

Annual Report 2019

VIRIA



**We build a better and safer
tomorrow with the aid of
data and smart technology.**

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CEO's review

CEO's review

“ **What makes Viria special is the close cooperation among business operations and the resulting shared solutions.** ”

Viria started the year 2019 once again as a slightly transformed company. The data analytics company Aureolis Oy, which had been Viria's associated company for eighteen months, became Viria's subsidiary at the turn of the year and its result is now included in the consolidated financial statements for the first time. From an operational point of view, Aureolis was part of the Group already when it was an associated company but last year, cooperation has further intensified.

There was also another corporate acquisition during the first months of the year. With Spellpoint Ltd, Viria acquired identity and access management competence, which has become increasingly significant in ensuring companies' cyber security as cloud services have become more common.

Even though we acquired new companies, the entire year's revenue was slightly lower than in the previous year. This was no surprise as the combined revenue of the companies acquired is lower than that of AB Sappa, the subsidiary we sold in autumn 2018.

Furthermore, the early-year performance was impaired by some major customers cutting their digital development purchases. With successful sales efforts, this could be compensated with new customers in the summer and the autumn and the downturn was only a temporary one.

In the security business, organic growth remained good throughout the year and even accelerated during the last months of the year. The profitability development in the se-

curity business was good also during this financial period. In several years, Viria's result has been influenced by changes in the group structure and many non-recurring items, which weaken the comparability of profit performance.

This was also true for 2019. In addition to the change in the group structure, the factor that had the biggest impact on comparability was the capital gains arising from the selling of DNA shares. On the other hand, the result was decreased by impairment in certain properties as well as by the amortisation of goodwill, resulting from the numerous corporate acquisitions carried out during the past few years.

Our operational profitability has not yet reached the desired level and we are continuously developing our operations to improve it. Nevertheless, the best way to improve profitability in the long term is growth, enabling us to reap the benefits of higher volumes.

During the year, we carried out an extensive strategy project, led by the Board of Directors, in which Viria's mission and future were defined on the basis of various scenarios. It was great to see that the guidelines that we established a couple of years ago and that we have adhered to when building Viria have led us in the correct direction. They serve as a solid foundation for continuing Viria's development.

Viria's main mission is to build a better and safer tomorrow with the aid of data and smart technology. Our goal is strong growth that is based on the development of our offering and competence, driven by customer needs, and

the cooperation among our business operations in sales and customer solution creation.

We have two strong business areas: Information Solutions and Security Solutions. Both are growing and performing well and have a solid position in their respective markets. What makes Viria special is the close cooperation among business operations and the resulting shared solutions. The data accumulated from security solutions can also be used by refining it for use in business operations. Examples of shared solutions include, for instance, the property occupancy rate and user comfort analytics that utilises cameras or motion sensors as well as the user-driven renewal of the security management system.

Another year has passed by very quickly. Although we slowed down the pace of high-profile changes, such as corporate acquisitions, an enormous amount of work has been done to serve our customers and develop our operations. Surveys have shown that our customers' satisfaction is at

a very high level. For this, I would like to thank our skilled and committed personnel – thank you! Our goal is to turn this into

an unparalleled competitive advantage for Viria. I would also like to thank all our customers for their cooperation and all our shareholders for being so committed to Viria's development.

Mika Vihervuori

“ **Surveys have shown that our customers' satisfaction is at a very high level.** ”

“ **The data accumulated from security solutions can also be used by refining it for use in business operations.** ”

Viria in brief

Viria is an information and security technology solution provider that promotes digitalisation without compromising security.

Our operations combine strong expertise in business intelligence, digital business, information security and security technology with a customer-oriented and creative approach.

We play a significant role in building an increasingly digitalised world. It is important to do this safely and sustainably. We help our customers utilise information better and create tailored digital services and entire service models for them.

Creating new innovations and securing the continuity of the customer's business are equally important. Viria is the only company in Finland that offers total security. In the networked world, the protection of information, people and assets requires protection against both physical and cyber threats. The most efficient approach is to manage these threats as a whole.




We want to operate near our customers and our network in 23 localities ensures a strong national service ability. Our largest offices are in the Greater Helsinki Area and Oulu.

Our service areas

KNOWLEDGE-BASED MANAGEMENT

-  Analytics
-  Business Intelligence
-  Data warehouses
-  Reporting

DIGITAL DEVELOPMENT

-  Software development
-  Service design
-  IPTV services

DIGITAL SECURITY

-  Information security and cybersecurity
-  Infrastructure
-  Identity and access management

PHYSICAL SECURITY

-  Security technology
-  Structural security
-  Data transfer services
-  Alarm and administrator services

Consulting

Strategy

We build a better and safer tomorrow with the aid of data and smart technology.

We contribute to our customers' success.

- We help them utilise data and digitalisation in creating a better customer experience and a competitive advantage.
- We provide peace of mind by protecting people, information and assets with solutions that ensure safe, secure and smoothly running everyday life.

We build innovative and sustainable digital services that are based on a solid understanding of customers and their needs, gained through service design and data utilisation. We are a forerunner in the development of data-driven organisations.

We are the only company in Finland that offers total security, which covers both digital and physical protection and consequently improves the efficiency of the customer's security management. We want to make security effortless and enable the safe and smooth use of data, systems and passageways for authorised persons.

We are seeking strong growth.

The strong digitalisation development of companies and society in general and the intertwining of the digital and physical worlds provide a fruitful ground for the growth of Viria and its services. Our goal is to grow faster than the market.

In our view, growth is boosted by the strong demand for our services and our strategic focus on growing service areas, such as data analytics, business digitalisation and cyber security. Our extensive customer base provides us with opportunities to find significant synergies in service sales and the mutually complementary competences in our business operations serve as a foundation for new innovative customer solutions. For example, we combine analytics with security solutions so that they not only secure but also benefit the customer's business.

Our strong balance sheet also enables us to make corporate acquisitions that support our strategy.

The cornerstone of our success is people and their skills.

People make Viria and create its services. Our high customer satisfaction ratings are based on our skilled and committed personnel and our ability to provide services throughout Finland. We want to be a workplace that offers well-being, professional development and experiences of doing meaningful work each and every day.

The guiding principles of our operations:

fairness
friendliness
reliability
courage
willingness
to learn

Key figures for 2019

Revenue EUR 103,1 million

Adjusted EBITDA EUR 5,5 million

Adjusted profit EUR 12,5 million

Key figures for 2019

KEY FIGURES	2019	2018
Revenue, EUR million	103,1	104,9
EBITDA, EUR million	5,6	21,2
EBITDA, %	5,4	20,2
Adjusted EBITDA, EUR million	5,5	6,3
EBITA, EUR million	1,7	18,7
Adjusted EBITA, EUR million	3,3	3,8
Operating profit (EBIT), EUR million	-5,2	13,1
Adjusted operating profit (EBIT), EUR million	-3,6	-1,8
Profit for the period, EUR million	10,9	32,1
Adjusted profit for the period, EUR million	12,5	18,1
Balance sheet, EUR million	152,5	161,0
Equity-to-assets ratio, %	78,7	72,1
Earnings per share, EUR	2,04	6,02
Book value of parent company's equity per share, EUR	23	22
Average number of employees (FTE)	693	516

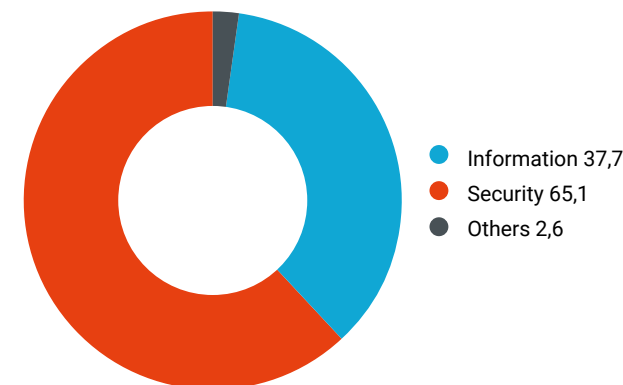
Viria's revenue in 2019 was EUR 103.1 million. The slight year-on-year decrease in revenue was mainly due to changes in the group structure. We sold our Swedish subsidiary AB Sappa in autumn 2018 and although new companies joined the Group in 2019, they did not generate quite as much revenue as Sappa in the previous year.

Revenue and profitability developed favourably towards the end of the year when the early-year performance impairment caused by some major customers cutting their digital development purchases could be compensated with new customers. In the security business, organic growth remained good throughout the year and even accelerated

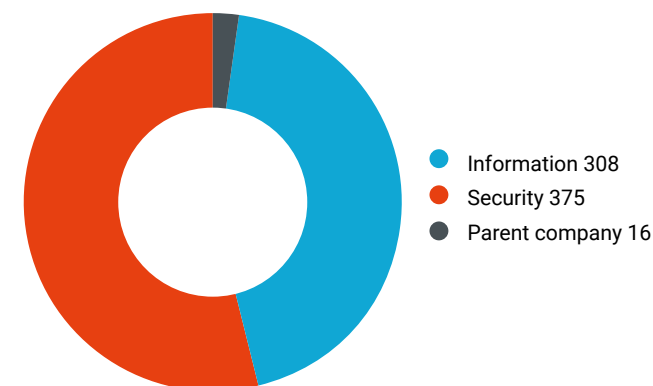
during the last months of the year. We can also be satisfied with the profitability development in the security business during the financial period.

Our operating profit (EBIT) was decreased by the amortisation of goodwill, resulting from corporate acquisitions as well as by impairment in certain properties. The capital gains arising from the DNA shares sold to Telenor in October increased the profit for the period to EUR 10.9 million. The exceptionally high profit for the comparison period is explained by the capital gains arising from DNA and AB Sappa shares.

REVENUE DISTRIBUTION BY BUSINESS, EUR MILLION



PERSONNEL DISTRIBUTION BY BUSINESS (FTE)



We only have one security

Security Solutions

Both physical and digital means of protection are needed for securing people, information and assets. As a result, Viria's security business is based on total security.

Security Solutions

The security business consists of Viria Security Ltd, Tansec Oy and Spellpoint Ltd, acquired in February 2019.

Viria Security is one of Finland's largest corporate security providers and the only one that offers cyber security and corporate network services as well as security technology and locking solutions. Tansec specialises in alarm transmission systems that safeguard the transmission of fire or burglar alarms, for example, immediately to the correct destination. Spellpoint's speciality is identity and access management, which ensures that authorised persons can access systems easily and that unauthorised use is prevented.

OPERATING ENVIRONMENT

The change of the corporate IT environment, such as cloud services, the increase in the number of systems, system integrations and inter-company ecosystems, increase the need for cyber security services and pose new kinds of challenges. Increasingly professional and systematic cyber-crime poses challenges to both technology and companies' ways of working. Furthermore, the Internet of Things (IoT) and cloud services are becoming more common, which has created new needs for managing security proactively, and the significance of identity and access management, for example, has increased.

Physical security technology is also becoming increasingly digital and networked, which makes cyber security more important. We are moving towards more comprehensive and more easily managed solutions, with system integrability and online management taking centre stage.

In both physical and digital security, a strong trend is a transition from investments to services, in which the customer pays a monthly fee and the supplier is responsible for maintenance.

REAL-TIME INSIGHT AS A FOCUS AREA

The increasingly important role and technological development of information networks turn digital and physical security in a more closely intertwined entity. A company's internal network can be attacked through an unprotected surveillance camera, for example. Especially large companies have noticed that by combining information security and building security, security management can be made more efficient, which also enables better detection of security gaps.

We are moving towards more comprehensive and more easily managed solutions, with system integrability and online management taking centre stage.

Effectiveness and response speed will increase when the status of different security systems can be viewed in real time, for example, and the systems can be managed remotely. During the financial period, Viria Security started using the fully updated OneManage customer portal, which is one of the most versatile and user-friendly customer portals on the market. The OneManage update was produced by one of the Group companies, Bitfactor.

In service development, the most significant investments were made in the real-time monitoring of customers' information security status. The detection and service ability of Viria's Cyber Security Operations Centre (CSOC) was expanded by increasing resources and competence and by using advanced technology, such as machine learning. Starting from September 2019, the Cyber Security Operations Centre has provided 24/7 service.

In the future, security solutions can be used in a more versatile manner. In August, Tansec introduced a cloud-based property management service, which can be used for alarm transfer, remote monitoring, predictive maintenance, optimised maintenance and data transfer to the desired location for refinement, among other things.

An example of how data produced by security systems can be used is the smart IoT solutions developed by Viria Security and Aureolis for monitoring the occupancy rate and user comfort in properties. In addition, hospitals use systems primarily developed for personal security and the data they collect for other purposes as well, such as locating devices and improving the customer experience.

FINANCIAL RESULT

The security business continued to perform well in 2019. Revenue grew to EUR 65.1 million (EUR 59.6 million) and profitability improved from the previous year. Growth was partly inorganic, resulting from the acquisition of Spellpoint Ltd, but there was also significant organic growth in business operations during the financial period.



Information Solutions

We boost our customers' competitiveness with data analytics and digital services that are based on a solid understanding of customers and their needs.

Information Solutions

Viria's information business consists of Bitfactor Oy, Hibox Systems Oy and Aureolis Oy, which became Viria's subsidiary at the beginning of 2019.

Bitfactor provides its customers with digital business solutions covering software development, service design, user experience design and analytics. Aureolis is a business intelligence expert organisation with services ranging from data warehousing to reporting, data analytics and data utilisation consulting. Hibox develops IPTV and hotel TV software and delivers related solution packages.

OPERATING ENVIRONMENT

The strong digitalisation development of companies and society in general is one of the key growth drivers for Viria. Digitalisation is not solely about technological development. Services and systems are developed using a business-oriented approach, with emphasis on the user experience, and in addition to the software solution itself, developments are often made in the process and sometimes also in the entire business model. The aspects highlighted in development projects include not only technological expertise but also the significance of customer and business insight and service design.

Use of data and business intelligence are key trends in business development. The amount of data is growing exponentially and organisations have a strong motivation to make their operations data-driven and to grab the oppor-

tunities offered by artificial intelligence. Data refinement, analytics and business intelligence consulting are Viria's key competences. By combining them with the Group's other service areas, solutions can be created for the needs of the Industrial Internet, for example.

IT training has not kept pace with demand, which has resulted in a fierce competition for professionals. This has slowed down growth throughout the segment to a certain extent. Further competence-related challenges are posed by the rapid technological development and the requirement of being able to understand the customer's business, which is crucial for the promotion of digital service models.

Instead of simple reporting, data is utilised to an increasing extent as a basis for forecast models and conclusions that support business operations.

Aureolis has tackled these challenges by organising a training programme of its own, called BI Academy. The programme has provided the company with new employees and continuing education for current employees.

UNDERSTANDING THE CUSTOMER IS THE KEY

Our customer relationships are based on long-term confidential cooperation and thorough understanding of our customers' business requirements. Our customers are mainly

major and medium-sized companies in various sectors but we have also promoted digitalisation in many smaller companies and public administration organisations.

We are technology-independent, and so we can always select the optimal methods and tools for the customer. Our development work is characterised by agile deployment into production and very close cooperation with the customer.

Growing areas of business intelligence utilisation include especially analytics and management by information: instead of simple reporting, data is utilised to an increasing extent as a basis for forecast models and conclusions that support business operations. New dimensions can be introduced into analytics by combining the company's own data with open data from other sources, such as weather forecasts and population and company data. In cooperation with Viria Security, Aureolis has realised occupancy rate analytics for public spaces, using security technology as sensors.

FINANCIAL PERFORMANCE

The information business revenue was EUR 37.7 million (EUR 19.1 million). The significant year-on-year growth is explained by the transformation of Aureolis from an associated company to a subsidiary. The companies' organic growth did not reach the same level as in the previous years. Profitability has remained good.

Corporate responsibility

Building better, safer and more secure everyday life is the cornerstone and purpose of Viria's operations. We contribute to creating society in which data and digital solutions make people's everyday life easier, promote well-being and save natural resources. Our solutions protect people, information and assets.

Our corporate responsibility focuses on three themes:

- 1 Secure digital services**
- 2 Well-being fairly**
- 3 Versatile and evolving**

The foundation for our work consists of responsible data processing, supply chain management and working for the environment and quality.

The themes and sub-topics serve as a platform for managing, monitoring and developing Viria's corporate responsibility. In 2019, we specified the content in more detail and chose actions and indicators for monitoring our progress.

Responsible Viria

SAFER SOCIETY, BETTER EVERYDAY LIFE

Secure digital services

- We protect information, people and assets
- We create success with digital solutions and data
- Our solutions withstand future business and information security challenges

Well-being fairly

- We act with integrity
- We grow profitably and are financially stable
- We create well-being throughout Finland and pay our taxes diligently

Versatile and evolving

- Our work community is versatile and entrepreneur-minded
- We want to offer equal chances for development
- Occupational safety always comes first

Foundation for our work

- We process data responsibly and respect privacy
- We keep responsibility in mind in purchasing and supply chain management
- We emphasise full life cycle efficiency in all devices and equipment
- We prevent and recycle waste
- Our quality and environmental activities are certified

WE ARE GUIDED BY OUR SHARED OPERATING PRINCIPLES AND ETHICAL GUIDELINES (CODE OF CONDUCT)

Our operations, decisions and conduct are guided by the shared principles: fairness, friendliness, reliability, courage and willingness to learn.

Guidelines related to ensuring the quality of our services, people's well-being and ethicalness and to minimising environmental impacts can be found in our ethical guide-

lines (Code of Conduct) and Group policies. These also include an anti-bribery policy, which defines the rules and restrictions concerning gifts and hospitality. The operating guidelines aim to ensure that all of those employed by Viria act responsibly and with respect for others.

We also require the Group's partners to comply with equivalent ethically sound principles. We take this into account when choosing partners.

SECURE DIGITAL SERVICES

Building a safe information society is at the core of Viria's operations. Every day, we protect people, information and other assets in hundreds of customer companies and public administration bodies from physical and digital threats. Our indirect impact is even more extensive: for example, we contribute to ensuring that society's key infrastructure is prepared for cyber threats.

Corporate responsibility

In 2019, we have invested especially in the real-time monitoring of our customer's security situation and in the ability to respond quickly. Our Cyber Security Operations Centre provides 24/7 customer service.

In autumn 2019, Viria Security was awarded the international ISO/IEC 27001 information security certificate. The pre-certification audit reviewed practices related to information security, data protection and risk management from various points of view: management, systems, working, documentation and continuous development, for example.

Security, resilience and data protection also play a key role in the development of digital services and the refinement of information. It is important for us to create services that genuinely make everyday life smoother and that do not compromise on user experience in the name of security or vice versa.

Viria has signed the Paris Call for Trust & Security in Cyberspace, a petition that includes nine cyber security principles and a commitment to cooperation for promoting a safe and secure cyber environment.

With its signature, Viria committed to, for example:

- preventing malicious cyber activities that threaten individuals or critical infrastructure,
- strengthening the security of digital products and services throughout their life cycle,
- preventing crime targeted at companies' data or intellectual property rights,
- promoting the widespread acceptance of norms of responsible behaviour and confidence-building measures in cyberspace.

Management by information creates new opportunities for companies and organisations: when used correctly, data improves operational efficiency and results achieved, generates competitive advantage and creates new business opportunities.

WELL-BEING FAIRLY

We operate in sectors where trust is key. For us, it is a self-evident choice to always act with integrity and in the best interest of our stakeholders.

Our growing and profitable operations create jobs and cash flows in different parts of the country. We operate in 23 localities, providing good service throughout Finland. Wages, salaries and remuneration paid by Viria in the financial period 2019 were EUR 42.6 million. In addition, we create financial well-being also indirectly through the subcontractors we use.

We value the Finnish welfare model and are prepared to do our share to foster it, also by paying taxes. In 2019, Viria paid EUR 4.5 million in income taxes.

Viria is owned by Finnish companies, public organisations and private persons. All in all, 95 per cent of the approximately 30,000 shareholders are private persons who own 63 per cent of the shares. In 2019, Viria paid out a total of EUR 9.1 million in dividends and the proposed total dividend for 2019 is EUR 10.4 million.

EUR million	2019	2018
Wages, salaries and remuneration	42,6	30,0
Dividends	9,1	7,0
Income taxes	4,5	4,7

VERSATILE AND EVOLVING

The Viria Group has approximately 700 employees in 23 localities. The foundation of our work community is appreciation of others. The Group has been built through corporate acquisitions involving several different companies and, partly as a result of this, Viria's employees still show a strong entrepreneurial spirit.

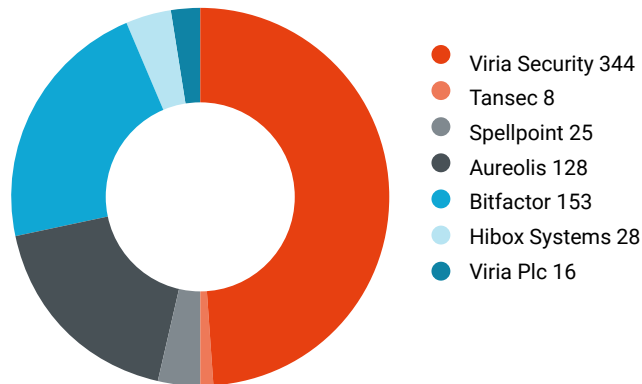
We want Viria to be a comfortable work community that offers well-being and an opportunity to do meaningful work each and every day. Each year, we assess personnel satisfaction both with an extensive survey and with compact pulse surveys. According to our employees, the most important factors influencing job satisfaction are meaningful tasks, strong team spirit at the workplace and fair pay. In an expert organisation, other prominent aspects include the opportunities for personal and competence development and the chance to influence one's own work.

In 2019, the personnel's overall satisfaction was at the same level as in the previous year, on average 78 (on a scale from 0 to 100). In some of the companies, satisfaction is excellent as a result of systematic work for people's well-being and a well-functioning corporate culture. We continuously develop factors enabling successful work performances as well as the personnel's opportunities to influence the content of their work. To develop managerial work, we launched the "Good manager" training programme in autumn 2019.

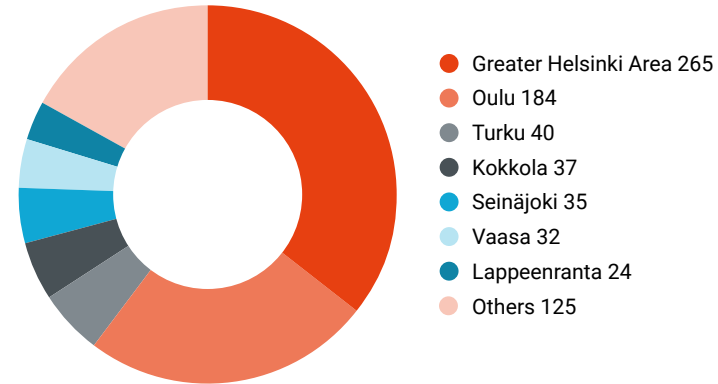
As expertise is the most important resource for us, the development of the personnel's competence plays a significant role. Means include on-the-job training, the organisation of own training sessions and external training programmes leading to customers' certificates, among other things. Viria also encourages independent learning

Corporate responsibility

PERSONNEL DISTRIBUTION
BY COMPANY (FTE)



LARGEST OFFICES (NOE)



and pays some of the related costs. Aureolis has established BI Academy to train its personnel and customers.

We want Viria to be an equal workplace for everyone. To prevent discrimination and to ensure equal treatment, Viria has an equality plan and its content is discussed regularly in manager and personnel events. In our sectors – security and IT – women’s share of the personnel is low and Viria is no exception to this rule. Our aim is to highlight the role of our female employees in various contexts, to provide an example that could encourage girls to seek technical education.

Each Viria employee has the right to go home healthy. In occupational safety, our target is zero accidents. Sufficient safety training is an essential element in the orientation of new employees. We also invest strongly in the ability to cope with workload. Viria Security has an OHSAS 18001:2007 certified occupational health and safety system.

The personnel’s share-based incentive scheme was highly popular both in 2018 and in 2019, with more than half of the personnel participating in it in both years. This is an indication of the personnel’s commitment and trust in Viria’s future.

RESPONSIBLE DATA PROCESSING, QUALITY AND ENVIRONMENT

For many of our customers, information is one of the most important assets. The customer trusts us with their information for processing or protection purposes. We want to demonstrate our worthiness of their trust by processing information appropriately and only as allowed by law and regulations, such as the EU’s General Data Protection Regulation.

Our quality and environmental activities are certified. Both Viria Security Ltd and Aureolis Oy have an ISO 9001:2015 certified quality management system and Viria Security Ltd also has an ISO 14001:2015 certified environmental

management system and an ISO 27001 certified information security management system.

We monitor customer satisfaction regularly with annual company-level surveys as well as with project-specific surveys.

The goal of Viria’s environmental activities is to prevent the wasting of resources and reduce energy consumption through continuous improvement. In all devices, equipment and fleet, we emphasise safety, sustainability and efficiency in line with the life cycle approach. We monitor the emissions from our vehicles on a monthly basis and in 2019, we improved our waste recycling efficiency.

We keep responsibility in mind throughout the supply chain and purchasing. We require our partners to commit to our ethical principles.

Corporate governance

BOARD OF DIRECTORS



Kai Dahl

Chairperson of the Board of Directors
b. 1957
Management Consultant, KDaCon,
board professional
Member of the Board of Directors since
2019



Jussi Hattula

b. 1968
Director, Finnish Industry Investment Ltd
(Tesi)
Member of the Board of Directors since
2018



Samu Kontinen

b. 1973
CEO, F-Secure Corporation
Member of the Board of Directors
since 2019



Timo Kotilainen

b. 1959
Founding Partner, KASIN Consulting Oy,
board professional
Member of the Board of Directors since
2019



Elina Piispanen

b. 1963
Board professional
Member of the Board of Directors since
2019



Katriina Valli

b. 1970
CEO, AI4Value
Member of the Board of Directors
since 2019

Corporate governance

SUPERVISORY BOARD

The Chairperson of the Supervisory Board is Martti Alakoski and the Vice Chairperson is Christian Wetterstrand.

	End of term
Martti Alakoski, Kurikka	2021
Carita Ehnström, Vaasa	2022
Pekka Haapanen, Vaasa	2020
Pasi Haarala, Vaasa	2021
Asko Istolahti, Seinäjoki	2020
Juha Koivisto, Laihia	2021
Matti Kulmakorpi, Seinäjoki	2020
Jorma Kuoppamäki, Seinäjoki	2022
Kuisma Laukkola, Seinäjoki	2022
Ari Närvä, Närpiö	2022
Björn Pundars, Vaasa	2020
Raimo Ristilä, Seinäjoki	2021
Yngve Snickars, Korsholm	2020
Janne Tuomikoski, Oulu	2022
Matti Uusi-Kakkuri, Kurikka	2021
Piia Uusi-Kakkuri, Vaasa	2020
Ossi Viljanen, Seinäjoki	2022
Christian Wetterstrand, Espoo	2021

Personnel representatives:

Miia Manner
Olli Korpierkki

MANAGEMENT TEAM



Mika Vihervuori

Group CEO
M.Sc. (Eng.)
Employed by the Group since 2013



Marko Järvinen

Viria Security Ltd's Managing Director
M.Sc. (Eng.), eMBA
Employed by the Group since 2014



Antti Pelkonen

Bitfactor Oy's Managing Director
M.Sc. (Eng.), eMBA
Employed by the Group since 2018
(Bitfactor since 2013)



Katja Ahola

Aureolis Oy's Managing Director
M.A.
Employed by the Group since 2017
(Aureolis since 2001)



Pirjo Suhonen

CFO
M.Sc. (Econ.), eMBA
Employed by the Group since 2018



Tiina Nieminen

Director of Communications
M.A.
Employed by the Group since 1998

Report of the Board of Directors 2019

Viria is an information and security technology solution provider with the core task of promoting digitalisation without compromising security.

The Group has two business areas: the information business and the security business. Viria's information business provides customers with business intelligence, data analytics and data refinement services as well as digitalisation solutions that range from service and user interface design to software development. Viria's security business is based on the One Security principle that combines cyber security services with security technology and locking solutions.

OPERATING ENVIRONMENT

The strong digitalisation development of companies and society in general is one of the most important growth drivers for Viria. It has direct or indirect impacts on nearly all of Viria's service areas, most typically on software development and data analytics utilisation. In addition, it increases the need for cyber security services significantly. In recent years, the growth of the entire IT service market has outpaced other economic growth. This trend is expected to continue.

Digitalisation is not solely about technological development. Services and systems are developed using a business-oriented approach, with emphasis on the user experience, and in addition to the software solution itself, developments are often made in the process and sometimes also in the entire business model. The aspects highlighted in

development projects include not only technological expertise but also the significance of customer and business insight and service design.

Use of data and business intelligence are key trends in business development. The amount of data is growing exponentially and organisations have a strong motivation to make their operations data-driven and to grab the opportunities offered by artificial intelligence. Data refinement, analytics and business intelligence consulting are Viria's key competences. By combining them with the Group's other service areas, solutions can be created for the needs of the Industrial Internet, for example.

The change of the corporate IT environment, such as cloud services, the increase in the number of systems, system integrations and inter-company ecosystems, increase the need for cyber security services and pose new kinds of challenges. Digitalisation and the Industrial Internet are strongly increasing companies' connectedness to the Internet and, as a result, cyber security has expanded from the protection of companies' local area networks and the significance of identity and access management, for example, has grown. Cyber security is also more closely linked with the protection of the physical environment, including camera surveillance, access control and locking solutions.

Digitalisation development is at different stages in different sectors. One of the pioneers in service digitalisation is the banking

and finance sector, which is also among Viria's main customer sectors. From this perspective, the sectors that Viria finds interesting and growing include social welfare, healthcare, commerce and industry, in which digitalisation offers considerable opportunities to develop processes and the customer experience.

Slower growth in the world economy and the euro area is reflected on Finland's economic growth, which is predicted to slow down in 2020. Digital development and demand for security solutions are anticipated to grow despite the declining economic situation. In Viria's business operations, the cyclical fluctuations of economy mainly affect the physical security services, with locking solutions being closely tied with the volume of new construction and renovation.

The increasing demand for IT and information security services has created a fierce competition for skilled employees, which has slowed down the growth of the entire IT sector to some extent. The sufficiency of competent labour force is a challenge for the growth of physical security business, too.

MATERIAL EVENTS DURING THE FINANCIAL PERIOD

Business arrangements and other significant transactions

At the beginning of the year, on 2 January 2019, Viria increased its holding in Aureolis Oy to 70 per cent. The data analytics and business intelligence company Aureolis had been Viria's associated company since 2017.

On 1 February 2019, Viria acquired all the shares of the cyber security company Spellpoint Group Ltd. Spellpoint supplements Viria's cyber security services with identity and access management services that are a key element in the implementation of information security and data protection in organisations.

At the beginning of October, Viria Plc sold its DNA shares to Telenor. The selling price was EUR 20.9 million, resulting in capital gains of EUR 18 million for Viria.

Security business

During the financial period, the security business invested significantly in the real-time monitoring of customers' information security status. The detection and service ability of Viria's Cyber Security Operations Centre (CSOC) has been expanded by increasing resources and competence and by using advanced technology, such as machine learning. To improve customer experience and the service level, Viria Security started using the fully updated OneManage customer portal, which is one of the most versatile and user-friendly customer portals on the market. The OneManage update was produced by one of the Group companies, Bitfactor.

In August, Tansec introduced a cloud-based property management service, which can be used for alarm transfer, remote monitoring, predictive maintenance, optimised maintenance and data transfer to the desired location for refinement, among other things.

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Viria Security was awarded the international ISO/IEC 27001 information security certificate. ISO 27001 is a valued certification, in which a company's practices related to information security, data protection and risk management are audited.

Information business

During the first months of the year, some major information business customers cut their digital development purchases. However, the resulting sales decrease could be compensated with new customers, and demand for digitalisation services has remained strong. During the financial period, all Viria companies have signed several agreements with major companies and significant public administration organisations.

For the second year in a row, Bitfactor received an honorary mention in the Grand One digital media competition. This time, Bitfactor was recognised for Fortum's SmartLiving service in the Most Innovative Digital Service category.

Viria's extensive customer base provides us with opportunities to find significant synergies in service sales and the mutually complementary competences in our business operations serve as a foundation for new innovative customer solutions. An example of synergistic solutions is the smart IoT solutions developed by Aureolis and Viria Security for monitoring the occupancy rate and user comfort in properties. One of these solutions is used in monitoring the occupancy rate of Ressu school's classrooms in Helsinki, as part of the Smart Learning Environments for the Future project of the City of Helsinki.

Strategy

The company's Board of Directors specified Viria's strategy on the basis of the extensive scenario-based strategy project carried out during the year. The basic strategic guidelines were reviewed and still considered relevant. Viria's main mission is to promote digitalisation without compromising security and sustainability. The goal is to grow strongly and become a forerunner in the utilisation of data and digitalisation and in smart security.

FINANCIAL PERFORMANCE

Viria's revenue was EUR 103.1 million (EUR 104.9 million). The decrease in the revenue was mainly due to the selling of the AB Sappa shares in autumn 2018 and some major information business customers' cuts in their digital development purchases.

EBITDA was EUR 5.6 million (EUR 21.2 million), or 5.4% of revenue, and the adjusted EBITDA was EUR 5.5 million (EUR 6.3 million), or 5.3% of revenue. EBITA totalled EUR 1.7 million (EUR 18.7 million), or 1.7% of revenue.

The Group's planned depreciation totalled EUR 9.1 million, of which the amortisation of goodwill accounted for EUR 6.9 million. After the amortisation of goodwill, the operating profit EBIT amounted to EUR -5.2 million (EUR 13.1) million. The operating profit (EBIT) and the profit for the period were impaired by write-downs made to the balance sheet values of certain properties, amounting to EUR 1.7 million.

The profit for the period was EUR 10.9 million (EUR 32.1 million) and earnings per share were EUR 2.04 (6.02). The profit was

improved by the EUR 18 million capital gains arising from the selling of DNA shares. The exceptionally high profit for 2018 is explained by the EUR 42 million capital gains arising from DNA shares and the AB Sappa transaction. The capital gains from the AB Sappa transaction, recorded under other operating income, also strengthened EBITDA and operating profit (EBIT) for the comparison period.

GROUP STRUCTURE AND ITS DEVELOPMENT

Aureolis Oy, which had been the Viria Group's associated company since 2017, became the Group's subsidiary as of 2 January 2019 after Viria increased its holding in the company to 70 per cent.

On 1 February 2019, Viria acquired all the shares of the cyber security company Spellpoint Group Ltd.

At the end of the year, the Group consisted of the parent company Viria Plc and its subsidiaries:

Security business

- Viria Security Ltd
- Spellpoint Group Ltd and its subsidiary Spellpoint Ltd
- Tansec Oy

Information business

- Aureolis Oy
- Bellurum BI-palvelut Oy
- Bitfactor Oy
- Hibox Systems Oy

Others

- Viria Kiinteistöt Oy

FINANCIAL POSITION, FINANCING AND INVESTMENTS

The Group's balance sheet total at the end of the review period was EUR 152.5 million (EUR 161.0 million). The equity-to-assets ratio at the end of the review period was 78.7% (72.1%).

Cash flow from operating activities before financial items and taxes was EUR 7.8 million (EUR 4.9 million).

Investments totalled EUR 10.5 million (EUR 28.0 million). Both in 2018 and 2019, the most significant investments were associated with corporate acquisitions.

Part of cash and cash equivalents is invested in publicly traded shares, fund units and bonds. At the end of the financial period, the book value of the Group's financial securities was EUR 10.2 million (EUR 20.6 million) and their market value was EUR 11.4 million (EUR 34.8 million).

According to the Annual General Meeting's decision, Viria Plc distributed a dividend of EUR 1.83 per share for 2018, totalling EUR 9.7 million (EUR 7.7 million). The dividend record date was 13 May 2019 and dividends were paid to the shareholders registered in the book-entry system on 21 May 2019.

RESEARCH AND DEVELOPMENT

The Group's direct costs related to R&D and product development totalled EUR 1.5 million (2018: EUR 1.3 million; 2017: EUR 0.8 million). This is 1.5 per cent of revenue (2018: 1.2 per cent; 2017: 0.9 per cent).

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FINANCIAL KEY FIGURES (EUR 1,000)

GROUP	2019	2018	2017
Revenue	103 104	104 924	87 910
Revenue, change, %	-1,7	19,4	-19,3
EBITDA	5 598	21 218	6 800
EBITDA, %	5,4	20,2	7,7
Adjusted EBITDA	5 492	6 309	5 275
EBITA	1 723	18 736	4 329
Adjusted EBITA	3 315	3 827	3 254
Operating profit (EBIT)	-5 201	13 060	997
Operating profit (EBIT), %	-5,0	12,4	1,1
Adjusted operating profit (EBIT)	-3 609	-1 849	-78
Profit for the period	10 859	32 072	2 789
Adjusted profit for the period	12 459	18 102	1 714
Return on equity, %	9,4	34,0	3,2
Equity-to-assets ratio, %	78,7	72,1	61,6
Return on investment, %	11,6	34,7	3,9
Gross investments	10 519	28 029	28 978
Balance sheet total	152 512	160 993	124 645
Average number of employees (FTE) ¹	693	516	384
Average number of employees (NOE) ²	724	533	399
Earnings per share ³	2,04	6,02	0,52

FINANCIAL KEY FIGURES (EUR 1,000)

PARENT COMPANY	2019	2018	2017
Revenue	867	971	1 269
Revenue, change, %	-10,7	-23,5	-54,9
EBITDA	-3 452	3 890	-1 990
EBITDA, %	-398,3	400,7	-156,7
EBITA	-3 576	3774	-2 180
Operating profit (EBIT)	-3 576	3774	-2 180
Operating profit (EBIT), %	-412,6	388,7	-171,7
Profit for the period	15 775	28 886	4 578
Return on equity, %	11,3	26,8	2,9
Equity-to-assets ratio, %	90,80	81,7	79,8
Equity/outstanding share	23	22	18
Return on investment, %	12,9	27,9	2,9
Gross investments	10 412	29 706	38 462
Balance sheet total	138 906	144 870	122 116
Average number of employees (FTE) ¹	16	17	29
Average number of employees (NOE) ²	19	20	30
Dividend per share ⁴	Proposal 1,90	1,83	1,45

¹ FTE: full-time equivalent

² NOE: number of employees

³ The shares owned by the Group are excluded from the total number of shares

⁴ The dividend per share for 2019 is the Board's proposal

CALCULATION FORMULAS:

EBITDA:

Operating profit + depreciation, amortisation and impairment

Adjustments:

The adjusted EBITDA, the adjusted EBITA, the adjusted operating profit (EBIT) and the adjusted profit for the period are calculated by excluding capital gains/losses arising from the disposal of properties, fixed asset shares and businesses, insurance and other compensations and other adjustments from the respective reported figure.

Return on equity, % (ROE):

$$\frac{\text{Profit/loss before appropriations} - \text{income taxes from actual operations} \times 100}{\text{Equity (average)} + \text{minority interest (average)}}$$

The divisor used is the average of the value at the beginning and the end of period, weighted by the duration of the financial period.

Equity-to-assets ratio:

$$\frac{\text{Equity} + \text{minority interest} \times 100}{\text{Balance sheet total} - \text{advances received}}$$

The values of the balance sheet date are used in the divisor and the dividend.

Return on investment, % (ROI):

$$\frac{\text{Profit/loss before appropriations} + \text{finance costs} \times 100}{\text{Balance sheet total (average)} - \text{non-interest-bearing liabilities (average)}}$$

The divisor used is the average of the value at the beginning and the end of period, weighted by the duration of the financial period.

Gross investments:

Capital expenditure for the period; divestment of assets not excluded.

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AVERAGE NUMBER OF EMPLOYEES, FTE

	2019	2018	2017
Group	693	516	384
Parent company	16	17	29

AVERAGE NUMBER OF EMPLOYEES, NOE

	2019	2018	2017
Group	724	533	399
Parent company	19	20	30

WAGES, SALARIES AND REMUNERATION FOR THE PERIOD

(1000 EUR)	2019	2018	2017
Group	42 563	30 041	19 424
Parent company	1 593	1 914	2 316

PERSONNEL

During the financial period, the Group had an average of 693 employees and the parent company an average of 16 employees. In the calculation of the average number of employees, potential part-time employment has also been taken into account. The increase in the number of employees is mainly due to the inclusion of Aureolis and Spellpoint in the Group.

As skilled and committed personnel is one of the key factors enabling Viria's success, the company focuses on fostering positive corporate culture and personnel satisfaction and developing competence continuously. Job satisfaction is assessed both by conducting an extensive annual survey and by continuously collecting feedback with pulse surveys and discussions.

Viria continued the long-term share-based incentive scheme for the personnel, which was originally launched in 2018. Its aim is to align the interests of Viria's employees and shareholders by encouraging Viria's employees to invest in the company's shares and to commit to working for the company's goals. The scheme was again highly popular and the share issue was oversubscribed. All in all, there were 330 participants, who subscribed to a total of 83,789 shares.

In the incentive scheme, the company offered Viria Plc's shares to the personnel in its core businesses at a reduced subscription price (10 per cent deduction from the share's average price in December 2018–June 2019 in Privanet). After a vesting period lasting slightly over two years, the scheme participants will receive, as a reward for their commitment,

additional free shares in early 2022. The amount of the additional shares is one fourth of the shares the participant in question originally purchased. To receive additional shares, the employee must hold the shares purchased until the end of the commitment period and also be employed by the Viria Group at the end of the commitment period.

The scheme also includes a performance-based bonus scheme for the management and certain key persons, in which the receipt of bonus shares requires that the Group-level targets set for them are achieved.

SHARES

On the balance sheet date, the company had 5,467,389 shares. Each share entitles its holder to one vote at the Annual General Meeting; however, no shareholder may vote with more than one tenth of the votes represented at the meeting.

As part of the share-based incentive scheme for the personnel, the company issued 83,789 new shares on 7 October 2019. Altogether 330 members of Viria's personnel took part in the issue. The subscription price was EUR 14.80. The subscription price was based on Viria's share's average price in Privanet in the period of December 2018–June 2019, with 10 per cent deducted from that price.

ANNUAL GENERAL MEETING

Viria Plc's Annual General Meeting was held on 9 May 2019. The Annual General Meeting adopted the financial statements for 2018 and discharged the members of the Board of Directors, the members of the Supervisory Board and the CEO from liability. The Annual General Meeting decided on the payment of a

dividend, the composition and remuneration of the Supervisory Board, the election of the auditor and the auditor's fees, the authorisation of the Board of Directors to purchase and transfer the company's own shares and the donation authorisation.

The following members of the Supervisory Board due to retire by rotation were re-elected for the next three-year period: Carita Ehnström, Jorma Kuoppamäki, Kuisma Laukola and Ossi Viljanen. Ari Närvä, Janne Tuomikoski and Matti Kulmakorpi were elected as new members.

KPMG Oy Ab was elected as the company's auditor, with Esa Kailiala, APA, as the principal auditor.

BOARD'S AUTHORISATIONS

The Annual General Meeting authorised the Board of Directors to decide on issuing a maximum of 820,000 shares. This authorisation applies to issuing of new shares as well as the company's own shares possessed by it. The amount equals 15.2% of all the shares of the company. The shares can be issued as consideration in business arrangements (at the maximum 600,000 shares) or as part of the personnel's incentive scheme (at the maximum 220,000 shares) or in other arrangements in the manner and extent decided by the Board of Directors. The share issue authorisation is valid for one year from the date of the Board's decision with regard to shares used in business arrangements and for four years from the date of the Board's decision with regard to shares associated with the personnel's incentive scheme.

Report of the Board of Directors 2019

VIRIA PLC'S LARGEST SHAREHOLDERS ON 31 DECEMBER 2019

Owner	Shares	% of shares
1 Finnish Industry Investment Ltd	275,000	5.05%
2 LocalTapiola Mutual Life Insurance Company	150,000	2.74%
3 LocalTapiola General Mutual Insurance Company	150,000	2.74%
4 Lakiasiaintoimisto Asiakasturva Oy	106,510	1.95%
5 Viria Group	80,530	1.47%
6 Pelkonen Antti	67,412	1.23%
7 City of Vaasa	66,700	1.22%
8 Heikkilä Kimmo Juhani	57,596	1.05%
9 OTC-sijoitus Oy	55,924	1.02%
10 Kuokka Timo Uolevi	50,000	0.91%
11 City of Seinäjoki	47,400	0.87%
12 Tuomikoski Janne	45,325	0.83%
13 Mininvest	40,676	0.74%
14 Ab C. Wetterstrand Oy	39,600	0.72%
15 City of Kurikka	31,500	0.58%
16 Wetterstrand Olavi	25,500	0.47%
17 Hotcom Ltd	24,000	0.44%
18 Municipality of Korsholm	19,700	0.36%
19 Municipality of Ilmajoki	16,100	0.29%
20 Snickars Lars Yngve Waldemar	13,900	0.25%
Total	1,363,373	24.93%

The list of the 50 largest shareholders can be found on the company's website at viria.fi/en

OWN SHARES
31.12.2019

	Shares	% of the share capital
Subsidiaries held the parent company's shares:	400	0,0 %
The parent company held own shares	80 130	1,47 %
The Group held own shares	80 530	1,47 %

The Annual General Meeting authorised the Board of Directors to decide on a maximum EUR 100,000 donation to non-profit or comparable causes.

BOARD OF DIRECTORS, SUPERVISORY BOARD AND MANAGEMENT

The members of Viria Plc's Board of Directors were Kai Dahl (Chairperson), Jussi Hattula, Samu Konttinen, Timo Kotilainen, Elina Piispanen, Vesa Routamaa (until 4 April 2019) and Katriina Valli (as of 4 April 2019). During the financial period, the Board of Directors convened 15 times.

The Audit Committee and the Personnel Committee, working under the Board of Directors, prepare matters that fall under the responsibility of the company's Board of Directors. The members of the Audit Committee were Timo Kotilainen, Kai Dahl and Vice-Chair of the Supervisory Board Christian Wetterstrand (26 April–5 October 2019) and the members of the Personnel Committee were Elina Piispanen, Jussi Hattula, Samu Konttinen and Katriina Valli. In addition, there was a Property Committee that worked under the Board of Directors 25 March–22 November 2019, with Christian Wetterstrand and Leo Höykinpuro, Director, Property Management, as its members.

The members of the Supervisory Board were Martti Alakoski, Carita Ehnström, Pekka Haapanen, Pasi Haarala, Asko Istolahti, Juha Koivisto, Matti Kulmakorpi (as of 9 May), Jorma Kuoppamäki, Kuisma Laukkola, Ari Närvä (as of 9 May), Björn Pundars, Raimo Ristilä, Yngve Snickars, Janne Tuomikoski (as of 9 May), Matti Uusi-Kakkuri, Piia Uusi-Kakkuri, Ossi Viljanen and Christian Wetterstrand.

During the financial period, the Supervisory Board convened three times. The Chairperson was Martti Alakoski.

Mika Vihervuori acts as Viria Plc's CEO and Group CEO.

The members of the Group's Management Team were CEO Mika Vihervuori, Viria Security Ltd's Managing Director Marko Järvinen, Viria Security Ltd's Deputy Managing Director Pertti Pikkarainen (until 31 August 2019), Aureolis Oy's Managing Director Katja Ahola, Bitfactor Oy's Managing Director Antti Pelkonen, CFO Pirjo Suhonen, SVP, Marketing & Sales Kimmo Heikkilä (until 31 July 2019) and Director of Communications Tiina Nieminen.

AUDITOR

The company's auditor is KPMG Oy Ab, a firm of Authorised Public Accountants, with Esa Kailiala, APA, as the principal auditor.

RELATED PARTY TRANSACTIONS

The Viria Group's related parties include subsidiaries, associated companies and joint ventures as well as the Group's Board of Directors, CEO and Management Team and companies in their control. The list of subsidiaries can be found under "Group structure and its development".

Viria Plc has granted a total of EUR 6.5 million in loans to the Group companies. The loan period is a maximum of 6 years. The loans are repaid in equal instalments or as a single payment, and the interest is paid once a year. As a rule, the loan interest rate is tied to a fixed interest rate or a basis interest rate. The loans are collateral-free. In addition, the

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company has granted a total of EUR 4.9 million as collateral for its subsidiaries' loans.

In connection with its share-based incentive scheme, the company has granted related party loans under market terms to its personnel in 2018 and 2019. On 31 December 2019, these loans totalled EUR 1,197,748.30, of which the share of the Group's Management Team members was EUR 58,744.86. The loan period is 1–3 years and the interest rate is the 12-month Euribor; however, at a minimum of 0%. The collateral for the loans is the shares subscribed by the persons in question with the loans granted.

ESTIMATE OF THE MOST SIGNIFICANT RISKS AND UNCERTAINTIES ASSOCIATED WITH OPERATIONS

Risk management is part of Viria's normal business operations. The risks identified by Viria's risk management are described below. If realised, they might have a significant impact on the company's profit or financial position.

A decline in the general economic situation and changes in the customers' operating environment may have negative effects on the company's business operations if decisions are made more slowly, postponed or cancelled entirely. Changes in the competitive situation can also influence the company's revenue and profitability.

A significant portion of Viria's business consists of projects executed for customers. Mismatch problems in project resource allocation, failures in project pricing or execution or project delays may impair the company's profitability. Unfavourable terms and condi-

tions of customer or supplier agreements or disputes arising with regard to their content may have negative impacts on the company's profit or may generate unexpected additional costs. Other customer-related risks include the loss of one or more key customers, a considerable decrease of purchases or customers' financial problems.

Viria is a service and expert company with business relying highly on skilled personnel. The company's profit and the implementation of the company's strategy may be impaired significantly if the company cannot recruit and retain skilled experts and continuously develop their competence according to the customer needs at each particular moment.

As a security sector company, Viria is subject to high expectations regarding the security and continuity of its services. A data breach, a data protection violation or the realisation of another security risk in the company's or a customer's environment may have significant direct and indirect negative effects.

Viria consists of several companies and corporate acquisitions may also be possible in the future. Failure in integrating companies and building synergy may complicate the attainment of Viria's strategic targets and decrease the commitment of the management and personnel of Group companies. Potential corporate acquisitions may also lead to unforeseen risks and hidden responsibilities, for which it has been impossible to make preparations.

SIGNIFICANT LEGAL MATTERS

During the financial period, Viria Plc had no pending legal matters.

EVENTS AFTER THE FINANCIAL PERIOD

At Viria Plc, there have been no significant events after the end of the financial period.

OUTLOOK

Medium-term financial targets

In the next few years, Viria seeks growth. The company's view is that this growth will be driven especially by the strong digitalisation development in society and the increasing need for cyber security services. In its strategy, Viria emphasises the growth of revenue and also expects revenue growth to contribute to the increase of the adjusted EBITDA in the medium term.

Outlook for 2020

Viria estimates that demand for digital development and security solutions will remain strong. To boost growth and competitiveness, the company will make significant investments in business development in 2020. Viria expects revenue to grow in the financial period 2020 and the adjusted EBITDA to remain at the same level as in 2019.

PROPOSAL ON THE USE OF THE PROFIT FOR THE PERIOD

The parent company's distributable funds are EUR 74,697,281.57 and the parent company's profit for the period is EUR 15,774,615.06. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.90 per share be paid from distributable funds.

No material changes have taken place in the company's financial position after the end of the financial period.

Consolidated income statement

(1000 EUR)	Note	1 Jan.–31 Dec. 2019	1 Jan.–31 Dec. 2018
REVENUE	3.	103 104	104 924
Production for own use		517	159
Other operating income	5.	557	15 892
Share of associated companies' profit/loss		0	-48
Materials and services	6.	32 617	48 083
Personnel expenses	7.	51 543	36 694
Depreciation, amortisation and impairment	8.	10 799	8 158
Other operating expenses		14 419	14 932
OPERATING PROFIT (EBIT)		-5 201	13 060
Finance income and costs	10.	20 793	26 714
PROFIT BEFORE APPROPRIATIONS AND TAXES		15 592	39 774
Income taxes	12.	-4 544	-7 595
Minority interest		-189	-107
PROFIT FOR THE PERIOD		10 859	32 072

Consolidated balance sheet

(1000 EUR)	Note	31.12.2019	31.12.2018
ASSETS			
NON-CURRENT ASSETS			
	13.		
Intangible assets		49 151	37 997
Tangible assets		8 712	11 003
Investments		237	10 104
NON-CURRENT ASSETS, TOTAL		58 100	59 104
CURRENT ASSETS			
Inventories	15.	5 604	5 947
Non-current receivables	16.	6 548	4 491
Current receivables	17.	19 826	20 504
Financial securities	18.	10 211	20 568
Cash in hand and at bank		52 225	50 379
CURRENT ASSETS, TOTAL		94 413	101 890
ASSETS, TOTAL		152 512	160 993

(1000 EUR)	Note	31.12.2019	31.12.2018
EQUITY AND LIABILITIES			
EQUITY			
	19.		
Share capital		1 504	1 504
Reserve fund		8 132	8 132
Connection fee fund		41 786	41 786
Reserve for invested unrestricted equity		2 240	1 000
Retained earnings		53 896	31 185
Profit for the period		10 859	32 072
EQUITY, TOTAL		118 419	115 680
MINORITY INTEREST			
		999	335
STATUTORY PROVISIONS			
	21.	0	13
LIABILITIES			
Non-current liabilities	22.	121	5 588
Current liabilities	23.	32 974	39 377
LIABILITIES, TOTAL		33 095	44 965
EQUITY AND LIABILITIES, TOTAL		152 512	160 993

Consolidated cash flow statement

(1000 EUR)	Note	1 Jan.–31 Dec. 2019	1 Jan.–31 Dec. 2018
Cash flow from operating activities			
Profit/loss for the period		10 859	32 072
Adjustments to the profit for the period		-5 643	-26 430
Cash flow from operating activities before the change in working capital		5 216	5 642
Change in working capital:			
Inventories	increase (-) / decrease (+)	343	-324
Current receivables	increase (-) / decrease (+)	463	-937
Current liabilities	decrease (-) / increase (+)	1 801	549
Cash flow from operating activities before financial items and taxes		7 823	4 930
Dividends received		1 150	990
Interest and other finance income		19 500	26 089
Finance costs		-228	-238
Taxes		-3 667	-4 665
Cash flow from operating activities		24 578	27 105
Cash flow from investing activities			
Purchase of shares		-12 014	-19 170
Investments in tangible and intangible assets		-2 123	-2 375
Disposal of shares and repayment of capital		-28	16 541
Proceeds from sale of tangible and intangible assets		540	189
Loans granted		0	-2 098
Repayment of loan receivables		0	603
Cash flow from investing activities		-13 626	-6 310

(1000 EUR)	Note	1 Jan.–31 Dec. 2019	1 Jan.–31 Dec. 2018
Cash flow from financing activities			
Share issue		421	0
Change in long-term loans		-1 500	-6 612
Change in short-term loans		-11 983	-1 221
Purchase of own shares		-71	-4
Disposal of own shares		355	17 066
Dividends paid and other profit distribution		-9 084	-7 026
Repayment of loan receivables		2 397	5 000
Cash flow from financing activities		-19 465	7 203
Change in cash and cash equivalents according to the statement			
		-8 512	27 999
Cash and cash equivalents 1 Jan.		70 948	43 186
Impact of currency exchange rate changes		0	238
Cash and cash equivalents 31 Dec.*		62 436	70 948
Change in cash and cash equivalents		-8 512	27 999

* In the cash flow statement, financial securities are treated as cash and cash equivalents.

Parent company's income statement

(1000 EUR)	Note	1 Jan.–31 Dec. 2019	1 Jan.–31 Dec. 2018
REVENUE	3.	867	971
Other operating income	5.	22	9 158
Personnel expenses	7.	1 809	2 142
Depreciation, amortisation and impairment	8.	124	116
Other operating expenses		2 532	4 097
OPERATING PROFIT (EBIT)		-3 576	3 774
Finance income and costs	10.	20 907	30 122
PROFIT BEFORE APPROPRIATIONS AND TAXES		17 331	33 896
Appropriations	11.	1 925	0
Income taxes	12.	-3 481	-5 010
PROFIT FOR THE PERIOD		15 775	28 886

Parent company's balance sheet

(1000 EUR)	Note	31.12.2019	31.12.2018
ASSETS			
NON-CURRENT ASSETS			
	13.		
Intangible assets		423	262
Tangible assets		275	277
Investments		81 580	72 308
NON-CURRENT ASSETS, TOTAL		82 278	72 848
CURRENT ASSETS			
Non-current receivables	16.	6 390	4 353
Current receivables	17.	2 811	4 492
Financial securities	18.	10 211	20 568
Cash in hand and at bank		37 217	42 609
CURRENT ASSETS, TOTAL		56 628	72 022
ASSETS, TOTAL		138 906	144 870

(1000 EUR)	Note	31.12.2019	31.12.2018
EQUITY AND LIABILITIES			
EQUITY			
	19.		
Share capital		1 504	1 504
Reserve fund		8 132	8 132
Connection fee fund		41 786	41 786
Reserve for invested unrestricted equity		2 240	1 000
Retained earnings		56 683	37 016
Profit for the period		15 775	28 886
EQUITY, TOTAL		126 120	118 325
CUMULATIVE APPROPRIATIONS	20.	2	2
STATUTORY PROVISIONS	21.	0	13
LIABILITIES			
Non-current liabilities	22.	4 032	3 423
Current liabilities	23.	8 752	23 107
LIABILITIES, TOTAL		12 784	26 530
EQUITY AND LIABILITIES, TOTAL		138 906	144 870

Parent company's cash flow statement

(1000 EUR)	Note	1 Jan.–31 Dec. 2019	1 Jan.–31 Dec. 2018
Cash flow from operating activities			
Profit/loss for the period		15 775	28 886
Adjustments to the profit for the period		-19 247	-32 816
Cash flow from operating activities before the change in working capital		-3 473	-3 930
Change in working capital:			
Current receivables increase -/decrease +		18	16
Current liabilities decrease -/increase +		-4	135
Cash flow from operating activities before financial items and taxes		-3 459	-3 779
Dividends received		1 255	4 268
Interest and other finance income		19 451	26 760
Finance costs		-171	-842
Taxes		-2 302	-4 191
Change in consolidated account receivable/liability		2 108	664
Cash flow from operating activities		16 883	22 880
Cash flow from investing activities			
Purchase of shares		-14 780	-22 186
Investments in tangible and intangible assets		-290	-62
Proceeds from sale of tangible and intangible assets		-28	0
Disposal of shares and repayment of capital		0	34 815
Loans granted		0	-2 100
Repayment of loan receivables		850	2 150
Cash flow from investing activities		-14 249	12 617

(1000 EUR)	Note	1 Jan.–31 Dec. 2019	1 Jan.–31 Dec. 2018
Cash flow from financing activities			
Share issue		421	0
Change in short-term loans		-1 500	-6 498
Change in long-term loans		-11 000	
Group contributions received		0	1 397
Purchase of own shares		355	266
Dividends paid and other profit distribution		-9 058	-7 132
Repayment of loan receivables		2 397	5 000
Cash flow from financing activities		-18 385	-6 967
Change in cash and cash equivalents according to the statement			
		-15 750	28 530
Cash and cash equivalents 1 Jan.		63 178	30 468
Cash and cash equivalents received in the merger			-4 180
Cash and cash equivalents 31 Dec.*		47 428	63 178
Change in cash and cash equivalents		-15 750	28 530

* In the cash flow statement, financial securities are treated as cash and cash equivalents.

Notes to the financial statements

ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS 2019

1. CONSOLIDATED FINANCIAL STATEMENTS

Viria Plc (registered office: Seinäjoki) is the parent company of the Viria Group. Copies of the consolidated financial statements are available at Viria Plc's office at Silmukkatie 6, 65100 Vaasa, Finland or online at www.viria.fi.

1.1. Scope of the consolidated financial statements

All Group companies are consolidated into the consolidated financial statements, with the exception of the following company: Fast. Ab Jakobstads Bottenvikvägen 31, for which no separate consolidation calculations have been made. The consolidation into the consolidated financial statements would not have a material impact on the Group's profit/loss or equity.

Spellpoint Group Oy and Spellpoint Oy has been consolidated as of 1 February 2019.

1.2. Accounting principles for the consolidated financial statements

The consolidated financial statements have been prepared according to the Finnish Accounting Decree. In the preparation of the consolidated financial statements, inter-company income, expenses and profit distribution as well as inter-company receivables and liabilities have been eliminated.

The acquisition cost method has been used in the elimination of inter-company shareholding. Minority interests have been separated from the Group's equity and profit/loss and presented as an item of their own.

Income from work that requires a long production period has been recognised as income on the basis of the percentage of completion. Work is considered to require a long production period if its estimated production period is at least six months. The percentage of completion for long-term projects is determined by their actual costs in proportion to their estimated total costs.

2. VALUATION PRINCIPLES

2.1. Valuation of non-current assets

Intangible and tangible non-current assets are recognised in the balance sheet at variable acquisition cost minus depreciation and amortisation according to plan.

Planned depreciation and amortisation periods are:

Development expenditure	5 years
Intellectual property rights	3–5 years
Other long-term expenses	3–10 years
Buildings and structures	15–25 years
Network	5 years
Machinery and equipment	3–5 years
Goodwill	5 years
Consolidated goodwill	5–10 years

Investments under non-current assets are valued at the lower of the acquisition cost or the probable fair value.

2.2. Valuation of inventories

Inventories are valued at the lower of the variable acquisition cost according to the average acquisition cost principle or the probable selling price.

2.3. Items denominated in foreign currency

Income statement items denominated in foreign currency have been converted into the Finnish currency at the average exchange rate of the financial period.

Balance sheet items denominated in foreign currency have been converted into the Finnish currency at the exchange rate of the balance sheet date.

2.4. Valuation of financial securities

Financial securities under current assets are valued at the lower of the acquisition cost or the probable replacement cost.

Impairments or reversals of impairment of investments and financial securities are presented under financial items.

2.5. Research and development costs

As a rule, R&D costs have been recognised as annual costs in the year in which they are incurred. R&D costs that generate income over several years have been capitalised in the balance sheet and will be depreciated over five years.

2.6. Pensions

The pension security of the Group's personnel has been arranged through external pension insurance companies. Pension contributions and expenses allocated to the financial period are based on the calculations made by the insurance company.

Pension expenses are recognised as expenses in the year in which they are accrued.

2.7. Income taxes and deferred tax liabilities

Taxes for the financial period have been recognised on an accrual basis. The deferred tax liabilities included in the cumulative amortisation difference are recorded in the consolidated financial statements under liabilities and the remainder of the amortisation difference under equity and minority interest.

2.8. Comparability of the information of the previous financial period

The following companies have been consolidated as new group companies in the financial period 2019: Aureolis Oy, Bel-lurum BI-palvelut Oy, Spellpoint Oy ja Spellpoint Group Oy. In the financial period 2018, Aureolis Oy has been consolidated as an associated company, The Group has EUR 18 million in capital gains from selling DNA shares under finance income in the financial period 2019.

In the financial period 2018, the Group's capital gains from the divestment of AB Sappa on 2 October 2018, EUR 15.6 million, is presented under other operating income. In addition, the Group has EUR 26.3 million in capital gains from selling DNA shares under finance income in the financial period 2018.

Notes to the financial statements

ACCOUNTING PRINCIPLES FOR THE PARENT COMPANY'S FINANCIAL STATEMENTS 2019

1.2. Accounting principles for the financial statements

The financial statements have been prepared according to the Finnish Accounting Decree.

2. VALUATION PRINCIPLES

2.1. Valuation of non-current assets

Intangible and tangible non-current assets are recognised in the balance sheet at variable acquisition cost minus depreciation and amortisation according to plan.

Planned depreciation and amortisation periods are:

Intellectual property rights	5 years
Other long-term expenses	3–10 years
Buildings and structures	15–25 years
Machinery and equipment	3–5 years

Investments under non-current assets are valued at the lower of the acquisition cost or the probable fair value.

2.2. Items denominated in foreign currency

Income statement items denominated in foreign currency have been converted into the Finnish currency at the average exchange rate of the financial period.

Balance sheet items denominated in foreign currency have been converted into the Finnish currency at the exchange rate of the balance sheet date.

2.3. Valuation of financial securities

Financial securities under current assets are valued at the lower of the acquisition cost or the probable replacement cost.

Impairments or reversals of impairment of investments and financial securities are presented under financial items.

2.4. Pensions

The pension security of the parent company's personnel has been arranged through external pension insurance companies. Pension contributions and expenses allocated to the financial period are based on the calculations made by the insurance company. Pension expenses are recognised as expenses in the year in which they are accrued.

2.5. Comparability of the information of the previous financial period

In the financial period 2019 the parent company has EUR 18 million in capital gains from selling DNA shares under finance income. In the financial period 2018, EUR 9.1 million in capital gains from the divestment of Sappa Oy on 2 October 2018 is presented under other operating income. In addition, in the financial period 2018 the parent company has EUR 26.4 million in capital gains from selling DNA shares under finance income.

Notes to the income statement

(1000 EUR)	Group 2019	Group 2018	Parent company 2019	Parent company 2018
3. REVENUE				
By business area				
Security	65 091	59 561		
Information	37 670	19 090		
TV	0	24 359		
Others	2 640	3 258	867	971
Revenue between business areas	-2 297	-1 343		
Revenue, total	103 104	104 924	867	971
By market				
Finland	100 869	78 463	867	971
Rest of Europe	2 086	26 247		
North America	109	182		
Others	40	33		
Revenue, total	103 104	104 924	867	971
Amount recognised as revenue during the financial period and previous financial periods for long-term projects that have been recognised as revenue according to their percentage of completion but that have not been handed over to customers	593	310		
Long-term project amount not recognised as revenue				
Projects recognised as revenue according to their percentage of completion	2 591	421		

(1000 EUR)	Group 2019	Group 2018	Parent company 2019	Parent company 2018
4. TRANSACTIONS BETWEEN GROUP COMPANIES				
Transactions between Group companies are based on the Group's internal transfer pricing guidelines, in which the starting point is the arm's length principle.				
Services and products sold to Group companies			867	917
Services and products bought from and rents received from Group companies during the financial period			535	272
Interest income from Group companies			55	34
Dividend income from Group companies			107	3 279
Group contributions from Group companies			1 925	
5. OTHER OPERATING INCOME				
Gains from the disposal of fixed assets	377	15 658	16	9 152
Grants received	10	10		
Group service income			7	6
Others	170	224	0	0
Other operating income, total	557	15 892	22	9 158
6. MATERIALS AND SERVICES				
Purchases during the financial period	29 084	27 783		
Change in inventories	341	-359		
	29 425	27 424		
External services	3 192	20 659		
Materials and services, total	32 617	48 083		
7. PERSONNEL EXPENSES				
Wages, salaries and remuneration	42 563	30 041	1 593	1 914
Pension expenses	7 746	5 249	192	202
Other social security expenses	1 234	1 404	24	26
Personnel expenses, total	51 543	36 694	1 809	2 142

Notes to the income statement

(1000 EUR)	Group 2019	Group 2018	Parent company 2019	Parent company 2018
7. PERSONNEL EXPENSES (continues)				
Management salaries and remuneration				
CEO, Managing Directors and governing bodies			543	538
CEO and Managing Directors	1 129	1 316		
Governing bodies	236	216		
Average number of the Group's and the parent company's employees during the period	693	516	16	17
of who white-collar employees	583	412	16	17
blue-collar employees	110	104		
Average number of employees when part-time employment is taken into account	724	533	19	20
of who white-collar employees	609	425	19	20
blue-collar employees	115	108		
Management pension commitments				
The retirement age is 55 years for some of the Managing Directors of Group companies and 62 or 63 years for others.				
8. DEPRECIATION, AMORTISATION AND IMPAIRMENT				
Depreciation and amortisation on tangible and intangible assets	2 178	2 482	124	116
Amortisation on consolidated goodwill and on goodwill of business acquisitions	6 924	5 676		
Impairments of non-current assets	1 698			
Depreciation and amortisation, total	10 799	8 158	124	116

A breakdown of depreciation and amortisation by balance sheet item can be found under Non-current assets

(1000 EUR)	Group 2019	Group 2018	Parent company 2019	Parent company 2018
9. AUDITOR'S FEES				
Firms of Authorised Public Accountants				
Auditing fees	101	92	47	46
Tax advice	32	25	25	14
Other fees	111	319	107	282
Auditor's fees, total	244	436	179	343
10. FINANCE INCOME AND COSTS				
Dividend income	1 150	926	1 255	4 268
Other interest and finance income				
From companies in the same Group			55	34
From others	19 219	26 894	19 095	26 811
Other interest and finance income, total	19 219	26 894	19 149	26 845
Impairments and reversals of impairment of financial securities	678	-577	678	-577
Interest expenses and other finance costs	-254	-528	-176	-414
Finance income and costs, total	20 793	26 714	20 907	30 122
11. APPROPRIATIONS				
Group contribution received			1 925	
Difference between planned depreciations and and depreciations and amortisations made in taxation			0	0
Appropriations, total			1 925	0
12. INCOME TAXES				
Income taxes from the previous financial period	4	71		
Income taxes from the financial period	4 540	7 525	3 509	25
Change in deferred tax liabilities	0	0	-28	4 985
Income taxes, total	4 544	7 595	3 481	5 010

Notes to the balance sheet

13. NON-CURRENT ASSETS

GROUP

Intangible assets	(1000 EUR)	Development expenditure	Intellectual property rights	Goodwill	Other long-term expenses	Consolidated goodwill	Advance payments and work in progress	Total
Acquisition cost 1 Jan. 2019		164	1 349	2 224	1 364	50 149	0	55 250
Additions			193	30	633	8 327	109	9 293
Disposals					-10			-10
Reclassifications				967		8 364		9 331
Acquisition cost 31 Dec. 2019		164	1 542	3 221	1 987	66 840	109	73 864
Cumulative amortisation and impairment 1 Jan. 2018		147	954	1 352	598	14 202		17 254
Changes in intra-Group eliminations					0			0
Cumulative amortisation for disposals					-2			-2
Amortisation for the period		14	223	605	301	6 319		7 462
Cumulative amortisation 31 Dec. 2018		161	1 177	1 957	897	20 521		24 714
Book value 31 Dec. 2019		3	365	1 263	1 090	46 319	109	49 151

Tangible assets	(1000 EUR)	Land	Connection fees	Buildings and structures	Networks	Machinery and equipment	Advance payment and work in progress	Total
Acquisition cost 1 Jan. 2018		1 727	34	14 669	272	5 333	47	22 083
Additions				60	134	973	54	1 220
Changes in intra-Group eliminations						-1		-1
Disposals				-435		-9		-444
Reclassifications				20		-26	6	0
Acquisition cost 31 Dec. 2018		1 727	34	14 313	406	6 270	107	22 857
Cumulative depreciation and impairment 1 Jan. 2019				7 338	113	3 628		11 079
Changes in intra-Group eliminations						0		0
Cumulative depreciation for disposals				-271				-271
Depreciation for the period				573	72	994		1 640
Impairment				1 698				
Cumulative depreciation 31 Dec. 2019				9 338	185	4 622		14 145
Book value 31 Dec. 2019		1 727	34	4 976	221	1 648	107	8 712

Investments	(1000 EUR)	Shares Associated companies	Shares Others	Other receivables	Total
Book value 1 Jan. 2018		4 088	16	6 001	10 104
Additions			7		7
Reclassifications		-72			-72
Disposals		-3 802	0	-6 000	-9 802
Impairment					0
Book value 31 Dec. 2019		214	23	1	237

Notes to the balance sheet

13. NON-CURRENT ASSETS

PARENT COMPANY

Intangible assets	(1000 EUR)	Intellectual property rights	Other long-term expenses	Work in progress	Total
Acquisition cost 1 Jan. 2019		291	290	0	581
Additions		7	148	129	283
Disposals			-10		-10
Acquisition cost 31 Dec. 2019		298	428	129	855
Cumulative amortisation and impairment 1 Jan. 2019		136	183		319
Cumulative amortisation for disposals			-2		-2
Amortisation for the period		59	56		115
Cumulative amortisation 31 Dec. 2019		195	238		432
Book value 31 Dec. 2019		103	191	129	423

Tangible assets	(1000 EUR)	Land	Buildings and structures	Machinery and equipment	Total
Acquisition cost 1 Jan. 2019		87	204	0	292
Additions				7	7
Acquisition cost 31 Dec. 2019		87	204	7	298
Cumulative depreciation and impairment 1 Jan. 2019			14	0	15
Depreciation for the period			8	1	9
Cumulative depreciation 31 Dec. 2019			22	1	23
Book value 31 Dec. 2019		87	181	6	275

Investments	(1000 EUR)	Shares Group companies	Shares Associated companies	Shares Others	Receivables Group companies	Receivables Associated companies	Total
Book value 1 Jan. 2019		60 943	4 016	0	1 350	6 000	-6 850
Additions		13 924			6 000		-3 802
Disposals					-850	-6 000	81 580
Disposals from intra-Group acquisitions			-3 802				0
Book value 31 Dec. 2019		74 866	214	0	6 500	0	70 929

14. THE GROUP'S AND THE PARENT COMPANY'S OWNERSHIP PERCENTAGES 31 DEC. 2019

Group companies	Group's ownership, %	Parent company's ownership, %	Group companies	Group's ownership, %	Parent company's ownership, %
Viria Security Ltd, Vaasa	100,00	100,00	Aureolis Oy, Helsinki	69,99	41,26
Bitfactor Oy, Oulu	100,00	100,00	Spellpoint Oy, Espoo	100,00	0,00
Tansec Oy, Kotka	100,00	100,00	Spellpoint Group Oy, Espoo	100,00	100,00
Viria Kiinteistöt Oy, Vaasa	100,00	100,00			
Hibox Systems Oy Ab, Turku	86,87	86,87	Associated companies		
Bellurum BI-palvelut Oy, Helsinki	100,00	100,00	Fast. Ab Jakobstads Bottenvikvägen 31, Pietarsaari	25,62	25,62

Notes to the balance sheet

(1000 EUR)	Group 2019	Group 2018	Parent company 2019	Parent company 2018
ASSETS				
CURRENT ASSETS				
15. INVENTORIES				
Raw materials and consumables	5 604	5 947		
Inventories, total	5 604	5 947		
16. NON-CURRENT RECEIVABLES				
Loan receivables	6 256	4 286	6 256	4 286
Others receivables and deferred tax assets	158	138		
Prepayments and accrued income	134	67	134	67
Non-current receivables, total	6 548	4 491	6 390	4 353
17. CURRENT RECEIVABLES				
Sales receivables	15 337	12 479	1	1
Sales receivables from companies in the same Group			1	3
Loan receivables	629	1 300	628	1 300
Other receivables	294	418	133	79
Other receivables from companies in the same Group			1 925	
Prepayments and accrued income	3 566	6 307	112	3 108
Prepayments and accrued income from companies in the same Group			11	
Current receivables, total	19 826	20 504	2 811	4 492
Breakdown of prepayments and accrued income:				
Interest receivables	0	21	0	21
Tax assets	77	46		
Percentage-of-completion receivables	57	13		
Accruals of personnel expenses	48	132	3	83
Others	3 384	6 095	109	3 005
Prepayments and accrued income, total	3 566	6 307	112	3 108

(1000 EUR)	Group 2019	Group 2018	Parent company 2019	Parent company 2018
ASSETS				
CURRENT ASSETS				
18. FINANCIAL SECURITIES				
Financial securities consist of publicly traded shares, fund units and bonds.				
Replacement cost	11 365	34 813	11 365	34 813
Book value	10 211	20 568	10 211	20 568
Difference	1 154	14 245	1 154	14 245

Notes to the balance sheet

(1000 EUR)	Group 2019	Group 2018	Parent company 2019	Parent company 2018
EQUITY AND LIABILITIES				
19. EQUITY				
Share capital 1 Jan.	1 504	1 504	1 504	1 504
Share capital 31 Dec.	1 504	1 504	1 504	1 504
Reserve fund 1 Jan.	8 132	8 132	8 132	8 132
Reserve fund 31 Dec.	8 132	8 132	8 132	8 132
Connection fee fund 1 Jan.	41 786	41 786	41 786	41 786
Connection fee fund 31 Dec.	41 786	41 786	41 786	41 786
Reserve for invested unrestricted equity 1 Jan.	1 000		1 000	
Disposal of own shares	1 240	1 000	1 240	1 000
Reserve for invested unrestricted equity 31 Dec.	2 240	1 000	2 240	1 000
Retained earnings 1 Jan.	63 257	21 866	65 902	46 059
Profit distribution	-9 714	-7 698	-9 705	-7 814
Purchase of own shares	-62	-3		-1 098
Disposal of own shares		16 800		
Exchange rate difference				
Other changes in equity	415	219	486	-132
Retained earnings 31 Dec.	53 896	31 185	56 683	37 016
Profit for the period	10 859	32 072	15 775	28 886
Equity, total	118 419	115 680	126 120	118 325
CALCULATION OF DISTRIBUTABLE FUNDS 31 DEC.				
Reserve for invested unrestricted equity			2 240	1 000
Retained earnings			56 683	37 016
Profit for the period			15 775	28 886
Distributable funds, total			74 697	66 902

(1000 EUR)	Group 2019	Group 2018	Parent company 2019	Parent company 2018
EQUITY AND LIABILITIES				
LIABILITIES				
20. CUMULATIVE APPROPRIATIONS				
Cumulative appropriations in the parent company consist of the cumulative amortisation difference.				
21. STATUTORY PROVISIONS				
Pension provision	0	13	0	13
Statutory provisions, total	0	13	0	13
22. NON-CURRENT LIABILITIES				
Deferred tax liabilities from appropriations	0	0		
Loans from financial institutions	40	5 500		1 500
Consolidated account liabilities to companies in the same Group			4 032	1 923
Other non-current liabilities, partial payment liabilities	81	87		
Non-current liabilities, total	121	5 588	4 032	3 423
23. CURRENT LIABILITIES				
Loans from financial institutions	5 712	13 643	1 500	12 500
Advance payments received	802	151		
Trade payables	4 414	3 609	434	220
Trade payables to companies in the same Group			78	87
Other liabilities	5 480	3 973	2 051	1 738
Accrued expenses and deferred income	16 565	18 001	4 653	8 561
Accrued expenses and deferred income to companies in the same Group			36	1
Current liabilities, total	32 974	39 377	8 752	23 107
Breakdown of accrued expenses and deferred income:				
Interest liabilities	4	36	0	33
Accruals of social security expenses	9 296	6 656	338	565
Unpaid income taxes	4 875	4 100	3 509	2 481
Others	2 389	7 208	806	5 482
Total	16 565	18 001	4 653	8 561

Notes to the report of the Board of Directors

MATERIAL EVENTS DURING THE FINANCIAL PERIOD

Viria Plc acquired all the shares of Bellurum BI-palvelut Oy on 2 January 2019 and hence increased its holding in Aurelosi Oy to 69.99 per cent.

On 1 February 2019, Viria acquired all the shares of the cyber security company Spellpoint Group Ltd.

In the financial period, Viria Plc has sold its DNA shares for selling price of EUR 21 million euro, resulting in capital gains of EUR 18 million for Viria.

SHARES

The company has 5 467 389 shares.

Each share entitles its holder to one vote at the Annual General Meeting; however, no shareholder may vote with more than one tenth of the votes represented at the meeting.

OWN SHARES

On 31 December 2018, subsidiaries held 400 shares of the parent company (0.0 per cent of the share capital) and the parent company held 80,130 own shares (1.5 per cent of the share capital); in other words, the Group held a total of 80,530 own shares (1.5 per cent of the share capital).

As part of the share-based incentive scheme for the personnel, the company issued 83,789 new shares on 7 October 2019. Altogether 330 members of Viria's personnel took part in the issue. The subscription price was EUR 14.80. The subscription price was based on Viria's share's average price in Privanet in the period of December 2018–June 2019, with 10 per cent deducted from that price.

PROPOSAL ON THE USE OF THE PROFIT FOR THE PERIOD

The parent company's distributable funds are EUR 74,697,281.57 and the parent company's profit for the period is EUR 15,774,615.06. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.90 per share be paid from distributable funds.

No material changes have taken place in the company's financial position after the end of the financial period.

EVENTS AFTER THE PERIOD

At Viria Plc, there have been no significant events after the end of the financial period.

Other notes

(1000 EUR)	Group 2019	Group 2018	Parent company 2019	Parent company 2018
COLLATERAL				
Debts with business mortgage given as collateral				
Loans from financial institutions	0	2		
Business mortgages				
Business mortgages given as collateral	84	485		
Business mortgages available	7 250	5 000	5 000	5 000
Debts with shares or book-entry accounts given as collateral				
Loans from financial institutions	1 500	14 000	1 500	14 000
	1 500	14 000		
Shares given as collateral/negative pledge	9 702	9 702	9 702	9 702
	9 702	9 702	9 702	9 702
Debts with a guarantee as collateral				
Loans from financial institutions	4 000	5 143		
Overdraft facilities	139	195		
Drawn loans and overdraft facilities	4 139	5 338		
Available loans and overdraft facilities	4 900	6 043		
Amount of the guarantee given as collateral	4 139	5 338		
Collateral and guarantees given on behalf of companies in the same Group				
Total collateral amount granted			4 139	5 338
Drawn			4 900	6 043

(1000 EUR)	Group 2019	Group 2018	Parent company 2019	Parent company 2018
Contingent liabilities				
Rental and leasing commitments				
Payable in the next 12 months	4 104	3 739	52	50
Payable later	2 877	2 988	13	15
Total	6 980	65	65	
Other commitments and collateral				
Total collateral amount granted	476	393		
Drawn	475	393		
VAT return obligation for real estate investments				
	88	98		
Collateral and contingent liabilities, total	21 468	22 743	13 905	15 105

Viria Kiinteistöt Oy is under obligation to check the VAT deductions it has made for the following real estate investments: Silmukkatie 4 capitalised in 2014, Puskantie 16–18 and Torikatu 36 capitalised in 2013, Museokatu 11, Yrittäjätie and Puskantie 16–18 capitalised in 2014, Museokatu 11 capitalised in 2016 and Puskantie 16-18 and Yrittäjätie 15 capitalised in 2019

Viria Kiinteistöt Oy: negative pledge to Danske Bank Plc.

Date and signatures of the financial statements and the report of the Board of Directors

Vaasa, 27 February 2020

Kai Dahl
Chairperson

Katriina Valli

Timo Kotilainen

Jussi Hattula

Elina Piispanen

Samu Konttinen

Mika Vihervuori
CEO

Auditor's Report

To the Annual General Meeting of Viria Plc

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Viria Plc (business identity code 0747682-9) for the year ended 31 December, 2019. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

In our opinion, the financial statements give a true and fair view of the group's and 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 Financial Statements* section of our report. We are independent of the parent company and of the group companies 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 parent company's and the group'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 parent company or the group 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 parent company's or the group'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 parent company's or the group'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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Other opinions

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Supervisory Board and the Board of Directors of the parent company and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki 27.2.2020
KPMG OY AB
Esa Kailiala
KHT

