

iLOQ Oy

Financial statements and annual report

31/12/2023

iLOQ Oy

Business ID:	1842821-6
Registered office:	Oulu
Elektroniikkatie 10 90590 Oulu	
Financial year	1.1-31.12.2023

CONTENTS

Page

Annual report	2
Income statement	7
Balance sheet	8
Financial statement	9
Notes to the financial statements	10
Signatures for the Statement of Accounts and the Report of the Board of Directors	16
List of accounting records and documents	17

The financial statements must be retained until 31.12.2033.

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 §).

Annual report of the Board of Directors 2023

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 reseller channel, which offers expert installation, service and maintenance. The company sells to more than thirty countries. Net sales increased in the financial year 2023 despite a marked decline in new construction and renovation activity during the financial year, particularly in the Nordic countries. The prevailing geopolitical risks related to Russia's invasion of Ukraine and the resulting increase in energy prices, as well as the elevated interest rate environment, negatively impacted the markets in construction of new buildings and renovation during 2023. The negative market trend was particularly evident in construction of new buildings, which represents only a small part of iLOQ's turnover. On the renovation market, the decisions to invest in locking systems were either delayed or postponed, which negatively impacted iLOQ's demand in 2023. Sales of the S50 product for critical infrastructure customers continued to be strong.

iLOQ's management believes that the long-term growth potential and drivers of the market will remain unchanged despite the short-term slowdown caused by delayed investments by customers and that iLOQ is well positioned to continue to grow its business even in times of weaker markets.

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

During 2023, iLOQ Ltd continued to strengthen its organisation in line with its growth strategy to support the company's long-term international expansion and growth objectives. The most significant investments were focused on strengthening the company's international sales, digital marketing and product development. During 2023, iLOQ opened its subsidiaries iLOQ Oceania Pte LTD and iLOQ Middle-East FZ-LCC. In addition to these, there are iLOQ Group subsidiaries located in Sweden, Norway, Denmark, Germany, the Netherlands, France, Spain, the UK, the USA, Canada, Poland and Singapore.

iLOQ's iLOQ 5 Series locking system allows users to choose which key they want to use: the physical iLOQ S5 key, the NFC-enabled iLOQ S50 smartphone key (iOS or Android), the iLOQ S50 fob, the iLOQ S5 RFID or PIN. No batteries or extra cabling is required. The solution is based on both physical smart keys and smartphones and is managed through a single flexible, customisable and easy-to-use platform. By always using two-way communication for all devices before an opening decision, security is maximised and management costs are minimised. Lost, stolen or unreturned keys can be easily removed from the system or reconfigured.

iLOQ Oy signed a global prime supply contract with Honeywell, a global supplier of industry-specific solutions, in March 2023. Honeywell Building Technologies operates in more than 75 countries and is supported by a global network of channel partners. Its solutions and services are used in more than 10 million buildings worldwide. Commercial building owners and operators work with Honeywell Building Technologies to create safe, efficient and productive facilities.

iLOQ Oy launched its battery-free product range in the North American apartment market. iLOQ's solution features the world's first lock cylinder that uses the energy from the NFC field generated by a mobile phone to

unlock the door. This enables a keyless, battery-free and wireless locking system that maximizes security, is maintenance-free, delivers significant cost savings for users and generates no battery waste.

iLOQ Ltd announced during the financial year that its science-based emission targets had been validated in the Science Based Target Initiative (SBTi). iLOQ is committed to measuring and reducing its Scope 3 emissions. iLOQ is committed to achieving the NetZero target by 2050 and is already in Net Zero Scope 1 and 2. As part of its announced targets, iLOQ commits to reduce its total emissions by 90% by 2050 from its base year 2022.

BUSINESS OPERATION DURING THE FINANCIAL YEAR

iLOQ Oy achieved a positive result despite the difficult market situation and significant investments in international expansion, most notably the expansion into the US market. iLOQ Group's net sales for the financial year 2023 amounted to EUR 141.1 million (EUR 132.6 million in 2022) and increased by 6% compared to the same period last year. Central European operations' revenue increased by 26.4% year-on-year to €42.7 million (2022: €33.7 million). Revenue from Northern European operations amounted to €85.2 million (2022: €93.3 million), a decrease of 8.7% compared to the same period last year.

The profitability of the iLOQ Group (FAS) remained at a good level by all key indicators in the financial year 2023. Despite the global cost inflation, the sales margin was 57.7% of sales (2022: 57.2%). EBITDA for 2023 was EUR 27.7 million (2022: EUR 29.5 million). ILOQ Ltd had 210 (2022: 180) employees at the end of the year. Operating profit (EBIT) was 22.9 (2022: 25.7 million, or 16.2% (2022: 19.4%) of revenue. ILOQ Oy's profit for the financial year 2023 was 15.0 (2022: 17.6) million euros.

FINANCIAL INDICATORS

iLOQ Oy (FAS)	2023	2022
Revenue (1000 €)	141,144	132,555
Sales margin (1000 €)	81,477	75,803
Sales margin, %	57.7%	57.2%
EBITDA (1000 €)	27,686	29,460
EBITDA, %	19.6%	22.2%
Operating profit (1000 €)	22 858	25,708
Operating profit percentage, %	16.2%	19.4%
Return on equity, % (ROE)	28.1%	41.7%
Equity ratio, %	72.1%	69.7%

The return on equity % does not take into account Group contributions.

Other indicators

Wages, salaries and other short-term benefits (1000 €)	11,120	11,440
Pensions (1000 €)	2,074	2,068
Other personnel expenses (1000 €)	108	334
Total (1000 €)	13,202	13,842
Average number of staff	201	162
Number of staff at the end of the year	210	180

REPORT ON THE SCOPE OF RESEARCH AND DEVELOPMENT ACTIVITIES

iLOQ has invested in the development of new products and the further improvement of the features and manufacturing methods of existing products. Key development projects were in the development of the mechanics, electronics and software for the ANSI standard locking system for the US market and the migration of the company's cloud services to the AWS environment.

The main development projects over the past two years have been the development of the mechanics, electronics and software for the iLOQ HOME, the iLOQ S50 locking system launched on the market, and the development of the DIN version of the iLOQ SS access management system and the iLOQ HOME digital access management solution.

In the financial year, research and development expenses amounted to EUR 11 329 thousand (6 589 thousand) and represented 10.0% (6.4%) of total operating expenses. A total of EUR 1 482 thousand (1 654 thousand) of research and development expenses were recognised in profit or loss and EUR 9 847 thousand (4 935 thousand) were capitalised in the balance sheet. In the financial year ended, research and development expenses increased as a proportion of total operating expenses.

FINANCIAL POSITION OF THE COMPANY

The company's liquidity and financial position were good at the end of the financial year 2023. iLOQ Oy's balance sheet total at the end of the reporting period was EUR 101 783 thousand and the equity ratio was 72.1%.

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 period IT-Salonen Oy merged with iLOQ Oy.

RELATED PARTY LOANS & LIABILITIES

At the end of the financial year, the company had a related party loan receivable of EUR 1,236 thousand from the parent company Capnor Weasel Bidco Oyl.

AN ASSESSMENT OF PLAUSIBLE FUTURE DEVELOPMENTS

Management expects moderate revenue growth in the current markets also in 2024, thanks to growth-enhancing development measures. Profitability is expected to remain good, despite the investments growth. Management expects the low activity in the Nordic construction market to continue at least into the first half of 2024.

KEY EVENTS AFTER THE FINANCIAL YEAR

No significant events after the financial year.

BUSINESS RISKS

Economic cycles and in particular the level of activity in the renovation market affect the demand for iLOQ products and services. Northern European countries account for approximately 60% of ILOQ's revenue and therefore a prolonged downturn in the renovation market in Northern Europe in particular could have a negative impact on ILOQ's growth and profitability.

Inflation in the Eurozone in 2022, combined with rising interest rates and the geopolitical situation in Europe, could affect iLOQ's customers' decision-making and thus negatively impact demand for iLOQ's products further in 2024. A 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.

The Group operates a network business model for the manufacture and distribution of products. The Group seeks to prevent business risks by identifying risks in advance. During 2020-2023, particular attention has been paid to ensuring the availability of components to secure the company's supply capacity.

Due to the nature of the company's safety products' functioning, product-related risks are prevented 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 taken out 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 operating results.

The geopolitical situation in Europe may impact the company's Ukrainian contract manufacturer, and 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 on the other side of the border in Hungary.

ILOQ's business operations depend on the reliability, quality and dependability of suppliers, subcontractors, procurement channels and logistics processes, among others. In addition, any damage to individuals or communities caused by the uninterrupted functionality or functionality of iLOQ's products may also adversely affect iLOQ's business. Information technology, and in particular information security, plays an important role in iLOQ's operations. This exposes ILOQ to IT disruptions and potential cybersecurity risks. In addition, possible fires at ILOQ's premises or in its subcontractor or supplier chain, police incidents, exceptional weather events or similar unpredictable phenomena could have a negative impact on iLOQ's or its suppliers' business. Litigation involving significant claims for damages and other potential events related to legal or regulatory actions could also have a negative impact on iLOQ's business. In addition to normal risk management within the company, iLOQ has prepared for the risks described above through global general property, personal and business interruption insurance programs tailored to the scope of its business. In addition to these, the company has specific global insurance coverage for personal injury and property damage caused by iLOQ's doors used by consumers and for personal injury caused by iLOQ's locks used by businesses.

QUALITY AND ENVIRONMENT

iLOQ Oy holds ISO 27001 certification for the creation, implementation, maintenance and continuous improvement of an information security management system, which was obtained during the financial year. In addition, the company has an ISO 9001:2015 quality management system and ISO 14001:2015 environmental management system certification. The Company's iLOQ S10/S50 SaaS service is provided by Fujitsu Services Ltd and Amazon Web Services, whose information security management systems are certified to ISO 27001:2013.

COMPANY SHARES

The shares of the Group are divided as follows:

	2023	2022
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 31.12.2023 was EUR 70,221,967.17. iLOQ Oy's distributable equity on 31.12.2023 was EUR 49,943,745.28, of which the profit for the financial year was EUR 15,021,509.39. The company's distributable assets are divided into a reserve for invested unrestricted equity of EUR 6,562,729.61 and retained earnings less capitalised development costs of EUR 43,381,015.67.

The Board of Directors proposes to the Annual General Meeting that the result for the financial year 2023 be transferred to the profit and loss account and that no dividend be paid.

There have been no material changes in the company's financial position since the end of the financial year. The company's liquidity is good.

AUDIT

The company's auditor was KPMG Oy Ab, whose principal auditor is Juho Rautio.

iLOQ Oy

PROFIT AND LOSS ACCOUNT (t€)	Note	1.1.-31.12.2023	1.1.-31.12.2022
Revenue		141,144	132,555
Other operating income		5	0
Materials and supplies		-59,667	-56,752
Staff costs	1	-13,202	-13,842
Depreciation, amortisation and impairment	2	-4,827	-3,753
Other operating expenses		-40,594	-32,501
Operating profit		<u>22,858</u>	<u>25,708</u>
Financial income	3	321	168
Financial expenses	3	-1,141	-961
Profit before accounting transfers and taxes		<u>22,039</u>	<u>24,915</u>
Group subsidies granted		-3,016	-2,961
Taxes		-4,002	-4,388
Profit for the financial year		<u>15,022</u>	<u>17,565</u>

iLOQ Oy

BALANCE SHEET (t€)	Note	31/12/2023	31/12/2022
ASSETS			
FIXED ASSETS			
Intangible fixed assets	4	28,290	17,861
Tangible fixed assets	5	3,502	3,681
Investments	6	574	2,556
Total fixed assets		32,367	24,099
CURRENT ASSETS			
Inventory		24,481	26,131
Long-term receivables	7	1,317	990
Short-term receivables	8	37,650	29,429
Cash and cash equivalents		5,139	1,912
Total current assets		68,588	58,462
TOTAL ASSETS		100,955	82,561
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		48,638	31,073
Profit for the financial year		15,022	17,565
Total shareholders' equity		71,602	56,581
CUMULATIVE TRANSFER OF APPROPRIATIONS			
Mandatory provisions	10	1,266	1,278
DEBT			
Long-term debt	11		
Interest-bearing debt		185	0
Short-term debt	11		
Interest-bearing debt		5,062	0
Non-interest-bearing debt		22,841	24,702
Total debt		28,087	24,702
TOTAL LIABILITIES		100,955	82,561

iLOQ Oy

FINANCIAL STATEMENT (t€)	2023	2022
CASH FLOW FROM OPERATING ACTIVITIES		
Profit (loss) before tax	19,023	21,953
Adjustments:		
Depreciation according to plan	4,827	3,753
Unrealised exchange gains and losses	-305	38
Financial income and expenses	819	793
Other Adjustments	3,268	2,961
Cash flow before changes in working capital	27,633	29,499
Change in working capital:		
Increase (-) decrease (+) in short-term non-interest-bearing receivables	-5,924	-13,908
Increase (-)decrease (+) in current assets	1,640	5,472
Increase (+)decrease (-) in short-term non-interest-bearing liabilities	-1,954	5,214
Cash flow from operating activities before financial items and taxes	21,395	15,332
Interest received from operating activities	1,092	-961
Interest received from operations	321	157
Direct taxes paid	-4,005	-4,211
Cash flow before extraordinary items	16,619	10,317
Cash flow from operating activities (A)	16,619	10,317
CASH FLOW FROM INVESTING ACTIVITIES		
Investment in tangible and intangible assets	-13,398	-9,168
Loans granted	-757	-103
Repayments of loans receivable	430	0
Establishment of a subsidiary	0	-1
Acquisition of a subsidiary	0	-1,871
Repayment of equity investment	111	81
Cash flow from investing activities (B)	-13,613	-11,062
CASH FLOW FROM FINANCING ACTIVITIES		
Loans granted	-1236	0
Drawdowns of short-term loans	8,365	0
Repayments of short-term loans	-3,365	0
Drawdowns of long-term loans	0	0
Repayments of long-term loans	-62	0
Dividends paid and other distributions	0	0
Group subsidies paid	-3,574	-3,224
Cash flow from financing activities (C)	128	-3,224
CHANGE IN CASH AND CASH EQUIVALENTS (A+B+C)	3,134	-3,970
Cash and cash equivalents transferred in the merger of IT-Salonon Oy	93	0
Cash and cash equivalents at the beginning of the period	1,912	5,882
Cash and cash equivalents at end of period	5,139	1,912

iLOQ Oy

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 years
Intangible rights	5-10 years
Other intangible assets	5-10 years
Machinery and equipment	5 years
Furniture and fixtures	5 years

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	2023	2022
1. Personnel costs		
Wages and salaries	11,020	11,440
Pension costs	2,075	2068
Other staff related expenses	108	334
Total	<u>13,202</u>	<u>13,842</u>
Average number of staff	201	162

2. Depreciation, amortisation and impairment		
Depreciation according to plan	4,827	3,753
Total	<u>4,827</u>	<u>3,753</u>
3. Financial income and expenses		
Intragroup interest income	45	44
Other financial income	277	124
Total	<u>321</u>	<u>168</u>
Financial expenses	329	87
Interest expenses	812	874
Other financial charges	<u>1,141</u>	<u>961</u>

iLOQ Oy

Notes to the balance sheet assets	2023	2022
4. Intangible assets		
Development expenditure		
Cost of acquisition 1.1	18,023	13,008
Additions	11,281	4,935
Deductions	-1,434	0
Cost of acquisition 31.12	<u>27,871</u>	<u>18,023</u>
Accumulated depreciation and write-downs 1. 1.	5,356	3,713
Depreciation for the financial year	2,237	1,643
Accumulated depreciation and impairment 31.12	<u>7,593</u>	<u>5,356</u>
Book value 31.12	<u>20,278</u>	<u>12,668</u>
Intangible rights		
Cost of acquisition 1.1	2,552	2,171
Additions	383	381
Cost of acquisition 31.12	<u>2,935</u>	<u>2,552</u>
Accumulated depreciation and impairment 1. 1.	1,286	1,034
Depreciation for the financial year	254	252
Accumulated depreciation and impairment 31.12	<u>1,540</u>	<u>1,286</u>
Book value 31.12	<u>1,395</u>	<u>1,266</u>
Other Intangible assets		
Cost of acquisition 1.1	10,168	9,087
Additions	3,198	1,080
Cost of acquisition 31.12	<u>13,365</u>	<u>10,168</u>
Accumulated depreciation and impairment 1. 1.	8,015	7,185
Depreciation for the financial year	1,184	830
Impairments	0	0
Accumulated depreciation and impairment 31.12	<u>9,199</u>	<u>8,015</u>
Book value 31.12	<u>4,167</u>	<u>2,153</u>

Unfinished Intangible assets		
Cost of acquisition 1.1	1,774	489
Additions	2,675	2,471
Deductions	-1,999	-1,185
Cost of acquisition 31.12	2,450	1,774
Book value 31.12	2,450	1,774
Total intangible assets	28,290	17,861
5. Tangible assets		
Machinery and equipment		
Cost of acquisition 1.1	6,702	5,422
Additions	1,103	1,279
Deductions	-1	0
Cost of acquisition 31.12	7,714	6,702
Accumulated depreciation and impairment losses	3,832	2,806
Depreciation for the financial year	1,153	1,027
Accumulated depreciation and impairment losses 31.12	4,985	3,832
Book value 31.12	2,729	2,870
Unfinished tangible assets		
Cost of acquisition 1.1	811	586
Additions	1,989	1,090
Deductions	-2,028	-865
Cost of acquisition 31.12	773	811
Book value 31.12	773	811
Total tangible assets	3,502	3,681
iLOQ Oy		
	2023	2022
6. Investments		
Cost of acquisition 1.1	2,556	785
Additions	0	1,872
Deductions	-1,982	-100
Cost of acquisition 31.12	574	2,556

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	1,017	260
Capital loan receivables	300	730
Total	<u>1,317</u>	<u>990</u>
Total long term receivables	<u>1,317</u>	<u>990</u>

8. Short term receivables

Short-term receivables from other enterprises		
Trade receivables	35,442	28,845
Other receivables	72	63
Accruals and deferred income	769	483
Total	<u>36,284</u>	<u>29,390</u>

Short-term receivables from entities within the same group		
Trade receivables	100	0
Other receivables	31	38
Accruals and deferred income	1,236	0
Total	<u>1,367</u>	<u>38</u>

Total short term receivables	<u>37,650</u>	<u>29,429</u>
------------------------------	---------------	---------------

iLOQ Oy

Notes to the balance sheet liabilities	2023	2022
---	-------------	-------------

9. OWNER'S EQUITY

Capital employed		
Share capital 1.1.	1,000	1,000
Change		
Share capital 31.12.	<u>1,000</u>	<u>1,000</u>
Share premium reserve 1.1.	380	380
Share premium reserve 31.12.	<u>380</u>	<u>380</u>
Total restricted equity	<u>1,380</u>	<u>1,380</u>
Invested free equity fund 1.1.	6,563	6,563
Invested free equity fund 31.12.	<u>6,563</u>	<u>6,563</u>
Profit from previous financial years 1.1	48,637	31,073
Profit from previous financial years 31.12.	<u>48,637</u>	<u>31,073</u>
Profit for the financial year	15,022	17,565
Total free equity	<u>70,222</u>	<u>55,200</u>
Total shareholders' equity	<u>71,602</u>	<u>56,581</u>

Calculation of distributable equity

Profit from previous financial years	48,637
Profit for the financial year	15,022
Invested free equity fund	6,563
Capitalised development costs	<u>-20,278</u>
Total	<u>49,944</u>

Share capital

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

	2023	2022
10. Mandatory provisions		
Warranty provisions	1,266	1,278
Total	<u>1,266</u>	<u>1,278</u>

iLOQ Oy grants a warranty for the products delivered. The warranty period is generally 2 years. The guarantee is based on the experience of previous years with defective products.

	2023	2022
11. Long-term debt		
Interest-bearing long-term debt to other enterprises		
Loans from financial institutions	185	0
Total	<u>185</u>	<u>0</u>
Total long-term interest-bearing debts	<u>185</u>	<u>0</u>

	2023	2022
11. Short-term debt		
Interest-bearing short-term debt to other enterprises		
Loans from financial institutions	5,062	0
Total	<u>5,062</u>	<u>0</u>
Total short-term interest-bearing debts	<u>5,062</u>	<u>0</u>

Non-interest current liabilities to other enterprises

Advances received	2,438	1,425
Trade payables	9,855	10,224
Other liabilities	1,965	2,569
Accruals and deferred income		
Accruals for personnel expense	2,712	4,559
Accruals for operating expenses	1,314	1,278
Other accrued liabilities	188	142
Tax accrual for the current financial year	1,587	1,591
Total	<u>20,059</u>	<u>21,788</u>

Current liabilities to group companies

Accounts payable	<u>2,782</u>	<u>2,914</u>
Total	<u>2,782</u>	<u>2,914</u>

Total non-interest-bearing current liabilities	<u>22,841</u>	<u>24,702</u>
--	---------------	---------------

iLOQ Oy

	2023	2022
Information on guarantees and indemnities		
Amounts payable under leases		
To be paid in the following financial year	90	63
Payable at a later date	115	71
Total	<u>205</u>	<u>133</u>

Other liability commitments

Lease liabilities / rental obligations	532	1,093
Rental guarantees	204	249
Delivery guarantees	664	32
Business credit cards	140	84
Total	<u>1,540</u>	<u>1,458</u>

The company has provided a guarantee for iLOQ Sverige AB in the amount of EUR 18,802.62, for iLOQ Nederland BV in the amount of EUR 147,467.12, for iLOQ Deutschland GmbH in the amount of EUR 274,857.65, for iLOQ Norge AS in the amount of EUR 42,117.37, for iLOQ France SAS in the amount of EUR 19,569.58, for iLOQ Danmark ApS in the amount of EUR 91,116.49, for iLOQ Iberia SLU in the amount of EUR 96,180.84, for iLOQ Canada Inc in the amount of EUR 24,615.51 and for iLOQ Polska Sp. z o.o. in the amount of EUR 32,868.04. The guarantees are related to car leasing contracts.

In addition, the company has an credit line of EUR 5,000,000, which has been used during the financial year 2023. The overdraft facility is not in use at the date of the balance sheet. The parent company Capnor Weasel Bidco Oyj acts as guarantor of the credit line 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 21,400,281.49 in sales commission. The company provided a group contribution to the parent company Capnor Weasel Bidco Plc totalling EUR 3,015,988.00.

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

SIGNATURES OF THE BOARD OF DIRECTORS

Las Vegas 11 April 2024

[signature] _____
Heikki Hiltunen
CEO

CLOSING ENTRY

An audit report has been issued today on the audit.

In Oulu 12 April 2024

KPMG Oy Ab

[signature] _____
Juho Rautio
KKT

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



Auditor's Report

To the iLOQ Oy general meeting

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of iLOQ Oy (business identity code 1842821-6) financial year 1.1.-31.12.2023. The financial statements comprise the balance sheet, income statement, cash flow statement and notes for the company.

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 CEO for the Financial Statements

The Board of Directors and the CEO 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 CEO 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 CEO 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 CEO'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 CEO 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.

In Oulu 12 April 2024

KPMG OY AB

[signature]

Juho Rautio
KHT