

Viria Plc  
Financial  
Statements Release  
2020

4.3.2021



## Viria Plc's financial statements release 1 January–31 December 2020

(published 4 March 2021, unaudited)

### Profitable growth during a challenging period

#### OCTOBER–DECEMBER 2020 IN BRIEF

- In Q4, revenue was EUR 30.6 million (2019: EUR 28.5 million), an increase of 7.2%
- Adjusted EBITDA was EUR 2.2 million (EUR 2.1 million), or 7.3% (7.3%) of revenue
- Adjusted EBITA was EUR 1.7 million (EUR 1.5 million), or 5.6% (5.3%) of revenue
- The adjusted profit for the period was EUR 0.1 million (EUR 14.1 million)
- Earnings per share were EUR -0.03 (EUR 2.29)

#### JANUARY–DECEMBER 2020 IN BRIEF

- Viria Group's revenue was EUR 106.8 million (EUR 103.1 million), an increase of 3.6%
- Adjusted EBITDA was EUR 6.2 million (EUR 5.5 million), or 5.8% (5.3%) of revenue
- Adjusted EBITA was EUR 4.1 million (EUR 3.3 million), or 3.8% (3.2%) of revenue
- The adjusted profit for the period was EUR -3.6 million (EUR 12.5 million)
- Earnings per share were EUR -0.75 (EUR 2.04)
- 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.

#### 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.

## KEY FIGURES

EUR 1,000	10–12 2020	10–12 2019	Change %	1–12 2020	1–12 2019	Change %
Revenue, EUR 1,000	30,561	28,517	7.2	106,823	103,104	3.6
- Security business	20,558	18,571	10.7	69,122	65,091	6.2
- Digital development business	10,156	9,886	2.7	37,859	37,670	0.5
EBITDA	1,868	1,988	-6.0	5,434	5,598	-2.9
Adjusted EBITDA, EUR 1,000 <sup>1</sup>	2,232	2,076	7.5	6,160	5,492	12.2
EBITA, EUR 1,000	1,355	-273		3,386	1,723	96.5
EBITA, %	4.4	-1.0		3.2	1.7	
Adjusted EBITA, EUR 1,000 <sup>1</sup>	1,719	1,513	13.6	4,113	3,315	24.1
Adjusted EBITA, % <sup>1</sup>	5.6	5.3		3.8	3.2	
Operating profit (EBIT), EUR 1,000	-420	-2,017	79.2	-3,838	-5,201	26.2
Adjusted operating profit (EBIT), EUR 1,000 <sup>1</sup>	-56	-231	75.8	-3,111	-3,609	13.8
Profit for the period, EUR 1,000	-177	12,320		-4,172	10,859	
Adjusted profit for the period, EUR 1,000 <sup>1</sup>	114	14,088	-99.2	-3,590	12,459	
Balance sheet total, EUR 1,000				136,652	152,512	-10.4
Equity-to-assets ratio, %				81.3	78.7	
Earnings per share (EPS), EUR <sup>2</sup>	-0.03	2.29		-0.75	2.04	
Book value of parent company's equity per share, EUR <sup>2</sup>				22	23	-4.3
Average number of employees (FTE)				714	693	3.0

<sup>1</sup> 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.

<sup>2</sup> The own shares owned by the Group are excluded from the total number of shares

### CEO SAMU KONTTINEN:

Viria performed fairly well in the challenging circumstances during 2020 and increased its revenue by 3.6 per cent to EUR 106.8 million. Adjusted EBITDA improved by 12.2% year-on-year and amounted to EUR 6.2 million.

Revenue for October–December increased by 7.2 per cent year-on-year to EUR 30.6 million. Adjusted EBITDA totalled EUR 2.2 million, representing a year-on-year increase of 7.5%.

To prevent the spread of the COVID-19 pandemic, the company's employees switched to remote work in March in all jobs that can be performed remotely. During the past year, we established a number of new operating practices and we have worked together with our customers to adapt to the exceptional circumstances while always putting safety first. Cost savings were achieved due to the restrictions introduced in response to COVID-19, but the cost savings are estimated to be temporary. While COVID-19 has had a negative impact on our growth, we expect the situation to begin to return to normal in the latter part of 2021.

The final quarter of the year is traditionally strong in Viria's security business, and I am satisfied with the 10.7 per cent growth we achieved. The second wave of the COVID-19 pandemic again brought increased restrictions on installation operations, but this did not slow down sales or the

start-up of customer projects to the same extent as in the early stages of the pandemic. We achieved good growth in our continuing services in cyber security and we will continue to invest in them. While our revenue from cyber services is still relatively low, it is an important aspect of our One Security approach.

Our digital development business grew by 2.7% in the fourth quarter. During the quarter, we won significant data analytics projects and the utilisation rate of our consulting services was at a good level. With more than 300 experts, we can offer a wide range of digital development services to our customers and we are a leading provider of several technologies related to business intelligence and data analytics. The shortage of highly competent professionals in the industry is a challenge to accelerating the rate of growth, and one of our key goals is to be the most attractive employer in our industry.

I want to take this opportunity to thank everyone at Viria for the past year. The employees of our companies have demonstrated excellent flexibility and adaptability in these exceptional circumstances. We operate in dynamic industries – digital development and security – that play a significant role in building the future of our society. We have a lot of highly competent professionals and our long-term customer relationships are proof of our competitiveness and customer orientation as a service company.

### REVENUE AND PROFIT PERFORMANCE IN OCTOBER–DECEMBER 2020

The Group's revenue in October–December amounted to EUR 30.6 million (EUR 28.5 million).

EBITDA was EUR 1.9 million (EUR 2.0 million), or 6.1% (7.0%) of revenue, and the adjusted EBITDA was EUR 2.2 million (EUR 2.1 million), or 7.3% (7.3%) of revenue.

EBITA totalled EUR 1.4 million (EUR -0.3 million), or 4.4% of revenue, and EBIT was EUR -0.4 million (EUR -2.0 million).

The profit for the period was EUR -0.2 million (EUR 12.3 million) and earnings per share were EUR -0.03 (EUR 2.29).

### REVENUE AND PROFIT PERFORMANCE IN JANUARY–DECEMBER 2020

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. EBIT was EUR -3.8 million (EUR -5.2 million).

Personnel expenses totalled EUR 52.8 million (EUR 51.5 million), or 49.4% (49.9%) of revenue.

Other operating expenses amounted to EUR 13.7 million (EUR 14.4 million), with savings achieved particularly in travel expenses.

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.

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.

## 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). Consolidated goodwill on the balance sheet amounted to EUR 43.9 million (EUR 46.3 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.

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.

## SHARES, SHAREHOLDERS AND SHARE-BASED INCENTIVE SCHEMES

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.

At the end of the review period, the parent company held 80,130 of its own shares and the subsidiaries held 400 shares, representing 1.4% of the total number of shares.

At the end of the period, the company had 26,019 shareholders (this figure does not include shares that have not been registered in 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. The list of major shareholders can be found on the company's website at [viria.fi/en](http://viria.fi/en).

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 scheme for the personnel*

In autumn 2018, Viria launched a share-based incentive scheme for the personnel. Its aim is to align the interests of Viria's employees and shareholders by encouraging Viria's employees to invest in the company's shares and to commit to working for the company's goals.

The 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.

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.

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 <sup>1</sup>
2019–22	330	83,789	spring 2022	70,919
2020–23	298	82,003	spring 2023	20,286 <sup>2</sup>

<sup>1</sup> 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.

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

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.

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.

## THE GROUP'S BUSINESS AREAS AND STRUCTURE

Viria is an information and security technology solution provider. 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.

The Group's parent company is Viria Plc. In the financial year 2020, it had the following subsidiaries: Viria Security Ltd, Aureolis Oy, Bellurum BI-palvelut Oy, Bitfactor Oy, Oy Hibox Systems Ab, Tansec Oy, Spellpoint Group Ltd and its subsidiary Spellpoint Ltd as well as Viria Kiinteistöt Oy.

## CHANGES IN GROUP STRUCTURE

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.

## PERSONNEL, MANAGEMENT AND CORPORATE GOVERNANCE

During the financial period, the Group had an average of 714 (693) employees. Potential part-time employment has also been taken into account in calculating the average number of employees. The increase in the number of employees is mainly due to the growth in the volume of 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.

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.

Until 25 June 2020, the members of Viria Plc's Board of Directors were Kai Dahl (Chairperson), Jussi Hattula, Samu Konttinen, Timo Kotilainen (Chairperson starting from 26 June 2020), Elina Piispanen and Katriina Valli.

The members of the Supervisory Board were Martti Alakoski (Chairperson until 25 June), Carita Ehnström, Lars Gästgivars (from 25 June), Pekka Haapanen, Pasi Haarala, Asko Istolahti (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).

## 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.

The Annual General Meeting resolved to distribute a dividend of EUR 1.41 per share based on the profit for 2019. The dividend record date was 29 June 2020 and the payment date was 7 July 2020. Furthermore, the Annual General Meeting authorised the Board of Directors to decide on the distribution of dividend in one or several instalments, totalling a maximum of EUR 0.49 per share. The authorisation was valid until 31 December 2020.

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 authorised the Board of Directors to decide on issuing a maximum of 170,000 shares as part of the personnel incentive scheme. This authorisation applies to issuing new shares as well as the company's own shares possessed by it. The amount equals 3% of all the shares of the company. The share issue authorisation is valid for 4 years from the date of the Board's resolution. The authorisation does not revoke the previous authorisation granted by the Annual General Meeting to the Board of Directors on 9 May 2019 to the extent that this previous authorisation concerns shares issued as part of the personnel incentive scheme.

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.

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

## RISKS AND UNCERTAINTIES

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.

## MARKET REVIEW

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.

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.

## STRATEGY

Viria's mission is to build a better and safer tomorrow with the aid of data and smart technology. We contribute to our customers' success in two manners:

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

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

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

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

In our view, growth is boosted by the strong demand for our services and our strategic focus on growing service areas, such as data analytics, business digitalisation and cyber security. Our extensive customer base provides us with opportunities to find synergies in service sales and the mutually complementary competences in our business operations serve as a foundation for new innovative customer solutions. Our strong balance sheet also enables us to make corporate acquisitions that support our strategy.

The cornerstone of our success is people and their skills. 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.

## 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.

## EVENTS AFTER THE FINANCIAL YEAR

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.

## 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 annual report, including the financial statements and the report of the Board of Directors for 2020, will be published in week 15/2021. The Annual General Meeting is planned to be held on 6 May 2021. Viria's Supervisory Board publish a separate invitation to the Annual General Meeting later.

The 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/](http://www.viria.fi/en/for-shareholders/annual-and-interim-reports/)

4 March 2021  
Viria Plc  
Board of Directors

## Further information

CEO Samu Konttinen, tel. +358 50 382 5995, [samu.konttinen@viria.fi](mailto:samu.konttinen@viria.fi)

*Viria is an information and security technology solution provider that promotes digitalisation without compromising security. Our operations combine strong expertise in business intelligence, digital business and physical and cyber security with a customer-oriented and creative approach. The Viria Group consists of the parent company Viria Plc and its subsidiaries Viria Security Ltd, Aureolis Oy, Bifactor Oy, Tansec Oy, Spellpoint Ltd and Viria Kiinteistöt Oy. Viria's revenue in 2020 amounted to EUR 107 million and the Group had 714 employees. [www.viria.fi/en](http://www.viria.fi/en)*

## Tables

### ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with good accounting practice and the Finnish legislation. Viria Plc prepares its financial statements according to the Finnish accounting legislation (FAS). The figures presented have been rounded from the exact figures. The figures in the financial statements release are unaudited.

### CONSOLIDATED INCOME STATEMENT (FAS)

EUR 1,000	1 July–31 Dec. 2020	1 July–31 Dec. 2019	1 Jan.–31 Dec. 2020	1 Jan.–31 Dec. 2019
<b>REVENUE</b>	<b>54,587</b>	<b>51,533</b>	<b>106,823</b>	<b>103,104</b>
Production for own use	228	191	503	517
Other operating income	112	104	532	557
Materials and services	19,261	16,470	35,974	32,617
Personnel expenses	25,692	24,971	52,782	51,543
Depreciation, amortisation and impairment	4,628	6,290	9,272	10,799
Other operating expenses	6,739	7,241	13,669	14,419
<b>OPERATING PROFIT (EBIT)</b>	<b>-1,393</b>	<b>-3,144</b>	<b>-3,838</b>	<b>-5,201</b>
Finance income and costs	665	18,224	763	20,793
<b>PROFIT BEFORE APPROPRIATIONS AND TAXES</b>	<b>-728</b>	<b>15,080</b>	<b>-3,075</b>	<b>15,592</b>
Income taxes	-401	-3,974	-966	-4,544
Minority interest	-63	-84	-130	-189
<b>PROFIT FOR THE PERIOD</b>	<b>-1,191</b>	<b>11,022</b>	<b>-4,172</b>	<b>10,859</b>

### CONSOLIDATED BALANCE SHEET (FAS)

EUR 1,000	31 Dec. 2020	31 Dec. 2019
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets	46,499	49,151
Tangible assets	8,451	8,712
Investments	237	237
<b>NON-CURRENT ASSETS, TOTAL</b>	<b>55,187</b>	<b>58,100</b>
<b>CURRENT ASSETS</b>		
Inventories	6,724	5,604
Non-current receivables	884	6,548
Current receivables	27,526	19,826
Financial securities	15,418	10,211
Cash in hand and at bank	30,913	52,225
<b>CURRENT ASSETS, TOTAL</b>	<b>81,465</b>	<b>94,413</b>
<b>ASSETS, TOTAL</b>	<b>136,652</b>	<b>152,512</b>

EUR 1,000	30 June 2020	31 Dec. 2019
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
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	54,979	53,896
Profit for the period	-4,172	10,859
<b>EQUITY, TOTAL</b>	<b>110,149</b>	<b>118,419</b>
<b>MINORITY INTEREST</b>	<b>357</b>	<b>999</b>
<b>LIABILITIES</b>		
Non-current liabilities	42	121
Current liabilities	26,104	32,974
<b>LIABILITIES, TOTAL</b>	<b>26,146</b>	<b>33,095</b>
<b>EQUITY AND LIABILITIES, TOTAL</b>	<b>136,652</b>	<b>152,512</b>

## CONSOLIDATED CASH FLOW STATEMENT (FAS)

EUR 1,000	1 July–31 Dec. 2020	1 July–31 Dec. 2019	1 Jan.–31 Dec. 2020	1 Jan.–31 Dec. 2019	
<b>Cash flow from operating activities</b>					
Profit/loss for the period	-1,191	11,022	-4,172	10,859	
Adjustments to the profit for the period	4,612	-7,860	9,436	-5,643	
Cash flow from operating activities before the change in working capital	<b>3,420</b>	<b>3,161</b>	<b>5,265</b>	<b>5,216</b>	
Change in working capital:					
Inventories	increase (-)/decrease (+)	779	784	-1,120	343
Current receivables	increase (-)/decrease (+)	-6,268	-2,608	-2,107	463
Current liabilities	decrease (-)/increase (+)	4,584	1,674	3,676	1,801
Cash flow from operating activities before financial items and taxes	<b>2,516</b>	<b>3,012</b>	<b>5,713</b>	<b>7,823</b>	
Dividends received	25	28	50	1,150	
Interest and other finance income	355	18,066	424	19,500	
Finance costs	42	-90	-125	-228	
Taxes	-401	-1,021	-4,432	-3,667	
<b>Cash flow from operating activities</b>	<b>2,537</b>	<b>19,995</b>	<b>1,632</b>	<b>24,578</b>	
<b>Cash flow from investing activities</b>					
Purchase of shares	-3	0	-747	-12,014	
Investments in tangible and intangible assets	-905	-1,162	-2,432	-2,123	
Disposal of shares and repayment of capital	0	-28	0	-28	
Proceeds from sale of tangible and intangible assets	-69	31	535	540	
Loans granted	0	1			
Repayment of loan receivables	0	-1			
<b>Cash flow from investing activities</b>	<b>-977</b>	<b>-1159</b>	<b>-2,644</b>	<b>-13,626</b>	

	1 July–31 Dec. 2020	1 July–31 Dec. 2019	1 Jan.–31 Dec. 2020	1 Jan.–31 Dec. 2019
<b>Cash flow from financing activities</b>				
Share issue	631	421	1,010	421
Change in long-term loans	0	-1,459	0	-1,500
Change in short-term loans	-3,509	-4,173	-5,712	-11,983
Purchase of own shares	0	0	0	-71
Disposal of own shares	116	179	262	355
Dividends paid and other profit distribution	-9,892	-34	-10,652	-9,084
Repayment of loan receivables	0	1,433	0	2,397
<b>Cash flow from financing activities</b>	<b>-12,654</b>	<b>-3,633</b>	<b>-15,092</b>	<b>-19,465</b>
<b>Change in cash and cash equivalents according to the statement</b>	<b>-11,095</b>	<b>15,202</b>	<b>-16,104</b>	<b>-8,512</b>
Cash and cash equivalents 1 Jan./1 July*	57,426	47,234	62,436	70,948
Cash and cash equivalents 30 June/31 Dec.*	46,331	62,436	46,331	62,436
<b>Change in cash and cash equivalents</b>	<b>-11,095</b>	<b>15,202</b>	<b>-16,104</b>	<b>-8,512</b>

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

## CHANGES IN THE GROUP'S EQUITY (FAS)

EUR 1,000	2020	2019
<b>EQUITY</b>		
Share capital 1 Jan.	1,504	1,504
Share capital 31 Dec.	1,504	1,504
Reserve fund 1 Jan.	8,132	8,132
Reserve fund 31 Dec.	8,132	8,132
Connection fee fund 1 Jan.	41,786	41,786
Transfer to the reserve for invested unrestricted equity	-41,786	0
Connection fee fund 31 Dec.	0	41,786
Share issue	1,310	
Reserve for invested unrestricted equity 1 Jan.	2,240	1,000
Transfer from the connection fee fund	41,786	
Disposal of own shares	4,370	1,240
Reserve for invested unrestricted equity 31 Dec.	48,396	2,240
Retained earnings 1 Jan.	64,756	63,257
Profit distribution	-10,631	-9,714
Purchase of own shares	0	-62
Other changes in equity	854	415
Retained earnings 31 Dec.	54,979	53,896
Profit for the period	-4,172	10,859
<b>Equity, total</b>	<b>110,149</b>	<b>118,419</b>

## THE GROUP'S COMMITMENTS AND COLLATERAL

EUR 1,000	2020	2019
<b>Collateral</b>		
<b>Debts with a business or property mortgage put up as collateral</b>		
Business and property mortgages		
Business and property mortgages put up as collateral	84	84
<b>Debts with shares or book-entry accounts put up as collateral</b>		
Loans from financial institutions		
	0	1,500
Shares put up as collateral/negative pledge		
	9,702	9,702
<b>Debts with a guarantee as collateral</b>		
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		
	<b>468</b>	<b>4,139</b>
<b>Contingent liabilities</b>		
<b>Rental and leasing commitments</b>		
Payable in the next 12 months		
	4,082	4,104
Payable later		
	4,819	2,877
<b>Total</b>	<b>8,900</b>	<b>6,980</b>
<b>Other commitments and collateral</b>		
Total collateral amount granted		
	384	476
Drawn		
	384	<b>475</b>
<b>VAT return obligation for real estate investments</b>	<b>93</b>	<b>88</b>
<b>Collateral and contingent liabilities, total</b>	<b>19,630</b>	<b>21,468</b>

## 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.

### **Equity-to-assets ratio:**

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

Balance sheet total - advances received

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

### **Investments:**

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

## 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.

### **EBITDA AND ADJUSTED EBITDA**

EUR 1,000	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Operating profit (EBIT)	-420	-2,017	-3,838	-5,201
Depreciation, amortisation and impairment	2,288	4,006	9,272	10,799
<b>EBITDA</b>	<b>1,868</b>	<b>1,988</b>	<b>5,434</b>	<b>5,598</b>
Gains from the disposal of fixed assets	-10	0	-338	-377
Restructuring expenses	331	38	582	213
Other non-recurring operating expenses	41	50	483	58
<b>ADJUSTED EBITDA</b>	<b>2,232</b>	<b>2,076</b>	<b>6,160</b>	<b>5,492</b>

### **ADJUSTED OPERATING PROFIT (EBIT) AND ADJUSTED EBITA**

EUR 1,000	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Operating profit (EBIT)	-420	-2,017	-3,838	-5,201
Gains from the disposal of fixed assets	-10	0	-338	-377
Restructuring expenses	331	38	582	213
Other non-recurring operating expenses	41	50	483	58
Write-downs on properties	0	1,698	0	1,698
<b>ADJUSTED OPERATING PROFIT (EBIT)</b>	<b>-56</b>	<b>-231</b>	<b>-3,111</b>	<b>-3,609</b>
Amortisation of goodwill	1,775	1,745	7,224	6,924
<b>ADJUSTED EBITA</b>	<b>1,719</b>	<b>1,513</b>	<b>4,113</b>	<b>3,315</b>

### **ADJUSTED PROFIT FOR THE PERIOD**

EUR 1,000	10-12/2020	10-12/2019	1-12/2020	1-12/2019
Profit for the period	-177	12,320	-4,172	10,859
Gains from the disposal of fixed assets	-10	0	-338	-377
Restructuring expenses	331	38	582	213
Other non-recurring operating expenses	41	50	483	58
Write-downs on properties	0	1,698	0	1,698
Tax effects of adjustment items	-73	-18	-145	8
<b>ADJUSTED PROFIT FOR THE PERIOD</b>	<b>114</b>	<b>14,088</b>	<b>-3,590</b>	<b>12,459</b>