

A large audience is seated in a dark auditorium, illuminated by numerous blue spotlights from the ceiling. On the stage, a glowing blue logo is visible, and a person is standing in the center. The overall atmosphere is high-tech and professional.

iLOQ

Report
2023

JOIN THE SMART-LOCKING REVOLUTION

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iLOQ 2023

Introducing iLOQ Oy

Our goal is to continue to develop innovative digital locking and mobile access solutions that offer people, businesses and organizations freedom from the security risks, inflexibility and high lifecycle costs related to mechanical locks and keys.

Our battery-free solutions not only minimize maintenance costs, but also save 4 AA batteries each year in use. During its lifecycle, one battery-free solution saves up to 60 batteries, compared to a battery-powered solution.

We want to claim a position not only as a commercial leader but also as a thought leader in everything related to modern accessibility. This means taking a step away from being a traditional 'locking' company and towards being a technology- and data-driven company.

iLOQ's 'purpose' will remain Making life accessible, but our 'brand promise' will be Life made limitless. And we will fulfill this promise by providing technology, products, software and services that make living and working a smooth and seamless experience.

Access rights are easily controlled using iLOQ's cloud-based SaaS platform, so that administrators can view up-to-date information on the keys, locks and access rights within the system at all times. And the highest levels of security are maintained because the access rights of any lost, stolen or unreturned key can be quickly and easily cancelled.

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Established
in 2003

Over 320
employees

Increase in revenue
+12 %

Revenue (2023)
141,3 MEUR



iLOQ in brief

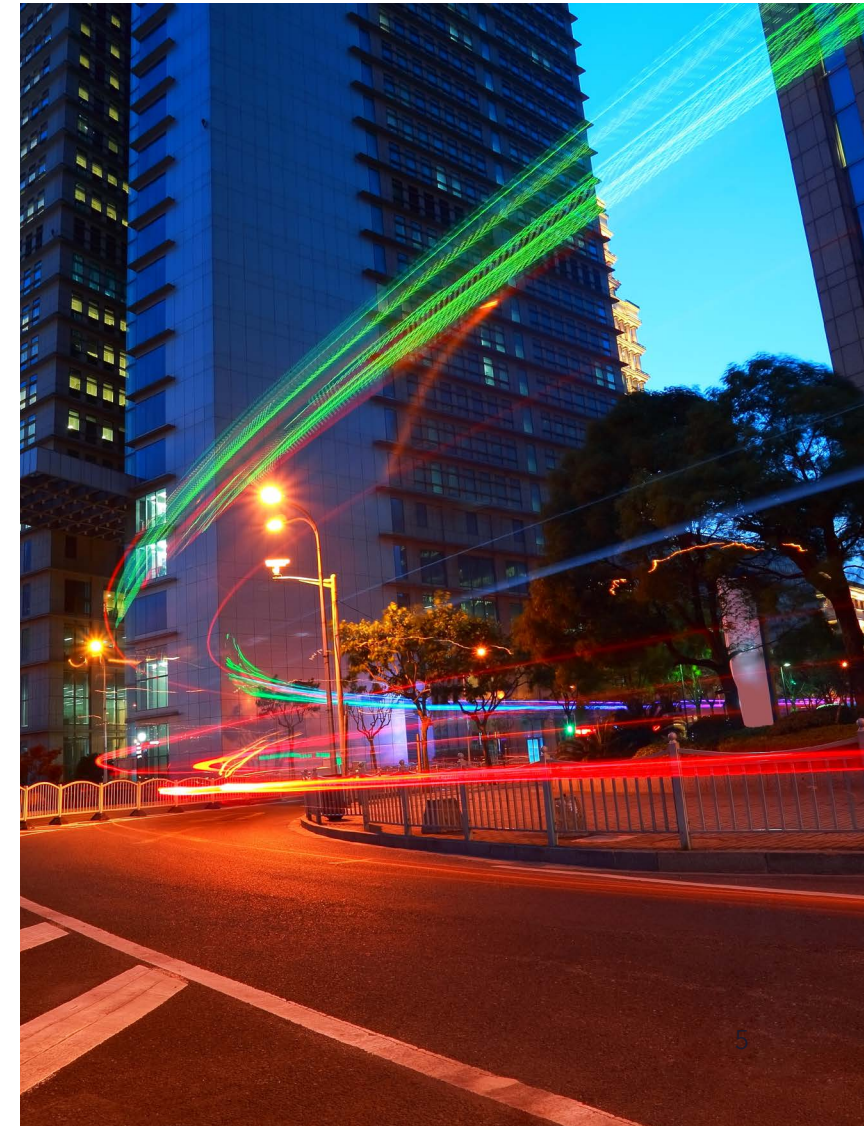
iLOQ Oy is a technology disruptor that has revolutionized the access-management industry to make life limitless. Cloud-based solutions developed and patented by the company provide multiple access possibilities without the need for batteries or cables. Resource-efficient digital and mobile technologies that maximize security while minimizing maintenance, administration and lifecycle costs provide safe, smart and sustainable living and working environments.

Read more about iLOQ as a company www.ilq.com

Global presence

With headquarters in Oulu, Finland, the iLOQ Group has subsidiaries in Sweden, Denmark, Norway, Germany, Benelux, France, Spain, the United Kingdom, Canada, the UAE, Poland, the USA, Australia and Singapore and operates in more than 30 countries.

iLOQ operates in the smart-locking industry, offering self-powered digital and mobile access management solutions. The company's business model is asset light and focuses on value-add parts of the supply chain, such as R&D and sales. Production and retail distribution are outsourced to third-party providers. Our outsourced production facilities are located in Ukraine, Malaysia and Taiwan. We work closely also with our 2nd-tier suppliers, who provide us with components based on our requirements.



This Sustainability Report is part of the iLOQ Group Annual Report 2023. The Annual Report 2023 consists of the Board of Director's report (including NFI), the Financial Statements and the Auditor's report, the Corporate Governance Statement, the Remuneration Statement and the Sustainability Report. Sustainability aspects are also covered in the Non-Financial Reporting section in the Report by the Board of Directors, which is included in the Financial Statements.



Year 2023

We published our renewed brand Life made limitless

We published our renewed brand and our new brand promise is Life made limitless.

We signed a global Master Supply Agreement with Honeywell Building Technologies

We signed a global Master Supply Agreement with Honeywell, a global supplier of industry-specific solutions.

Honeywell Building Technologies operates in more than 75 countries and is supported by a global channel partner network. Its solutions and services are used in more than 10 million buildings worldwide. Commercial building owners and operators are dealing with Honeywell Building Technologies to create safe, efficient and productive facilities.

Cooperation with real estate company Neobo

We announced that the Swedish real estate company Neobo, with more than 8,000 apartments, had chosen iLOQ as a partner for long-term cooperation.

Neobo has chosen the iLOQ 5 Series which is completely battery-free and easy to maintain, like all iLOQ solutions. The system is managed digitally and remotely, which saves many man-hours and reduces costs for the real estate company.

From the sustainability point of view, it is important for Neobo that the unique iLOQ cylinder is self-powered by electricity generated from key insertion.



We welcomed employee number 300 to our fast-growing team

In just two short years, we have managed to increase the members of the iLOQ Family by 50%. On 1 April, we welcomed employee number 300.

We like to refer to our colleagues as the iLOQ Family (and sometimes, internally, as iLOQians) as there is definitely a feeling of belonging when you join iLOQ. We care for and respect each other and do everything we can to make new members of the family feel welcome. We provide an excellent onboarding package for all new employees and continue to encourage them as they grow and flourish in the company and in their careers.

Australia market entry

We continued to fulfill our growth strategy by expanding to Australia. Adding Australia to our country portfolio allows us to introduce the benefits of our battery-free digital-locking and mobile-access-sharing technology to a new market.

We launched a dedicated product portfolio for the North American market

For the last two decades, iLOQ has been innovating battery-free solutions that have completely revolutionized the landscape of the locking industry. What better way to celebrate this milestone in our history than by launching a ground-breaking portfolio of smart and sustainable solutions that is dedicated to the needs of the North American market.

We received LenelS2 factory certification under the LenelS2 OpenAccess Alliance Program

iLOQ announced in September that we have received LenelS2 factory certification and joined the LenelS2 OpenAccess Alliance Program (OAAP). LenelS2 is the global leader in advanced physical security solutions, including access control, video surveillance and mobile credentialing.

Our science-based net-zero targets by 2050 have been validated by the Science Based Target initiative (SBTi)

This target was approved using a streamlined target validation route exclusive to small and medium-sized enterprises (SMEs). <https://sciencebasedtargets.org/faqs-for-smes/>

We commit to measure and reduce our scope 3 emissions. iLOQ commits to reach net-zero by 2050 and is already producing 0 emissions in Scope 1 and 2. As part of this, we commit to reduce total emissions by 90% by 2050 from a 2022 base year.



We won the EY Entrepreneur of the Year™ award

EY (Ernst and Young) is a global leader in assurance, consulting, strategy and transactions, and tax services. The EY Entrepreneur of the Year is a unique global program that celebrates, connects and supports entrepreneurs as they unlock their ambitions. It rewards growth entrepreneurs who inspire others with their vision, leadership and achievements and aims to encourage not only a growth mindset, but also responsibility and innovation, and provide entrepreneurs with a unique platform for peer learning, networking and exchange of ideas.

Leena Niemistö, chairman of the jury commented: "Warm congratulations to Heikki Hiltunen, Mika Pukari and iLOQ for winning the competition. This is a world-class innovative company with all the prerequisites for international success".

We and EasySecure are joining forces to make access control more secure, sustainable and user-friendly

We have entered into a strategic partnership with EasySecure, a brand-independent cloud-based security software. Through the partnership, EasySecure's comprehensive management platform can now be combined with iLOQ's cable- and battery-free digital and keyless mobile solutions.

Responsible suppliers contribute to our reputation, growth and success

We operate in a demanding and regulated business environment where responsible business is paramount to maintain our reputation, growth and success. The iLOQ Code of Conduct and iLOQ Code of Conduct for Suppliers ensure that our suppliers share our values and fulfill our requirements for acting responsibly, ethically and legally in all situations.

Setting up for success

Securing long-term performance despite of short-term adversity

While there is no denying that the past financial year has been challenging, iLOQ has been able to stay the course and continue to grow and expand. We are more and more the international technology company we envisioned becoming when we started 20 years ago. With a strong outlook for the future, we remain enthusiastic, also in these times of trouble.

Heikki Hiltunen,
President and CEO, iLOQ



JOIN THE
SMART-LOCKING
REVOLUTION

“As an ambitious technology company, we are committed to maintaining and further building our leadership position within the access management field.”

Facing challenges headfirst

The year 2023 showed us that when you have built a solid foundation it is possible to survive and even thrive when the unexpected happens. Nobody could've anticipated that on the back end of the pandemic we would be facing an energy crisis, sky-rocketing inflation and an exponential hike up in interest rates all at once as a consequence of unrest and conflict around the world. This has had a direct or indirect effect on every business, and iLOQ is no exception.

For us, it meant that new building and construction virtually halted in many of our key markets and non-essential investments such as upgrades in locking systems and access management were put on hold. This trend had a clear effect on business in our largest home markets in the Nordics with both Finland and Sweden falling short of their targets in 2023. However, our other European markets have been able to grow according to plans. Concentrating on steadily building international operations and presence has served us well in these times. We, of course, anticipate starting to see signs of recovery in all markets as the economic turmoil settles down. Those signs can already be seen.



Attitude carries us forward

iLOQ has always taken pride in its entrepreneurial attitude and approach. Our staff has continued to shine under pressure and during such challenging times. While myself and our founder Mika Pukari received the EY Entrepreneur of the Year award this year, we humbly accepted it on behalf of the entire iLOQ Family. We are as committed as ever to building and protecting our unique culture and leveraging the skills and attitude of our wonderful staff to build future success. The iLOQ spirit was strong among the entire staff this summer as we all came together to celebrate our 20th anniversary in Oulu, Finland.

As an ambitious technology company, we are also committed to maintaining and further building on our leadership position within the access management field. Our R&D efforts are concentrated on developing the software solutions powering our cloud-based SaaS offering. That's why 2/3 of our new recruits over the past year have been in R&D and software development. We invest at least 10% of our turnover back into R&D. It is not enough to be ahead today – we want to be ahead tomorrow as well.

Global expansion continues

We have continued to open new geographical markets during 2023 not only in Europe, but

also in both directions – East and West. In addition to strengthening our position in the Benelux region with our own country office in Brussels, Belgium, we took a leap into the land down under in September. The first orders have already come in and we will continue to build our Australian organization located in Melbourne. We will also have our first local employee in Singapore heading up sales from the beginning of 2024.

As for the western frontier, 2023 has been a significant year for setting up business capabilities and operations in North America, and the US in particular. The upfront investments into launching operations in the US can be seen in the 2023 financials, but with market approval for a full ANSI offering and production and delivery capabilities ramped up during Q4, we will start to reap the benefits quickly. With such a huge geographical market, and such significant potential for us as a company, we are investing into establishing a presence and building a solid reputation in North America. This will involve building our sales organization and distributor network as well as further exploring the option of setting up a distribution center on the continent.

Establishing the iLOQ brand and building awareness in the Americas will take time,

money and effort. The brand-refreshing project completed during 2023 was just the first step in preparing for expansion into the West. While we have a long way to go in terms of market recognition on a wider scale, we are extremely pleased that the big players in the industry already recognize us well as the disruption company that is pushing the industry forward. Large global framework agreements with key industrial customers such as Honeywell further highlight the credibility and reputation of innovation and reliability we already enjoy today.

Strong outlook for the future

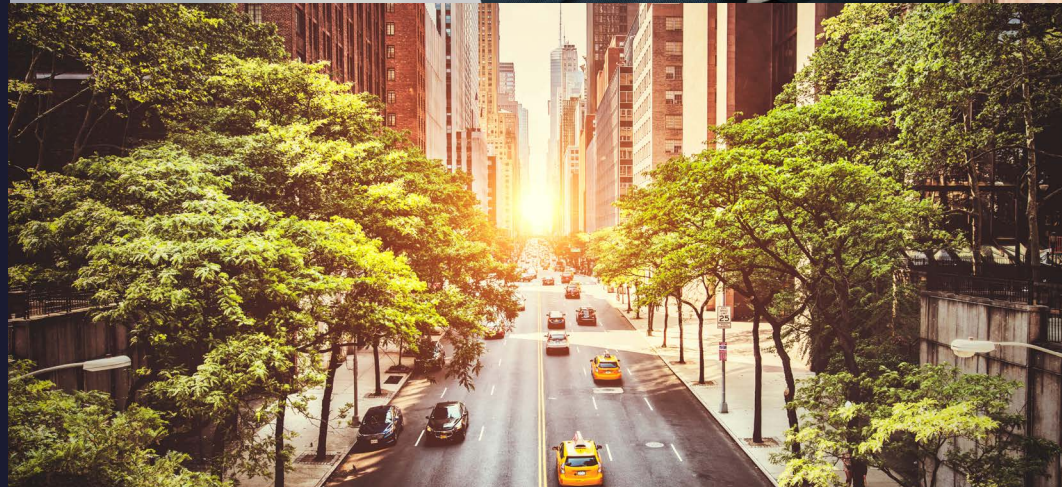
We are in a great position in terms of serving the societies of tomorrow. As we anticipated some 20 years ago, the era of mechanical locking is slowly but surely nearing its end. There is no doubt that digital locking solutions are the future, and with our economical and sustainable platforms with no batteries, minimal wiring and, in some markets, lack of physical keys altogether, we are leading the way for locking to become an integrated part of smart living in both residential and commercial spaces. We are no longer, nor have we ever really been, a lock and key company. We are innovators in the field of digital access management technologies.

Go west!

Building the foundation for US market takeover

Taking over the North American market as a European company is no simple feat. The opportunity is huge, but a lot of legwork is needed. We recognized the potential and laid the foundation. Now it's up to us to make the hard work pay off.

Joni Lampinen,
General Manager, USA, iLOQ



Getting the basics right

Preparations for market entry into the US began already more than a year ago. Before doing any business in America and Canada we needed to start by building up a portfolio of ANSI products to meet the local standards. This was the first prerequisite for any kind of commercial success in North America. This is where our strong entrepreneurial spirit and belief in our solutions kicked in. We hit the streets running.

Within just a year we have developed a complete portfolio of products for the US market. The Gate 4 review for our ANSI offering was done by October 2023 and the first customer deliveries already made by the end of the same month. We were able to commercially launch our full offering on schedule, which is a virtually unheard-of feat. The final product variants will be out to market during H1/2024. As of today, all our products have been tested and piloted with some 100 pilot cases run across USA and Canada. By the end of the year 2023, we already closed our first student housing case worth more than USD 100K.

“With the only truly battery-free solution, iLOQ is helping accelerate the USA’s shift from mechanical to mobile smart locking.”

Making a great first impression

We officially launched iLOQ and its ANSI offering into the US business landscape at the ISC West convention in Las Vegas in March 2023. The reception our technologies has been overwhelmingly positive. For the first time in iLOQ history we entered a new market with a completely keyless, mobile solution. Compared to many other markets the US is ready move from mechanical locking systems to mobile smart locking. With the only truly battery-free solution, iLOQ is helping accelerate the USA’s shift directly from mechanical to mobile smart locking.

Our solutions are seen as an ideal fit for retrofit projects in multifamily housing and commercial applications in the big cities.

The iLOQ solutions provides a great user experience for owners, developers, property managers and tenants while being easy, fast and convenient to install and being maintenance-free with no wiring and no need for regular battery changes. Some industry insiders have been quoted saying that this is the best thing to happen in access management in the last 10 years. We could only have dreamt of this type of market acceptance in our market entry.

Building operational capabilities

But obviously it’s not enough to have a great product. We have concentrated on building a local organization that allows us to operate, sell and do business in the states. We started by hiring our VP of Sales, USA, Robert Mancuso in March. From there we’ve hired a Technical Manager and a strong sales team to get the ball rolling. From the greater New York area where we started off, we have expanded our reach to the four big cities in Texas, Chicago and the Southeast reaching from South Carolina and Georgia all the way down to Florida.

We are looking to also expand onto the West Coast in January 2024. Our growth and expansion is limited by resources, and we are carefully selecting our first locations across this vast land focusing on big cities and metropolitans. We are currently also building our nationwide network of certified dealers and setting up our partner portal to allow a smooth partnership and order process.

Currently, we are able to provide stateside delivery within 10 business days of the order. Anticipating growing volumes of business, we are also already pushing ahead with plans to establish a Logistics and Distribution Center in Texas to speed up deliveries and ensure local availability. This logistics hub would be able to support our business not just in USA and Canada, but also across Central and Latin America.

Positive forecast for the future

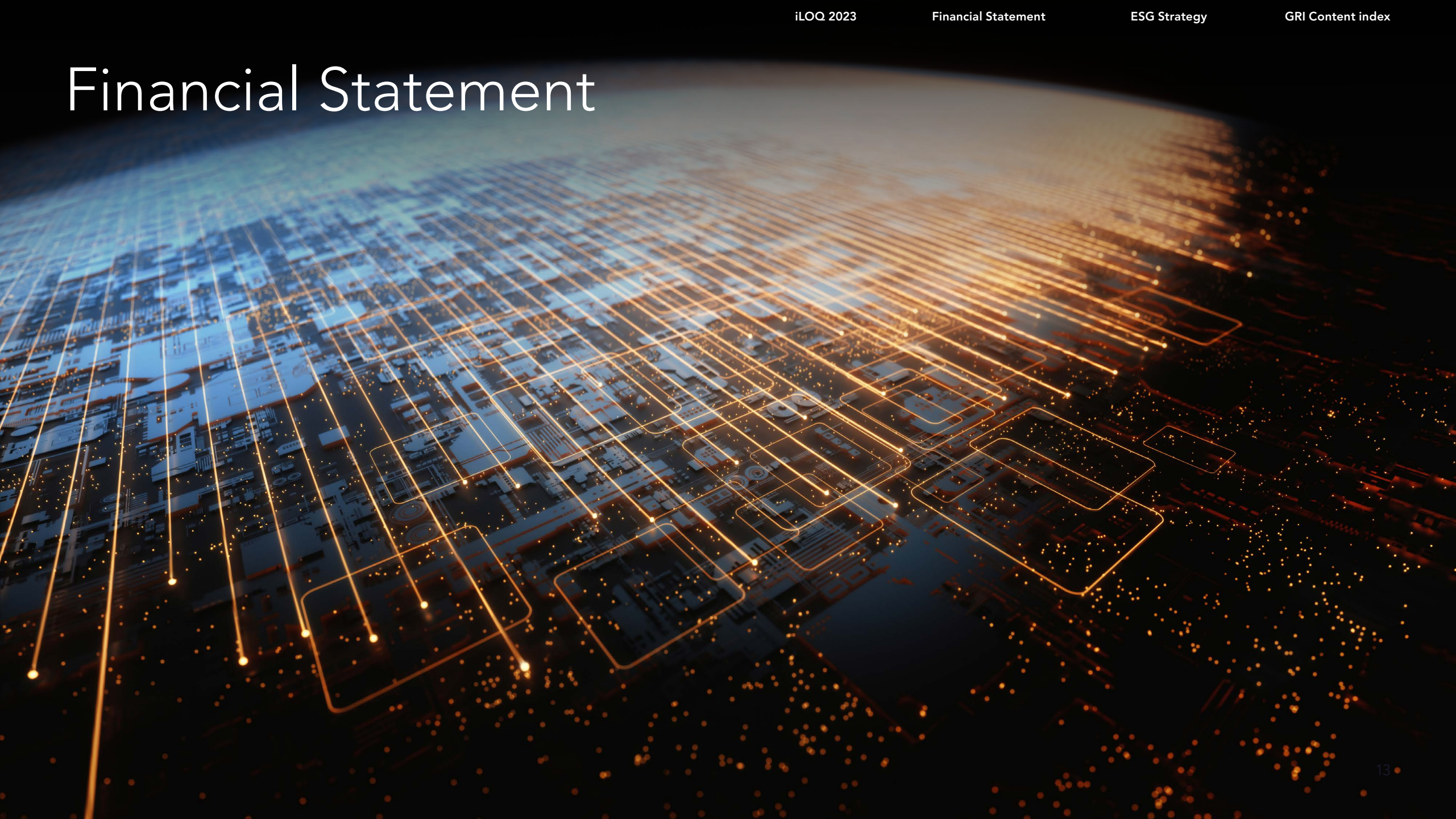
The financial year 2024 will be a time of proving the worth of the upfront investments made into the North American market entry in 2023. We have been able to do a lot of good

things within a short timeframe, and we feel that we need to do equally well in terms of delivering results now that the capabilities for doing business have been established.

The product is great, the sales team is motivated and ambitious, but we still have a lot of work to do regarding brand recognition and general awareness. The opportunity to grow rapidly and make a real impact is there. We just need to capitalize on it by being active in marketing, communications and allocating resources to making iLOQ known to the American and Canadian markets in the multifamily housing, commercial and public building spaces and critical infrastructure.

We are looking forward to a hectic and result-driven 2024 financial year with more sales and more attention allocated to developing marketing and HR capabilities within our US organization. We’ve had a great start out of the gates, but we are pacing ourselves for a long race. Instead of gearing for a quick win, we are getting organized, being strategic and building a strong foundation for longevity.

Financial Statement



Maintaining our course

Forging ahead through challenging times

iLOQ remains a strong player in the access-management field thanks to its role as a digital-transformation company. A challenging year is reflected in the sales numbers, but the big picture and positive trajectory remain unchanged. We can only imagine where we would be today without the pandemic and a war in Europe.

Thomas Thörewik,
Chief Sales Officer, iLOQ



“Those who stand still will be left behind. This is why we are committed to growth, development and innovation.”

Facing challenging home markets

Our business has been impacted by the same things that have impacted everyone around the world, and especially in Europe. The rise in inflation, interest rates and energy prices halted many planned investments, particularly in our traditionally strong home markets across Scandinavia and the Nordics. As the economic turmoil starts to show signs of settling down, we anticipate these markets to also recover relatively quickly.

Maintaining growth ambitions

In other European growth markets, where we do not hold such a high share of the market as of today, we were able to grow almost as previously planned. We strengthened our position in the Benelux region with our own country office in Brussels, Belgium. We were also able to continue our international expansion with both Australia and Singapore being opened for business before the end of 2023 with sales offices and our first recruits already in place. In fact, Australia had already seen some notable sales success even prior to the opening of the Melbourne office.

The biggest geographical leap has obviously been iLOQ's decision to expand westwards into the North American market. It is a huge investment with an expectation of returns on a relatively short timeframe. We have had a presence in the critical infrastructure market for some time, but, as of the end of 2023, we now have a full ANSI-standard portfolio covering the needs of the American commercial and multifamily housing market as well. The reception for our keyless, battery-free, all-digital solution has been tremendous so far.

Building a global industrial clientele

While the residential or multifamily housing market has always been, and will continue to be, our bread and butter, we have seen a considerable surge in business coming from the industrial and critical-infrastructure side. Our global critical-infrastructure team has been able to continue opening new business opportunities and new geographies. We have been able to add many notable names into our portfolio of clients and partners, with several major global framework agreements signed during the past financial year.

Many segments, such as telecom, energy and logistics, find it easy to identify the considerable benefits of a cloud-based SaaS service with a high degree of security and traceability. A short timeframe for ROI paired with a superior user experience has allowed us to sign numerous sizable partnership deals with companies such as Honeywell and get new POCs up and running with several key players in important customer segments.



Recognizing our strong core potential

So, even if 2023 came with its undeniable challenges, the outlook for iLOQ has remained positive in the bigger picture. With more than 80% of the world's locks still being operated with traditional mechanical keys, there is still a huge market for digital access management. The megatrends driving society are on our side. Digitalization, connectivity, integration of service and a focus on intuitive user experiences are all at the core of our offering. And the global concerns related to the availability of battery minerals and the world's dependency on single-use batteries also play to our advantage.

We believe that our smart solutions that are not dependent on batteries will continue to propel our business and push the entire locking and access-management industry forward in the future as well. Anticipating a successful future has also meant reorganizing our sales to allow us to continue to meet our growth plans and to continue to scale our business. We as a company, just like the entire world around us, are in a constant state of evolution. Those who stand still will be left behind. This is why we are committed to growth, development and innovation.

Financial strength lies in diversity

**When one wavers,
the rest will carry the load**

The financial year 2023 was overshadowed by the ongoing uncertainty around the world. We are no exception when it comes to the effects of the situation on the world's economy. Despite the immediate hardships, we have been able to stay the course in terms of our long-term plans.

**Timo Pirskanen,
CFO, iLOQ**



“Thanks to a strong and stable financial foundation, we have been able to adjust and continue to move forward as planned.”

Sudden change in business landscape

The world looked very different in January of 2023 than where we are today. While our EBITDA did suffer in 2023 due to decreasing volumes while we were able to maintain fixed expense discipline, our gross margin on sales remained at a high level, ensuring profitability. Many of our core customer segments were hit with the effects of rapidly rising energy prices and the sudden jump in interest rates. The construction industry in the Nordics especially felt the effects overnight. The building starts of new residential developments virtually ground to a halt in our traditional strongholds of Finland and Sweden.

The same kind of reactions could be seen in housing associations putting investments on hold. Upgrades in access management have been among those decisions that have been postponed to a later time. Many investments in the residential and built environment sector in general are in a holding pattern, waiting for positive signs from the markets and a new stability. We hope to see many of these projects come to fruition as early as 2024.

These unpredictable circumstances that became a reality in 2023 had another major impact on our business. The target volumes we estimated at the beginning of the year were very different from how the year turned out. While previously we were forced to stockpile hardware and parts to ensure availability in a time of component shortages, we suddenly found ourselves with a lot of capital tied down in stock that wasn't moving. Having money sitting on the shelf at our warehouses has obviously had an effect on our cash flow.

Performance outside our traditional strongholds

Despite what we experienced in the Nordics, we were able to stay on track in terms of our goals for growth. In some newer markets where we are not as strongly established, we have been able reach growth of even up to 50% in these times. In addition to continuing on a growth trajectory in Europe, we have also established new outposts in Australia, Singapore and, of course, North America.

Obviously, the upfront investments into opening such vast new territories for business have an effect on the numbers for 2023, but the investments are justified by the new potential for returns in the short term as well as in the long run. Kicking off operations required extensive R&D efforts to complete our ANSI offering as well as setting up capabilities related to recruitment, personnel, ERP and delivery capabilities. We are quite far along in investigating opportunities related to establishing a logistics center in Texas to serve the North, Central and Latin Americas.

Demand for our technology remains

Regardless of the geographical market, we've seen that the retrofit market is still going strong. Not being as volatile a market as new builds, we've seen some 80% of our built environments business, which includes residential, commercial and public buildings, coming from retrofit projects. This is where an investment into smart locking is seen as something that will help reduce lifecycle costs considerably and already deliver savings in year one.

The second leg that our business stands on, critical infrastructure and industrial customers, has been strong and steady through troubled times. Demand for our technologies has remained high and our team has brought home several high-profile projects and large-scale global framework agreements on this side of the business. These large agreements also serve to bring stability and a longer view into the year ahead.

Setting our sights on the future

In summary, iLOQ was hit by many of the same adverse effects that other businesses also experienced in 2023. Thanks to a strong and stable financial foundation, we have been able to adjust and continue to move forward as planned. We have our sights set far into the horizon and hope to leave this bump in the road behind us, taking along only the good learnings.

This year has shown us that the previous choices made regarding spreading out to new geographies and building the diversity of our customer portfolio beyond the residential segment have served us well in times of turmoil. We are standing strong, ready to lead the revolution in battery-free digital access management into the years ahead.

Consolidated statement of comprehensive income IFRS

EUR thousand	1.1.-31.12.2023	1.1.-31.12.2022
Revenue	141,318	132,948
Other income	35	0
Materials and services	-59,724	-56,846
Employee benefit expenses	-26,345	-25,117
Depreciation and amortization	-6,635	-5,621
Other expenses	-23,903	-19,646
Operating profit	24,747	25,719
Finance income	278	122
Finance expenses	-1,265	-1,089
Net finance expenses	-987	-967
Profit (-loss) before taxes	23,760	24,751
Paid group contribution	-3,016	-2,961
Income taxes	-4,234	-4,474
Profit (-loss) for the financial year	16,510	17,316

EUR thousand	1.1.-31.12.2023	1.1.-31.12.2022
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss		
Translation differences	-26	-12
Total comprehensive income	16,484	17,304

Consolidated statement of financial position IFRS

ASSETS

EUR thousand	1.1.-31.12.2023	1.1.-31.12.2022
Non-current assets		
Intangible assets	27,268	18,158
Goodwill	796	741
Tangible assets	3,739	4,332
Right-of-use asset	3,249	3,002
Deferred tax assets	427	478
Total non-current assets	35,479	26,710
Current assets		
Inventories	24,477	26,117
Other receivables	37,710	29,323
Prepayments	1,253	1,530
Deferred tax assets	88	0
Cash and cash equivalents	7,371	4,085
Total current assets	70,898	60,218
TOTAL ASSETS	106,377	86,928

EQUITY AND LIABILITIES

EUR thousand	1.1.-31.12.2023	1.1.-31.12.2022
Share capital	1,000	1,000
Reserves	6,944	6,944
Translation difference	33	7
Retained earnings	47,006	30,772
Total equity	71,494	56,039
LIABILITIES		
Non-current liabilities		
Long term loans	185	308
Long term Provisions	880	574
Non-current lease liabilities	1,716	1,499
Deferred tax liabilities	309	154
Total non-current liabilities	3,089	2,535

EUR thousand	1.1.-31.12.2023	1.1.-31.12.2022
Current liabilities		
Short term loans	5,062	0
Short-term interest-free liabilities	22,886	24,499
Current lease liabilities	1,597	1,559
Deferred taxes	1,864	1,593
Short term Provisions	386	704
Total current liabilities	31,794	28,355
Total liabilities	34,884	30,890
TOTAL EQUITY AND LIABILITIES	106,377	86,928

Consolidated statement of cash flow IFRS

EUR thousand	1.1.-31.12.2023	1.1.-31.12.2022
Cash flows from operating activities		
Profit (-loss) for the financial year	16,510	17,316
Adjustments:		
Depreciation and amortization	6,635	5,621
Unrealized exchange rate gains and losses	-306	38
Finance income	-278	-122
Finance expenses	1,265	1,089
Taxes	4,234	4,474
Other adjustments	3,016	2,961
Change in net working capital:		
Change in trade and other receivables	-7,711	-13,234
Change in inventory	1,640	-6,303
Change in trade and other payables	-2,016	5,895
Change in provisions	-12	-538
Interest paid	-334	-204
Interest received	35	0
Income taxes paid	-4,117	-4,341
Other financial items	-69	-82
Net cash flows from operating activities (A)	18,492	12,571

EUR thousand	1.1.-31.12.2023	1.1.-31.12.2022
Cash flows from investing activities		
Proceeds from sale of tangible assets	18	31
Purchases of tangible fixed assets	-259	-1,750
Purchases of intangible fixed assets	-12,736	-6,937
Business acquisitions	0	-82
Net cash flows from investing activities (B)	-12,978	-10,372
Cash flows from financing activities		
Repayment of loans and borrowings	-62	-6
Proceeds from short term liabilities	8,365	0
Payments of short term liabilities	-3,365	0
Merger of business	0	0
Payments of lease liabilities	-1,851	-1,697
Paid Group contribution	-4,810	-3,224
Net cash flows from financing activities (C)	-1,723	-4,927
CHANGE IN CASH AND EQUIVALENTS (A+B+C)	3,790	-2,728
Cash and cash equivalents, in the beginning of period	4,085	7,490
Net effect of exchange rate changes on cash and cash equivalents	-504	-677
Cash and cash equivalents, at the end of period	7,371	4,085

ESG Strategy

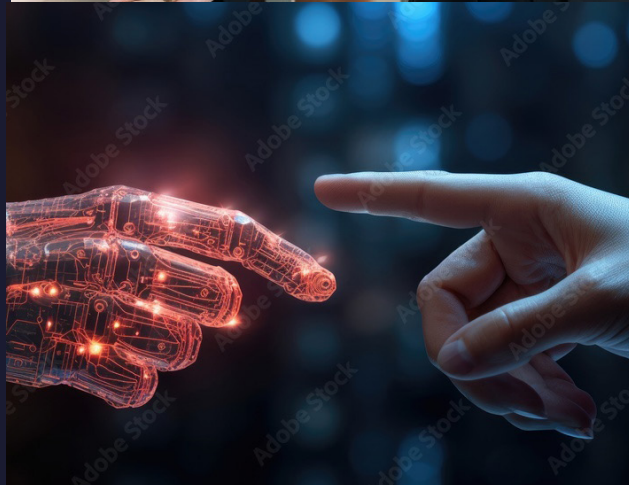


A broad sense of responsibility

iLOQ continues to commit to ESG excellence across the board

Just as iLOQ speaks about itself as a born-digital company, we also take great pride in the fact that our entire existence is rooted in designing and distributing digital access management solutions, which by nature, save resources.

Erja Sankari,
Executive Vice President and COO, iLOQ



“Leading the field in ESG-performance, instead of simply complying with legislation or following trends, requires a continuous commitment.”

Traditionally, when we look at the environmental impact of our technologies, we see our strengths and competitive edge. For the better part of twenty years, we have been talking about the environmental benefits of having a battery-free digital solution that harvests its own energy from kinetic movement or from the mobile devices you carry on your persons daily. Being virtually maintenance-free also reduces our environmental impact by reducing on-site maintenance visits.

Always look inwards first

Regardless of the fact that our own Scope 1 carbon footprint has long been zero and the utilization rate of waste generated from our own operations is 100%, we continue to actively seek out ways to improve environmental efficiency in our own operations as well. During the past year we have, for example, invested in new automated packaging solutions for the products being shipped out of Oulu, Finland. We are now able to ship all of our hardware worldwide with renewable and mostly recycled packaging. This fast and accurate automated solution brings with it a new, more-space and material-efficient physical-product packaging that allows us to ship more units in less pieces of packaging.

Driving change across the value chain

But, as a company that sources components from a network of manufacturing partners, the biggest impact we can hope to have is achieved by concentrating on demanding improvements in environmental performance from our important Scope 3 partners and suppliers. And, indeed, supporting them in improving their performance. Based on our Greenhouse gas (GHG) inventory, up to 90% of our emissions originate from the operations of our 20 biggest suppliers. The 2023 ESG Survey for suppliers revealed that our suppliers share very similar priorities regarding GHG reduction with us.

While we recognise that there is still much that can be done to improve performance on this front, the survey revealed many important factors are already being actively addressed. More than 85% of our Key suppliers, all of the bigger ones, already have a sustainability strategy in place with at least 60% having set specific GHG reduction targets for their operations. Also, more than 90% of Key suppliers fulfilled our social responsibility requirements without needing to take new related actions. We will continue to work with our network of suppliers to continue improvements wherever we can.

Only as good as good as the people we work with

At the other end of the value chain, we need to also be mindful of what takes place in our international sales offices and indeed our vast network of partners and distributors. The same applies to partners and iLOQ country organizations alike. All operations must always adhere to local social and legal requirements as well as internationally recognized standards.

Regular audits are included in our contracts, and we monitor both environmental as well as social responsibility factors. Through numerous HR-led initiatives, we also aim to ensure that we are able to support our employees and partners in DEI (diversity, equity, and inclusion) -related efforts around the world. We are, for example, initiating an internal program to improve equality and transparency in pay policy across the organization.

A never-ending responsibility

At iLOQ, we don't wash our hands of responsibility upon delivering our products to the customer. The end of life for any product is a significant phase especially in terms of responsibility and sustainability. This is why we aim to have recycling agreements in place in markets where we sell and operate. We ensure that, upon reaching the end of life, each iLOQ device is responsibly handled either by us or our local partners, depending on the market and customer in question.

And, as mentioned earlier, our R&D is looking to improve our operations in terms of recyclability and material use. Now that we have optimized our packaging to contain 100% recycled input materials, we are setting our sights on all on-site operations. We have set an ambitious 80% target for all in-house recycling with the 100% utilization rate we mentioned earlier. Being a responsible corporate citizen and striving to lead the field in ESG performance instead of simply just complying with legislation or following trends requires a continuous commitment. A commitment iLOQ has publicly made to all its stakeholders.



iLOQ's sustainability strategy, objectives and commitments

Responsibility as part of business

Materiality assessment is the common thread of iLOQ's sustainability operations and development. Development activities are based on materiality assessments and the SDGs derived from them.

Ambition

We believe that sustainability is intrinsically linked to the thinking, action and attitude of all activities. We believe that our own sustainability-oriented actions can have a positive impact on our planet and its population. We understand that sustainable actions are carried out in cooperation with all our stakeholders.

We want to be proactive and impactful in this development, while at the same time making sustainable growth. Sustainability is an integral part of our reputation, and we also believe that sustainable business will increase attraction in an ecosystem made up of our different stakeholders.

Sustainability is naturally linked to our core products and services. In the future, we want to make this sustainable customer benefit even more visible. We don't want to simply focus on minimizing significant environmental harm, but to increase the positive environmental benefits of our solutions compared to traditional locking solutions. Our strategy relies on the desire to break industry conventions and we see that sustainability in this context offers new opportunities.

Success in our goals requires an active and proactive approach with our key partners and throughout the value chain in all our operations. For our part, we want to look for new, more sophisticated ways of achieving sustainability-related results, and we see our own role in this as significant. There is a need among our customers that we succeed in this respect, and we believe that we can also profile ourselves as pioneers.

To succeed in a market of positive impact requires a strategic capability related to sustainability, the focus of which is on iLOQ's community of skilled people. We are ready to invest in the wellbeing and sustainability experience of our people and create meaningful work to be done.

We set the ESG Objectives for 2023: GHG monitoring development, science-based targets, Suppliers' ESG commitments, Design for Sustainability during product design, diversity and ESG awareness. The results of 2023 objectives are presented in the KPI table [on page 53](#).

Life made Limitless

Our goal is to develop smart digital locking and mobile-based access management solutions that free people, businesses, and organizations from the security risks, inflexibility, and high lifecycle costs associated with mechanical locks and keys. Our battery-free solutions reduce both maintenance costs and environmental impact.



Our Material Topics

Our materiality assessment was revised in 2023. Priorities remained the same as in 2022, but categorization was refined, to highlight most urgent topics. Materiality assessment is done utilizing the double materiality approach. The material topics have been approved by the ESG body, representing Leadership Team level authority.

Our materiality assessment process is a comprehensive approach that incorporates stakeholder dialogue, expert insights, and industry analysis. Through this method, we carefully evaluate the significance of various issues, ensuring a thorough understanding of the key concerns and priorities that matter to both our stakeholders and the broader industry landscape. This enables us to prioritize and address the most relevant environmental, social, and governance aspects in a manner that aligns with our commitment to responsible and sustainable practices. iLOQ materiality assessment process includes the following aspects:

- **Industry trends on sustainability development, mainly construction industry and technology industry**
- **Supplier ESG evaluation and risk mapping**
- **iLOQ ESG Risk management process**
- **Company Strategy, policies and values**
- **UN Sustainable development goals**
- **Customer requirements and emerging trends**
- **Employee dialogue**
- **Investor and owner interest**
- **Global cross-industry ESG trends**

Our development, measurement, and reporting strategies are centered on five overarching topics, which represent the most significant impact categories. By prioritizing these major impact categories, we ensure a focused and strategic approach to sustainable development and transparent reporting.

iLOQ main material topics are:

- **Climate impact**
- **Circularity**
- **Human Capital Development**
- **Diversity, equity and inclusion**
- **Privacy, security, safety**

These topics include selected sub-topics, that impact the fulfillment of targets on the main level:

- **Reducing emissions in the value chain**
- **Optimizing energy usage throughout the value chain**
- **Improving supplier environmental performance**
- **Control of material use**
- **Waste management practices**
- **Occupational health and safety**
- **Preventing discrimination**
- **End-customer safety**
- **Product compliance**
- **Data management**
- **Training and education**
- **Employment**

Forming the pathway with ESG Strategy

Based on our material topics, we have reformed our Sustainability strategy in 2023. The strategic focus areas define our development roadmap, which we execute using agile project management methods. The purpose of our Sustainability Strategy is to ensure our focus on our biggest impacts and find systematic approach to development activities. Our strategy builds on four key areas: Climate Actions, Sustainable Business Conduct, Privacy, security and safety, and Revolutionizing the access management industry.



Climate action is vital for ensuring the planet for future generations. We approach climate action by both, reducing our Corporate level greenhouse gas emissions, as well as minimizing the environmental impacts of our operations and products. Our most prominent climate impact is caused by our upstream production, mainly component production and assembly.

Sustainable Business Conduct is driven by our values. We want to ensure equality in the workplace and share a human working environment through our people policies. We train ESG requirements throughout the organization and value chain and ensure due diligence in all operations. We are transparent and constantly aim to build more reporting capabilities to openly disclose our impacts and development.

Privacy, security and safety are at the heart of our company. Our base is to design and distribute high-quality products to improve access management within the society. We are committed to complying with a variety of requirements in the industry. Customer and end-user safety and security are in all cases to be prioritized.

At the core of our solutions, we aim to Revolutionize the access management industry. Our technologies make the best out of Software products, combined with Hardware systems. Eventually, decoupling save resources, when needs for instance, for physical keys are reduced. By finding ways to reduce the resource-use and environmental impacts of our products changes the way we think.

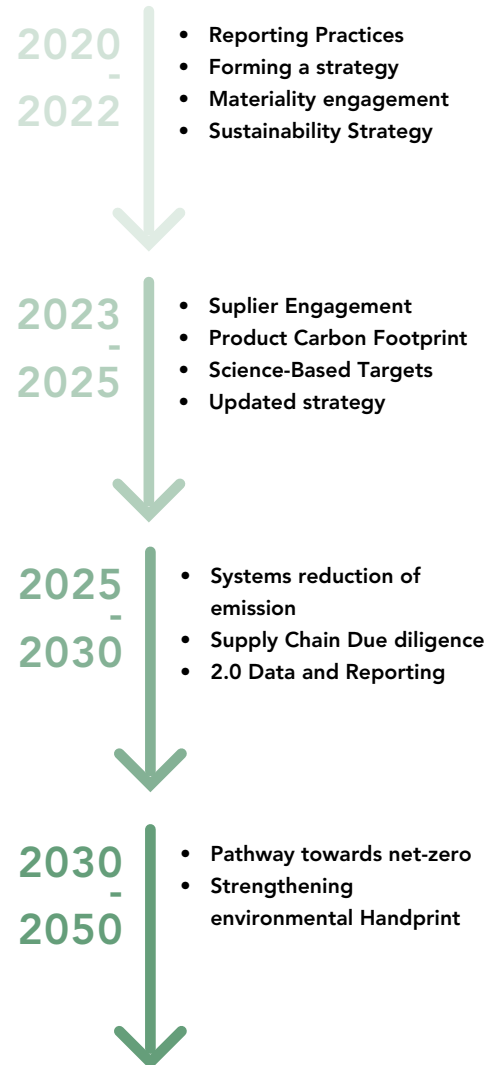
Climate Actions	Sustainable Business	Revolutionizing the access management industry	Privacy, Security, Safety
Reducing emissions	Diversity, equity, inclusion	Digitalization	Compliance
Materials	Human Capital Development	Industrial innovation	Data management
Energy consumption	Occupational health and safety	SaaS	End-user safety
Supplier engagement	Disclosure and transparency	Resource-savings	Operating Costs
Waste	Supply Chain Due Diligence		

Sustainable Development Roadmap

Strengthening Transparency through reporting

We received silver ranking from EcoVadis - provider of business sustainability ratings last year. EcoVadis is the world's largest and most acknowledged provider of business sustainability ratings. EcoVadis assessment methodology is built on international sustainability standards, including the Global Reporting Initiative, the United Nations Global Compact, and ISO 26000.

We have participated in the Carbon Disclosure Project (CDP) since 2021. CDP is an international not-for-profit organization that runs a global disclosure system that enables companies, cities, states, and regions to measure and manage their environmental impacts. Our 2023 figures' rating was D in climate change and C in Supplier Engagement.



Commitments

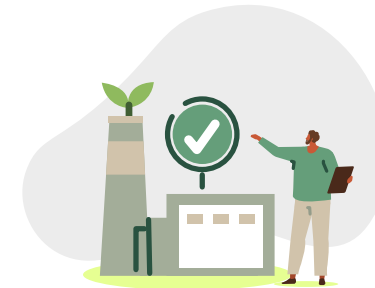
Sustainability is an integral part of our strategy. During 2021, we made sustainability part of the company's strategic objectives and roadmap. At the same time, we checked that the objectives are consistent and logically balanced with the will and commitments on sustainability.

Our commitments are based on three key themes:



1. Net-zero by 2050

We are carbon neutral in our own operations (Scope 1 and 2). Majority of our emissions come from Scope 3 – Purchased goods and services. Setting our focus to reducing the emissions of our suppliers is needed to achieve net-zero.



2. Promoting sustainability together with our key supply and distribution chain partners

Sustainability requires looking at the whole value chain with a circular economy approach. Sustainable use of natural resources requires close development work with our partners. In our own operations, we place particular emphasis on innovation and product development, constantly looking for positive effects on the environmental footprint in addition to the means to reduce environmental impacts towards carbon neutrality.



3. Diversity strengthens the Human Experience

At iLOQ, we recognize diversity as a concept that encompasses both our people and our holistic approaches to our practices and management. We focus on creating and sustaining a unique human experience at iLOQ, underpinned by our holistic understanding of people, their wellbeing, and the ways we lead them. We recognize that diversity is vital and ensure an exceptional positive employee experience for all through our diverse employee practices.

UN Sustainable Development Goals (SDGs) driving our progress

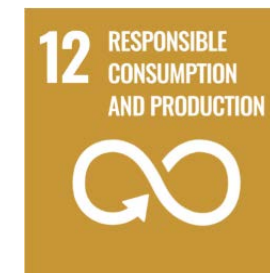
The United Nations SDGs provide a universal framework for addressing global challenges and fostering sustainable development by 2030. By aligning our targets with specific Global Goals, we demonstrate our commitment to create a more equitable, environmentally conscious, and socially responsible world. We are committed to four SDGs most material to our impacts. Our KPIs are aligned with the relevant targets.

SDG 8 aims to promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. We are investing in a broad network of suppliers, with the effect of supporting a more even distribution of economic prosperity between emerging and developing countries. We ensure responsible business conduct through supplier audits, supplier ESG data collection, supplier requirements and iLOQ Code of Conduct for Suppliers.

SDG 9 seeks to build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation. Our innovative solution, by removing the need for external power sources, saves natural resources and contributes to a more sustainable infrastructure. Product specific environmental data will be highlighted in 2024. Reducing material and resource use is a crucial step to achieve this goal.

SDG 12 aims to ensure sustainable consumption and production patterns. Adopting a circularity view in operations helps to reduce waste and enhance reusing and recycling. At the same time, it's important to carry our responsible production methods to our supply chain partners. Through effective collaboration, we can reduce the amount of scrap material and increase product resource efficiency. Also, developing our suppliers ESG performance through different means is an effective way to develop the supply chain. Essential criterion for cooperation is to ensure that the work done is decent.

SDG 13 focuses on urgent action to combat climate change and its impacts. We committed to SBTi in 2023, by setting a net-zero target to 2050. As an efficient step to achieving net-zero, we have started collaboration with our suppliers to encourage them to set net-zero targets. Reducing GHG emissions has been prioritized in iLOQs strategy and ESG work.



Stakeholders

Continuously maintaining a network of responsible suppliers

The global supply chain risks have realized again during 2023 with new challenges arising. The importance of a resilient supply chain has increased across industries. We have put heavy emphasis on increasing supply chain capabilities, which have been a crucial resource throughout the year. Furthermore, importance of responsible business conduct is strengthening.

At iLOQ, we maintain a network of suppliers and contract manufacturers, who provide us the majority of our products. Therefore, our largest environmental impacts are within the upstream supply chain and require a significant focus from us. We at iLOQ and our suppliers operate in a demanding and regulated business environment where responsible business is paramount to maintain our reputation, growth and success.

iLOQ develops its network of responsible suppliers according to our business needs and based on our values, which we expect all suppliers to share. The iLOQ Code of Conduct and iLOQ Code of Conduct for Suppliers ensure compliance with our values by setting out guidelines for ethical behavior.

We require that iLOQ's suppliers act responsibly, ethically, and legally in all situations. Compliance with relevant laws and regulations is always required. Our suppliers are expected to maintain an environmental management system, preferably ISO 14001.

Procurement is an essential part of iLOQ's strategy to ensure availability of products, the ability to meet customer requirements and mitigate risks. iLOQ sources finished goods, materials and components from suppliers located in Europe, Asia, and the US. The major suppliers are located in China, Malaysia, Ukraine, Taiwan and Finland.

Supplier collaboration is a key for sustainable development

iLOQ manages its network of suppliers based on the iLOQ Supplier Management Collaboration Model. We also use data-based metrics which are continuously developed together with our suppliers. As a part of our long-term collaboration with them, we constantly follow suppliers' performance to monitor costs, ensure availability of products, mitigate risks, and take advantage of opportunities to ensure the fulfillment of our minimum requirements.

Supplier selection is closely interconnected with our risk management process. Supplier risks, including ESG risks, are identified, categorized, and mitigated. The identified risks guide us to focus our auditing efforts to the correct aspects. Also, it's an important way of increasing supply chain resilience.

All new suppliers are audited as a part of our Supplier evaluation and selection process. Whenever possible, audits are conducted onsite. When onsite audits are not possible, self-assessment audits are carried out and verified at a later date during scheduled supplier visits. Furthermore, iLOQ Supplier Requirements sets a variety of requirements, including environmental and social ones, to the potential new supplier. New suppliers selected in 2023 have been assessed through this process.

Monitoring and Improving Supplier ESG performance

Organizations need to understand their supply chain's impacts on people, planet and economy and reduce any negative impacts. We verify the compliance with ESG requirements by collecting ESG data from suppliers and auditing suppliers regularly.

In 2023, we conducted a Supplier ESG survey to understand the current capabilities and focus areas on Supplier Sustainable Development. The questionnaire included four sections: Governance, Ethics, Environment and Labor and Human rights. The survey was requested from suppliers contributing to 88% of iLOQs spend. The response rate was 100%.

To strengthen due diligence, we will deploy a standardized ESG assessment method during 2024 to receive annual data from suppliers. It's also important to support suppliers with their ESG work, so we aim to collaborate with our network to find improvement opportunities.

Several of our suppliers have already set GHG reduction targets, which is a crucial step for us to reduce our Scope 3 emissions. To support our suppliers, we have started to screen some reduction opportunities, which can already be implemented in our Product Development Process. While innovating ways of reducing Product Carbon Footprint (PCF), we work with our suppliers to get their own operations' emissions reduced. With this dual approach, we can contribute to a greener world.

iLOQ Code of Conduct for Suppliers

These principles describe how we expect iLOQ's suppliers to commit to act responsibly. By end of 2023, we have implemented the iLOQ Supplier Code of Conduct for 82% of our approved material suppliers and contract manufacturers. The Code of Conduct is implemented by default to all new supplier relationships.

We require our suppliers to comply with all applicable laws, and respect all human rights and anti-corruption regulations, including the refusal to use child or forced labor. The health and well-being of employees should be secured. Our Code of Conduct for Suppliers requires our suppliers to comply with requirements regarding Information Security, for example through the requirements of ISO 27001.

iLOQ expects Environmental responsibility from its suppliers. We support our suppliers in making more sustainable decisions within their operations. We encourage suppliers to further

Supplier Selection and Evaluation Process

Developing existing partnership

Screening new suppliers

Risk Management

Industry risks

Location risks

Monitoring

ESG Data collection

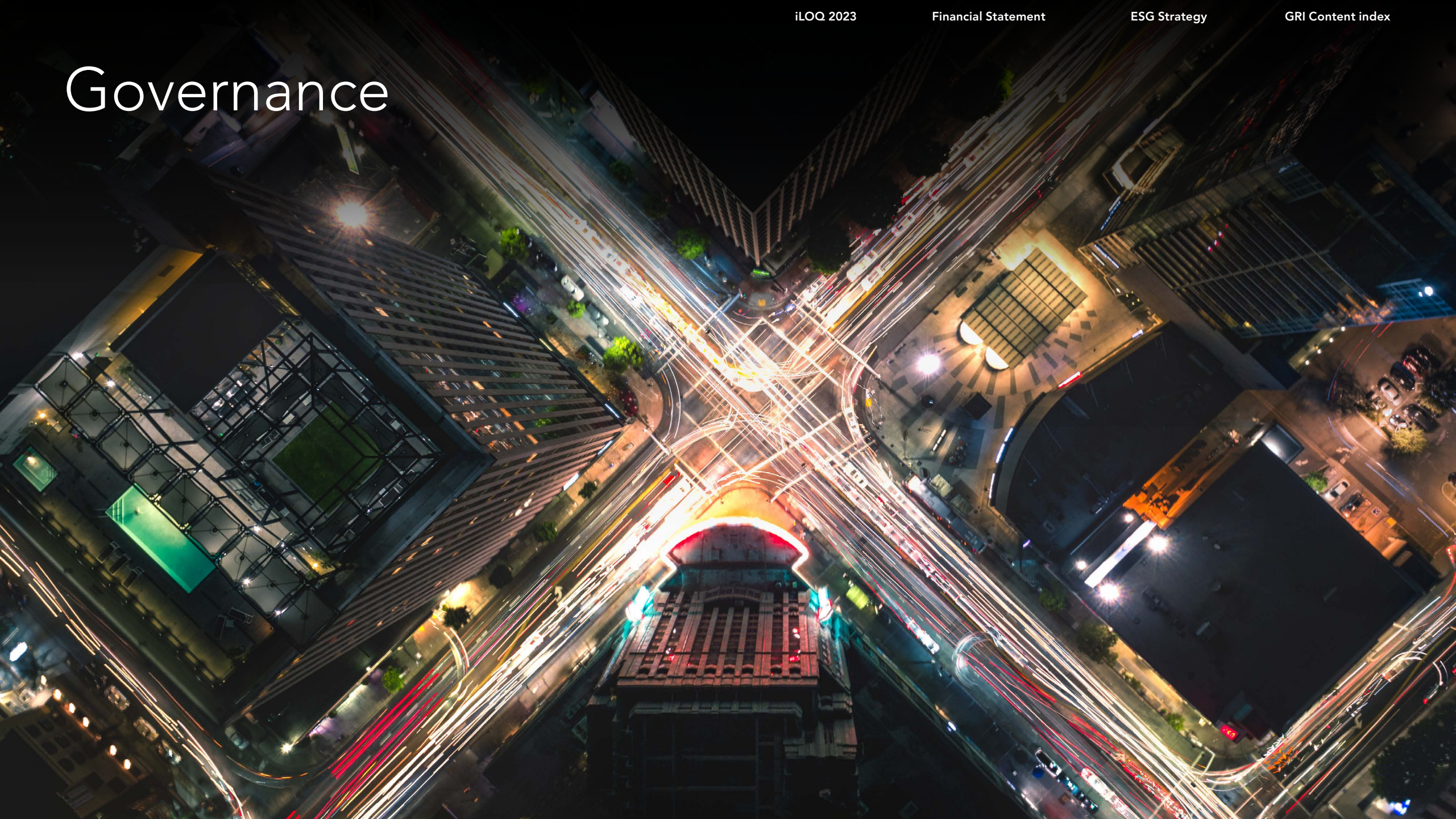
Auditing

Flow chart: Supplier evaluation and selection process

understand their environmental impact and find ways to reduce negative impacts while creating positive impacts.

Our open corporate culture ensures that we work equally for all present and potential suppliers. We do not encourage unhealthy cooperation that could compromise the independence of the supplier. We believe in fierce, but fair, competition and do not accept any form of corruption or bribery.

Governance



Governance

Sustainability management in iLOQ

Sustainability is an integral part of iLOQ's strategy and operations and the Board of Directors and iLOQ's Leadership Team regularly analyze its development.

Management of the strategy is the responsibility of the CEO and the Leadership Team and monitoring its implementation takes place monthly as part of the normal management system. However, the highest decision-making related to sustainability and climate-related matters ultimately lies with the Board of Directors.

The Board of Directors discusses corporate responsibility objectives, action plans and sustainability issues twice a year in accordance with the Board's annual calendar and when approving the company's non-financial information statement as part of the parent company's financial statements. In this process, the Board of Directors evaluates the management of the organization's impact on the economy, environment and people. iLOQ's parent company Capnor Weasel Bidco Plc's non-financial information reporting

obligation is based on Swedish law, due to the company's domicile, but does not include EU taxonomy reporting as the company does not have more than 500 employees.

iLOQ has not established a specific Sustainability Committee for decision-making related to Environmental, Social and Governance (ESG) matters. The Financial and

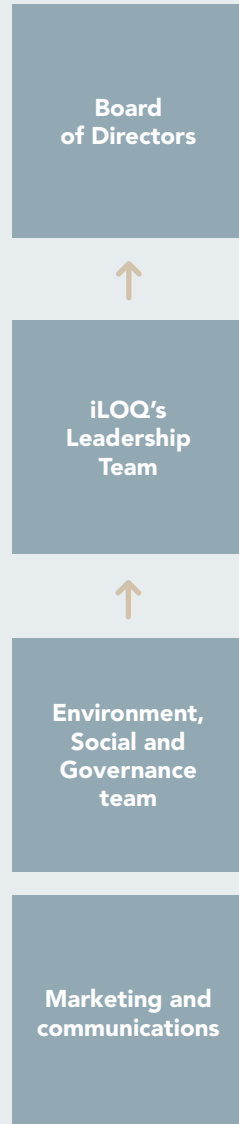
Audit Committee, members of the iLOQ Leadership Team, and other senior executives support the Board of Directors in the decision-making in these matters.

No sustainability-related education was provided to the Board of Directors in 2023 and the Board's role is not defined as reviewing or approving a sustainability report.



Sustainability report assurance

iLOQ's sustainability report has been verified by an independent third party assurance provider in accordance with the decision of iLOQ's board and senior executives to conduct voluntary external assurance in sustainability reporting. DNV has provided a level of Limited Assurance with selected GRI disclosures. The external assurance report can be found at the end of this report.



ESG Team gaining commitment from stakeholders

At the core of our sustainable development is our decision-making board, the ESG Team, who overlook global processes and development actions within the field of Environment, Social and Governance. The team consists of leadership team level representatives, as well as function-specific key stakeholders. Meetings are arranged quarterly to review the initiatives taken during the quarter and the action plan for the following months.

The ESG Team is responsible for topics such as:

- **Long-term sustainability strategy forming**
- **Short-term sustainability strategy follow-up**
- **Development roadmap**
- **ESG and reporting requirements**
- **ESG data and tools**
- **Materiality and goal setting**
- **KPI follow-up**

Besides actions above, sustainability initiatives are carried out with functions mainly as development projects.

Direct economic value generated and distributed

Economic performance, EUR million	2023	2022	2021	2020
Customers				
Sales	141,318	132,948	102,921	74,125
Suppliers				
Operating costs	60,594	56,845	44,458	32,408
Employees				
Wages and benefits	27,569	25,066	21,391	14,982
Public sector				
Corporate income taxes	4,223	4,452	2,873	1,862
Shareholders				
Payments to providers of capital	0	0	0	0
Creditors				
Interest	1,157	0,978	0,591	0,424
Communities				
Sponsorship and donations				
Economic value retained	48,932	46,584	34,199	24,873

Managing the risks associated with sustainability and compliance with laws and regulations

The assessment of risks related to non-financial aspects, mainly environmental, social, human resources and human rights, and the fight against corruption and bribery, are continuous processes in iLOQ's activities. We regularly and comprehensively assess the risks and opportunities for all our operations and stakeholders, including the different aspects of sustainability. The two most significant risks identified in the non-financial risk analysis were the ESG capability of the organization and the non-adherence of our stakeholders to iLOQ's ethical principles. The assessment of risks related to projects and product design and manufacturing are integrated into the company's project management. Considering the nature of our industry, assessment of security risks in all our operations is a particular priority for us. There were no incidents to report what comes to breaches of customer privacy or compliance with laws and regulations in 2023.

Suspected misconduct can be reported anonymously through internal or external reporting channels. iLOQ uses an external web-based reporting channel maintained by a third party. A link to the reporting channel is available on the iLOQ website and intranet. No cases of discrimination, corruption or bribery or human rights violations were detected or reported in iLOQ's own operations in 2023.

iLOQ follows laws, compliance and processes that come from stakeholders and from within the organization. Potential negative impacts are assessed through our materiality assessments and are regularly identified as part of the ESG risk assessment process. If we are approached about a potential negative impact related to our operations, our crisis management team is activated and it initiates the Business Continuity Plan (BCP) process. We welcome feedback from our stakeholders regarding our grievance mechanism and its development. iLOQ tracks the effectiveness of its grievance mechanism through annual management review process.

Taxation

The subsidiaries of the iLOQ Group are sales companies whose transfer pricing for tax purposes is based on the arm's length principle. In our transfer pricing documentation, we have explained the key elements of the transactions between our group companies and demonstrated that the terms and practices applied to our transactions meet the requirements of the arm's length principle. In 2023, the iLOQ Group paid EUR 4.2 million in taxes. Top five countries where iLOQ Group paid income taxes were Finland, Germany, France, Sweden and Denmark.

In line with iLOQ's tax policy, the company strives to comply with the highest tax administration standards in all jurisdictions in which it operates. The company is committed to conducting

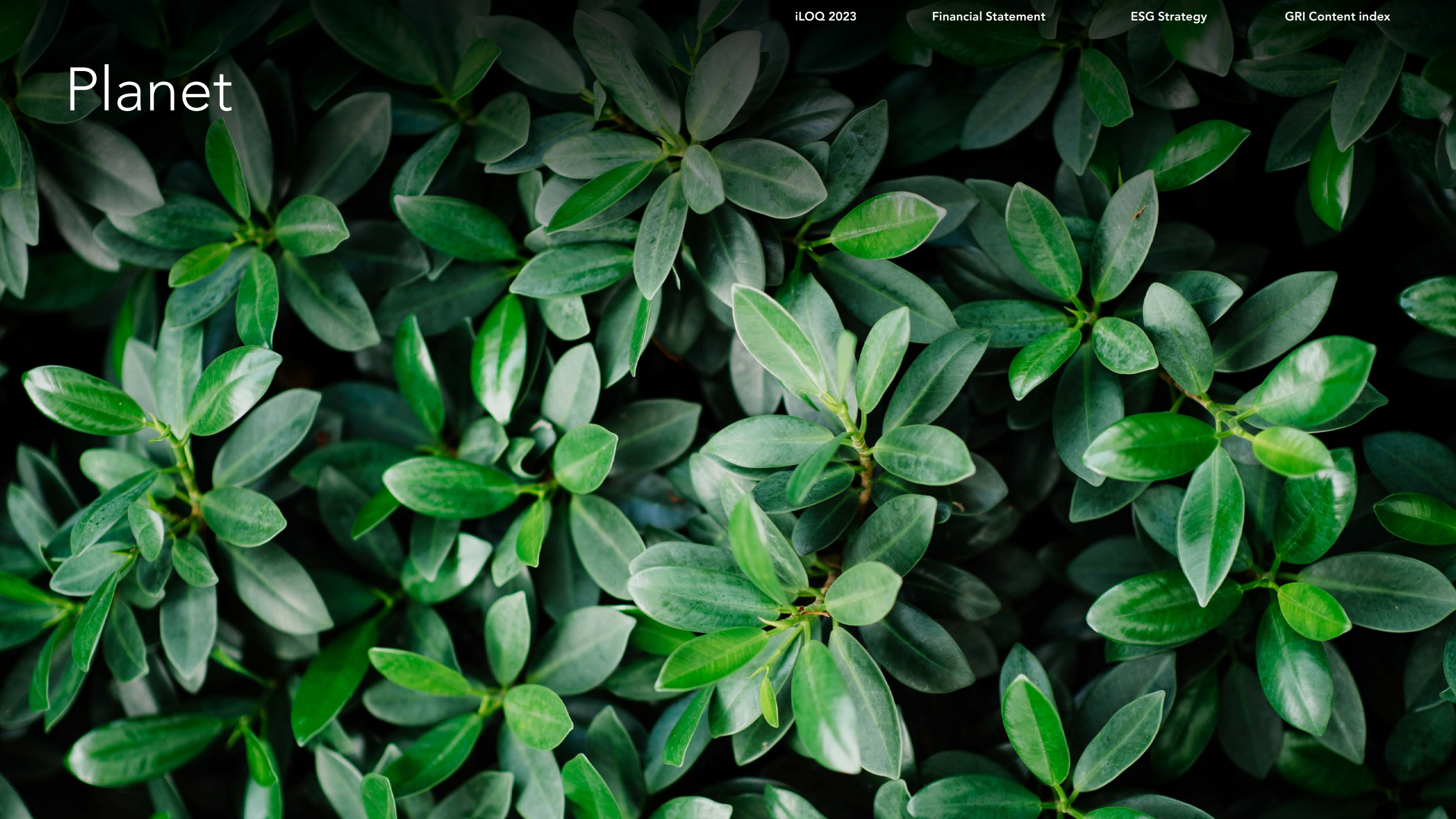
its tax affairs in accordance with the letter, spirit and intent of the law, with the goal of always paying the correct amount of tax and filing all tax returns in a timely and accurate manner.

This is supported by relevant practices and compliance processes in each jurisdiction in which the Group operates. The Group takes into account the changing tax environment, both regulatory and societal, and strives to ensure compliance with applicable tax laws and regulations.

iLOQ does not carry out independent tax planning activities. However, the company seeks to maximize value creation for its stakeholders and does not refrain from tax planning measures simply because there may be different interpretations of taxation or case law if the measures are motivated by a business purpose. However, the company will never engage in transactions or artificial arrangements that are considered aggressive. The company's tax decisions will always be guided by its commercial objectives, prudence, transparency and longterm sustainability.

iLOQ believes that inappropriate tax practices can erode trust in the group and in turn damage the company's reputation and potentially, in the long term, its ability to operate. iLOQ uses both internal and external tax professionals to operate effectively and manage tax-related risks. We act with integrity and accuracy in all tax matters in order to report our tax affairs to the company's owners and other stakeholders.

Planet



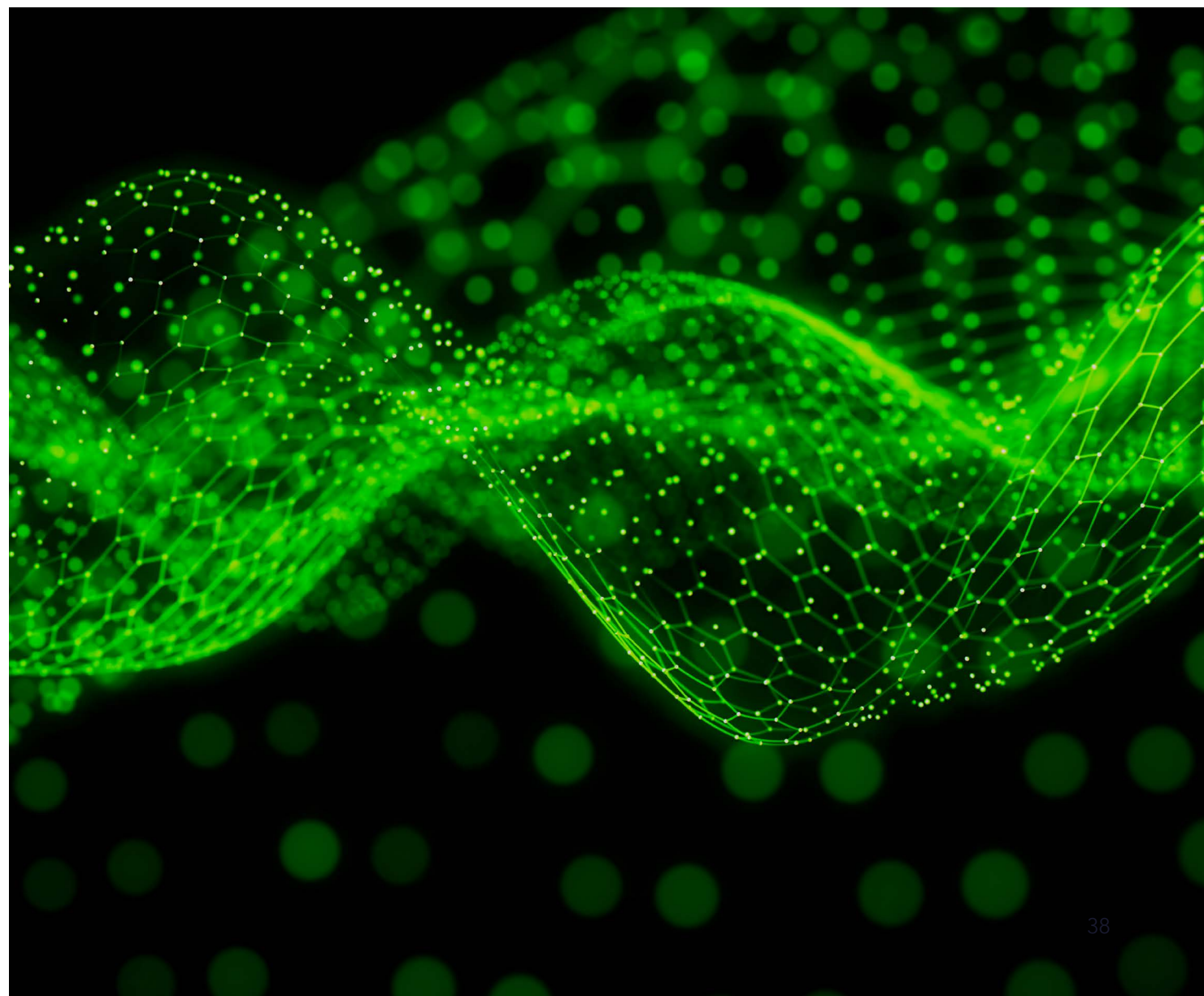
Contribution to Climate action

Forming the pathway towards net-zero

Climate change remains as one of the top global challenges impacting ecosystem, water and human health. Tackling climate change is crucial for safeguarding the planet's ecosystems, preventing extreme weather events, and ensuring a sustainable future for generations to come.

During 2023, we have set a science-based target, which was approved by the Science Based Targets initiative. Our long-term target is to be net-zero by 2050, cutting emissions 90% from base year 2022. Specific short-term targets will be set during 2024 to cut Scope 3 emissions by 2030. Our goal is also to remain net-zero in Scope 1 and 2 in the future.

	2021	2022	2023
CDP Climate Change	C	Climate Change: D Supplier Engagement: C	N/A
Ecovadis	N/A	Silver	Silver

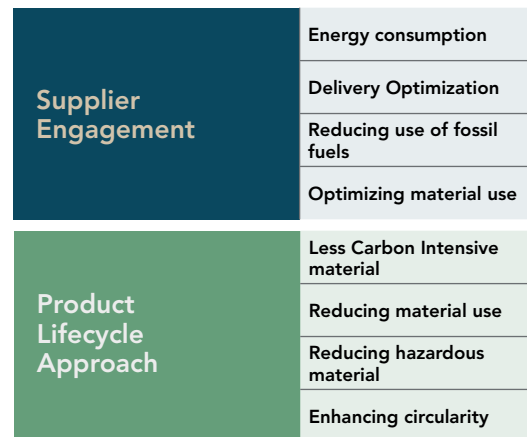


Emission reduction roadmap

Followed by setting the science-based target, we elevated our emission reduction roadmap. While setting the target, we followed the streamlined process for Small and Medium sized enterprises. By end of 2024, we aim to have category-specific reduction targets available in Scope 3.

The supply chain produces most of our emissions. Our products utilize materials heavy in carbon intensity, meaning reduction of the emission load is an industry-level effort. However, we are finding out initiatives contributing to the reduction of the carbon intensity of for instance, the steel industry.

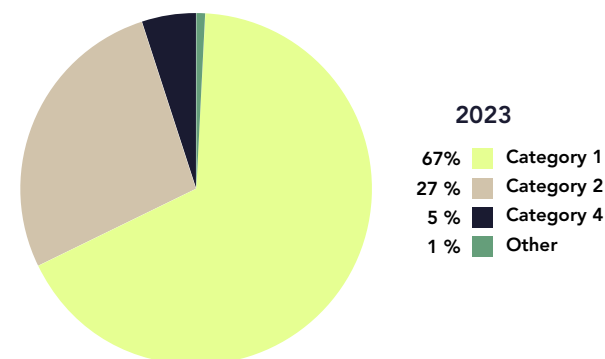
Our approach to reducing Category 1 emissions is twofold. Firstly, we collaborate with our suppliers to optimize material use, investigate usability of recycled input materials and renewable energy and fuels. Secondly, we find solutions to reduce the used materials and their emission load already in our design work. A more detailed roadmap for both will be available in the upcoming two years.



Scope	2022 (t CO ₂ e)	2023 (t CO ₂ e)
Scope 1 emissions	0	0
Scope 2 location-based	N/A	185,6
Scope 2 market-based	0	0

Energy consumption (MWh)	Electricity	District Heating	Total
2023	1085	1607	2692
2022	1065,43	1173,12	2238,55

Scope 3 category	2022 (t CO ₂ e)	2023 (t CO ₂ e)
1 - Purchased goods and services	49,900	41,690
2 - Capital Goods	1,600	10,240
4 - Upstream transportation and distribution	2,100	2,860
5 - Waste generated in operations		1
6 - Business travel	300	13
8 - Upstream leased assets	220	322
9 - Downstream transportation and distribution	417	65
11 - Use of sold products	351	103
12 - End-of-life treatment of sold products	76	26
Total	54,960	55,320



Responsibility with Circular Practices

Waste management

Our largest waste-related impacts are in the manufacturing phase, as well as end-of-life recycling. In our own operations, our aim is to produce zero landfill in the future as well. To extend this responsibility, we expect our supply chain partners to commit reducing waste and placing effective recycling programs.

As a step to move towards a more circular business model, we have effective waste management procedures in place for our own operations. In our Headquarters and Logistics' Center we have a partnership with Lassila & Tikanoja, who efficiently manages our waste. Our waste management partner utilizes un-recycled waste to energy production by incineration. 100% of un-recycled non-hazardous waste is used in this energy recovery activity. In our operations, recycling is trained to employees, starting from the onboarding journey.

Waste Generated	2023
Recycling Rate	77%
Hazardous waste	22 kg
Recycled Non-hazardous waste	31,000 kg
Incinerated Non-hazardous waste	9,000 kg

Material management

We constantly monitor our compliance with applicable regulations and laws regarding material and substance requirements. We have procedures in place to follow-up compliance to e.g. WEEE directive, REACH Regulation and RoHS directive. We manage iLOQ Substance List, shared with our suppliers, to inform any restricted substances. Through a third-party service provider, we collect material data from our suppliers to verify fulfillment of the regulations on our part. We follow iATA and ADR Dangerous Goods Regulation on deliveries. Deliveries containing hazardous substances are clearly labelled accordingly. All our applicable products are marked with a crossed-out bin symbol to guide customers about the recycling practices of electric waste. In the European Union, we have country-specific partnerships with authorized partners, who are responsible for collecting used products for further recycling.

Other hazardous substances in our production are treated carefully according to work instructions and trainings. Any substances used in production are stored with special instructions to ensure the health and safety of employees.

In our packaging solutions, we utilize packaging from recycled materials. We have removed the use of plastic on outer shipping boxes completely, including also fillings and tape. This way, the product packaging and outer boxes are easily recyclable,

with easy dismantling. We are also implementing a recycling scheme for packaging materials within EU. In our logistics operation, packaging materials are reused and recycled efficiently.

Environmental Impacts from Use of Product

From day one, our solutions have aimed to decrease resource-use while bringing smart locking elements to the end-user's benefit. Our digital access management solutions eliminate the need for batteries or cables to power the lock cylinders. Not only do they decrease the need for production material, but also decrease the material use during the lifecycle.

These benefits are vital for reducing impacts caused by maintenance. All our self-powered locks are initially free from regular maintenance. Due to this and remote re-programmability of locks, maintenance travel distance is reduced to minimum. To further reduce the use-phase environmental impacts, LCA studies are carried out in 2024 to identify impacts in different lifecycle phases. Our aim is to minimize use-phase emissions. We carry producer responsibility in a part of our deliveries. For deliveries done within the European Union, we have agreed take-back schemes with third party service providers to comply with the WEEE directive. Our product end-of-life electronic waste is recycled by these partners.

The internationally recognized proof of quality in operations and management

It is important for us to meet the requirements of recognized international standards. In many cases, compliance with the requirements of ISO standards can play a key role in influencing the customer's purchase decision. We have certified management systems for quality (ISO 9001:2015), environment (ISO 14001:2015) and information security (ISO 27001:2013).

At the beginning of 2023, we had the re-certification of the quality and environmental systems. No deviations were found in this sampling-based audit by the certification body. It shows that we operate in accordance with the requirements of the management system standards that we have effective processes and procedures and that we are continuously improving our operations.

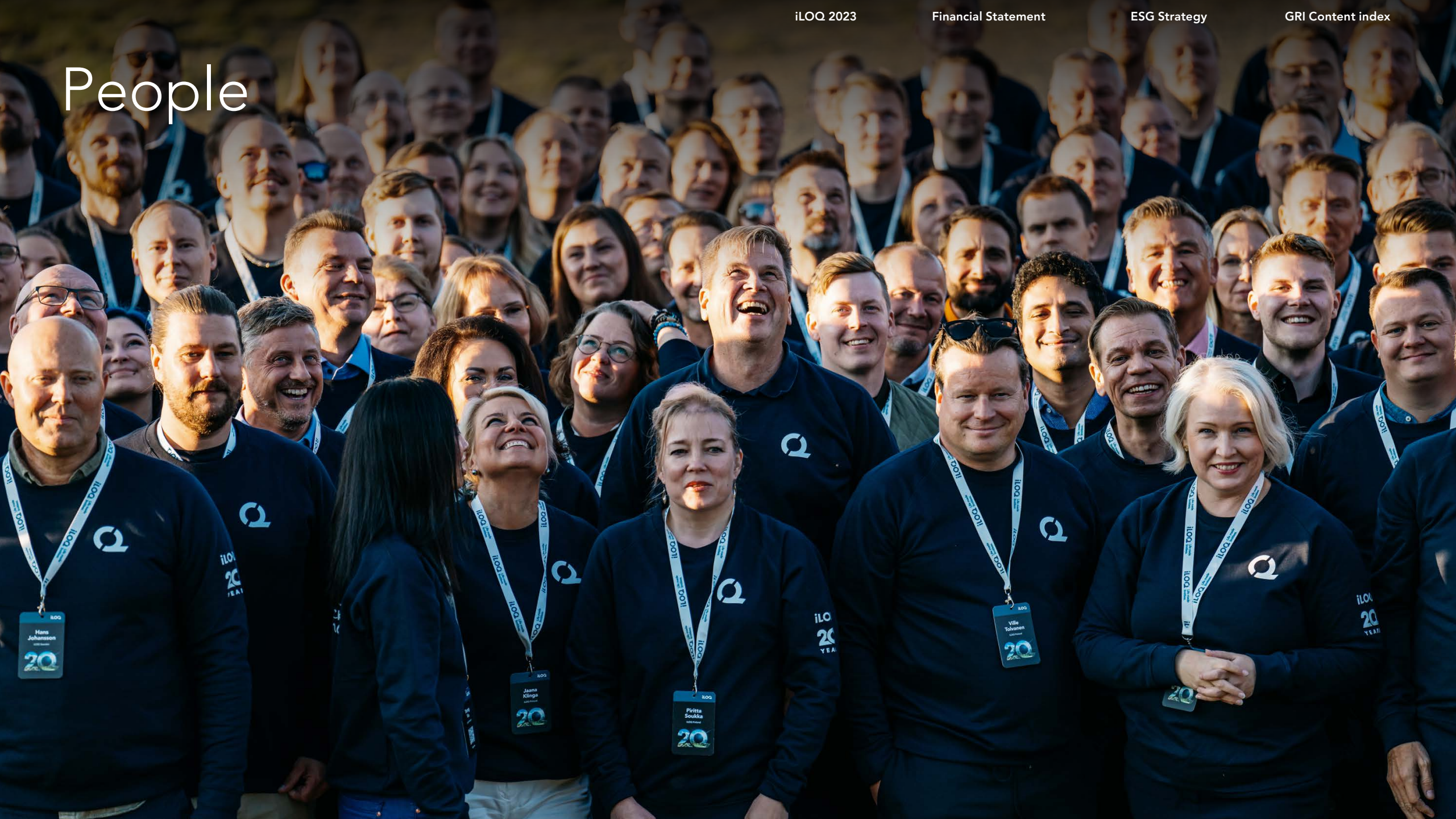
Our ISO 27001 certificate covers ten iLOQ locations around the world. This information security management system is important to us as we operate in the field of digital access management. Security is important in our own operations, and it is also a necessity for our customers who use our solutions. In 2023, we started implementing the new information security standard ISO 27001:2022 in our organization. The standard's Statement of Applicability (SoA) has introduced numerous new controls and deepened previous controls related to the organization and our people, physical security and technologies.

Commitment of the whole organization

Maintaining management systems in international organizations requires ongoing work. In addition to the strong commitment of the leaders of the country organizations and the IT, R&D and HR departments, an important factor in the successful implementation has been the active attitude of the top management towards ensuring the adequacy of resources, internal communication and support. Adherence to strict standards and systematic risk management keep an internationally growing company like ours active. Commitment to the requirements of the standards is part of our everyday work. The requirements are integrated into our processes, procedures and systems. Stakeholders are also identified as part of our management systems. The annual surveillances and recertification every three years by the certification bodies ensure that the focus is on the right things.

Cerfication	Site/location
ISO 9001:2015 Quality Management Systems (QMS)	Finland; Espoo, Oulu (Elektroniikkatie ja Graniittitie)
ISO 14001:2015 Environmental Management System (EMS)	Finland; Espoo, Oulu (Elektroniikkatie ja Graniittitie)
ISO 27001:2013 Information Security Management System (ISMS)	Finland;Espoo, Oulu (Elektroniikkatie ja Graniittitie), Sweden, Norway, Germany, The Netherlands, Denmark, France, Spain

People



Hans Johansson

Jaana Klinga

Piirita Soukka

Ville Tolvanen

iLOQ
20
YEAR

Building structures to support growth

An increasing headcount united in strong corporate culture

When such a tough year in terms of business is not reflected in the well-being of the staff, we can conclude that we are doing something right. Employee satisfaction has remained high and unwavering despite other hardships.

Minna Tuomikoski,
Chief Human Resources Officer, iLOQ

“As we continue to grow and expand internationally, also the role of HR is becoming more and more important.”



We're still smiling

We already saw this during the height of the Covid-19 pandemic, and the economic hardships of 2023 had a similar effect; the well-being and satisfaction of our staff is the solid foundation a successful business has been built on. Year after year we see that the things that often affect employee satisfaction in an adverse way cannot shake us. Rapid growth in employee numbers and geographical locations or challenges in sales and profitability have not been able to undermine the commitment of our personnel. The flame index (measured by independent third party, Siqni), which measures the employees' passion for their work, has remained at a staggering level, with a score of 81 (scale 0-100) in 2023.

Never stop growing

As mentioned, iLOQ continued on a path of growth also in terms of number of employees. By the end of the financial year, our headcount was at +40 compared to the same time the year before. In 2023, we employed 321 people within 16 different countries in Europe, North America and Asia-Pacific. While some of the numbers can be attributed to building an active sales force in the new iLOQ locations in the USA and Australia for example, it is worth noting that the clear majority of new recruits were focused on building our R&D capabilities. The shift in our strategy, that has taken us over the years from being a digital

lock and key company into a technology company with digital, cloud-based solutions for smart living, is reflected in the staff structure of today. The role of software development particularly has changed the staff dynamic at the HQ in Oulu, Finland.

As we continue to grow and expand internationally, also the role of HR is becoming more and more important. Our team has also grown to include five dedicated HR professionals serving 16 countries where iLOQ has an established presence. We have dedicated time and efforts into building the needed channels and touchpoints for all employees to ensure that the culture we have built works its way into the fabric of life at iLOQ regardless of geographical location or role in the organization.

Continuous DEI efforts

Inclusivity and corporate responsibility are high on iLOQ's agenda. We continue our commitment to provide equal opportunities for employment, career development, upholding equal rights and responsibilities irrespective of gender, age, sexual orientation, disability, ethnicity, religion, or any other distinguishing characteristic. We believe that diversity, equity, and inclusivity are fundamental pillars that enhance the human experience at iLOQ and as we continue to expand globally, our commitment to DEI becomes even more crucial.

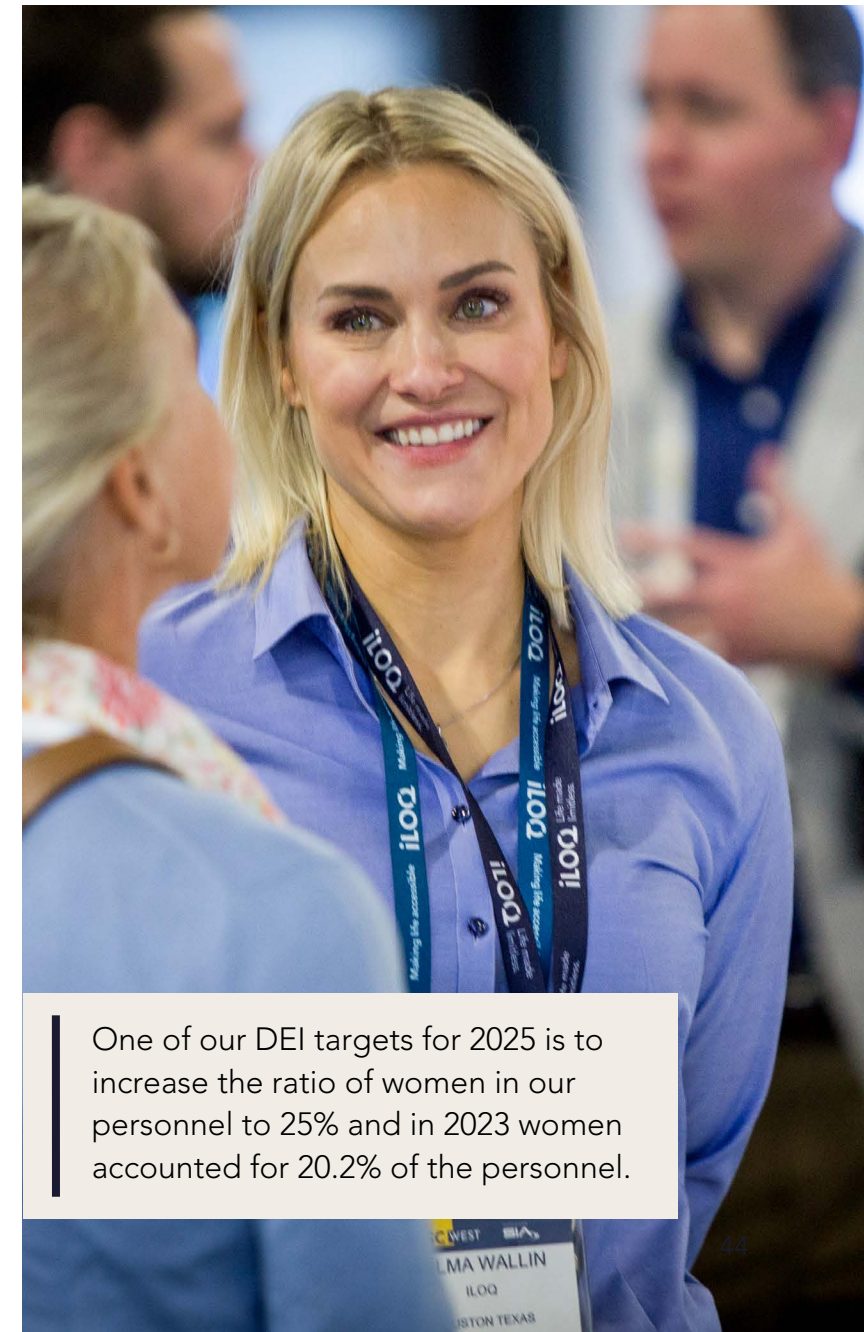
In 2023, we carried out a comprehensive diversity, equity, and inclusion (DEI) survey where all our employees were asked to take part. As the first of its kind, it gives us a good baseline to start following our progress in regard to DEI-related topics. The results were encouraging and areas for further development were also documented. For example, new parameters for measuring success in DEI are being implemented during 2024.

We have continued to work towards achieving a higher degree of diversity in terms of cultural backgrounds and gender at our Oulu, Finland headquarters. With applicants for most open positions still almost exclusively being male, we continue to struggle in reaching our goals. This issue especially persists in sales positions, while we are happy to see the number of female applicants for roles in R&D constantly growing. The percentage of women employees in R&D has grown from 12% to 15% over the past year. In terms of the entire company, the percentage stands at 20%.

Our interns have brought a much-welcomed air of multiculturalism to our Oulu offices. This has also helped create a shift in the language used here. We continue to place emphasis on tackling any unintentional biases in the recruitment process by paying careful attention to wording and word choices as well as by making sure the career stories we publish provide equal representation.

Incidents of discrimination and corrective actions taken

Status of the incidents and actions	2022	2023
Incidents reviewed by the organization;	2	0
Remediation plans being implemented;	0	0
Remediation plans that have been implemented, with results reviewed through routine internal management review processes;	0	0
Incidents no longer subject to action	2	0



One of our DEI targets for 2025 is to increase the ratio of women in our personnel to 25% and in 2023 women accounted for 20.2% of the personnel.

Towards transparency in pay

One of the most important HR projects we have taken on has to do with developing the transparency of our remuneration policy. We compiled material for the entire staff, outlining our overall compensation model, including the guiding principles for both tangible and intangible elements that constitute our compensation framework.

We also described the types of salary structures in place, how base salaries are determined, and the variable compensation components we employ, along with the factors influencing their determination. Additionally, we provided insight to our staff on how our annual salary review cycle is conducted, detailing the stages involved and the decision-making process.

Ratio of basic salary and remuneration

of women to men

	Supervisor	Employees
Ratio in %	89.4 (95.2)	92.5 (99.5)

We also reviewed other common compensation practices and benefits available within our organization. We currently offer various benefits to the personnel in order to promote healthy lifestyles, support comprehensive wellbeing and reward our personnel. Our offered benefits vary depending on location, but we do not distinguish between employment types in eligibility for benefits in our significant locations of operation due to applicable legislation and our commitment towards equality.

Next, we proceeded to conduct a job grading project concerning all globally existing roles within iLOQ. We completed the grading by the end of the calendar year 2023 and are currently in the process of gathering data related to compensation. One crucial objective is to conduct a pay equity study. Our aim is to promote equality of opportunity across the entire organization and build sustainable structures and processes for a continuously growing company.

Cultivating a culture of success

As we celebrated iLOQ's 20th anniversary all together in Oulu, Finland last year, it was abundantly clear to everyone that the iLOQ family spirit was as strong as it has ever been. We share that entrepreneurial approach to our work; we take responsibility beyond our immediate tasks defined in our job description, but also take pride in and rejoice the in the success of our colleagues.



Celebrating success together has always been an integral part of iLOQ's DNA. From recognizing small personal wins, with titles such as the "Gamechanger of the Month", to the company rewarding our joint efforts with events and experiences such as we had in Leverkusen when we reached the €100M mark. The anniversary celebrations, where the entire global staff of iLOQ came together to rejoice in where the journey started and how far we've come in 20 years, was a truly memorable experience.

Listening to our personnel

People have always been in the heart of our business and our ability to develop and offer a unique human experience is a cornerstone of our strategy and the focus of our global HR function. We believe in building an inclusive, caring and wellbeing culture together. This active cooperation with our personnel is key in developing our internal HR processes and enhancing the employee experience across the organization.

To truly revolutionize the smart locking industry, we must foster an environment of innovation, excellence and empowerment where every individual feels valued and can thrive. To continue our employee engagement and to understand our personnel better,

in 2023, we conducted our annual Siqni Survey that measures our ability to meet the expectations of the personnel in areas they find meaningful and gives insights on the satisfaction of the personnel.

The outcomes of the employee survey were utilized at a group and team level in creating and implementing action plans for necessary development initiatives. These development initiatives were followed across the year and continue to guide us until the next survey. Reaffirming our dedication to our personnel, we once again achieved the Future Workplaces certification, which is awarded to companies that have succeeded in creating an exceptionally positive employee experience.



ENPS: 42

Best worklife experience is from iLOQ

84%

*iLOQ personnel voted

Overall satisfaction

83

Building a unique human experience is a cornerstone of our strategy, driving the actions for development and ensuring that we put employee needs as priority.

Enhancing workforce capabilities

It is crucial for us that we are able to build an environment, culture and work community where all of our employees can develop, grow and engage with each other. The core of our learning and development activities stems from our strategy and we recognize the importance of individual growth to our common business success. We also recognize that our global growth will bring new challenges and obstacles for our operations and personnel, which is why we emphasize the importance of development in daily activities and encourage our personnel to be future oriented in their learning activities.

We actively support various learning and development initiatives, including opportunities for changing work roles and advancing careers, engaging in projects, learning from colleagues, independent study, and trainings. A significant portion of learning occurs through on-the-job experiences, wherein employees face challenges and collaboratively solve problems, leveraging interaction with their peers. Consequently, our culture and values are intentionally designed to foster a conducive environment for learning within everyday work. Employees are entrusted with responsibilities that stretch their capabilities and are encouraged to question conventional thinking, thus promoting continuous growth and improvement.

Training percentage on anti-corruption by region and employee category

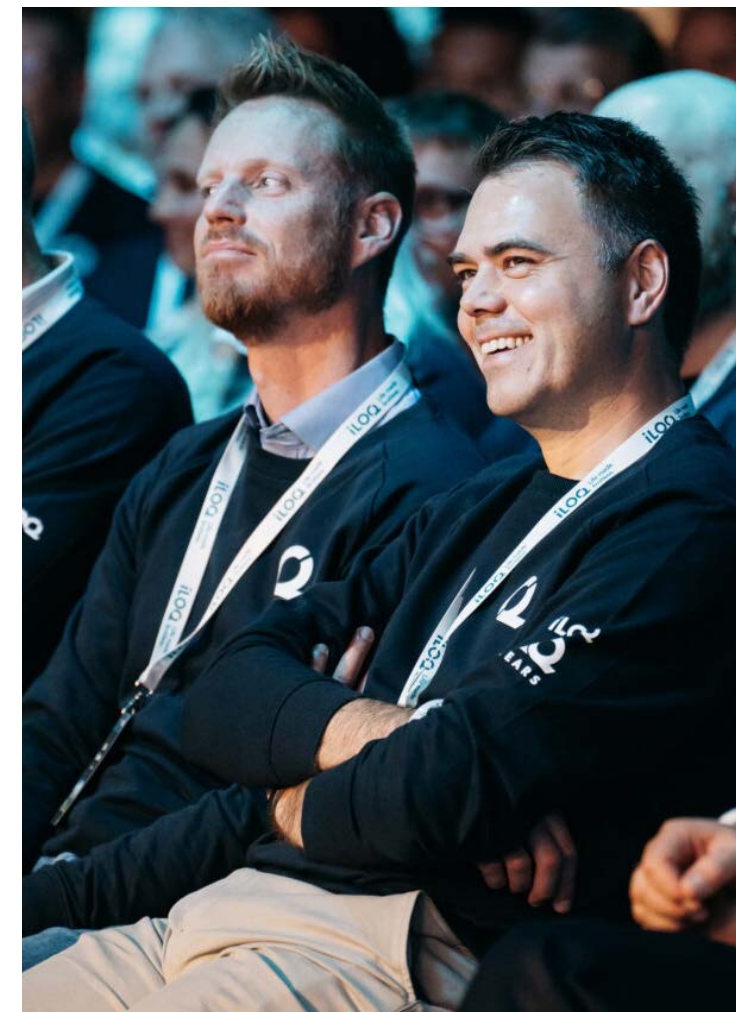
	Supervisors	Employees
Europe	82.2	85.1
North America	100	70
Asia-Pacific	100	100

Total personnel trained on anti-corruption during 2023: 272/321 (84.7%).

Total personnel communicated on anti-corruption during 2023: 321/321 (100%).

Collective bargaining agreements

We support our employees' rights to freedom of association and collective bargaining. In 2023, a total of 68.8% (2022, 72.9%) of our employees were covered by collective bargaining agreements. Participation in collective bargaining agreements varies significantly between regions and the working conditions and terms of employment of those employees who are not covered by collective agreements are defined based on applicable labor legislation and company policy.





Creating a safe workplace

Safety and wellbeing are crucial in our operations, and we strive to ensure that our employees and any other applicable stakeholders operate in a safe manner within all our premises. We do not implement an occupational health and safety management system currently, but we continuously develop our operations and minimize risks to prevent accidents and take care our personnel. We aim to build a culture of safety and constantly develop our ways of working to prevent and

mitigate occupational health and safety implications from our business relations both internally and externally. This is done for example by providing appropriate health and safety trainings to all workers or auditing our suppliers to ensure equipment and material safety.

Our health and safety performance continued to be very positive in 2023 with no accidents in the workplace and thus there was no time lost due to accidents similarly to 2022. As part of our health and safety actions in 2023, we continued our structured risk assessment processes and conducted regular health and safety inspections and internal audits. These included non-regular check-ups for ergonomics or changed equipment if necessary to identify work-related hazards and assess potential risks. The quality of our risk management process is ensured through compliance to management systems and supported by developing the competencies of the organization in identifying work related risks.

Regarding our work-related hazards, we have determined the use of chemicals to pose a risk of high-consequence injury. In 2023, the use of chemicals did not cause or contribute to high-consequence injuries. Our current mitigation actions include using material safety data sheets, compliance to external obligations, using approved chemicals and conducting regular exposure evaluations.

Work related injuries

	2021	2022	2023
LTAf	0	0	0
Number of fatalities	0	0	0
Rate of fatalities	0	0	0
Number of high-consequence work-related injuries	0	0	0
Rate of high-consequence work-related injuries	0	0	0
Number of recordable work-related injuries	3	3	0
Rate of recordable work-related injuries*	1.7	1.2	0
The number of hours worked	350 000	500 000	550000

Driving excellence and development

Development discussions and performance reviews are an important part of the engagement between supervisors and employees. Our Development Discussion process serves as a common framework in which employee wellbeing, successes, feedback, development and performance goals are reviewed and discussed openly. Development discussions are available to all employees regardless of location or position and are conducted during January-February at the start of each year. During 2023, 96.5% of our personnel took part in a Development Discussion. In addition to these, we also provide coaching as a development tool and as a transition assistance program.

Percentage of employees receiving regular performance and career development reviews

	Supervisors	Employees
Female	100% (88.9%)	95.2% (100%)
Male	93.4% (85.3%)	97.7% (91.8%)

Building Commitment across the organization

As companies grow their knowledge on their impacts on people and planet, it's not self-evident, that the priorities are carried out throughout the organization. To foster an open organizational culture, we find it important to share the ESG principles and information with each employee. In an official manner, these are trained through mandatory trainings, policies and procedures, but raising commitment is equally important.

Formal ways, such as mandatory trainings, policies, and procedures are essential for integrating these principles across the organization, but fostering genuine commitment is equally vital. To boost awareness and dedication to ESG matters, we initiated a global Sustainability Week event.

The event was structured around three core themes: Environmental Sustainability, Social Responsibility and Good Governance. During the week, an intranet site was launched for sustainability information to be accessible for everyone in the company. Interviews with c-level managers were published to highlight our sustainability principles. Small campaigns were organized to enhance more sustainable actions and connect people with each other.

By embracing such initiatives, we aim to embed sustainability into the essence of our organizational culture, fostering a collective commitment to responsible business practices.

Approach to stakeholder engagement

We assess the type of partners and other stakeholders involved and the type of legal obligations needed to be considered in regard to those stakeholders in question, for example through environmental and/or social impact assessments or licensing processes. We define the appropriate cooperation methods and prioritise the issues to be addressed in each case, as needed. If a iLOQ partner has not complied with relevant and agreed sustainability- or disclosure requirements or good governance practices, we will intervene and seek solutions with the partner where appropriate and possible.



Interested parties

Our interested parties are an important part of our business. They are entities or individuals that have an impact on our business. We have identified the impacts, demands, needs and expectations of different interested parties. We have also defined the interested party's selection and evaluation process by category. We have considered the risks and opportunities of interested parties as part of iLOQ's risk management process.

	Engagement approach	Actions and response 2023	ESG and information security impacts
Personnel/employees	We engage our employees comprehensively to retain, develop and build an inclusive, safe and positive workplace. We believe that employees who are engaged and satisfied support our ability to reach our business objectives together. Employees are our most valuable resource and driving factor.	Our continuous employee engagement actions include: Signi Employee satisfaction survey, active internal communications and frequent leadership team meetings available to the entire staff, development discussion, internal and external trainings and our comprehensive onboarding process. We also gathered for 20th anniversary celebrations together at the HQ. These actions developed our culture, capabilities and processes towards better and were valued by the employees.	DEI Human capital development Employee health and safety
Customers: partners and end users	We work closely with our extensive global partner network consisting of over 1600 partner locations worldwide with partner program, partner portal, e-learning platforms, events and regular partner days. We have industry leading NPS scores at end customer and partners varying between 50-60.	We focused on end users and end user experience. This will appear especially in user interfaces and how services and support will be offered to our users. The better we handle this the less our partners need to spend time on that. Better usability, onboarding, analytics and self-help, and better management and coordination around the CX/UX issues.	End-user safety Customer Privacy Waste reduction Circularity ESG commitments Carbon neutrality
Manufacturing partners, component and material suppliers	We engage with our partners through collaboration model base on created supplier levelling and supplier quality requirements. Supplier collaboration model includes regular meetings, continual monitoring and quality governance including supplier evaluation and handling of nonconformities.	Significant suppliers have committed the Supplier quality requirements including environmental and ethical matters e.g. iLOQ Code of Conduct for suppliers. All updated requirements are linked via supplier audit process and all new suppliers are audited with updated requirements, main suppliers are audited every 3rd years.	Carbon neutrality Supplier ESG performance Energy usage
Indirect Service Providers: - IT and Business Infrastructure Service Providers (categories defined in Business Infrastructure) - R&D service providers	Indirect service providers closely contribute to iLOQ business infrastructure, R&D and ICT capability and performance. Business critical capabilities are kept and managed in house and supported by engaging service providers.	Service provider management under business infra have been set up, service provider portfolio have been created, service provider owner role has been defined each service provider has been appointed an owner by iLOQ. Service provider data management, evaluation and annual plan practises have been agreed. Service provider selection and evaluation process updated.	Information security Energy consumption Employee wellbeing
External staffing service providers, recruitment partners	We engage with our partners through collaboration model base on created supplier levelling and supplier quality requirements. Supplier collaboration model includes regular meetings, continual monitoring and quality governance including supplier evaluation and handling of nonconformities.	Significant suppliers have committed the Supplier quality requirements including environmental and ethical matters e.g. iLOQ Code of Conduct for suppliers. All updated requirements are linked via supplier audit process and all new suppliers are audited with updated requirements, main suppliers are audited every 3rd years.	Information security Employee wellbeing Recruitment practises

	Engagement approach	Actions and response 2023	ESG and information security impacts
Shareholders and Financial partners e.g. investors, Business Finland, banks (e.g. Bond), insurance and pension companies, external finance services, collection agency and auditors	Financial, sustainability and other regulated and required external reporting	Four external quarterly reports published via Swedish Stock Exchange together with Sustainability report. All reports also published on web site.	Climate actions and targets Human rights Responsible supply chain Reporting and transparency
Environmental/Sustainability organizations (e.g. CDP, Ecovadis, WEEE, Zentek, FIBS)	iLOQ engagement includes partnerships, memberships and ongoing dialogue.	Participating and committing to the specific environmental reporting programs.	Reporting and transparency
Information security special interested groups (e.g. OWASP, Foundation, SANS Institute, Traficom)	iLOQ engagement includes partnerships, memberships and ongoing dialogue.	Participating and networking to the specific interested groups.	Information security
Other Business Management partners e.g. Law firms, Certification body of management systems, universities, VTT, Business Oulu, chamber of commerce, real estate providers, occupational health services and consultant services, cleaning services, SFS, The association of personnel management	We actively collaborate with different organizations e.g. universities through our product development.	Acting together with several associations and organisation participating to the seminars and events	
Society and authorities, e.g. complying with legal obligations	Compliance with laws and regulations, local standards, iLOQ's local ethical guidelines and Code of Conduct	Full compliance with laws and regulations and ethical guidelines, new Compliance Officer General Council appointed, internal compliance policies updated, internal Code of Conduct trainings, two reported Whistle Blowing cases solved in accordance with the Whistle Blowing policy.	Societal infrastructure Laws & regulation Human rights Digitalization
Media	We engage with media through specific press releases	Following iLOQ's communication policy, interviews and press releases published by iLOQ, social media channels. More communication on sustainability in https://www.iloq.com/en/sustainability/	Brand development

KPI Table

Climate Measures

Measure	Relevant SDG + GRI Disclosure	2023
Energy	SDG: 12 & 13 GRI: 302	2,238,55 MWh
Energy from renewable sources	SDG: 13, GRI: 302	100%
GHG Total	SDG: 13, GRI: 305	55320 t CO ₂ e
Ecovadis rating	SDG: 12	Silver
GHG Emission intensity	GRI: 305	0,39kg/EUR

Supplier Measures

Measure	Relevant SDG + GRI Disclosure	2023
Percentage of Supplier signing Code of Conduct	SDG: 12	82%
Percentage of Supplier spend responded to ESG survey	SDG: 12	80%
New suppliers screened with Social Criteria	SDG: 12, GRI: 414-1	1 (100%)
New suppliers screened with Environmental Criteria	SDG: 12, GRI: 308-1	1 (100%)

People KPIs

Measure	Relevant SDG + GRI Disclosure	2023
Increasing the ratio of women in the entire personnel to 25%	SDG 8, GRI 405-1	20.2% in 2023 21.1% in 2022 19.2% in 2021
ESG Capability rate		3.75
Performed employees' ESG mandatory trainings		ESG 80,2% Code of Conduct 85,8% Environmental 86,7%

Other KPIs

Measure	Relevant SDG + GRI Disclosure	2023
Incident reports (breaches of customer privacy or compliance with laws and regulations) from customers	GRI: 418-1	0pcs

Waste Measures

Waste group (t = metric tonnes)	Relevant SDG + GRI Disclosures	Waste generated	Waste diverted from disposal	Waste directed to disposal
Bio	SDG: 12, GRI: 306-3, 4, 5	1t	1t	0
Plastic	SDG: 12, GRI: 306-3, 4,5	1t	1t	0
Cardboard	SDG: 12, GRI: 306-3, 4,5	10t	10t	0
Wood waste	SDG: 12, GRI: 306-3, 4,5	17t	17t	0
Household waste	SDG: 12, GRI: 306-3, 4,5	9t	0	9t
Electrical and Electronic Waste	SDG: 12, GRI: 306-3, 4,5	1t	1t	0
Metal Waste	SDG: 12, GRI: 306-3, 4,5	1t	1t	0
Hazardous waste	SDG: 12, GRI: 306-3, 4,5	0,022t	0,022t	0
Total	SDG: 12, GRI: 306-3, 4,5	40t	31t	9t

Reporting principles

Materiality assessment

In 2021 we conducted our first sustainability materiality assessment. The process was refined during 2022 to align with GRI standards and a new assessment took place in October 2022. Our employees, management team, customers and markets form the key stakeholder groups for analysis. By prioritizing the collected data on important themes from different sources, we examined the most significant sustainability themes to iLOQ.

A double materiality approach was adopted, to study impacts we have in the people, planet and the economy, as well as the impacts towards iLOQ. Both qualitative and quantitative measures were used to prioritize topics. The materiality assessment was revisited in 2023. The topics remained the same, but forming the topics under five main categories was done to highlight the importance of most urgent and prioritized topics. The other material topics were sub-categorized under the main categories.

The selected material topics were analyzed and mapped with relevant Sustainable Development Goals and GRI disclosures. Relevant KPIs were identified and carried out an action plan for Sustainable Development. A Gap analysis was done to understand which reporting measures are incomplete. Each topic has an owner, who's responsible for developing and monitoring the performance of the topic.

GRI as our guideline

Reporting covers ILOQ Group and its fully owned subsidiaries. There is no minority ownership within group companies and thus no minority interest. Please see more at <https://www.iloq.com/releases/financial-statements-and-annual-report-1-january-2022-31-december-2022/>

iLOQ's 2023 sustainability report has been carried out according to the Global Reporting Initiative (GRI 2021) standard. This sustainability report is carried out as in previous year and there are no restatements done to the previous years' information. The Reporting period is a calendar year, and iLOQ publishes a GRI-compliant sustainability report once a year in connection with its annual report. The previous report was published in July 2023. The report has been prepared in accordance with the GRI standards, including material topic disclosures.

Reporting covers iLOQ Group as defined above. iLOQ's reported key figures cover the whole iLOQ Group.

Waste reporting

Waste reporting (GRI 306) is done for iLOQ Headquarters (Oulu) and iLOQ Logistics Center (Oulu), both of which have waste management operated by Lassila & Tikanoja. Other locations are excluded from reporting in 2023, due to irrelevance, as offices do not have product development, production or logistics activities in place. Offices outside of Oulu have only office activities and operate in a leased space. However, it is noted that office workers might contribute to some amount of electronic waste. Studies will be carried out to define the relevance of e-waste in offices.

iLOQ is the importer, and thus carries the producer responsibility in only a part of deliveries. Direct deliveries require us to arrange end-of-life recycling schemes in all EU countries. This is handled through third-party service providers.

GHG accounting

We maintain a GHG Handbook, where we store information on calculation methods, organizational boundary setting, accounting principles, used emission factors and roles and responsibilities related to emission data management. The selected consolidation approach is Equity Share and includes our subsidiaries in the calculations. The organizational boundary is aligned with our financial reporting.

We Follow the Greenhouse Gas Protocol guidelines on measuring and reporting GHG emissions. GHG Protocol provides a framework for tracking and disclosing the GHG emissions produced by companies' operations and activities. Six greenhouse gases are addressed: Carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), sulfur hexafluoride (SF₆), hydrofluorocarbons (HFCs), and perfluorocarbons (PFCs). Greenhouse gases are reported as CO₂ equivalents (CO₂e). The source of the Global Warming Potential is IPCC 5th assessment report.

We utilize a third-party emission calculation software to calculate Upstream emissions. The software analyzes purchase invoices and finds the corresponding emission factor from Exiobase3 database. The base year for calculations is 2022, as the first full GHG inventory was available. The GHG emission intensity is calculated based on Group level revenue in 2023. The full GHG inventory is included in the calculation.

Category-specific calculation methodologies:

Location-based Scope 2 emission factors for district heating is acquired from Paikallisvoima. For electricity, the emission factor is from Motiva 2020-2022 average. Scope 3 categories are explained in more detail.

1. Purchased goods and services:

A third-party software solution is used to account for the category emissions. Selected calculation method is the spend-based method, which utilizes the economic value and secondary emission factors. The used emission factors are found from Exiobase3 Database.

2. Capital Goods:

A third-party software solution is used to account for the category emissions. Selected calculation method is the spend-based method, which utilizes the economic value and secondary emission factors. The used emission factors are found from Exiobase3 Database.

3. Fuel and energy related activities not included in

Scope 1 and 2:

Not relevant, all related emissions reported in Category 1 or Category 8.

4. Upstream transportation and distribution:

A third-party software solution is used to account for the category emissions. Selected calculation method is the spend-based method, which utilizes the economic value and secondary emission factors. The used emission factors are found from Exiobase3 Database.

5. Waste generated in operations:

The amounts of generated waste are obtained directly from our waste management partner. The carbon footprint includes the greenhouse gas emissions resulting from waste processing. The quantities of waste are multiplied by emission factors specific to each waste category as provided by the SyKe Y-hiilari reporting system. The emission factors only take into account the emission produced by waste treatment, not transport, pre-treatment or energy use. Sum of waste cover only iLOQ Oulu facilities (Delivery Center and Headquarters). The used calculation method is waste-specific method. In 2023 reporting, GHG from iLOQ Oulu Headquarters is applicable only on 1.8.2023-31.12.2023. Figures from 1.1.2023-31.7.2023 aren't available.

6. Business Travel:

A third-party software solution is used to account for the category emissions. Selected calculation method is the spend-based method, which utilizes the economic value and secondary emission factors. The used emission factors are found from Exiobase3 Database.

7. Employee Commuting:

Not relevant, based on estimation, contributes to less than 2% of total emissions.

8. Upstream leased assets:

Upstream leased assets contribute to iLOQ emissions in two ways; fuel consumption on company leased cars and energy consumption within leased office spaces. Emissions caused by energy consumption is calculated by iLOQ portion of office area (m²) of the whole building, multiplied by the total energy consumption rate of the building and the emission factor provided by leaser. Both, energy consumption and district heating are assessed. Since other iLOQ office locations are small and contain only office workers, these are excluded from emission calculations.

Company leased car contracts are recorded in a specific data location. Average-data method was used to estimate emissions. A sample survey has been conducted in 2023 to estimate the kilometers one leased car drives during a year. Then, an emission factor from the European Environmental Agency 2019 data was obtained. Based on the data, on average fuel cars produced 127,6g CO₂/km. The calculation method is average-data method.

9. Downstream transportation and distribution:

Emission factors for Category 9 Transportation and distribution was retrieved from SyKe Y-hiilari. The restriction is, that the emission factor assumes, that emissions are the same globally as in Finland. The used emission factors were for Flights 0,97kg/tkm, Railway 0,0262kg/tkm, Road transport 186,4g/km and Postal packages 186,4g/km. The calculation method is Distance-Based method

10. Processing of sold products:

Energy consumption required on product set-up is studied to be minimal, less than 1% of the emissions from Category 11.

11. Use of sold products:

Emissions associated with maintenance of sold products is excluded. Emission factors are retrieved for EU-countries from Greenhouse gas emission intensity of electricity generation in Europe (europa.eu) and for Non-EU countries from Carbonfootprint. Used emission factor for non-EU countries: Production fuel mix factor (only generation included if emission factor is separated to generation and T&D). The used calculation method is direct use-phase emissions.

12. End-of-life treatment of sold products:

iLOQ has done a material break-down of products and with the assistance of the local recycling partner analyzed the end-of-life treatment of each material in Finland. Emission factors utilized are taken from SyKe Y-hiilari. The restriction is, that only a portion of iLOQs end-of-life products are treated in Finland. The used method is waste-type-specific calculation method.

13. Downstream leased assets:

No relevant leased assets

14. Franchises:

No franchises

15. Investments:

No relevant investments.

ESG Capability

ESG Capability rate is annual self-evaluation by leadership team, rate 1-5

Personnel data



Number of employees by employment contract and gender

	Regular	Fixed term	Total
Female	57 (56)	8 (3)	65 (59)
Male	252 (216)	4 (5)	256 (221)
Total	309 (272)	12 (8)	321 (280)

Number of employees by employment contract and region

	Regular	Fixed term	Total
Europe	294 (268)	12 (8)	306 (276)
North America	13 (3)	0 (0)	13 (3)
Asia-Pacific	2 (1)	0 (0)	2 (1)
Total	309 (272)	12 (8)	321 (280)

In addition to our direct employees, we also manage the work of temporary external employees in R&D and Operations functions when specific expertise is required or there are temporary increases in workload. At the end of 2023, there were 31 external employees at iLOQ.

Number of employees by work time and gender

	Full time	Part time	Total
Female	57 (55)	8 (4)	65 (59)
Male	249 (218)	7 (3)	256 (221)
Total	306 (273)	15 (7)	321 (280)

Number of employees by work time and region

	Regular	Fixed term	Total
Europe	292	14	306
North America	13	0	13
Asia-Pacific	2	0	2
Total	307	14	321

Total number and rate of new employees by age

	New hires	New hire rate, %
Under 30	4 (9)	7.4 (98.5)
30-50	44 (45)	81.5 (1.5)
Over 50	6 (14)	11.1 (0)
Total	54 (68)	100 (100)

Total number and rate of employee turnover by age

	New hires	Turnover rate, %
Under 30	1 (0)	9.1 (0)
30-50	7 (6)	63.6 (55.6)
Over 50	3 (5)	27.3 (44.4)
Total	11 (11)	100 (100)

Total number of employees that returned to work in the reporting period after parental leave ended, by gender

	2023
Female	2 (N/A)
Male	7 (10)
Total	9 (10)

Total number and rate of new employees by gender

	New hires	New hire rate, %
Female	8 (15)	14.8 (22.1)
Male	46 (53)	85.2 (77.9)
Total	54 (68)	100 (100)

Total number and rate of employee turnover by gender

	Number of leavers	Turnover Rate, %
Female	5 (2)	45.5 (18.2)
Male	6 (9)	54.5 (81.8)
Total	11 (11)	100 (100)

Return to work and retention rates of employees that took parental leave, by gender

	Return to Work Rate	Retention Rate
Female	100 (N/A)	N/A
Male	100 (100)	90

Total number and rate of new employees by region

	New hires	New hire rate, %
Europe	44 (67)	81.5 (98.5)
North America	9 (1)	16.7 (1.5)
Asia-Pacific	1 (0)	1.9 (0)
Total	54 (68)	100 (100)

Total number and rate of employee turnover by region

	Number of leavers	Turnover Rate, %
Europe	10 (11)	90.9 (100)
North America	1 (0)	9.1 (0.0)
Asia-Pacific	0 (0)	0.0 (0.0)
Total	11 (11)	100 (100)

Total number of employees that were entitled to parental leave, by gender

	2023
Female	65 (59)
Male	256 (221)
Total	321 (280)

Total number of employees that took parental leave, by gender

	2023
Female	3 (0)
Male	8 (10)
Total	11 (10)

Diversity of governance bodies and employees

Board of directors by gender and age in %

	Female	Male	Total
Under 30	0	0	0
30–50	20.0	20.0	40.0
Over 50	0.0	60	60.0
Total	20.0	80.0	100

Supervisors by gender and age in %

	Female	Male	Total
Under 30	0 (0)	2.1 (2.2)	2.1 (2.2)
30–50	18.8 (21.7)	37.5 (39.1)	56.3 (60.9)
Over 50	6.3 (2.2)	35.0 (35.0)	41.7 (37.0)
Total	25.0 (23.9)	75.0 (76.1)	100 (100)

Employees by employee group and gender in %

	Sales	Operative	R&D	Admin	Marketing	Total
Female	1.9 (2.5)	8.7 (9.6)	4.4 (3.2)	4.0 (3.6)	1.2 (2.1)	20.2 (21.1)
Male	40.2 (38.6)	12.8 (15.0)	24.6 (23.6)	0.9 (1.1)	1.2 (0.7)	79.8 (78.9)
Total	42.1 (41.1)	21.5 (24.6)	29.0 (26.8)	5.0 (4.6)	2.5 (2.9)	100 (100)

Management team by gender and age in %

	Female	Male	Total
Under 30	0 (0)	0 (0)	0 (0)
30–50	16.7 (30.0)	33.3 (20.0)	50.0 (50.0)
Over 50	33.3 (10.0)	17 (40.0)	50.0 (50.0)
Total	50.0 (40.0)	50.0 (60.0)	100 (100)

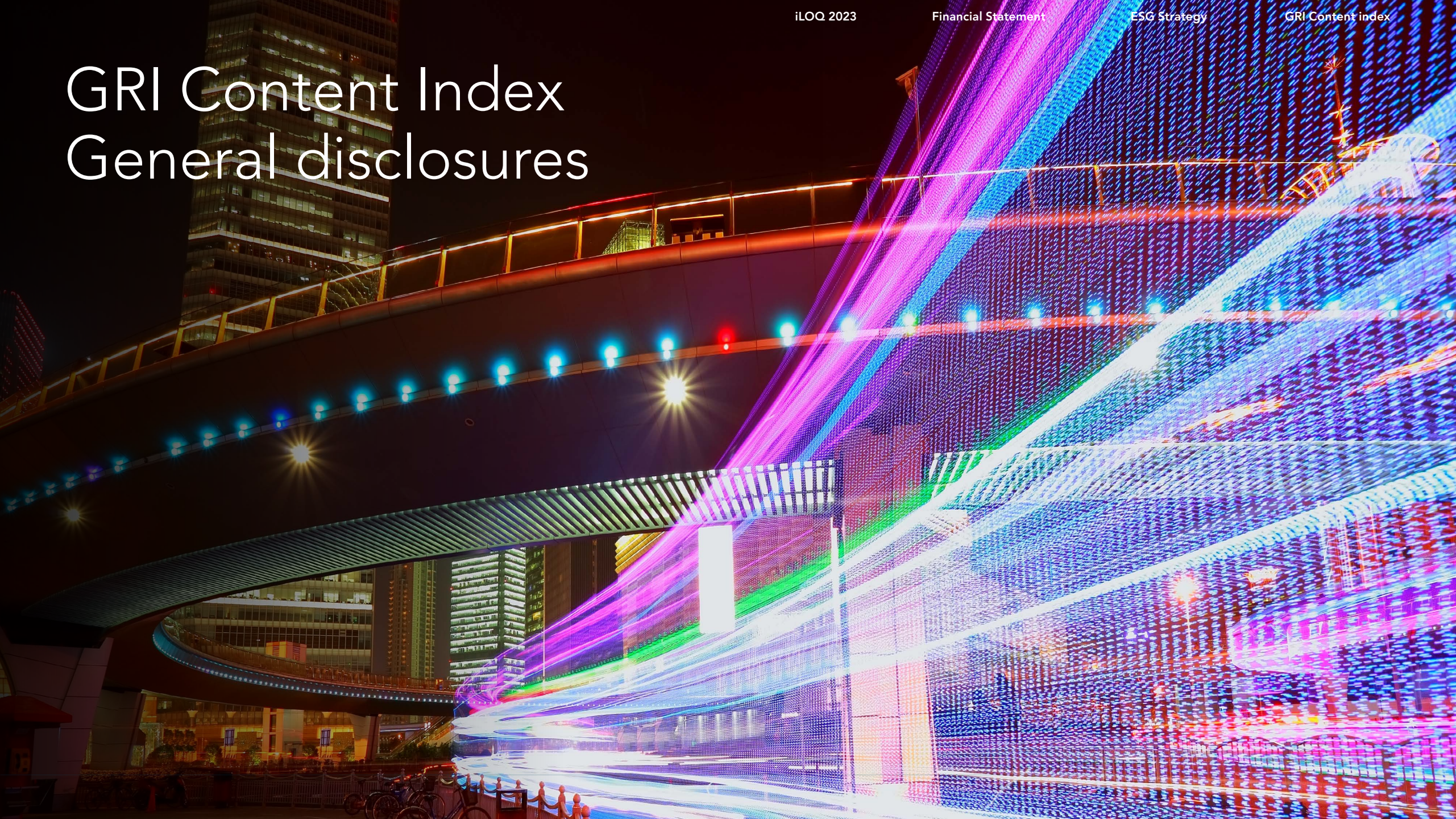


Employees by employee group and age in %

	Sales	Operative	R&D	Admin	Marketing	Total
Under 30	2.5 (2.5)	3.4 (3.9)	2.2 (2.9)	1.2 (0.4)	0.3 (0.4)	9.7 (10.0)
30–50	27.7 (27.5)	11.8 (15.4)	20.9 (18.2)	2.8 (3.2)	1.2 (1.8)	64.5 (66.1)
Over 50	11.8 (11.1)	6.2 (5.4)	5.9 (5.7)	0.9 (1.1)	0.9 (0.7)	25.9 (23.9)
Total	42.1 (41.1)	21.5 (24.6)	29.0 (26.8)	5.0 (4.6)	2.5 (2.9)	100 (100)

GRI Content Index

General disclosures



	General disclosures	Location/ additional information	Omissions	Assured
Organizational profile	2-1 Organizational details	p. 4, 5, iLOQ Group, www.ilq.com , www.ilq.com/en/investors		
	2-2 Entities included in the organization's sustainability reporting	p. 25, 28		
	2-3 Reporting period, frequency and contact point	p. 5, 54, iLOQ Oy headquarter is located in Oulu, Finland.		
	2-4 Restatements of information	p. 54		
	2-5 External assurance	p. 69		
	2-6 Activities, value chain and other business relationships	p. 5, 34,35		
	2-7 Employees	p. 43, 57 b) iLOQ does not employ non-guaranteed hours employees. c) Headcount at the end of the reporting period.		
	2-8 Workers who are not employees	p. 57 b) Headcount at the end of the reporting period. c) There were no significant fluctuations in the number of workers who are not employees during the reporting period.	Information unavailable. Data does not include contract manufacturers' employees.	
	2-9 Governance structure and composition	p. 34, 35, https://www.ilq.com/en/investors/governance/board-of-directors No representatives of under-represented social groups have been identified on iLOQ's Board of Directors. Nordic Capital, in its role as owner, selects board members according to its own criteria.		
	2-10 Nomination and selection of the highest governance body	https://www.ilq.com/en/investors/governance/board-of-directors		
	2-11 Chair of the highest governance body	https://www.ilq.com/en/investors/governance/board-of-directors		

	General disclosures	Location/ additional information	Omissions	Assured
Organizational profile	2-12 Role of the highest governance body in overseeing the management of impacts	https://www.ilq.com/en/investors/governance/board-of-directors		
	2-13 Delegation of responsibility for managing impacts	https://www.ilq.com/en/investors/governance/board-of-directors		
	2-14 Role of the highest governance body in sustainability reporting	p. 34, 35		
	2-15 Conflicts of interest	https://www.ilq.com/en/investors/		
	2-16 Communication of critical concerns	p. 36, 44		
	2-17 Collective knowledge of the highest governance body	https://www.ilq.com/en/investors/governance/board-of-directors		
	2-18 Evaluation of the performance of the highest governance body	https://www.ilq.com/en/investors/governance/board-of-directors		
	2-19 Remuneration policies	https://www.ilq.com/en/investors/governance/		
	2-20 Process to determine remuneration	https://www.ilq.com/en/investors/governance/		
	2-21 Annual total compensation ratio	https://www.ilq.com/en/investors/governance/ c) Based on base salary in EUR.		
	2-22 Statement on sustainable development strategy	p. 21		
	2-23 Policy commitments	https://www.ilq.com/en/investors/compliance/		
	2-24 Embedding policy commitments	https://www.ilq.com/en/investors/compliance/		
	2-25 Processes to remediate negative impacts	p. 36		
2-26 Mechanisms for seeking advice and raising concerns	p. 36, 44			
2-27 Compliance with laws and regulations	p. 36 d) Significant instances of non-compliance break our code of conduct or applicable policies.			

	General disclosures	Location/ additional information	Omissions	Assured
Organizational profile	2-28 Membership associations	iLOQ is member of Chamber of Commerce Oulu, Finnsecurity Ry, Ecovadis, CDP, Finnish Business & Society ry FIBS, HENRY – Finnish Association for Human Resource Management, Sesko electrotechnical standards in Finland, Pohjois-Suomen Kiinteistöyhdistys Association, Suomen Yrittäjät Association, SELT association, NFC Forum Inc., FinnSecurity Association, Technology Industries of Finland's, Project Management Professional Association, Finnish-British Trade Association, Helsinki Bourse Club Association, ERSI, Finnish-British Trade Association, Wireless Infrastructure Association, Thai-Finnish Chamber of Commerce, Keski-Uudenmaan Isännöitsijät Association, Lukkoseppämestarikilta Association and Suomen Turvaarvokoitsijaliitto Association.		
	2-29 Approach to stakeholder engagement	p. 50-52		
	2-30 Collective bargaining agreements	p. 47		
Material topics	3-1 Process to Determine Material topics	p. 26,-27		
	3-2 List of material topics	p. 26,-27		
	3-3 Management of material topics	p. 26-27		
205 Anti-corruption	3-3 Management of material topics	p. 26-27, 36, iLOQ Code of conduct		
	205-1 Operations assessed for risks related to corruption		a, b) Information unavailable. There is currently no capability and data to report on this but capability will be built for 2024 reporting	
	205-2 Communication and training about anti-corruption policies and procedures	p. 47	a,c,d) Information unavailable. There is currently no capability and data to report on this but capability will be built for 2024 reporting	
	205-3 Confirmed incidents of corruption and actions taken	p. 36, 44 a-d) 0		

	General disclosures	Location/ additional information	Omissions	Assured
302 Energy	3-3 Management of material topics	p. 26, 39, 56		
	302-1 Energy consumption within the organization	p. 39, 53, 56		
	302-2 Energy consumption outside of the organization		Not calculated during the reporting period. Information unavailable. There is currently no capability and data to report on this but capability will be built for 2024 reporting	
	302-3 Energy intensity		Information unavailable	
	302-4 Reduction of energy consumption		Information unavailable	
305 Emissions	3-3 Management of material topics	p. 26-27, 38-39		
	305-1 Direct (Scope 1) GHG emissions	p. 38-40, 53		x
	305-2 Energy indirect (Scope 2) GHG	p. 38-40, 53		x
	305-3 Other indirect (Scope 3) GHG emissions	p. 38-40, 53	Unavailable information in category 8 Upstream leased assets, estimation is used.	x
	305-4 GHG emissions intensity	p. 53		x
	305-5 Reduction of GHG emissions		Information unavailable, reduction plan done but implementation ongoing. First reduction figures to be reported in 2024 Sustainability Report	
	305-6 Emissions of ozone-depleting substances (ODS)		Information unavailable, current measurements do not cover other emissions apart from GHG	
306 Waste	3-3 Management of material topics	p. 26-27, 40		
	306-1 Waste generation and significant waste-related impacts	p. 40, 53-54		x
	306-2 Management of significant waste-related impacts	p. 40		x

	General disclosures	Location/ additional information	Omissions	Assured
	306-3 Waste generated	p. 40, 53	Information incomplete: Headquarters waste data available 1.8.2023-31.12.2023 only.	x
	306-4 Waste diverted from disposal	p. 40, 53	Information incomplete: Headquarters waste data available 1.8.2023-31.12.2023 only.	x
	306-5 Waste directed to disposal	p. 40, 53	Information incomplete: Headquarters waste data available 1.8.2023-31.12.2023 only.	x
308 Supplier Environmental Assessment	3-3 Management of material topics	p. 26-27, 31-32		
	308-1 New suppliers that were screened using environmental criteria	p. 31-32, 53		x
	308-2 Negative environmental impacts in the supply chain and actions taken		Information unavailable. Impact assessment done in 2023 and carried out 2024. Will be included in 2024 Sustainability report	
401 Employment	3-3 Management of material topics	p. 26-27, 42		
	401-1 New employee hires and employee turnover	p. 58 a) Reporting on permanent contract employees only b) Reporting on voluntary turnover for permanent contract employees		
	401-2 Benefits provided to full-time employees that are not provided to temporary or parttime employees	p. 45 b) Significant location of operation: Finland		
	401-3 Parental leave	p. 58		

	General disclosures	Location/ additional information	Omissions	Assu Assured d
403 Occupational health & safety	3-3 Management of material topics	p. 26-27, 48		
	403-1 Occupational health and safety management system	p. 48, https://www.iloq.com/en/investors/compliance/	No certified management system in place, will be revised in 2025	
	403-2 Hazard identification, risk assessment, and incident investigation	p. 48, https://www.iloq.com/en/investors/compliance/		
	403-3 Occupational health services	p. 48, https://www.iloq.com/en/investors/compliance/		
	403-4 Worker participation, consultation, and communication on occupational health and safety	p. 48, https://www.iloq.com/en/investors/compliance/		
	403-5 Worker training on occupational health and safety	p. 48, https://www.iloq.com/en/investors/compliance/		
	403-6 Promotion of worker health	p. 48, https://www.iloq.com/en/investors/compliance/		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 48, https://www.iloq.com/en/investors/compliance/		

	General disclosures	Location/ additional information	Omissions	Assured
	403-9 Work-related injuries	p. 48 b) Reported jointly with section e) Rate per 200 000 hours worked f) Does not include independent contractors		
	403-10 Work-related ill health		Information unavailable. There is currently no capability and data to report on this but capability will be built for 2024 reporting	
404 Training & Education	3-3 Management of material topics	p. 26-27, 47		
	404-1 Average hours of training per year per employee		Information unavailable. There is currently no capability and reliable data to report on this but capability will be built for 2024 reporting	
	404-2 Programs for upgrading employee skills and transition assistance programs	p. 47		
	404-3 Percentage of employees receiving regular performance and career development reviews	p. 47 a) Information not available for those not employed during development discussion period (Jan/Feb).		

	General disclosures	Location/additional information	Omissions	Assured
405 Diversity & Equal opportunity	3-3 Management of material topics	p. 26-27, 44		
	405-1 Diversity of governance bodies and employees	p. 59		
	405-2 Ratio of basic salary and remuneration of women to men	p. 45 a) Full time employees b) Significant location of operation: Finland		
406 Non-discrimination	3-3 Management of material topics	p. 26-27, 44		
	406-1 Incidents of discrimination and corrective actions taken	p. 44		
414 Supplier Social assessment	3-3 Management of material topics	p. 26-27, 31-32		
	414-1 New suppliers that were screened using social criteria	p. 31-32, 53		x
	414-2 Negative social impacts in the supply chain and actions taken		a) Information unavailable. There is currently no capability and data to report on this but capability will be built for 2024 reporting	
418 Customer Privacy	3-3 Management of material topics	p. 26-.27, 36		
	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	p. 36, 53 No complaints		

Independent Assurance Statement

DNV Business Assurance Finland Oy ("DNV") has been commissioned by ILOQ OY (hereafter referred to as 'ILOQ' or 'the Company') to undertake an independent assurance of a sub-set of data and information disclosed in ILOQ Annual and Sustainability Report 2023 version 9 corrected (hereafter referred as 'Report') for the year ended 31st December 2023.

Assurance approach

This assurance engagement has been carried out in accordance with applicable sections of the DNV's VeriSustain protocol, which is based on our professional experience and international assurance best practice including the International Standard on Assurance Engagements (ISAE) 3000 revised – 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' (revised), issued by the International Auditing and Assurance Standards Board. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited and reasonable assurance.

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17029:2019 – Conformity assessment, whose general principles are requirements for validation and verification bodies. Accordingly, DNV maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We performed the activities applying a limited level of assurance for a selection of indicators, as described in the following sections.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less detailed than, those undertaken during a reasonable assurance engagement, so the level of assurance obtained is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. We planned and performed our work to obtain the evidence we considered sufficient to provide a basis for our conclusion, so that the risk of this conclusion being in error is reduced, but not reduced completely. We have not performed any work, and do not express any conclusion, on any other information that may be published outside of the Report and/or on ILOQ website for the current reporting period.

Reporting criteria for selected information

The selected information has been prepared by ILOQ with reference to ("Reporting Criteria") Global reporting Initiative (GRI) Standards.

Responsibilities of the Directors of ILOQ and of the assurance providers

The Management of ILOQ has sole responsibility for:

- Preparing and presenting the selected information;
- Designing, implementing and maintaining effective internal controls over the information and data, resulting in the preparation of the selected Information that is free from material misstatements;
- Measuring and reporting the selected information.

DNV's responsibility is to plan and perform the work to obtain assurance about whether the selected information has been prepared with reference to the reporting requirements and to report to ILOQ in the form of an independent assurance conclusion, based on the work performed and the evidence obtained.

Our statement represents our independent opinion and is intended to inform all stakeholders. DNV was not involved in the preparation of any statements or data included in the Report except for this Independent Assurance Statement.

Scope of assurance

The scope of our engagement includes the following disclosures ('Selected information'):

- GRI 305: Emissions (2016): GRI 305-1, 305-2, 305-3, 305-4
- GRI 306: Waste (2020): GRI306-1, 306-2, 306-3, 306-4, 306-5
- GRI 308: Supplier Environmental Assessment (2016): GRI 308-1
- GRI 414: Supplier Social Assessment (2016): GRI 414-1

In 305-3 Scope 3 categories' emissions were based on spend that were derived from financial data. DNV conducted no assurance to the reliability of the financial data.

Our competence, independence and quality control

DNV's established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. We have no other contract with ILOQ.

Our multi-disciplinary team consisted of professionals with a combination of sustainability assurance experiences.

Inherent limitations

DNV's assurance engagements are based on the assumption that the data and information provided by the Company to us as part of our review have been provided in good faith, are true, and are free from material misstatements. Because of the selected nature (sampling) and other inherent limitations of both procedures and systems of internal control, there remains the unavoidable risk that errors or irregularities, possibly significant, may not have been detected.

The engagement excludes the sustainability management, performance, and reporting practices of the Company's suppliers, contractors, and any third parties mentioned in the Report. We did not interview external stakeholders as part of this assurance engagement.

We understand that the reported financial data, governance and related information are based on statutory disclosures and Audited Financial Statements which are subject to a separate independent statutory audit process, and were signed for parent company in "Capnor Weasel Bidco Oyj Financial Statements and Annual Report 1 January 2023-31 December 2023", on 11 April 2024. We did not review financial disclosures and data as they are not within the scope of our assurance engagement.

The assessment is limited to data and information in scope within the defined reporting period. Any data outside this period is not considered within the scope of assurance.

DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

Basis of our conclusions

As part of the assurance process, a multi-disciplinary team of assurance specialists performed assurance work for selected site of ILOQ. We adopted a risk-based approach, that is, we concentrated our assurance efforts on the issues of high material relevance to the Company's business and its key stakeholders. Our limited assurance procedures included, but were not limited to, the following activities:

- Review of the disclosures according to reporting criteria requirements. Our focus included selected ESG disclosures and management processes;
- Peer and media review to identify relevant sustainability issues for ILOQ in the reporting period;
- Understanding of the key systems, processes and controls for collecting, managing and reporting disclosures and KPIs in the Report;
- Walk-through of key data sets. Understanding and testing, on a sample basis, of the processes used to adhere to and evaluate adherence to the reporting requirements;

- Collect and evaluate documentary evidence and management representations supporting adherence to the reporting principles and requirements of selected information;
- Interviews with the senior managers responsible for management of disclosures. We were free to choose interviewees and interviewed those with overall responsibility of monitoring, data consolidation and reporting of the selected information
- One on-site audit for ILOQ's office in Espoo, Finland was conducted.

Our conclusions

Limited level of assurance

On the basis of the work undertaken, nothing came to our attention to suggest that the Selected Information as described in 'Scope of assurance' is not fairly stated and has not been prepared, in all material respects, in accordance with the Reporting Criteria specified in this Statement.

**For and on behalf of DNV Business Assurance
Finland Oy**

Høvik, Norway

24 June 2024

Catharina Torp
Lead Verifier

Marc-Antoine Horenfeld
Reviewer

DNV Business Assurance Finland Oy is part of DNV – Business Assurance, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnv.com

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iLOQ

We are the market and technology leader in digital access management.

iLOQ provides smart locking and secure access to buildings and spaces we use daily and caters to the needs of industry and the utility sector with mobile and digital solutions for efficient access sharing and management.

We are industry-leading innovators of battery-free solutions with a strong portfolio of safe and sustainable products that have been designed to make life easier.

The logo for iLOQ, featuring the lowercase letter 'i' followed by the uppercase letters 'L', 'O', and 'Q'. The 'L' is a simple vertical bar with a horizontal base. The 'O' is a solid circle. The 'Q' is a circle with a small tail at the bottom right. The letters are white and set against a background of soft, overlapping, curved shapes in various shades of beige and light brown.

iLOQ

Life made limitless.