

iLOQ Oy

Financial statements and annual report

31/12/2022

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iLOQ Oy

Business ID: 1842821-6
Registered office: Oulu
Elektroniikkatie 10
90590 Oulu
Financial year 1.1-31.12.2022

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The financial statements must be retained until 31.12.2032.

The supporting documents for a financial year must be retained for a minimum of 6 years from the end of the year in which the financial year has ended (KPL 2:10.2 §).

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Annual report of the Board of Directors 2022

iLOQ Oy is a Finnish, fast-growing and internationally active technology company that converts mechanical locking into digital access control and provides digital services related to the access control system.

iLOQ Oy's technological solutions enable electromechanical locking without batteries or cables. The company's products are sold through the iLOQ retail channel, which offers professional installation, maintenance and overhaul services. The company has more than 1 300 distributors globally. Turnover grew steadily during the 2022 financial year in both the Nordic Oval and the Central European DIN lock cylinder markets. Sales of the S50 product for critical infrastructure customers were strong. The manufacturing of iLOQ's products is based on outsourced, flexibly scalable production and distribution takes place from a distribution centre managed by iLOQ in Oulu, Finland. In addition, the company has a small-scale production unit in Oulu to support product development.

During 2022, iLOQ continued to strengthen its organisation in line with its growth strategy to support the company's long-term international expansion and growth objectives. In particular, the most significant efforts were focused on strengthening the company's international sales, digital marketing and product development. During 2022, iLOQ strengthened its organisation to support the long term goals of international expansion and growth. During 2022, iLOQ opened a subsidiary in Poland, the US and Singapore. There are iLOQ Group subsidiaries in Finland, Sweden, Norway, Denmark, Germany, the Netherlands, France, Spain, the UK, Canada, Poland, the USA and Singapore.

Since the launch of iLOQ S5 in 2019, the company has been able to take even greater advantage of the opportunities offered by digitalisation and the Internet of Things to improve security, strengthen governance and reduce lifecycle costs. The S5 electromechanical locking system can be complemented by iLOQ's other products, including the successful iLOQ S50, the world's first NFC technology-enabled mobile password management solution, offering a complete solution for digital password management systems. The iLOQ S50 NFC-enabled mobile access management solution is targeted at sawmill production and distribution companies, telephone network services, service centres, water treatment plants, real estate services and transport services.

In early 2022, iLOQ launched iLOQ HOME for low-end phones. iLOQ HOME is a highly innovative passcode management solution that enables residents to manage keys and access rights in a way that is unprecedented in residential buildings. iLOQ HOME is an extension to the iLOQ S5 digital passcode management system and the iLOQ 5 Series platform. Eliminating the limitations of traditional lock and key systems and their management, iLOQ HOME is designed to give residents more freedom, security and flexibility to live the way they want. iLOQ HOME offers a number of unique benefits. Residents can control exactly who has the keys to their home. This eliminates security risks posed by unauthorised users. In emergencies, or if residents forget or lose their keys, access to the apartment can be granted quickly. Residents can now immediately remove a lost or stolen key themselves. They can also use the NFC connection on their smartphones to order new keys or update their access rights.

iLOQ also signed a global framework agreement with Heimstaden, one of Europe's leading residential real estate companies. Heimstaden is one of Europe's leading residential real estate companies, with a portfolio of around 150,000 homes in ten countries. Their overall goal is to create desirable homes worldwide. In the coming years, the company will actively seek to replace mechanical locking systems in existing properties and equip new buildings with the latest iLOQ 5 Series software platform, which includes the announced iLOQ HOME solution.

iLOQ also continued to invest heavily in improving the customer experience of its reseller network and end-customers, as well as enhancing its expert support processes and tools.

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BUSINESS OPERATION DURING THE FINANCIAL YEAR

iLOQ Oy posted a strong positive result despite strong growth and significant investments in international expansion. iLOQ Oy's revenue for the financial year 2022 was EUR 132.6 million (2021 EUR 102.9 million), an increase of 28.8% compared to the same period last year. The turnover of the Northern European business was EUR 93.5 (79.2) million, an increase of 18.2% compared to the same period last year. Turnover in Central Europe and other markets increased by 64.2% year-on-year to EUR 39.0 (23.8) million.

iLOQ Oy's profitability developed positively in the financial year 2022 by all key indicators. The strong growth strengthened the sales margin, which increased by 29.6% in the previous year to 57.2% of turnover (56.9%). EBITDA for 2022 was EUR 29.5 million (2021 EUR 21.0 million). iLOQ Oy had 180 (146) employees at the end of the year, an increase of 23% from the end of the previous year. The operating profit (EBIT) was EUR 25.7 (17.9) million, or 19.4% (17.4%) of turnover. iLOQ Ltd's earnings for the financial year 2022 was 17.6 (10.6) mil]. EUR.

FINANCIAL INDICATORS

iLOQ Oy (FAS)	2022	2021
Revenue (1000 €)	132,555	102 889
Sales margin (1000 €)	75,803	58,494
Sales margin, %	57.2%	56.9%
EBITDA (1000 €)	29 460	20963
EBITDA, %	22.2%	20.4%
Operating profit (1000 €)	25 708	17 899
Operating profit percentage, %	19.4%	17.4%
Return on equity, % (ROE)	41,7%	43.6%
Equity ratio,%	69.7%	66.0%
Other key figures		
Wages, salaries and other short-term benefits (1000 €)	11,440	10,338
Pensions (1000 €)	2,068	1,762
Other personnel expenses (1000 €)	334	296
Total (1000 €)	13,842	12,397
Average number of staff	162	138
Number of staff at the end of the year	180	146

REPORT ON THE SCOPE OF RESEARCH AND DEVELOPMENT ACTIVITIES

iLOQ has invested in the development of new products, as well as in further improving the features and finishing processes of existing products. The most important developments have been the further development of the mechanics, electronics and software of the iLOQ S50 locking system, the DIN version of the iLOQ S5 key management system and the iLOQ HOME digital key management solution.

The main development projects over the past two years have been the development of the mechanics, electronics and software for iLOQ HOME, the iLOQ S50 locking system created for the market, and the iLOQ S5 passport management system launched in the Nordic countries in 2020.

In the past financial year, research and development expenses amounted to € 6.6 million (4.4 million) and represented 6.4% (5.4%) of total operating expenses. Research and development expenses as a share of total operating expenses remained similar to previous years.

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FINANCIAL POSITION OF THE COMPANY

The Group's liquidity and financial position were good at the end of the year 2022. iLOQ Oy's balance sheet total at the end of the reporting period was EUR 82 561 thousand and the equity ratio was 69.7%.

FUNDING, FINANCIAL ARRANGEMENTS AND SPECIAL RIGHTS

At the end of the financial year, the company has no special rights or authorisations in force. During the financial year, the company acquired the entire share capital of IT-Salonen Oy.

RELATED PARTY LOANS & LIABILITIES

The company did not have any related party loans at the end of the financial year.

AN ASSESSMENT OF PLAUSIBLE FUTURE DEVELOPMENTS

The company's management expects revenue to continue to grow in the current market areas in 2023, thanks to growth-enhancing development measures. Profitability is expected to remain good despite the growth inputs. The company's management expects the global component shortage to continue at least into the first half of 2023.

KEY EVENTS AFTER THE FINANCIAL YEAR

In January 2023, iLOQ announced a partnership with EMKA Group to produce a smart and secure access control solution for outdoor enclosure and telecom cabinet handles. EMKA Group is one of the world market leaders in the field of locks, latches, hinges and seals for switch and control cabinets. The solution is the iLOQ S50 semi-cylinder lock, which is fully integrated in the handle. The lock is opened by the power of an NFC-enabled smartphone, making it a battery-free solution. The access rights to open the lock are transmitted to an application running on the handset. The keyless solution eliminates the risk of physical keys being lost or stolen, provides optimal protection against the elements and vandalism, and ensures that only the right people get to the right places at the right time.

BUSINESS RISKS

Economic cycles, and in particular the level of activity in the renovation market, affect the demand for iLOQ's products and services. Northern European countries account for approximately 70% of iLOQ's turnover, which is why a sharp downturn in the renovation market in Northern Europe in particular could have a negative impact on iLOQ's growth and profitability.

In 2020, significant measures were taken in all iLOQ market areas to contain the spread of the COVID 19 pandemic by restricting the movement of people and business activities, which continued until 2021. Despite the fact that the pandemic has not had a significant impact on iLOQ's business in 2020-21, further deterioration of the situation or the imposition or prolongation of new restrictions to contain the pandemic could negatively impact demand for iLOQ's products and services even in 2023.

A global component shortage in 2021 could have a negative impact on iLOQ's security of supply, despite the strategic steps already taken by the group's management to ensure security of supply. In addition, inflation in the euro area in 2022, combined with rising interest rates and the geopolitical situation in Europe, could affect iLOQ's customers' demand for its products in 2023 and thus negatively impact demand for iLOQ's products. Technical failure to meet end-customer requirements, unexpected changes in competitors' supply or regulatory requirements and significant consolidation of iLOQ's distributors could also negatively impact iLOQ's competitiveness.

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The Group operates a network business model for the manufacture and distribution of products. The Group seeks to prevent business-related risks by identifying risks in advance. During the 2020-2022 period, particular attention has been paid to ensuring the availability of components in order to safeguard the company's supply capacity.

Due to the nature of company's safety product activities, the risks associated with the product are addressed through thorough product testing, both internally and by external testing facilities, and through high-quality operations at all stages of product development and manufacturing.

In addition to the development of operational processes, insurance is used to cover the above and other business risks. The Board of Directors is not aware of any litigation or credit loss risks that would materially affect the company's performance.

The Board of Directors of Capnor Weasel Bidco Plc is assessing the impact of the rapidly expanding viral outbreak in early 2020 on the Group's market and business. Measures already in place to mitigate potential supply chain mi6ces have continued to be successful. The prevailing geopolitical situation in Europe may have a negative impact on the operations of the Group's contract manufacturer in Ukraine and the Group's management is closely monitoring the situation. Security of supply risks have been addressed by manufacturing similar products by other contract manufacturers and by storing products manufactured in Ukraine across the border in Hungary.

QUALITY AND ENVIRONMENT

iLOQ Oy has ISO 27001 certification for the creation, implementation, maintenance and continuous improvement of information security management systems, which was obtained during the financial year. In addition to this, the company is certified to ISO 9001:2015 Quality Management System and ISO 14001:2015 Environmental Management System. Yhtio's iLOQ S10/S50 Saas service is provided by Fujitsu Services Oy and Amazon Web Services, whose information security management systems are ISO 27001:2013 certified.

COMPANY SHARES

The shares of the Group are divided as follows:

	2022	2021
K share	1,179,726	1,179,726
A share	0	0

All shares have equal rights to dividends and to the assets of the group. Both series of shares are subject to a redemption clause in the Articles of Association.

OWN SHAREHOLDINGS

The company does not hold any of its own shares.

PROFIT DISTRIBUTION PROPOSAL OF THE BOARD OF DIRECTORS

iLOQ Oy's free equity on 31.12.2022 was EUR 55,200,457.78. iLOQ Oy's distributable equity on 31.12.2022 was EUR 42,532,530.26, of which the profit for the financial year was EUR 17,565,020.63. The group's distributable assets are divided into a reserve for invested unrestricted equity of EUR 6,562,729.61 and retained earnings adjusted by capitalised development costs of EUR 35,969,800.65.

The Board of Directors proposes to the Annual General Meeting that the profit for the financial year 2022 be transferred to the profit and loss account and that no dividend be paid.

There have been no material changes in the financial position of the Group since the end of the financial year.

The group's liquidity is good.

AUDIT

The company's auditor was KPMG Oy Ab, whose principal auditor is Tapio Raappana.

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INCOME STATEMENT(t€)

	Note	1.1.-31.12.2022	1.1.-31.12.2021
Revenue		132,555	102,889
Other operating income		0	0
Materials and supplies		-56,752	-44,394
Staff costs	1	-13,842	-12,397
Depreciation, amortisation and impairment	2	-3,753	-3,064
Other operating expenses		-32,501	-25,134
Operating profit		<u>25,708</u>	<u>17,899</u>
Financial income	3	168	121
Financial expenses	3	-961	-588
Profit before accounting transfers and taxes		<u>24,915</u>	<u>17,432</u>
Group subsidies granted		-2,961	-3,990
Taxes		-4,388	-2,795
Profit for the financial year		<u>17,565</u>	<u>10,647</u>

BALANCE SHEET (t€)	Note	31/12/2022	31/12/2021
ASSETS			
FIXED ASSETS			
Intangible fixed assets	4	17,861	12,904
Tangible fixed assets	5	3,681	3,203
Investments	6	2,556	785
Total fixed assets		24,099	16,892
CURRENT ASSETS			
Inventory		26,131	20,659
Long-term receivables	7	990	887
Short-term receivables	8	29,429	15,670
Cash and cash equivalents		1,912	5,882
Total current assets		58,462	43,098
TOTAL ASSETS		82,561	59,990
LIABILITIES			
OWNER'S EQUITY			
	9		
Share capital		1,000	1 000
Share premium reserve		380	380
Reserve for unallocated capital		6,563	6,563
Profits for the previous financial years		31,073	20,426
Profit for the financial year		17,565	10,647
Total shareholders' equity		56,581	39,016
DEBT			
Short-term debt	10		
Non-interest-bearing debt		25,980	20,974
Total debt		25,980	20,974
TOTAL LIABILITIES		82,561	59,990

FINANCIAL STATEMENT (t€)	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES		
Profit (loss) before tax	21,953	13,442
Adjustments:		
Depreciation according to plan	3,753	3,064
Unrealised exchange gains and losses	38	9
Financial income and expenses	793	467
Other Adjustments	2,961	3,990
Cash flow before changes in working capital	29,499	20,973
Change in working capital:		
Increase (-) decrease (+) in short-term non-interest-bearing receivables	-13,908	-4,610
Increase (-)decrease (+) in current assets	5,472	9,557
Increase (+)decrease (-) in short-term non-interest-bearing liabilities	5,214	4,519
Cash flow from operating activities before financial items and taxes	15,332	11,325
Interest received from operating activities	-961	-568
Interest received from operations	157	134
Direct taxes paid	-4,211	-2,784
Cash flow before extraordinary items	10,317	8,086
Cash flow from operating activities (A)	10,317	8,086
CASH FLOW FROM INVESTING ACTIVITIES		
Investment in tangible and intangible assets	-9,168	-5,819
Loans granted	-103	-58
Repayments of loans receivable	0	30
Establishment of a subsidiary	-1	0
Acquisition of a subsidiary	-1,871	0
Repayment of equity investment	81	72
Cash flow from investing activities (B)	-11,062	-5,774
CASH FLOW FROM FINANCING ACTIVITIES		
Merger of a company under common control	0	6
Group subsidies paid	-3,224	-3,169
Cash flow from financing activities (C)	-3,224	-3,163
CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	-3,970	-851
Cash and cash equivalents at the beginning of the period	5,882	6,732
Cash and cash equivalents at end of period	1,912	5,882

NOTES TO THE FINANCIAL STATEMENTS

Notes to the financial statements

Accounting principles

General

The financial statements have been prepared in accordance with Finnish Accounting Standards (FAS). During the financial year 2022 the company acquired the entire share capital of IT-Salonen Oy. The financial statements are presented in thousands of euros.

Consolidated financial statements have not been prepared for iLOQ, relying on the paragraph 4 of Article 6:1 of the Finnish Companies Act. iLOQ's parent company's and subsidiaries' financial statements are combined with the consolidated financial statements of iLOQ's parent company Capnor weasel BidCO Oyj and Capnor Weasel Topco Oy.

A copy of the consolidated financial statements of Capnor Weasel Bidco Oyj is available at iLOQ Oy's head office at Elektriikkatie 10, Oulu, Finland.

Capnor Weasel Bidoo Oy's registered office is in Helsinki.
Capnor Weasel Topco Oy's registered office is in Helsinki.

Intangible and tangible assets

Intangible and tangible assets are stated at cost less scheduled depreciation. Cost includes variable costs. Depreciation is calculated on a straight-line basis over the useful lives of the intangible and tangible assets.

The development costs (for example research and development) for 2023 are recognised in the balance sheet at cost. Depreciation will start to be recognised according to plan on a straight-line basis once the product development project has been completed.

The depreciation periods are

Development expenditure	5-10 vuotta
Intangible rights	5-10 vuotta
Other intangible assets	5-10 vuotta
Machinery and equipment	5 vuotta
Furniture and fixtures	5 vuotta

Inventories

Inventories are stated at the lower of cost or probable sales price, in accordance with the average cost principle. The value of inventories includes variable costs.

Notes to the profit and loss account	2022	2021
1. Personnel costs		
Wages and salaries	11,440	10,338
Pension costs	2068	1,762
Other staff related expenses	334	296
Total	13,842	12,397
Average number of staff	162	138
2. Depreciation, amortisation and impairment		
Depreciation according to plan	3,753	3,064
Total	3,753	3,064
3. Financial income and expenses		
Intragroup interest income	44	46
Other financial income	124	76
Total	168	121
Financial expenses	87	73
Interest expenses	874	515
Other financial charges	961	588

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Notes to the balance sheet assets	2022	2021
4. Intangible assets		
Development expenditure		
Cost of acquisition 1.1	13,008	10,064
Additions	4,935	3,025
Cost of acquisition 31.12	18,023	13,068
Accumulated depreciation and write-downs 1. 1.	3,713	2,230
Depreciation for the financial year	1,643	1,482
Accumulated depreciation and impairment 31.12	5,356	3,713
Book value 31.12	12,668	9,376
Intangible rights		
Cost of acquisition 1.1	2,171	1,596
Additions	381	575
Cost of acquisition 31.12	2,552	2,171
Accumulated depreciation and impairment 1. 1.	1,034	671
Depreciation for the financial year	252	163
Accumulated depreciation and impairment 31.12	1,286	1,034
Book value 31.12	1,286	1,137
Other Intangible assets		
Cost of acquisition 1.1	9,087	7,930
Additions	1,080	1,157
Cost of acquisition 31.12	10,166	9,087
Accumulated depreciation and impairment 1. 1.	7,185	6,582
Depreciation for the financial year	830	603
Impairments	0	0
Accumulated depreciation and impairment 31.12	8,015	7,185
Book value 31.12	2,153	1,902
Unfinished Intangible assets		
Cost of acquisition 1.1	489	422
Additions	2,471	1,081
Deductions	-1,185	-1,015
Cost of acquisition 31.12	1,774	489
Book value 31.12	1,774	489
Total intangible assets	17,861	12,904
5. Tangible assets		
Machinery and equipment		
Cost of acquisition 1.1	5,422	4,362
Additions	1,279	1,061
Cost of acquisition 31.12	6,702	5,422
Accumulated depreciation and impairment losses	2,806	1,989
Depreciation for the financial year	1,027	816
Accumulated depreciation and impairment losses 31.12	3,832	2,806
Book value 31.12	2,870	2,617
Unfinished tangible assets		
Cost of acquisition 1.1	586	4,362

Additions	1,090	1,061
Deductions	-865	-600
Cost of acquisition 31.12	811	586
Total tangible assets	3,681	3,203

	2022	2021
6. Investments		
Cost of acquisition 1.1	785	857
Additions	1,872	0
Deductions	-100	-72
Cost of acquisition 31.12	2,556	785

The decrease in investments in 2023 is due to the repayment of the equity investment in iLOQ Sverige A8 and the merger of IT-Salonen Oy.

7. Long term receivables

Long term receivables from group companies		
Loan receivables	260	157
Capital loan receivables	730	730
Total	990	887
Total long term receivables	990	887

8. Short term receivables

Short-term receivables from other enterprises		
Trade receivables	28,845	15,059
Other receivables	63	13
Accruals and deferred income	483	571
Total	29,390	15,643
Short-term receivables from entities within the same group		
Accruals and deferred income	38	27
Total	38	27
Total short term receivables	29,429	15,670

Notes to the balance sheet liabilities

2022

2021

9. OWNER'S EQUITY

Capital employed		
Share capital 1.1.	1,000	1,000
Change		
Share capital 31.12.	1,000	1,000
Share premium reserve 1.1.	380	380
Share premium reserve 31.12.	380	380
Total restricted equity	1,380	1,380
Invested free equity fund 1.1.	6,563	6,303
Item related to a corporate restructuring	0	260
Invested free equity fund 31.12.	6,563	6,563
Profit from previous financial years 1.1	31,073	20,426
Item related to a corporate restructuring	0	0
Profit from previous financial years 31.12.	31,073	20,426
Profit for the financial year	17,565	10,647
Total free equity	55,200	37,635
Total shareholders' equity	56,581	39,016

Calculation of distributable equity

Profit from previous financial years	31,073
Profit for the financial year	17,556
Invested free equity fund	6,563
Capitalised development costs	-12,688
Total	42,533

Share capital

The share capital is 1,000,015.60 euros and is fully paid. The amount of shares is 1,179,726.

2022

2021

10. Short term debt

Non-interest current liabilities to other enterprises

Advances received	1,425	889
Trade payables	10,224	7,526
Other liabilities	2,569	2,217
Accruals and deferred income		
Accruals for personnel expense	4,559	4,250
Accruals for operating expenses	1,278	1,815
Other accrued liabilities	1,420	614
Tax accrual for the current financial year	1,591	1,414
Total	23,066	18,725
Current liabilities to group companies		
Accounts payable	2,914	2,250
Total	2,914	2,250
Total non-interest-bearing current liabilities	25,980	20,974

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	2022	2021
Information on guarantees and indemnities		
Amounts payable under leases		
To be paid in the following financial year	63	60
Payable at a later date	71	62
Total	<u>133</u>	<u>121</u>
Other liability commitments		
Lease liabilities / rental obligations	1,093	591
Rental guarantees	249	225
Delivery guarantees	32	0
Business credit cards	84	149
Total	<u>1,458</u>	<u>965</u>

The company has issued a guarantee on behalf of iLOQ Sverige AB in the amount of EUR 75,102.43, on behalf of iLOQ Danmark ApS in the amount of EUR 161,532.15, on behalf of iLOQ Deutschland GmbH in the amount of EUR 286,094.54, on behalf of iLOQ Nederland BV in the amount of EUR 95,179.06 and on behalf of iLOQ Iberia SLU in the amount of EUR 96,180.84. The guarantees relate to car leasing agreements.

In addition, the company has an overdraft facility of EUR 5,000,000, which has been used during the financial year 2023. At the balance sheet date, the overdraft facility is not used. The parent company Capnor Weasel Bidco Plc acts as guarantor of the credit facility alongside the company.

Guarantees given

Corporate mortgage	8,300	8,300
	<u>8,300</u>	<u>8,300</u>

Collateral provided on behalf of others includes a corporate pledge of EUR 141,700,000 relating to the financing of Capnor Weasel Bidco Oyj. In addition, the company is a guarantor for the EUR 10,000,000 credit line for the parent company CapnorWeasel Bidco Plc.

Related party transactions

The Company's related party transactions are related to the ordinary course of the Company's business with its subsidiaries and are consistent with the purpose of the Company's business and are conducted in accordance with customary or generally accepted market terms or practices in the relevant industry. During the financial year, iLOQ Ltd's subsidiaries charged iLOQ Ltd a total of EUR 16,301,220.00 in sales commission. The company provided a group contribution to the parent company Capnor Weasel Bidco Plc totalling EUR 2,961,307.

LIST OF ACCOUNTING RECORDS AND DOCUMENTS

Accounting record	Storage method
Financial Statements and Report of the Board of Directors	On Paper
Balance sheet breakdowns	Electronic as a PDF-file
General ledger and journal	Electronic as a PDF-file
Sales ledger	Electronic as a PDF-file
Purchase ledger	Electronic as a PDF-file
Sales ledger Vouchers	Electronic as a PDF-file
Purchase ledger vouchers	Electronic as a PDF-file
Bank and cash vouchers	Electronic as a PDF-file
Memo vouchers	Electronic as a PDF-file
Vouchers for notes	Electronic as a PDF-file

SIGNATURES TO THE FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF DIRECTORS

SIGNATURES OF THE BOARD OF DIRECTORS

Copenhagen 16 / 3 2023

[signature]
Heikki Hiltunen
CEO

CLOSING ENTRY

An audit report has been issued today on the audit.

Oulu 16 / 3 2023

KPMG Oy Ab

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This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

Auditor's Report

To the Annual General Meeting of iLOQ Oy

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of iLOQ Oy (business identity code 1842821-6) for the year ended 31 December 2022. The financial statements comprise the balance sheet, income statement, cash flow statement and notes.

In our opinion, the financial statements give a true and fair view of the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the company or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Oulu, 16 March 2023

KPMG OY AB

TAPIO RAAPPANA
Authorised Public Accountant, KHT