

TRAFFIC MANAGEMENT FINLAND

# Report by the Board of Directors and financial statements 2019



## How to read the reports



### **Annual Report 2019**

Strategy, key events of 2019 and a look at responsibility.



### **Governance and remuneration report 2019**

Information about the company's governance system and the salaries and bonuses paid to the CEO and members of the Board of Directors.



### **Board of Directors' report and financial statements 2019**

An account of the company's operations in 2019 and a summary of the company's financial result and financial position.

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# Board of Directors' report

## Tasks of the Traffic Management Finland Group

Traffic Management Finland Oy (TMF) is a wholly state-owned special assignment company steered by the Ministry of Transport and Communications. The company's task is to provide advanced air, maritime, rail and road traffic control and management services and ensure the safety and smoothness of traffic responsibly in all modes of transport. Responsibility for collecting, managing and utilising control service-related data and offering it equally to other parties to facilitate new business is the special assignment of the company.

As the owner of the company, the State has a special interest. The company has a state-defined task related to social, economic, security and traffic policy. TMF provides the crucial traffic control and management services needed by society, economy and the authorities, ensuring smooth and safe traffic and seeing to the operational reliability of traffic control and management in all situations.

It is the company's special assignment to provide, maintain and develop traffic control and management services for the needs of defence and security authorities to the extent justified to take care of their statutory official assignments. The management of this special assignment is primarily ensured through industry-specific legislation.

In accordance with the Government resolution on state-ownership policy issued on 13 May 2016, as an owner, the State seeks to maximise the overall financial and social benefit in the management of its assets. The overall economic result of TMF is assessed on the basis of how and at what cost the company fulfils its social service assignment. The company aims to enhance the cost-efficiency of its business operations and for its business on the whole to be economically profitable. The social effectiveness of the company is manifested through e.g. increased efficiency of travel and transport, more fluent traffic and enhanced traffic safety, as well as reduced emissions from traffic. In addition, the company's tasks

include promoting the emergence of new traffic services on a market basis.

Provisions on the Parliament's, Government's and Ministries' control authority are laid down in the State Shareholdings and Ownership Steering Act (1368/2007). The key guidelines of the State's ownership policy are laid down in the Government resolution on state-ownership policy (2016) and the Government's guidelines. In its remuneration, the company complies with the Government resolution on state-ownership policy in force at each time. The company is also subject to the Corporate Governance Code for limited liability companies steered by the Ministry of Transport and Communications issued on 1 January 2019. The company complies with the requirements of the Finnish Corporate Governance Code for Finnish listed companies issued by the Securities Market Association (2015) and the OECD Principles of Corporate Governance. The general aim in the organisation of the company's governance and decision-making is to develop and maintain good corporate gov-

ernance. The Ministry of Transport and Communications approved the company's owner strategy guidelines on 16 October 2019.

Traffic Management Finland cooperates closely with an extensive network of customers and partners. Key stakeholders from the point of view of managing the company's tasks include the parties purchasing the company's traffic control services: the Finnish Transport Infrastructure Agency (road, maritime and rail) and Finavia, as well as airlines (air traffic) and other industry parties, such as Traficom, defence and security authorities, cities, public transport operators, research institutions and companies of different industries.

## Structure of the Group

Traffic Management Finland Oy is the Group's parent company, and it has four subsidiaries: Air Navigation Services Finland Oy (ANS Finland, air navigation), Finrail Oy (railway traffic control), Intelligent Traffic Management Finland Oy (ITM Finland, road traffic control) and Vessel Traffic Services Finland Oy (VTS Finland, maritime traf-

fic control). The subsidiaries are responsible for traffic control services for the respective modes of transport. Traffic Management Finland Oy is the Group's parent company with responsibility for providing ecosystem and group services.

The maritime, road and railway traffic control and management services of the Finnish Transport Agency were incorporated as part of the wholly state-owned traffic control group as of 1 January 2019. The incorporation was based on the Act on incorporating the traffic control and management services of the Finnish Transport Agency into a limited liability company (574/2018 and government proposal 34/2018). The Finnish State transferred the road, maritime and railway traffic control operations, which were incorporated from the Finnish Transport Agency, and shares of Finrail and shares in Finrail Oy (railway traffic) and Air Navigation Services Finland Oy (air navigation) to the established parent company of the Group, Traffic Management Finland Oy. The company then further transferred the traffic control and management functions to Intelligent Traffic Management Finland Oy with regard to road traffic, to Vessel Traffic Services Finland Oy with regard to maritime traffic and to Finrail Oy with regard to railway traffic. As consideration for the business transfers, the subsidiaries organised share issues in

which the parent company subscribed for new shares in the subsidiaries.

The State subscribed for a total of 6,210,288 new shares in three share issues of Traffic Management Finland Oy on 14 December 2018. In the share issue 1/2018, the State subscribed for 5,000,000 new shares in conjunction with the transfer of assets and other specified items associated with maritime, road and railway traffic control to the company. In the share issue 2/2018, the State subscribed for 247,608 new shares in conjunction with the transfer of shares in Finrail Oy to the company. In the share issue 3/2018, the State subscribed for 962,680 new shares in conjunction with the transfer of shares in Air Navigation Services Finland Oy to the company. The subscription price for all three share issues was paid by transferring the assets concerned to Traffic Management Finland Oy in kind on 1 January 2019. The total number of shares following the share issues was 6,210,388, and the total value of the State's equity investments was EUR 155,326,024.69. The company does not hold any of its own shares.

The financial year is the Group's first one, and it is longer than normal with regard to Traffic Management Finland Oy, Vessel Traffic Services Finland Oy and Intelligent Traffic Management Finland Oy. In practice, however, the financial statements illustrate the actual

operational activities for 2019 well, because there were only minor transactions relating to the establishment of the company during 2018. The financial year of Traffic Management Finland Oy was 19 September 2018–31 December 2019 and the financial years of Intelligent Traffic Management Finland Oy and Vessel Traffic Services Finland Oy were 4 October 2018–31 December 2019. The financial years of Air Navigation Services Finland Oy and Finrail Oy were 1 January–31 December 2019.

Traffic Management Finland Oy is wholly-owned by the State of Finland. All of the above-mentioned subsidiaries are wholly-owned by the parent company Traffic Management Finland Oy. In addition, the group includes Finlogic Oy, owned by Finrail Oy.

In addition to Helsinki, Vantaa, Tampere, Turku and Oulu, the company operated in a total of 24 other locations on 31 December 2019.

### Key events in the financial year

The company's organisation and processes were built during 2019. A key objective for the first year of operation was to ensure the reliability of operational traffic control and safety of traffic. Operational traffic control activities different modes of transport continued without any disruptions.

During the first year of operation, the company built its core functions, developed its

policies and published its strategy in October 2019. The vision of the Group is to make Finland a country with the world's safest, smoothest and most environmentally friendly traffic. Strategic objectives include improving the safety, fluency and environmental friendliness of traffic; developing traffic services by offering platform and information services to traffic ecosystem operators; developing new customer-oriented services; boosting service production processes and automation in service production; making use of Group synergies; good governance and capability to reform.

Cooperation with the Finnish Transport Infrastructure Agency was close, both at Group and subsidiary level. Development of traffic control and safety technology relating to the Finnish Transport Infrastructure Agency's traffic infrastructure projects was carried out in cooperation with market operators.

The development of the services provided by the company continued in several projects involving different modes of transport.

Key development projects included the Digitraffic data platform combining all modes of transport; the Group will use it to diversely open up its traffic data to its partners. In 2019, the Group accelerated the building of the data platform and cooperation with potential partners. The aim is to develop new services that serve the entire traffic system.

ANS Finland developed its operations in co-operation with its key customers, Finavia and airlines. One of its key development projects is the FINEST project aiming at air navigation cooperation between Estonia and Finland.

Finrail's key development investment was the Digirail project, investigating means of developing future rail traffic control. The project aims to increase the safety and capacity of future rail traffic. Finrail deployed new technology for rail customers' passenger communications during the year.

The focus of ITM Finland was on strengthening its core operations – road traffic control and management, as well as the development of road traffic and condition information. Service development was also continued.

VTS Finland improved its safety during the year with additional investments in the development of the safety management system. VTS has also been active in the STM Efficient-Flow project, developing cooperative solutions that make port calls quicker.

Going forward, increasing cost efficiency will be among the key objectives. The company is committed to the objective of significantly increasing the efficiency of service production and social impact during the strategy period, as set by the owner. If the net cash inflow pursuant to the Finnish Transport Infrastructure Agency's service agreement is realised in ac-

cordance with the plans made upon establishing the company, the investments in increasing safety and automation as well as development of new services to improve impact and efficiency required by the strategy can be implemented. An essential factor in increasing efficiency is the development of the operating model and level of automation, making it possible to manage growing traffic volumes with lower costs.

In 2019, the company provided the services at a lower price than planned by e.g. reorganising its operations and subjecting several outsourced services to competitive bidding in both administration and operations.

### Revenue and profit 2019

The revenue of the Traffic Management Finland Group for its first financial year amounted to EUR 221.9 million. Road, maritime and railway traffic control services generated the majority of the revenue, with service sales value of EUR 141 million. Air navigation services sold to airlines amounted to EUR 59.0 million and to Finavia to EUR 16.2 million. The Group's revenue includes a EUR 9.1 million adjustment relating to SES legislation and ANS Finland's flight route fees and the air navigation fees of Helsinki Airport. The adjustment has a negative effect on the Group's revenue.

The company's profit amounted to EUR 21.3 million. The operating profit margin was

9.6%. The company's operating profit after taxes for the financial year amounted to EUR 14.7 million. The profit was better than foreseen upon the establishment of the company, as the incorporated entity could provide services with approximately EUR 7 million lower costs than foreseen due to the increased efficiency of operations and e.g. the fact that the Finnish Transport Infrastructure Agency had not transferred all of the planned traffic control operations and associated assets yet during 2019. The total value of the assets planned to be transferred in the future is approximately EUR 90 million. The plans made when the company was established included uncertainty, especially with regard to the cost structure of business functions divested from the Agency. The aim is to continue to increase operational efficiency while increasing the level of activity and improving the service level as well as developing new services. In the future, profit is expected to be lower than in 2019 due to the objective of moderate profitability, increase in the level of activity and services and the operating and capital costs caused by the development of operations.

The balance sheet is strong for the time being, as the actual investments were smaller than planned. The company's cash flow was good. The situation is expected to change quickly if the planned investment programme

is realised. For 2019, investments were lower than planned due to the progress of traffic control-related projects being slower than foreseen and cautiousness in starting investments, as the company does not have sufficient certainty of the future development of sales of road, maritime and railway traffic services funded through the State's budget.

Following the incorporation of traffic control services, the Traffic Management Finland Group will fund its investments through cash flow from operating activities and, if necessary, equity or debt financing. Therefore, the company must have sufficient certainty of net cash inflow and its operations remaining profitable if the volume or service level of activities ordered increases or when completely new services are ordered. In prior operations as part of the Agency, investments in road, maritime and railway traffic control functions were funded directly from the State's budget. In the incorporated form, only the share of depreciation and financial expenses is funded from the State's budget besides services purchased by the Finnish Transport Infrastructure Agency.

Due to EU legislation, a significant share of profits from air navigation services will be refunded to airlines as a lower unit rate in the future. The related total obligations are taken into account in the Group's balance sheet as accrued expenses of EUR 17.7 million.

## Key indicators of the Group 2019

Revenue (EUR million)	221.9
Operating profit (EUR million)	21.3
Operating profit/revenue (%)	9.6
Net profit (EUR million)	14.7
Investments (EUR million)	26.2
Cash flow from investing activities (EUR million)	22.8
Interest-bearing net debt (EUR million)	-69.4
Equity ratio (%)	71.6
Gearing (%)	-40.8
Personnel (on average)	1,091

## Assessment of key operational risks and uncertainties

Ensuring safety is the most important task of Traffic Management Finland in all of its operations. The risks to the business operations have been identified, and they are managed as part of the companies' risk management systems. The company aims to ensure a high level of traffic control and management services and safety culture, as well as secure the continuity of operations in diverse situations. The company systematically develops the management of safety and security risks. At Traffic Management Finland, risk management is proactive, systematic and comprehensive. According to the management sys-

## Key figures of the business functions

	ANS Finland	Finrail	ITM Finland	VTS Finland
Revenue (EUR million)	80.2	74.4	44.0	21.7
Operating profit (EUR million)	5.9	8.3	4.1	2.6
Operating profit/revenue (%)	7.4	11.2	9.3	11.8
Personnel on average	441	464	71	99

ANS Finland is responsible for air navigation services, Finrail (Finrail Oy and Finlogic Oy) for controlling railway traffic, ITM Finland for road traffic control and VTS Finland for maritime traffic control.

tem approved by the Board of Directors, the company must be managed professionally in accordance with healthy and prudent business practice.

The company pays particular attention to the information security of information classified as confidential by the authorities and business secrets. Effective and high-quality information security is ensured in all operations.

The company makes sure that the hardware, information systems and software it uses are reliable and secure. It prepares for cyber threats by e.g. enhancing the management of information assets and enabling extensive and adequate investments in the development of information security.

Observations relating to safety and security are regularly reported to the Boards of Directors of the Group and subsidiaries during the year. Risk management is part of the company's business strategy and setting of operational objectives. The Boards of Directors of the Group and subsidiaries review the most significant risks and uncertainties relating to operations. The identification and management of risks are part of the companies' management systems.

A risk management policy and procedures covering all of the operations of Traffic Management Finland were defined during 2019. A risk survey was made in late 2019 in accordance with the new procedure. The key

risks identified were the possibility of failure in preventing data and cyberattacks and potential failure in providing new digital services. In addition, possible insufficient revenue from service sales, depending on the State budget, was identified as a risk during the strategy period. In particular, the risk concerns the funding of the EUR 90 million traffic control-related balance sheet items planned to be transferred to the Group. They are assets associated with traffic control that should be transferred to TMF. The transfer requires that the resulting costs can be covered by increasing the revenue generated by the traffic control service ordered by the Finnish Transport Infrastructure Agency. The company also considers important that the assets could be transferred as net-in-kind, similarly to the assets transferred in conjunction with the incorporation. This would make it easier to finance future investments. Otherwise, a strong expansion of traffic control activities can compromise boosting the efficiency of operations and developing safety-promoting automation investments and new services that extensively serve society.

## Personnel, wages and competence

During 2019, Traffic Management Finland had 1,091 employees on average. At the end of the year, the number of personnel totalled

1,103. When the company started its operations on 1 January 2019, the number of personnel was 1,062.

Of the employment relationships, 95.7 per cent were permanent and 4.3 per cent were fixed-term at the end of December. The average age of the Group's employees was 45.8 years (December 2019). Men accounted for 78 per cent and women for 22 per cent of the employees. Turnover was approximately 3.8 per cent. The average duration of employment relationships is 12.6 years.

Salaries and bonuses paid during the financial year amounted to EUR 77.6 million. Personnel expenses totalled EUR 93.4 million (46 per cent of all expenses). All of the employees are included in the scope of the incentive scheme confirmed by the company's Board of Directors. The personnel have a personnel fund to which the employees can transfer the part of the bonus payable to the fund in full or part. The incentive scheme rewards the personnel for good work performance benefiting the company and achieved results.

A job satisfaction survey covering all modes of transport and the entire personnel was conducted in October 2019. The overall response rate was 68 per cent. The results of the survey were at a good level, considering that the year involved major changes for some of the employees, including both incorporation and

business transfer, as a result of which the employees were transferred from service relationships with a government agency to employment relationships with the company. The personnel survey assessed operations extensively using various indicators. The overall result for the personnel of all modes of transport was 3.8/5.

In proportion to theoretical regular working time, the sickness absence rate is low throughout the Group (3.4 per cent). Typically, absence is related to musculoskeletal diseases and mental health. Employees' safety is important to the company, and a lot of attention is paid to e.g. ergonomics. Occupational accidents are rare. In 2019, there were two occupational accidents resulting in sick leaves. The accidents took place during a business trip.

Traffic Management Finland encourages its employees to develop their competence. It supports the continuous learning of its personnel, ensuring that the company can react to changes in the operating environment proactively in a pioneer-like way in all modes of transport.

One of the five strategic objectives for the company's strategy period 2020–2024 is good management and capability for reform. The implementation of measures pursuant to these objectives began already in 2019. The company's personnel and training plan con-

tributes to ensuring good managerial work and good management in day-to-day work. The company develops its organisation, operating models and culture so that they support learning and experimenting, thereby facilitating continuous reform.

The company considers the development of managerial work and management to be key factors in developing the organisation's capability for reform. The company has created a programme for supervisors to ensure the continuous development and reform of managerial work. The programme supports supervisors in different stages of their careers. Employees receive continuous training – all railway and air traffic controllers, for instance, are trained internally. Avia College, a vocational special educational institution owned by ANS Finland, provides air navigation training services meeting international standards and recommendations. KRAO is responsible for railway traffic control, organising training in railway traffic safety tasks.

The transition to a single company has provided all modes of transport with new opportunities for cooperation and learning. The new company can provide increasingly effective services throughout the organisation and facilitate collaboration projects between different modes of transport more flexibly.

## Safety

Traffic Management Finland's line of business is particularly safety-critical: a potential accident can cause severe losses to people, environment and the economy. Safety work in traffic control is extensive, and the company develops safety systematically and ambitiously across all modes of transport. In particular, traffic control plays a significant role in guaranteeing the safety of air and railway traffic: TMF is, in its own role, responsible for planes and trains reaching their destinations safely. As for maritime and road traffic, traffic control actively monitors the smoothness of road and maritime traffic, provides situational information and addresses any incidents or threats to safety, either proactively or by removing them in close cooperation with the authorities.

The areas of safety in all modes of transport include incident management, risk management, preparation, management of safety deviations, information and cyber security, as well as corporate security. Safety work is based on solid operational expertise and the continuous development of the required capabilities, working methods, operational systems and processes, as well as performance assessment.

At Traffic Management Finland, each subsidiary is responsible for its own safety through appropriate practices, methods and

procedures. A joint safety management system, synchronised as part of the subsidiaries operating methods and their own safety management systems, was also created in conjunction with the launch of the company. During 2019, Traffic Management Finland developed its own risk management operating model covering all business functions for regularly surveying the potential risks, identifying their severities and specifying the necessary management methods to prevent them and manage risks. The key risks are regularly reported to the Group's Board of Directors and Management Team. Particular attention was paid to information security in 2019. During the year, the company e.g. recruited a new chief information and cyber security officer, and significant investments were made in improving information security. In addition, an extensive analysis of the baseline of information security at TMF was conducted. The analysis made it possible to identify the key information security risks and launch the required development measures in different subsidiaries to increase the level of information security. No significant information security deviations or breaches of information security were reported in 2019.

## Environment

During 2019, Traffic Management Finland created a new environmental strategy,

specifying the focuses of its environmental efficiency.

Traffic has a strong impact on climate change. Traffic accounts for approximately 20 per cent of Finland's CO<sub>2</sub> emissions, and road traffic accounts for 90 per cent of this impact. The company supports Finland in reaching the ambitious climate objectives set by the Government with traffic control services and utilisation of traffic information. TMF can contribute to reducing emissions by facilitating competitive alternatives to private car use in the form of digital trip chains based on public transport, by promoting the smoothness of road traffic and promoting the competitiveness of railway traffic with the help of efficient traffic control.

Traffic Management Finland contributes to preventing environmental damage caused by traffic. The identification and management of risks and appropriate processes and risk management play a key role in this work.

## Parent company Traffic Management Finland Oy in 2019

Traffic Management Finland Oy is the Group's parent company that wholly owns the key subsidiaries. During 2019, the parent company built the Group-level organisations and processes and recruited employees as planned for e.g. the HR unit, legal and pro-

curement function, communications and the ecosystem and technology platforms function. Since early 2020, the majority of the shared group services and the customer service, ecosystem and technology platforms functions have been centralised in the parent company.

The revenue of Traffic Management Finland Oy amounted to EUR 147.5 million. During 2019, the parent company's revenue was generated by road, maritime and railway traffic control services ordered by the Finnish Transport Infrastructure Agency, customer and ecosystem services and internal group services. Going forward, the aim is to also provide ecosystem services to other customers. The parent company acquired the traffic control services from the subsidiaries.

The company's profit for 2019 amounted to EUR 1.0 million. The operating profit margin was 0.7%. The company's profit after taxes for the financial year amounted to EUR 0.4 million. The equity ratio was 66 per cent. The average number of personnel was 16 employees during the financial year.

## The Group's financial position and result

The Group's financial position is good; its financial result and state are indicated in the income statement and balance sheet. Net of tax-

es amounting to EUR 6,039,730, the group's profit totalled EUR 14,723,455.64.

## Future outlook

The strategy completed in autumn 2019 specifies clear strategic objectives for Traffic Management Finland. The company will continue the determined implementation of strategic spearhead projects in all modes of transport and at the level of the traffic system and further develop the responsibility of its operations. The company's spearhead projects are increasing the level of information and cyber security, development of partnerships and new services, efficient traffic control, further development of a digital traffic platform, good management and capability for reform, development of both measuring as well as increasing the impact on society.

TMF promotes safe, smooth and environmentally friendly traffic as traffic volumes grow further. It is involved in promoting growth in the traffic service market and innovation in traffic by offering platform and information services to the traffic ecosystem. By increasing the automation rate, the company aims to further increase the safety of traffic efficiency of traffic control services. The company makes use of functional and procurement-related synergies between modes of transport and operates profitably in all areas.



## Events after the financial year

As part of the reorganisation of the Group's functions, the assets relating to the Digitraffic software were transferred to the parent company from Intelligent Traffic Management Finland Oy, Vessel Traffic Services Finland Oy and Finrail Oy on 1 January 2020. The development of information platform and ecosystem services is centralised in the parent company. The shared services of Traffic Management Finland were also centralised further, and 13 employees transferred from the subsidiaries to the parent company on 1 January 2020. Finrail Oy's subsidiary Finlogic Oy has been responsible for operating centre services for the electric track. It was decided to transfer this activity to Finrail Oy early in the year.

There were changes in the Board of Directors at the beginning of 2020, when Seija Turunen was elected as the new Chairman of the Board of Directors as of 7 January 2020. At the same time, Juha Majanen and Kirsi Nuotto were elected as Board members. Pertti Korhonen gave up his membership in the Board of Directors in conjunction with this. The company announced on 5 March 2020 that Pertti Korhonen had been appointed as CEO as of 9 March 2020.

In January 2020, the coronavirus originating in China has rapidly spread into a glob-

al pandemic, with particularly strong impacts on air traffic, but also other modes of transport. Citizens and companies in several countries are heavily restricting their mobility to prevent the virus from spreading. This is expected to have quite a significant impact on air navigation services revenues in particular, and therefore ANS Finland commenced statutory employer-employee negotiations on 12 March 2020 to adjust the volume of operations due to production-related and financial reasons. Contingency plans have also been prepared with regard to other modes of transport, and the financial impacts of the measures are being assessed. The final impacts on operations and the finances of TMF depend on the depth and duration of the crisis.

## Management and auditing

Between 19 September 2018, when the company was established, and 4 December 2018, the Board of Directors of Traffic Management Finland Oy was comprised of Juhapekka Ristola as Chairman and Sanna Ruuskanen and Rita Linna as members. The extraordinary meeting of shareholders elected a new Board of Directors on 5 December 2018, with Pertti Korhonen as Chairman and Sauli Eloranta, Nina Kopola, Teemu Penttilä, Seija Turunen and Katriina Vainio as members.

Nina Kopola gave up her membership on 4 November 2019. The Board of Directors has two committees, the Audit Committee and the Personnel Committee.

The Board of Directors and its committees convened 26 times during the financial year: 7 times in 2018 and 19 times in 2019. The members of the Board of Directors were paid a total of EUR 211,400 in rewards for Board of Directors and committee work.

The company's interim CEO was Pertti Korhonen on 1–20 January 2019. He took care of the position besides acting as the Chairman of the Board of Directors until Juho Hakala was appointed as CEO on 21 January 2019. Hakala's employment relationship was discontinued by mutual agreement on 26 August 2019, after which Pertti Korhonen returned to the position of interim CEO as of 27 August 2019. The company announced on 5 March 2020 that Pertti Korhonen had been appointed as CEO as of 9 March 2020.

All four subsidiaries of Traffic Management Finland have Board of Directors, with the Group's CEO (as the Chairman), CFO and two external members in each one.

The auditor for the Group's companies was Ernst & Young Oy, Authorised Public Accountants. Mikko Rytilahti (APA, CPFA) was the auditor in charge.

## Company shares

The State of Finland holds all 6,210,388 shares and 6,210,388 votes in Traffic Management Finland, i.e. its holding is 100%. The company has a single series of shares. The Ministry of Transport and Communications is responsible for ownership steering.

## Board of Directors' proposal for the distribution of profits

The distributable assets of Traffic Management Finland Oy in the financial statements of 31 December 2019 amounted to EUR 155,200,336.35. The Board of Directors proposes that no dividends be distributed and that the profit for the financial year, EUR 374,311.66, be carried over in retained earnings.

## Separate reports

The Annual Report aimed at the Group's stakeholders includes a separate Board of Directors' report and financial statements report, annual review with the CEO's review, report on changes in the operating environment and Group's strategy, information about the different business functions, and a responsibility report. In addition, the Group publishes governance and remuneration reports.

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## Group income statement

EUR mill.	19/09/2018-31/12/2019
<b>Revenue</b>	<b>221.9</b>
Other operating income	0.6
Materials and services	
Purchases	-2.4
External services	-43.0
	-45.4
Personnel expenses	
Wages and salaries	-77.6
Social security expenses	
Pension expenses	-13.5
Other social security expenses	-2.4
	-93.4
Depreciation and amortisation	
Depreciation according to plan	-30.8
	-30.8
Other operating expenses	-31.5
<b>Operating profit</b>	<b>21.3</b>
Financial income and expenses	
Other interest and financial income	
From others	0.0
Interest and other financial expenses	
To others	-0.6
	-0.5
<b>Profit before appropriations and taxes</b>	<b>20.8</b>
Income taxes	
Taxes for the financial period	-6.0
	-6.0
<b>Profit for the financial period</b>	<b>14.7</b>

## Parent company income statement

EUR mill.	19/09/2018-31/12/2019
<b>Revenue</b>	<b>147.5</b>
Materials and services	
Purchases	0.0
External services	-140.2
	-140.2
Personnel expenses	
Wages and salaries	-2.3
Social security expenses	
Pension expenses	-0.3
Other social security expenses	0.0
	-2.7
Depreciation and amortisation	
Depreciation according to plan	0.0
	0.0
Other operating expenses	-3.6
<b>Operating profit</b>	<b>1.0</b>
Financial income and expenses	
Other interest and financial income	
From others	0.0
Interest and other financial expenses	
To others	-0.5
	-0.5
<b>Profit before appropriations and taxes</b>	<b>0.5</b>
Appropriations	
Change in depreciation difference	0.0
Income taxes	
Taxes for the financial period	-0.1
	-0.1
<b>Profit for the financial period</b>	<b>0.4</b>

## Group balance sheet

EUR mill.	31/12/2019
<b>ASSETS</b>	
<b>Non-current assets</b>	
Intangible assets	
Goodwill	5.5
Intangible rights	33.0
Other intangible assets	9.4
Advance payments	3.5
	51.3
Tangible assets	
Land and water areas	0.0
Buildings and constructions	40.3
Machinery and equipment	43.5
Other tangible assets	1.9
Advance payments and construction in progress	11.6
	97.5
<b>Total non-current assets</b>	<b>148.8</b>
<b>Current assets</b>	
Short-term receivables	
Accounts receivable	8.0
Other receivables	1.5
Accrued income	9.9
	19.3
Cash and cash equivalents	69.5
<b>Total current assets</b>	<b>88.8</b>
<b>Total assets</b>	<b>237.6</b>

## Parent company balance sheet

EUR mill.	31/12/2019
<b>ASSETS</b>	
<b>Non-current assets</b>	
Intangible assets	
Intangible rights	0.4
Advance payments	0.2
	0.6
Tangible assets	
Machinery and equipment	0.0
	0.0
Investments	
Holdings in Group companies	158.2
	158.2
<b>Total non-current assets</b>	<b>158.8</b>
<b>Current assets</b>	
Short-term receivables	
Accounts receivable	0.0
Receivables from Group companies	7.5
Other receivables	0.4
Accrued income	0.2
	8.2
Cash and cash equivalents	68.7
<b>Total current assets</b>	<b>76.9</b>
<b>Total assets</b>	<b>235.8</b>

## Group balance sheet

EUR mill.	31/12/2019
<b>EQUITY AND LIABILITIES</b>	
<b>Equity</b>	
Share capital	0.5
Reserve for invested unrestricted equity	154.8
Retained earnings	0.0
Profit for the period	14.7
<b>Total equity</b>	<b>170.0</b>
<b>Provisions</b>	
Other provisions	0.1
<b>Other provisions total</b>	<b>0.1</b>
<b>Liabilities</b>	
Non-current liabilities	
Deferred tax liabilities	1.3
Accruals and deferred income	12.7
<b>Total non-current liabilities</b>	<b>14.1</b>
Current liabilities	
Accounts payable	19.1
Other liabilities	4.2
Accruals and deferred income	30.0
<b>Total current liabilities</b>	<b>53.3</b>
<b>Total equity and liabilities</b>	<b>237.6</b>

## Parent company balance sheet

EUR mill.	31/12/2019
<b>EQUITY AND LIABILITIES</b>	
<b>Equity</b>	
Share capital	0.5
Reserve for invested unrestricted equity	154.8
Retained earnings	0.0
Profit for the period	0.4
<b>Total equity</b>	<b>155.7</b>
<b>Appropriations</b>	
Accumulated depreciation difference	0.0
<b>Total appropriations</b>	<b>0.0</b>
<b>Liabilities</b>	
Current liabilities	
Accounts payable	1.9
Liabilities to Group companies	77.1
Other liabilities	0.1
Accruals and deferred income	1.0
<b>Total current liabilities</b>	<b>80.1</b>
<b>Total equity and liabilities</b>	<b>235.8</b>

## Cash flow statement

EUR mill.	Group 19/09/2018–31/12/2019	Parent company 19/09/2018–31/12/2019
<b>Cash flow from operating activities</b>		
Profit before extraordinary items	20.8	0.5
Adjustments for		
Depreciation according to plan	30.8	0.0
Other non-cash transactions	-0.1	
Financial income and expenses	0.5	0.5
Gains and losses on sale of non-current assets	-	-
Operating profit before changes in working capital	51.9	1.0
Changes in working capital		
Change in trade and other receivables	-1.7	-8.2
Change in inventories	-	-
Change in short-term liabilities	25.3	3.8
Cash flow from operating activities before financial items and taxes	75.6	-3.3
Interest and financial expenses paid for operating activities	-0.5	-0.5
Interest received from operating activities	0.0	0.0
Income taxes paid	-3.9	0.0
<b>Cash flow from operating activities</b>	<b>71.1</b>	<b>-3.8</b>
Cash flow from investing activities		
Investments in tangible and intangible assets	-22.8	-0.5
Proceeds from sale of tangible and intangible assets	-	-
Investments in subsidiaries	-	0.0
Investments in subsidiaries less acquired cash	26.1	-
<b>Cash flow from investing activities</b>	<b>3.3</b>	<b>-0.5</b>
<b>Cash flow from financing activities</b>		
Share issue	0.0	0.0
Withdrawal of short-term loans	-	73.1
Repayment of long-term loans	-5.0	-
<b>Cash flow from financing activities</b>	<b>-5.0</b>	<b>73.1</b>
<b>Change in cash and cash equivalents</b>	<b>69.5</b>	<b>68.7</b>
Cash and cash equivalents at beginning of period	-	-
<b>Cash and cash equivalents at end of period</b>	<b>69.5</b>	<b>68.7</b>

## Notes to the financial statements

### Valuation principles and methods of valuation

Non-current assets are valued at the acquisition cost less depreciation according to plan.

Current assets are valued at nominal value or at a lower probable value.

Liabilities are valued at nominal value.

### Depreciation according to plan – principles and changes

The acquisition cost of the intangible and tangible assets has been decreased by depreciation according to plan. The depreciation according to plan has been calculated on a straight-line basis over the economic lifetimes of the assets. Depreciation start at the month of deployment of the asset. The depreciation time of the assets are:

Goodwill	8–10 years
Intangible rights	5–15 years
Other intangible assets	5–15 years
Buildings and constructions	10–40 years
Machinery and equipment	3–15 years
Other tangible assets	15–30 years

The goodwill on consolidation is amortized in 10 years due to the long-term nature of business contracts, the economic life of

the fixed assets and the licensing practices of the operations. The goodwill that arose through the transfer of assets on 1 January 2019 is amortized in eight years based on existing business agreements.

### Pensions

The mandatory pension cover of the employees has been arranged through a pension insurance company.

### The comparability of the data from previous year

Since this is the first financial period of the company there are no comparable data for income statement, balance sheet or the cash flow statement.

### Calculation principles of the cash flow statement

The cash flow statement is based on the guidelines of the Accounting Board (KILA). The statement of cash flows is presented using the indirect method. The cash pool accounts of the group EUR 72.5 million are presented in parent company's cash flow statement as withdrawal of short-term loans. Funds of EUR 27.4 million were transferred to the group with subsidiary shares as a contribution in kind. In the cash flow statement of the group the funds are

included in the investments in subsidiaries less acquired cash.

### Consolidation principles

The consolidated financial statements include all the subsidiaries. The consolidated financial statements are prepared based on the acquisition calculation method. The difference between acquisition cost of subsidiaries and the acquired share of the equity is presented as goodwill on consolidation. The goodwill on consolidation is depreciated in 10 years.

The group internal transactions, receivables and liabilities have been eliminated. The depreciation difference less deferred tax liability, a total of EUR 4.4 million is included in the equity.

Of the group companies, the financial statements of Intelligent Traffic Management Finland Oy and Vessel Traffic Services Finland Oy have been consolidated to Traffic Management Finland Oy's group financial statements from the date of their establishment, 4 October 2018. The companies have not had material operational activities during 2018, as operations of the group started in 1 January 2019 with the asset transfer. Other group companies' financial statements have been consolidated to Traffic Management Finland Oy's group financial statements from 1 January 2019.

## Notes to the income statement

### Revenue

Revenue of the financial year 2019 is decreased with an adjustment of EUR 9.1 million. This long-term adjustment, based on SES legislation requirements, is geared towards the statements changes in both en-route charges as well as the Helsinki Airport air navigation fees. The adjustment incorporates traffic risk, inflation, capacity incentives, EU subsidies, and certain cost components excluded from the risk of costs in accordance with regulations.

EUR mill.	Group 19/09/2018-31/12/2019	Parent company 19/09/2018-31/12/2019
<b>Personnel expenses</b>		
Management salaries and fees		
Chief Executive Officers	1.4	0.6
Members of the Board of Directors	0.4	0.2
<b>Total</b>	<b>1.9</b>	<b>0.8</b>
<b>Average number of personnel</b>		
During the financial year the company had on average		
<b>Staff</b>	<b>1,091</b>	<b>16</b>
<b>Depreciation, amortisation and reduction in value</b>		
Depreciation and amortisation according to plan:		
Goodwill	0.7	0.0
Intangible rights	7.9	0.0
Other intangible assets	5.0	0.0
Buildings and constructions	6.5	0.0
Machinery and equipment	10.6	0.0
Other tangible assets	0.0	0.0
<b>Total</b>	<b>30.8</b>	<b>0.0</b>
<b>Auditor's fees</b>		
Ernst & Young Oy		
Audit fees	0.1	0.0
Other services	0.2	0.2
<b>Total</b>	<b>0.3</b>	<b>0.2</b>
<b>Income taxes</b>		
Income taxes on operations	4.9	0.1
Income taxes from previous years	0.0	0.0
Change in deferred tax liability	1.1	0.0
<b>Total</b>	<b>6.0</b>	<b>0.1</b>



## Notes to the assets

Intangible assets, EUR mill.	Group 31/12/2019	Parent company 31/12/2019
<b>Goodwill</b>		
Acquisition costs at the beginning of the financial period	0.0	0.0
Additions		
Goodwill	0.7	0.0
Goodwill on consolidation	5.5	0.0
Depreciation 1.1.-31.12.2019 goodwill	-0.2	0.0
Depreciation 1.1.-31.12.2019 goodwill on consolidation	-0.5	0.0
<b>Book value 31.12.2019</b>	<b>5.5</b>	<b>0.0</b>
<b>Intangible rights</b>		
Acquisition costs at the beginning of the financial period	0.0	0.0
Additions	40.9	0.4
Acquisition cost 31.12.2019	40.9	0.4
Depreciation and reduction in value at the beginning of the financial period	0.0	0.0
Depreciation 1.1.-31.12.2019	-7.9	0.0
Depreciation and reduction in value 31.12.	-7.9	0.0
<b>Book value 31.12.2019</b>	<b>33.0</b>	<b>0.4</b>
<b>Other intangible assets</b>		
Acquisition costs at the beginning of the financial period	0.0	0.0
Additions	14.4	0.0
Acquisition cost 31.12.2019	14.4	0.0
Depreciation and reduction in value at the beginning of the financial period	0.0	0.0
Depreciation 1.1.-31.12.2019	-5.0	0.0
Depreciation and reduction in value 31.12.	-5.0	0.0
<b>Book value 31.12.2019</b>	<b>9.4</b>	<b>0.0</b>
<b>Advance payments for intangible assets</b>		
Acquisition costs at the beginning of the financial period	0.0	0.0
Acquisitions	3.5	0.2
<b>Book value 31.12.2019</b>	<b>3.5</b>	<b>0.2</b>
<b>Intangible assets total</b>	<b>51.3</b>	<b>0.6</b>

Tangible assets, EUR mill.	Group 31/12/2019	Parent company 31/12/2019
<b>Land and water areas</b>		
Acquisition costs at the beginning of the financial period	0.0	0.0
Additions	0.0	0.0
<b>Book value 31.12.2019</b>	<b>0.0</b>	<b>0.0</b>
<b>Buildings and constructions</b>		
Acquisition costs at the beginning of the financial period	0.0	0.0
Additions	46.8	0.0
Acquisition cost 31.12.2019	46.8	0.0
Depreciation and reduction in value at the beginning of the financial period	0.0	0.0
Depreciation 1.1.-31.12.2019	-6.5	0.0
Depreciation and reduction in value 31.12.	-6.5	0.0
<b>Book value 31.12.2019</b>	<b>40.3</b>	<b>0.0</b>
<b>Machinery and equipment</b>		
Acquisition costs at the beginning of the financial period	0.0	0.0
Additions	54.2	0.0
Deductions	-0.1	0.0
Acquisition cost 31.12.2019	54.2	0.0
Depreciation and reduction in value at the beginning of the financial period	0.0	0.0
Depreciation 1.1.-31.12.2019	-10.6	0.0
Depreciation and reduction in value 31.12.	-10.6	0.0
<b>Book value 31.12.2019</b>	<b>43.5</b>	<b>0.0</b>
<b>Other tangible assets</b>		
Acquisition costs at the beginning of the financial period	0.0	0.0
Acquisitions	1.9	0.0
Acquisition cost 31.12.2019	1.9	0.0
Depreciation and reduction in value at the beginning of the financial period	0.0	0.0
Depreciation 1.1.-31.12.2019	0.0	0.0
Depreciation and reduction in value 31.12.	0.0	0.0
<b>Book value 31.12.2019</b>	<b>1.9</b>	<b>0.0</b>

The table continues on the next page.

Notes to the assets, EUR mill.	Group 31/12/2019	Parent company 31/12/2019
<b>Advance payments and construction in progress</b>		
Acquisition costs at the beginning of the financial period	0.0	0.0
Acquisitions	11.6	0.0
Book value 31.12.2019	11.6	0.0
<b>Tangible assets total</b>	<b>97.5</b>	<b>0.0</b>
	<b>Group 31/12/2019</b>	<b>Parent company 31/12/2019</b>
<b>Investments, EUR mill.</b>		
<b>Shares in Group companies</b>		
Acquisition costs at the beginning of the financial period	0.0	0.0
Additions	0.0	158.2
Acquisition costs at the end of the financial period	0.0	158.2
Book value 31.12.	0.0	158.2
	<b>Group share of ownership %</b>	<b>Parent company share of ownership %</b>
<b>Ownership in other companies</b>		
<b>Group Companies</b>		
Air Navigation Services Finland Oy, Vantaa	100	100
Intelligent Traffic Management Finland Oy, Helsinki	100	100
Vessel Traffic Services Finland Oy, Helsinki	100	100
Finrail Oy, Helsinki	100	100
Finlogic Oy, Helsinki	100	0
	<b>Group 31/12/2019</b>	<b>Parent company 31/12/2019</b>
<b>Receivables, EUR mill.</b>		
<b>Receivables from group companies</b>		
Short-term receivables		
Accounts receivable		0.9
Other receivables		6.6
		7.5
<b>Receivables from others</b>		
Accounts receivable	8.0	0.0
Other receivables	1.5	0.4
Prepayments and accrued income	9.9	0.2
Total	19.3	0.6
<b>Short-term receivables total</b>	<b>19.3</b>	<b>8.2</b>

Receivables, EUR mill.	Group 31/12/2019	Parent company 31/12/2019
<b>Accrued income</b>		
Accrued income from net sales	4.4	0.0
Contributions and subsidies	3.8	0.0
Receivables from occupational health care	0.4	0.0
Taxes	0.2	0.0
Other	1.0	0.2
Total	9.9	0.2

## Notes to the equity and liabilities

Equity, EUR mill.	Group 31/12/2019	Parent company 31/12/2019
<b>Restricted equity</b>		
Share capital at the beginning of the financial period	0.0	0.0
Share issue 1.10.2018	0.0	0.0
Share issue 1.1.2019	0.5	0.5
Share capital at the end of the financial period	0.5	0.5
<b>Unrestricted equity</b>		
Reserve for invested unrestricted equity at the beginning of the financial period	0.0	0.0
Addition 4.10.2018	0.0	0.0
Share issue 1.1.2019	154.8	154.8
Reserve for invested unrestricted equity at the end of the financial period	154.8	154.8
Retained earnings	0.0	0.0
Profit for the financial period	14.7	0.4
Retained earnings at the end of the financial period	14.7	0.4
<b>Equity total</b>	<b>170.0</b>	<b>155.7</b>
<b>Distributable equity</b>		
Retained earnings	0.0	0.0
Profit for the financial period	14.7	0.4
Reserve for invested unrestricted equity	154.8	154.8
Total	169.5	155.2

**The amount of company shares by share class and the main orders of the bye-laws concerning each share**

	2019
The share capital is divided by share class as follows:	
Shares (1 vote/share)	6,210,388
<b>Total</b>	<b>6,210,388</b>
Shares have an equal right to dividends and company assets.	

**Provisions, EUR mill.**

	Group 31/12/2019	Parent company 31/12/2019
Provisions		
Other provisions	0.1	0.0
A EUR 0.3 million reservation relating to an asset deal was included in a subsidiary at the beginning of the fiscal year. During the fiscal year this amount has been decreased by EUR 0.1 million and reversed from reserves by EUR 0.03 million.		

**Non-current liabilities, EUR mill.**

	Group 31/12/2019	Parent company 31/12/2019
<b>Non-current liabilities</b>		
Payables to others		
Accrued expenses	12.7	0.0
<b>Total</b>	<b>12.7</b>	<b>0.0</b>
Payables falling due after more than five years		
Accruals and deferred income - regulation adjustment	4.3	0.0
<b>Total</b>	<b>4.3</b>	<b>0.0</b>
The portion of the over-five-year-maturity of the regulation adjustment is connected to the client refunds of EU investment subsidies. The regulation adjustment consists of EUR 26.6 million of liability and EUR 8.9 million in claims.		
Deferred tax liabilities		
From appropriations	1.3	
<b>Total</b>	<b>1.3</b>	
The appropriations consist of accumulated depreciation difference.		

**Current liabilities, EUR mill.**

	Group 31/12/2019	Parent company 31/12/2019
<b>Payables to others</b>		
Accounts payable	19.1	1.9
Other liabilities	4.2	0.1
Accrued expenses and deferred income	30.0	1.0
<b>Total</b>	<b>53.3</b>	<b>2.9</b>

**Current liabilities, EUR mill.**

	Group 31/12/2019	Parent company 31/12/2019
<b>Amounts owed to group companies</b>		
Accounts payable	0.0	1.1
Accrued expenses	0.0	0.2
Other liabilities	0.0	74.0
Share subscription liability	0.0	1.9
<b>Total</b>	<b>0.0</b>	<b>77.1</b>

The balance of the group's cash pool accounts EUR 72.5 million is presented in Other liabilities. Share subscription liabilities have been paid on 13 February 2020.

**Essential items in accrued expenses and deferred income**

	Group 31/12/2019	Parent company 31/12/2019
Wages and social security expenses	19.4	0.7
Interests	0.0	0.0
Taxes	2.0	0.1
Regulation liability	5.0	0.0
Other	3.7	0.1
<b>Total</b>	<b>30.0</b>	<b>1.0</b>

**Commitments and contingencies, EUR mill.**

	Group 2019	Parent company 2019
<b>Leasing contracts</b>		
Payables from leasing contracts		
Payables next financial year	0.8	0.0
Payables later	1.1	0.0
<b>Total</b>	<b>1.9</b>	<b>0.0</b>

**Other contingent liabilities**

	Group 2019	Parent company 2019
Payables next financial year	26.1	0.0
Payables in further financial years	13.9	0.0
<b>Total</b>	<b>40.0</b>	<b>0.0</b>

**Fixed-term rental agreements**

	Group 2019	Parent company 2019
Payables next financial year	2.2	0.0
Payables later	13.1	0.0
<b>Total</b>	<b>15.3</b>	<b>0.0</b>

<b>Commitments and contingencies, EUR mill.</b>	<b>Group 2019</b>	<b>Parent company 2019</b>
<b>Pension obligations</b>		
Obligations to supplementary pensions	0.3	0.0
<b>Total</b>	<b>0.3</b>	<b>0.0</b>
<b>Rental commitments, deposits, other guarantees</b>		
Guarantee deposits	0.2	0.0
Rental guarantees	0.1	0.0
<b>Total</b>	<b>0.3</b>	<b>0.0</b>

### Financing

The group has credit facilities for financing of investments and working capital totalling EUR 154 million. Committed long-term facilities represent EUR 100 million and uncommitted long-term facilities EUR 30 million. In addition, the group has EUR 20 million in cheque account overdraft facilities and approx. EUR four million in lease financing limits arranged in the beginning of 2020.

### Transactions with related parties

The majority of the group turnover consists of invoicing of Finnish Transport Infrastructure Agency. Transactions between group companies and the group's related parties have similar terms than transactions with other parties.

In an asset transfer on 1 January 2019 the following contribution in kind was transferred to the group:

	<b>Group</b>	<b>Parent company</b>
Intangible assets	34.6	0.0
Tangible assets	93.5	0.0
Shares in subsidiaries	0.0	157.3
<b>Total</b>	<b>128.1</b>	<b>157.3</b>
Other current liabilities	0.6	0.0
Liabilities to group companies	0.0	1.9
Accrued expenses and deferred income	2.5	0.1
<b>Total</b>	<b>3.1</b>	<b>2.0</b>

# Signatures for the Financial statements and Board of Directors' report 31.12.2019

Helsinki, 16 March 2020

Seija Turunen  
Chairman of the Board of Directors

Sauli Eloranta  
Member of the Board of Directors

Juha Majanen  
Member of the Board of Directors

Kirsi Nuotto  
Member of the Board of Directors

Teemu Penttilä  
Member of the Board of Directors

Katriina Vainio  
Member of the Board of Directors

Pertti Korhonen  
CEO

## **The Auditor's Note**

A report on the audit has been issued today.

Helsinki, 16 March 2020

Ernst & Young Oy, Authorized Public Accountant Firm  
Mikko Ryttilahti, APA, CPFA

# Auditor's report (Translation of the Finnish original)

## TO THE ANNUAL GENERAL MEETING OF TRAFFIC MANAGEMENT FINLAND OY

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Traffic Management Finland Oy (business identity code 2942108-7) for the first fiscal year ended 31 December 2019. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

#### Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are inde-

pendent 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 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 on 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate

in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements rep-

resent the underlying transactions and events so that the financial statements give a true and fair view.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Other reporting requirements**

#### **Other information**

The Board of Directors and the Managing Director are responsible for the other information. The other information that we have obtained prior to the date of this auditor's report is 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. With respect to the report of the Board of Directors, 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, 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 Board of Directors of the parent company and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki 16.3.2020

Ernst & Young Oy  
Authorized Public Accountant Firm

Mikko Rytilahti  
Authorized Public Accountant,  
Chartered Public Finance Auditor



Traffic Management Finland Oy, Palkkatilanportti 1, 00240 Helsinki, Finland