the US market. Capnor Weasel Bidco Group's revenue in financial year 2024 reached EUR 128.7 million (141.3 million in 2023). The 9% decrease in revenue was primarily due to lower sales in almost all Nordics and in Spain. The sales for direct end customers of critical infrastructure also declined. In financial year 2024, EBITDA totalled EUR 19.6 million (EUR 31.4 million in 2023). The operating profit for financial year 2024 reached EUR 7.2 million (EUR 20.5 million in 2023). The development of the Group's EBITDA and operating profit was negatively influenced by future international growth investments entered as expenses, most importantly the expansion to the US market, and lower sales volumes.

In financial year 2024, the operative cash flow was EUR 20.8 million (EUR 14.2 million in 2023).

FINANCIAL INDICATORS OF THE CAPNOR WEASEL BIDCO GROUP

	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Financial indicators			
Revenue (1,000 €)	128.746	141.318	132.948
Operating profit (1,000 €)	7.212	20.493	21.853
Operating profit, %	5.6%	14.5%	16.4%
Return on equity, % (ROE)	neg.	6.7 %	8.9%
Equity ratio, %	63.2%	62.2%	61.5%
Other indicators			
Wages and salaries (1,000 €)	23.750	21.804	21.070
Pension expenses (1,000 €)	3.232	3.481	3.011
Other indirect personnel costs (1,000 €)	2.487	1.623	2.110
Total (1,000 €)	29.470	26.908	26.191
Average number of employees in the financial year	326	302	252

FINANCIAL INDICATORS OF CAPNOR WEASEL BIDCO OYJ (FAS)

	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023	1 Jan - 31 Dec 2022
Financial indicators			
Revenue (1,000 €)	594	619	1182
Operating profit (1,000 €)	-101	-16	39
Equity ratio, %	69.3%	71.0%	71.6%

REPORT ON THE SCOPE OF RESEARCH AND DEVELOPMENT ACTIVITIES

The company has no research and development activities of its own, but its subsidiary iLOQ has invested in the development of new products and the further development of the properties and manufacturing methods related to existing products. The most important development projects have been the further development of the mechanics, electronics and software of the ANSI standard locking system directed at the US market, the migration of the company's cloud services to the AWS environment and the migration of the iLOQ Manager to an online environment.

The most important development projects during the two preceding years have been the development of iLOQ HOME introduced to the market, the development of the mechanics, electronics and software of the iLOQ S50 locking system, as well as the development of the DIN version of the iLOQ S5 access control system and the digital iLOQ HOME access control system.

During the completed financial year, research and development expenditure totalled EUR 9,194 thousand (11,348 thousand), and its relative share of the total business expenditure was 8.4% (10.3%). On research and development activities, a total of EUR 1,515 thousand (1,501 thousand) has been recognised in the profit, and a total of EUR 7,679 thousand (9,848 thousand) has been activated in the balance sheet. The relative proportion of research and development expenditure of the total expenditure did not, during the two years presented, significantly deviate from the company's relative amount in previous years.

ACCOUNT OF OTHER THAN FINANCIAL INFORMATION

In practice, the Group's business operation is focused on iLOQ, and the report thus discusses information related to iLOQ. From the beginning, iLOQ's story has reflected sustainable development. The aim of the company's first technological innovation was to design and introduce a digital access management solution to the market that eliminates the need for batteries and extensive wiring. This resource efficiency ideology has always been sensible, both for business and with respect to sustainable values. On this foundation, iLOQ has later developed its business operation into the current one. iLOQ is a sustainable technology company that provides digital cloud-based access management solutions round the world.

iLOQ's Sustainability Strategy

iLOQ has adopted a holistic, 360-degree approach to sustainability. This requires examining all environmental, social and corporate governance (ESG) factors across the entire supply chain and throughout the product lifecycles. Continuous development of sustainability and positive impacts forms an integral part of iLOQ's strategy.

More information on iLOQ's Sustainability Strategy is available in the Sustainability Report published on the iLOQ website at <https://www.iloq.com/en/sustainability/>.

We take responsibility for the environment

iLOQ's key environmental impacts are caused by supply chain greenhouse gas emissions that are generated particularly during acquisitions and production, as well as emissions connected with the distribution of products. iLOQ's direct (Scope 1) and indirect (Scopes 2 and 3) greenhouse gas emissions totalled 42.0 CO₂ kilotons in 2024 (53.9 in base year 2022). The absolute amount decreased, as did the intensity of the emissions (2024: 326.6 t CO₂e/1 M€, 2023: 383.5 t CO₂e/1 M€). It is worth noting the developments in the calculation methodology

for wider implementation of activity data, which means the calculation is carried out considerably more accurately than in conservative estimates. We calculate our total emissions in the supply chain as based on the Greenhouse Gas Protocol (GHG) standards.

As a rule, iLOQ's emissions are generated through the supply chain (Scope 3). iLOQ's emissions calculation is carried out based on ownership, which means iLOQ's own operations generate no greenhouse gas emissions. The electricity used directly by iLOQ is either green or supplied through a lessor, in which case it counts towards indirect emissions (Scope 3).

iLOQ's own energy consumption totalled 1,529.51 MWh in 2024 (1,605.2e MWh in 2023).

The collaboration with our supply chain that began in 2022 was continued and further deepened in 2024 in order to achieve our climate goals. During the year, we adopted the EcoVadis Supplier Evaluation, which supports us in improving the suppliers' ESG capabilities, but also in monitoring compliance with the ESG requirements.

In 2024, we began Lifecycle Assessment (LCA) to calculate and analyse a product's environmental impact for its entire lifecycle. Calculation is necessary groundwork for reducing the environmental impacts of the product. Calculations will be extended to several product families and published as third-party certified Environmental Declarations.

iLOQ Oy's science-based emission targets are validated in the Science Based Target (SBTi) initiative. iLOQ is committed to measuring and reducing its Scope 3 emissions and to achieving the NetZero target by 2050. iLOQ is already NetZero in Scopes 1 and 2. As part of its announced targets, iLOQ is committed to reducing its total emissions by 90% from the 2022 baseline by 2050.

We take care of our staff

Valuing our staff is one of the main themes of iLOQ's Sustainability Strategy, and iLOQ is committed to promoting equality and providing an inspiring workplace with excellent development prospects. iLOQ's Code of Conduct defines the general ethical principles and the company's responsibilities as an employer. iLOQ does not accept discrimination, harassment or bullying at work. iLOQ provides equal opportunities to all employees and secures equal treatment and remuneration, as well as good working conditions.

Employees' professional development, motivation, creativity and commitment are promoted by, for example, regular performance appraisals. In 2024, 97.6% of employees had regular performance appraisals with their superiors. One of the strategic priorities in 2024 was to develop leadership at different levels of the company. For this purpose, a culture survey was conducted instead of a satisfaction survey. A total of 52% of the employees responded to the survey. The results of the survey have served as guidelines for developing corporate culture and leadership during 2024 and the beginning of 2025. iLOQ's gender ratio was as follows: the proportion of women in 2024 was 33% in the management group (36% in 2023) and 21% in the entire staff (20% in 2023).

Supply chain and work against bribery and corruption

In iLOQ's operating principles against bribery and corruption, the rules and maximum values for receiving and giving gifts, entertainment and hospitality are defined, as is the process of applying for additional approval. Exceptions are official instances: in their case, giving or receiving a gift always requires separate permission.

The Code of Conduct for Suppliers is an integral part of iLOQ's acquisitions and purchasing, and it covers selecting, evaluating and monitoring suppliers. In order to be selected as a supplier for iLOQ, a new supplier must accept the Code of Conduct for Suppliers as a part of iLOQ's acquisitions requirement, a process that transfers to the contract.

Impacts, risks and opportunities related to non-financial aspects

The assessment of risks and impacts related to non-financial aspects, mainly the environment, social and personnel aspects, human rights, and the prevention of corruption and bribery, is continuous at iLOQ. We regularly and comprehensively assess the impacts, risks and opportunities related to all our functions and stakeholders, including ESG aspects. Considering our sector, the assessment of information security risks in all our operations is also especially important to us. The most significant sustainability risks in our operations are potentially inadequate ESG capabilities in the organisation and climate risks. The most significant impacts are the production of greenhouse gas emissions and the themes of social responsibility with regard to the Group's own workforce.

Improving reporting

The grounds for reporting other than financial information is Swedish law applied on the basis of the company's domicile, but the requirement does not include EU taxonomy reporting, because the company's total number of staff does not exceed 500. However, EU taxonomy reporting will be part of the Corporate Social Responsibility reporting, according to which we will report on the data for 2025.

A sustainability statement that is compliant with the CSRD will be submitted together with 2025 financial statement. For this purpose, a double materiality assessment was carried out in 2024 to establish the most significant ESG themes. These themes have already been integrated into our sustainability work, and we report on data points under these themes. Reporting in accordance with the CSRD requires strong organizational support and participation to manage and report on the themes. The European Commission's Omnibus project is likely to affect the company's reporting obligation, as the number of company employees is below 1,000. The company will monitor the development of national legislation on reporting requirements during 2025.

COMPANY'S FINANCIAL POSITION

At the end of financial year 2024, the company's liquidity and financial position were good. The consolidated balance sheet total at the end of the review period was EUR 273,289 thousand and the equity ratio was 63.2%.

FINANCIAL ARRANGEMENTS AND SPECIAL RIGHTS

In March, Capnor Weasel Bidco Oyj successfully issued a EUR 55 million secured variable interest rate bond with a maturity of five years. The new loan has a floating rate coupon of 3 months Euribor + 4.00% per year and final maturity in March 2029. Different fees related to financial restructuring totalled EUR 1.4 million.

STRUCTURAL ARRANGEMENTS

The Group did not have any structural arrangements during the financial year.

LOANS TO RELATED PARTIES AND RESPONSIBILITIES

During the financial year 2024, Capnor Weasel Bidco Oyj received a group grant from its subsidiary iLOQ Oy worth EUR 3,100,919 (EUR 3,015,988 in 2023). In addition, during the financial year 2024, Capnor Weasel Bidco Oyj invoiced administrative services from its subsidiary iLOQ Oy worth EUR 593,705 (EUR 619,042 in 2023). At the end of the financial year, the company had a related party loan of EUR 4,627 thousand from its subsidiary iLOQ Oy. Subsidiary iLOQ Oy is the guarantor of the EUR 55 million bond issued by the company. In addition, subsidiary iLOQ Oy is jointly and severally guarantor of the 30 million credit line. The credit line was not in use at the end of the financial year on 31 December 2024.

ASSESSMENT OF LIKELY FUTURE DEVELOPMENTS

The company's management predicts that the revenue will continue to grow moderately in the current market areas also in 2025, thanks to development measures that accelerate growth. It is predicted that profitability will remain good, despite growth investments. The company's management predicts that the weak activity of the construction market in the Nordic countries will continue at least into the first half of 2025.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

Capnor Weasel Bidco Oyj listed the new bond on the corporate bond list of Nasdaq Stockholm in March 2025.

Jukka Havia was appointed CFO and member of the iLOQ Leadership team. He will start in his position in early 2025. iLOQ's current CFO, Timo Pirskanen, will leave the company by common decision in the spring.

iLOQ Belgium will begin its operations as the company's 16th subsidiary on 1 January 2025. This step reinforces iLOQ's commitment to the Belgian market, allowing them to better serve customers and partners while further strengthening their presence in Europe.

To fulfil iLOQ's growth strategy, drive development in sales, the brand and marketing functions, and provide a more customer-centric focus, iLOQ will establish the following three Regional Business Units and create a new Chief Revenue Officer function: Nordics, Europe and emerging markets, as well as North America.

BUSINESS RISKS

Strategic risks

Economic cycles and especially the level of activity in the renovation market affect the demand for iLOQ products and services. The countries of Northern Europe account for about 60 % of iLOQ's turnover, which is why the prolonged decrease in the renovation market in Northern Europe in particular could exert a negative impact on the growth and profitability of iLOQ.

The inflation in the eurozone budding in 2023, combined with rising interest rates, as well as the geopolitical situation in Europe, may continue to influence the decisions of iLOQ customers,

and thus may continue to negatively influence the demand for iLOQ products in 2024. Technical failure to meet the requirements of final customers, unexpected changes in the supply or regulatory provisions of competitors, and a significant consolidation of iLOQ distributors could also exert a negative impact on the decline in iLOQ's competitiveness.

Operational risks

The Group operates with a network business model in the manufacture and distribution of products. The aim is to prevent business risks by identifying risks. In 2020-2025, particular focus has been placed on ensuring the availability of components, so that the company's capacity to honour supply contracts can be assured.

Due to the nature of the company's security products, product-related risks are prevented via thorough product testing – both internally and by external testing institutions – as well as high-quality operations at all stages of product development and manufacturing.

The above-mentioned and other business risks are also covered by insurance policies, in addition to the development of operational processes. The Board of Directors is unaware of any judicial or credit loss risks that would substantially affect the company's performance.

The current geopolitical situation in Europe may negatively affect the operations of the company's contract manufacturer in Ukraine, and company management are closely monitoring the situation. The company has prepared for the security of supply risk by sourcing equivalent products from other contract manufacturers and by warehousing products manufactured in Ukraine across the border in Hungary.

Furthermore, the price and availability of components are affected by numerous factors beyond the Group's control. Such factors could include market conditions, the production capacity of suppliers on the markets in question, export restrictions, the level of import duties, currency exchange rates and trade barriers such as tariffs. For example, while tariffs currently constitute a small cost for the Group and increases in tariffs levels can be partially offset by price increases, significant increases in tariffs, in particular in light of the United States' recent statements on tariffs, could significantly increase, *inter alia*, component and raw material prices.

Financial risks

The main financial risks to which the Group is exposed are market risk (foreign exchange and interest rate risk), liquidity risk, and credit risk. The Group's management assesses the risks and acquires the necessary instruments for hedging risks. In its risk management, the Group uses credit insurance for sales receivables and, where appropriate, foreign exchange forwards. The Group has no financial risk concentration. In March 2024, the Group issued a bond with a nominal value of EUR 55,000,000. The loan includes performance and indebtedness covenant terms. The covenant conditions were met during the financial year which ended 31 December 2024.

Damage risks

iLOQ's business operations depend on the operational reliability, quality and reliability of suppliers as well as those of subcontractors, procurement channels and logistics processes. Potential damage to individuals or communities caused by the uninterrupted functionality of iLOQ products and their functionality may also have a negative impact on iLOQ's business. Information technology and information security in particular play an important role in the activities of iLOQ. This exposes iLOQ to IT interference and potential cyber security risks. Potential fires in the iLOQ premises or its subcontracting or supply chain, political extreme phenomena, exceptional weather phenomena, or similar difficult to predict phenomena could also have negative impacts on the business of iLOQ or its suppliers. Litigation with significant claims for compensation and other possible legal or regulatory events may also have a negative impact on iLOQ's business. In addition to normal risk management within the company, iLOQ is prepared for the risks presented above by means of global property, personnel and

interruption insurance programmes scaled to the extent of the business. In addition to these, the company has special global cover covering personal injury and property damage caused by iLOQ locks used by consumers, as well as personal injury caused by business locks.

QUALITY AND ENVIRONMENT

iLOQ Oy has an ISO 27001 certificate acquired this financial year for creating, implementing, maintaining and continuously improving information security. In addition, the company has a certified ISO 9001:2015 quality system and ISO 14001:2015 environmental management system. The Company's iLOQ S10/S50 SaaS service is produced by Fujitsu Services Oy and Amazon Web Services, whose information security management systems have been certified in accordance with ISO 27001:2013.

SHARES OF THE COMPANY

The company has only one class of shares, a total of 100. All shares have the same right to dividend and company assets.

OWN SHARES

The company does not hold any own shares.

BOARD OF DIRECTORS' PROPOSAL FOR PROFIT DISTRIBUTION

The distributable equity of Capnor Weasel Bidco Oyj on 31 December 2024 was EUR 135,173,752.32, of which the loss for the financial year was EUR 3,309,802.00. The company's distributable assets are divided into an invested unrestricted equity fund of EUR 142,980,221.00 and earnings of EUR -7,806,468.68.

The Board of Directors proposes to the Annual General Meeting that the profit for the financial year 2024 be transferred to the profit and loss account and that no dividends are paid out.

Since the end of the financial period, there have been no material changes in the company's financial position. The company's liquidity is good.

AUDITING

The Company's auditor has been auditing firm KPMG Oy Ab, Authorised Public Accountants, with Juho Rautio, APA, as the principal auditor.

Calculation formulas and purpose of alternative indicators

EBITDA

= Profit before depreciation and write-down

EBITDA is a measure that indicates the internal productivity of the

Group. Operative cash flow of business operations

= EBITDA plus change in receivables, change in inventory, change in debt, provisions and net cash flow from investments.

Operative cash flow of business operations %

= Operative cash flow of business operations / Revenue

The operative cash flow of business operations is used for monitoring EBITDA. It also recognises investments and change in net working capital.

Own capital production %

= Profit (loss) for the financial year (12 months) / Own capital in total (average of the period's start and end dates)

Measures the earnings of a financial year in relation to own capital. The key figure describes the company's ability to make profit on the owner's investment.

Equity ratio %

= Total equity in total / Assets in total minus received advances

Equity ratio helps indicate risk levels related to funding and also describes the Group's relative capital in business operations as compared to company assets.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand	Note	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Revenue	4	128 746	141 318
Other income		18	35
Materials and services	6	-53 956	-59 724
Employee benefit expenses	7, 25	-29 469	-26 908
Depreciation and amortisation	8	-12 402	-10 873
Other expenses	9	-25 724	-23 355
Operating profit		7 212	20 493
Finance income	10	414	278
Finance expenses	10	-7 004	-6 330
Net financial expenses		-6 590	-6 051
Profit (loss) before taxes		622	14 442
Income taxes	11	-821	-3 338
Profit (loss) for the financial year		-199	11 104
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Translation differences		-256	25
Other comprehensive income (-loss), net of tax		-256	25
Total comprehensive income		-454	11 129

Total comprehensive income is distributed to parent company shareholders in full.

Earnings per share calculated on the profit to the owners of the parent company, EUR

Undiluted earnings per share (EUR)		-1 987	111 039
Dilution adjusted earnings per share (EUR)	17	-1 987	111 039

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand	Note	31 December 2024	31 December 2023
ASSETS			
Non-current assets			
Intangible assets	12	108 797	107 750
Goodwill	5.12	92 467	92 467
Property, plant and equipment	13	6 483	6 989
Deferred tax assets	11	587	395
Total non-current assets		208 334	207 601
Current assets			
Inventories	14	23 064	24 477
Trade and other receivables	15	30 848	36 908
Current tax receivables for the financial year	11	1 978	143
Cash and cash equivalents	16	9 066	7 397
Total current assets		64 955	68 925
Total assets		273 289	276 526
EQUITY			
Share capital	17	80	80
Invested unrestricted equity fund	17	143 240	143 240
Translation differences	17	-222	33
Retained earnings	17	27 881	27 972
Total equity		170 979	171 325
LIABILITIES			
Non-current liabilities			
Financial liabilities	19	54 599	54 979
Non-current lease liabilities	22	1 833	1 716
Non-current provisions	23	949	880
Deferred tax liabilities	11	15 437	16 316
Total non-current liabilities		72 818	73 891
Current liabilities			
Account payables and other liabilities	20	26 493	27 462
Current lease liabilities	22	1 842	1 597
Current provisions	23	1 113	386
Tax liabilities based on taxable income for the financial year	11	45	1 864
Total current liabilities		29 492	31 309
Total liabilities		102 310	105 201
Total equity and liabilities		273 289	276 526

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR thousand	Note	1 Jan - 31 Dec 2024	1 Jan - 31 Dec 2023
Cash flows from operating activities			
Profit (loss) for the financial year		-199	11 104
Adjustments:			
Depreciation and amortisation	8	12 402	10 873
Unrealised exchange gains and losses		189	-306
Finance income	10	-414	-278
Finance expenses	10	7 004	6 330
Taxes	11	821	3 338
Other adjustments		476	-817
Change in net working capital:			
Change in trade and other receivables	15	5 893	-6 886
Change in inventory	14	1 413	1 640
Change in trade and other payables	20	4 024	-1 417
Change in provisions	23	796	-12
Interest paid		-4 988	-5 127
Interest received		91	35
Income taxes paid		-5 220	-4 117
Other financial items		-1 522	-138
Net cash flows from operating activities		20 768	14 223
Cash flows from investing activities			
Income from sale of property, plant and equipment		0	18
Investments in intangible non-current assets	12	-10 843	-12 892
Investments in property, plant and equipment	13	-600	-621
Net cash flows from investing activities		-11 443	-13 496
Cash flows from financing activities			
Proceeds from short-term liabilities		0	8 365
Payments of short-term liabilities		-5 000	-3 365
Payments of lease liabilities	22	-2 277	-1 851
Proceeds from long-term liabilities	19	55 000	0
Payments of long-term liabilities		-55 064	-62
Net cash flows from financing activities		-7 341	3 087
Change in cash flows		1 983	3 814
Cash and cash equivalents on 1 January		7 397	4 087
Net effect of changes in exchange rates on financial assets		-314	-504
Cash and cash equivalents on 31 December	16	9 066	7 397

Other adjustments relate to adjustments to the previous year's bonus and commission accruals, which have been adjusted through earnings retained from the previous financial years, and to intangible assets that have been incorrectly activated in previous years and that have been recognised as an expense in the expense category of their nature during the financial year.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Equity attributable to shareholders of the parent company

EUR thousand	Note	Share capital	Invested unrestricted equity fund	Translation differences	Retained earnings	Total
Equity on 01 January 2024	17	80	143 240	33	27 973	171 325
Adjustment for previous year's retained earnings					108	108
Comprehensive income						
Profit for the financial year					-199	-199
Translation differences				-256	0	-256
Total comprehensive income		0	0	-256	-199	-454
Equity on 31 December 2024	17	80	143 240	-223	27 882	170 979

EUR thousand	Note	Share capital	Invested unrestricted equity fund	Translation differences	Retained earnings	Total
Equity on 01 January 2023	17	80	143 240	8	17 659	160 986
Adjustment for previous year's retained earnings					-790	-790
Comprehensive income						
Profit for the financial year					11 104	11 104
Translation differences				25	0	25
Total comprehensive income		0	0	25	11 104	11 129
Equity on 31 December 2023	17	80	143 240	33	27 973	171 325

The adjustment for previous year's retained earnings for the financial year 2023 and 2024 is related to the adjustment for the previous year's bonus and commission accruals.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basic information about the Group

Capnor Weasel Bidco Oyj (hereafter also "company") is a Finnish public limited company, which operates under Finnish law and whose bond is publicly traded in Sweden. Trade started on the Nasdaq Stockholm Stock Exchange List on 11 March 2025. In accordance with Chapter 7, Section 3 of the Securities Markets Act, the company has chosen Sweden as the home Member State for disclosure of periodic information. Since 11 December 2019, ILOQ Oy's parent company has been Capnor Weasel Bidco Oyj, which prepares consolidated financial statements. The parent company is based in Helsinki. A copy of the consolidated financial statements is available from iLOQ Oy headquarters at Elektriikkatie 10, FI-90590 Oulu, Finland. The company is part of the Capnor Weasel Topco Group, which compiles the FAS consolidated financial statements. FAS is short for Finnish Accounting Standards. The party exercising ultimate control over the company is Nordic Capital IX Limited.

On 11 December 2019, Capnor Weasel Bidco Oyj acquired ownership of the iLOQ Group and Hailuoto Development Oy. Hailuoto Development Oy merged with iLOQ Oy on 1 November 2020. In addition, on 30 November 2021, Capnor Weasel Topco Oy's subsidiary Axtuator Oy merged with ILOQ Oy. On 8 July 2022, iLOQ Oy acquired IT-Salonen Oy.

The industrial business is concentrated in the iLOQ Group, which offers electronic locking solutions. The iLOQ Group operates with a network business model in the manufacture and distribution of products. The iLOQ Group's products are sold through the iLOQ retail channel providing professional installation, repair and maintenance services, and to direct customers of the infrastructure segment. The iLOQ Group's regional subsidiaries are located in Sweden, Denmark, Norway, Germany, the Netherlands, France, Spain, the United Kingdom, Poland, Canada, the United States, Australia, United Arab Emirates, Singapore and Belgium.

At its meeting of 10 April 2025, the Board of Directors of Capnor Weasel Bidco Oyj approved the financial statements for publication. In accordance with the Finnish Limited Liability Companies Act, shareholders have the opportunity to accept or reject the financial statements at an Annual General Meeting to be held after the statements have been published. The Annual General Meeting can also vote to alter the financial statements.

2. Basis for preparing the financial statements

The consolidated financial statements for the 2024 financial periods have been prepared in compliance with the International Financial Reporting Standards (IFRS), adhering to the IAS and IFRS standards and SIC and IFRIC interpretations valid on 31 December 2024 for application in the EU. 'International financial reporting standards' refers to the standards approved for application in the Finnish Accounting Act and the provisions laid down pursuant to the Act in accordance with the procedures laid down in Regulation (EC) No 1606/2002 of the European Parliament and of the Council on the application of international accounting standards, as well as the interpretations of these standards. The notes to the consolidated financial statements also conform to the Finnish accounting and company legislation supplementing the IFRS standards.

The standard changes that entered into force at the beginning of 2024 have had no impact on the Group's financial statements. The financial statements of the parent company and its subsidiaries (together the 'Group') have been consolidated into the consolidated financial

statements for financial year 2024. These are the third consolidated financial statements for a complete financial year. In addition to the parent company, the group includes 15 subsidiaries.

3. Accounting policies to the consolidated financial statements

3.1 Accounting policies requiring management discretion and uncertainty factors relating to estimates

Preparing consolidated financial statements in accordance with IFRS requires the company's management to exercise discretion, use estimates and make assumptions that affect the application of the accounting policies, the reporting of assets and liabilities, and the amounts of income and expenses. These estimates are based on the management's best insight at the present time, but it is possible that actual results may ultimately deviate from the estimates made.

The Group regularly monitors the realisation of estimates and assumptions, as well as the changes occurring in the background. Changes in the estimates and assumptions are entered into the accounts in the financial period during which the changes occur, as well as in all subsequent periods.

The most significant situations involving management discretion and estimates relate to the following parts of the financial statements:

- estimates of future business development and the assumptions used for impairment testing on uncompleted development projects (Note 12 and annual report),
- recognition and measurement of assets arising from the acquisition of businesses (Note 12)
- the depreciation periods for tangible and intangible assets (Note 8)
- estimates of the amount of warranty provisions (Note 23), and

definition of a lease agreement term: As regards lease agreements in which the term has been defined to be until further notice, the expected lease term based on the consideration of the management is applied. When determining the expected lease term, the impact of the sanctions included in the lease agreement relating, for example, to a premature termination of the agreement, are also considered.

3.2 Consolidation principles behind the consolidated financial statements

Subsidiaries

The consolidated financial statements include the parent company and all of the subsidiaries under the control of the Group's parent company. Control arises when the Group's participation in the entity exposes the Group to the entity's variable income or entitles it to variable income, and the Group is able to influence this income by exercising its control over the entity. The Group's control over an entity is based on voting rights. All of the subsidiaries included in the consolidated financial statements are wholly owned.

Subsidiaries are consolidated from the date of acquisition until the date when the parent company no longer has control over the subsidiary.

Intra-Group transactions, receivables, liabilities, unrealised profits and internal distribution of profit are eliminated in the consolidated financial statements.

During consolidation, the accounting policies applied to the subsidiaries are altered if necessary to correspond to the accounting policies used for the consolidated financial statements.

Depreciation of business values is not recorded but tested for possible impairment on an annual basis and whenever there is any indication that the value may be impaired.

3.3 Consolidation of businesses

Acquisitions of business functions are handled using the acquisition method. Goodwill arising from business combinations is recognised in the amount by which the consideration disposed of, the share of non-controlling interests in the acquiree and the previously held interest, summed up, exceed the fair value of the net assets acquired. Acquisition costs, such as expert fees, excluding those arising from the issue of debt or equity securities, shall be recognised as expenses. For the purpose of impairment testing, goodwill is allocated to those cash-generating entities or groups of entities in the Group that are expected to benefit from business combinations. In Capnor Weasel Bidco, the goodwill is mainly attributed to the iLOQ group. The cash-generating entity shall be subject to the impairment tests on an annual basis, or more frequently if there are indications of impairment. If the recoverable amount of the cash-generating entity is below its carrying amount, the impairment is recognised first in goodwill and then in accordance with the relative carrying amount of the other assets of the cash-generating entity. The impairment of goodwill is recognised in profit or loss. The impairment loss recognised in goodwill shall not be reversed in subsequent financial years. The recoverable amount is the fair value of the asset less costs of disposal or the value of use, whichever is higher. Use value refers to the estimated future net cash flows available from the asset or cash generating unit and discounted to its present value.

3.4 Conversion of items denominated in foreign currencies

The figures for the income and financial position of the Group's units are given in the currency primarily used in the company's operating environment (the 'operating currency'). The consolidated financial statements are presented in euros, which is the functional and presentation currency of the Group's parent company. The figures presented in the financial statements are rounded to the nearest thousand euros unless otherwise stated. For this reason, the sums of individual figures may differ from the totals stated. The figures in parentheses refer to the corresponding date or period in 2023, unless stated otherwise.

Foreign-currency denominated transactions

Transactions in foreign currencies are recognised in each company's operating currencies at the exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are converted to the operating currency at the exchange rates of the final day of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies and measured at fair value are converted to the operating currency at the exchange rates prevailing on the measurement date. Non-financial items denominated in foreign currencies and valued at original acquisition cost are translated using the exchange rates prevailing on the date of transaction.

The gains and losses arising from translations of transactions and monetary items denominated in foreign currencies are recognised through profit or loss.

Financial statements of foreign subsidiaries

The assets and liabilities of foreign subsidiaries are converted to euros at the exchange rates prevailing on the final day of the reporting period. Exchange rate gains or losses from the conversion of assets and liabilities denominated in foreign currencies are recognised on the consolidated statement of comprehensive income as items affecting operating profit for items related to business operations, whilst financial items are recognised on the consolidated statement of comprehensive income under financial income and expenses.

The income and expense items on the statements of comprehensive income of the Group subsidiaries that operate in currencies other than the euro are converted into euros at the average exchange rate of the reporting period.

Converting the income for the financial period and the comprehensive income at different exchange rates on the balance sheet gives rise to a translation difference recognised under equity, and changes to the translation difference are recognised under other items of comprehensive income.

3.5 Principles of revenue recognition

Sales revenues are recognised in the amount that the Group expects to be entitled to receive on the basis of contracts with customers. The Group's sales revenues accrue from digital locking and access management systems, and they are recognised when control over the goods or services is transferred to the customer.

The customers of the Group are retailers and direct customers of the infrastructure segment. Customer contracts typically consist of a partnership agreement and each confirmed product order.

The contracts identify the separate performance obligations, which consist of supplied locks, as well as lock operation and maintenance services. The warranties related to the locks are identified as ordinary warranties that do not constitute a separate performance obligation. Instead, a warranty provision is made for them in accordance with the IAS 37 standard.

For locks, the transaction price consists of the price as per the price list, less estimated variable charges, which are any applicable annual discounts. The operation and maintenance agreement specifies the maintenance fees for the locking service. The total price of the service depends on the number of locks and the services selected by the customer. The agreements do not include significant financing components.

The capitalisation of lock deliveries does not meet the criteria for capitalisation over time, so they are capitalised at a singular time when control is transferred on the basis of the delivery, when the risks and benefits have been transferred to retailers. Operation and maintenance agreements are capitalised over time as sales of services, because the end customer receives the benefit of the service when it has been provided.

3.6 Employee benefits

Short-term employee benefits

Salaries, wages and fees, as well as benefits, annual leave and bonuses are included in short-term employee benefits. They are recognised in the period when the work in question is performed.

Pension obligations

Pension schemes are classed as defined-benefit or defined-contribution schemes. Under defined-contribution schemes, the Group pays fixed fees to a separate unit and the Group has no legal or actual obligations to make further payments. The contributions paid into defined-contribution schemes are recognised through profit or loss as charges arising from employee benefits in the period to which the contribution applies. The Group's pension schemes are classed as defined-contribution pension schemes.

3.7 Operating profit

Operating profit consists of revenues and other operating income minus the costs of materials and services adjusted for change in inventories, the costs of employee benefits and other operating costs, as well as depreciation and impairment losses.

3.8 Taxes based on taxable income for the financial year and deferred taxes

Income taxes consist of taxes based on the taxable income for the financial period, adjustments related to prior financial periods, and deferred taxes. The taxes based on taxable income for the period are calculated from the taxable income at the applicable tax rate in each country or at the tax rate that was approved in practice by the reporting date. The Group offsets the tax assets and liabilities based on the taxable income for the period against each other only when the Group has a legally enforceable entitlement to offset the tax assets and liabilities based on the taxable income for the period against each other, and it intends either to make the payment on a net basis or realise an asset item and settle the liabilities simultaneously.

Deferred taxes are calculated from the temporary differences between the carrying value and the taxable value using the tax rates enacted or approved in practice by the reporting date.

Deferred tax liabilities are recognised for all temporary differences between the carrying value and the taxable value. Deferred tax assets are recognised for all deductible temporary differences and tax deductible losses, unused tax losses and unused tax-related refunds up to the probable amount of taxable income in the future against which the temporary difference can be utilised. The criteria for recognising deferred tax assets are estimated on the final day of each reporting period.

The Group offsets deferred tax assets and liabilities against each other only when the Group has a legally enforceable right to offset the tax assets and liabilities based on the taxable income for the period and when the deferred tax assets and liabilities relate to the income tax levied by the same tax authority on the same entity or different entities, which either intend to offset tax assets and liabilities based on taxable income for the period or to settle them simultaneously.

3.9 Intangible assets and goodwill

Intangible assets are recognised on the balance sheet only if the item fulfils the definition of intangible asset, the acquisition cost can be reliably determined and it is likely that the financial benefit derived from the asset will accrue to the Group.

Research and development expenditure

Research and development expenditure is recognised as a cost in the period during which it arises.

Development costs are recognised only if the unfinished asset fulfils development cost capitalisation requirements. Development costs will be eliminated during the period of economic impact in 5–10 years. The technology acquired in connection with the acquisition of the iLOQ Group will be eliminated in 20 years. Depreciation of a commodity is recognised as soon as the product development project has been completed and the commodity resulting from the development is ready for use or sale. Other research and development expenditure is recognised as a cost. Research and development expenditure that has previously been recognised as a cost cannot be capitalised in later periods.

Research and development expenditure recognised as a cost is included in the consolidated statement of comprehensive income under other operating costs.

Goodwill

On 11 December 2019, the company acquired the entire stock of iLOQ Oy and Hailuoto Development Oy. During the financial year 2022, iLOQ Oy acquired the entire share capital of IT-Salonen Oy. Procurements are processed according to the procurement method. The goodwill represents the amount at which the acquisition cost exceeds the fair value of the identifiable assets and liabilities of the acquired companies at the time of acquisition. Business value typically reflects the value of acquired market share, business skills and synergies. The book value of the goodwill is tested by impairment tests.

The Group assesses the book value of goodwill annually or more frequently if there are indications of a possible impairment. The cash flow present value of the acquired assets is determined by calculating the discounted present value of the forecasted cash flows. The forecasted cash flows are based on management estimates, mainly the confirmed five-year strategy. The parameters of the risk-free interest rate, the risk factor (Beta) and the risk premium used to determine the discount rate are based on market data. Any impairment loss on goodwill is immediately recognised in the comprehensive income statement. The previously recognised goodwill impairment loss is not refunded.

Other intangible assets

Other intangible assets are recognised on the balance sheet at acquisition cost. In subsequent financial years, other intangible assets are measured at acquisition cost minus recognised depreciation and impairment. The original acquisition cost includes the immediate expenses due to the acquisition of the asset.

Other tangible assets with a finite useful life are depreciated on a straight-line basis over the estimated useful life of the asset. Changes to the useful life of an asset, the method of depreciation, and the residual value are treated as changes in an accounting estimate.

Cloud service arrangements

The accounting procedure of cloud service arrangements depends on whether the cloud service-based software is a service contract or an intangible asset. The user right payments related to cloud service-based software are recognised in other expenditures only if it is a

service contract, and it will be activated as an intangible asset only if the company has control of the software. If the configuration and tailoring services related to cloud service arrangements are performed by the cloud service provider and are inseparable from the cloud service, the configuration and tailoring expenditure is recognised in the same way as the cloud service user right payments. As regards configuration and tailoring expenditure that is separable from the cloud service arrangements, an examination will be conducted to determine whether the company has control over the configuration and tailoring arrangements, and whether they thus form intangible assets for the company. If the configuration and tailoring expenditures separable from the cloud service form an intangible asset, the expenditure will be activated in the balance sheet. If not, the configuration and tailoring expenditure will be recognised as other expenses when the company receives the services.

The estimated useful lives of assets are as follows:

- Technology 5-20 years
- Intangible rights: 5–10 years
- Other intangible assets: 5–10 years
- Brand 15 years
- Customer relations 15 years

The useful lives of assets and methods of depreciation are examined at the end of each reporting period and adjusted if necessary.

Gains on disposals of intangible assets are recognised on the statement of comprehensive income under other operating income and losses are recognised under other operating costs.

3.10 Property, plant and equipment

Property, plant and equipment are recognised on the balance sheet only when it is likely that the Group will enjoy future financial benefits derived from the asset and the acquisition cost can be reliably determined.

Property, plant and equipment are measured at acquisition cost minus accumulated depreciation and impairment. Acquisition cost includes the costs directly incurred in acquiring the property, plant and equipment.

Property, plant and equipment are depreciated on a straight-line basis over the estimated service life of each asset.

The estimated useful lives of assets are as follows:

- Machinery and equipment: five (5) years
- Furnishings and other moveable property: five (5) years
- Other tangible assets: five (5) years

The useful lives and methods of depreciation are evaluated at the end of each reporting period and adjusted if necessary to reflect changes in the expected economic benefit.

Property, plant and equipment are derecognised from the balance sheet when they are disposed of or when no future financial benefits can be expected from the use or disposal of the asset. Gains and losses on disposals of property, plant and equipment are recognised through profit or loss and presented under other operating income or costs.

3.11 Leases – the Group as the lessee

An evaluation is made at the start of a lease agreement as to whether the agreement is a lease agreement or whether it includes a lease agreement. A lease agreement is an agreement or part of an agreement that grants the right to control the use of a specified asset for a specific period of time against compensation. At the time the agreement enters into force, the Group separates the lease agreement and the non-lease component.

At the start of the lease agreement, the lessee recognises the leased asset on its balance sheet as a property, plant and equipment item. The right-of-use asset is originally valued at acquisition cost. This corresponds to the original amount of the lease agreement liability adjusted by lease payments made in advance, lease incentives, direct expenses at the initial phase, as well as by the estimated expenses that the lessee incurs as a result of reverting the asset to the conditions required under the terms and conditions of the lease agreement. Depreciation of the property, plant and equipment item is recognised over the term of the lease.

The lease liability is recognised at originally the unpaid lease payments at the time the agreement enters into force discounted by the internal interest of the lease agreement, or if this cannot be determined, by the interest rate of the lessee's additional interest. When determining the lease agreement-specific discount interest rate, the criteria used are asset class, geographical location, currency, maturity of risk-free interest, as well as the lessee's credit risk premium.

The lease agreement liabilities are measured at amortised cost using the effective interest method. The lease payments included in lease liabilities are fixed or variable payments that depend on an index or an interest rate. Options relating to continuation periods are included in the term of the lease if it is relatively certain that they will be exercised. The lease agreements in force until further notice are included for the period during which in the management's estimation it is relatively certain that the agreement will not be terminated.

The Group applies two exemptions allowed by the Standard, i.e., assets with lease terms not exceeding 12 months, or assets with minor value, are not recognised on the balance sheet. These charges are recognised as expenses in the statement of comprehensive income over the term of the lease.

3.12 Inventories

Inventories are measured in accordance with the average price principle at either the determined acquisition cost or the net realisation value, whichever is lower. The net realisation value is the estimated sales price that could be received for the sale of the inventory under normal business operations minus estimated necessary expenses to realise the sale.

The acquisition cost includes the direct costs of acquiring the asset incurred by transferring the inventory to the location and state that it was in when reviewed.

3.13 Financial assets and liabilities

Recognition and classification of financial assets and liabilities

Financial assets

The Group's financial assets are classified as follows:

- liabilities measured at amortised cost, and
- assets measured at fair value through profit or loss.

Classification is performed on the basis of the goal of the business model and the contractual cash flows of investments, or by applying the fair value alternative in conjunction with the original acquisition.

Transaction costs are included in the original carrying value of financial assets for items that are not measured at fair value through profit or loss. All purchases and sales of financial assets are recognised on the transaction date.

The Financial assets carried at amortised cost group is for trade receivables, loan receivables, and other receivables that are not included in derivative assets. The assets classified in this group are measured at amortised cost using the effective interest method. The book value of trade receivables and other receivables is assumed to essentially correspond to their fair value. For expected credit losses, the Group recognises a deduction item from the asset item belonging to financial assets, and this is measured at amortised cost.

For trade receivables, the Group estimates its expected credit losses using the so-called simplified approach, whereby credit losses are recognised in an amount corresponding to the expected credit losses throughout the entire period of validity. The credit losses that are recognised are based on historical information about the failure to pay receivables.

The category of financial assets recognised at fair value through profit or loss includes financial asset items that were acquired to be held for trading or that are classified as assets recognised at fair value through profit or loss when they were originally recognised. Financial assets held for trading were primarily acquired with a view to profiting over the short or long term, and they are presented under either current or non-current financial assets.

Financial liabilities

The Group's financial liabilities are classified as follows:

- liabilities measured at amortised cost, and
- liabilities measured at fair value through profit or loss

At the end of the reporting period 2024 or 2023, the Group had no financial liabilities measured at fair value through profit or loss.

Financial liabilities are initially recognised at fair value. Transaction costs are included in the original carrying value of the financial liabilities. Subsequently, all financial liabilities of the Group are measured at amortised cost using the effective interest method. Items measured at amortised cost can include current and non-current liabilities, accounts payable, and other liabilities. Loans maturing in under 12 months are presented under current liabilities.

3.14 Impairments and impairment testing

Assets not belonging to financial assets

On the final day of each reporting period, the Group assesses whether there is any indication that the value of an asset item not belonging to financial assets has decreased. If such an indication is found, the recoverable amount of cash for the asset in question is estimated.

Annual impairment testing is conducted on research and development projects in progress. In addition, the company monitors internal and external indications of asset impairment. If any internal or external indications are found, the company conducts an impairment test by estimating the recoverable amount of an asset item.

The recoverable amount of a non-current asset is the asset's fair value less sales costs or its value in use, whichever is greater. The value in use is determined by discounting the estimated future cash flows generated by the asset.

An impairment loss is recognised through profit or loss when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are reversed if the estimates used to determine the recoverable amount from the asset have changed. However, impairment losses are not reversed by more than the carrying value that the asset would have had without the recognition of the impairment loss. The impairment loss recognised in goodwill is not reversed.

3.15 Provisions and contingent liabilities

Provisions are recognised when the Group has, due to a past event, a legal or constructive obligation and it is probable that resources providing a financial benefit will need to be transferred out of the company in the future to settle the obligation and when the amount of the obligation can be reliably estimated.

If the time value of money has a substantial effect, the amount of the provision is the present value of the expenses that are expected to be required to fulfil the obligation.

A provision is recognised for future warranty obligations based on the warranty costs that have previously been realised.

The amount of provisions is evaluated on every balance sheet date and the amount is adjusted to represent the best estimate at the time of review. Changes in provisions are entered into the statement of comprehensive income under other operating expenses.

Contingent liabilities are potential obligations arising due to prior events, and the existence of these obligations can only be confirmed upon the realisation of an uncertain event that is beyond the control of the Group. Contingent obligations also include existing obligations that are not likely to require the fulfilment of a payment obligation or that are of a magnitude that cannot be reliably determined. Contingent liabilities are presented in the notes to the financial statements.

3.16 Public grants

Public grants are recognised when it is reasonably certain that they will be received and that the Group meets the conditions for receiving a grant.

Public grants related to costs are recognised systematically through profit or loss in the periods when the entity recognises a cost item for expenditure that is covered by the intended purpose of the grant. Public grants related to acquisitions of property, plant and equipment are recognised as deductions in the asset's acquisition cost and they are capitalised in the form

of lower depreciation charges over the asset's service life. The Group has not received any public grants during the reporting period 2024 or 2023.

3.17 Equity

The Group classifies financial instruments under equity when the instruments are issued by the Group and do not include a contractual obligation to transfer cash or cash equivalents to another entity or to exchange financial assets or liabilities with another entity in the event of circumstances that are unfavourable to the issuer, and when the instruments indicate an entitlement to a share of the Group's assets after all of its liabilities have been deducted. The share capital consists of ordinary shares. If the Group buys back its equity instruments, the acquisition cost is deducted from equity.

3.18 New and updated standards and interpretations for application at a later date

The Group will adopt the new and updated standards and interpretations published by IASB as of the effective date of each standard and interpretation or, if the effective date is other than the first day of the financial period, as of the beginning of the financial period following the effective date.

The new and amended standards or interpretations published are not expected to affect the consolidated financial statements at the effective date. The company has begun preparing for changes to the presentation of financial statements and notes required by the IFRS 18 financial reporting standard.

Note 4 Revenue and segment reporting

Segment reporting

The Capnor Weasel Bidco group is a Finnish group comprising the parent company Capnor Weasel Bidco Corporation and the iLOQ group. The business operations of Capnor Weasel Bidco Oyj consist of providing internal administration services in the Group. Industrial business is concentrated in the iLOQ Group, which offers electronic locking solutions. The iLOQ Group operates with a network business model in the manufacture and distribution of products. The iLOQ Group's products are sold through the iLOQ retail channel, which provides professional installation, service and maintenance services. The iLOQ Group's regional subsidiaries are located in Sweden, Denmark, Norway, Germany, the Netherlands, France, Spain, Poland, the United Kingdom, Singapore, United Arab Emirates, Canada, the United States and Belgium.

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

Composition of Group's turnover and geographical distribution is presented with the notes related to turnover. The Group has one external client, the revenue wherefrom exceeds 10 per cent of the income of the company. The Group's most significant non-current assets are located in the domicile state of the parent company.

Revenue

The revenue of iLOQ consists of digital locking and access management systems. The Group's products and services consist of supplied locks and software as well as lock operation and maintenance services. Provided locking systems are capitalised at the moment of delivery, but the operation and maintenance services are capitalised over time. The Group's customers are locking product resellers and partners and direct customers of the infrastructure business.

Revenue is recognised when control over the goods or the service is transferred to the customer. Lock deliveries are capitalised when control is transferred on the basis of the delivery of the products, when the risks and benefits have been transferred to retailers. As a rule, the delivery of products complies with the Carriage and Insurance Paid To (CIP) delivery terms, in some cases the Delivered Duty Paid delivery terms. Operation and maintenance services are capitalised over time, because the end customer receives the benefit of the service when it has been provided.

Sales contracts are made with the regular payment terms. A yearly discount can be granted to customers for products sold. Revenue recognition principles are presented in note 3 *Accounting policies for the consolidated financial statements*. Warranty clauses related to the products sold are presented in note 23 *Provisions*.

The Group's revenue by customer geographical location is presented below.

EUR thousand	2024		2023	
Finland	43 884	34 %	44 284	31 %
Other Northern Europe	34 290	27 %	40 892	29 %
Other world	50 572	39 %	56 143	40 %
Total	128 746	100 %	141 318	100 %

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

EUR thousand	2024		2023	
Revenue is recognised at a point in time	122 876	95 %	113 186	96 %
Revenue is recognised over time	5 870	5 %	4 132	4 %
Total	128 746	100 %	117 318	100 %

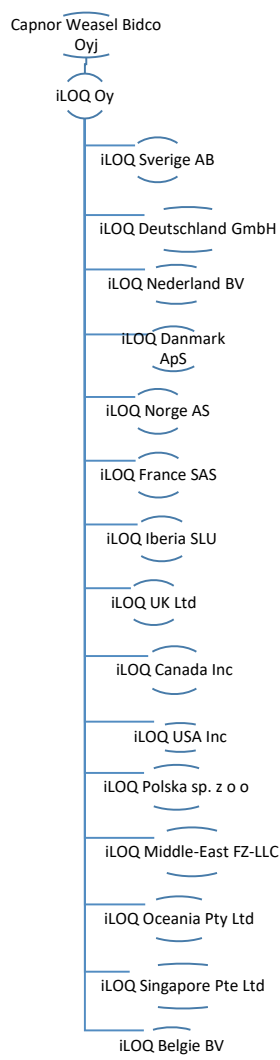
Credit losses recognised during the financial year and a description of the trade receivables are presented in Note 15.

The amount of debt recognised over time in customer contracts is presented in Note 20 in line "Advances received for operation and maintenance contracts".

Note 5

Group structure and business combinations

The group structure of the Capnor Weasel Bidco group is described below:



Subsidiaries included in the consolidated financial statements:

Name of the subsidiary:	Domicile	Shareholding %
iLOQ Oy	Finland	100
iLOQ Sverige AB	Sweden	100
iLOQ Deutschland GmbH	Germany	100
iLOQ Nederland BV	Netherlands	100
iLOQ Denmark ApS	Denmark	100
iLOQ Norge AS	Norway	100
iLOQ France SAS	France	100
iLOQ Iberia SLU	Spain	100
iLOQ UK Ltd	UK	100
iLOQ Canada Inc	Canada	100
iLOQ USA Inc	United States	100
iLOQ Polska sp. z o o	Poland	100
iLOQ Middle-East FZ-LLC	United Arab Emirates	100
iLOQ Oceania Pty Ltd	Australia	100
iLOQ Singapore Pte Ltd	Singapore	100
iLOQ Belgie BV	Belgium	100

During the financial year 2024, the Group established its subsidiary iLOQ Belgie BV. During the financial year 2023, the Group established its subsidiary iLOQ Oceania Pty Ltd. IT-Salonen Oy was merged with iLOQ Oy in 2023. There were no changes in the shareholding of the subsidiaries in 2024.

Business acquisitions

The Group did not make business acquisitions in 2024 and 2023.

Note 6 Materials and services

EUR thousand	2024	2023
Purchases of materials and services	47 720	54 217
Change in inventories	1 026	1 632
Warranties	1 273	664
External services	3 937	3 212
Total	53 956	59 724

Note 7 Employee benefit expenses

EUR thousand	2024	2023
Salaries and wages	23 750	21 804
Pension costs – defined-contribution schemes	3 232	3 481
Other personnel expenses	2 487	1 623
Total	29 470	26 908

	2024	2023
Average number of employees for the financial year:	326	302
Number of employees at the end financial year:	329	310

In both tables, part-time employees have been converted into full-time employees.

Information concerning key management's employment benefits is presented in note 25 *Related party transactions*.

Note 8 Depreciation and amortisation

Depreciation, amortisation and impairment by asset category

Depreciation by asset category

Intangible assets

EUR thousand	2024	2023
Intangible rights	1 152	1 118
Development expenses and other intangible assets	7 424	6 796
Total	8 576	7 914

Property, plant and equipment

EUR thousand	2024	2023
Machinery and equipment	1 198	1 144
Other property, plant and equipment	70	70
Fixed Assets	2 130	1 745
Total	3 397	2 958

Impairment

EUR thousand	2024	2023
Intangible assets	429	0
Total	429	0

Total depreciation and impairment	12 402	10 872
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Note 9 Other expenses

EUR thousand	2024	2023
Expenses relating to office premises and vehicles	1 873	1 853
Computer and program expenses	5 484	3 855
Machinery and equipment expenses	424	414
Sales and marketing expenses	6 050	7 333
Research and development expenses	1 515	1 501
Administrative expenses	8 432	6 623
Other expenses	1 946	1 777
Total	25 724	23 355

The Group applies exemptions allowed by the Standard IFRS16, i.e., lease agreements with lease terms not exceeding 12 months, or lease agreements with minor value, are not recognised on the balance sheet. In 2024, expenses relating to office premises and vehicles include short-term (less than 12 months) lease expenses in the amount of EUR 60 thousand (EUR 59 thousand in 2023) and EUR 33 thousand (EUR 20 thousand in 2023) of minor lease expenses. Computer and program expenses include EUR 5 thousand of minor lease expenses in the financial year 2024 (EUR 9 thousand in 2023).

Auditor's fees

EUR thousand	2024	2023
Audit	175	166
Tax services	64	28
Other services	0	38
Total	240	232

Note 10**Financial income and expenses****Recognised through profit or loss****Finance income**

EUR thousand	2024	2023
Other finance income	414	278
Total	414	278

Finance expenses

EUR thousand	2024	2023
Interest expenses on lease liabilities	-175	-115
Other interest expenses	-4 673	-4 996
Other finance expenses	-2 155	-1 219
Total	-7 004	-6 329

Net financial expenses	-6 590	-6 051
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The arrangement fees of the new bond amounting to EUR 1.4 million for the financial year 2024 are presented in the item other finance expenses.

The amount of lease liabilities is presented in Note 18 and the maturity in Note 22.

Note 11 Income taxes

Current tax for the reporting year

EUR thousand	2024	2023
Current tax for the reporting year	1 858	4 255
Current tax adjustments for prior years	34	-31
Change in deferred taxes	-1 071	-886
Total	821	3 338

Reconciliation between income tax expense in profit or loss and tax expense calculated by the Finnish tax rate.

EUR thousand	2024	2023
Profit before tax	622	14 442
Tax calculated using Finnish tax rate (20%)	-125	-2 889
Derogating tax rates of foreign subsidiaries	91	71
Unrecognised deferred tax assets on tax losses	0	-14
Non-deductible expenses	-810	-533
Current tax adjustments for prior years	0	0
Other differences	22	27
Income taxes in the statement of comprehensive income	-821	-3 338

Taxes are not recognised in other comprehensive income.

Change in deferred tax

2024

EUR thousand	01 January 2024	Business acquisitions	Recognised through profit or loss	31 December 2024
Deferred tax assets				
Deprecation not deducted in taxation	0	0	0	0
Tax losses carried forward	0	0	0	0
Expected credit losses	34	0	25	59
Provisions	253	0	159	412
Lease liabilities	663	0	72	735
Fixed Assets	-650	0	-67	-717
Total leases	13	0	2	15
Other temporary differences	95	0	2	97
Total	395	0	192	587

2023

EUR thousand	01 January 2023	Business acquisitions	Recognised through profit or loss	31 December 2023
Deferred tax assets				
Deprecation not deducted in taxation	0	0	0	0
Tax losses carried forward	44	0	-44	0
Expected credit losses	24	0	10	34
Provisions	256	0	-3	253
Lease liabilities	612	0	51	663
Fixed Assets	-600	0	-49	-650
Total leases	11	0	2	13
Other temporary differences	112	0	-17	95
Total	447	0	-52	395

2024

EUR thousand	01 January 2024	Business acquisitions	Recognised through profit or loss	31 December 2024
Deferred tax liabilities				
Valuation of intangible assets				
at their fair value	16 232	0	-1 004	15 228
Other temporary differences	84	0	124	207
Total	16 316	0	-880	15 436

2023

EUR thousand	01 January 2023	Business acquisitions	Recognised in profit or loss	31 December 2023
Deferred tax liabilities				
Valuation of intangible assets				
at their fair value	17 164	0	-932	16 232
Other temporary differences	82	0	2	84
Total	17 246	0	-930	16 316

Note 12 Intangible assets

Intangible assets 2024

EUR thousand	Technology	Intangible rights	Brand	Goodwill	Other intangible assets	Customer relations	Unfinished intangible assets	Total
Acquisition cost on 01 January 2024	85 742	2 253	12 865	92 467	4 200	12 142	17 501	227 170
Additions		458	0			0	10 385	10 844
Reductions	-42	-76			-154		-519	-791
Transfers	9 499	0	0	0	36	0	-9 536	0
Acquisition cost on 31 December 2024	95 200	2 635	12 865	92 467	4 082	12 142	17 832	237 222
Accumulated depreciation and impairment on 01 January 2024	17 733	722	3 480	0	1 737	3 281	0	26 953
Depreciation for the financial year	5 806	294	858	0	809	809	0	8 576
Impairments	0	0	0	0	0	0	429	429
Accumulated depreciation and impairment on 31 December 2024	23 539	1 016	4 338	0	2 546	4 090	429	35 958
Book value on 01 January 2024	68 009	1 531	9 385	92 467	2 463	8 861	17 501	200 217
Book value on 31 December 2024	71 661	1 619	8 527	92 467	1 536	8 052	17 403	201 264

EUR thousand	Technology	Intangible rights	Brand	Goodwill	Other intangible assets	Customer relations	Unfinished intangible assets	Total
Acquisition cost on 01 January 2023	83 066	1 727	12 865	92 412	2 767	12 142	9 246	214 224
Adjustment for previous year's value				56	39		-41	54
Additions	1 239	525	0		0	0	9 764	11 528
Transfers	1 437	0	0	0	1 394	0	-1 468	1 364
Acquisition cost on 31 December 2023	85 742	2 253	12 865	92 467	4 200	12 142	17 501	227 170
Accumulated depreciation and impairment on 01 January 2023	12 634	461	2 622	0	849	2 472	0	19 039
Depreciation for the financial year	5 099	260	858	0	888	809	0	7 914
Impairments	0	0	0	0	0	0	0	0
Accumulated depreciation and impairment on 31 December 2023	17 733	722	3 480	0	1 737	3 281	0	26 953
Book value on 01 January 2023	70 432	1 266	10 243	92 412	1 918	9 670	9 246	195 186
Book value on 31 December 2023	68 010	1 531	9 385	92 467	2 463	8 861	17 501	200 217

Group's intangible rights consist of patents and licenses related to IT software.

The Group has invested in the development of new products and the further development of the features and manufacturing processes of existing products. The carrying amount of unfinished product development expenditure was EUR 12,764 thousand at the end of 2024 (EUR 14,492 thousand at the end of 2023). In 2024, an addition of EUR 7,250 thousand of product development expenditures was recognised on the balance sheet (EUR 9,848 thousand in 2023). Unfinished intangible assets include advance payments related to the development of systems, a total of EUR 4,639 thousand for the financial year 2024 (EUR 2,450 thousand in total in 2023).

Impairment testing for unfinished product development expenditures

The Group has carried out impairment testing for unfinished product development expenditures at 31 December 2024 and 31 December 2023. The test is a comparison between the carrying amount of the development cost and the recoverable amount, which is defined as the present value of the future cash flows expected to be generated from the asset. Based on the impairment test, the Group's management did not recognise any indication for a recognition of an impairment loss.

Impairment testing for goodwill

The Group assesses the recoverable amount of goodwill annually or more frequently if there are indications of a possible impairment. Impairment testing has tested goodwill created in iLOQ Group acquisitions and other assets transferred to the company, or a so-called carrying amount, which totalled, at the time of testing on 30 September 2024, EUR 232,885 (238,470) thousand. The cash flow present value of the acquired assets is determined by calculating the discounted present value of the forecasted cash flows. The use value calculation based on future cash flow estimates used in impairment testing is based on the iLOQ Group strategy approved by the Group's management. The cash flow estimates used are based on the next five years' financial plans for the iLOQ Group. The business growth assumptions used in the cash flow estimates and the assumptions for price and cost development are based on the company's management estimates of demand and market developments compared with external information sources. In the context of impairment testing, cash flows in later years or the so-called residual year have been carefully estimated at 1.7% growth assumption. The parameters of the risk-free interest rate, the risk factor (Beta) and the risk premium used to determine the discount rate are based on market data. The recoverable amount has been validated by comparing the result of the comparison with the market value obtained by the valuation factors of the listed comparison companies. On the basis of impairment testing, no impairment losses were recorded in the profit and loss account. A sensitivity analysis was carried out in connection with the impairment testing, in which the predicted gross margin level was reduced by 1–5 percentage points and the discount rates increased by 1–5 percentage points. On the basis of the sensitivity analysis, the management has estimated that any possible change in any of the key variables used in the calculations would not result in an impairment loss being recognised. The recoverable amount resulting from impairment testing was 3.4 times higher than the book value of the corresponding assets. The discount rate used to determine the recoverable amount of money (Pre-tax WACC) was 10.19% (11.35%)

Note 13 Property, plant and equipment

Owned property, plant and equipment in 2024

EUR thousand	Owned property, plant and equipment in 2024			Right-of-use assets in 2024		
	Machinery and equipment	Work in progress	Other tangible assets	Cars	Premises	Total
Acquisition cost on 01 January 2024	6 501	773	458	3 063	5 840	16 635
Additions	383	187	29	1 614	850	3 063
Reductions		-171	0			-171
Transfer between items	447	-447	0			0
Acquisition cost on 31 December 2024	7 331	341	487	4 677	6 690	19 527
Accumulated depreciation and impairment on 01 January 2024	3 734	0	257	2 270	3 384	9 646
Depreciation for the financial year	1 198	0	70	934	1 196	3 397
Impairments	0	0	0	0	0	0
Accumulated depreciation and impairment on 31 December 2024	4 933	0	327	3 204	4 580	13 044
Book value on 01 January 2024	2 767	773	200	793	2 456	6 989
Book value on 31 December 2024	2 399	341	160	1 473	2 110	6 483

At the end of the financial year 2024, the amount of work in progress, EUR 341 thousand (EUR 773 thousand at the end of 2023), mainly consist of advance payments for the production equipment of the new locks. Expenditures related to short-term leases of low value (lease period of maximum 12 months) are presented in Note 9. Information about lease contract debts related to right-of-use assets is presented in Notes 18 and 22, and recognised interests of lease contract debts in Note 10.

Owned property, plant and equipment in 2023

EUR thousand	Owned property, plant and equipment in 2023			Right-of-use assets in 2023		
	Machinery and equipment	Work in progress	Other tangible assets	Cars	Premises	Total
Acquisition cost on 01 January 2023	5 862	811	438	2 587	4 325	14 022
Additions	146	1 989	20	490	1 515	4 161
Reductions	-94	-64	0	-14	0	-172
Transfer between items	588	-1 964	0	0	0	-1 376
Acquisition cost on 31 December 2023	6 501	773	458	3 063	5 840	16 635
Accumulated depreciation and impairment on 01 January 2023	2 591	0	188	1 650	2 260	6 688
Depreciation for the financial year	1 144	0	70	620	1 125	2 958
Impairments	0	0	0	0	0	0
Accumulated depreciation and impairment on 31 December 2023	3 734	0	257	2 270	3 384	9 646
Book value on 01 January 2023	3 271	811	250	937	2 065	7 334
Book value on 31 December 2023	2 767	773	200	793	2 456	6 989

Note 14 Inventories

EUR thousand	2024	2023
Products	20 772	23 928
Products in transit	2 291	553
Total	23 064	24 481

Inventory consist of products i.e. materials related to locking products.

Note 15 Trade and other receivables

Current receivables

EUR thousand	2024	2023
Current receivables from others		
Trade receivables	29 209	35 566
Other receivables	0	89
Accrued income	1 613	1 249
Total	30 822	36 903

The carrying amount of trade receivables and other receivables is a reasonable estimate of their fair value.

Age distribution of trade receivables

EUR thousand	2024	Expected credit losses %	2023	Expected credit losses %
Not past due	23 543	0,00 %	27 599	0,00 %
Past due				
Less than one month	3 653	0,00 %	6 501	0,00 %
One to three months	628	3,00 %	834	3,00 %
More than three months	1 386	20,00 %	632	35,00 %
Total past due	5 666		7 967	
Total	29 209		35 566	

Expected credit losses

The Group measures loss allowances for trade receivables at an amount equal to lifetime expected credit losses (ECL). Based on history details of actual credit losses and the Group's experiential estimate calculation, the expected credit losses are EUR 296 thousand in the financial year 2024 (EUR 171 in 2023). The calculation of expected credit losses is described in note 21.

The carrying amount of trade receivables represent the maximum credit exposure on the reporting date. The Group also holds credit insurance provided by Allianz to cover potential credit losses. The Group considers the need for credit insurance coverage on a customer-specific basis and insures the receivables from customers based on this estimate. Historically, the amount of actual credit losses for iLOQ has been very low.

The Group's financial risk management and credit risk are presented in Note 21.

Note 16 Cash and cash equivalents

EUR thousand	2024	2023
Cash and cash equivalents	9 066	7 397
Cash on the balance sheet	9 066	7 397

At the end of financial year the Group has a withdrawable credit facility amounting to EUR 30 million.
The credit facility was not being used at the end of financial year on 31 December 2024.

Note 17**Notes relating to equity****Share capital**

The share capital is EUR 80,000.

There is one set of shares. The shares have no nominal value. All shares have the same right to dividend and company assets.

The following table specifies changes in the numbers of shares and corresponding changes in Group's equity. The number of shares is presented as pieces and the total sums of invested non-restricted equity are presented in thousands of euros.

2024	Number of shares	Total shares	Share capital	Invested unrestricted equity fund
1 January	100	100	80	143 240
31 December	100	100	80	143 240

2023	Number of shares	Total shares	Share capital	Invested unrestricted equity fund
1 January	100	100	80	143 240
31 December	100	100	80	143 240

Dividends

The parent company's loss for the financial year, EUR 3,309,802.29, is recognised in the retained earnings account. The parent company's distributable assets per 31 December 2024 amount to a total of EUR 135,173,871.01, of which the amount of retained earnings is EUR - 7,806,349.99. The amount of distributable assets in the invested unrestricted equity fund is EUR 142,980,221.00.

The Board of Directors proposes to the Annual General Meeting that the profit for the financial year is transferred to the profit and loss account and that no dividends are paid out.

Invested unrestricted equity fund

Invested non-restricted equity fund includes other equity investments and the subscription price of shares, to the extent that it is not specifically decided to be recorded in share capital.

Translation differences

The reserve for translation differences comprises translation differences arising from the translation of financial statements of foreign operations.

The Group's capital management is presented in note 21 *Risk management*.

Earnings per share

Undiluted earnings per share are calculated by dividing the profit attributable to owners of the parent company by the average number of outstanding shares during the financial year.

	2024	2023
Profit attributable to owners of the parent company (EUR 1,000)	-199	11 104
Weighted average number of shares during the financial year	100	100
Earnings per share, undiluted (EUR/share)	-1 987	111 039

When calculating the diluted earnings per share, the dilutive effect of all dilutive potential ordinary shares is taken into account in the weighted average number of outstanding shares. The Group's dilutive potential ordinary shares consist of share-based incentive arrangements payable in shares.

Note 18 Classification of financial assets and liabilities

Classification and fair values

The table shows the classification and book values of financial assets and financial liabilities.

Fair values of financial assets and financial liabilities are not presented in the table, as far as the book value is a reasonable estimate of the fair value. In the financial years 2024 and 2023, all financial assets and liabilities of the Group have been measured at amortised cost using the effective interest method.

31 December 2024

EUR thousand	Note	Book value
Financial assets that are not measured at fair value		
Trade and other receivables	15	30 848
Cash and cash equivalents	16	9 066
Total		39 914
Financial liabilities that are not measured at fair value		
Bond	19	54 473
Product development loan		185
Account payables and other liabilities	20	26 434
Total		81 092

31 December 2023

EUR thousand	Note	Book value
Financial assets that are not measured at fair value		
Trade and other receivables	15	36 908
Cash and cash equivalents	16	7 397
Total		44 305
Financial liabilities that are not measured at fair value		
Bond	19	54 795
Product development loan		246
Account payables and other liabilities	20	27 401
Total		82 442

Fair value measurement

Fair value of financial assets and liabilities is the price that would be received for selling an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The management assessed that the fair values of cash and cash equivalents, trade receivables, other receivables, trade payables and other liabilities do not materially deviate from their fair values, due to the short-term maturities of these instruments.

Derivative financial instruments

The Group did not have derivative instruments during financial year 2024 or 2023.

Note 19 **Financial liabilities**

On 6 March 2024, Capnor Weasel Bidco Oyj announced refinancing. The company issued a new EUR 55,000 thousand secured variable interest rate bond. The loan will be paid variable interest on Euribor three (3) months + 4.00%. The capital will fall due in March 2029. The loan includes performance and indebtedness covenant terms. Covenant terms were fulfilled in the financial years ending 31 December 2023 and 31 December 2024. The loan is classified at the amortised acquisition price and the balance sheet value was EUR 54,473 thousand for the financial year ending 31 December 2024. In the financial year ending 31 December 2024, the Group also has a product development loan of EUR 185 thousand from the State Treasury.

Additional information on the Group's exposure to interest risks and credit risks are presented in note 21 *Financial risk management*. The Group's credit limits and related central covenant conditions are described in Note 24 *Contingent liabilities*. For more information on refinancing, see Note 26, *Subsequent events*.

Note 20 Account payables and other liabilities

Current liabilities to others

EUR thousand	2024	2023
Advances received for operation and maintenance contracts	2 480	2 438
Accounts payable	12 535	10 116
Other liabilities	3 168	7 482
Accrued expenses	8 310	7 426
Total	26 493	27 462

The carrying amounts of account payables and other liabilities correspond to their fair values. Material items in accrued expenses are presented in the table below.

Main items of accrued expenses

EUR thousand	2024	2023
<i>Accrued expenses</i>		
Accrual of personnel expenses	5 083	5 456
Other	3 227	1 971
Total	8 310	7 426

Note 21 Financial risk management

The objective of the Group's risk management is to identify and analyse the risks impacting the Group, to define appropriate risk levels and controls and to monitor the realisation of risks in relation to the risk levels. The objective of financial risk management is to decrease the volatility related to profit, financial positions and cash flows, as well as secure the Group's sufficient liquidity as well as efficient and competitive financing. The Board of Directors approve the general principles of risk management. The principles and policies of risk management are reviewed regularly to reflect changes in market conditions and the Group's operations.

The main financial risks to which the Group is exposed are market risk (foreign exchange and interest rate risk), liquidity risk, and credit risk. The Group's management assesses the risks and acquires the necessary instruments for hedging risks. For risk management, the Group uses currency forward contracts and credit insurance for trade receivables at its discretion. The Group has no financial risk concentration.

MARKET RISK

Currency risk

Currency risk refers to the uncertainty in cash flows, income or financial position caused by changes in foreign exchange rates. The Group operates internationally and is thus exposed to risks due to fluctuations in foreign exchange rates. In addition, the Group is exposed to translation risks when investments in foreign subsidiaries are converted to parent company's functional currency (Euro).

The objective of the Group's currency risk management is to manage and control uncertainty in cash flows, income and financial position caused by fluctuations in foreign exchange rates. The Group is exposed to currency risk in its business operations as, in addition to the parent company's operating currency, the Group's sales, purchases and other business transactions are carried out in the local currencies of its subsidiaries. The most significant foreign currencies for the Group are US dollar, Swedish krona, Danish krone and Norwegian krone. During the financial period 2024, 33.0% (36.06% in 2023) of the Group's sales were currency-denominated and of purchases, including variable and fixed costs, 49.3% (55.6% in 2023).

The transaction risk exposure by currency and the Group's sensitivity to changes in the exchange rates are described in the following table.

Transaction risk exposure by currency

31 December 2024

EUR thousand	SEK	DKK	NOK	USD	GBP	CAD	PLN	AUD	SGD
Trade receivables	3 994	1 347	1 575	1 453	59	162	31	25	8
Cash and cash equivalents	1 417	576	290	335	204	95	96	57	60
Accounts payable	64	7	15	4 626	2	0	14	0	0
Net balance sheet exposure	5 347	1 916	1 849	-2 838	261	257	114	83	68
Net exposure	5 347	1 916	1 849	-2 838	261	257	114	83	68

Sensitivity analysis by currency

31 December 2024

EUR thousand	SEK	DKK	NOK	USD	GBP	CAD	PLN	AUD	SGD
+ 10% movement	486	174	168	-258	24	23	10	8	6
- 10% movement	-594	-213	-205	315	-29	-29	-13	-9	-8

Transaction risk exposure by currency

31 December 2023

EUR thousand	SEK	DKK	NOK	USD	GBP	CAD	PLN	AUD
Trade receivables	6 376	3 341	1 630	2 733	83	50	28	0
Cash and cash equivalents	2 984	775	195	40	45	81	77	5
Accounts payable	55	30	40	22	28	3	1	0
Net balance sheet exposure	9 305	4 086	1 786	2 751	100	129	104	5
Net exposure	9 305	4 086	1 786	2 751	100	129	104	5

Sensitivity analysis by currency

31 December 2023

EUR thousand	SEK	DKK	NOK	USD	GBP	CAD	PLN	AUD
+ 10% movement	846	371	303	250	9	12	9	0
- 10% movement	-1 034	-454	-26	-306	-11	-14	-12	-1

In addition, the Group is exposed to currency risk through net investments in foreign subsidiaries (translation risk). Foreign net investments are converted into the functional currency (Euro) of the Group's parent company. The Group's risk management principle is not to hedge against foreign exchange risk through net investments in foreign subsidiaries, because the risk exposure is considered of minor importance.

INTEREST RATE RISK

The Group generates interest rate risk from the Group's variable interest rate bond. At the end of the financial year 2024, the interest rate was 6.865%. If interest rates were to increase by one (1) percentage point, interest expenses would increase by approximately 550 thousand euros after taxes. In addition, the Group has a product development loan with a fixed interest rate of 1%.

CREDIT RISK

Credit risk is a risk of financial loss if a counterparty to a financial instrument fails to meet his contractual obligations. The Group's credit risk arises principally from the Group's trade receivables from customers, which is determined by the open risk position and the counterparties' credit rating. The Group has no significant credit risk concentrations related to a certain client segment, because it has a broad clientele, which is geographically spread over a wide area.

The Group's credit risk policy defines the credit rating requirements for clients and other commercial contract parties. The Group regularly reviews clients' credit ratings and monitors its clients' payment behaviour. The credit risk is reduced and managed by taking out an Allianz credit insurance policy for trade receivables from customers. Credit insurance is used to prepare for possible credit loss risks on a customer-specific basis, and therefore the Group's financial management makes a customer-specific assessment on the need for credit insurance and insures the receivables from customers as based on this assessment. The age analysis of trade receivables is provided in note 15.

In addition, the Group is exposed to credit risk through its investment of cash in financial institutions. The credit risk is managed by contracting with well-established financial institutions in accordance with the Group's risk management policy.

Assessment of expected credit losses

The Group uses an allowance matrix, a simplified approach allowed by IFRS 9, to measure expected credit losses for trade receivables from customers. The loss allowance is measured at an amount equal to lifetime expected credit losses for trade receivables. In this case, the Group measures loss allowances for trade receivables at an amount equal to lifetime expected credit losses (ECL).

The Group uses its previous credit losses and historical credit loss experience for trade receivables to estimate the lifetime expected credit losses on financial assets. In addition, the economic conditions and Group's assessment on future development are taken into account in the estimate. The Group updates its follow-up data based on historical information and future estimates at each reporting date. Expected credit losses are determined based on fixed provision rates, depending on the number of days that a trade receivable is past due. Expected credit losses are thus calculated by multiplying the gross carrying amount of trade receivables with the fixed provision rate determined for a class of trade receivables. Changes in expected credit losses are recognised in profit or loss under other operating expenses.

Expected credit losses are described in note 15.

Based on historical experience, the Group has an insignificant amount of realised credit losses. Based on the Group's assessment, the gross carrying amount of a trade receivable is written off when the management estimates that the Group has no reasonable expectation of recovering the payment. Realised credit losses are recognised in profit or loss under other operating expenses.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities. The objective of managing liquidity risk is to continuously maintain an adequate level of liquidity and ensure that it will have sufficient financing for working capital and investment costs. As stated in the Group's risk management policy, the amount of financing required for business activities and liquidity forecasts are monitored in the Group. The management has not identified liquidity risk concentrations in its financial assets or sources of finance.

The Group's management estimates that the Group's liquidity is at a good level. At the end of the financial year 2024, the Group had a bond with balance sheet value of EUR 54,473 thousand (EUR 54,795 thousand). At the end of the financial year 2024, the cash and cash equivalents of the Group totalled EUR 9,066 thousand (EUR 7,397 thousand). The Group aims to ensure the availability and flexibility of funding through an overdraft facility. On 31 December 2024, the Group maintains a credit facility of EUR 30 million, which was not in use at the end of the financial year. The credit facility was used during the financial years 1 January 2024 – 31 December 2024 and 1 January 2023 – 31 December 2023.

The table below presents the maturity analysis of the financial liabilities of the Group. The amounts disclosed in the table are the contractual undiscounted cash flows that include both expected interests and repayments.

31 December

EUR thousand	2024	2025	2026	2027	2028	2029
Non-derivative financial liabilities						
Liabilities from credit institutions	3 838	3 838	3 838	3 838	3 776	55 944
Account payables and other liabilities	20 791	0	0	0	0	0
Total	24 629	3 838	3 838	3 838	3 776	55 944

31 December

EUR thousand	2024	2025	2026	2027	2028	2029
Non-derivative financial liabilities						
Liabilities from credit institutions	5 191	57 627	62	62	0	0
Account payables and other liabilities	20 791	0	0	0	0	0
Total	25 982	57 627	62	62	0	0

Observing covenant terms of the bond, the relationship of the net debt is compared to the profit of the financial year corrected with depreciation. According to the covenant terms, the ratio must be smaller than 4.5 at the end of the financial year on 31 December 2024. The covenant rule was clearly fulfilled in the financial year. The credit facility was not in use at the end of the financial year on 31 December 2024. The credit facility contract contains a financial covenant clause related to the equity ratio that the Group has fulfilled well in the financial year 2024.

On 6 March 2024, Capnor Weasel Bidco Oyj announced refinancing. The company issued a new EUR 55,000 thousand secured variable interest rate bond. The loan will be paid variable interest on Euribor three (3) months + 4.00%. The capital will fall due in March 2029.

CAPITAL MANAGEMENT

The Group's objective in capital management is to maintain optimum capital structure in order to secure normal operating conditions and to increase shareholder value in the long term. The equity is mainly influenced through dividend distribution or share issue. The Group is not subject to externally imposed capital requirements. The Group management and the Board of Directors of the parent company monitor the Group's capital structure and the development of liquidity. The objective of this monitoring is to ensure the Group's liquidity and the flexibility of capital structure to realise the growth strategy and positive development of shareholder value.

The Group monitors the development of its capital structure based on the ratio of equity to balance sheet total (equity ratio). The equity ratio was 63.4 % (62.2% in 2023) at the end of reporting period 2024.

Note 22 Maturity of lease liability

EUR thousand	2024	2023
Within 12 months	5 184	3 284
Within one to five years	4 404	3 913
Total	9 589	7 197

The amounts in the table present the undiscounted repayments related to the lease contracts. The undiscounted amount of lease liabilities is presented in Note 18 and the interest expenses recognised from lease contract debts in Note 10.

Note 23 Provisions

EUR thousand	2024	2023
Non-current provision	949	386
Current provision	1 113	880
Total	2 062	1 266

The Group grants a warranty on the iLOQ products it delivers. The Group incurs costs for the repair, replacement and maintenance of locking systems, which are carried out at the Group's expense. The Group recognises a warranty provision for these warranty repairs. The warranty provision is based on previous years' experience of defective products.

EUR thousand	Warranty provision
Warranty provision on 01 January 2024	1 266
Increase of warranty provision during the period	1 849
Increase of warranty provision (over 2 years)	114
Realised warranty costs	-1 167
Warranty provision on 31 December 2024	2 062

EUR thousand	Warranty provision
Warranty provision on 01 January 2023	1 278
Increase of warranty provision during the period	2 173
Cancellation of warranty provision (over 2 years)	-704
Realised warranty costs	-1 481
Warranty provision on 31 December 2023	1 266

Note 24 Contingent liabilities and assets

Collaterals and contingent liabilities

EUR thousand	2024	2023
Contingent liabilities		
Credit facility	30 000	15 000
Lease guarantee	146	204
Delivery guarantee	600	664
Corporate credit card	121	140
Total	30 867	16 008

The credit facility of EUR 30 million was not being used at the end of the financial year.

The following collaterals have been provided for the bond of Capnor Weasel Bidco Oyj's and the credit facility used by Capnor Weasel Bidco Oyj and iLOQ Oy.

EUR thousand	2024	2023
Collateral given for own commitments (bearer bonds)	195 000	150 000
Special guarantees	30 000	15 000
Total	225 000	165 000
Collateral given for own commitments (shares given as security pcs, iLOQ Oy)	1,179,726 pcs	1,179,726 pcs

Covenants

Observing covenant terms of the bond, the relationship of the net debt is compared to the profit of the financial year corrected with depreciation. According to the covenant terms, the ratio must be smaller than 4.5 at the end of the financial year on 31 December 2024. The covenant rule was clearly fulfilled in the financial year.

The credit facility was not in use at the end of the financial year on 31 December 2024. The credit facility contract contains a financial covenant cause related to the Group's EBITDA (drawn credit facility / (EBITDA x 3)) that the Group has fulfilled well in the financial year 2023.

Legal proceedings

The Group has not had any outstanding legal proceedings in 2024.

Note 25 Related party transactions

Related parties include the Group's parent company Capnor Weasel Midco Oy, Capnor Weasel Midco Oy's parent company, Capnor Weasel Topco Oy and its subsidiaries. The subsidiaries are listed in note 5. Moreover, members of the Board of Directors of Capnor Weasel Topco Oy, Capnor Weasel Midco Oy and Capnor Weasel Bidco Oy, as well as members of the Board of Directors of the iLOQ Group, the Managing Director and the members of the Group Management Team, in addition to the entities controlled by the above-mentioned persons and their family members are included in the related parties. The party exercising ultimate control over the company is Nordic Capital IX Limited.

Employee benefits of the key management

Capnor Weasel Bidco Oyj has a CEO but no Group management. Decision-making related to the iLOQ Group is centralised to the Board of Capnor Weasel Bidco Oyj. The CEO, the Board of Capnor Weasel Topco Oy and the Group management have been paid the following salaries and payments including fringe benefits:

EUR thousand	2024	2023
Short-term employee benefits	2 106	2 888
Benefits paid after the end of employment relationship	361	554
Total	2 467	3 442

The figures presented equal to costs expensed during the financial period.

The total compensation for the Group's key management consists of salaries, non-monetary benefits and pension expenses for defined contribution plans. The members of the Group management do not have defined benefit-based pension plans.

Note 26 Subsequent events

Capnor Weasel Bidco Oyj listed the new bond on the corporate bond list of Nasdaq Stockholm.

Jukka Havia was appointed CFO and member of the iLOQ Leadership team. He will start in his position in early 2025. iLOQ's current CFO, Timo Pirskanen, will leave the company by common decision in the spring.

iLOQ Belgium will begin its operations as the company's 16th subsidiary on 1 January 2025. This step reinforces iLOQ's commitment to the Belgian market, allowing them to better serve customers and partners while further strengthening their presence in Europe.

To fulfil iLOQ's growth strategy, to drive development in sales, the brand and marketing functions, and to provide a more customer-centric focus, iLOQ announced it will establish the following three Regional Business Units and create a new Chief Revenue Officer function: Nordics, Europe and emerging markets, as well as North America.

Capnor Weasel Bidco Oyj

(€ 1,000)

PARENT COMPANY INCOME STATEMENT	Note	2024	2023
Revenue		594	619
Materials and services		-6	0
Personnel expenses		-540	-563
Other expenses		-150	-72
Operating profit		-101	-16
Finance income		0	0
Finance expenses	1	-6 310	-4 861
Profit before extraordinary items		-6 411	-4 877
Profit before appropriations and taxes		-6 411	-4 877
Group contributions received		3 101	3 016
Profit for the financial period		-3 310	-1 861

Capnor Weasel Bidco Oyj
(€ 1,000)

PARENT COMPANY BALANCE SHEET	Note	31 December 2024	31 December 2023
ASSETS			
NON-CURRENT ASSETS			
Investments	2	195 107	195 107
Non-current assets, total		195 107	195 107
CURRENT ASSETS			
Current receivables	3	78	93
Cash at bank and in hand		60	26
Total current assets		138	120
TOTAL ASSETS		195 246	195 227
EQUITY AND LIABILITIES			
EQUITY			
	4		
Share capital		80	80
Invested unrestricted equity fund		142 980	142 980
Profit for the prior financial periods		-4 497	-2 635
Profit for the financial period		-3 310	-1 861
Total equity		135 254	138 564
LIABILITIES			
	5		
Long-term liabilities			
Interest-bearing liabilities		55 000	55 000
Short-term liabilities			
Interest-free liabilities		4 992	1 663
Total liabilities		59 992	56 663
EQUITY AND LIABILITIES, TOTAL		195 246	195 227

Capnor Weasel Bidco Oyj

(€ 1,000)

PARENT COMPANY CASH FLOW STATEMENT (t€)	01/01-31/12/2024	01/01-31/12/2023
CASH FLOW FROM OPERATING ACTIVITIES		
Profit (loss) before taxes	-6 411	-4 877
Adjustments:		
Financial income and expenses	6 310	4 861
Extraordinary income	0	0
Cash flow before change in working capital	-101	-16
Change in working capital:		
Increase (-)/decrease (+) in short-term interest-free trade receivables	15	340
Increase (+)/decrease (-) in short-term interest-free liabilities	-63	-306
Cash flow from operating activities before financial items and taxes	-149	19
Interest paid and payments on other financial expenses	-6 310	-4 804
Interest received from operating activities	0	0
Cash flow before extraordinary items	-6 459	-4 786
Cash flow from operating activities (A)	-6 459	-4 786
CASH FLOW FROM INVESTMENT ACTIVITIES		
Investments in the subsidiary	0	0
Cash flow from investment activities (B)	0	0
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short-term liabilities	3 391	1 236
Payments of short-term liabilities	0	0
Group contributions received	3 101	3 574
Cash flow from financing activities (C)	6 492	4 810
CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	34	24
Cash and cash equivalents on 1 January	26	0
Cash and cash equivalents on 31 December	60	26

Note 1 Accounting principles for the financial statements of the parent company

The financial statements of Capnor Weasel Bidco Oyj have been prepared in accordance with Finnish Accounting Standards (FAS). The financial statement is presented in thousands of euros.

Notes to the income statement

The company has one employee during the financial year.

Personnel expenses	2024	2023
Salaries and wages	451	429
Pension costs	78	116
Other personnel expenses	10	17
Total	540	563

Average number of personnel	1	1
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Financial income and expenses	2024	2023
Finance expenses		
Interest expenses	4 876	4 793
Other finance expenses	1 434	68
	6 310	4 861

Note 2 Investments

Investments	2024	2023
Holdings in Group companies		
Acquisition cost on 1 Jan	195 107	195 107
Acquisition cost on 31 Dec	195 107	195 107

Note 3 Long-term and short-term receivables

2024 2023

Current receivables

Short-term receivables from other companies

Accrued income	7	9
Total	<u>7</u>	<u>9</u>

Short-term receivables from Group companies

Trade receivables	71	84
Group accrued income	0	0
Total	<u>71</u>	<u>84</u>

Short-term receivables, total

<u>78</u>	<u>93</u>
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Note 4 Equity and calculation of distributable equity

EQUITY	2024	2023
Restricted equity		
Share capital on 1 Jan	80	80
Share capital on 31 Dec	<u>80</u>	<u>80</u>
Restricted equity, total	<u>80</u>	<u>80</u>
Invested unrestricted equity fund on 1 Jan	<u>142 980</u>	<u>142 980</u>
Invested unrestricted equity fund on 31 Dec	142 980	142 980
Retained earnings on 1 Jan	-4 496	-2 635
Retained earnings on 31 Dec	-4 496	-2 635
Profit for the financial period	-3 310	-1 861
Total unrestricted equity	135 174	138 484
Total equity	<u>135 254</u>	<u>138 564</u>

Calculation of distributable equity	2024	2023
Retained earnings	-4 497	-2 635
Profit for the financial period	-3 310	-1 861
Invested unrestricted equity fund	<u>142 980</u>	<u>142 980</u>
Total	135 174	138 483

Share capital

The company has a share capital of EUR 80,000, paid in full. The number of shares is 100.

Note 5 Liabilities

Long-term liabilities	2024	2023
Interest-bearing liabilities		
Bond	55 000	55 000
Total non-current interest-bearing liabilities	<u>55 000</u>	<u>55 000</u>

In March 2024, Capnor Weasel Bidco Oyj issued a new bond worth EUR 55 million. The loan is secured. A coupon interest is paid to the loan, which is 3 months Euribor plus 4.00 percentage points, and the loan is due in March 2029. The bond can be redeemed before maturity.

Short-term liabilities	2024	2023
Short-term interest-bearing liabilities to Group companies		
Other liabilities	4 627	0
Short-term interest-bearing liabilities, total	<u>4 627</u>	<u>0</u>

Short-term interest-free liabilities to other companies

Accounts payable	19	23
Other liabilities	43	0
Accrued expenses		
Interest expenses	126	271
Other	80	134
Total	<u>269</u>	<u>428</u>

Short-term liabilities to Group companies

Short-term interest-free liabilities to Group companies

Other liabilities	96	1 236
Total	<u>96</u>	<u>1 236</u>

Short-term interest-free liabilities, total	<u>365</u>	<u>1 663</u>
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Note 6 Liabilities and collateral

EUR thousand	2024	2023
Contingent liabilities		
Credit facility	20 000	10 000
Total	20 000	10 000

The credit facility of EUR 20 million was not being used at the end of the financial year.

The following collaterals have been provided for the bond of Capnor Weasel Bidco Oyj's and the credit facility used by Capnor Weasel Bidco Oyj and iLOQ Oy.

EUR thousand	2024	2023
Special guarantees	10 000	5 000
Total	10 000	5 000
Collateral given for own commitments (shares given as security pcs, iLOQ Oy)	1,179,726 pcs	1,179,726 pcs

Note 7 Related party transactions

During the financial year 2024, Capnor Weasel Bidco Oyj received a group grant from its subsidiary iLOQ Oy worth EUR 3,100,919 (EUR 3,015,988 in 2023). In addition, during the financial year 2024, Capnor Weasel Bidco Oyj invoiced administrative services from its subsidiary iLOQ Oy worth EUR 593,705 (EUR 619,042 in 2023).

At the end of the financial year, the company had a related party loan of EUR 4,627 thousand from its subsidiary iLOQ Oy.

Capnor Weasel Bidco Oyj

BOARD OF DIRECTORS SIGNATURES

in Oulu, 10 April 2025

Magnus Hammarström
Member of the Board

Heikki Hiltunen
Managing Director

STATEMENT OF ACCOUNTS

An audit report on the audit carried out has been submitted today.

KPMG Oy Ab

in Oulu, 10 April 2025

Juho Rautio
Authorised Public Accountant