

iLOQ Danmark ApS

Borupvang 3, 2750 Ballerup

Company reg. no. 37 79 33 96

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 14 June 2023.

Sirpa Sallanko

Chairman of the meeting

Notes to users of the English version of this document:

- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

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Management's statement

Today, the board of directors and the managing director have presented the annual report of iLOQ Danmark ApS for the financial year 1 January - 31 December 2022.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2022 and of the company's results of activities in the financial year 1 January – 31 December 2022.

At the general meeting held on 14 June 2023, a decision will be made not to have the financial statements audited as from 2023 onwards. The board of directors and the managing director consider the conditions for audit exemption to be met.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

Ballerup, 14 June 2023

Managing Director

Dennis Overvad Christiansen

Board of directors

Timo Juhani Pirskanen

Sirpa Sallanko

Dennis Overvad Christiansen

Independent auditor's report

To the Shareholder of iLOQ Danmark ApS

Opinion

We have audited the financial statements of iLOQ Danmark ApS for the financial year 1 January - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022, and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements 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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines 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, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has 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 ISAs and the additional requirements applicable in Denmark 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 these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, 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 Management's use of the going concern basis of accounting in preparing the financial statements 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 contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 14 June 2023

Redmark

Godkendt Revisionspartnerselskab
Company reg. no. 29 44 27 89

Mark Leerdrup Hansen

State Authorised Public Accountant
mne19802

Company information

The company	iLOQ Danmark ApS Borupvang 3 2750 Ballerup
	Company reg. no. 37 79 33 96 Established: 31 May 2016 Financial year: 1 January - 31 December 7th financial year
Board of directors	Timo Juhani Pirskanen Sirpa Sallanko Dennis Overvad Christiansen
Managing Director	Dennis Overvad Christiansen
Auditors	Redmark Godkendt Revisionspartnerselskab Dirch Passers Allé 76 2000 Frederiksberg
Parent company	iLOQ OY

Management's review

The principal activities of the company

Like previous years, the principal activities are marketing and sales of digital locking systems. The market is mainly focused on Denmark and other Scandinavian countries.

Development in activities and financial matters

The gross profit for the year totals DKK 9.536.427 against DKK 7.353.410 last year. Income or loss from ordinary activities after tax totals DKK 278.448 against DKK 311.981 last year. Management considers the net profit or loss for the year satisfactory.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2022</u>	<u>2021</u>
Gross profit	9.536.427	7.353.410
1 Staff costs	-9.115.572	-6.895.983
Operating profit	420.855	457.427
Other financial income	178	0
Other financial costs	-31.529	-19.628
Pre-tax net profit or loss	389.504	437.799
Tax on ordinary results	-111.056	-125.818
Net profit or loss for the year	278.448	311.981
Proposed distribution of net profit:		
Transferred to retained earnings	278.448	311.981
Total allocations and transfers	278.448	311.981

Balance sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2022</u>	<u>2021</u>
Non-current assets		
Deposits	56.232	56.233
Total investments	56.232	56.233
Total non-current assets	56.232	56.233
Current assets		
Trade receivables	1.853.996	1.023.000
Other receivables	121.767	135.307
Prepayments and accrued income	107.438	3.642
Total receivables	2.083.201	1.161.949
Available funds	1.886.542	1.788.069
Total current assets	3.969.743	2.950.018
Total assets	4.025.975	3.006.251

Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2022</u>	<u>2021</u>
Equity and liabilities		
Equity		
Contributed capital	50.000	50.000
Retained earnings	1.120.491	842.043
Total equity	1.170.491	892.043
Liabilities other than provisions		
2 Other payables	364.961	364.961
Total long term liabilities other than provisions	364.961	364.961
Trade creditors	36.625	219.886
Income tax payable	81.056	101.828
Other payables	2.323.367	1.427.533
Accrued expenses and deferred income	49.475	0
Total short term liabilities other than provisions	2.490.523	1.749.247
Total liabilities other than provisions	2.855.484	2.114.208
Total equity and liabilities	4.025.975	3.006.251
3 Charges and security		
4 Contingencies		

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
	<hr/>	<hr/>	<hr/>
Equity 1 January 2021	50.000	530.062	580.062
Profit or loss for the year brought forward	0	311.981	311.981
Equity 1 January 2022	50.000	842.043	892.043
Profit or loss for the year brought forward	0	278.448	278.448
	<hr/> 50.000	<hr/> 1.120.491	<hr/> 1.170.491

Notes

All amounts in DKK.

	<u>2022</u>	<u>2021</u>
1. Staff costs		
Salaries and wages	7.761.350	6.176.029
Pension costs	1.282.520	667.629
Other costs for social security	<u>71.702</u>	<u>52.325</u>
	<u>9.115.572</u>	<u>6.895.983</u>
 Average number of employees	 <u>8</u>	 <u>7</u>
 2. Other payables		
Total other payables	<u>364.961</u>	<u>364.961</u>
 Share of liabilities due after 5 years	 <u>364.961</u>	 <u>364.961</u>
 3. Charges and security		
There are no charges and securities as of 31 December 2022.		
 4. Contingencies		
Contingent liabilities		
Lease liabilities		
The company has entered into operational leases contracts with an average annual lease payment of DKK 887.691. The leases contracts have up to 36 months left to run, and the total outstanding lease payments total DKK 1.546.411		

Accounting policies

The annual report for iLOQ Danmark ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Accounting policies

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or write-down for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs incurred for sales, advertising, administration, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Accounting policies

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Liabilities other than provisions relating to investment properties are measured at amortised cost.

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.