

**Financial review Q2
January–June 2021
29 July 2021**



FINNLINES' RESULT UP IN THE SECOND QUARTER – REFLECTS IMPROVED CARGO VOLUMES

JANUARY–JUNE 2021

- Revenue EUR 270.8 (236.4 in 2020) million, increase 14.6%.
- Result before interest, taxes, depreciation and amortization (EBITDA) EUR 71.0 (66.4) million, increase 6.9%.
- Result for the reporting period EUR 36.3 (31.7) million, increase 14.4%.
- Interest bearing debt increased by EUR 36.1 million and was EUR 403.7 (367.6) million at the end of the period.

APRIL–JUNE 2021

- Revenue EUR 146.8 (105.8 in 2020) million, increase 38.7%.
- Result before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 40.8 (28.2) million, increase 44.5%.
- Result for the reporting period EUR 23.1 (11.0) million, increase 110.3%.

KEY FIGURES

MEUR	1–6 2021	1–6 2020	4–6 2021	4–6 2020	1–12 2020
Revenue	270.8	236.4	146.8	105.8	484.0
Result before interest, taxes, depreciation and amortisation (EBITDA)	71.0	66.4	40.8	28.2	140.8
Result before interest and taxes (EBIT)	38.5	34.2	24.4	12.2	76.2
% of revenue	14.2	14.5	16.6	11.5	15.7
Result for the reporting period	36.3	31.7	23.1	11.0	69.7
Stakeholders' equity/share, EUR	13.93	13.56	13.90	13.60	14.07
Equity ratio, %	56.5	58.2	56.5	58.2	60.7
Net debt/EBITDA	2.8	2.1	2.8	2.1	2.3
Interest bearing debt, MEUR	403.7	367.6	403.7	367.6	331.7
Net gearing, %	56.0	50.3	56.0	50.3	45.5

EMANUELE GRIMALDI, PRESIDENT AND CEO, IN CONJUNCTION WITH THE REVIEW

“The Finnlines Group's revenue for January–June 2021 was EUR 270.8 million, an increase of 14.6% compared to the corresponding period in previous year. The result for the reporting period was EUR 36.3 million – an increase of 14.4% compared to EUR 31.7 million in January–June 2020. Earnings before interest, taxes, depreciation and amortisation, EBITDA, amounted to EUR 71.0 (66.4 in 2020) million. Our financial performance has improved regardless of the fact that passenger services remained subdued due to Finland's tight Covid-19 related travel restrictions.

Finnlines' profitability has improved during the last quarter, mainly due to increased cargo volumes. During the first half of 2021, Finnlines transported 391 (357 in 2020) thousand cargo units, shipped 90 (60) thousand cars and carried 228 (227) thousand private and commercial passengers. Finnlines transports more than a third of the one million rubber-tyred units, which pass annually through Finland's major shipping routes. Finland–Estonia, Finland–Sweden and Finland–German are the main sea bridges to foreign trade in Finland. Finnlines' extensive route network provides the Finnish export industry with a regular and reliable way into the European market, while ensuring the transport of goods from abroad to Finland that are important for security of supply.

We have noted that safe travel over the borders has gradually normalised in Europe and that the Finnish restrictions are gradually reaching the EU level. The total recovery of passenger travel is yet to come, but the more Finland aligns its travel restrictions with the rest of Europe, the more rapidly the passenger business by sea between Finland and EU returns to market terms and less state subsidies are needed. We continue to provide our environmentally friendly services on market terms without public support.

More stringent regulations from EU and IMO force the shipping industry to find ways to cut emissions, and introduce new technology. Finnlines has adopted a green path in its strategy already several years ago when decisions were made on its EUR 0.5 billion Green Newbuilding Programme. The first new ultra green hybrid ro-ro vessel will be delivered this autumn and two others will follow in early 2022. In addition, two eco-efficient Superstar ro-pax vessels will be delivered in 2023 and the construction of the first Superstar ro-pax vessel started in June, while the construction of the second is scheduled to start in October. On the whole, the Programme comprises a total of five new vessels, which are all hybrid and state-of-the-art vessels from the environmental point of view.

Finnlines, as a Finnish company and with its Finnish flagged fleet, has established itself as a key provider of maritime transport among customers, not to mention its importance for Finland's security of supply. Now, with an extensive recruitment campaign ongoing to man the superb green and eco-efficient vessels, Finnlines stands strong and well positioned to pave the way for the new green path of the shipping industry.”

FINNLINES PLC, FINANCIAL REVIEW JANUARY–JUNE 2021 (unaudited)

FINNLINES' BUSINESS

Finnlines is a leading shipping operator of ro-ro and passenger services in the Baltic Sea, the North Sea and the Bay of Biscay. The Company's passenger-freight vessels offer services from Finland to Germany and via the Åland Islands to Sweden, as well as from Sweden to Germany. Finnlines' ro-ro vessels operate in the Baltic Sea, the North Sea and the Bay of Biscay. The Company has subsidiaries and sales offices in Germany, Belgium, Great Britain, Sweden, Denmark and Poland. In addition to sea transportation, the Company provides port services in Helsinki and Turku.

As an agent for Grimaldi Lines and Atlantic Container Line (ACL) in Finland and Russia, Finnlines connects Helsinki, St. Petersburg and Paldiski with the Grimaldi Group network in the Mediterranean, West Africa, as well as the Atlantic coast of both North and South America.

GROUP STRUCTURE

Finnlines Plc is a Finnish public limited company, which operates under Finnish jurisdiction and legislation. At the end of the reporting period, the Group consisted of the parent company and 20 subsidiaries. In April 2021, Finnlines acquired the shares of real estate limited liability company Vuosaaren Porttikeskus, whose ownership at Vuosaari includes Gatehouse, Hansaterminal and P8-Porttikeskus parking house. Finnlines Group is headquartered in the Gatehouse.

Finnlines Plc is fully owned by the Grimaldi Group, which is one of the world's largest operators of ro-ro vessels and the largest operator of the Motorways of the Sea in Europe for both passengers and freight. The Grimaldi Group, headquartered in Naples, operates a fleet of more than 130 vessels and employs approximately 16,000 people. It serves over 140 ports in 50 countries in the Mediterranean Sea, North Europe, West Africa, North and South America. The Grimaldi Group comprises seven shipping companies, including Finnlines, Atlantic Container Line (ACL), Malta Motorways of the Sea (MMS) and Minoan Lines.

GENERAL MARKET DEVELOPMENT

Finnlines' main operating area connects trade partners around the Baltic Sea. Based on the OECD Eurostat, the change of Gross Domestic Product in Europe was negative during the first quarter of 2021 in comparison with the same period in 2020. Compared with the fourth quarter of 2020, the reported GDP in Germany decreased in the first quarter of 2021 by 1.8%, while in Sweden the corresponding increase was 0.2%. In Finland GDP declined in the first quarter by 0.1% compared with the previous quarter. (Eurostat 2021.)

Based on the statistics by Statistics Finland for January–May, the Finnish seaborne imports carried in container, lorry and trailer units (measured in tons) increased by 2% and exports increased by 8%. During the same period private and commercial passenger traffic between Finland and Sweden decreased by 71%, between Finland and Germany the traffic decreased by 29%. (Statistics Finland.)

FINNLINES TRAFFIC

In April 2021, Finnlines increased the vessel capacity and time-chartered MS Eurocargo Savona from the Grimaldi Group. The vessel started to operate in Hanko–Rostock traffic while MS Finnulp was moved in TRE traffic as a second vessel, increasing the number of departures between Germany, Russia and Finland. During the second quarter Finnlines operated on average 21 (20) vessels in its own traffic.

The cargo volumes transported during January–June totalled approximately 391 (357 in 2020) thousand cargo units, 90 (60) thousand cars (not including passengers' cars) and 682 (522) thousand tons of freight not possible to measure in units. In addition, some 228 (227) thousand private and commercial passengers were transported.

FINANCIAL RESULTS

January–June 2021

The Finnlines Group recorded revenue totalling EUR 270.8 (236.4) million in the reporting period, an increase of 14.6% compared to the same period in the previous year. Shipping and Sea Transport Services generated revenue amounting to EUR 258.1 (225.2) million, of which passenger related revenue was EUR 14.2 (14.6) million. The revenue of Port Operations was EUR 24.1 (21.3) million. During the first half of 2021, transported cargo volumes increased clearly compared to last year. In January–June 2021 the number of private passengers remained below last year's level. In Port Operations the revenue increased due to the higher amount of cargo. The internal revenue between the segments was EUR 11.4 (10.1) million.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 71.0 (66.4) million, an increase of 6.9%.

Result before interest and taxes (EBIT) was EUR 38.5 (34.2) million.

As a result of the improved financial position, net financial expenses decreased to EUR -2.3 (-2.9) million. Financial income was EUR 0.1 (0.2) million and financial expenses EUR -2.3 (-3.1) million. Result before taxes (EBT) increased by EUR 4.9 million and was EUR 36.2 (31.3) million. The result for the reporting period was EUR 36.3 (31.7) million.

April–June 2021

The Finlines Group recorded revenue totalling EUR 146.8 (105.8) million. Cargo volumes have increased considerably compared to the second quarter of 2020 when transported volumes declined due to pandemic. The travel restrictions in European countries have also continued to affect travelling negatively although passenger volumes have started to recover in comparison with last year. Shipping and Sea Transport Services generated revenues amounting to EUR 140.3 (100.4) million and Port Operations EUR 12.5 (10.4) million. The internal revenue between the segments was EUR 6.0 (5.0) million.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 40.8 (28.2) million, an increase of 44.5%.

Result before interest and taxes (EBIT) was EUR 24.4 (12.2) million.

Net financial expenses were EUR 0.8 (-1.4) million. Financial income was EUR 0.1 (0.1) million and financial expenses totalled EUR -1.2 (-1.5) million. Result before taxes (EBT) increased by EUR 12.5 million and was EUR 23.2 (10.7) million. The result for April–June was EUR 23.1 (11.0) million.

STATEMENT OF FINANCIAL POSITION, FINANCING AND CASH FLOW

Interest-bearing debt increased by EUR 36.1 million to EUR 403.7 (367.6) million, excluding leasing liabilities of EUR 23.3 (18.7) million. Net interest-bearing debt at the end of period was EUR 402.1 (351.5) million. Net interest-bearing debt/EBITDA (rolling 12 months) ratio amounted to 2.8 (2.1) and the equity ratio calculated from the balance sheet was 56.5% (58.2%). Net gearing resulted in 56.0% (50.3%). Covid-19 pandemic has not affected the availability or terms of financing.

The Group's liquidity position is strong and at the end of the period, cash and cash equivalents together with unused committed credit facilities amounted to EUR 158.0 (131.1) million.

Net cash generated from operating activities stood at EUR 54.6 (72.8) million.

CAPITAL EXPENDITURE

The Finlines Group's gross capital expenditure in the reporting period totalled EUR 73.8 (8.7) million, including tangible and intangible assets. Total depreciation and amortisation amounted to EUR 32.5 (32.2) million. The investments consist of normal replacement expenditure of fixed assets, new cargo handling equipment, dry-dockings, buildings in Port of Vuosaari and environmental investment prepayments related to green ro-ro and ro-pax newbuildings.

Finlines has continued to invest in sustainability and environmental technologies within its existing fleet. In order to protect the fragile marine environment in the Baltic and the North Sea the Company has started an installation of ballast water treatment on its vessels. The project will be completed in 2023. Ballast water is used to trim and stabilise ships, but it may carry harmful aquatic species and therefore Finlines has decided to install new ballast water treatment systems in its entire fleet.

Finlines' EUR 500 million investment programme, the Newbuilding Programme, will further increase Finlines' energy efficiency and emission reduction. These environmentally friendly vessels are a significant step towards an even more sustainable and eco-efficient fleet. The Programme has proceeded as planned, and all three new ro-ro vessels are now in production at Nanjing Jingling Shipyard in China. MS Finneco I is the first new green hybrid ro-ro vessel to start operating by the end of 2021. Finneco II and Finneco III are planned to be delivered during 2022. In addition to the three ro-ro vessels, Finlines has ordered two eco-efficient Superstar ro-pax vessels. The construction of the first Superstar ro-pax vessel has started in June 2021. The ro-paxes are expected to be delivered in 2023.

PERSONNEL

The Group employed an average of 1,531 (1,532) persons during the reporting period, consisting of 841 (845) persons at sea and 690 (687) persons on shore. The number of persons employed at the end of the period totalled 1,623 (1,604), of whom 902 (885) at sea and 721 (719) on shore.

The personnel expenses (including social costs) for the reporting period amounted to EUR 44.8 (43.1) million.

THE FINNLINES SHARE

The Company's paid-up and registered share capital on 30 June 2021 totalled EUR 103,006,282. The capital stock consisted of 51,503,141 shares.

Finlines Plc is fully owned by the Grimaldi Group.

RISKS AND RISK MANAGEMENT

The Covid-19 outbreak and the measures taken to prevent the spread represent impact on Finlines' operations but the Company will maintain the critical sea transportation connection for Finland. The transportation of medicines, foodstuff and other essential goods from one country to another is important even and especially in situations like this. Finlines continues to monitor the situation closely and acts in accordance to the guidelines and instructions set by national and international health authorities. The Company works hard to ensure its operations continue as normal as possible. For now, there are no changes to the sailing schedules. Travel restrictions imposed in many countries affect the Company's business operations. Finnish Government will review its decisions on border traffic restrictions on regular basis and, if necessary, make new decisions.

Finnlines is exposed to business risks that arise from the capacity of the fleet existing in the market, counterparties, prospects for export and import of goods, and changes in the operating environment. The risk of overcapacity is reduced through scrapping of aging vessels, on the one hand, and the more stringent environmental requirements, on the other. The continuity of operations is ensured by safeguarding critical functions and essential resources. The majority of the Group's non-current assets consist of its fleet. The fleet is always insured to its full value.

Stricter environmental regulations (e.g. NOx, SOx and CO2 emission, wastewater and ballast water regulations) are the risk factors that could affect the Group's business. However, through the constant renewal and development of the fleet, using the latest technology and innovations, Finnlines is very well-positioned to greatly mitigate this risk.

The effect of fluctuations in the foreign trade is reduced by the fact that the Company operates in several geographical areas. This means that slow growth in one country is compensated by faster recovery in another. Finnlines continuously monitors the solidity and payment schedules of its customers and suppliers. Currently, there are no indications of imminent risks related to counterparties but the Company continues to monitor the financial position of its counterparties. Finnlines holds adequate credit lines to maintain liquidity in the current business environment.

Finnlines has cash and unused committed credit facilities over EUR 150 million and the Company has initiated cost saving plans in April 2020, which both have continued to enable the Company to mitigate the negative effects of Covid-19 pandemic.

LEGAL PROCEEDINGS

Finnlines has made an appeal to the Helsinki Administrative Court of the National Emergency Supply Agency's decision concerning the compensation of costs for securing maritime transport. Finnlines has also appealed to Market Court concerning the Finnish Transport and Communications Agency's calls for tenders concerning imposing a public service obligation for the aid of maritime traffic on the Turku/Naantali–Mariehamn/Långnäs–Stockholm, Kapellskär–Mariehamn, Naantali–Långnäs, Grisslehamn–Eckerö and Helsinki–Tallinn routes. In addition, Finnlines has made a complaint to the European Commission concerning Covid-19 situation related selective and discriminatory aid measures launched by the Finnish authorities.

Finnlines is in addition involved in a few legal proceedings and disputes whose outcome cannot be predicted, but taking into account the information that is available at present, their outcome is not expected to have any substantial impact on the Group's profit.

CORPORATE GOVERNANCE

The Corporate Governance Statement can be reviewed on the Company's website: www.finnlines.com.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events to report.

OUTLOOK AND OPERATING ENVIRONMENT

Although some travel restrictions have been eased and the Finnish Government has a plan for gradual opening of travelling, some uncertainties remain in passenger operations.

Finnlines deployed cost saving measures from April 2020, which has enabled the Company to maintain proper cost efficiency during this year as well. All in all, the year looks promising with increased export and import volumes, and, including the delivery of the first new large and ultra green ro-ro vessel at the very end of the year.

The Finnlines Group has a strong balance sheet, and considering also Finnlines' position as a key service provider among its customers, it is expected that the Company maintains its strong position throughout this extraordinary period.

The third financial review of 2021 for the period of 1 January–30 September 2021 will be published on Tuesday, 9 November 2021.

Finnlines Plc
The Board of Directors

Emanuele Grimaldi
President and CEO

FURTHER INFORMATION

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DISTRIBUTION

Main media

This interim report is unaudited.

REPORTING AND ACCOUNTING POLICIES

This interim report included herein is prepared in accordance with IAS 34 (Interim Financial Reporting) standard. The accounting policies are the same as those applied in the last annual financial statements.

Finnlines Plc entered into the tonnage taxation regime in January 2013. In tonnage taxation, shipping operations transferred from taxation of business income to tonnage-based taxation.

All figures in the accounts have been rounded and, consequently, the sum of individual figures may deviate from the presented sum figure.

The preparation of the interim financial statements in accordance with IFRS requires management to make estimates and assumptions and use its discretion in applying the accounting principles that affect the valuation of the reported assets and liabilities and other information such as contingent liabilities and the recognition of income and expenses in the income statement. Although the estimates are based on the management's best knowledge of current events and actions, actual results may differ from the estimates. The uncertainties related to the key assumptions were the same as those applied to the consolidated financial statements at the year-end 31 December 2020.

The Covid-19 pandemic has increased uncertainty in economy. Company's management has assessed Covid-19's implications to Group's financial result, balance sheet and cash flow. The pandemic has had negative impact to Group's operations, but in an attempt to mitigate it, the Company has initiated cost saving plans already in April 2020. The Group has strong balance sheet, cost-efficient operations and unused credit facilities, which all provide financial flexibility. Management has also examined the need for impairment testing its assets. According to Group's management's current view, the pandemic does not have such long-term effects that would degrade Groups goodwill or other non-current assets. Considering the Finnlines Group's investment to energy-efficient fleet, it can be expected that the Company will remain strong through this period in time. The pandemic has not caused material increase in the amount of expected credit losses.

Finnlines Group acquired shares of Kiinteistö Oy Vuosaaren Porttikeskus real estate company in April 2021. The property is mainly used as Finnlines' headquarter and for its own activities. The cost method in line with IAS 16 is applied for the whole property. Part of the buildings/premises are leased out to tenants under operating leases. The group intends to change the articles of association of the mutual real estate company into ordinary real estate company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR 1,000	4–6 2021	4–6 2020	1–6 2021	1–6 2020	1–12 2020
Revenue	146,785	105,831	270,841	236,376	484,016
Other income from operations	601	225	823	436	1,303
Materials and services	-48,009	-28,046	-89,803	-66,250	-137,964
Personnel expenses	-22,873	-21,632	-44,805	-43,111	-83,376
Depreciation, amortisation and impairment losses	-16,352	-16,038	-32,509	-32,215	-64,599
Other operating expenses	-35,747	-28,167	-66,037	-61,001	-123,164
Total operating expenses	-122,981	-93,883	-233,154	-202,577	-409,104
Result before interest and taxes (EBIT)	24,405	12,173	38,510	34,235	76,215
Financial income	41	80	61	171	494
Financial expenses	-1,245	-1,512	-2,340	-3,070	-6,065
Result before taxes (EBT)	23,202	10,740	36,231	31,335	70,645
Income taxes	-140	228	30	352	-918
Result for the reporting period	23,062	10,969	36,261	31,687	69,727
Other comprehensive income:					
Other comprehensive income to be reclassified to profit and loss in subsequent periods:					
Exchange differences on translating foreign operations	-2	-20	43	-55	-45
Fair value changes on currency derivatives	-535	-1,884	8,242	3,431	-8,245
Other comprehensive income to be reclassified to profit and loss in subsequent periods, total	-537	-1,904	8,285	3,376	-8,290
Other comprehensive income not being reclassified to profit and loss in subsequent periods:					
Remeasurement of defined benefit plans	0	0	0	0	-120
Tax effect, net					21
Other comprehensive income not being reclassified to profit and loss in subsequent periods, total	0	0	0	0	-100
Total comprehensive income for the reporting period	22,525	9,065	44,545	35,063	61,336
Result for the reporting period attributable to:					
Parent company shareholders	23,062	10,969	36,261	31,687	69,727
	23,062	10,969	36,261	31,687	69,727
Total comprehensive income for the reporting period attributable to:					
Parent company shareholders	22,525	9,065	44,545	35,063	61,336
	22,525	9,065	44,545	35,063	61,336
Result for the reporting period attributable to parent company shareholders calculated as earnings per share (EUR/share)					
Undiluted / diluted earnings per share	0.45	0.21	0.70	0.62	1.35
Average number of shares					
Undiluted / diluted	51,503,141	51,503,141	51,503,141	51,503,141	51,503,141

Most of the items recognised in the Consolidated Statement of Comprehensive Income fall under the tonnage tax scheme.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

EUR 1,000	30 Jun 2021	30 Jun 2020	31 Dec 2020
ASSETS			
Non-current assets			
Property, plant and equipment	1,016,356	957,245	967,748
Goodwill	105,644	105,644	105,644
Other intangible assets	3,388	3,850	3,671
Other financial assets	7,076	7,075	7,076
Receivables	2,979	13,866	3,929
Deferred tax assets	2,380	2,967	2,370
	1,137,821	1,090,646	1,090,438
Current assets			
Inventories	7,422	5,564	5,967
Accounts receivable and other receivables	119,322	81,915	86,471
Income tax receivables	30	0	32
Cash and cash equivalents	1,581	16,069	1,847
	128,355	103,548	94,317
Non-current assets held for sale	14,610	14,610	14,610
Total assets	1,280,787	1,208,805	1,199,365
EQUITY			
Equity attributable to parent company shareholders			
Share capital	103,006	103,006	103,006
Share premium account	24,525	24,525	24,525
Translation differences	133	109	114
Fund for invested unrestricted equity	40,016	40,016	40,016
Fair value reserve *	9,620	13,054	1,378
Retained earnings	540,195	517,468	555,413
	717,495	698,180	724,453
Non-controlling interests	0	0	0
Total equity	717,495	698,180	724,453
LIABILITIES			
Long-term liabilities			
Deferred tax liabilities	46,384	45,989	46,509
Pension liabilities	3,342	3,453	3,331
Provisions	1,697	1,697	1,697
Loans from financial institutions	260,835	232,594	180,383
	312,258	283,733	231,920
Current-liabilities			
Accounts payable and other liabilities	84,655	72,964	73,798
Current tax liabilities	0	0	27
Provisions	215	220	220
Loans from financial institutions	166,163	153,708	168,946
	251,033	226,893	242,992
Total liabilities	563,291	510,625	474,912
Total equity and liabilities	1,280,787	1,208,805	1,199,365

* Fair value reserve consists of fair value of effective part of foreign currency forward contracts, for which hedge accounting is applied.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2020, IFRS

EUR 1,000	Equity attributable to parent company shareholders						Total equity
	Share capital	Share issue premium	Translation differences	Unrestricted equity reserve	Fair value reserve	Retained earnings	
Reported equity 1 January 2020	103,006	24,525	140	40,016	9,623	537,310	714,620
Comprehensive income for the reporting period:							
Result for the reporting period						31,687	31,687
Exchange differences on translating foreign operations			-31			-25	-55
Fair value changes on currency derivatives					3,431		3,431
Total comprehensive income for the reporting period	0	0	-31	0	3,431	31,662	35,063
Dividend						-51,503	-51,503
Equity 30 June 2020	103,006	24,525	109	40,016	13,054	517,468	698,180

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2021, IFRS

EUR 1,000	Equity attributable to parent company shareholders						Total equity
	Share capital	Share issue premium	Translation differences	Unrestricted equity reserve	Fair value reserve	Retained earnings	
Reported equity 1 January 2021	103,006	24,525	114	40,016	1,378	555,413	724,452
Comprehensive income for the reporting period:							
Result for the reporting period						36,261	36,261
Exchange differences on translating foreign operations			19			24	24
Fair value changes on currency derivatives					8,242		8,242
Total comprehensive income for the reporting period	0	0	19	0	8,242	36,285	44,545
Dividend						-51 503	-51,503
Equity 30 June 2021	103,006	24,525	133	40,016	9,620	540,195	717,495

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR 1,000	1–6 2021	1–6 2020	1–12 2020
Cash flows from operating activities			
Results for the reporting period	36,261	31,687	69,727
Adjustments			
Non-cash transactions	32,496	32,080	64,167
Unrealised foreign exchange gains (-) / losses (+)	-2	-2	
Financial income and expenses	2,280	2,902	5,568
Taxes	-30	-352	918
Changes in working capital			
Change in accounts receivable and other receivables	-24,929	5,088	-66
Change in inventories	-1,455	588	185
Change in accounts payable and other liabilities	11,961	3,134	3,674
Change in provisions	5	-22	-143
Interest paid	-1,067	-1,337	-3,589
Interest received	13	30	50
Taxes paid	-130	-114	-252
Other financing items	-778	-877	-2,209
Net cash generated from operating activities	54,627	72,803	138,030
Cash flow from investing activities			
Investments in tangible and intangible assets	-73,981	-8,313	-50,401
Sale of tangible assets	358	141	126
Acquisition of non-controlling interests			0
Net cash used in investing activities	-73,623	-8,173	-50,275
Cash flows from financing activities			
Loan withdrawals	159,538	40,000	54,000
Net increase in current interest-bearing liabilities (+) / net decrease (-)	-2,118	-18,257	-2,973
Repayment of loans	-85,320	-26,326	-91,204
Payment of lease liabilities (2018 Payment of finance lease liabilities)	-1,873	-1,673	-3,427
Dividends paid	-51,503	-51,503	-51,503
Net cash used in financing activities	18,725	-57,760	-95,108
Change in cash and cash equivalents	-271	9,208	-7,353
Cash and cash equivalents 1 January	1,847	6,870	9,208
Effect of foreign exchange rate change	5	-9	-8
Cash and cash equivalents at the end of periods	1,581	16,069	1,847

REVENUE AND RESULT BY BUSINESS SEGMENTS

	4–6 2021		4–6 2020		1–6 2021		1–6 2020		1–12 2020	
	MEUR	%	MEUR	%	MEUR	%	MEUR	%	MEUR	%
Revenue										
Shipping and sea transport services	140.3	95.6	100.4	94.9	258.1	95.0	225.2	95.3	461.8	95.4
Port operations	12.5	8.5	10.4	9.9	24.1	9.0	21.3	9.0	42.8	8.8
Intra-group revenue	-6.0	-4.1	-5.0	-4.8	-11.4	-4.0	-10.1	-4.3	-20.6	-4.3
External sales	146.8	100.0	105.8	100.0	270.8	100.0	236.4	100.0	484.0	100.0
Result before interest and taxes										
Shipping and sea transport services	22.9		11.4		36.1		32.9		72.5	
Port operations	1.5		0.8		2.4		1.3		3.7	
Result before interest and taxes (EBIT) total	24.4		12.2		38.5		34.2		76.2	
Financial income and expenses	-1.2		-1.4		-2.3		-2.9		-5.6	
Result before taxes (EBT)	23.2		10.7		36.2		31.3		70.6	
Income taxes	-0.1		0.2		0.0		0.4		-0.9	
Result for the reporting period	23.1		11.0		36.3		31.7		69.7	

REVENUE BY GEOGRAPHICAL AREA

EUR 1,000	1–6 2021	1–6 2020	1–12 2020
Revenue			
Finland	113,919	95,562	195,838
Sweden	40,840	35,571	70,860
Germany	28,163	26,886	58,383
Other EU countries	74,419	67,305	130,703
Russia	4,616	3,057	6,751
Other	8,884	7,994	21,482
	270,841	236,376	484,016

The revenue from the geographical areas is reported according to the location of the customers.

REVENUE BY FUNCTIONS

EUR 1,000	1–6 2021	1–6 2020	1–12 2020
Revenue			
Freight and other shipping services	244,019	210,718	423,100
Passenger services	14,249	14,608	39,047
Port operations	12,573	11,051	21,870
	270,841	236,376	484,016

PROPERTY, PLANT AND EQUIPMENT 2021

EUR 1,000	Land	Buildings	Vessels	Machinery and equipment	Advance payments & acquisitions under construction	Total
Acquisition cost 1 January 2021	72	66,848	1,486,518	65,826	59,521	1,678,784
Exchange rate differences		-1		12		11
Increases	1,053	40,993	7,016	808	39,346	89,216
Disposals			-49	-33		-82
Reclassifications between items			627		-627	
Reclassifications to non-current assets held for sale *		-3,297		-22,395		-25,691
Acquisition cost 30 June 2021	1,125	104,544	1,494,112	44,218	98,239	1,742,238
Accumulated depreciation, amortisation and write-offs 1 January 2021		-25,156	-644,563	-44,175		-713,894
Exchange rate differences		1		-11		-10
Cumulative depreciation on reclassifications, increases and disposals		-15,159	49	-360		-15,471
Depreciation for the reporting period		-1,253	-28,849	-528		-30,630
Accumulated depreciation, amortisation and write-offs 30 June 2021		-41,566	-673,363	-45,074		-760,004
Reclassifications to non-current assets held for sale *		570		10,510		11,081
Carrying value 30 June 2021	1,125	63,548	820,749	9,654	98,239	993,315

Not including right-of-use assets.

* The Finnlines Group is negotiating a sale of Port Operations' assets with carrying value of EUR 14.6 (14.6) million. No impairment losses were recognised on the carrying values of these assets in 2020 or 2021, as according to management's estimate, the fair value of the assets classified as held for sale was higher than the carrying value at the balance sheet date 30 June 2020 and 30 June 2021.

EUR 1,000	Land and water	Buildings and structures	Machinery and equipment	Total
Right-of-use assets 2021				
Acquisition cost 1 January 2021	18,642	3,832	1,439	23,913
Exchange rate differences			1	1
Increases	7,379		33	7,413
Disposals		-2,099		-2,099
Reclassifications between items		2	1	2
Acquisition cost 30 June 2021	26,021	1,735	1,474	29,230
Accumulated depreciation, amortisation and write-offs 1 January 2021	-3,466	-2,202	-776	-6,444
Exchange rate differences				
Cumulative depreciation on reclassifications and disposals		1,753		1,753
Depreciation for the reporting period	-907	-430	-158	-1,496
Accumulated depreciation, amortisation and write-offs 30 June 2021	-4,373	-880	-935	-6,188
Carrying value 30 June 2021	21,648	854	539	23,041
Property, plant and equipment, total				1,016,356

EUR 1,000	Buildings	Machinery and equipment	Total
Assets classified as held for sale 1 January 2021			
Acquisition cost			
Transfer to non-current assets held for sale	3,297	22,395	25,691
Accumulated depreciation			
Transfer to non-current assets held for sale	-570	-10,510	-11,081
Carrying value 30 June 2021	2,726	11,884	14,610

PROPERTY, PLANT AND EQUIPMENT 2020

EUR 1,000	Land	Buildings	Vessels	Machinery and equipment	Advance payments & acquisitions under construction	Total
Acquisition cost 1 January 2020	72	67,348	1,477,184	66,169	19,884	1,630,657
Exchange rate differences		2		-19		-17
Increases			6,870	160	1,331	8,361
Disposals		-515	-451	-265		-1,231
Reclassifications between items		14	371	38	-423	0
Reclassifications to non-current assets held for sale *		-3,297		-22,395		-25,691
Acquisition cost 30 June 2020	72	63,552	1,483,974	43,689	20,792	1,612,079
Accumulated depreciation, amortisation and write-offs 1 January 2020		-23,747	-587,887	-43,878		-655,511
Exchange rate differences		-2		17		15
Cumulative depreciation on reclassifications and disposals		511	450	268		1,229
Depreciation for the reporting period		-959	-28,740	-515		-30,213
Accumulated depreciation, amortisation and write-offs 30 June 2020		-24,197	-616,176	-44,108		-684,481
Reclassifications to non-current assets held for sale *		570		10,510		11,081
Carrying value 30 June 2020	72	39,926	867,798	10,091	20,792	938,678

Not including right-of-use assets.

* The Finnlines Group is negotiating a sale of Port Operations' assets with carrying value of EUR 14.6 (15.1) million. No impairment losses were recognised on the carrying values of these assets in 2019 or 2020, as according to management's estimate, the fair value of the assets classified as held for sale was higher than the carrying value at the balance sheet date 30 June 2019 and 30 June 2020.

EUR 1,000	Land and water	Buildings and structures	Machinery and equipment	Total
Right-of-use assets 2020				
Acquisition cost 1 January 2020	18,642	2,514	1,018	22,174
Exchange rate differences			-1	-1
Increases		956		956
Disposals				
Reclassifications between items		-2	-1	-4
Acquisition cost 30 June 2020	18,642	3,468	1,015	23,125
Accumulated depreciation, amortisation and write-offs 1 January 2020	-1,733	-861	-372	-2,966
Exchange rate differences			1	1
Cumulative depreciation on reclassifications and disposals		1	1	1
Depreciation for the reporting period	-866	-543	-184	-1,593
Accumulated depreciation, amortisation and write-offs 30 June 2020	-2,599	-1,402	-555	-4,558
Carrying value 30 June 2020	16,042	2,063	460	18,566
Property, plant and equipment, total				957,245

EUR 1,000	Buildings	Machinery and equipment	Total
Assets classified as held for sale 1 January 2020			
Acquisition cost			
Transfer to non-current assets held for sale	3,297	22,395	25,691
Accumulated depreciation			
Transfer to non-current assets held for sale	-570	-10,510	-11,081
Carrying value 30 June 2020	2,726	11,884	14,610

LEASES

Finnlines does not apply practical expedient, by which service components are not separated from lease contract components.

Finnlines has included the value of option in such contracts where the leased facility has strategic long term value.

Amounts recognized in profit or loss

EUR 1,000	1–6 2021	1–6 2020
Interest on lease liabilities 30 June	147	120
Expenses relating to short-term leases	53	144
Expenses relating to low-value assets	152	161
Service components of lease payments 30 June	65	99
Lease payments of all leases accounted according to IFRS 16	1,582	1,669
Total cash flow of all leases 30 June	1,852	2,073

Maturity analysis

EUR 1,000	2021	2020
Contractual undiscounted cash flows		
Less than one year	3,593	3,187
One to five years	9,635	8,482
More than five years	23,212	15,535
Total undiscounted lease liabilities at 30 June	36,440	27,204
Short term leasing liability	2,217	2,928
Long term leasing liability	21,076	15,792
Lease liabilities included in statement of financial position at 30 June	23,293	18,720

FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

The Group has loans from financial institutions and pension loans and commercial papers belonging to level 2. Also included in level 2 are foreign currency derivatives acquired to hedge against cash flow risk related to committed vessel orders. There is no material difference between carrying values and fair values of these instruments.

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Level 3 includes unlisted shares amounting to EUR 7.1 million (7.1 in 2020), which are valued at the lower of acquisition cost or probable value, as their fair value cannot be reliably measured. Majority of the unlisted shares consists of Steveco Oy's shares of which Finnlines owns 25.4%. This shareholding is presented in financial assets, because Finnlines does not have significant influence in Steveco Oy.

CONTINGENCIES AND COMMITMENTS

EUR 1,000	30 Jun 2021	30 Jun 2020	31 Dec 2020
Minimum leases payable in relation to fixed term leases			
Vessel leases (Group as lessee):			
Within 12 months	3,120	408	
1–5 years	0	0	
	3,120	408	
Vessel leases (Group as lessor):			
Within 12 months	2,997	8,971	7,141
1–5 years	0	2,997	0
	2,997	11,968	7,141
Other leases (Group as lessee):			
Within 12 months	97	98	109
1–5 years	60	117	96
	157	215	205
Other leases (Group as lessor):			
Within 12 months	823	417	229
2-5 years	1,519	490	229
over 5 years	917		
	3,259		
Collateral given			
Loans from financial institutions	248,234	256,744	233,847
	248,234	256,744	233,847
Vessel mortgages provided as guarantees for the above loans	539,500	639,500	539,500
Other collateral given on own behalf			
Pledges	340	340	340
	340	340	340
Other obligations			
Obligations, related to vessel investments	334,074	433,537	358,044
Other external obligations *	1,775	2,709	1,467
	335,849	436,246	359,511
VAT adjustment liability related to real estate investments	2	3	2

* Other external obligations are mainly vessel maintenance related obligations.

REVENUE AND RESULT BY QUARTER

MEUR	Q1/21	Q1/20	Q2/21	Q2/20	Q3/21	Q3/20	Q4/21	Q4/20
Revenue								
Shipping and sea transport services	117.8	124.7	140.3	100.4		121.2		115.4
Port operations	11.7	10.9	12.5	10.4		10.6		10.9
Intra-group revenue	-5.4	-5.1	-6.0	-5.0		-5.1		-5.4
External sales	124.1	130.5	146.8	105.8		126.7		120.9
Result before interest and taxes								
Shipping and sea transport services	13.2	21.5	22.9	11.4		23.0		16.6
Port operations	0.9	0.6	0.6	0.8		1.4		0.9
Result before interest and taxes (EBIT) total	14.1	22.1	24.4	12.2		24.5		17.5
Financial income and expenses	-1.1	-1.5	-1.2	-1.4		-1.5		-1.2
Result before taxes (EBT)	13.0	20.6	23.2	10.7		23.0		16.3
Income taxes	0.2	0.1	-0.1	0.2		-0.5		-0.8
Result for the reporting period	13.2	20.7	23.1	11.0		22.5		15.6
EPS (undiluted / diluted) EUR	0.26	0.40	0.45	0.21		0.44		0.30

SHARE INFORMATION

	30 Jun 2021	30 Jun 2020
Number of shares	51,503,141	51,503,141

Finlines Plc is fully owned by the Grimaldi Group.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events to report.

CALCULATION OF RATIOS

Earnings per share (EPS), EUR	=	$\frac{\text{Result attributable to parent company shareholders}}{\text{Weighted average number of outstanding shares}}$	
Shareholders' equity per share, EUR	=	$\frac{\text{Shareholders' equity attributable to parent company shareholders}}{\text{Undiluted number of shares at the end of period}}$	
Net gearing, %	=	$\frac{\text{Interest-bearing liabilities* - cash and bank equivalents}}{\text{Total equity}} \times 100$	
Equity ratio, %	=	$\frac{\text{Total equity}}{\text{Assets total - received advances}} \times 100$	
Net debt to EBITDA ratio	=	$\frac{\text{Net Debt}}{\text{EBITDA past 12 months}}$	

* Not including leasing liabilities.

Income tax expense is recognised based on the best estimate of the weighted-average annual income tax rate expected for the full financial year. In January 2013, the shipping operations of Finnlines Plc transferred to tonnage-based taxation.

RELATED PARTY TRANSACTIONS

In April 2021, Finnlines time-chartered MS Eurocargo Savona from the Grimaldi Group. There were no other material related party transactions during the reporting period.