

# **Report by the Board of Directors and Financial Statements 2022**







# Towards the world's safest, smoothest, and most environmentally friendly traffic

We provide and develop traffic control and management services for all modes of transport. We help people and goods to arrive safely, smoothly and with respect for the environment. Intelligent traffic control services, digital services for businesses and consumers, and up-to-date traffic data will help Finland become a pioneer in sustainable transport and logistics.

We want to offer an excellent and attractive workplace for top experts.  
We employ 1,100 professionals.

**Parent company**  
Traffic Management Company  
Fintraffic Ltd is responsible for producing ecosystem and group services.

**Subsidiaries**  
Fintraffic Air Navigation Services Ltd  
is responsible for air navigation services.  
  
Fintraffic Vessel Traffic Services Ltd  
is responsible for vessel traffic services.  
  
Fintraffic Railway Ltd is responsible for  
rail traffic control and management.  
  
Fintraffic Road Ltd is responsible for  
road traffic control and management.

## How to read the report package



**Annual Report 2022**  
Strategy, key events of 2022,  
and a review of responsibility  
and sustainability.  
[Read the report here.](#)



**Governance and  
Remuneration Report 2022**  
Information about the company's  
governance and steering system,  
and the remuneration paid to the CEO  
and members of the Board of Directors.  
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**Report of the Board of Directors  
and Financial Statements 2022**  
A description of the company's operations  
in 2022 and a summary of its financial  
results and financial position.

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## Signatures of the financial statements

## Auditor's report

The financial statement needs to be stored at least 10 years from the end of the financial period.

The documents of the financial period needs to be stored at least 6 years forward from the end of the year, when the financial period has ended.



# Report of the Board of Directors 1 January–31 December 2022

## Fintraffic – General

Established in 2018, Traffic Management Company Fintraffic Ltd is a wholly state-owned special assignment company steered by the Ministry of Transport and Communications. Traffic Management Company Fintraffic Ltd is the Group's parent company and is responsible for providing ecosystem and Group services. The Group consists of Fintraffic Air Navigation Services Ltd (responsible for air navigation services), Fintraffic Railway Ltd (responsible for rail traffic management services), Fintraffic Vessel Traffic Services Ltd (responsible for vessel traffic services) and Fintraffic Road Ltd (responsible for road traffic management services). All of the Group's subsidiaries are wholly owned by the parent company. This is the company's fourth financial year.

As the owner, the State has a special interest in Fintraffic. The Fintraffic Group (hereinafter also "Fintraffic" or "the company") provides the traffic control and management services that are required by society, the economy and the authorities to ensure safe and smooth-running traffic, and to guarantee the reliable operation of

traffic control and management under all circumstances. As part of its special assignment, it is the company's duty to provide traffic control and management services for defence and security authorities, to the extent that is justified for carrying out their statutory tasks. An efficient transport and logistics system requires real-time integral data and the ability to forecast the movement of vehicles and goods. Fintraffic is building functional traffic data infrastructure by creating applications, data platforms, common operating models and partnerships through an ecosystem. In addition to streamlining travel and logistics chains, this approach promotes the emergence of new market-based services in the sector.

In accordance with the Government Resolution on State-ownership Policy issued on 8 April 2020, the State is seeking the best possible overall financial and social benefit from the management of its assets. Fintraffic's overall financial result is assessed on the basis of how well and at what cost the company fulfils its social service assignment. Fintraffic aims to enhance the cost-effectiveness of its business

operations and to ensure that its business is profitable as a whole. The company's social impact is manifested in a number of ways, such as more efficient travel and transport, better traffic flow and improved safety, a reduction in traffic emissions, and further improvements in Finland's competitiveness.

The State Shareholdings and Ownership Steering Act (1368/2007) specifies the steering powers held by Parliament, the Government and the Ministry. The State's key ownership policies are laid down in the Government Resolution on State-ownership Policy (2020) and other government guidelines. Fintraffic's operations comply with the Government Resolution on State-ownership Policy (VNK/2020/48). In its remuneration, the company complies with the current Government Resolution on State-ownership Policy. The company is also subject to the guidelines for the ownership steering of limited liability companies issued by the Ministry of Transport and Communications on 1 January 2019 (Corporate Governance guidelines). It complies with the applicable sections of the Corporate Governance Code for Finnish listed

companies issued by the Securities Market Association (2020) and the OECD Principles of Corporate Governance. Fintraffic is also committed to compliance with the UN Global Compact. The general aim with regard to the company's governance and decision-making is to develop and maintain good corporate governance. The Ministry of Transport and Communications approved Fintraffic's owner strategy guidelines on 16 October 2019.

Fintraffic provides road, rail and vessel traffic management services to the Finnish Transport Infrastructure Agency, and air navigation services to airports and airlines. The company's other key stakeholders include the Finnish Transport and Communications Agency (Traficom), defence and security authorities, cities, public transport operators, research institutions, companies in a variety of sectors, and citizens. In addition to providing traffic management services, Fintraffic works with Finnish business operators to maintain and develop data ecosystem services that utilise traffic data.



On 31 December 2022, the Group had operations in Helsinki, Vantaa, Tampere, Turku, Oulu and 23 other municipalities.

## Key events of the financial year

### How Russia's war of aggression has affected business

Continuity management and safeguarding traffic are central to Fintraffic's operations. The war of aggression launched by Russia in February 2022 has affected all of the company's business areas, either directly through its impact on business volumes and contingency investments, or indirectly via increased procurement and financing costs.

Russia's war of aggression has had the greatest impact on the air navigation business, which did not recover as much as expected after the coronavirus pandemic due to the overflight bans arising from sanctions. As in the pandemic years, low customer invoicing required Fintraffic to take major adjustment measures in air navigation services in the form of personnel layoffs and reductions in procurement. At the same time, air navigation services were provided for air traffic to Kaliningrad in the Gulf of Finland's international flight zone, and also to the authorities at the company's own expense.

Despite the challenging situation in air navigation, the Group's revenue increased to EUR 228.9 million (EUR 209.7 million in 2021). The result for the financial year was EUR 6.9 million with relative profitability of 3.0 (2.6) per cent. The result includes a EUR 9.7 million (EUR 16.6 million) regulatory adjustment based on EU legislation, which is included in the revenue from air navigation services, and illustrates the expected income from rights to increase unit prices in the future. Although the regulatory adjustment significantly improved the overall result of air navigation services, it still posted an operating loss.

The effects of Russia's war of aggression were less pronounced in other business areas, although traffic crossing the Russian border significantly decreased and led to a reduced need for border crossing services. The war has also led to soaring inflation and challenges in component availability, which are being reflected in service provision and investments.

### Cooperation with the Finnish Transport Infrastructure Agency

Nearly 70 per cent of Fintraffic's services are provided to the Finnish Transport Infrastructure Agency. This cooperation covers the provision

and development of services relating to road, rail and vessel traffic management. This cooperation expanded as planned during 2022 as the Digirail project progressed. This project will replace the existing automatic train control system with a modern, radio network-based system throughout the entire track network by 2040. An alliance agreement extending until 2027 was signed in December for the development and verification phase of the project.

The partnership is based on a strong mutual desire to develop and expand services, which means mutual commitment to multi-year investment projects. In addition to modernising traffic control, Fintraffic's investment projects aim to achieve significant improvements in service quality and reliability, and to boost the economic efficiency of service provision and transport network maintenance. In 2022, a longer-term outlook was integrated into the content and financial development of partnership-related services. Fintraffic also obtained the necessary funding for traffic management provision and development, as the State budget allocated a maximum of EUR 165 million for the provision of traffic management services in 2023 and a maximum of EUR 170 million for 2024–2025. These funds will be used to actively manage the

repair backlog in the traffic system, and to develop Fintraffic's services and their reliability and cost-effectiveness in the digitalising operating environment.

### Cooperation with Traficom

The Finnish Transport and Communications Agency (Traficom) is one of Fintraffic's strategic partners. Traficom is the authority that supervises the safety of Fintraffic's services. It also purchases from Fintraffic the development and provision of any digital services for road and maritime traffic that are required by legislation and regulations.

In 2022, the company engaged in closer cooperation on services such as Digitransit, NAP and NEMO. The Digitransit service provides consumers with information about routes, stops and timetables via HSL app and other comparable apps in other cities. NAP (National Access Points) is part of an international service package that seeks to provide mobility and information services, such as route planners, across Member State borders. Fintraffic is responsible for Finland's access point. NEMO is a shipping information management system and vessel clearing system that vessels use to handle formal notifications for port visits and customs declarations.

**Improvement of cost-effectiveness**

When Fintraffic was established, the Ministry of Transport and Communications set the company the target of achieving a EUR 30 million increase in operational efficiency in the provision of road, rail and maritime traffic management services by the end of 2022. The continual improvement of cost-effectiveness is therefore one of Fintraffic's strategic objectives, and was also one of the main objectives of the incorporation of traffic management. Under the cooperation model, the benefits of streamlining will be fully passed on from Fintraffic to the Finnish Transport Infrastructure Agency, which will receive the services it needs at more affordable unit costs based on transparent cost accounting.

Operational efficiency is based on the ability to provide stakeholders with a high-quality and effectively scaled service. Streamlining is being achieved by optimising Fintraffic's own operations and organising them more dynamically, by reducing manual labour with the aid of upgraded control systems, and by tendering out procurements. The company's activity level is rising as it builds and takes control of traffic management technology, invests in operative systems for traffic management services, provides new or more extensive services, and makes investments

to raise service levels by, for example, increasing its information and cybersecurity capabilities. Thanks to improved productivity, the scope of the service package required by the traffic system is increasing faster than its costs.

The company has followed progress towards its efficiency target with a calculation model that monitors not only the parent company's cost developments, but also cost developments in road, rail and vessel traffic management. The improvement in the efficiency of air navigation services is monitored through separate EU monitoring mechanisms. In addition to identifying direct savings, this accounting-based model also illustrates the impact that new services and changes in activity level have on service provision costs. The model's technical implementation and logic have been verified by an external auditor. The model has enabled Fintraffic to verify that the company was able to achieve a cumulative increase in efficiency of EUR 34 million in 2019–2022, which clearly exceeds the targets that were set for it. Air navigation services have been streamlined for years in accordance with EU legislation. Fintraffic Air Navigation Services Ltd is one of the most efficient providers of air navigation services in Europe.

**Helsinki business premises project**

In March 2022, Fintraffic signed a lease agreement for business premises that will be completed in Helsinki in 2024. Before making this decision, a comprehensive comparison of different options was carried out, from renovating existing premises to building new ones. Leasing premises in a newly built property best met the company's needs, and was also the most affordable alternative among the options that were analysed. Both administrative functions and road and rail traffic management operations for the capital region will move to the new location in Helsinki.

**Fintraffic's strategy**

Fintraffic's mission is to work with its partners to create the world's safest, smoothest and most environmentally friendly traffic. The aim is to make Finland a forerunner in the traffic sector through world-class services and close cooperation between operators. This is important, as traffic emissions must be significantly reduced to limit climate change, and because transport costs are a significant factor in Finland's competitiveness and economic wellbeing (13 per cent of GDP). Safe and smooth traffic is part of a functional modern society.

Well-functioning transport and logistics connections are Finland's lifeblood. This applies to both international connections and mobility and transport within the country. The disruptions in the world's logistics system caused by the coronavirus pandemic and Russia's war of aggression have been reflected in higher prices, disruptions in deliveries, and longer delivery times for components, raw materials and daily consumer goods. High energy prices are increasing travel and transport costs for both households and companies. The war has also turned Finland into the cul-de-sac of Europe, as its position as a hub between Asia and Europe has weakened and the country now has fewer international connections. The ability to utilise data and automation play a key role in the efficiency and service level of the transport system. When data is utilised effectively and in real time, different modes of transport can be combined into functional travel chains. Goods can also move more easily, as waiting times are reduced and fill rates improved. Competitive and low-emission logistics are important for the competitiveness of Finnish companies. This offers unique business opportunities for companies providing traffic digitalisation services in both domestic and export markets.



Fintraffic is implementing its strategy through six programmes:

- By building a traffic data ecosystem that creates value
- By providing productised digital ecosystem services for the entire transport sector
- By systematically developing traffic management services
- By ensuring capable ICT architecture
- By creating efficient and reliable processes
- By ensuring competence, excellent leadership and a good corporate culture

## Key events of the financial year

### Fintraffic air navigation services

By the end of 2021, traffic volumes in Europe had almost returned to 2019 levels after the COVID-19 pandemic. Russia's ban on overflights, which resulted from the war of aggression that Russia launched in February 2022, ended almost all overflights of Finnish airspace. As a result, traffic volumes fell by 60 per cent compared to 2019 levels. Adjustments were implemented as planned: Fintraffic achieved the performance and safety targets set by the authorities, as well as official targets for capacity maintenance and environmental efficiency. Operating expenses and investments were cut in air navigation services, and personnel were laid off while still

maintaining sufficient staffing levels to ensure air traffic safety in, for example, the Gulf of Finland's international flight zone. However, the financial result was loss-making in spite of these adjustment measures.

In June 2022, the Ministry of Transport and Communications approved a performance plan for 2020–2024 that had been revised after a decrease in traffic caused by the COVID-19 pandemic. Fintraffic designed and maintained air navigation infrastructure and systems in accordance with international requirements. The performance plan is part of the European Commission's Single European Sky (SES) project. SES aims to improve the performance and cost-effectiveness of air navigation services in Europe by digitising air navigation services in order to centrally manage and share aeronautical information.

Fintraffic continued to prepare a cross-border air navigation service in collaboration with Estonian Air Navigation Services (EANS). The Multi Remote Operating Tower (MROT) was examined from the perspectives of concept specification and profitability with suppliers and the airport company Finavia. This preparatory work will enable Finavia to make a decision on whether to launch the project. Fintraffic Air Navigation Services is also cooperating with Finnair in the Perfect Flight project, which aims to reduce

emissions by enabling aircraft to fly a 4D route optimised for carbon dioxide emissions. Avia College won a tender issued by Avinor, Norway's air navigation service provider, and will now train more than a hundred Norwegian air navigation professionals in 2023–2025.

The increasing proliferation of drones has led to a need for new services and low-altitude air traffic control. Fintraffic Air Navigation Services was also involved in preparing the U-Space regulation, which came into effect in January 2023. Also in the pipeline are an aviation situational awareness application (which Fintraffic Air Navigation Services will launch in 2023) and a digital flight preparation app for general aviation.

### Fintraffic rail traffic management

The Digirail project is one of Fintraffic's most significant cooperation projects with the Finnish Transport Infrastructure Agency and rail operators. Finland's existing train control system has reached the end of its useful life, and the Digirail project will replace it with a modern radio network-based system, thereby enabling an increase in the number of both trains and passengers in the existing network. Preparatory work for the development and verification phase progressed as planned in 2022. The coverage of commercial networks and their suitability

for Digirail were successfully tested during the spring. The development and verification phase will continue until 2027. During this time, the Digirail system package will be specified and tested, the first section of track will be deployed, and Fintraffic will participate in European development work.

Developments in rail traffic management focused on preparedness measures and increasing the level of automation. By developing remote control systems, Fintraffic is building a safer, more modern and more reliable system that will reinforce the attractiveness of rail transport. The South-East Finland centralised traffic control system has been expanded and is scheduled for deployment in 2023. The remote control systems in Northern and Central Finland have also been upgraded. Technical redundancy in remote control systems will improve service reliability and cost-effectiveness. The level of automation was raised in various systems, such as the passenger information system RAMI. Fintraffic also piloted the SAAGA capacity management system, which aims to promote traffic management by taking the needs of multi-operator railyard environments into account in traffic management and providing operators with a real-time situational picture. The use of capacity control was piloted at the Kouvola and Kuusankoski railyards, and capacity control for





the Riihimäki, Kerava and Kirkkonummi stations was transferred to Helsinki. New digital services, such as Train Departures, were created for rail passengers. The most significant development measures in preparedness focused on areas such as information and cybersecurity; system developments in safety, risk management and traffic management; and professional training for personnel.

### **Fintraffic road traffic management**

Road traffic control creates a real-time situational picture of traffic with the aid of almost 20,000 traffic management, road-condition and weather devices. In 2022, Fintraffic continued development projects to collect, integrate and process traffic data for situational awareness. Road traffic management focused on cybersecurity and ensuring operational reliability. The productisation of Fintraffic's control system architecture progressed even better than planned, and a modern backup user interface for exceptional situations is now ready for deployment. The company also introduced an updated user interface for its road weather service (WebKeli) and developed a new cell positioning system for counting traffic. The telecommunications network, road weather stations, and roadside traffic control devices and systems all received

lifecycle upgrades. New tunnel sites were connected to the centralised system.

Fintraffic introduced a method for assessing the impact of investments in road traffic management, so as to ensure the best possible socioeconomic impact. The company carried out the first phase of its C-ITS (Cooperative Intelligent Transport Systems) experiments and analyses, which modelled the future package of collaborative services and the role played by Fintraffic Road.

The road traffic organisation adopted a more service-centric model that supports customer-oriented service development. Traffic management for Northern Finland was transferred from Oulu to the Tampere unit in the summer, which will enable enhanced operational reliability, competence development and improved cost-efficiency.

### **Fintraffic vessel traffic services**

The operational reliability of vessel traffic management was developed in VTS areas. As part of these developments, Fintraffic decided to merge the Saimaa VTS area into the Western Finland Vessel Traffic Service Centre to ensure preparedness and resources for Saimaa. Russia's war of aggression was taken into account in preparedness exercises.

Fintraffic Vessel Traffic Services has been working with its stakeholders to create new digital

services that boost the efficiency of transport chains and enable port operators to make savings. The implementation of Finland's national, EU-compliant Single Windows notification service for maritime traffic (NEMO/EMSW) entered the software development phase. This service package combines mandatory notification services with new value-added and efficiency-boosting services for traffic and logistics. The solution seeks to increase Finland's competitiveness by making industrial and merchant shipping even smoother. The updated port call schedule service for merchant vessels combines sea and land freight into efficient chains at ports, and also enables a common situational picture for operators. The Time Stamp and Estimation Service and Port Activity app were used as model examples for reducing climate emissions from shipping in the Green Shipping Challenge at the UN's COP27 Climate Change Conference in Egypt. The services developed by Vessel Traffic Services represent state-of-the-art international developments in their field, and the company has begun offering them abroad commercially.

In order to ensure vessel traffic safety, Vessel Traffic Services launched a project to develop passing areas and passing prohibition areas. This project will review all of Finland's current passing areas and passing prohibition areas in cooperation

with stakeholders in order to determine the need for new areas. It is scheduled for completion in autumn 2023, and permanent changes to traffic arrangements in Finland's VTS areas will be proposed on the basis of its results.

### **A traffic data ecosystem and productised digital ecosystem services**

In 2021, Fintraffic launched cooperation with traffic operators to develop digital traffic infrastructure. This collaboration deepened in May 2022, when the sector introduced a Rulebook for the Traffic Data Ecosystem based on the Finnish Innovation Fund's fair data economy rules. The rulebook will form a legal basis and model for cooperation, and a foundation for building trust in sharing data. By the end of 2022, the rulebook had already been signed by 20 operators. During the year, the ecosystem grew by approximately thirty operators to 160 organisations. Fintraffic established and now coordinates the Traffic Data Ecosystem cooperation group, which includes transport-sector service operators and other companies, service developers and operators for whom the sector's development is important. Among other things, the data ecosystem defined concepts for public transport and logistics information services to accelerate service development in transport and travel chains.



In 2022, Fintraffic started to conceptualise its digital services with the aim of improving the user experience. The aim is to provide a consistent user experience in online services and to increase the amount of data shared. During the second half of the year, 12 per cent more data was distributed than in the corresponding period of 2021. In 2022, more than 4.25 billion interface calls were made to the Digitraffic service, which provides open data and connects traffic data providers and users. Data shared by Fintraffic is utilised in services provided by Google Maps, Waze, Apple, HERE, VR and HSL, among others. The coverage of the real-time situational picture is constantly improved by adding new types of data, such as the real-time locations of road ferries. This data is also used in the day-to-day operations of rescue services, traffic planning and the optimisation of route maintenance.

Digital consignment notes (eFTI) will be introduced in 2025. Fintraffic will become Finland’s operator, linking authorities and logistics actors. Preparatory work for digital consignment notes continued during 2022. This project will create standardised infrastructure for digital data transfer and the reuse of data, both within Finland and at EU level. Its aim is to increase the efficiency and sustainability of freight transport and logistics, and to reduce

administrative workloads. International cooperation to harmonise National Access Points (NAP) continued. The EU ITS Directive obliges mobility providers to supply information about their digital interfaces, so as to enable the provision of internationally available information services, such as route planners. NAP is the service to which this information must be supplied. EU cooperation took place in projects such as Gaia X, which is working to create European transport services and cooperation models. Fintraffic was also involved in ODIN (Open Mobility Data in the Nordics), a smart transport cooperation project that is developing public transport services across the Nordic countries. In collaboration with Finavia, Finnair and the Finnish Innovation Fund, Fintraffic launched the conceptualisation of an air traffic datahub that aims to streamline logistics chains with air traffic and other modes of transport.

Business transactions

As in previous years, a business transaction with a fair value of EUR 4.5 million was made between the Group’s parent company (Traffic Management Company Fintraffic Ltd) and the Finnish State and its representative (the Finnish Transport Infrastructure Agency) in late 2022. The transaction was a continuation to similar transactions

made in 2020–2021, in which Fintraffic transferred assets worth EUR 56 million.

The transaction was required in order to transfer traffic management projects that had been incomplete at the time of the Traffic Management Company’s incorporation. Assets from completed projects were transferred from the Finnish Transport Infrastructure Agency to Fintraffic in accordance with Government Proposal 34/2018. During the incorporation process, it was agreed that Fintraffic would have a pre-purchase right on any of the Finnish Transport Infrastructure Agency’s traffic management assets that were incomplete on 1 January 2019, and this right could be exercised on completion of the asset. In December, the Council of State plenary session authorised the Finnish

Transport Infrastructure Agency to sell these assets to the company.

Subsequent internal transactions immediately transferred the business operations to the subsidiaries responsible for each of the operations in question. In the 2022 transaction, assets worth EUR 2.7 million were transferred to Fintraffic Road Ltd, and assets of EUR 1.8 million to Fintraffic Railway Ltd. The most significant assets included in the transaction were traffic control technology on Highway 1 and work related to the functionality of Helsinki railway.

Consolidated revenue and result 2022

The Fintraffic Group’s revenue for its fourth financial year totalled EUR 228.9 (209.7) million. 64 per cent of the Group’s revenue was

The Group’s key indicators for 2022

	2022	2021	2020	2019
Revenue (EUR million)	228.9	209.7	182.4	221.9
Operating result (EUR million)	7.6	6.1	-8.0	21.3
Operating margin (%)	3.3	2.9	-4.4	9.6
Result after taxes (EUR million)	6.9	5.4	-9.4	14.7
Investments (EUR million)	38.9	60.8	63.0	26.2
Cash flow from investment activities (EUR million)	40.2	56.8	61.7	22.8
Interest-bearing liabilities (EUR million)	69.8	54.8	15.0	0.0
Equity ratio (%)	57.6	59.5	69.8	71.6
Gearing (%)	23.0	23.4	-1.4	-40.8
Personnel (average)	1,133	1,126	1,125	1,091





generated by road, rail and maritime traffic management services ordered by the Finnish Transport Infrastructure Agency, which had a sales value of EUR 149.8 (142.6) million as per the service agreement. Although invoicing of air navigation services picked up after the pandemic, the overflight ban imposed as a result of sanctions against Russia's war of aggression prevented business from returning to pre-pandemic levels. Revenue increased to EUR 68.5 (62.8) million. The regulatory adjustment accounted for EUR 9.7 (16.6) million of this revenue.

The Group's operating result was EUR 7.6 (6.1) million with an operating margin of 3.3 (2.9) per cent. The profit after taxes for the financial year was EUR 6.9 (5.4) million. The consolidated result was strongly impacted by the low profitability of air navigation services even after adjustment measures had been carried out. In terms of profitability, the situation is expected to remain challenging in 2023 due to Russia's war of aggression.

Key indicators for business functions 2022 (2021)

	Air navigation services	Rail traffic management	Road traffic management	Maritime traffic management
Revenue (EUR million)	68.5 (62.8)	82.5 (76.3)	55.0 (49.4)	19.5 (18.9)
Operating result (EUR million)	-0.6 (-1.2)	4.4 (4.0)	3.2 (2.6)	1.0 (0.9)
Operating result (%)	-0.8 (-2.0)	5.3 (5.2)	5.8 (5.3)	5.2 (4.9)
Personnel (average)	423 (427)	468 (470)	87 (87)	99 (101)

The financial development of business functions in 2022

Air navigation services

Although traffic volumes picked up in 2022 after the pandemic, the overflight ban imposed as a result of Russia's war of aggression limited growth. Invoiced revenue totalled EUR 58.8 (46.2) million, which constitutes a rise of 27.3 per cent on the previous year. Total revenue included a regulatory adjustment of EUR 9.7 (16.6) million based on EU legislation, which increased total revenue by 9.1 per cent on 2021. The regulatory adjustment is based on pricing principles for traffic charges and a comparison of traffic volumes and actual costs in the performance plan approved by the EU Commission. As a result of Russia's war of aggression, air traffic control generated lower revenue in 2022 than in the performance plan. The resulting deficit entitled

the company to a regulatory receivable that can be invoiced from customers in stages over the coming years in the form of increased unit prices. This regulatory receivable has been recorded in the financial statements with caution.

As in previous years, Fintraffic Air Navigation Services continued adjustment measures with regard to all expense items and investment projects. The adjustment measures were dimensioned to ensure air traffic safety during exceptional circumstances. However, these savings measures were only partially able to cover the loss of income from air navigation services. This is why Fintraffic Air Navigation Services' operating result was loss-making.

Road, rail and maritime traffic management

The Finnish Transport Infrastructure Agency orders road, rail and maritime traffic management services, customer services and

information services from Fintraffic. Invoicing from the partnership agreement between the Finnish Transport Infrastructure Agency and Fintraffic totalled EUR 149.8 (142.6) million. Revenue increased thanks to the introduction of new service packages and growth in both service provision and service volumes. The agreement's commercial model and invoicing were based on a margin of five per cent added to transparent service provision costs, which corresponds to the moderate profitability required by the company's owner. The profitability of service provision subsidiaries was therefore moderate as planned. Thanks to the commercial model, the cost benefits of improving productivity will be fully transferred to the Finnish Transport Infrastructure Agency.

In addition to services provided through the partnership agreement, the Finnish Transport Infrastructure Agency procured EUR 6.8 million in Digirail development and verification work from Fintraffic Railway Ltd. Both revenue and cooperation will increase over the coming years as the Digirail project progresses. Alongside the cooperation with the Finnish Transport Infrastructure Agency, Fintraffic's road, rail and maritime traffic management business functions also provide small-scale services to other parties, such as Traficom, major cities, ports and ELY centres.



## The parent company, Traffic Management Company Fintraffic Ltd, in 2022

Traffic Management Company Fintraffic Ltd is the Group's parent company, and wholly owns its subsidiaries. The parent company's tasks include managing the Group's strategy, maintaining and developing its governance model, coordinating financing, and providing specified shared services to Group companies. The parent company also acts as a partnership management coordinator for the Group's key customers and stakeholders. The parent company functions as a key development and coordination organisation in Fintraffic's mission to create a common data ecosystem for mobility that will cover all modes of transport and serve the needs of residents, companies and the authorities.

Traffic Management Company Fintraffic Ltd's revenue totalled EUR 160.4 (153.7) million. The parent company's revenue was generated by ecosystem services, internal Group services, and road, rail and maritime traffic management services procured from subsidiaries by the Finnish Transport Infrastructure Agency.

Revenue increased by 4.4 per cent on the previous year thanks to growth in both the content and volume of the traffic management services

provided to the Finnish Transport Infrastructure Agency and expanded cooperation with Traficom.

Operating profit totalled EUR -0.0 (0.3) million with an operating margin of -0.0 (0.2) per cent. This operating profit mainly consists of the profit margin from providing customer and information services to the Finnish Transport Infrastructure Agency. The result for the financial year was EUR 0.0 (0.3) million. The equity ratio stood at 59.2 (63.3) per cent. The company had an average of 57 (41) employees during the financial year. This growth in personnel was mainly a result of centralising Group services on the parent company, resourcing for ecosystem development, and development tasks carried out within the Group.

## Consolidated balance sheet and financing

The Group's balance sheet remained strong. Net debt increased only slightly, as investments remained moderate and no significant additional debt was required to finance the cash deficit in loss-making air navigation services. During the financial year, the Group made investments totalling EUR 38.9 million (EUR 60.8 million in 2021). The most significant investments were transfers of road and rail traffic management assets from the Finnish Transport Infrastructure Agency; the construction of remote

control systems for rail traffic; the upgrading and development of road and rail traffic control systems; and an upgrade of the operative air navigation system.

However, the road, rail and maritime traffic control systems still have a considerable repair backlog that will require investments in modernisation in the near future. Finland's road traffic management infrastructure also requires significant repair and development investments, and in tunnels in particular.

At the end of 2022, the company launched a commercial paper programme to cover its additional short-term financing needs. By the end of the year, EUR 14.9 million in commercial papers had been issued through this programme. Any surplus funds were re-invested in short-term instruments with a low credit risk. In accordance with Fintraffic's financing policy, the company's loan assets are 50-per-cent hedged against interest rate rises, which means that financial expenses will rise less than the market. Net liabilities totalled about EUR 40.4 (38.8) million at the end of the financial year. Gearing remained moderate at 23.0 (23.4) per cent.

The Group's cash flow after investments showed a deficit of EUR 1.6 million, as the cash flow of air navigation services remained negative in spite of adjustment measures. However,

supported by EUR 14.9 million in additional financing secured through a commercial paper programme in late 2022, the Group's liquidity remained strong.

## The Group's financial position and result

Fintraffic's financial position is indicated in the income statement and balance sheet. The Group's financial position is good. The result for the financial year was EUR 6.9 (5.4) million. As in the previous year, the Group's result was improved by a regulatory receivable worth EUR 9.7 (16.6) million in air navigation services. Without this regulatory adjustment, the consolidated result would have been a loss of EUR 2.8 million. The equity ratio stood at 57.6 (59.5) per cent.

## Assessment of significant operational risks and uncertainties

Risk management has become an increasingly important aspect of Fintraffic's business. Methods for eliminating risks are being developed on a long-term basis with involvement from all personnel. The company seeks to maintain high standards in both its safety culture and traffic control and management services, and to safeguard business continuity under all circumstances. It pays particular attention to the security





of trade secrets and any information that has been classified as confidential by the authorities. Fintraffic is responsible for the reliability and data security of the hardware, software and information systems that it uses. It prepares for cyber threats in a number of ways, such as enhancing its data asset management and enabling extensive and adequate investments in improved information security. The main operational risks relate to serious accidents and threats to information and cybersecurity. At worst, a virus pandemic may lead to sickness absences among personnel and thereby reduce the company's capacity to provide traffic control services and, in the worst-case scenario, temporarily halt rail or air traffic. There is always the potential for human error as well.

Ensuring operational efficiency and prioritising service provision tasks within the limits of the State budget and demand for air traffic play an important role in managing financial risks. Since Russia launched its war of aggression, measures have focused on preparedness, access to goods and cost stability. Information and cybersecurity risks are managed on a long-term basis.

In its ownership strategy, the State has given Fintraffic a special assignment as a provider and developer of the essential traffic control and management services required by society, the economy and the authorities, and also as an

enabler of Finnish competitiveness in data-based service operations. In order for Fintraffic to be able to carry out this special assignment, further amendments need to be made to the legislation governing the company and funding must also be allocated to this work.

The funding challenges that have been limiting the development of road, rail and maritime traffic management services were eased in spring 2022 when Parliament confirmed appropriations that would enable expansion in the provision of traffic management services. A structural risk remains in air navigation services, as services to authorities are provided without compensation. Fintraffic's objective is for the State to purchase any services required by the authorities in order to cover the costs of their provision.

By developing its services and new business models, Fintraffic will be able to expand its customer base and increase its impact on the transport system. Digitalisation is increasing demand for the company's services. Russia's war of aggression and restrictions on overflights may lead to changes in air navigation service volumes. Flying may otherwise decrease as a result of people's increased environmental awareness. However, other megatrends are taking things in the opposite direction, as increasing prosperity in emerging countries is also boosting air travel.

New business opportunities in air navigation include lower airspace management, drone traffic, and tenders for air navigation services in Europe.

The rise in Fintraffic's indebtedness is moderate. The company has acquired loans from several financial institutions in order to finance operations. This loan portfolio has been diversified over time, and the current agreements enable additional financing for new projects. Interest rate derivatives have been used to provide a 50-per-cent hedge against interest rate rises. The unhedged component and any additional loans are exposed to interest rate risks. The company's interest costs are expected to increase in the near future. However, the loans have reasonable terms due to Fintraffic's good financial position and ownership base.

### Personnel, salaries and competence

The Fintraffic Group had an average of 1,133 (1,126) employees during 2022. The number of personnel totalled 1,131 (1,127) at the end of the year. 23 per cent of them were women and 77 per cent men. The average age of employees was 46 (45). As traffic control services are provided around the clock, the majority of personnel do shift or period-based work. 116 new employees joined the company in 2022. Personnel turnover was 9.6 per cent, and 7.1 per cent excluding retirements.

Salaries and bonuses paid during the financial year amounted to EUR 82.1 (75.4) million. Personnel expenses totalled EUR 99.6 (90.9) million (44 per cent of all expenses). All personnel fall within the scope of the performance incentive scheme approved by the parent company's Board of Directors.

A personnel fund has been established for personnel, and personnel may transfer the bonus payable to them into this fund, either wholly or in part.

The incentive scheme rewards personnel for achieving targets and good performance that benefits the company. Remuneration principles and the remuneration paid to personnel is described in the company's Corporate Governance Statement and Remuneration Report. During 2022, company-specific remuneration systems were developed and competence classifications were also specified. Fintraffic's overall remuneration policy was updated, and the target setting model was revised to support the company's strategy.

A job satisfaction survey covering all personnel and all modes of transport was conducted in autumn 2022. This survey identified favourable developments in a number of areas, such as colleagues' behaviour, which received a score of 4.2 (3.9). 80% of employees feel that they are



doing meaningful work. Supervisory work is also of a high standard: it received a higher rating than in the previous year at 4.2 (4.0) on a scale of one to five. Several corporate culture development projects progressed during 2022.

Personnel are provided with a diverse range of support for competence development. Personnel regularly attend development, target and performance discussions that assess the type of competence development support that each person needs in order to achieve their goals. Supervisors were provided with training in the early intervention model, giving feedback, managing hybrid work, resolving difficult situations, employment law, and holding development discussions. Alongside professional training, personnel received training on topics such as self-management, coping and wellbeing, giving and receiving feedback, resilience skills, wellbeing for shift workers, and teamwork skills.

Fintraffic has a comprehensive portfolio of HR and occupational healthcare services. The introduction of company bikes as an employee benefit has also helped to support wellbeing at work. In 2022, the company took a lot of measures to promote personnel's wellbeing and competence. In the spring, Fintraffic conducted a survey in collaboration with Terveystalo to measure stress and coping among those working in expert

positions. The results of the survey were then used to plan concrete measures to support experts' ability to cope at work. Sickness absences rose on the previous year and stood at 3.6 (2.8) per cent in 2022. This is due to the reopening of society and relaxation of measures to combat the pandemic, and is in line with statistical data on occupational health. Fintraffic's occupational health and safety efforts focused on safe and healthy working conditions, a safe and healthy working environment, and measures to maintain employees' mental and physical working capacity. In 2022, the company's proactive occupational health and safety activities focused on the management of psychosocial stress factors. Two work-related accidents occurred at Fintraffic in 2022 (LTI1). These accidents involved minor stumbles and slips. Fintraffic's accident frequency for 2022 was 1.33.

The sanctions imposed as a result of Russia's war of aggression led to a decline in income from overflights and the continuation of extensive lay-offs among air navigation personnel, as in the pandemic years, although redundancies were avoided. Change negotiations were also held in road traffic management and vessel traffic services as a consequence of organisational restructuring and the merging of control centres. Organisational restructuring occurred in rail traffic management as well. Change

negotiations were held, and almost everyone who fell within their scope could be offered an alternative position. The Group continued to develop its organisation and operating processes. The centralisation of Group services continued as in the previous year, with the aim of achieving a better service level and greater efficiency.

### Safety

Fintraffic's business revolves around continuously increasingly the safety level of the transport system, traffic control and traffic management. Ensuring safety includes activities such as traffic management safety, incident management, risk management, preparedness, information and cybersecurity, corporate security, and the management of safety deviations. The main operational risks relate to serious accidents, accident precursors, threats to information and cybersecurity, and a variety of threats to operational reliability. Safety work is based on solid operational expertise and the continuous development of the required capabilities, working methods, systems and processes supported by performance assessment.

The effects of Russia's war of aggression, combined with the digitalising world, have further increased the importance of information and cybersecurity at Fintraffic. During 2022,

the company significantly increased its own investments to raise the level of information and cybersecurity in all modes of transport. After the outbreak of the war, Fintraffic launched a separate information and cybersecurity acceleration programme aimed at speeding up previously planned measures to strengthen Fintraffic's information and cybersecurity capabilities. Thanks to extensive contingency measures, Fintraffic's operative functions were not disrupted by the pandemic and have functioned normally. Particular attention was paid to ensuring health security at work, in order to keep the company's operations up and running without exposing employees to the virus. As part of its development measures in corporate security, the company continued to make investments in preparedness and premises security, such as ensuring a sufficient supply of electricity in order to safeguard the provision of traffic management services under all circumstances. Preparedness measures aimed at improving operational reliability now form the core of Fintraffic's strategy alongside safety.

Safety levels are monitored in a variety of ways, such as with internal and external audits. Fintraffic measures safety using both common indicators and indicators for specific modes of transport. Common indicators include the number of accidents, serious accident precursors and





significant deviations in safety, and the success of safety control functions. Safety issues are reported on systematically and comprehensively to the relevant supervisory authority.

In 2022, the company maintained a good level of safety in all modes of transport and there were no serious accidents or accident precursors caused by Fintraffic. One major information and cybersecurity deviation was reported, and this also indicates Fintraffic's increased ability to detect such deviations. Vessel traffic services prevented 21 vessels from running aground.

Safety management is based on management systems for both safety and information and cybersecurity. The Group's safety work is led by the Safety Management Team, which consists of representatives from each mode of transport and representatives from information and corporate security. The team coordinates the Group's safety work and each mode of transport is responsible for its own safety – so safety is promoted on many different levels. In 2022, Fintraffic began digitalising its safety tools and processes, thereby paving the way for even more advanced tools for reporting safety issues and analysing results. During 2022, the company updated the Group's safety, information security and cybersecurity strategies to meet the changing needs and threats of its external operating environment. At the

same time, the company also renewed key policies in areas such as risk management, safety, information and cybersecurity, and data protection (including their hierarchy and interdependencies). A new area was introduced – a preparedness policy – to describe the key principles for preparedness management, development and responsibilities.

### Environment

Traffic has a major impact on climate change. Traffic accounts for approximately 20 per cent of Finland's carbon dioxide emissions, and road traffic accounts for 90 per cent of these emissions. Fintraffic contributes to the sustainability of the transport system by offering traffic management services and providing sector operators with traffic data and digital services that will boost the efficiency of the system and enable emissions reductions. Fintraffic's concrete environmental action has been divided into two sections: managing the environmental impact of the company's own business and value chain, and influencing emissions throughout the entire transport system. Fintraffic's current environmental strategy was drawn up in 2022 and states that: Fintraffic is an environmentally oriented and carbon-neutral group; an enabler for a smooth and environmentally efficient transport system; an influencer for environmentally driven travel; and

prevents accidents and environmental damage. Fintraffic wants to become carbon neutral during 2023. The goal is to achieve full carbon neutrality in significant procurements by 2035 as well.

Environmentally efficient traffic management reduces the negative environmental impacts caused by traffic throughout the transport system. The company is continually developing concrete action to streamline traffic and reduce emissions, to enhance its ability to prevent accidents, and also to provide high-quality traffic data and analyses of transport-related environmental factors. The most significant direct and indirect emissions from Fintraffic's own operations (scope 1 and 2 emissions) are generated by personnel's vehicles' consumption of fuel, electricity consumption and heating in its properties, and the energy consumption of other electrical equipment and systems (such as traffic control and information technology).

In 2022, the company developed greater transparency in the calculation of its carbon footprint in accordance with the GHG protocol's scope 1 and 2 emission classes. Fintraffic made a significant step towards achieving its carbon neutrality targets by transferring all electricity consumption to fossil-free sources. The company reduced the carbon footprint of its own commuting by switching to electric leased vehicles and enabling

fossil-free commuting for personnel in the form of company bikes. In late 2022, Fintraffic launched the planning of a property management strategy and an energy efficiency development programme. These programmes aim to boost efficiency in the management of properties used by the company, and also to increase the energy efficiency of structures and other energy-consuming electrical equipment. During 2022, Fintraffic built an environmental management system based on the ISO 14000 environmental management system. This system will be introduced in early 2023, and will enable systematic environmental management and standardised practices throughout the Group, as well as more efficient data collection and reporting.

The European Union's classification system for sustainable economic activities, aka the EU taxonomy, came into force in 2020 under the Taxonomy Regulation (EU) 2020/852. This taxonomy will help the EU to create a clear definition of the type of activity that can be considered environmentally sustainable. The aim is to steer economic activity and channel capital towards achieving the EU's ambitious climate and environmental objectives. The specification of economic activities and their assessment criteria has begun with respect to preparing for and mitigating climate change. The specifications of



economic activities will be expanded and revised over the coming years.

As a state-owned company, Fintraffic wants to keep abreast of the latest developments in sustainability reporting and has voluntarily launched investigations into the taxonomy eligibility of its operations. As current climate change taxonomy regulations primarily focus on carbon-intensive sectors, there is no clear-cut taxonomy category for Fintraffic's activities at present. There are consequently no suitable technical assessment criteria for operators such as Fintraffic whose businesses involve traffic control and management services. However, the company sees rail traffic management as a potentially taxonomy-eligible activity in the future, as it focuses on railway infrastructure and systems to manage rail traffic and its safety. Although taxonomy categories and their interpretations are not yet sufficiently established, and still need clarifying in terms of both legislation and practices, the company is preparing to update its analysis during 2023 in line with evolving legislation.

Regardless of its taxonomy classification, the services provided by Fintraffic offer significant impact benefits that enable the creation of smooth travel chains for consumers and logistics, and the development of sustainable mobility innovations and services based on traffic data. The flight path

optimisations and continuous descent approaches made possible by air navigation services also reduce emissions from air traffic. As an operator in the transport system, Fintraffic plays an undeniable role in climate change mitigation.

### Outlook for the future

The ownership strategy defined for Fintraffic in conjunction with its incorporation provides a strong backbone for the company's strategic policies. Fintraffic's operations still revolve around its unique position as a unified Group that seamlessly combines four modes of transport. In addition to providing traffic management services, the company will continue to systematically promote digitalisation in all modes of transport and thereby increase its impact on the ecological, social and economic sustainability of Finnish society.

In 2023, Fintraffic will speed up the creation of opportunities for harnessing digitalisation and data analytics in collaboration with stakeholders who utilise traffic data. The international cooperation that has been successfully launched with traffic operators will be deepened during 2023. In all areas of traffic management – road, rail, maritime and air navigation – investments are being made in the productisation of digital services and the creation of data-based services

that can be used across all modes of transport. The company does not, however, aim to compete with open-sector operators. The idea is to focus its ecosystem services on filling potential market gaps and providing services that enable the creation of a traffic data ecosystem based on open architecture and interfaces.

Russia's invasion of Ukraine has had a significant impact on the company's operations. The business environment will remain challenging for air navigation services in particular, as it will affect their utilised capacity, recovery potential and profitability. Finland's application to join NATO has increased the company's opportunities to engage in international cooperation with NATO countries in particular. This will, for example, enable even closer cooperation with Estonian air navigation services. As in 2022, all of the Group's companies will invest in continuity management, preparedness, and information and cybersecurity.

The profitability of road, rail and vessel traffic management is expected to remain stable. The additional funding allocated to traffic management in the State budget will enable Fintraffic to continue its forward-looking work over the coming years. The company still sees opportunities for improving the efficiency of its service provision, and has set a new efficiency target of EUR 30 million for 2023–2028. There is still a risk

that the State's increased indebtedness and the spring 2023 parliamentary elections may change the funding allocated to traffic digitalisation.

In 2023, Fintraffic will invest more in the modernisation and automation of its operating systems than in the previous year. In the near future, major projects will include technology upgrade work on road tunnels and open-road sections, as well as a major upgrade to train control in the Finnish railway network through Digirail and automation projects.

In spite of the challenging situation with regard to profitability in air navigation services, the Group is determined to invest more in the development of the data ecosystem than in previous years, in order to carry out the special assignment laid down in its ownership strategy. For the time being, Fintraffic will be able to fund the creation of a data ecosystem without additional funding from the State. However, unless funding can be arranged, this will slow the development rate in the data ecosystem over the longer term. Although investments in the near future will be partially funded by loans, indebtedness will remain moderate and the balance sheet strong. Digirail investments will increase significantly in the years ahead and, depending on the project financing model, may require the company to strengthen its capital structure in the coming years.





## Events after the end of the financial year

There have been no material changes in the company's financial position or operations since the end of the financial year.

## Management and auditing

At the beginning of 2022, Traffic Management Company Fintraffic's Board of Directors consisted of Tero Ojanperä as Chair and Juha Majanen, Kirsi Nuotto, Teemu Penttilä, Mari Puoskari, Karri Salminen and Seija Turunen as members. The Annual General Meeting of 4 April 2022 elected Tero Ojanperä as Chair and Kirsi Nuotto, Kaisa Olkkonen, Teemu Penttilä, Mari Puoskari, Karri Salminen and Seija Turunen as members.

The Board of Directors has two committees: the Audit Committee and the Personnel Committee. Juha Majanen chaired the 2022 Audit Committee until 4 April 2022, and Kaisa Olkkonen continued in this position as of 26 April 2022. The members of the Audit Committee were Tero Ojanperä, Teemu Penttilä, Karri Salminen and Seija Turunen. The Personnel Committee was chaired by Kirsi Nuotto and its members were Tero Ojanperä and Mari Puoskari.

Traffic Management Company Fintraffic Ltd's Board and its Committees convened 19 (23) times during the financial year. The members of the

Board of Directors were paid fees totalling EUR 237,600 (244,800) for Board and Committee work. Pertti Korhonen was the company's CEO during the financial year.

All four subsidiaries of Traffic Management Company Fintraffic Ltd have Boards of Directors that are chaired by the Group CEO and whose members comprise the Group's HR Director and Deputy CEO and two external members. The Group's CFO also acts as an expert member of the Board of Directors.

The auditor for the Group's companies was Ernst & Young Oy, Authorised Public Accountants, with Mikko Ryttilähti (APA, CPFA) as Chief Auditor.

## Company shares

The State holds all 6,210,388 shares and 6,210,388 votes in Traffic Management Company Fintraffic, that is, a holding of 100 per cent. The company has one series of shares. The Ministry of Transport and Communications is responsible for ownership steering.

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

In the financial statements dated 31 December 2022, the distributable assets of Traffic Management Company Fintraffic Ltd totalled

EUR 155,507,048.62 (155,455,156.56).

The Board of Directors proposes that no dividends be distributed and that the profit for the financial year, EUR 37,782.11 (261,509.40), be transferred to retained earnings.

## Separate reports

The Annual Report is aimed at the Group's stakeholders and contains several separate reports, namely the Report of the Board of Directors and Financial Statements, an annual review that includes the CEO's review, a review of the Group's strategy and changes in the operating environment, information about the Group's business functions, and a corporate social responsibility report. The Group also publishes a Governance and Remuneration Report.



# Financial statements

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**Group income statement**

EUR mill.	1.1.–31.12.2022	1.1.–31.12.2021
<b>REVENUE</b>	<b>228.9</b>	<b>209.7</b>
Production for own use	1.1	0.0
Other operating income	3.7	4.1
Materials and services		
Purchases	-3.2	-2.6
External services	-52.9	-46.4
	-56.1	-49.0
Personnel expenses		
Wages and salaries	-82.1	-75.4
Social security expenses		
Pension expenses	-14.7	-13.0
Other social security expenses	-2.8	-2.6
	-99.6	-90.9
Depreciation and amortisation		
Depreciation according to plan	-39.5	-37.6
	-39.5	-37.6
Other operating expenses	-30.8	-30.1
<b>OPERATING PROFIT (LOSS)</b>	<b>7.6</b>	<b>6.1</b>
Financial income and expenses		
Other interest and financial income		
From others	0.1	0.0
Interest and other financial expenses		
To others	-0.8	-0.4
	-0.7	-0.4
<b>PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES</b>	<b>6.9</b>	<b>5.8</b>
Income taxes		
Taxes for the financial period	0.0	-0.4
	0.0	-0.4
<b>PROFIT (LOSS) FOR THE FINANCIAL PERIOD</b>	<b>6.9</b>	<b>5.4</b>

**Group balance sheet**

EUR mill.	31.12.2022	31.12.2021
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets		
Goodwill	2.7	3.3
Intangible rights	40.4	37.1
Other intangible assets	3.6	4.3
Advance payments	13.5	12.3
	60.2	57.0
Tangible assets		
Land and water areas	0.0	0.0
Buildings and constructions	47.5	59.9
Machinery and equipment	58.6	54.4
Other tangible assets	22.1	16.3
Advance payments and construction in progress	12.7	14.0
	140.9	144.7
<b>Total non-current assets</b>	<b>201.1</b>	<b>201.7</b>
<b>Current assets</b>		
Long-term receivables		
Derivative receivables	2.8	0.0
Accrued income	22.4	16.0
	25.3	16.0
Short-term receivables		
Accounts receivable	24.4	22.0
Other receivables	0.9	2.2
Accrued income	24.2	21.0
	49.5	45.2
Financial securities	10.0	0.0
Cash and cash equivalents	19.4	16.0
<b>Total current assets</b>	<b>104.1</b>	<b>77.2</b>
<b>TOTAL ASSETS</b>	<b>305.3</b>	<b>278.9</b>

EUR mill.	31.12.2022	31.12.2021
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	0.5	0.5
Fair value reserve	2.8	0.0
Reserve for invested unrestricted equity	154.8	154.8
Retained earnings	10.7	5.3
Result for the period	6.9	5.4
<b>Total equity</b>	<b>175.8</b>	<b>166.0</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Loans from financial institutions	54.8	54.8
Deferred tax liabilities	2.7	2.7
Advances received	1.0	0.0
<b>Total non-current liabilities</b>	<b>58.6</b>	<b>57.5</b>
<b>Current liabilities</b>		
Commercial papers	14.9	0.0
Advances received	0.1	0.0
Accounts payable	19.8	20.6
Other liabilities	3.9	4.0
Accruals and deferred income	32.2	30.8
<b>Total current liabilities</b>	<b>70.9</b>	<b>55.4</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>305.3</b>	<b>278.9</b>

**Group cash flow statement**

EUR mill.	1.1.–31.12.2022	1.1.–31.12.2021
<b>Cash flow from operating activities</b>		
Profit (loss) before appropriations and taxes	6.9	5.8
Adjustments for		
Depreciation according to plan	39.5	37.6
Other non-cash transactions	0.0	0.0
Financial income and expenses	0.7	0.4
Gains (-) and losses (+) on the disposal of non-current assets	0.0	0.0
Cash flow before changes in working capital	47.1	43.7
Changes in working capital		
Change in trade and other receivables (addition “-” / reduction “+”)	-10.2	-29.4
Change in short-term liabilities (addition “+” / reduction “-”)	2.3	1.4
Cash flow from operating activities before financial items and taxes	39.2	15.7
Interest and financial expenses paid for operating activities	-0.6	-0.6
Interest received from operating activities	0.1	0.0
Income taxes paid	0.0	0.4
Cash flow before extraordinary items	38.6	15.5
<b>Cash flow from operating activities</b>	<b>38.6</b>	<b>15.5</b>
<b>Cash flow from investing activities</b>		
Investments in tangible and intangible assets	-40.4	-61.0
Investments subsidies received	0.1	4.1
Proceeds from sale of tangible and intangible assets	0.1	0.1
<b>Cash flow from investing activities</b>	<b>-40.2</b>	<b>-56.8</b>
<b>Cash flow from financing activities</b>		
Drawdowns of short-term loans	14.9	0.0
Drawdowns of long-term loans	0.0	55.0
Repayment of long-term loans	0.0	-15.0
<b>Cash flow from financing activities</b>	<b>14.9</b>	<b>40.0</b>
<b>Change in cash and cash equivalents</b>	<b>13.3</b>	<b>-1.3</b>
Cash at the beginning of the financial period	16.0	17.3
Cash at the end of the financial period	19.4	16.0
Cash equivalents at the beginning of the financial period	0.0	0.0
Cash equivalents at the end of the financial period	10.0	0.0
<b>Cash and cash equivalents at the end of the financial period</b>	<b>29.3</b>	<b>16.0</b>



**Parent company income statement**

EUR mill.	1.1.–31.12.2022	1.1.–31.12.2021
<b>REVENUE</b>	<b>160.4</b>	<b>153.7</b>
Production for own use	0.1	0.0
Other operating income	0.0	0.0
Materials and services		
External services	-149.5	-143.1
	-149.5	-143.1
Personnel expenses		
Wages and salaries	-5.3	-4.4
Social security expenses		
Pension expenses	-0.9	-0.7
Other social security expenses	-0.2	-0.1
	-6.4	-5.2
Depreciation and amortisation		
Depreciation according to plan	-0.7	-0.5
	-0.7	-0.5
Other operating expenses	-4.0	-4.6
<b>OPERATING PROFIT (LOSS)</b>	<b>0.0</b>	<b>0.3</b>
Financial income and expenses		
Other interest and financial income		
From Group companies	0.8	0.0
From others	0.0	0.0
Interest and other financial expenses		
To Group companies	-0.1	0.0
To others	-0.8	-0.2
	0.0	-0.2
<b>PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES</b>	<b>0.0</b>	<b>0.1</b>
Appropriations		
Change in depreciation difference	0.0	0.0
Group contribution	0.1	0.2
Income taxes		
Taxes for the financial period	0.0	0.0
	0.0	0.0
<b>PROFIT (LOSS) FOR THE FINANCIAL PERIOD</b>	<b>0.0</b>	<b>0.3</b>

**Parent company balance sheet**

EUR mill.	31.12.2022	31.12.2021
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets		
Intangible rights	1.6	1.6
Advance payments	1.3	0.4
	3.0	2.0
Tangible assets		
Machinery and equipment	0.0	0.0
	0.0	0.0
Investments	165.3	165.3
Holdings in Group companies	165.3	165.3
<b>Total non-current assets</b>	<b>168.3</b>	<b>167.3</b>
<b>Current assets</b>		
Long-term receivables		
Derivative receivables	2.8	0.0
	2.8	0.0
Short-term receivables		
Accounts receivable	16.8	16.0
Receivables from Group companies	34.6	30.2
Other receivables	0.0	0.4
Accrued income	16.3	16.8
	67.8	63.5
Financial securities	10.0	0.0
Cash and cash equivalents	19.3	15.6
<b>Total current assets</b>	<b>97.1</b>	<b>79.2</b>
<b>TOTAL ASSETS</b>	<b>268.2</b>	<b>246.5</b>

EUR mill.	31.12.2022	31.12.2021
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	0.5	0.5
Fair value reserve	2.8	0.0
Reserve for invested unrestricted equity	154.8	154.8
Retained earnings	0.6	0.4
Result for the period	0.0	0.3
<b>Total equity</b>	<b>158.9</b>	<b>156.0</b>
<b>Accumulated appropriations</b>		
Accumulated depreciation difference	0.0	0.0
<b>Total accumulated appropriations</b>	<b>0.0</b>	<b>0.0</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Loans from financial institutions	54.8	54.8
<b>Total non-current liabilities</b>	<b>54.8</b>	<b>54.8</b>
<b>Current liabilities</b>		
Commercial papers	14.9	0.0
Advances received	0.1	0.0
Accounts payable	0.9	1.8
Liabilities to Group companies	36.3	32.2
Other liabilities	0.2	0.1
Accruals and deferred income	2.2	1.6
<b>Total current liabilities</b>	<b>54.5</b>	<b>35.7</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>268.2</b>	<b>246.5</b>

**Parent company cash flow statement**

EUR mill.	1.1.–31.12.2022	1.1.–31.12.2021
<b>Cash flow from operating activities</b>		
Profit (loss) before appropriations and taxes	0.0	0.1
Adjustments for		
Depreciation according to plan	0.7	0.5
Financial income and expenses	0.0	0.2
Cash flow before changes in working capital	0.6	0.8
Changes in working capital		
Change in trade and other receivables (addition “-” / reduction “+”)	0.5	-18.6
Change in short-term liabilities (addition “+” / reduction “-”)	6.7	2.8
Cash flow from operating activities before financial items and taxes	7.8	-15.1
Interest and financial expenses paid for operating activities	-0.6	-0.4
Interest received from operating activities	0.7	0.0
Other financial items from operating activities	-7.9	-17.0
Income taxes paid	0.0	0.0
Cash flow before extraordinary items	0.0	-32.5
<b>Cash flow from operating activities</b>	<b>0.0</b>	<b>-32.5</b>
<b>Cash flow from investing activities</b>		
Investments in tangible and intangible assets	-1.5	-1.0
Investments in subsidiaries	0.0	-8.0
Payments made in connection with business acquisitions	4.5	26.3
Proceeds from business sales	-4.5	-26.3
<b>Cash flow from investing activities</b>	<b>-1.5</b>	<b>-9.0</b>
<b>Cash flow from financing activities</b>		
Drawdowns of long-term loans	0.0	55.0
Repayments of long-term loans	0.0	-15.0
Drawdowns of short-term loans	14.9	0.0
Received group contributions	4.4	2.1
Paid group contributions	-4.2	-2.2
<b>Cash flow from financing activities</b>	<b>15.1</b>	<b>39.9</b>
<b>Change in cash and cash equivalents</b>	<b>13.6</b>	<b>-1.6</b>
Cash at the beginning of the financial period	15.6	17.2
Cash at the end of the financial period	19.3	15.6
Cash equivalents at the beginning of the financial period	0.0	0.0
Cash equivalents at the end of the financial period	10.0	0.0
<b>Cash and cash equivalents at the end of the financial period</b>	<b>29.3</b>	<b>15.6</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.

Receivables are measured at nominal value or, if lower, at probable value. The company’s financial securities are measured at nominal value or, if lower, the probable realisable value.

Liabilities are valued at nominal value.

The arrangement fees of the loan facilities have been deferred over the duration of the maturity of the loan facilities using the effective interest method. Fintraffic uses the fair value model in accounting the derivatives (chapter 5, section 2a of the Accounting Act, Accounting Board 2963/2016). The derivates used are interest rate swaps. More information of the derivatives can be found from the notes to the financials statements section hedging instruments and hedge accounting.

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 starts at the month of deployment of the asset. The depreciation time of the assets are:

Goodwill	8–10 years
Intangible rights	5–10 years
Other intangible assets	5–10 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.

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 reduction of EUR -7.9 million in

the cash pool accounts of the group (2021 EUR -17.0 million) has been presented in the cash flow statement in Other financial items from operating activities. The parent company’s cash pool accounts of the group debt to other group subsidiaries are distributed as follows ("+" indicates the parent company's debt, "-" its receivables):

	2022	2021
Fintraffic Road Ltd	-9.7	-21.0
Fintraffic Vessel Traffic Services Ltd	5.1	5.4
Fintraffic Railway Ltd	-7.9	5.3
Fintraffic Air Navigation Services Ltd	-6.1	-0.5
	-18.7	-10.8

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 -0.0 million is included in the equity.

Notes to the income statement

Revenue

The turnover of financial year 2022 is increased by regulation adjustment worth EUR 9.7 million.

The regulation adjustment includes receivables and debts based on EU-regulation concerning en route service and terminal navigation service of Helsinki Airport. In financial year 2021 regulation adjustment increased turnover by EUR 16.6 million.

New regulation receivables amounting to EUR 7.3 million were recognised in 2022 in relation to the traffic risk sharing mechanism and inflation adjustments.

Regulation debt accumulated in previous periods was repaid to airspace users in the amount of EUR 6.8 million in the financial year 2022 by charging a lower unit rate. Due to traffic volumes being substantially lower than expected in 2022, regulation debt from the previous period was transferred to forthcoming years.

In 2022, new regulation debt was borne by EUR 4.4 million. The debt is related to state funding of the Eurocontrol membership fee, as well as EU funding of investment and operating expenditure projects.

At the end of the financial year 2022, the company’s balance sheet included net receivables totalling EUR 13.6 million related to regulation adjustments.

Debts arising from the regulation adjustment have been recognised in full. In accordance with the principle of prudence, the receivables have not been recognised in their full amounts.



Regulation adjustment, EUR mill.	Reversal	Increase	Net change	Balance at the end of the year
Traffic risk sharing adjustment	0.0	1.4	1.4	1.4
Difference in revenue from temporary application of unit rate	0.0	5.9	5.9	5.9
Costs excluded from the cost risk mechanism	0.0	0.0	0.0	27.7
Items external to the cost risk mechanism	0.9	0.0	0.9	0.0
Other revenues (subsidies from EU and the Finnish state)	2.9	-4.4	-1.5	-16.7
Traffic adjustments	3.0	-0.1	3.0	-4.7
<b>Total</b>	<b>6.8</b>	<b>2.9</b>	<b>9.7</b>	<b>13.6</b>
Receivables	0.0	7.3	7.3	35.0
Liabilities	6.8	-4.5	2.4	-21.4
<b>Net</b>	<b>6.8</b>	<b>2.9</b>	<b>9.7</b>	<b>13.6</b>

**Production for own use**

During the financial year, the company capitalised expenses in construction in progress in the balance sheet.

EUR mill.	Group 31.12.2022	Group 31.12.2021	Parent company 31.12.2022	Parent company 31.12.2021
Production for own use	1.1	0.0	0.1	0.0
External services	52.9	46.4	149.5	143.1
Capitalisation	-0.1	0.0	-0.1	0.0
	<b>52.8</b>	<b>46.4</b>	<b>149.4</b>	<b>143.1</b>
Wages and salaries	82.1	75.4	5.3	4.4
Capitalisation	-0.9	0.0	0.0	0.0
	<b>81.3</b>	<b>75.4</b>	<b>5.3</b>	<b>4.4</b>
Pension expenses	14.7	13.0	0.9	0.7
Capitalisation	-0.2	0.0	0.0	0.0
	<b>14.6</b>	<b>13.0</b>	<b>0.9</b>	<b>0.7</b>
Other social security expenses	2.8	2.6	0.2	0.1
Capitalisation	0.0	0.0	0.0	0.0
	<b>2.7</b>	<b>2.6</b>	<b>0.2</b>	<b>0.1</b>

EUR mill.	Group 31.12.2022	Group 31.12.2021	Parent company 31.12.2022	Parent company 31.12.2021
<b>Personnel expenses</b>				
Management salaries and fees				
Chief Executive Officers	1.3	1.1	0.4	0.3
Members of the Board of Directors	0.4	0.4	0.2	0.2
<b>Total</b>	<b>1.7</b>	<b>1.5</b>	<b>0.6</b>	<b>0.6</b>
<b>Average number of personnel</b>				
During the financial year the company had on average				
<b>Personnel</b>	<b>1,133</b>	<b>1,126</b>	<b>57</b>	<b>41</b>
<b>Depreciation, amortisation and reduction in value</b>				
Depreciation and amortisation according to plan:				
Goodwill	0.6	0.6		
Intangible rights	14.8	12.3	0.7	0.5
Other intangible assets	1.8	4.1	0.0	0.0
Buildings and constructions	7.5	7.4	0.0	0.0
Machinery and equipment	13.8	12.0	0.0	0.0
Other tangible assets	1.0	1.1	0.0	0.0
<b>Total</b>	<b>39.5</b>	<b>37.6</b>	<b>0.7</b>	<b>0.5</b>
<b>Auditor's fees</b>				
Ernst & Young Oy				
Audit fees	0.1	0.1	0.0	0.0
Tax consultancy	0.0	0.0	0.0	0.0
Other services	0.0	0.0	0.0	0.0
<b>Total</b>	<b>0.2</b>	<b>0.2</b>	<b>0.1</b>	<b>0.0</b>
<b>Group contribution</b>				
Group contributions received			7.8	4.4
Group contributions made			-7.7	-4.2
<b>Total</b>			<b>0.1</b>	<b>0.2</b>
<b>Income taxes</b>				
Income taxes on operations	0.0	0.0	0.0	0.0
Income taxes from previous years	-0.1	0.0	0.0	0.0
Change in deferred tax liability	0.0	0.4	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>0.4</b>	<b>0.0</b>	<b>0.0</b>



## Notes to the assets

	Group 31.12.2022	Group 31.12.2021	Parent company 31.12.2022	Parent company 31.12.2021
<b>Intangible assets, EUR mill.</b>				
<b>Goodwill</b>				
Acquisition costs at the beginning of the financial period				
Goodwill on consolidation	0.7	0.7	0.0	0.0
Group's goodwill on consolidation	4.5	4.5	0.0	0.0
Accumulated depreciations at the beginning of the financial period	-2.0	-1.4	0.0	0.0
Depreciation 01.01.–31.12. goodwill	-0.2	-0.2	0.0	0.0
Depreciation 01.01.–31.12. goodwill on consolidation	-0.4	-0.4	0.0	0.0
<b>Book value 31.12.</b>	<b>2.7</b>	<b>3.3</b>	<b>0.0</b>	<b>0.0</b>
<b>Intangible rights</b>				
Acquisition costs at the beginning of the financial period	67.1	55.5	2.3	1.5
Additions during the financial period	18.2	12.5	0.7	0.8
Reduction during the period	0.0	-0.9	0.0	0.0
Acquisition cost 31.12.	85.3	67.1	3.0	2.3
Accumulated depreciation and reduction in value at the beginning of the financial period	-30.0	-17.7	-0.8	-0.3
Depreciation 01.01.–31.12.	-14.8	-12.3	-0.7	-0.5
Accumulated depreciation and reduction in value 31.12.	-44.9	-30.0	-1.4	-0.8
<b>Book value 31.12.</b>	<b>40.4</b>	<b>37.1</b>	<b>1.6</b>	<b>1.6</b>
<b>Other intangible assets</b>				
Acquisition costs at the beginning of the financial period	17.3	14.9	0.0	0.0
Additions during the financial period	1.0	2.4	0.0	0.0
Reduction during the period	0.0	0.0	0.0	0.0
Acquisition cost 31.12.	18.3	17.3	0.0	0.0
Accumulated depreciation and reduction in value at the beginning of the financial period	-13.0	-8.9	0.0	0.0
Depreciation 01.01.–31.12.	-1.8	-4.1	0.0	0.0
Accumulated depreciation on reductions	0.0	0.0	0.0	0.0
Accumulated depreciation and reduction in value 31.12.	-14.7	-13.0	0.0	0.0
<b>Book value 31.12.</b>	<b>3.6</b>	<b>4.3</b>	<b>0.0</b>	<b>0.0</b>
<b>Advance payments for intangible assets</b>				
Acquisition costs at the beginning of the financial period	12.3	6.8	0.4	0.2
Additions / deductions during the financial period	1.2	5.5	0.9	0.3
<b>Book value 31.12.</b>	<b>13.5</b>	<b>12.3</b>	<b>1.3</b>	<b>0.4</b>
<b>Intangible assets total</b>	<b>60.2</b>	<b>57.0</b>	<b>3.0</b>	<b>2.0</b>

	Group 31.12.2022	Group 31.12.2021	Parent company 31.12.2022	Parent company 31.12.2021
<b>Tangible assets, EUR mill.</b>				
<b>Land and water areas</b>				
Acquisition costs at the beginning of the financial period	0.0	0.0	0.0	0.0
<b>Book value 31.12.</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Buildings and constructions</b>				
Acquisition costs at the beginning of the financial period	80.3	55.8	0.0	0.0
Additions during the financial period	2.8	24.5	0.0	0.0
Deductions	-7.7	0.0	0.0	0.0
Acquisition cost 31.12.	75.4	80.3	0.0	0.0
Accumulated depreciation and reduction in value at the beginning of the financial period	-20.4	-12.9	0.0	0.0
Depreciation 01.01.–31.12.	-7.5	-7.4	0.0	0.0
Accumulated depreciation and reduction in value 31.12.	-27.9	-20.4	0.0	0.0
<b>Book value 31.12.</b>	<b>47.5</b>	<b>59.9</b>	<b>0.0</b>	<b>0.0</b>
<b>Machinery and equipment</b>				
Acquisition costs at the beginning of the financial period	86.4	76.9	0.0	0.0
Additions during the financial period	18.0	9.5	0.0	0.0
Deductions	0.0	0.0	0.0	0.0
Acquisition cost 31.12.	104.4	86.4	0.0	0.0
Accumulated depreciation and reduction in value at the beginning of the financial period	-32.0	-19.9	0.0	0.0
Depreciation 01.01.–31.12.	-13.8	-12.0	0.0	0.0
Accumulated depreciation and reduction in value 31.12.	-45.8	-32.0	0.0	0.0
<b>Book value 31.12.</b>	<b>58.6</b>	<b>54.4</b>	<b>0.0</b>	<b>0.0</b>
<b>Other tangible assets</b>				
Acquisition costs at the beginning of the financial period	17.7	14.2	0.0	0.0
Additions during the financial period	6.8	3.5	0.0	0.0
Acquisition cost 31.12.	24.6	17.7	0.0	0.0
Accumulated depreciation and reduction in value at the beginning of the financial period	-1.4	-0.3	0.0	0.0
Depreciation 01.01.–31.12.	-1.0	-1.1	0.0	0.0
Accumulated depreciation and reduction in value 31.12.	-2.4	-1.4	0.0	0.0
<b>Book value 31.12.</b>	<b>22.1</b>	<b>16.3</b>	<b>0.0</b>	<b>0.0</b>
<b>Advance payments and construction in progress</b>				
Acquisition costs at the beginning of the financial period	14.0	11.1	0.0	0.0
Additions / deductions during the financial period	-1.3	3.0	0.0	0.0
<b>Book value 31.12.</b>	<b>12.7</b>	<b>14.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Tangible assets total</b>	<b>140.9</b>	<b>144.7</b>	<b>0.0</b>	<b>0.0</b>





Investments, EUR mill.	Parent company 31.12.2022	Parent company 31.12.2021
<b>Shares in Group companies</b>		
Acquisition costs at the beginning of the financial period	165.3	165.3
Additions / deductions	0.0	0.0
Acquisition costs at the end of the financial period	165.3	165.3
<b>Book value 31.12.</b>	<b>165.3</b>	<b>165.3</b>

Ownership in other companies	Group share of ownership %	Parent company share of ownership %
<b>Group Companies</b>		
Fintraffic Air Navigation Services Ltd, Vantaa	100	100
Fintraffic Road Ltd, Helsinki	100	100
Fintraffic Vessel Traffic Services Ltd, Helsinki	100	100
Fintraffic Railway Ltd, Helsinki	100	100
Finlogic Oy, Helsinki	100	0

Assets specification, EUR mill.	Group 31.12.2022	Group 31.12.2021	Parent company 31.12.2022	Parent company 31.12.2021
<b>Non current receivables</b>				
<b>Receivables from others</b>				
Derivative receivables	2.8	0.0	2.8	0.0
Prepaid expenses and accrued income	22.4	16.0	0.0	0.0
<b>Non current receivables total</b>	<b>25.3</b>	<b>16.0</b>	<b>2.8</b>	<b>0.0</b>

Receivables from interest rate swaps were 2.8 million euros on 31.12.2022. The accounting practice and sums are described in parts "Hedging instruments and hedge accounting" and "Differentiation on non-current liabilities, non-current liabilities".

<b>Short-term receivables</b>				
<b>Receivables from group companies</b>				
Accounts receivable			0.9	1.6
Other receivables			33.8	28.7
<b>Total</b>			<b>34.6</b>	<b>30.2</b>

The Group other receivables include the balance of the group's cash pool accounts of EUR 23.8 million.

<b>Receivables from others</b>				
Accounts receivable	24.4	22.0	16.8	16.0
Other receivables	0.9	2.2	0.0	0.4
Prepayments and accrued income	24.2	21.0	16.3	16.8
<b>Total</b>	<b>49.5</b>	<b>45.2</b>	<b>33.2</b>	<b>33.3</b>
<b>Short-term receivables total</b>	<b>49.5</b>	<b>45.2</b>	<b>67.8</b>	<b>63.5</b>

Accrued income, EUR mill.	Group 31.12.2022	Group 31.12.2021	Parent company 31.12.2022	Parent company 31.12.2021
<b>Accrued income from net sales</b>				
Derivative receivables from revenue	18.1	19.0	15.8	16.2
Contributions and subsidies	5.5	4.7	0.0	0.0
Receivables from occupational health care	0.2	0.2	0.0	0.0
Interests	0.0	0.0	0.0	0.0
Other	1.3	1.5	0.5	0.6
Regulation adjustment, long-term receivables	21.5	11.5	0.0	0.0
<b>Totalt</b>	<b>46.6</b>	<b>37.0</b>	<b>16.3</b>	<b>16.8</b>

Regulation adjustment includes receivables worth EUR 35.0 million and debt worth EUR 21.4 million.

Regulation adjustment, EUR mill.	0–1 years	1–5 years	Over 5 years	Total
Receivables	0.0	35.0	0.0	35.0
Liabilities	-7.9	-6.4	-7.1	-21.4
<b>Net balance</b>	<b>-7.9</b>	<b>28.6</b>	<b>-7.1</b>	<b>13.6</b>

Deferred unbooked tax assets, EUR mill.	Group 31.12.2022	Group 31.12.2021
Deferred tax receivables on confirmed losses	6.3	3.6
Deferred tax liabilities on regulation receivables	-2.7	-0.8
<b>Deferred unbooked tax assets</b>	<b>3.6</b>	<b>2.8</b>

Financial assets, EUR mill.	Group 31.12.2022	Group 31.12.2021	Parent company 31.12.2022	Parent company 31.12.2021
Financial securities				
Investments in commercial papers (under one year)	10.0	0.0	10.0	0.0
Cash and cash equivalents	19.4	16.0	19.3	15.6
<b>Total financial assets</b>	<b>29.3</b>	<b>16.0</b>	<b>29.3</b>	<b>15.6</b>

The company's financial securities are measured at nominal value or, if lower, the probable realisable value. On 31 December 2022, EUR 0.0 million was recognised in impairment of financial securities in financial expenses, in the item "impairment of other financial securities".



## Notes to the equity and liabilities

Equity, EUR mill.	Group 31.12.2022	Group 31.12.2021	Parent company 31.12.2022	Parent company 31.12.2021
<b>Restricted equity</b>				
Share capital at the beginning of the financial period	0.5	0.5	0.5	0.5
Share capital at the end of the financial period	0.5	0.5	0.5	0.5
<b>Unrestricted equity</b>				
Reserve for invested unrestricted equity at the beginning of the financial period	154.8	154.8	154.8	154.8
Reserve for invested unrestricted equity at the end of the financial period	154.8	154.8	154.8	154.8
Fair value reserve:				
Interest rate swap 2–4 years, fair value 31.12.	0.8	0.0	0.8	0.0
Interest rate swap over 4 years, fair value 31.12.	2.0	0.0	2.0	0.0
Retained earnings	10.7	5.3	0.6	0.4
Profit (loss) for the financial period	6.9	5.4	0.0	0.3
Retained earnings at the end of the financial period	17.6	10.7	0.7	0.6
<b>Equity total</b>	<b>175.8</b>	<b>166.0</b>	<b>158.9</b>	<b>156.0</b>

Fintraffic uses the fair value model in accounting the derivatives (chapter 5, section 2a of the Accounting Act, Accounting Board 1963/2016). The fair value of the effective interest rate swaps is recognized in the fair value reserve. The fair value of ineffective interest rate swaps is recognized as financial income and expenses for the financial period. The interest rate swaps are assumed to be effective when the interest rates are expected (based on the interest rate curve) to be positive longer than 50% of the duration of the contract. On 31 December 2022, all interest rate swaps were effective, and their value, amounting to approximately EUR 2.8 million, was recognised in full in the fair value reserve. In 2021, one interest rate swap was ineffective.

Distributable equity, EUR mill.	Parent company 31.12.2022	Parent company 31.12.2021
Retained earnings	0.6	0.4
Profit (loss) for the financial period	0.0	0.3
Reserve for invested unrestricted equity	154.8	154.8
Fair value reserve	0.0	0.0
<b>Total</b>	<b>155.5</b>	<b>155.5</b>

The amount of company shares by share class and the main orders of the bye-laws concerning each share	2022	2021
The share capital is divided by share class as follows:		
Shares (1 vote/share)	6,210,388	6,210,388
<b>Total</b>	<b>6,210,388</b>	<b>6,210,388</b>

Shares have an equal right to dividends and company assets.

Differentiation on non-current liabilities, EUR mill.	Group 31.12.2022	Group 31.12.2021	Parent company 31.12.2022	Parent company 31.12.2021
<b>Non-current liabilities</b>				
<b>Payables to others</b>				
Loans from financial institutions	55.0	55.0	55.0	55.0
Liabilities relating to derivatives	0.0	0.0	0.0	0.0
Effective interest	-0.2	-0.2	-0.2	-0.2
Accrued expenses	1.0	0.0	0.0	0.0
<b>Total</b>	<b>55.8</b>	<b>54.8</b>	<b>54.8</b>	<b>54.8</b>

Fintraffic uses the chapter 5, section 2a of the accounting act and recognizes the fair value of ineffective interest rate swaps in financial items. The fair values of effective interest rate hedges are recognised in the fair value reserve in the balance sheet. The fair values of interest rate swaps are recognised as derivative liabilities and assets in the balance sheet. At the end of 2022, receivables from interest rate swaps amounted to approximately EUR 2.8 million, and they are presented in the item “Non-current receivables, receivables from others”. The arrangement fees of the loan facilities have been deferred over the duration of the maturity of the loan facilities using the effective interest method.

Payables falling due after more than five years, EUR mill.	Group 31.12.2022	Group 31.12.2021	Parent company 31.12.2022	Parent company 31.12.2021
Loans from financial institutions	10.0	10.0	10.0	10.0
Accruals and deferred income -regulation adjustment	7.1	4.1	0.0	0.0
<b>Total</b>	<b>17.1</b>	<b>14.1</b>	<b>10.0</b>	<b>10.0</b>

Regulation adjustment liabilities due after 5 years have been netted against long-term accrued income.

Deferred tax liabilities, EUR mill.	Group 31.12.2022	Group 31.12.2021
From appropriations	2.8	2.8
Unused tax depreciation	-0.1	-0.1
<b>Total</b>	<b>2.7</b>	<b>2.7</b>

The appropriations consist of accumulated depreciation difference.



	Group 31.12.2022	Group 31.12.2021	Parent company 31.12.2022	Parent company 31.12.2021
<b>Current liabilities, EUR mill.</b>				
<b>Payables to others</b>				
Commercial papers	14.9	0.0	14.9	0.0
Advances received	0.1	0.0	0.1	0.0
Accounts payable	19.8	20.6	0.9	1.8
Other liabilities	3.9	4.0	0.2	0.1
Accrued expenses and deferred income	32.2	30.8	2.2	1.6
<b>Total</b>	<b>70.9</b>	<b>55.4</b>	<b>18.2</b>	<b>3.5</b>
<b>Amounts owed to group companies</b>				
Accounts payable			7.6	0.2
Accrued expenses			15.9	17.2
Other liabilities			12.8	14.9
<b>Total</b>			<b>36.3</b>	<b>32.2</b>

The balance of the group's cash pool accounts EUR 5.1 million is presented in Other liabilities.

	Group 31.12.2022	Group 31.12.2021	Parent company 31.12.2022	Parent company 31.12.2021
<b>Essential items in accrued expenses and deferred income</b>				
Wages and social security expenses	22.8	21.1	1.8	1.4
Interests	0.1	0.0	0.1	0.0
Taxes	0.0	0.0	0.0	0.0
Regulation liability	7.9	7.6	0.0	0.0
Other	1.4	2.0	0.2	0.1
<b>Total</b>	<b>32.2</b>	<b>30.8</b>	<b>2.2</b>	<b>1.6</b>

	Group 2022	Group 2021	Parent company 2022	Parent company 2021
<b>Commitments and contingencies, EUR mill.</b>				
<b>Leasing contracts</b>				
Payables from leasing contracts				
Payables next financial year	0.9	0.5	0.2	0.0
Payables later	1.1	0.5	0.4	0.1
<b>Total</b>	<b>1.9</b>	<b>1.0</b>	<b>0.6</b>	<b>0.1</b>
<b>Other contingent liabilities</b>				
Payables next financial year	22.4	25.4	0.0	0.0
Payables in further financial years	8.3	12.7	0.0	0.0
<b>Total</b>	<b>30.7</b>	<b>38.1</b>	<b>0.0</b>	<b>0.0</b>
<b>Fixed-term rental agreements</b>				
Payables next financial year	3.2	3.1	0.0	0.0
Payables later	47.9	10.8	38.7	0.0
<b>Total</b>	<b>51.1</b>	<b>13.8</b>	<b>38.7</b>	<b>0.0</b>
<b>Pension obligations</b>				
Obligations to supplementary pensions	0.3	0.3	0.0	0.0
<b>Total</b>	<b>0.3</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>
<b>Rental commitments, deposits and other guarantees</b>				
Guarantee deposits	0.2	0.2	0.0	0.0
Rental guarantees	0.1	0.1	0.0	0.0
Guarantees on behalf of Group companies	0.0	0.0	0.0	0.0
Bank guarantees	1.1	1.3	1.1	1.3
<b>Total</b>	<b>1.5</b>	<b>1.6</b>	<b>1.1</b>	<b>1.3</b>

Obligations and commitments are presented exclusive of value-added tax.

Fintraffic Vessel Traffic Services Ltd had a pending dispute at the District Court of Helsinki. The case concerns action for declaratory judgment in a matter pertaining to the unilateral amendment of the terms of employment. According to the legal action, the company that is the defendant did not have the right to unilaterally amend the claimants' terms of employment pertaining to the right to annual holiday. The defendant has disputed the claim and is of the view that the claim for a declaratory judgment should be rejected as groundless. For this reason, no provision has been recognised in the accounts.

Fintraffic Air Navigation Services Ltd is the defendant in a dispute concerning the company's actions, which may have an impact on the company's financial position. The company is also the defendant in one smaller dispute, which the company won, but which remains pending due to a petition for leave to appeal, and the outcome of which is not expected to have a material impact on the company's financial position.





### Financial agreements

At the end of 2022, the Group's interest-bearing loans totaled approximately EUR 70 million. Of these, EUR 55 million were long-term bank loans. No new long-term bank loans were drawn or repaid during the year. A commercial paper programme of EUR 100 million was launched in 2022. At the end of the year, approximately EUR 15 million worth of short-term commercial papers, with a maturity of less than a year, had been sold to investors. At the end of 2022, the Group had a total of EUR 130 million in committed long-term finance limits for the purpose of financing investments and working capital. In addition the Group has EUR 20 million in account limits and a commercial paper programme of EUR 100 million in nominal value.

The Group's net debt amounted to EUR 40.7 million at the end of the year. Gearing was approximately 23% and the equity ratio was approximately 57%.

### Hedging instruments and hedge accounting

#### Interest rate risks

According to the Fintraffic finance policy, 50% of the loan portfolio is hedged to stabilize financial cost fluctuations caused by the interest rates. The share of the short-term loans that is

estimated to be long-term, is also included in the loan portfolio.

The terms of the hedges are in relevant parts equivalent to the terms of the floating rate loans.

Interest rate swaps are effective when the interest rates are positive as the value changes symmetrically but with reversed characters with the interest of the floating rate loans. Thus they convert effectively the loans to fixed rate loans. The interest rate swaps are assumed to be effective when the interest rates are expected (based on the interest rate curve) to be positive longer than 50% of the duration of the contract.

Fintraffic abides to the principles of the fair value model (chapter 5, section 2a of the Accounting Act) by entering the fair value of ineffective interest rate hedges as financial income and expenses for the financial period. The fair value of the effective interest rate hedges are entered in the fair value reserve, respectively. At the end of 2022, all interest rate hedges were effective.

Only parent company Traffic Management Company Fintraffic Oy had financial derivatives in Financial statements 2022.

Hedge agreements	Nominal value 31.12.2022	Nominal value 31.12.2021	Fair value 31.12.2022	Fair value 31.12.2021
Interest swap agreements, 2–4 years, fair value 31.12.	17.5	12.5	0.8	0.0
Interest swap agreements, over 4 years, fair value 31.12.	15.0	15.0	2.0	0.0
	<b>32.5</b>	<b>27.5</b>	<b>2.8</b>	<b>0.0</b>

On 31 December 2022, all interest rate swaps were effective, and their fair value is recognised in the fair value reserve in the balance sheet.

In 2021, one interest rate swap was ineffective due to negative interest rates.

### Currency risks

Fintraffic's payments are mainly in euros and therefore currency risks are rather small. The objective of currency risk management is to minimize the currency risks. Currency risks are primarily hedged by contractual terms and netting of currency denominated cash flows. Net risks will be hedged by using financial instruments and primarily by using currency forward instruments. There were no currency forward contracts at the end of the year 2022.

### Investments in fixed income instruments

Fintraffic's investment principles are set out in the company's financing policy, and investment limits have been set by each separate investment object.

Cash assets are invested in a manner that is appropriate with regard to liquidity management,

taking into account the liquidity, credit rating and yield on investments. Most of the investments have a maturity of less than three months. According to the investment limit approved by the Board of Directors, investments must have a good credit rating, i.e. rated as "investment grade" by key rating agencies (e.g. S&P BBB- or higher), or issued by a public sector organisation with a corresponding credit rating or a company that is majority-owned by a municipality or by the state. Investments are only made in fixed income instruments, such as certificates of deposit and commercial paper. At the end of 2022, the total value of the investments was approximately EUR 10 million. The investments were made in commercial paper and their term to maturity was under three months.

### Credit risks

Fintraffic actively monitors credit risks. Receivables are measured at nominal value or, if lower, at probable value.

In the financial statements of 31 December 2022, only Fintraffic Air Navigation Services Ltd had credit losses.



**Transactions with related parties**

The Finnish Transport Infrastructure Agency orders road, rail, and maritime traffic management services, as well as customer services and information services. Invoicing from the partnership agreement between the Finnish Transport Infrastructure Agency and Fintraffic totalled EUR 149.8 million. The agreement’s commercial model and invoicing were based on a margin of 5% added to transparent service costs. The traffic management company Fintraffic Ltd purchases road, rail and maritime traffic management services from its subsidiaries on a subcontracting basis. In the financial year 2022, these purchases amounted to EUR 149.2 million.

In 2022, the Finnish Transport Infrastructure Agency ordered development and verification phase services from Fintraffic Railway Ltd as part of the Digirail project under an alliance contract with a duration of one year. The completion of the development and verification phase led to the signing of a new alliance contract that will remain in effect until the end of 2027 in accordance with the agreement signed on 29 December 2022.

As in the two preceding years, a business transaction was concluded between the Group’s parent company Traffic Management Company Fintraffic Ltd and the Finnish State, represented by the Finnish Transport Infrastructure Agency.

In the transaction, assets from projects completed by the Finnish Transport Infrastructure Agency were transferred for the total amount of EUR 4.5 million. The business operations were then transferred on 31 December 2022 from the parent company to the subsidiaries responsible for each of the operations in question.

Material intra-group balance sheet items are presented under “Loans and receivables from Group companies” in the notes to the financial statements. Financing between the Group companies has been organised by means of cash pool arrangements. A Group services agreement has been signed between the parent company and the subsidiaries to allocate the parent company’s expenses to the subsidiaries.

Transactions between group companies and the group’s related parties have similar terms to transactions with other parties.



# Signatures for the Financial statements 31.12.2022

Helsinki, 13 March 2023

**Tero Ojanperä**

Chairman of the Board of Directors

**Kaisa Olkkonen**

Member of the Board of Directors

**Kirsi Nuotto**

Member of the Board of Directors

**Teemu Penttilä**

Member of the Board of Directors

**Mari Puoskari**

Member of the Board of Directors

**Karri Salminen**

Member of the Board of Directors

**Seija Turunen**

Member of the Board of Directors

**Pertti Korhonen**

CEO

**The Auditor's note**

A report on the audit has been issued today.

Helsinki, 13 March 2023

Ernst & Young Oy, Authorized Public Accountant Firm

**Mikko Ryttilähti**

APA, CPFA



# Auditor's report

(Translation of the Finnish original)

## To the Annual General Meeting of Traffic Management Company Fintraffic Ltd

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Traffic Management Company Fintraffic Ltd (business identity code 2942108-7) for the year ended 31 December, 2022. 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

the Financial Statements section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are

free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as 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 represent the underlying transactions and events so that the financial statements give a true and fair view.

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

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

### **Other reporting requirements**

#### **Other information**

The Board of Directors and the Managing Director are responsible for the other information. The other information 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 distributable equity

shown in the balance sheet for the parent company is in compliance with the Limited Liability Companies Act. We support that the members of the Board of Directors and the Managing Director of the parent company should be discharged from liability for the financial period audited by us.

Helsinki 13.3.2023

Ernst & Young Oy  
Authorized Public Accountant Firm

Mikko Ryttilähti  
Authorized Public Accountant,  
Chartered Public Finance Auditor



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