

Annual Report 2020



VIRIA

The logo for Viria, featuring the word "VIRIA" in a bold, sans-serif font. The letter "I" has a blue dot above it, and the letter "A" has a blue dot below it.

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CEO's review

CEO's review

The year 2020 was a highly exceptional period due to the COVID-19 pandemic. For Viria, the developments during the year largely followed the same pattern as in the market in general. The company's growth got off to a good start at the beginning of the year but then stopped when the outbreak of the pandemic led to uncertainty and delays in customers' decision-making and the restrictions introduced by the authorities prevented customer deliveries. The situation levelled off during the early autumn and the second wave of the pandemic in the autumn did not have a negative impact on business. The final months of the year were very good, as customers started previously postponed projects and the new operating practices necessitated by remote work became well-established. Nevertheless, the uncertainty caused by the pandemic continued throughout the year and is likely to extend to 2021.

Viria's revenue grew by 3.6 per cent to EUR 106.8 million. Adjusted EBITDA was EUR 6.2 million, or 5.8% of revenue. We can be satisfied with these figures considering the circumstances. COVID-19 reduced the growth expected for the year, but its overall impact on the company's business for the full year was moderate. Marketing and travel expenses, for example, were lower than expected due to the pandemic, which supported profitability.

Revenue growth was mainly derived from Viria's security business. The digital development business was hit harder by the uncertainty in the spring. That business only began to return to normal towards the end of the year, but the final months of the year were quite good.

Continuing services represent approximately a quarter of Viria's business, which became a source of stability for the company in a period when the project business and consulting suffered from the uncertainty created by the pandemic. Increasing the share of continuing services is one of our priorities and we are seeing very good growth in cyber security SOC services, for example.

Viria operates in two growing segments that play a key role in the development of society: security and digital services. The COVID-19 saw the trend of digitalisation spread to industries and functions that have previously persisted with more traditional operating practices. This boosts the demand for Viria's services and has also been reflected in digitalisation projects being increasingly linked to process renewal through service design.

” Viria operates in two growing segments that play a key role in the development of society: security and digital services.

As functions increasingly move online, the significance of cyber security is growing and extending further into the physical realm. Data breaches and various cyber attacks continue to increase and represent a significant threat to all industries. The shortage of information security experts creates demand for the comprehensive information securi-

ty and corporate network services provided by Viria. Combined with our physical security solutions, they constitute a very comprehensive overall security offering.

Services related to the promotion of digitalisation and the more effective use of data are produced by two companies under Viria: Aureolis and Bitfactor. During the year under review, the companies engaged in closer cooperation and combined their service offering to create the Murros expert service. With more than 300 experts, the companies can serve customers very extensively. Our diverse expertise covers, for example, promoting the use of business intelligence, service design, digital service implementation as well as data analytics and artificial intelligence solutions for various data platforms.

The health and safety of our employees and customers are among our highest priorities, and the circumstances of the past year underscored their importance. I am proud of our employees, as they have quickly adapted to remote work and the best practices of safe in-office work while demonstrating agility and a customer-driven attitude in new circumstances. I want to take this opportunity to thank you all for your strong contribution during the year.

I also want to thank our customers and shareholders for their trust in Viria.

Samu Konttinen

Viria Group in brief

Viria is a digital development and security technology solution provider with the core task of building digital services and secure network connections as well as protecting customers from information security risks and other security risks.

Our service areas

DIGITAL DEVELOPMENT



Business intelligence



Data platforms and reporting



Analytics and artificial intelligence



Service and business design



Software development

SECURITY SOLUTIONS



Cyber security



IT infrastructure



Identity and access management



Security technology



Structural security

The Group has two business areas: digital development and the security business.

The digital development business provides customers with business intelligence, data analytics and 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.

Both of our businesses have established a strong foothold in a growing market. They have a broad customer base in sectors such as health care, retail, finance, insurance and energy. Sectors that we believe are in an interesting stage with regard to digitalisation include social welfare, health care, retail and industry, where digitalisation presents significant opportunities for the development of processes and the customer experience. In data analytics, the financial industry has been a very significant customer segment for

the company, and we expect it to be of strategic importance going forward.

The strong digitalisation development of companies and society in general is one of the most important drivers of growth for Viria as well as a driver of change that inspires us to pursue continuous improvement. It has direct or indirect impacts on nearly all of our service areas, most typically on software development and data analytics utilisation. In addition, it increases the need for cyber security services significantly.

We want to operate near our customers and our network in 22 locations ensures a strong nationwide service capacity. Our largest offices are in the Greater Helsinki Area and Oulu.

Strategy

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

1 We contribute to our customers' success in two ways:

We help them utilise data and digitalisation in creating a better customer experience and a competitive advantage.

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.

2

We provide peace of mind by protecting people, information and assets with solutions that ensure safe, secure and smoothly running everyday life.

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 pursue growth in all of our businesses.

The strong digitalisation development of companies and society in general and the intertwining of the digital and physical worlds provide good conditions for the growth of Viria and its services.

In our view, growth is boosted by the 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 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 can combine physical security and cyber se-

curity into a service solution and incorporate analytics into our security solutions. This way, they not only secure our customers' business but also increase efficiency.

We pursue growth and improved profitability in all of our business areas. Our strong balance sheet also enables us to make 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 global trends behind our strategy

Digitalisation is changing operating practices

- New business models and revenue models
- Transformation of buying and consumption
- The increasing use of data
- Automation, robotics, artificial intelligence and IoT
- IT is moving to the cloud

Growing need for security

- Digitalisation increases exposure to new threats
- Cyber crime is becoming increasingly professional
- Cyber attacks against nation states
- Hacktivism

Key figures for 2020

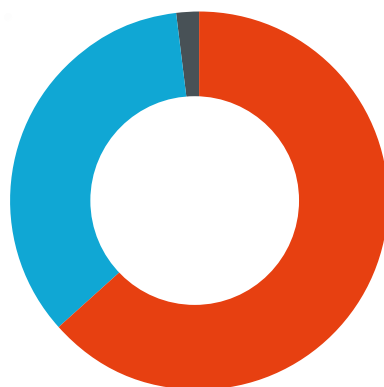
Revenue EUR **106,8** million

Adjusted EBITDA EUR **6,2** million

Balance sheet EUR **136,7** million

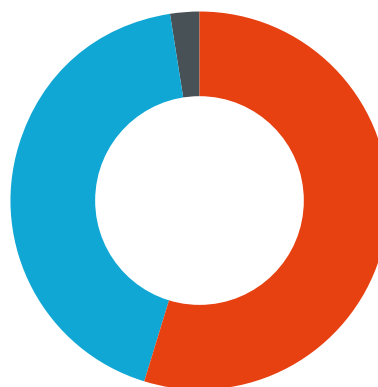
Personnel **714**

REVENUE DISTRIBUTION BY
BUSINESS, EUR MILLION



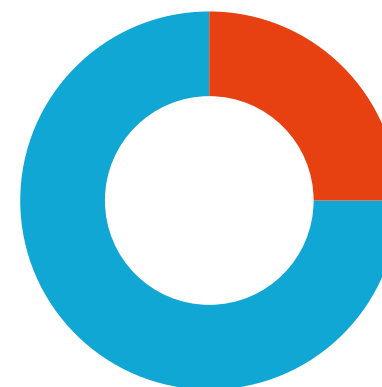
- Security 69,1
- Digital development 37,9
- Other 1,9

PERSONNEL DISTRIBUTION
BY BUSINESS (FTE)



- Security 391
- Digital development 307
- Parent company 16

REVENUE DISTRIBUTION



- Recurring services 25 %
- Projects and consulting 75 %

Financial result

Viria's revenue grew by 3.6 per cent during the financial year and amounted to EUR 106.2 million.

Revenue grew particularly in Viria's security business. The COVID-19 pandemic had a negative impact on the Group's planned growth, but its overall effect on business was moderate.

Adjusted EBITDA improved by 12.2% year-on-year and amounted to EUR 6.2 million. Cost savings were achieved due to the restrictions introduced in response to COVID-19, particularly with regard to travel expenses, but the cost savings are estimated to be temporary.

The Group's profit for the financial year came to EUR -4.2 million (EUR 10.9 million) and earnings per share were EUR -0.75 (EUR 2.04). The profit was affected by the amortisation of consolidated goodwill arising from acquisitions made in the past few years. The profit for the comparison period was attributable to EUR 18 million in capital gains arising from the sale of DNA shares.

Customer story



Are the recommended crowd sizes exceeded?

The City of Helsinki uses a service provided by Viria based on video analytics which shows the number of people at key outdoor locations in the city at different times.

The crowd counting service improves the city's security by helping the authorities allocate resources to areas with large crowds. During the COVID-19 pandemic, the crowd counting service also helps the city ensure that the recommended crowd sizes are not exceeded during events. The system generates an alert whenever there is a significant and unexpected increase in crowd size at a given location.

The solution was delivered in cooperation between Viria Security and Aureolis.

A photograph of two men in a server room. The man in the foreground is wearing a grey long-sleeved shirt and a red lanyard with 'VIRIA' written on it. He is looking intently at a large monitor on the right. The man behind him has a beard and is also looking at the monitor. The room is filled with server racks, cables, and multiple computer monitors. An orange semi-transparent box is overlaid on the bottom right of the image, containing text.

Security solutions

As the physical and digital world become increasingly intertwined, it is important to view security as a whole and see the big picture.

Security solutions

The purpose of Viria's security business is to strengthen customers' confidence in the future and the continuity of business by protecting people, information and property. We believe that security is at its most effective when it is convenient and appropriately scaled for the customer: when it is easier to do things right than do things wrong.

Viria's security business consists of Viria Security Ltd, Spellpoint Ltd and Tansec Oy.

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. Spellpoint's specialty is identity and access management, which ensures that authorised persons can access systems easily and that unauthorised use is prevented. Tansec specialises in alarm transmission systems that safeguard the transmission of fire or burglar alarms, for example, to the correct destination immediately and without interruption.

GROWTH DURING A CHALLENGING PERIOD

In spite of the challenges created by the COVID-19 pandemic, Viria's security business continued to perform well in 2020. The latter part of the year was particularly strong. Revenue grew to EUR 69.1 million (65.1).

The COVID-19 pandemic has affected the security business in two primary ways: especially in the health care and social welfare segment, installation and maintenance operations have been postponed or restricted to only what is essential. At the same time, increased remote work in customer companies has increased the need for the provision of secure remote connections with adequate capacity.

FOCUS ON CYBER SECURITY AND CLOUD SERVICES

In our view, the most significant growth opportunities in the security business lie in cyber security and cloud services. Accordingly, we invested heavily in the development of related services and competencies in 2020. We launched several new related services during the year in areas including the cloud transformation, cloud security and the monitoring of critical industrial environments.

The Cyber Security Operations Centre (CSOC) that was significantly expanded in the previous year has achieved the goals set for it and proved to be a key factor with regard to the cyber security of customers.

The significance of cyber security is also growing in building security and safeguarding people's safety as security technology is becoming increasingly digital and networked. A company's internal network can be attacked through an unprotected surveillance camera, for example. In security solutions, there is a move towards more comprehensive solutions, with system integrability and online management taking centre stage.

In addition to a service offering that covers both physical and digital security, Viria's key competitive advantage lies in its extensive network of operating locations, which enables a strong nationwide service capacity.

The shift from one-off investments to continuing services is a clear trend in security solutions. In the future, security solutions can be used in a more versatile manner by refining the accumulated data to achieve business benefits. As one example of this, Viria Security has teamed up with the group company Aureolis to build smart IoT solutions for monitoring crowd sizes and the utilisation rate of premises.

We only have one security and it is all about people

For LocalTapiola, it is important to see the big picture when it comes to security. Both the physical and digital dimensions of security must be taken into account.

"There are no separate securities. Of course, there are various areas of security, but there is only one total security that is the ultimate goal. Everything ultimately comes down to people and their security – whether that concerns information security or access control, for example," says **Sami Sallinen**, Security Manager at LocalTapiola.

At LocalTapiola, everyone who is responsible for security is part of the same team. When security is viewed as one package, it also has a strong proactive element. Security is not only an aspect of everyday operations, it is also a process of continuous development.

Preparations for hospitals filling up to capacity

In the spring, hospitals getting filled up to capacity in Northern Italy, among other places, made for worrying news headlines. To prepare for a scenario where Finnish hospitals would also be full of COVID-19 patients, Viria Security quickly productised a plug and play model of the nurse call system of its partner 9Solutions, which the hospital staff can set up themselves, for example, in temporary facilities for providing care. The system is delivered pre-programmed, which means that its deployment requires no technical expertise or external assistance.



Digital development

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

Digital development

Viria's digital development business finds and builds new business opportunities in the digital world. They are based on the effective use of data and creating a strong customer experience. With more than 300 experts, we can offer a wide range of digital development and business intelligence services to our customers.

In 2020, the business area consisted of Aureolis Oy, Bitfactor Oy and Oy Hibox Systems Ab, with the latter being sold to the Swedish company Accedo AB in February 2021. 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 artificial intelligence solutions. Hibox develops IPTV and hotel TV software and delivers related solution packages.

COVID-19 REDUCED GROWTH, THE STRONG TREND OF DIGITALISATION IS CONTINUING

The revenue of the digital development business amounted to EUR 37.9 (37.7) million. Growth was reduced by the market uncertainty caused by COVID-19, which reduced customers' development investments and slowed their decision-making. Nevertheless, in the long term, we expect the digital service development market to grow.

The situation stabilised in the latter part of the year. We won significant data analytics projects and the utilisation rate of our consulting services was at a good level. The restrictions introduced in response to the pandemic have created a growing need for digital services and lowered the threshold for their implementation. This has seen digitalisation expand to new sectors.

Automation and robotics free up employees' time from routine tasks for more important duties. We have implemented solutions of this nature to increase the efficiency of a customer's financial management, for example.

In cooperation with Viria's security business, we have developed video analytics solutions for customers to make more diverse use of surveillance cameras by introducing features such as pattern recognition, target recognition, crowd counting and alerts. Another form of cooperation between businesses consists of software development for security systems and related system integrations.

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.

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. 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.

The shortage of highly competent professionals in the industry is a challenge to accelerating the rate of growth. 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. Among the companies belonging to Viria Group, Aureolis, for example, 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.

VR – towards an even better customer experience and enhanced business performance

Bitfactor's professionals designed and implemented a big data and data analytics platform for VR. The platform serves as a foundation for an even better user experience for online and mobile applications as well as deeper business insight. The solution created for VR solved the challenges associated with data enrichment in one of the largest online stores in Finland.

Enhancing financial management through robotics

The financial management of companies and non-profit organisations includes many routine tasks that involve processing or reviewing large amounts of data, which takes a lot of time.

Aureolis reduced Viria Security's financial management workload by implementing a robotics solution that involves a robot performing order transfer tasks and checking rows of invoices. These processes involve high volumes and laborious manual review tasks, which is why assigning them to a software robot has increased the efficiency of operations. At the same time, it has freed up the employees' time for tasks that require human involvement, such as the development of processes and operating practices.

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 conserve natural resources. Our solutions protect people, information and assets.

Our corporate responsibility focuses on three themes:

- 1 **Safe and smooth everyday life**
- 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.

Corporate responsibility

Responsible Viria

Safe and smooth everyday life

- 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

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 ethicality and to minimising environmental impacts can be found in our ethical guidelines (Code of Conduct) and Group policies. These also include an anti-corruption and 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.

SAFE AND SMOOTH EVERYDAY LIFE

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.

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.

Digitalisation increases the efficiency of resource use and promotes economic well-being. We help our customers take advantage of data and technology in providing better service to customers, increase the efficiency of operations and achieve their goals.

In 2020, we continued to invest 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.

Corporate responsibility

Viria Security has been awarded the international ISO/IEC 27001 information security certificate, for which a follow-up audit is conducted annually. The audit includes a review of practices related to information security, data protection and risk management from various points of view: management, systems, working, documentation and continuous development, for example. In August 2020, Viria Security was awarded security contracting TU certification that satisfies the requirements of the EN ISO/IEC 17065 standard.

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.

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 flow in different parts of the country. We operate in 22 localities, providing good service throughout Finland. Wages, salaries and remuneration paid by Viria in the financial period 2020 were EUR 44.5 million (previous year: 42.6). 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 2020, Viria paid EUR 1.0 (4.5) million in income taxes.

Viria is owned by Finnish companies, public organisations and private persons. Approximately 82% of the about 30,000 shareholders are private individuals and they own 62% of the shares. In 2020, Viria paid out a total of EUR 10.6 (9.1) million in dividends and the proposed total dividend for 2020 corresponds to EUR 10.2 million.

EUR million	2020	2019
Wages, salaries and remuneration	44,5	42,6
Dividends	10,6	9,1
Income taxes	1,0	4,5

VERSATILE AND EVOLVING

The Viria Group has approximately 700 employees in 22 locations. The foundation of our work community is appreciation of others. The Group has been built through corporate acquisitions involving several different companies and, consequently, Viria's employees still show a strong entrepreneurial spirit.

We want 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.

The COVID-19 pandemic has underscored the importance of the health and safety of employees. When the pandemic began to spread in Finland in March 2020, Viria switched to remote work in all jobs in which it was possible. For work duties that are carried out at a customers' premises or the company's own offices, we began using protective equipment and new operating practices, such as safe distances and splitting up teams into smaller groups. We focused particularly on communication, and our frequent communication related to COVID-19 was highlighted in positive feedback in our personnel surveys. All in all, our employees have demonstrated excellent flexibility and adaptability in the exceptional circumstances.

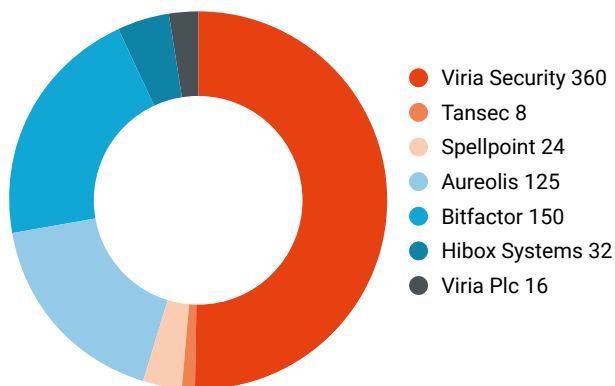
The average Employee Net Promoter Score (ENPS) for our Group companies in 2020 was 28 (on a scale of -100 – +100), which can be considered a fairly good result. ENPS is an important performance indicator for us, and we continuously develop factors enabling successful work performance as well as the personnel's opportunities to influence the content of their work. One good example of employee commitment is the company's share-based incentive scheme. The incentive scheme was introduced in 2018 and it has been very popular in all three vesting periods. In 2020, a total of 266 Viria employees participated in the incentive scheme, subscribing for a total of 63,170 shares. This speaks to the personnel's commitment and confidence in Viria's future.

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 and pays some of the related costs.

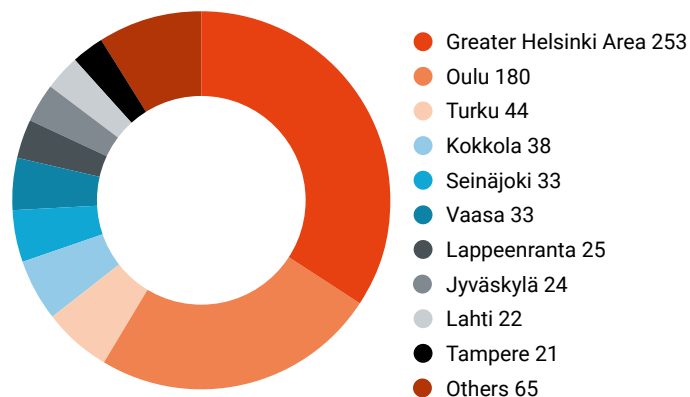
We want Viria to be an equal workplace for everyone. To prevent discrimination and to ensure equal treatment, Viria

Corporate responsibility

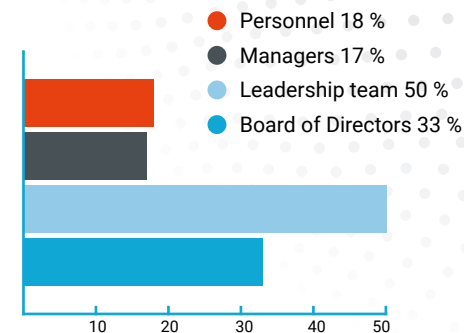
PERSONNEL DISTRIBUTION BY COMPANY (FTE)



LARGEST OFFICES (NOE)



WOMENS' SHARE IN



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.

Viria Security has an OHSAS 18001:2007 certified occupational health and safety system and our occupational safety target is zero accidents. Safety training is an essential element in the orientation of new employees.

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 addition to the safety of our equipment and fleet, we also emphasise sustainability and efficiency in line with the life cycle approach. We monitor the emissions of our vehicles on a monthly basis and we have 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.

The guiding principles of our operations:

fairness
 friendliness
 reliability
 courage
 willingness
 to learn

Corporate governance

Board of Directors 2021



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



Kaj Hagros
b. 1970
Equity investor, Managing Partner
of Redstone Nordics Oy
Member of the Board of Directors
since 2021



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



Elina Piispanen
b. 1963
Board professional
CEO of Fit Advice Oy
Member of the Board of Directors
since 2019



Matti Piri
b. 1969
Group CFO, Accountor Group
Member of the Board of Directors
since 2021



Stefan Wikman
b. 1956
Senior Advisor, Roschier
Member of the Board of Directors
since 2021

Corporate governance

Supervisory Board

The Chairperson of the Supervisory Board is Martti Alakoski and the Vice Chairperson is Matti Kulmakorpi.

	End of term
Martti Alakoski, Kurikka	2021
Carita Ehnström, Vaasa	2022
Lars Gästgivers, Korsholm	2023
Pekka Haapanen, Vaasa	2023
Pasi Haarala, Vaasa	2021
Juha Koivisto, Laihia	2021
Matti Kulmakorpi, Seinäjoki	2023
Jorma Kuoppamäki, Seinäjoki	2022
Kuisma Laukkola, Seinäjoki	2022
Riina Nevamäki, Espoo	2023
Ari Närvä, Vaasa	2022
Björn Pundars, Vaasa	2023
Raimo Ristilä, Seinäjoki	2021
Janne Tuomikoski, Oulu	2022
Matti Uusi-Kakkuri, Kurikka	2021
Piia Uusi-Kakkuri, Vaasa	2023
Christian Wetterstrand, Espoo	2021

Personnel representatives:

Miia Manner
Olli Korpierkki

Leadership Team 2021



Samu Konttinen

Group CEO
MBA
Employed by the Group since 2021



Marko Järvinen

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



Katja Ahola

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



Juha Meronen

Bitfactor Oy's Managing Director
M.Soc.Sci.
Employed by the Group since 2021



Pirjo Suhonen

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



Tiina Nieminen

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



Mikko Mäkelä

EVP, Strategy & Business Development
M.Sc. (Eng.)
Employed by the Group since 2021

Report of the Board of Directors 2020

Viria is an information and security technology solution provider with the core task of building digital services, secure network connections and protect customers from cyber and other security risks.

The Group has two business areas: The digital development business provides customers with business intelligence, data analytics and 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.

It seems that the IT service market is considerably less affected by the COVID-19 pandemic than many other industries. While the strong growth seen for several years has levelled off, the restrictions introduced in response to the pandemic have, on the other hand, created a growing need for digital services and lowered the threshold for their implementation. The impacts of COVID-19 in the security industry have also been less dramatic than expected. Nevertheless, investments being postponed due to the uncertainty associated with economic development may also affect Viria's businesses.

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. Strong development is currently under way in sectors including social welfare and health care services, retail and industry, where digitalisation can both enhance processes and improve the customer experience.

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 is a challenge for the growth of physical security business, too.

MATERIAL EVENTS DURING THE FINANCIAL PERIOD

The corona pandemic that has shaken the world had a more moderate impact on Viria's business in the whole year than expected. The impact was strongest in spring during the first wave of the pandemic, when the overall uncertainty weakened customers' willingness to start new projects and lengthened decision-making. In Security business, installation visits especially to hospitals and care homes were limited to essential work only.

At the same time, use of digital services has increased and expanded to new applications, which has created demand for Viria's digitalisation and cyber security solutions.

The pandemic has also resulted in new solutions being created to help Viria's customers. Viria Security productised the nurse call system, which the hospital staff can set up themselves, for example, in temporary facilities for provid-

ing care. Bitfactor has launched concepts, with which it helps companies suffering from the corona situation find new business opportunities.

During the whole year, Viria prioritised ensuring the health and safety of its personnel and customers. The majority of Viria employees transferred to remote work in March and working from home has been going exceptionally well considering the circumstances. For work duties that are carried out at customer premises or the company's own office, we strive to protect our personnel with personal protective equipment and through enhanced hygiene.

Business development

In Security business, Viria sees the most promising opportunities for growth in cyber security and cloud services and it invested significantly in developing services and competences related to these. In 2020 the company launched several new services, e.g. to cloud transformation, cloud security and monitoring critical industrial surroundings.

Cyber Security Operations Centre (CSOC), which was expanded significantly last year, has re-deemed expectations and proved to have a central role in customers' cyber security.

Investments in service and business design capabilities have born fruit, as customers' digitalisation projects increasingly start with a service design project. Demand of AI and predictive analytics has increased as well, and the company has had opportunities to build solutions related to them.

Viria's extensive customer base provides us with opportunities to find synergies in service sales, and the group companies have intensified their

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cooperation significantly during the financial year. The mutually complementary competences in our business operations serve as a foundation for new innovative customer solutions. For example, the data accumulated from security solutions can also be used by refining it for use in business operations. Viria's business areas have in cooperation realised smart IoT solutions for crowd counting as well as occupancy and comfort rate analytics for public spaces.

Business arrangements

Viria Plc acquired the remaining shares of Aureolis Oy in a transaction completed on 19 March 2020 and now owns the company in its entirety. The transaction was realised as share exchange. The data analytics and business intelligence company Aureolis had been Viria's associated company since 2017 and subsidiary since 2019.

FINANCIAL PERFORMANCE

The Group's revenue for the financial year amounted to EUR 106.8 million (EUR 103.1 million). Revenue grew particularly in Viria's security business.

EBITDA was EUR 5.4 million (EUR 5.6 million), or 5.1% (5.4%) of revenue, and the adjusted EBITDA was EUR 6.2 million (EUR 5.5 million), or 5.8% (5.3%) of revenue. EBITA totalled EUR 3.4 million (EUR 1.7 million), or 3.2% (1.7%) of revenue. The Group's planned depreciation totalled EUR 9.3 million (EUR 10.8 million), of which the amortisation of goodwill accounted for EUR 7.2 million (EUR 6.9 million). In the comparison year, depreciation included EUR 1.7 million in write-downs on properties. EBIT was EUR -3.8 million (EUR -5.2 million).

The Group's profit for the financial year came to EUR -4.2 million (EUR 10.9 million) and earnings per share were EUR -0.75 (EUR 2.04). The profit for the comparison periods was attributable to

EUR 18 million in capital gains arising from the sale of DNA shares in 2019 and EUR 42 million in capital gains from the sale of DNA and AB Sappa in 2018. The capital gains from the AB Sappa transaction, recorded under other operating income, also strengthen EBITDA and operating profit (EBIT) for the financial period 2018.

GROUP STRUCTURE AND ITS DEVELOPMENT

Viria Plc acquired the remaining shares of Aureolis Oy in a transaction completed on 19 March 2020 and now owns the company in its entirety.

The group structure was simplified by two mergers carried out on 31 December 2020: Spellpoint Group Ltd merged with its subsidiary Spellpoint Ltd and Bellurum BI-palvelut Oy merged with Aureolis Oy.

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

Security business

- Viria Security Ltd
- Spellpoint Ltd
- Tansec Oy

Digital development business

- Aureolis Oy
- Bitfactor Oy
- Oy Hibox Systems Ab

Others

- Viria Kiinteistöt Oy

FINANCIAL POSITION, FINANCING AND INVESTMENTS

The Group's balance sheet total at the end of the review period was EUR 136.7 million (EUR 152.5 million). The most significant changes affecting the balance sheet total were dividend payment and the repayment of loans. The equity-to-assets ratio at the end of the review period was 81.3% (78.7%) and the Group's return on equity was -3.5% (9.4%). Return on equity was reduced by

the amortisation of goodwill, while the figure for the comparison period was increased by capital gains arising from the sale of DNA shares.

Cash flow from operating activities before financial items and taxes was EUR 5.7 million (EUR 7.8 million).

Investments totalled EUR 6.6 million (EUR 10.5 million). Both in 2019 and 2020, 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 15.4 million (EUR 10.2 million) and their market value was EUR 16.8 million (EUR 11.4 million).

Due to the uncertainty caused by the COVID-19 pandemic, Viria Plc distributed dividends for 2019 in two instalments. A dividend of EUR 1.41 per share was paid on 7 July 2020 in accordance with the resolution of the Annual General Meeting. Subsequently, on 29 October 2020, the Board decided to distribute an additional dividend of EUR 0.49 per share under an authorisation issued by the Annual General Meeting. The record date of the additional dividend was 30 October 2020 and the payment date was 6 November 2020. The combined dividend for 2019 was EUR 1.90 per share, totalling approximately EUR 10.6 million.

RESEARCH AND DEVELOPMENT

The Group's direct costs related to R&D and product development totalled EUR 2.6 million (2019: EUR 1.6 million; 2018: EUR 1.3 million). This is 2.5 per cent of revenue (2019: 1.5 per cent; 2018: 1.2 per cent).

PERSONNEL

During the financial period, the Group had an average of 714 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 volume growth in Viria Security Ltd.

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. During the past year, the company focused particularly on the effects that the exceptional circumstances caused by COVID-19 had on working conditions and occupational well-being as well as employee safety.

SHARES

The number of Viria Plc's shares was 5,764,428 at the end of the review period and 5,648,474 on average (2019: 5,467,389 at the end of year and 5,400,358 on average). The figures for the review period include 82,003 shares subscribed in November–December as part of the share-based incentive scheme for personnel and registered on 7 January 2021. The corresponding subscription price is included in equity on the financial statements date.

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.

At the end of the period, the company had 26,019 shareholders (this figure does not include shares that have not been registered in

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FINANCIAL KEY FIGURES (EUR 1,000)

GROUP	2020	2019	2018
Revenue, EUR 1,000	106 823	103 104	104 924
Revenue, change, %	3,6	-1,7	19,4
EBITDA, EUR 1,000	5 434	5 598	21 218
Adjusted EBITDA, EUR 1,000 ¹	6 160	5 492	6 309
EBITA, EUR 1,000	3 386	1 723	18 736
EBITA, %	3,2	1,7	17,9
Adjusted EBITA, EUR 1,000 ¹	4 113	3 315	3 827
Adjusted EBITA, % ¹	3,8	3,2	3,6
Operating profit (EBIT), EUR 1,000	-3 838	-5 201	13 060
Adjusted operating profit (EBIT), EUR 1,000 ¹	-3 111	-3 609	-1 849
Profit for the period, EUR 1,000	-4 172	10 859	32 072
Adjusted profit for the period, EUR 1,000 ¹	-3 590	12 459	18 102
Balance sheet total, EUR 1,000	136 652	152 512	160 993
Equity-to-assets ratio, %	81,3	78,7	72,1
Earnings per share (EPS), EUR ²	-0,75	2,04	6,02
Book value of parent company's equity per share, EUR ²	22	23	22
Average number of employees (FTE)	714	693	516

¹ 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.

the book-entry system; there were 395,300 such shares at the end of the year). None of the company's shareholders have nominee-registered their shares.

Share issues

During the year, the company issued a total of 297,039 new shares (this figure includes the 82,003 shares registered on 7 January 2021).

Viria Plc issued a total of 200,576 new shares in conjunction with the transaction involving the minority holding in Aureolis Oy in the spring at a subscription price of EUR 20.48 per share.

Also in the spring, Viria Plc issued 7,500 new shares in conjunction with committing the management of Spellpoint Ltd, acquired in 2019, as agreed upon at the time of paying the earnout. The subscription price was EUR 20.

The company has also carried out share issues in relation to share-based incentive schemes for the personnel and the Board of Directors.

Share-based incentive schemes

Share-based incentive scheme for the personnel

In autumn 2018, Viria launched a share-based incentive scheme for the personnel. Its aim is

PARENT COMPANY	2020	2019	2018
Revenue, EUR 1,000	1 016	867	971
Revenue, change, %	17,2	-10,7	-23,5
EBITDA, EUR 1,000	-3 910	-3 452	3 890
Adjusted EBITDA, EUR 1,000 ¹	-3 226	-3 468	-3 496
EBITA, EUR 1,000	-4 048	-3 576	3 774
Adjusted EBITA, EUR 1,000	-3 364	-3 591	-3 612
Operating profit (EBIT), EUR 1,000	-4 048	-3 576	3 774
Adjusted operating profit (EBIT), EUR 1,000 ¹	-3 364	-3 591	-3 612
Profit for the period, EUR 1,000	3 292	15 775	28 886
Adjusted profit for the period, EUR 1,000 ¹	3 839	15 759	21 436
Balance sheet total, EUR 1,000	131 644	138 906	144 870
Equity-to-assets ratio, %	95,19	90,80	81,7
Earnings per share (EPS), EUR ²	0,59	2,96	5,42
Book value of parent company's equity per share, EUR ²	22	23	22
Average number of employees (FTE)	16	16	17
Dividend per share ³	1,80 ³	1,90	1,83

² The own shares owned by the Group are excluded from the total number of shares

³ The dividend per share for 2020 is the Board's proposal

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 incentive scheme includes an additional share scheme offered to all employees of the Group's core businesses as well as a performance-based bonus scheme for the senior management and selected key employees. The participants in the scheme have had the opportunity to subscribe for Viria Plc shares at a reduced subscription price (a 10 per cent discount on the average price of the preceding six

months on Privanet) and, after a two-year vesting period, they receive additional shares free of charge at a rate of one quarter of the number of shares subscribed. 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 criteria for the performance-based bonus scheme are the Group's EBITDA and total shareholder return (TSR). The bonuses under the incentive scheme are paid in a combination of shares and cash. The cash component is intended to cover the taxes and tax-like charges arising from the bonus.

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Three vesting periods have begun under the scheme: 2018–21, 2019–22 and 2020–23. The share issues included in the scheme are based on authorisations issued by the Annual General Meeting in 2018, 2019 and 2020. For the vesting period that began in 2020, the subscription price per share was EUR 15.97.

It is estimated that half of the amount of additional shares and bonus shares will be paid in shares and the other half in cash to cover withholding taxes. The total value of the additional shares and bonus shares payable in 2021 (share and cash components combined) would be EUR 615,439.50 based on the price of the company's share on 31 December 2020 on Privanet.

Vesting period	Number of participants	Number of subscriptions	Additional shares and bonus shares	
			Time of payment	Maximum amount*
2018–21	266	63,170	spring 2021	31,561 ¹
2019–22	330	83,789	spring 2022	70,919
2020–23	298	82,003	spring 2023	20,286 ²

¹ This figure takes into account the actual achievement of the criteria of the performance-based bonus scheme at the end of the 2018–21 vesting period.

² The 2020–23 vesting period does not include a performance-based bonus scheme

In November 2020, the company also carried out a directed paid share issue of 6,000 shares to the company's new CEO Samu Konttinen as part of the CEO's share-based incentive scheme. The subscription price was EUR 16.09 per share, based on the average price of Viria Plc's share on Privanet for the period 24 May–23 November 2020, on which a discount of 10 per cent was applied. Under the terms of the incentive scheme, Konttinen is entitled to receive, free of charge, 3,000 shares in one year's time and a further 3,000 shares in two years' time if he still serves as Viria Plc's CEO on the dates in question.

The share-based incentive scheme for the Board of Directors

The Annual General Meeting held on 25 June 2020 resolved to adopt a long-term share-based incentive scheme for the members of the Board of Directors and resolved on a related share issue. Under the incentive scheme, the members of the Board of Directors can subscribe for Viria Plc shares at an amount corresponding to half

of their annual fee at a maximum. In the incentive scheme, which began in 2020, the subscription price was EUR 15.62, which corresponds to the average price of the Viria share for the six-month period preceding the resolution on the share issue, with a 10 per cent discount applied. The Annual General Meeting may resolve on issuing commitment shares to the participants in the scheme based on their share ownership after a specified vesting period. Eligibility for the commitment shares is conditional on the participant still being a member of Viria Plc's Board of Directors. In 2020, two members of the Board of Directors participated in the incentive scheme and subscribed for 960 shares in total.

ANNUAL GENERAL MEETING

Viria Plc's Annual General Meeting was held in Vaasa on Thursday, 25 June 2020. The Annual General Meeting confirmed the company's financial statements for the financial period 2019 and discharged persons responsible for accounts and operations from liability.

AVERAGE NUMBER OF EMPLOYEES, FTE

	2020	2019	2018
Group	714	693	516
Parent company	16	16	17

AVERAGE NUMBER OF EMPLOYEES, NOE

	2020	2019	2018
Group	743	724	533
Parent company	18	18	20

WAGES, SALARIES AND REMUNERATION FOR THE PERIOD, EUR 1,000

	2020	2019	2018
Group	44 453	42 563	30 041
Parent company	1 948	1 593	1 914

The Annual General Meeting decided on the distribution of dividend, members and remuneration of the Supervisory Board, election of the auditor and auditing fees, combining the connection fee fund with the reserve for invested unrestricted equity, authorisation of the Board of Directors to decide on a share issue and a donation and on a share-based incentive scheme for the Board of Directors and a related share issue.

The following members of the Supervisory Board due to retire by rotation were re-elected for the next three-year period: Pekka Haapanen, Matti Kulmakorpi, Björn Pundars and Piia Uusi-Kakkuri. Lars Gästgivars and Riina Nevamäki were elected as new members.

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

A decision was made to combine the connection fee fund included in the company's equity

with the reserve for invested unrestricted equity. The change will simplify the company's capital structure and clarify the treatment of assets as part of distributable assets.

The Annual General Meeting decided to adopt a long-term share-based incentive scheme for the members of the Board of Directors and approved a related share issue in which a maximum of 3,456 shares will be issued for subscription by members of the Board of Directors.

BOARD'S AUTHORIZATIONS

The Annual General Meeting authorize the Board of Directors to decide on the distribution of dividend in one or several instalments, totaling a maximum of EUR 0.49 per share. The authorization was valid until 31 December 2020.

The Annual General Meeting authorized the Board of Directors to decide on issuing a maximum of 170,000 shares as part of the personnel incentive scheme. This authorization applies to issuing new shares as well as the company's

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OWN SHARES

Own shares on 31 December 2020	Shares	% of the share capital
Parent company	80 130	1,4 %
Subsidiaries	400	0,0 %
Group	80 530	1,4 %

VIRIA PLC'S LARGEST SHAREHOLDERS ON 31 DECEMBER 2020

Owner	Shares	% of the shares
1 Finnish Industry Investment Ltd	275 000	4,84 %
2 Bellurum Oy	210 576	3,71 %
3 LocalTapiola Mutual Life Insurance Company	150 000	2,64 %
4 LocalTapiola General Mutual Insurance Company	150 000	2,64 %
5 Lakiasiaintoimisto Asiakasturva Oy	114 755	2,02 %
6 Viria Group	80 530	1,42 %
7 City of Vaasa	70 400	1,24 %
8 Pelkonen Antti	67 412	1,19 %
9 Heikkilä Kimmo Juhani	57 596	1,01 %
10 Sr VISIO Allocator	53 500	0,94 %
11 Elisa Plc	47 400	0,83 %
12 Tuomikoski Janne	45 325	0,80 %
13 Ab C. Wetterstrand Oy	39 600	0,70 %
14 Hotcom	33 200	0,58 %
15 City of Kurikka	31 600	0,56 %
16 Wetterstrand Olavi	25 500	0,45 %
17 Kuokka Peetu Tapio	20 100	0,35 %
18 Municipality of Mustasaari	19 700	0,35 %
19 Municipality of Ilmajoki	16 100	0,28 %
20 Snickars Yngve	15 800	0,28 %
Total	1 513 518	26,83 %

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

own shares possessed by it. The amount equals 3% of all the shares of the company. The share issue authorization is valid for 4 years from the date of the Board's resolution. The authorization does not revoke the previous authorization granted by the Annual General Meeting to the Board of Directors on 9 May 2019 to the extent that this previous authorization concerns shares issued as part of the personnel incentive scheme.

The Annual General Meeting authorized 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 until 25 June 2020 (Chairperson until 25 June 2020), Jussi Hattula, Samu Konttinen, Timo Kotilainen (Chairperson from 26 June 2020), Elina Piispanen and Katriina Valli. During the financial period, the Board of Directors convened 13 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, Samu Konttinen and Kai Dahl until 25 June 2020 and the members of the Personnel Committee were Elina Piispanen, Jussi Hattula, Samu Konttinen and Katriina Valli.

The members of the Supervisory Board were Martti Alakoski (Chairperson until 25 June), Carita Ehnröm, Lars Gästgivers (from 25 June), Pekka Haapanen, Pasi Haarala, Asko Isolahti (until 25 June), Juha Koivisto, Matti Kulmakorpi, Jorma Kuoppamäki, Kuisma Laukkola, Riina Nevamäki (from 25 June), Ari Närvä, Björn Pundars, Raimo Ristilä, Yngve Snickars (until 25

June), Janne Tuomikoski, Matti Uusi-Kakkuri, Piia Uusi-Kakkuri, Ossi Viljanen (until 25 June) and Christian Wetterstrand (Chairperson starting from 25 June).

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

The members of the Group's Management Team during the financial year were CEO Mika Vihervuori, Viria Security Ltd's Managing Director Marko Järvinen, Aureolis Oy's Managing Director Katja Ahola, Bitfactor Oy's Managing Director Antti Pelkonen, CFO Pirjo Suhonen and Director of Communications Tiina Nieminen.

AUDITOR

The company's auditor is KPMG Oy Ab, a firm of Authorised Public Accountants, with Esa Kailiaila, 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 7.5 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 or half-yearly. 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 company has granted a total of EUR 0.9 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 2018-2020. On 31 December 2020, these loans totalled EUR 1,496,492.38, of which the share of

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the Group's Management Team members was EUR 54,808.90. 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.

The COVID-19 pandemic and the resulting global economic recession creates significant uncertainty in Viria's industries by reducing companies' capacity and willingness to make investments or causing investments to be postponed. The pandemic may also have negative effects on customers' financial standing.

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 conditions 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 are also 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

Samu Konttinen started as Viria Plc's CEO on 1 January 2021.

Pursuant to an agreement signed on 19 February 2021, Viria Plc sold its shares in Oy Hibox Systems Ab to Accedo AB. The transaction entered into effect on 1 March 2021.

On 25 February 2021, the Finnish Tax Administration decided to approve Viria Plc's claims for adjustment concerning the taxation of Vemetra Holding Oy submitted in 2017 and 2018, at which time Vemetria Holding Oy was a subsidiary of Viria Plc. As a result of the decision, Viria Plc will receive a tax refund of approximately EUR 1 million.

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 2021

The uncertainty caused by the COVID-19 continues in the market and reduces predictability. Viria intends to take measures in 2021 related to the achievement of long-term objectives, and the development expenses associated with these measures will temporarily reduce the company's operational profitability. It can also be expected that the costs that decreased in 2020 due to the pandemic will return closer to normal levels in 2021.

In 2021, Viria expects the revenue of continuing operations in both the security business and the digital development business to be on a par with the previous year or show moderate growth. The Group's adjusted EBITDA is estimated to be lower than in 2020.

PROPOSAL ON THE USE OF THE PROFIT FOR THE PERIOD

The parent company's distributable funds amount to EUR 114,367,427.41 and the parent company's profit for the period is EUR 3,292,243.99. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.80 per share be paid from distributable funds. Based on the situation at the time of confirming the financial statements, this would correspond to EUR 10 231 736,40 in total. Of the proposed dividend, EUR 0.29 per share equals the amount of a minority dividend specified in

the Limited Liability Companies Act i.e. half of the profits of the financial period, and EUR 1.51 per share is regarded as an extra dividend.

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. 2020	1 Jan.–31 Dec. 2019
REVENUE	3.	106 823	103 104
Production for own use		503	517
Other operating income	5.	532	557
Materials and services	6.	35 974	32 617
Personnel expenses	7.	52 782	51 543
Depreciation, amortisation and impairment	8.	9 272	10 799
Other operating expenses		13 669	14 419
OPERATING PROFIT (EBIT)		-3 838	-5 201
Finance income and costs	10.	763	20 793
PROFIT BEFORE APPROPRIATIONS AND TAXES		-3 075	15 592
Income taxes	12.	-966	-4 544
Minority interest		-130	-189
PROFIT FOR THE PERIOD		-4 172	10 859

Consolidated balance sheet

(1000 EUR)	Note	31.12.2020	31.12.2019
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	13.	46 499	49 151
Tangible assets		8 451	8 712
Investments		237	237
NON-CURRENT ASSETS, TOTAL		55 187	58 100
CURRENT ASSETS			
Inventories	15.	6 724	5 604
Non-current receivables	16.	884	6 548
Current receivables	17.	27 526	19 826
Financial securities	18.	15 418	10 211
Cash in hand and at bank		30 913	52 225
CURRENT ASSETS, TOTAL		81 465	94 413
ASSETS, TOTAL		136 652	152 512

(1000 EUR)	Note	31.12.2020	31.12.2019
EQUITY AND LIABILITIES			
EQUITY			
Share capital	19.	1 504	1 504
Reserve fund		8 132	8 132
Connection fee fund		0	41 786
Share issue		1 310	0
Reserve for invested unrestricted equity		48 396	2 240
Retained earnings		54 979	53 896
Profit for the period		-4 172	10 859
EQUITY, TOTAL		110 149	118 419
MINORITY INTEREST		357	999
LIABILITIES			
Non-current liabilities	21.	42	121
Current liabilities	22.	26 104	32 974
LIABILITIES, TOTAL		26 146	33 095
EQUITY AND LIABILITIES, TOTAL		136 652	152 512

Consolidated cash flow statement

(1000 EUR)	Note	1 Jan.–31 Dec. 2020	1 Jan.–31 Dec. 2019
Cash flow from operating activities			
Profit/loss for the period		-4 172	10 859
Adjustments to the profit for the period		9 436	-5 643
Cash flow from operating activities before the change in working capital		5 265	5 216
Change in working capital:			
Inventories increase (-) / decrease (+)		-1 120	343
Current receivables increase (-) / decrease (+)		-2 107	463
Current liabilities decrease (-) / increase (+)		3 676	1 801
Cash flow from operating activities before financial items and taxes		5 713	7 823
Dividends received		50	1 150
Interest and other finance income		424	19 500
Finance costs		-125	-228
Taxes		-4 432	-3 667
Cash flow from operating activities		1 632	24 578
Cash flow from investing activities			
Purchase of shares		-747	-12 014
Investments in tangible and intangible assets		-2 432	-2 123
Disposal of shares and repayment of capital		0	-28
Proceeds from sale of tangible and intangible assets		535	540
Cash flow from investing activities		-2 644	-13 626

(1000 EUR)	Note	1 Jan.–31 Dec. 2020	1 Jan.–31 Dec. 2019
Cash flow from financing activities			
Share issue		1 010	421
Change in long-term loans		0	-1 500
Change in short-term loans		-5 712	-11 983
Purchase of own shares		0	-71
Sale of own shares		262	355
Dividends paid and other profit distribution		-10 652	-9 084
Repayment of loan receivables		0	2 397
Cash flow from financing activities		-15 092	-19 465
Change in cash and cash equivalents according to the statement		-16 104	-8 512
Cash and cash equivalents 1 Jan.		62 436	70 948
Cash and cash equivalents 31 Dec.*		46 331	62 436
Change in cash and cash equivalents		-16 104	-8 512

* 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. 2020	1 Jan.–31 Dec. 2019
REVENUE	3.	1 016	867
Other operating income	5.	10	22
Personnel expenses	7.	2 148	1 809
Depreciation, amortisation and impairment	8.	138	124
Other operating expenses		2 788	2 532
OPERATING PROFIT (EBIT)		-4 048	-3 576
Finance income and costs	10.	4 415	20 907
PROFIT BEFORE APPROPRIATIONS AND TAXES		367	17 331
Appropriations	11.	2 994	1 925
Income taxes	12.	-69	-3 481
PROFIT FOR THE PERIOD		3 292	15 775

Parent company's balance sheet

(1000 EUR)	Note	31.12.2020	31.12.2019
ASSETS			
NON-CURRENT ASSETS			
	13.		
Intangible assets		440	423
Tangible assets		312	275
Investments		85 832	81 580
NON-CURRENT ASSETS, TOTAL		86 584	82 278
CURRENT ASSETS			
Non-current receivables	16.	694	6 390
Current receivables	17.	11 258	2 811
Financial securities	18.	15 418	10 211
Cash in hand and at bank		17 690	37 217
CURRENT ASSETS, TOTAL		45 060	56 628
ASSETS, TOTAL		131 644	138 906

(1000 EUR)	Note	31.12.2020	31.12.2019
EQUITY AND LIABILITIES			
EQUITY			
	19.		
Share capital		1 504	1 504
Reserve fund		8 132	8 132
Connection fee fund		0	41 786
Share issue		1 310	0
Reserve for invested unrestricted equity		48 396	2 240
Retained earnings		62 679	56 683
Profit for the period		3 292	15 775
EQUITY, TOTAL		125 314	126 120
CUMULATIVE APPROPRIATIONS	20.	8	2
LIABILITIES			
Non-current liabilities	21.	3 259	4 032
Current liabilities	22.	3 063	8 752
LIABILITIES, TOTAL		6 322	12 784
EQUITY AND LIABILITIES, TOTAL		131 644	138 906

Parent company's cash flow statement

(1000 EUR)	Note	1 Jan.–31 Dec. 2020	1 Jan.–31 Dec. 2019
Cash flow from operating activities			
Profit/loss for the period		3 292	15 775
Adjustments to the profit for the period		-7 002	-19 247
Cash flow from operating activities before the change in working capital		-3 709	-3 473
Change in working capital:			
Current receivables increase (-) / decrease (+)		69	18
Current liabilities decrease (-) / increase (+)		-109	-4
Cash flow from operating activities before financial items and taxes		-3 750	-3 459
Dividends received		3 792	1 255
Interest and other finance income		297	19 451
Finance costs		-84	-171
Taxes		-3 519	-2 302
Change in consolidated account receivable/liability		-772	2 108
Cash flow from operating activities		-4 035	16 883
Cash flow from investing activities			
Purchase of shares		-814	-14 780
Investments in tangible and intangible assets		-192	-290
Proceeds from sale of tangible and intangible assets		-68	-28
Loans granted		-500	
Repayment of loan receivables		500	850
Cash flow from investing activities		-1 073	-14 249

(1000 EUR)	Note	1 Jan.–31 Dec. 2020	1 Jan.–31 Dec. 2019
Cash flow from financing activities			
Share issue		1 010	421
Change in long-term loans			-1 500
Change in short-term loans		-1 500	-11 000
Group contributions received		1 925	
Sale of own shares		262	355
Dividends paid and other profit distribution		-9 908	-9 058
Loans granted		-1 000	
Repayment of loan receivables			2 397
Cash flow from financing activities		-9 211	-18 385
Change in cash and cash equivalents according to the statement		-14 320	-15 750
Cash and cash equivalents 1 Jan.		47 428	63 178
Cash and cash equivalents 31 Dec.*		33 108	47 428
Change in cash and cash equivalents		-14 320	-15 750

* 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 2020

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.

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
Intangible rights	3–5 years
Other intangible assets	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

Spellpoint Group Oy and Spellpoint Oy have been consolidated to the group from 1 February 2019. The Group has EUR 18 million in capital gains from selling DNA shares under finance income in the financial period 2019.

Notes to the financial statements

ACCOUNTING PRINCIPLES FOR THE PARENT COMPANY'S FINANCIAL STATEMENTS 2020

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:

Intangible rights	5 years
Other intangible assets	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.

Notes to the income statement

(1000 EUR)	Group 2020	Group 2019	Parent company 2020	Parent company 2019
3. REVENUE				
By business area				
Security	69 122	65 091		
Digital development	37 859	37 670		
Others	2 687	2 640	1 016	867
Revenue between business areas	-2 845	-2 297		
Revenue, total	106 823	103 104	1 016	867
By market				
Finland	104 650	100 869	1 016	867
Rest of Europe	2 024	2 086		
North America	105	109		
Others	44	40		
Revenue, total	106 823	103 104	1 016	867
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	3 611	593		
Long-term project amount not recognised as revenue				
Projects recognised as revenue according to their percentage of completion	2 681	2 591		

(1000 EUR)	Group 2020	Group 2019	Parent company 2020	Parent company 2019
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			1 016	867
Services and products bought from and rents received from Group companies during the financial period			581	535
Interest income from Group companies			52	55
Dividend income from Group companies			3 744	107
Group contributions from Group companies			3 000	1 925
5. OTHER OPERATING INCOME				
Gains from the disposal of fixed assets	372	377	0	16
Grants received	60	10		
Group service income			8	7
Others	101	170	2	0
Other operating income, total	532	557	10	22
6. MATERIALS AND SERVICES				
Purchases during the financial period	32 654	29 084		
Change in inventories	-1 100	341		
	31 554	29 425		
External services	4 421	3 192		
Materials and services, total	35 974	32 617		
7. PERSONNEL EXPENSES				
Wages, salaries and remuneration	44 453	42 563	1 948	1 593
Pension expenses	6 939	7 746	171	192
Other social security expenses	1 391	1 234	30	24
Personnel expenses, total	52 782	51 543	2 148	1 809

Notes to the income statement

(1000 EUR)	Group 2020	Group 2019	Parent company 2020	Parent company 2019
7. PERSONNEL EXPENSES				
Management salaries and remuneration CEO, Managing Directors and governing bodies			548	543
CEO and Managing Directors	1 156	1 129		
Governing bodies	264	236		
Average number of the Group's and the parent company's employees during the period	714	693	16	16
of who white-collar employees	600	583	16	16
blue-collar employees	114	110		
Average number of employees when part-time employment is taken into account	743	724	18	19
of who white-collar employees	624	609	18	19
blue-collar employees	119	115		
Management pension commitments The retirement age is 62 years for some of the Managing Directors of Group companies and 63 years for others.				
8. DEPRECIATION, AMORTISATION AND IMPAIRMENT				
Depreciation and amortisation on tangible and intangible assets	2 048	2 178	138	124
Amortisation on consolidated goodwill and on goodwill of business acquisitions	7 224	6 924		
Impairments of non-current assets	0	1 698		
Depreciation and amortisation, total	9 272	10 799	138	124

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

(1000 EUR)	Group 2020	Group 2019	Parent company 2020	Parent company 2019
9. AUDITOR'S FEES				
Firms of Authorised Public Accountants				
Auditing fees	98	101	53	47
Tax advice	0	32	0	25
Other fees	90	111	90	107
Auditor's fees, total	188	244	143	179
10. FINANCE INCOME AND COSTS				
Dividend income	50	1 150	3 792	1 255
Other interest and finance income				
From companies in the same Group			52	55
From others	922	19 219	723	19 095
Other interest and finance income, total	922	19 219	775	19 149
Impairments and reversals of impairment of financial securities	-1	678	-1	678
Interest expenses and other finance costs	-209	-254	-151	-176
Finance income and costs, total	763	20 793	4 415	20 907
11. APPROPRIATIONS				
Group contribution received			3 000	1 925
Difference between planned depreciations and amortisations and depreciations and amortisations made in taxation			-6	0
Appropriations, total			2 994	1 925
12. INCOME TAXES				
Income taxes from the previous financial period	8	4	10	-28
Income taxes from the financial period	957	4 540	59	3 509
Change in deferred tax liabilities	1	0		
Income taxes, total	966	4 544	69	3 481

Notes to the balance sheet

13. NON-CURRENT ASSETS

GROUP

Intangible assets	(1000 EUR)	Development expenditure	Intangible rights	Goodwill	Other intangible assets	Consolidated goodwill	Advance payments and work in progress	Total
Acquisition cost 1 Jan. 2020		164	1 542	3 221	1 987	66 840	109	73 864
Additions			8	196	634	4 226	104	5 169
Acquisition cost 31.12.2020		164	1 551	3 417	2 622	71 066	213	79 033
Cumulative amortisation and impairment 1 Jan. 2020		161	1 177	1 957	897	20 521		24 714
Reclassifications			-12		12			0
Amortisation for the period		3	205	570	388	6 654		7 821
Cumulative amortisation 31 Dec. 2020		164	1 371	2 527	1 297	27 175		32 534
Book value 31 Dec. 2020		0	180	890	1 325	43 891	213	46 499

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. 2020		1 727	34	14 313	406	6 270	107	22 857
Additions			7	304	256	727	124	1 418
Changes in intra-Group eliminations						5		5
Disposals		-10		-223		-59	-6	-298
Reclassifications				140		38	-178	0
Acquisition cost 31 Dec. 2020		1 717	41	14 534	662	6 982	47	23 983
Cumulative depreciation and impairment 1 Jan. 2020				9 338	185	4 622		14 145
Cumulative depreciation for disposals				-64		-1		-64
Depreciation for the period				457	72	922		1 451
Cumulative depreciation 31 Dec. 2020				9 731	257	5 544		15 532
Book value 31 Dec. 2020		1 717	41	4 803	405	1 438	47	8 451

Investments	(1000 EUR)	Shares Associated companies	Shares Others	Other receivables	Total
Book value 1 Jan. 2020		214	23	1	237
Disposals				-1	-1
Book value 31 Dec. 2020		214	23	0	237

Notes to the balance sheet

13. NON-CURRENT ASSETS

PARENT COMPANY

Intangible assets	(1000 EUR)	Intangible rights	Other intangible assets	Advance payment and work in progress	Total
Acquisition cost 1 Jan. 2020		298	428	129	855
Additions			17	122	139
Acquisition cost 31 Dec. 2020		298	446	251	995
Cumulative amortisation and impairment 1 Jan. 2020		195	238		432
Amortisation for the period		60	63		122
Cumulative amortisation 31 Dec. 2020		254	300		554
Book value 31 Dec. 2020		44	146	251	440

Tangible assets	(1000 EUR)	Land	Buildings and structures	Machinery and equipment	Total
Acquisition cost 1 Jan. 2020		87	204	7	298
Additions				53	53
Acquisition cost 31 Dec. 2020		87	204	60	351
Cumulative depreciation and impairment 1 Jan. 2020			22	1	23
Depreciation for the period			8	8	16
Cumulative depreciation 31 Dec. 2020			31	9	39
Book value 31 Dec. 2020		87	173	51	312

Investments	(1000 EUR)	Shares Group companies	Shares Associated companies	Shares Others	Receivables Group companies	Total
Book value 1 Jan. 2020		74 866	214	0	6 500	81 580
Additions		4 252			500	4 752
Disposals					-500	-500
Book value 31 Dec. 2020		79 118	214	0	6 500	85 832

14. THE GROUP'S AND THE PARENT COMPANY'S OWNERSHIP PERCENTAGES 31 DEC. 2020

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

Notes to the balance sheet

(1000 EUR)	Group 2020	Group 2019	Parent company 2020	Parent company 2019
ASSETS				
CURRENT ASSETS				
15. INVENTORIES				
Raw materials and consumables	6 724	5 604		
Inventories, total	6 724	5 604		
16. NON-CURRENT RECEIVABLES				
Loan receivables	694	6 256	694	6 256
Others receivables and deferred tax assets	189	158	0	0
Prepayments and accrued income	0	134	0	134
Non-current receivables, total	884	6 548	694	6 390
17. CURRENT RECEIVABLES				
Sales receivables	15 943	15 337	0	1
Sales receivables from Group companies			34	1
Loan receivables	6 954	629	6 953	628
Loan receivables from Group companies			1 000	0
Other receivables	135	294	55	133
Other receivables from Group companies			3 000	1 925
Prepayments and accrued income	4 494	3 566	210	112
Prepayments and accrued income from Group companies			5	11
Current receivables, total	27 526	19 826	11 258	2 811
Breakdown of prepayments and accrued income:				
Interest receivables	145	0	145	0
Tax assets	419	525	0	0
Percentage-of-completion receivables	566	57	0	0
Accruals of personnel expenses	18	48	3	3
Prepayments and accrued income from trade	2 531	1 919	55	105
Prepayments and accrued income from sales	175	661		
Others	640	356	7	4
Prepayments and accrued income, total	4 494	3 566	210	112

(1000 EUR)	Group 2020	Group 2019	Parent company 2020	Parent company 2019
ASSETS				
CURRENT ASSETS				
18. FINANCIAL SECURITIES				
Financial securities consist of publicly traded shares, fund units and bonds.				
Replacement cost	16 820	11 365	16 820	11 365
Book value	15 418	10 211	15 418	10 211
Difference	1 402	1 154	1 402	1 154

Notes to the balance sheet

(1000 EUR)	Group 2020	Group 2019	Parent company 2020	Parent company 2019
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
Transfer to reserve for unrestricted equity	-41 786		-41 786	
Connection fee fund 31 Dec.	0	41 786	0	41 786
Share issue	1 310		1 310	
Reserve for invested unrestricted equity 1 Jan.	2 240	1 000	2 240	1 000
Transfer from reserve for unrestricted equity	41 786		41 786	
Disposal of own shares	4 370	1 240	4 370	1 240
Reserve for invested unrestricted equity 31 Dec.	48 396	2 240	48 396	2 240
Retained earnings 1 Jan.	64 756	63 257	72 457	65 902
Profit distribution	-10 631	-9 714	-10 632	-9 705
Purchase of own shares		-62		
Other changes in equity	854	415	854	486
Retained earnings 31 Dec.	54 979	53 896	62 679	56 683
Profit for the period	-4 172	10 859	3 292	15 775
Equity, total	110 149	118 419	125 314	126 120
CALCULATION OF DISTRIBUTABLE FUNDS 31 DEC.				
Reserve for invested unrestricted equity			48 396	2 240
Retained earnings			62 679	56 683
Profit for the period			3 292	15 775
Distributable funds, total			114 367	74 697

(1000 EUR)	Group 2020	Group 2019	Parent company 2020	Parent company 2019
EQUITY AND LIABILITIES				
LIABILITIES				
20. CUMULATIVE APPROPRIATIONS				
Cumulative appropriations in the parent company consist of the cumulative amortisation difference.			8	2
21. NON-CURRENT LIABILITIES				
Deferred tax liabilities from appropriations	2	0		
Loans from financial institutions	30	40		
Consolidated account liabilities to Group companies			3 259	4 032
Other non-current liabilities, partial payment liabilities	11	81		
Non-current liabilities, total	42	121	3 259	4 032
22. CURRENT LIABILITIES				
Loans from financial institutions	10	5 712		1 500
Advance payments received	713	802		
Trade payables	4 985	4 414	150	434
Trade payables to Group companies			46	78
Other liabilities	5 774	5 480	2 126	2 051
Accrued expenses and deferred income	14 622	16 565	741	4 653
Accrued expenses and deferred income to Group companies				36
Current liabilities, total	26 104	32 974	3 063	8 752
Breakdown of accrued expenses and deferred income:				
Interest liabilities	0	4		0
Accruals of social security expenses	9 984	9 296	629	338
Unpaid income taxes	1 383	4 875	59	3 509
Others	3 255	2 389	53	806
Total	14 622	16 565	741	4 653

Notes to the report of the Board of Directors

MATERIAL EVENTS DURING THE FINANCIAL PERIOD

Viria Plc acquired the remaining shares of Aureolis Oy in a transaction completed on 19 March 2020 and now owns the company in its entirety. The transaction was conducted as a share exchange.

The following changes in the group structure were carried out on 31 December 2020: Spellpoint Group Ltd merged with its subsidiary Spellpoint Ltd and Bellurum BI-palvelut Oy merged with Aureolis Oy.

Viria Plc's Board of Directors has evaluated the impacts of the covid-19 pandemic, which broke out in the beginning of 2020 and expanded rapidly, on Viria's market, employees and business. The pandemic has so far had a moderate impact on the demand of the services the Group offers. The Board and management follow the development of the pandemic and update its evaluation on the impacts. The impacts on the company's business have described in the report of the Board of Directors.

Closer information on the Group's financial position and development is included in the the report of the Board of Directors.

SHARES

The number of Viria Plc's shares was 5,764,428 at the end of the review period. The figures for the review period include 82,003 shares subscribed in November–December as part of the share-based incentive scheme for personnel and registered on 7 January 2021.

During the year, the company issued a total of 297,039 new shares. 200 576 were issued in conjunction with the transaction of a subsidiary, 14 460 were issued in relation to share-based incentive scheme for the Board of Directors and as a directed paid share issue to the management. In addition, as

a part of a share-based incentive scheme for the personnel, the company has issued 82 003 new shares, which have been subscribed during December 2020, the subscriptions were confirmed in the Board meeting on 18 December 2020, and the issue has been registered on 7 January 2021. 298 employees subscribed shares. The subscription price was EUR 15,97, which was determined on the average price of the preceding six months on Privanet with a 10 percent discount.

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 2020, 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 (1.4 per cent of the share capital); in other words, the Group held a total of 80,530 own shares (1.4 per cent of the share capital).

PROPOSAL ON THE USE OF THE PROFIT FOR THE PERIOD

The parent company's distributable funds amount to EUR 114,367,427.41 and the parent company's profit for the period is EUR 3,292,243.99. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.80 per share be paid from distributable funds. Based on the situation at the time of confirming the financial statements, this would correspond to EUR 10 231 736,40 in total.

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

EVENTS AFTER THE PERIOD

Samu Konttinen became Viria Plc's CEO on 1 January 2021.

Pursuant to an agreement signed on 19 February 2021, Viria Plc sold its shares in Oy Hibox Systems Ab to Accedo AB. The transaction entered into effect on 1 March 2021.

On 25 February 2021, the Finnish Tax Administration decided to approve Viria Plc's claims for adjustment concerning the taxation of Vemetra Holding Oy submitted in 2017 and 2018, at which time Vemetria Holding Oy was a subsidiary of Viria Plc. As a result of the decision, Viria Plc will receive a tax refund of approximately EUR 1 million.

Other notes

(1000 EUR)	Group 2020	Group 2019	Parent company 2020	Parent company 2019
Collateral				
Business mortgages given as collateral	84	84		
Debts with shares or book-entry accounts given as collateral				
Loans from financial institutions	0	1 500	0	1 500
Shares given as collateral/negative pledge	9 702	9 702	9 702	9 702
Debts with a guarantee as collateral				
Loans from financial institutions	0	4 000		
Overdraft facilities	468	139		
Drawn loans and overdraft facilities	468	4 139		
Available loans and overdraft facilities	900	4 900		
Amount of the guarantee given as collateral	468	4 139		
Collateral and guarantees given on behalf of companies in the same Group				
Total collateral amount granted			468	4 139
Drawn			900	4 900

(1000 EUR)	Group 2020	Group 2019	Parent company 2020	Parent company 2019
Contingent liabilities				
Rental and leasing commitments				
Payable in the next 12 months	4 082	4 104	37	52
Payable later	4 819	2 877	4	13
Total	8 900	6 980	40	65
Other commitments and collateral				
Total collateral amount granted	384	476		
Drawn	384	475		
VAT return obligation for real estate investments				
	93	88		
Collateral and contingent liabilities, total	19 630	21 468	10 210	13 905

Viria Kiinteistöt Oy is under obligation to check the VAT deductions it has made for the following real estate investments: Puskantie 16–18 and Torikatu 36 capitalised in 2013, Silmukkatie 6 (warehouse), Silmukkatie4, Museokatu 11, and Puskantie 16–18 capitalised in 2014, Museokatu 11 capitalised in 2016, Puskantie 16–18 and Yrittäjätie 15 capitalised in 2019 and Silmukkatie 4 and 6 capitalised in 2020.

Other notes

RECONCILIATION CALCULATIONS FOR ALTERNATIVE PERFORMANCE MEASURES

Viria Plc discloses alternative performance measures to provide a better picture of the operational development of business operations and to improve comparability between reporting periods.

The alternative performance measures used by Viria Plc are EBITDA, adjusted EBITDA, adjusted EBITA, adjusted operating profit (EBIT) and adjusted profit for the period.

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):

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

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:

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

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

Gross investments:

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

(1000 €)	1.1.-31.12.2020	1.1.-31.12.2019
EBITDA AND ADJUSTED EBITDA		
Operating profit (EBIT)	-3 838	-5 201
Depreciation, amortisation and impairment	9 272	10 799
Ebitda	5 434	5 598
Gains from the disposal of fixed assets	-338	-377
Restructuring expenses	582	213
Other non-recurring operating expenses	483	58
Adjusted ebitda	6 160	5 492
ADJUSTED OPERATING PROFIT (EBIT) AND ADJUSTED EBITA		
Operating profit (EBIT)	-3 838	-5 201
Gains from the disposal of fixed assets	-338	-377
Restructuring expenses	582	213
Other non-recurring operating expenses	483	58
Write-downs on properties	0	1 698
Adjusted operating profit (EBIT)	-3 111	-3 609
Amortisation of goodwill	7 224	6 924
Adjusted ebita	4 113	3 315
ADJUSTED PROFIT FOR THE PERIOD		
Profit for the period	-4 172	10 859
Gains from the disposal of fixed assets	-338	-377
Restructuring expenses	582	213
Other non-recurring operating expenses	483	58
Write-downs on properties	0	1 698
Tax effects of adjustment items	-145	8
Adjusted profit for the period	-3 590	12 459

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

Vaasa, 3 March 2021

Timo Kotilainen
Chairperson

Kaj Hagros

Jussi Hattula

Elina Piispanen

Matti Piri

Stefan Wikman

Samu Kontinen
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, 2020. 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 account-

ing 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.

Auditor's Report

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.

Turku 4 March 2021
KPMG OY AB

Esa Kailiala KHT

Information for shareholders

ANNUAL GENERAL MEETING 2021

Viria Plc's Annual General Meeting will be held on Thursday, 6 May 2021, at 2:00 p.m. at the Frami auditorium at Frami B, Kampusranta 9, 60320 Seinäjoki, Finland.

The invitation to the AGM has been published on the company website at viria.fi/yhtiokokous and in the newspapers Ilkka-Pohjalainen, Vasabladet and Keskipohjanmaa on 14 April 2021.

Due to the COVID-19 pandemic, Viria has taken precautions to ensure that the AGM can be held with due consideration for the health and safety of shareholders, employees and other stakeholders. The AGM will be as brief as possible and the number of participants will be restricted.

Shareholders are recommended to primarily watch the AGM online via a video feed and vote in advance or participate in the AGM through a proxy. Shareholders are also offered the opportunity to submit questions in advance regarding topics to be addressed at the AGM.

FINANCIAL CALENDAR

In addition to the half-year-report and the financial statements release, Viria publishes a more concise business report for the first and third quarters of the year.

- The business report for January–March will be published on Tuesday, 4 May 2021.
- The half-year report for January–June will be published on Tuesday, 31 August 2021.
- The business report for July–September will be published on Friday, 29 October 2021.

The financial statements release, annual report, half-year report and business reports will be published on the company's website at

www.viria.fi/en/for-shareholders/annual-and-interim-reports/

