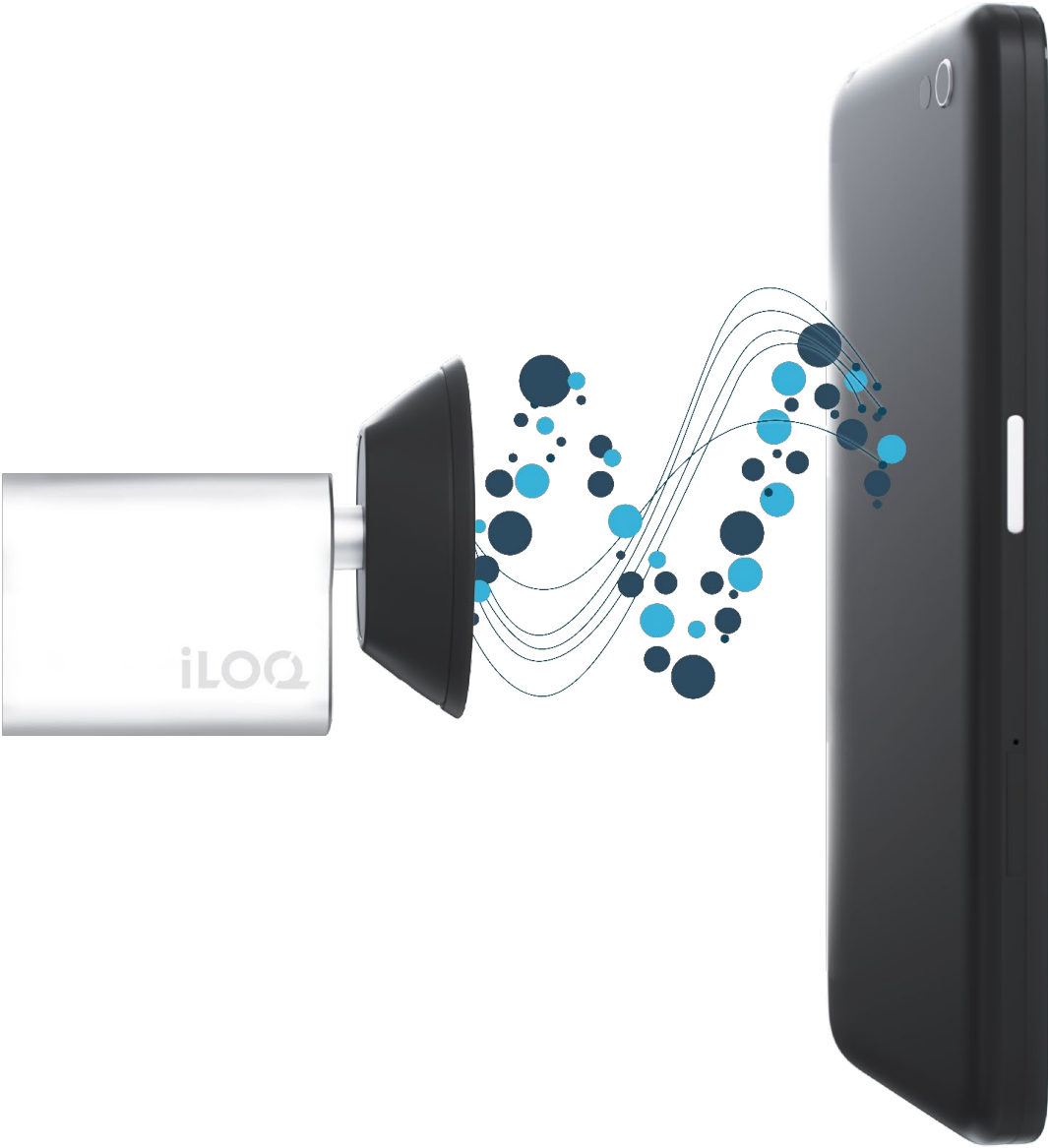


CAPNOR WEASEL BIDCO OYJ

Interim Report
January – March 2024



Interim Report for the first quarter of 2024

First quarter highlights

- Revenue decreased by 37% to MEUR 20.3 (32.0)
- Adjusted EBITDA decreased to MEUR -3.1 (6.1), corresponding to a -15% (19%) EBITDA margin
- Adjusted EBIT decreased to MEUR -5.8 (3.5), corresponding to a -29% (11%) EBIT margin
- Operational Cash Flow increased to MEUR 10.4 (8.1)

Significant events during the quarter

- Capnor Weasel Bidco Oyj successfully priced senior secured floating rate notes of EUR 55 million with a tenor of five years. The New Notes have a floating rate coupon of 3 months EURIBOR + 4.00 per cent per annum and final maturity in March 2029.
- iLOQ introduced its latest smart-locking software at ISC West 2024 in the US together with a new B2B2C offering consisting of a solution which can be used and managed by the consumer.

EUR thousand	Q1 2024	Q1 2023	Change in %	FY 2023
Revenue	20,288	32,000	-37 %	141,318
EBITDA	-3,098	6,060	-151 %	31,367
EBITDA margin	-15 %	19 %		22 %
EBIT	-5,835	3,542	-265 %	20,493
EBIT margin	-29 %	11 %		15 %
Operational Cash Flow	10,433	7,753	35 %	11,180
Operational Cash Flow %	51 %	24 %		8 %
Adjusted EBITDA*	-3,098	6,438	-148 %	32,673
Adjusted EBITDA margin*	-15 %	20 %		23 %
Adjusted EBIT	-5,835	3,920	-249 %	21,799
Adjusted EBIT margin	-29 %	12 %		15 %
Adjusted Operational Cash Flow	10,433	8,131	28 %	12,504
Adjusted Operational Cash Flow %	51 %	25 %		9 %

* Year 2023 and Q1 2023 EBITDA, EBIT & Operational Cash Flow included an impact from the IT Salonen transaction and a brand renewal together with costs related to iLOQ 20 years anniversary, which have been treated as items affecting comparability. The adjustment related to brand renewal in Q1 2023 was 378 thousand euros. The adjustment related to IT Salonen acquisition was 60 thousand and iLOQ 20 years anniversary events 870 thousand euros. Both took place in Q3 2023. These costs have been excluded in the Adjusted EBITDA, EBIT and Operational Cash Flow figures above.

Management overview of the first quarter

iLOQ Group's revenue decreased compared to the corresponding period of the previous year. Negative market sentiment in the Nordics in the first quarter of the year was a main driver of this, as continued postponement in decision making in the renovation market affected overall demand. Due to the poorer market sentiment, the anticipated distributor restocking, which is normal this time of the year, did not yet take place at the same scale as previous years, weighing on revenue in Q1 compared to prior years. Management is confident that the long-term growth potential and drivers in the market remain intact despite a short-term slowdown, due to delayed investments by customers, and that iLOQ is well positioned to continue to outgrow the market also during periods of softer market activity.

Stronger performance continued in the rest of the world compared to the same period in the previous year. iLOQ signed material sized contract in Denmark and got strategically important first multifamily-housing deals in the US. In addition, Everest Infrastructure Partners and iLOQ signed an agreement in April to roll out battery-free smart locks at telecom towers throughout the U.S.

iLOQ continues to invest in future growth and the market entry in the US – an enormous market and opportunity for iLOQ - is on schedule and progressing as planned. iLOQ has a local sales organization in place, which has already generated a solid pipeline in the US market. Logistic channels and partner networks are being built and the US standard ANSI cylinder products were launched at the year-end in 2023. At the ISC West Fair in the US iLOQ introduced its latest smart-locking software and B2B2C offering, consisting of a solution which can be used and managed by the consumer. The new offering aims to enhance the user experience of the people that actually use the products, making it easier for them to move around all their access points using just their cellphone as a key. The solution is enabled by iLOQs complete product portfolio covering the end-to-end opening process, through a combination of its hardware (for example, lock cylinders and padlocks), mobile keys, apps, online readers, administration solutions, portals, and value-adding integrations.

The continued material investments in future growth weighed on profitability in Q1, as operating expenses increased by 19.6%. The organization for future growth is now fully established, and hence iLOQ expects efficiency and margins to improve over the coming quarters.

There are indications of improving market sentiment as in April iLOQ Group revenue increased by 18% compared to the previous year, including improved performance in the Nordics. Management expects iLOQ Group revenue to grow in 2024 over 2023 driven by international expansion.

Operational cashflow improved compared to the previous year driven by receivables collections and inventory levels remaining seasonally on a normal level.

Capnor Weasel Bidco Oyj successfully priced senior secured floating rate notes of EUR 55 million with a tenor of five years in March. The New Notes have a floating rate coupon of 3 months EURIBOR + 4.00 per cent per annum and final maturity in March 2029. Capnor Weasel Bidco Oyj intends to apply for listing of the New Notes on the corporate bond list of Nasdaq Stockholm.

First quarter 2024

Total revenue decreased 37% compared to Q1 2023. Low activity in the multi-residential new construction and renovation markets in the Nordics continued, but good performance in the rest of the world continued compared to the same period in the previous year.

EBITDA amounted to MEUR -3.1 (6.1), corresponding to a -15% (19%) EBITDA margin. Gross margins have remained unchanged at the historical healthy levels. Continued investments in growth, including costs related to the US market entry, continued to increase opex and impacted EBITDA negatively in the quarter, which in combination with lower delivery volumes resulted in the negative EBITDA.

EBIT amounted to MEUR -5.8 (3.5), corresponding to a -29% (11%) EBIT margin. Finance costs include items affecting comparability of MEUR 1.5 related to the refinancing mentioned above.

Operational cashflow was MEUR 10.4 (7.8), underpinned by receivables collections and inventory levels remaining seasonally on a normal level.

Quarterly Information

QUARTERLY INFORMATION	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024
Revenue	25,716	28,790	27,439	51,003	32,000	29,135	22,905	57,278	20,288
EBITDA	5,368	4,684	4,701	16,625	6,060	2,840	1,679	20,786	-3,098
EBITDA margin	21 %	16 %	17 %	33 %	19 %	10 %	7 %	36 %	-15 %
EBIT	3,083	2,405	2,414	13,952	3,542	305	-948	17,594	-5,835
EBIT margin	12 %	8 %	9 %	27 %	11 %	1 %	-4 %	31 %	-29 %
Operational Cash Flow	3,451	442	-2,372	7,065	7,753	-6,893	-3,639	12,295	0
Operational Cash Flow %	13 %	2 %	-9 %	33 %	24 %	-24 %	-16 %	21 %	0 %
Adjusted EBITDA	5,368	5,172	4,701	16,625	6,438	2,840	2,609	20,786	-3,098
Adjusted EBITDA margin	21 %	18 %	17 %	33 %	20 %	10 %	11 %	36 %	-15 %

Declaration of the Board

We confirm that, to the best of our knowledge, the condensed financial statements give a true and fair view of the Group's assets, liabilities, financial position and results of operations for the period. We also confirm, to the best of our knowledge, that the management overview includes a fair review of important events that have occurred during the first three months of 2024.

Espoo May 14, 2024

Heikki Hiltunen

President and CEO

Magnus Hammarstöm

Member of the Board

INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT, IFRS			
EUR Thousand	Q1 2024	Q1 2023	FY 2023
Revenue	20,288	32,000	141,318
Other income	5	0	35
Materials and services	-9,303	-13,171	-59,724
Employee benefit expenses	-9,027	-7,547	-26,908
Depreciation, amortisation and impairment losses	-2,738	-2,518	-10,873
Other operating expenses	-5,061	-5,221	-23,355
Operating profit	-5,835	3,542	20,493
Finance income	163	80	278
Finance cost	-3,248	-1,434	-6,330
Net financial expenses	-3,085	-1,354	-6,051
Profit (-loss) before taxes	-8,921	2,188	14,442
Income taxes	259	-479	-3,338
Profit (loss) for the financial period	-8,662	1,709	11,104
Items that may be subsequently reclassified to profit or loss			
Translation differences	-47	9	25
Total comprehensive income	-8,710	1,718	11,129

BALANCE SHEET

CONSOLIDATED BALANCE SHEET, IFRS			
EUR Thousand	Mar 2024	Mar 2023	Dec 2023
ASSETS			
Non-current assets			
Intangible assets	107,949	104,071	107,750
Goodwill	92,467	92,412	92,467
Property, plant and equipment	6,285	7,083	6,989
Deferred tax assets	400	427	395
Total non-current assets	207,102	203,994	207,601
Inventories	25,972	30,100	24,477
Trade and other receivables	17,722	17,115	36,908
Current tax receivables for the financial year	828	0	143
Cash and cash equivalents	6,832	7,847	7,397
Total current assets	51,354	55,062	68,925
Total assets	258,456	259,056	276,526
EQUITY & LIABILITIES			
Equity			
Share capital	80	80	80
Invested unrestricted equity fund	143,240	143,240	143,240
Translation difference	-14	16	33
Retained earnings	19,002	18,534	27,972
Total equity	162,307	161,870	171,325
LIABILITIES			
Non-current liabilities			
Financial liabilities	55,187	54,888	54,979
Non-current lease liabilities	1,426	1,168	1,716
Non-current provisions	751	710	880
Deferred tax liabilities	16,051	17,027	16,316
Total non-current liabilities	73,414	73,793	73,891
Current liabilities			
Short-term interest-bearing liabilities	62	62	5,062
Account payables and other liabilities	20,484	21,178	22,401
Current lease liabilities	1,497	1,544	1,597
Current provisions	494	518	386
Current tax liabilities	198	92	1,864
Total current liabilities	22,735	23,393	31,309
Total liabilities	96,149	97,186	105,201
Total equity and liabilities	258,456	259,056	276,526

STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS, IFRS			
EUR Thousand	Q1 2024	Q1 2023	FY 2023
CASH FLOW FORM OPERATING ACTIVITIES			
Profit (Loss) for the financial period	-8,662	1,709	11,104
Adjustments:			
Depreciation and amortization	2,738	2,518	10,873
Unrealized exchange rate gains and losses	0	0	-306
Financial Income	-163	-80	-278
Financial Expense	3,248	1,434	6,330
Taxes	-259	479	3,338
Other adjustments	-370	0	-817
Change in Working Capital:			
Change in trade and other receivables	19,185	13,009	-6,886
Change in inventory	-1,495	-3,983	1,640
Change in trade and other payables	-1,907	-3,762	-1,417
Change in provisions	-21	-50	-12
Interest paid	-2,804	-1,045	-5,127
Interest received	1	0	35
Income tax paid	-2,334	-2,291	-4,117
Other financial items	-23	-38	-138
Net cash flow from operating activities (A)	7,135	7,899	14,223
Cash flow from investing activities			
Payments from tangible assets sales			18
Investments in intangible assets	-2,225	-3,134	-12,892
Investments in tangible assets	-7	-386	-621
Business acquisitions	0	0	0
Net cash flow from investing activities (B)	-2,232	-3,520	-13,495
Cash flow from financing activities			
Common control merger	0	0	0
Payments of lease liabilities	-448	-449	-1,851
Withdrawals of short-term loans	0	0	8,365
Proceeds from short-term liabilities	-5,000	0	-3,365
Payments of long-term liabilities	0	0	-62
Net cash flow from financing activities (C)	-5,448	-449	3,087
CHANGE IN CASH AND EQUIVALENTS (A+B+C)	-545	3,930	3,814
Cash and cash equivalents, in the beginning of period	7,397	4,087	4,087
Net effect of exchange rate changes on cash and cash equivalents	-20	-170	-504
Cash and cash equivalents, at the end of period	6,832	7,847	7,397

Definitions of alternative performance measures

1. **EBITDA** = EBIT before depreciation, amortization and impairments
2. **Operational Cash Flow** = EBITDA + Change in trade and other receivables + Change in inventory + Change in trade and other payables + Change in provisions + Investments in intangible assets + Investments and Payments in tangible assets. Operational Cash Flow is used internally by the group to follow EBITDA which takes into account investments and change in working capital
3. **Operational Cash Flow %** = Operational Cash Flow / Revenue
4. **Adjusted EBITDA, Adjusted EBIT & Adjusted Operational Cash Flow** = Same as above but excluding an impact from the IT Salonen transaction, the brand renewal and the iLOQ 20 years anniversary events, which have been treated as items affecting comparability. Year 2023 and Q1 2023 EBITDA, EBIT & Operational Cash Flow included an impact from the IT Salonen transaction and the brand renewal together with costs related to iLOQ 20 years anniversary, which have been treated as items affecting comparability. The adjustment related to brand renewal in Q1 2023 was 378 thousand. The adjustment related to IT Salonen acquisition was 60 thousand and iLOQ 20 years anniversary events 870 thousand euros. Both took place in Q3 2023. These costs have been excluded in the Adjusted EBITDA, EBIT and Operational Cash Flow figures.

CONTACT

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