FINANCIAL STATEMENTS

2023

Content

Board of Directors' report

Finnlines' business

Finnlines is a leading shipping operator of freight 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, Finnlines connects Helsinki and Paldiski with the Grimaldi Group network in the Mediterranean, West Africa, North and South America, Asia and Australia.

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.

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 over 18,000 people. It serves over 150 ports in 50 countries in the Mediterranean Sea, Northern 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), Minoan Lines and Trasmed GLE.

General market development

Finnlines' main operating area connects trade partners around the Baltic Sea. Based on the OECD Eurostat, the Gross Domestic Product in EU area remained stable during the third quarter of 2023 in comparison with the same period in 2022. Compared with the second quarter of 2023, the decrease of reported GDP in Germany was 0.1per cent in the third quarter of 2023, while in Sweden the corresponding decrease was 0.3 per cent. In Finland, GDP declined in the third quarter by 0.9 per cent compared with the previous quarter. (Eurostat 2023.) However, the Russian conflict with Ukraine and high interest rates may deteriorate future economical development in the EU area.

Based on the January–December statistics by Traficom, the Finnish seaborne imports carried in container, lorry and trailer units (measured in tons) decreased by 14 per cent and exports decreased by 5 per cent. According to data published by Statistics Finland, during January–December, private and commercial passenger traffic between Finland and Sweden decreased by 2 per cent, between Finland and Germany the traffic increased by 8 per cent.

Finnlines' traffic

The Transport Workers' Union, AKT, was on strike in all Finnish ports from 15 February to 1 March. The strike caused severe disturbance in Finnlines' traffic, since several vessels were laying in port. Part of the departures were operated during the strike by carrying only accompanied units. Finnlines also launched a temporary service from Muuga to Travemünde and from Rostock to Muuga. At the end of February Finnlines strengthened its Ireland-Belgium freight services by bringing a second vessel to the traffic. With that, the number of weekly departures increased from four to six.

During the second quarter Finnpartner and Finntrader were drydocked to install new pollution abatement technology and to upgrade public spaces. Cruise Smeralda, owned by the Grimaldi Group, substituted both vessels in Germany-Sweden services. Finnsun was chartered out to Grimaldi Euromed in the middle of May. At the same time Poland traffic continued with one vessel.

Finnsirius entered Finnlines' traffic and started a regular liner service on the Naantali–Långnäs–Kapellskär route on 15 September. At the same time Europalink moved to Malmö–Travemunde traffic and started to operate under Swedish flag. Additionally, Cruise Smeralda charter ended and the vessel was redelivered to the Grimaldi Group.

The Superstar-class vessel MS Finncanopus was delivered to Finnlines in December, and the vessel started her home voyage from China to Europe. Otherwise there were no major events in scheduled traffic during the fourth quarter of 2023.

During the year Finnlines operated on average 21 (21) vessels in its own traffic.

The cargo volumes transported during January–December totalled approximately 710 (750 in 2022) thousand cargo units, 157 (138) thousand cars (not including passengers' cars) and 1,344 (1,426) thousand tons of freight not possible to measure in units. In addition, some 695 (648) thousand private and commercial passengers were transported.

Financial results

The Finnlines Group recorded revenue totalling EUR 680.7 (736.1) million in the reporting period, a decrease of 8 per cent compared to the same period in the previous year. Shipping and Sea Transport Services generated revenue amounting to EUR 659.5 (712.1) million, of which passenger related revenue was EUR 77.9 (68.7) million. The revenue of Port Operations was EUR 42.9 (46.2) million. During the reporting period, the amount of the transported cargo volumes decreased slightly, and also a decline of fuel prices has affected cargo-related bunker surcharges compared to last year. In January–December 2023 the number of private passengers increased substantially from last year. The revenue of Port Operations decreased from last year caused by a workers' union strike and declined cargo volume.The internal revenue between the segments was EUR 21.7 (22.1) million.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 166.3 (221.2) million, a decrease of 25 per cent.

Result before interest and taxes (EBIT) was EUR 74.1 (136.0) million.

The financial position remained strong, although net financial expenses increased and were EUR -16.7 (-5.5) million. Financial income was EUR 0.4 (0.8) million and financial expenses EUR -17.1 (-6.3) million. Result before taxes (EBT) decreased by EUR 73.1 million and was EUR 57.4 (130.5) million. The result for the reporting period was EUR 60.3 (133.3) million.

The most important business and share related key indicators are presented in the Five-Year Key Figures on page 48.

Statement of financial position, financing and cash-flow

Interest-bearing debt increased by EUR 115.5 million to EUR 511.2 (395.7) million, excluding leasing liabilities of EUR 23.6 (21.6) million. Net interest-bearing debt excluding leasing liabilities at the end of period was EUR 508.7 (376.8) million. Net interest-bearing debt/EBITDA (rolling 12 months) ratio amounted to 3.1 (1.7) and the equity ratio calculated from the balance sheet was 54.9 (60.3) per cent. Net gearing resulted in 62.7 (44.5) per cent.

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 147.6 (323.9) million.

Net cash generated from operating activities remained strong and was EUR 135.2 (200.1) million.

Capital expenditure

The Finnlines Group's gross capital expenditure in the reporting period totalled EUR 191.8 (223.8) million, including tangible and intangible assets. Total depreciation and amortisation amounted to EUR 92.2 (85.2) million. The investments consist of normal replacement expenditure of fixed assets, cargo handling equipment, dry-dockings, and investments to improve ships' energy efficiency and payments related to new green ro-pax newbuildings.

Finnlines has continued to invest in sustainability and environmental technologies.

Finnlines' EUR 500-million investment programme, the Green Newbuilding Programme, was completed in 2023. Finnlines took delivery of two hybrid ro-pax vessels, Finnsirius and Finncanopus. Finnsirius entered Finnlines' Finland, Åland Islands and Sweden route in September and Finncanopus will begin service on the same route in February 2024. The programme comprised two hybrid ro-pax and three hybrid ro-ro vessels, all equipped with state-of-the-art eco-friendly technology. New vessels are a significant step towards an even more sustainable and eco-efficient fleet.

Finnlines focuses increasingly on energy conservation and emission reduction, and one technical tool is use of onshore power. Finnlines continued the installation of shore-side connections on several existing ro-pax vessels. Electricity is the first alternative to replace fossil fuels as an energy source in the Finnlines fleet.

Personnel

The Group employed an average of 1,752 (1,679) persons during the reporting period, consisting of 1,028 (959) persons at sea and 724 (720) persons on shore. The number of persons employed at the end of the period was 1,877 (1,657) in total, of which 1,138 (938) at sea and 739 (719) on shore.

The personnel expenses (including social costs) for the reporting period were to EUR 101.9 (96.4) million.

The Finnlines share

The Company's paid-up and registered share capital on 31 December 2023 totalled EUR 103,006,282. The capital stock consisted of 51,503,141 shares. Finnlines Plc is fully owned by the Grimaldi Group.

The shares and shareholders are dealt with in more detail in the Notes to the Consolidated Financial Statements, in Note 38. Shares and shareholders

Decisions taken by the Annual General Meeting

Finnlines Plc's Annual General Meeting was held in Gothenburg on 3 May 2023. The Annual General Meeting of Finnlines Plc approved the Financial Statements and discharged the members of the Board of Directors and President and CEO from liability for the financial year 2022. The meeting approved the Board of Directors' proposal to pay a dividend of EUR 1.50 per share.

The meeting decided that the number of Board Members be nine. The meeting decided to re-elect from the current board members Tiina Bäckman, Emanuele Grimaldi, Gianluca Grimaldi, Guido Grimaldi, Mikael Mäkinen, Diego Pacella, Esben Poulsson, Jon-Aksel Torgersen and Tapani Voionmaa for the term until the close of the Annual General Meeting in 2023. The yearly compensation to the Board will remain unchanged as follows: EUR 50,000 for the Chairman, EUR 40,000 for the Vice Chairman, and EUR 30,000 for each of the other members of the Board.

The Annual General Meeting elected KPMG Oy Ab as the Company's auditor for the fiscal year 2023. It was decided that the external auditors will be reimbursed according to invoice.

Risks and risk management

Geopolitical tensions increased considerably when Russia attacked Ukraine in February 2022. Russia is an important exporter of energy and raw materials, but many companies have withdrawn from the Russian market and broken off trade relations. Consequently, energy prices have rocketed and the price of raw materials has also gone up, which raises costs for the public and private sector. Inflation is accelerating and expected to pose a risk to growth prospects. The probability of cyber attacks has also increased.

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 consists 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' cash and unused committed credit facilities amounted to over EUR 145.0 million.

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. 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.

Tonnage taxation

Finnlines Plc entered into the Finnish tonnage taxation regime as from 1 January 2013. In tonnage taxation, the shipping operations transferred from taxation of business income to tonnage-based taxation.

Research and development

The aim of Finnlines' research and development work is to find and introduce new practices and operating methods, which enable the Company to meet customer requirements in a more sustainable and cost-efficient way. In 2022, in addition to the newbuilding programme, the focus continued to be on environmental investments in vessels and on improving vessels' energy efficiency.

Finnlines' newbuilding program continued as planned during the year. Two modern and environmentally efficient Superstar ro-pax vessels were delivered to Finnlines. Finnsirius started the traffic in September and Finncanopus is scheduled to debut in 2024 on the route Naantali–Långnäs–Kapellskär, like its sister vessel. Due to the newbuilding activity, large part of the research and development work has been focusing on the implementation of new services and the ensuring the operative efficiency.

In order to welcome a higher number of passengers onboard, Finnlines' online store and reservation system was developed to better serve the increased demand and selection of services. Among the new, customer friendly services are, for example, self-service check-outs in onboard shops, a refurbished onboard shop system and modern cabin and service gate access control system.

The development work of the digital services for freight customers continued in 2023. Development and testing phases of the business-to-business system were concluded and the target is to open the service for customers in 2024.

The development of the enterprise resource planning system (ERP) continued in 2022 through several different projects.

Considering the geopolitical situation in the Baltic Sea region and Europe, special attention has been paid to cyber security.

In Port Operations, the resource management processes were improved to better serve the demand and needs of the traffic in Vuosaari Harbour, Helsinki. Stevedoring activity was significantly improved in terms of operational and environmental efficiency when new tugmasters were taken into use during the year in Helsinki and Turku. Tug master machinery has a critical role in stevedoring activity as they are capable of moving trailers and roll trailers within the port and onboard the ships. Joint projects with customers were continued to further develop the electronic messaging traffic and to ensure its efficiency and timeliness.

Finnlines is interested in academic collaboration with universities and other educational institutes and is engaged in developing the maritime industry. Finnlines supported students in their final studies and theses during 2023.

Environment

The international shipping aims at net zero emissions during the coming decades.

In summer 2023 the IMO revised its greenhouse gas strategy and raised the ambition level to reach net-zero GHG-emissions from international shipping around 2050. The target includes the commitment to ensure an uptake of alternative zero or near-zero GHG fuels by 2030. CO2 emissions per transport work should decrease by 40 per cent by 2030. All target figures are compared with the 2008 level. The target is now aligned with the European Commission's target for Europe to become a climate-neutral continent by 2050.

To reach the ambitious goals, the shipping sector will have to make the transition to alternative fuels and adopt new technologies.

The EU Commission has adopted a "Fit for 55" package, which concerns several maritime-related decisions.

- The EU Emissions Trading System (ETS) entered into force on 1 January 2024. The system covers CO2 emissions from ships of at least 5,000 GT, trading in the EU. Unlike other industries, the shipping sector does not receive any free allowances, but has a phase-in period which covers 40 per cent of the annual emissions in 2024, 70 per cent in 2025 and from 2026 onwards 100 per cent of all emissions. Ice-strengthened vessels may deduct 5 per cent of their CO2 emissions as they consume more fuel than other vessels due to their structure. Finnlines' ro-pax vessels may deduct the emissions from voyages between the Åland Islands and mainland Finland due to an island exemption.
- The FuelEU Maritime regulation was finalized in the autumn of 2023. It will set a maximum limit on the greenhouse gas intensity of energy used by ships. From 2025 the GHG intensity of the fuel used onboard should be reduced by 2 per cent. After that the GHG intensity reduction requirement will increase gradually every five years. From 2030 onwards passenger ships and container ships will be required to use onshore power supply at berth unless they can demonstrate the use of an alternative zero-emission technology.

- The revision of the Energy Taxation Directive aims to promote clean technologies and discourage the use of fossil fuels. The discussion to introduce taxes on fuels over a 10-year transitional period is ongoing in the EU institutions.

The IMO is developing mid-term measures to reach reduction targets. After impact assessments of the candidate measures and legislative process, the chosen measures are planned to be approved in 2026.

Over the years, Finnlines has invested systematically in its fleet's energy efficiency. The EUR 500-million Green Newbuilding programme was completed in December 2023 when the last of five newbuilds departed from the Chinese shipyard, sailing homewards to Europe.

The newest vessels have been built installing the most modern technologies. Main engines with low specific fuel consumption have been chosen. All five new vessels, the three Eco-class hybrid ro-ro and two Superstar-class ro-pax vessels, have an air lubrication system under the keel and high-powered battery banks. Solar panels have been installed on the ro-ro vessels and ro-pax vessels are connected to the shore-side electricity grid in port. Installation of shore-side connections on several older ro-pax vessels is also being prepared. Electricity is the first alternative to replace fossil fuels as an energy source in the Finnlines fleet.

Finnlines has reduced its ships' fleet carbon intensity by 32 per cent compared to the 2008 baseline. In 2023 the reduction was 8 per cent compared to 2022.

Sustainability reporting

Finnlines' sustainability reporting includes, in addition to financial figures, key indicators related to the employees and the environment. Finnlines' responsibility to report on company operations under the Corporate Sustainability Reporting Directive (CSRD) will start in 2025 and the first report will be published in 2026.

Finnlines' sustainability reporting is part of the Grimaldi Group's Sustainability Report which is available on the Grimaldi Group's website: www.grimaldi.napoli.it.

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

The geopolitical situation remains unstable and demand in the euro area has been weak recently. Nevertheless, the Baltic Sea regions' economies are forecasted to gradually strengthen during the year.

Finnlines' five new hybrid vessels will enable the company to grow even stronger together with its customers. With a solid strategy, continuous tonnage renewal and leveraging the extensive network of the Grimaldi Group, Finnlines has the prerequisites for continued growth and long-term success. Finnlines focuses on adjusting its fleet, improve its cost-efficiency and find new growth, and therefore the Finnlines Group's result is expected to improve as the economy recovers in the EU area.

Dividend distribution proposal

The parent company Finnlines Plc's result for the reporting period was EUR 58.8 million. The distributable funds included in the parent company's shareholders' equity equals to EUR 512.1 million at the end of the reporting period. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.50 per share be paid out resulting in a total amount of proposed dividends of EUR 77,254,711.50.

According to the consolidated statement of financial position, the equity attributable to parent company shareholders equals EUR 811.4 (846.1) million at the end of the reporting period.

Naples, 7 March 2024

Finnlines Plc, The Board of Directors

Consolidated financial statements, IFRS

Consolidated statement of comprehensive income, IFRS

EUR 1,000	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Revenue	3, 7	680,740	736,093
Other income from operations	8	2,044	5,917
Materials and services	9	-251,242	-268,157
Personnel expenses	10	-101,922	-96,431
Depreciation, amortization and impairment losses	11	-92,186	-85,190
Other operating expenses	12	-163,317	-156,195
Total operating expenses		-608,667	-605,973
Result before interest and taxes (EBIT)		74,118	136,037
Financial income	13	396	753
Financial expenses	13	-17,121	-6,297
Result before taxes (EBT)		57,392	130,493
Income taxes	14	2,871	2,841
Result for the reporting period		60,264	133,334
Other comprehensive income			
Other comprehensive income to be reclassified to profit and loss in subsequent periods:			
Exchange differences on translating foreign operations		33	-69
Currency derivatives transferred to tangible assets		-17,892	-181
Other comprehensive income to be reclassified to profit and loss in subsequent periods, total		-17,859	-250
Other comprehensive income not being reclassified to profit and loss in subsequent periods:			
Remeasurement of defined benefit plans		225	263
Tax effect, net		-45	-40
Other comprehensive income not being reclassified to profit and loss in subsequent periods, total		180	223
Total comprehensive income for the reporting period		42,585	133,307
Result for the reporting period attributable to:			
Parent company shareholders		60,264	133,334
		60,264	133,334
Total comprehensive income for the reporting period attributable to:			
Parent company shareholders		42,585	133,307
		42,585	133,307
Result for the reporting period attributable to parent company shareholders calculated as earnings per share (EUR/share)	15		
Undiluted / diluted earnings per share		1.17	2.60

Most of the items recognised in the Consolidated Statement of Comprehensive Income fall under the tonnage tax scheme.
See Notes, which are an integral part the Financial Statements, starting on page 11.

FINNLINES PLC Financial Statements 2023 (figures in EUR thousand, if not stated otherwise) 7

Consolidated statement of financial position, IFRS

EUR 1,000	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Property, plant and equipment	17	1,211,799	1,107,673
Goodwill	19	105,644	105,644
Intangible assets	19	3,521	3,327
Other financial assets	22	7,074	7,074
Receivables	23	1,269	781
Deferred tax assets	24	1,625	491
		1,330,931	1,224,989
Current assets			
Inventories	25	13,298	10,100
Accounts receivable and other receivables	26	129,344	140,644
Income tax receivables		87	15
Cash and cash equivalents	27	2,559	18,878
		145,289	169,637
Non-current assets held for sale	5	11,836	14,610
Total assets		1,488,056	1,409,236
EQUITY			
Equity attributable to parent company shareholders			
Share capital	28	103,006	103,006
Share premium account	28	24,525	24,525
Translation differences		130	118
Fund for invested unrestricted equity	28	40,016	40,016
Fair value reserve *	28	0	17,892
Retained earnings		643,752	660,543
Total equity		811,430	846,100
LIABILITIES			
Long-term liabilities			
Deferred tax liabilities	24	37,680	39,876
Non-current interest-free liabilities		8	9
Pension liabilities	33	2,162	2,653
Provisions	29	1,611	1,697
Interest-bearing liabilities	30	401,620	262,836
		443,081	307,071
Current liabilities			
Accounts payable and other liabilities	31	99,399	100,856
Current tax liabilities		664	485
Provisions	29	293	276
Interest-bearing liabilities	30	133,189	154,447
		233,544	256,065
Total liabilities		676,625	563,136
Total shareholders' equity and liabilities		1,488,056	1,409,236

* Fair value reserve consists of fair value of effective part of foreign currency forward contracts, for which hedge accounting is applied.
See Notes starting on page 11.

8 FINNLINES PLC Financial Statements 2023 (figures in EUR thousand, if not stated otherwise)

Consolidated statement of changes in equity, IFRS

EUR 1,000	Equity attributable to parent company shareholders						
	Share capital	Share issue premium	Translation differences	Unrestricted equity reserve	Fair value reserve	Retained earnings	Total equity
Reported equity 1 January 2022	103,006	24,525	141	40,016	18,073	578,535	764,296
Comprehensive income for the reporting period:							
Result for the reporting period						133,334	133,334
Exchange differences on translating foreign operations			-23			-45	-69
Fair value change on currency derivatives					-181		-181
Remeasurement of defined benefit plans						263	263
Tax effect, net						-40	-40
Total comprehensive income for the reporting period	0	0	-23	0	-181	133,512	133,307
Dividend						-51,503	-51,503
Equity 31 December 2022	103,006	24,525	118	40,016	17,892	660,543	846,100

EUR 1,000	Equity attributable to parent company shareholders						
	Share capital	Share issue premium	Translation differences	Unrestricted equity reserve	Fair value reserve	Retained earnings	Total equity
Reported equity **1 January 2023**	**103,006**	**24,525**	**118**	**40,016**	**17,892**	**660,543**	**846,100**
Comprehensive income for the reporting period:							
Result for the reporting period						60,264	60,264
Exchange differences on translating foreign operations			12			21	33
Fair value change on currency derivatives					-17,892		-17,892
Remeasurement of defined benefit plans						225	225
Tax effect, net						-45	-45
Total comprehensive income for the reporting period	**0**	**0**	**12**	**0**	**-17,892**	**60,465**	**42,585**
Dividend						**-77,255**	**-77,255**
Equity 31 December 2023	**103,006**	**24,525**	**130**	**40,016**	**0**	**643,752**	**811,430**

FINNLINES PLC Financial Statements 2023 (figures in EUR thousand, if not stated otherwise) 9

Consolidated statement of cash flows, IFRS

EUR 1,000	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Cash flows from operating activities			
Result for the reporting period		60,264	133,334
Adjustments:			
Non-cash transactions	32	91,828	80,726
Unrealised foreign exchange gains (-) / losses (+)	32	12	
Financial income and expenses		16,713	5,085
Taxes		-2,871	-2,841
Changes in working capital:			
Change in accounts receivable and other receivables		-8,175	-21,591
Change in inventories		-3,199	-1,705
Change in accounts payable and other liabilities		-4,345	13,656
Change in provisions		-561	-366
Interest paid		-12,169	-4,245
Interest received		120	109
Taxes paid		-508	-299
Other financing items		-1,945	-1,721
Net cash generated from operating activities		135,164	200,051
Cash flows from investing activities			
Investments in tangible and intangible assets		-189,177	-215,921
Sale of tangible assets*		2,895	40,890
Acquisition of subsidiary shares		0	0
Net cash used in investing activities		-186,282	-175,031
Cash flows from financing activities	31		
Loan withdrawals		315,384	371,667
Net increase in current interest-bearing liabilities (+) / net decrease (-)		-41,546	-49,356
Repayment of loans		-158,765	-275,640
Payment of lease liabilities		-2,728	-2,859
Dividends paid		-77,255	-51,503
Net cash used in financing activities		35,090	-7,691
Change in cash and cash equivalents		-16,028	17,329
Cash and cash equivalents 1 January		18,878	1,950
Effect of foreign exchange rate changes		-290	-402
Cash and cash equivalents 31 December		2,559	18,878

* Consists mainly of the sale of vessels in 2022.

See Notes starting on page 11.

10 FINNLINES PLC Financial Statements 2023 (figures in EUR thousand, if not stated otherwise)

Notes to the consolidated financial statements

1. Corporate information

Finnlines Plc is a Finnish public limited company, which operates under Finnish jurisdiction and legislation. The parent company is registered in Helsinki at Komentosilta 1, 00980 Helsinki. Copies of the financial statements can be obtained from www.finnlines.com or the Company's headquarters. These financial statements were authorised for issue by the Board of Directors of Finnlines Plc on 7 March 2024. In accordance with the Finnish Companies Act, the financial statements are presented for approval to the Annual General Meeting.

At the end of the financial period, the Group consisted of the parent company and 20 subsidiaries.

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 or 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.

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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 over 18,000 people. It serves over 150 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),Minoan Lines and Trasmed GLE.

2. Accounting principles

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), using the IAS and IFRS standards and SIC and IFRIC interpretations valid on 31 December 2023. The International Financial Reporting Standards mean the standards implemented in the EU by Regulation (EC) 1606/2002, and the related interpretations. The notes to the Consolidated Financial Statements also comply with Finnish accounting and corporate legislation. The Consolidated Financial Statements are primarily prepared using the acquisition cost method. Exceptions to this principle are financial assets and liabilities recognised at fair value through profit or loss. The financial statements have been compiled in EUR. All figures in the accounts have been rounded and, consequently, the sum of individual figures may deviate from the presented sum figure.

Implementation of standards

New and amended standards applied in the financial year ended 31 December 2023

* = not yet endorsed for use by the European Union as of 31 December 2023

Disclosure of Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (effective for financial years beginning on or after 1 January 2023)

The amendments clarify the application of materiality to disclosure of accounting policies.

Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for financial years beginning on or after 1 January 2023)

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 Income Taxes (effective for financial years beginning on or after 1 January 2023)

The amendments narrow the initial recognition exemption (IRE) and clarify that the exemption does not apply to transactions such as leases and decommissioning obligations which give rise to equal and offsetting temporary differences.

International Tax Reform — Pillar Two Model Rules – Amendments to IAS 12 Income Taxes (the temporary mandatory exception is effective immediately upon publication on 28 May 2023; disclosures requirements are effective for annual reporting periods beginning on or after 1 January 2023).

The amendments give relief from accounting for deferred taxes arising from the OECD's (Organisation for Economic Co-operation and Development) international tax reform and require new disclosures to compensate for the potential loss of information resulting from the relief.

The above amendments do not have a material impact on the financial statement of the Finnlines Group.

Standards issued but not yet effective

* = not yet endorsed for use by the European Union as of 31 December 2023

Lease Liability in a Sale and Leaseback – Amendments to IFRS 16 Leases (effective for financial years beginning on or after 1 January 2024, early application is permitted)
The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since the implementation of IFRS 16 in 2019.

Amendments to IAS 1 Presentation of Financial Statements *: Classification of Liabilities as Current or Non-current Date; Classification of Liabilities as Current or Non-current – Deferral of Effective Date; Non-current Liabilities with Covenants (effective for financial years beginning on or after 1 January 2024, early application is permitted)

The amendments are to promote consistency in application and clarify the requirements for determining if a liability is current or non-current. The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments require to disclose information about these covenants in the notes to the financial statements. The amendments also clarify transfer of a company's own equity instruments is regarded as settlement of a liability. Liability with any conversion options might affect classification as current or non-current unless these conversion options are recognized as equity under IAS 32.

Supplier Finance Arrangements – Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures * (effective for financial years beginning on or after 1 January 2024, early application is permitted)

The amendments enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. Amendments require to disclose quantitative and qualitative information about supplier finance programs.

The above amendments had not had a material impact on the financial statement of the Finnlines Group.

Accounting principles that require management discretion and essential uncertainties related to estimates

When preparing the financial statements, the Group's management has had to make estimates and assumptions which affect the content, and use its discretion in applying the accounting principles.

The most significant items where management has used discretion on accounting principles concern the depreciation times and residual values of the vessels and non-current assets of Port Operations and related liabilities classified as being held for sale, determination of lease period for lease agreements valid until further notice, exercising extension option as well as deferred tax assets as recognition of losses. The estimates and assumptions are based on management´s best current knowledge, but the actual figures may substantially differ from these estimates.

The most significant uncertainties involved in estimates at the end of the reporting period relate to impairment of goodwill, deferred tax assets and other assets, the amount of lease liabilities and provisions and contingent liabilities. The management's assumptions includes also the possible effects of the war in Ukraine on the company. The basis for these estimates is described in more detail in these accounting principles and, in particular, in the relevant notes to the consolidated financial statements: Note 19. Goodwill and intangible assets, Note 24. Deferred tax assets and liabilities.

Consolidation principles

In connection with every acquisition, the Group performs a simplified assessment, in accordance with IFRS 3, to determine whether the acquisition was of a business or an asset. If the fair value of the acquired gross assets constitutes mainly from individual identifiable asset or group of assets and liabilities assumed, the acquisition is treated as a purchase of assets and liabilities.

Subsidiaries

The Consolidated Financial Statements include the parent company, Finnlines Plc, and its subsidiaries. All the companies in which Finnlines Plc directly or indirectly holds more than 50 per cent of the voting rights, or over which it otherwise has control, are included. The control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. Acquisition-related costs are generally recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. The Group's acquisitions are accounted for according to the effective standards and accounting principles at the time of the business combination in question.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. The subsidiaries' accounting principles have been adjusted in the consolidation to correspond to the Group's accounting principles where appropriate.

The result for the reporting period and comprehensive income attributable to parent company shareholders and non-controlling interests are presented in the statement of comprehensive income. The shareholders' equity attributable to non-controlling interests is reported separately on the balance sheet under shareholders' equity. The non-controlling interest's proportionate share of profit or loss is attributed to the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

Joint operations

Finnlines had no joint operations in 2022 or 2023.

Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount or fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

A discontinued operation represents a separate major line of business, or geographical area, which has been disposed of or is classified as held for sale.

Translation of foreign currency items

The items in each Group unit's accounts are valued in the principal currency of the operating environment of the unit in question (the "functional currency"). The functional currency of the subsidiaries is the official currency used in the location country except for Sweden, where the functional currency used is euro. The Consolidated Financial Statements are presented in euro, which is the parent company's functional and presentation currency.

Transactions in foreign currencies are recognised at the exchange rate valid on the transaction date. Monetary items denominated in foreign currencies are translated into EUR at the exchange rates valid at the end of the reporting period. Non-monetary items denominated in foreign currencies and valued at their fair value are translated into EUR at the exchange rates valid on the date of valuation. Other non-monetary items are valued using the exchange rate valid on the transaction date. Profits and losses arising from foreign currency valued transactions and translation of foreign currency valued monetary items are recognised in the profit and loss account. Exchange rate differences arising from transaction translations are included under result before interest and taxes in the profit and loss account, whereas exchange rate differences arising from financial assets and liabilities are included under financial items. Profits and losses arising from the translation of loans in foreign currencies are recognised under financial income and expenses.

The statements of comprehensive income located outside the euro area are translated into EUR using weighted average exchange rates. Statements of financial positions are translated at the exchange rate prevailing at the end of the reporting period. Translation differences arising from investment in foreign units are recognised under shareholders' equity. Translation differences arising from shareholders' equity items emerging from the elimination of foreign subsidiaries' acquisition costs after the acquisition are recognised under shareholders' equity. When a subsidiary is wholly or partly sold, cumulative translation differences are recognised in the profit and loss account as part of the profit or loss from the sale of the subsidiary. Translation differences arising prior to 1 January 2004 were transferred to retained earnings on the date of transition to IFRS. They will not be recognised in the profit and loss account on the sale of the subsidiaries in question. Translation differences arising after the transition date during the creation of the Consolidated Financial Statements are listed as a separate item under shareholders' equity.

The Swedish Group companies' functional currency is euro, as the companies' primary trade currency is euro.

Property, plant and equipment

Fixed assets are valued at their acquisition cost, deducted by depreciation and impairment losses. The acquisition cost includes direct expenses incurred in the acquisition. Significant renovation and overhaul expenses arising at a later date are included in each asset's carrying value. They can be recognised as a separate asset only if it is likely that the future economic benefits associated with the item will flow to the Group and if the acquisition cost of the asset can be reliably determined. Ordinary repair and maintenance expenses are recognised as expenses for the reporting period during which they were incurred.

Fixed assets are depreciated according to plan, based on the estimated useful life of the asset. Land is not depreciated. The estimated useful lives are as follows:

Vessels	25–35 years
Buildings	10–40 years
Constructions	5–10 years
Stevedoring machinery and equipment	5–35 years
Light machinery and equipment	3–10 years
Dry-docking	2–5 years

The estimated useful lives and the residual values of assets are revised at each end of the reporting period and, when necessary, adjusted to reflect changes that have taken place in the expected future economic benefits.

The depreciation on a tangible asset ceases when the asset is classified as being held for sale in accordance with the IFRS 5 standard (Non-current Assets Held for Sale and Discontinued Operations). Gains and losses on decommissioning and disposal of tangible assets are recognised under other income or expenses from operations.

If the carrying value of an asset exceeds its current recoverable amount, the value of the asset is written off to correspond to its recoverable amount. Any borrowing costs from long-term projects for the construction of tangible assets are capitalised as part of the borrowing costs. Other interest expenses incurred in relation to asset purchases are recognised as expenses for the reporting period during which they were incurred.

Government grants

Grants to Shipping and Sea Transport Services are recognised in the profit and loss account as an adjustment of the personnel expenses of the vessels to which they relate.

Government grants related to funding of investments are recognised as an adjustment of acquisition cost of non-current fixed assets, reducing depreciation of the acquisition costs of the assets during the planned economic lifetime.

Intangible assets

Intangible assets are recognised on the statement of financial position only if their acquisition costs can be reliably measured and if it is likely that the future economic benefits from the asset will flow to the Group.

The amortisation periods of intangible assets are based on the following estimated useful lives:

Software	5–10 years
Intangible assets	3–20 years

Intangible assets are valued at their acquisition cost excluding depreciation and impairments. They are amortised according to plan and recognised as expenses during their estimated useful lives. Intangible assets with unlimited useful lives are not amortised but are tested annually for impairment.

The accounting for cloud computing arrangements depends on whether the cloud-based software classifies as a software intangible asset or a service contract. Those arrangements where the Company does not have control over the underlying software are accounted for as service contracts providing the Company with the right to access the cloud provider's application software over the contract period. The ongoing fees to obtain access to the application software, together with related configuration or customisation costs incurred, are recognised under [Other operating expenses, for example] when the services are received. Prepayments paid to the vendor for customizing services which are not distinct are recognized over the contract period.

Goodwill

Goodwill arising on an acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Research and development expenses

Research expenses are recognised as expenses in the reporting period in which they arise. Development expenses are capitalised when the Company is able to determine the technical feasibility and commercial usability of the product under development and when the acquisition cost can be reliably calculated. Other development expenses are recognised as expenses. Development expenses that have previously been recognised as expenses are not capitalised later. Research and development expenses that have been recognised as expenses are included in the consolidated profit and loss account as other operating expenses.

Impairment

Assets are reviewed for indications of impairment. If there are indications of impairment, the current recoverable amount of the asset in question is estimated using the higher of its current net selling price or its value in use.

Goodwill is tested for impairment annually and always if there is an indication of impairment.

If the carrying value exceeds the current recoverable amount, the difference is recognised in the profit and loss account as an impairment loss. Impairment losses recognised previously are reversed if the assumptions used in the calculation of the current recoverable amount change. Impairment losses are reversed only up to the amount corresponding to what the carrying value would have been without the impairment loss. Impairment losses recognised for goodwill are not reversed.

Financial assets and liabilities

Financial assets

The Group's financial assets are classified according to IFRS 9 as follows: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The classification is based on the Group's business model and the contractual cash flow characteristics.

Financial assets are classified at amortised cost, if the purpose is to hold financial assets to collect their contractual cash flows, and cash flows are solely payments of principal and interest on the principal amount. After the initial measurement the value of these financial assets is determined at amortised cost by using effective interest method and deducting a possible impairment. The impairment losses are recognised through profit or loss.

In the Finnlines Group the financial assets such as cash, trade receivables and other receivables not belonging to hedging assets are classified as amortised cost. The carrying amounts of short-term trade receivables and other receivables are considered as their fair value. Trade receivables and other receivables are presented as current assets in the balance sheet, if their maturity expires within 12 months after the end of the reporting period. The expected credit loss allowance is recognised against trade receivables.

Financial assets are classified at fair value through other comprehensive income, if the purpose is to hold financial assets to collect their contractual cash flows and sell the assets prior to their contractual maturity. The Group does not have such financial assets at the end of reporting period or in previous year.

The financial assets, which are held for trading purposes, or which are classified in this category in the initial measurement are classified as fair value through profit or loss. The realised and unrealised gains and losses caused by changes in fair value are recognised through profit or loss. The financial assets classified in this category are, for example, the investments in unlisted shares. A more detailed classification of financial assets is presented in the disclosures.

The date of the acquisition and the sale of financial assets is reported at the date, when the Group is committed to buy or sell the financial instrument. During the original recognition the entity measures the item in fair value, and in case of an item belonging to other than fair value through profit or loss category, the direct transaction costs are added to or deducted from the value. The financial assets classified as fair value through profit or loss are recognised at fair value in the balance sheet, and transaction costs are recognised through profit or loss.

Financial assets are derecognised from the statement of financial position when the Group loses its contractual right to the cash flow or when the Group has transferred a significant amount of the risks and gains outside the Group.

The Finnlines Group applies the simplified method of expected credit loss allowance for defining impairment of trade and lease receivables as well as assets related to the contracts with customers according to IFRS 15 classified as amortised cost. The expected credit losses are recognised for their full life time using a matrix. The expected credit loss allowance is evaluated based on historical information of realised credit losses. When evaluating the amount of expected credit loss, economic circumstances and future expectations are also taken into consideration.

Financial liabilities

Financial liabilities are recognised at amortised cost or at fair value in financial liabilities though profit or loss. Financial liabilities are initially recognised at fair value. Transaction costs are included in the initial carrying value of financial liabilities measured at amortised cost. Subsequent, all financial liabilities, apart from possible hedging liabilities, are valued at amortised cost using the effective interest method. Financial liabilities are included in both non-current and current liabilities and they can be either interest-bearing or non-interest-bearing. Financial liabilities are classified as current, unless the Group has unconditional right to move the payment of the debt at least 12 months from the end of the reporting period. Financial liability is derecognised in the balance sheet, when the Group has either paid the debt or discharged from the liabilities related to the debt by the juridical process or by the lender.

The Group's financial liabilities measured at amortised cost consist of interest-bearing debts, lease liabilities and non-interest-bearing debts as trade payables. The financial liabilities recognised at amortised cost are measured at amortised cost by using effective interest method.

The financial liabilities recognised as fair value through profit or loss consist of financial liabilities held for trading and liabilities, which have been initially classified as fair value though profit or loss. The liabilities recognised at fair value through profit or loss may consist of the Group's hedging instruments. The Group does not have such liabilities at the end of current or previous fiscal year.

Borrowing costs

Borrowing costs are recognised as expenses for the accounting period during which they have arisen, except for the borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset. The total of the capitalised costs and the items to which they have been capitalised as acquisition cost are shown in Note 17. Property, plant and equipment.

Derivatives and hedge accounting

When acquiring new vessels, the Group may be exposed to foreign currency risk. In such cases, it may use hedging against such a risk. Hedging will be performed using foreign currency derivatives and hedge accounting following IFRS 9 standard.

When applying hedge accounting, the Group will document the relation between the risk and the hedge used, the goal of risk management policy and the selected hedging strategy. The Group will document and evaluate the effectiveness of the hedging instruments' ability to reverse the impact of foreign exchange risk to the value of the cash flow of the hedged item. This will be done at the beginning of hedging and on every consecutive reporting date.

Hedging instruments are originally recognised at fair value. At later reporting dates the fair value will be based on sell and buy quote information, available from functioning markets. Fair value of hedging instruments will be reported as derivatives receivable asset or liability. Changes in fair value will be reported in other comprehensive income and presented in fair value reserve in equity.

Hedging instruments' fair values are presented in notes to financial statements. When a cash flow hedge instrument is due, or is sold, or when criteria for applying hedge accounting are not met, the accrued gain or loss will remain in equity until the planned transaction takes place. However, if the planned transaction is no longer expected to happen, or risk management strategy is altered, the accrued gain or loss in equity will be released to Income statement immediately. In case the value of the hedged transaction changes, the corresponding hedge instruments will be balanced accordingly.

Leases

The Group as a lessee

The Group acts mainly as a lessee and leases mainly land areas, premises, warehouse and port buildings in addition to equipment such as cars. At the inception of a contract, the Group assesses whether a contract is, or contains, a lease, i.e. a contract conveys the right to control the use of an identified assets for a period of time in exchange for consideration. Lease period is determined as a non-cancellable period, together with optional renewable periods if the Group is reasonably certain to exercise the extension options and periods after an optional termination date if the Group is reasonably certain not to terminate early. Lease contracts related to land areas in Port of Vuosaari includes extension options, which the Group has assumed to exercise.

The Group recognizes a right-of-use asset and a lease liability in the balance sheet at the lease commencement date. Finnlines Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and lease of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line-basis over the lease term.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. If the contract includes purchase option, that the group expects to exercise, depreciations will be recognized over the full expected financial life time of the asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise fixed payments (including in-substance fixed payments), variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date, amounts expected to be payable under a residual value guarantee and the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early. Finnlines Group has variable payments that depend on an index, but it does not have any lease contracts with residual value guarantees.

Subsequently the lease liability is measured at amortized cost using the effective interest method. It is premeasured when there is a change in future lease payment arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. A corresponding adjustment is made to the carrying amount of the right-of-use assets or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group as a lessor

Leases where the Group transfers substantially all the risks and rewards from ownership of an asset, are classified as finance leases. If a lease contract does not meet the criteria of a finance lease, it is recognised as operating lease. In that case the lessee has a right to use the asset for a limited period of time without a transfer of risks and rewards. This lease income is recognised as income on a straight-line basis over the lease term. The Finnlines Group has only lease contracts classified as operative leases.

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. Finnlines Group has changed the articles of association of the mutual real estate company into ordinary real estate company.

Inventories

Inventories include the fuel, lubricant, bulk and food supplies of the Group's vessels, as well as goods for sale on the vessels. Inventories are valued at the lower of their acquisition cost or their net realisation value. Acquisition costs are determined using the FIFO (first in, first out) method. The net realisation value is the estimated sale price in ordinary business transactions, from which the cost of sale has been deducted.

Equity

Instruments issued by the Group, which do not contain contractual obligation to transfer cash or financial assets or to exchange financial assets or financial liabilities with other entities under potentially unfavourable terms, and which evidence a residual interest in the assets of the Group after deducting all of its liabilities, are classified as equity. The share capital consists of ordinary shares.

Costs arising from issues or acquisitions of equity instruments are accounted for as a deduction from equity. If the Group reacquires its own equity instruments, those instruments are deducted from equity.

Income taxes

Current tax expenses recognised on the profit and loss consist of income tax payable on taxable profit and of deferred taxes. Income tax on taxable profit for the reporting period is calculated using the valid tax rate of each country. Taxes are adjusted by possible taxes relating to previous periods.

Deferred taxes are recognised in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are calculated using the tax rates valid at the end of the reporting period or rates enacted by the balance sheet date for the following financial year.

Deferred tax assets are recognised to the extent that it is likely that future taxable profit will be available, against which the tax receivables can be used. In the Group, the most significant temporary differences relate to unused tax losses and depreciation of tangible fixed assets.

No deferred taxes are recognised for subsidiaries' undistributed earnings.Finnlines Plc entered into the Finnish tonnage tax system on 1 January 2013. In the tonnage tax system, the shipping operations shifted from taxation of business income to tonnage-based taxation. Finnlines Deutschland GmbH exited from the German tonnage tax scheme and transferred to business taxation on 1 February 2014.

Employee benefits

Pension liabilities

The Group has various pension plans in accordance with the local regulations of each country in which it operates. The Group's pension plans are classified as defined contribution plans and defined benefit plans.

The Group's employee pension plans are mainly administered by external pension insurance companies. The Finnish TyEL pension insurance administered by external pension insurance companies is treated as defined contribution plan.

In defined contribution plans, the Company makes fixed payments into the plan. The Company has no legal or actual obligation to make additional payments if the pension insurance company is unable to pay out the benefits earned by employees in the current period or in previous periods. Payments made into defined contribution plans are recognised in the profit and loss in the reporting period to which the payment applies. In defined benefit plans, the employer's pension liability is based on the present value of the obligation defined in the plan and on the fair value of the assets included in the plan, which are calculated using actuarial calculations determined in the IAS 19 standard.

The Group's obligations in relation to defined benefit plans are calculated separately for each plan using the projected unit credit method. Pension costs are recognised as expenses during each employee's employment term on the basis of calculations made by authorised actuaries. In calculating the present value of a pension liability, the Group uses the market rate of return of high-quality debenture bonds issued by the companies or the interest rate of government debt obligations as the discount rate. The maturity of debenture bonds and debt obligations corresponds in all essential aspects to the maturity of the pension obligation being considered.

The pension cost together with the net interest cost is recognised in personnel expenses in profit or loss. Remeasurements of the net defined liability (actuarial gains and losses together with the return on plan assets) are recognised in other comprehensive income as incurred.

Past service costs are recognised in profit or loss at the period earliest: when the change or curtailment of the plan has been due or the Group has recognised the costs arising from reorganisation or benefits related to post employment.

Share-based payments

At the end of the reporting period, the Group had no share schemes in force.

Provisions and contingent liabilities

Provisions are recognised when the Company, as a consequence of previous events, has a legal or actual obligation whose monetary value can be reliably determined and whose realisation is probable. The amount recognised as provisions is equivalent to the best estimate of the expenses that will be incurred by fulfilling the obligations existing at the end of the reporting period.

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. An existing obligation that probably does not require a settlement or the amount of which cannot be reliably measured is also a contingent liability.

Revenue recognition

The Group applies a five-step model of IFRS 15, when defining when and in what amount revenue is recognised. In this model the Group identifies the contract with customer and the performance obligations, determines the transaction price and allocates the price to performance obligations, and recognises the revenue.

The revenue is recognised based on the transfer of control of the goods or services either over time or at point in time. The revenue of the Finnlines Group is generated mainly by transportation of cargo and passengers as well as port services. The revenue arising from the liner service cargo transportation is recognised over time, as performance obligations are provided to the customer. Possible land haulage related to the cargo transportation is considered as a separate performance obligation.

The method of measuring progress is based on transportation days. The revenue arising from liner passenger transportation and related services is recognised over time based on the completion of voyage's traffic days. The revenue arising from the port operations is recognised over time as services are provided to the customer. Customer contracts are based on ordinary payment terms used in the industry, and there is no significant financing component involved.

The transaction price allocated to the performance obligations is recognised at fair value adjusted by indirect tax, revenue adjustments and exchange rate differences. The price does not include significant variable consideration. The Group does not have significant assets related to the contracts. The assets and liabilities related to contracts with customers are presented in the disclosures. The Group uses practical expedites and does not present the transaction price allocated to partially or fully unfulfilled performance obligations, if the duration of the agreement is one year at the most or the Group has the right to receive a price from a customer corresponding to the value of services provided to customer by the moment of transaction.

Interests and dividends

Interests are recorded using the effective interest method and the dividends when the right to receive dividend is established.

Segment reporting

The Group presents segment reporting in accordance with IFRS 8 based on its internal reporting structure.

3. Segment information

The Group's segment reporting is based on two strategic business segments which provide different services requiring different resources and which are managed as separate businesses. The Group has two business segments: Shipping and Sea Transport Services, and Port Operations.

The Group's segment results and decisions concerning assets to be allocated to the segments are evaluated based on the segments' results before interest and taxes. The Group management considers this to be the most appropriate indicator when comparing segment results against other companies in the industry. The Group Executive Committee, in its role as the chief operating decision-maker, uses the segment results for evaluating performance and allocating resources.

Shipping and sea transport services

Finnlines' Shipping and Sea Transport Services segment includes Finnlines' traffic in the Baltic Sea, the North Sea and the Bay of Biscay, as well as FinnLink and NordöLink traffic.

Port operations

During the reporting period, Finnlines engaged in port operations under the name Finnsteve in the ports of Helsinki and Turku in Finland. Finnsteve specialises in providing the following services to operators of regular unitised cargo traffic: stevedoring, terminal services, ship clearance, warehousing and container depot services.

EUR 1,000	Shipping and Sea Transport Services	Port Operations	Eliminations	Group
Result per segment for reporting period ending 31 Dec 2023				
Total revenue from segment	**659,525**	**42,886**		**702,411**
Intra-group revenue	**41**	**-21,712**	**-21,671**	**-21,671**
External revenue	**659,566**	**21,174**		**680,740**
Result before interest and taxes (EBIT)	**73,837**	**280**		**74,118**
Financial items				**-16,725**
Income taxes				**2,871**
Result for the reporting period				**60,264**

EUR 1,000	Shipping and Sea Transport Services	Port Operations	Eliminations	Group
Result per segment for reporting period ending 31 Dec 2022				
Total revenue from segment	712,039	46,172		758,212
Intra-group revenue	151	-22,270	-22,118	-22,118
External revenue	712,191	23,903		736,093
Result before interest and taxes (EBIT)	134,786	1,252		136,037
Financial items				-5,544
Income taxes				2,841
Result for the reporting period				133,334

Intra-group transfers and transactions are carried out using normal commercial conditions, equivalent to those used with external parties.

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Segment assets, liabilities and capital expenditure for 2023 and 2022

EUR 1,000	Shipping and Sea Transport Services	Port Operations	Eliminations	Group
Non-cash expenses in the profit and loss account				
2023				
Depreciation	**-87,155**	**-5,031**		**-92,186**
Impairment losses in accounts receivable	**102**	**10**		**112**
Non-cash expenses in the profit and loss account				
2022				
Depreciation	-80,406	-4,783		-85 190
Impairment losses in accounts receivable	-360	-7		-366
Assets, liabilities and capital expenditure by segment				
2023				
Segment assets	**1,408,283**	**70,286**	**-327**	**1,478**
Unallocated assets				**9,813**
Total assets				**1,488,056**
Segment liabilities	**90,832**	**8,743**	**-327**	**99,248**
Unallocated liabilities				**577,377**
Total liabilities				**676,625**
Capital expenditure	**188,785**	**2,994**		**191,779**
Assets, liabilities and capital expenditure by segment				
2022				
Segment assets	1,396,234	77,962	-64,960	1,409,236
Unallocated assets				
Total assets				1,409,236
Segment liabilities	95,759	8,062		103,822
Unallocated liabilities				459,243
Total liabilities				563,065
Capital expenditure	223,164	643		223,808

Segment assets mainly consist of tangible and intangible assets, inventories and receivables. They do not include tax or financial items (incl. cash and cash equivalents) or assets shared by the entire Group. Segment liabilities mainly consist of business-related liabilities such as accounts payable and other liabilities, accrued liabilities and received advances. They do not include taxes or loans.

Capital expenditure includes additions to tangible assets (Note 17. Property, Plant and Equipment) and to intangible assets (Note 19. Goodwill and Intangible Assets).

The assets of the Port Operations segment contain EUR 11.8 (14.6) million classified as assets held for sale.

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Information about geographical areas

The revenue from the geographical areas is reported according to the location of the customers. Assets are reported according to the geographical location of the Group. The revenue related to non-freight related passengers is shown for the country of departure. The Group's vessels are also included in the reported assets even though they are by nature mobile and their location can be easily changed.

EUR 1,000	2023	2022
Revenue		
Finland	**260,076**	312,601
Sweden	**103,755**	111,120
Germany	**79,814**	84,401
Other EU countries	**220,904**	204,638
Russia	**0**	1,626
Other	**16,192**	21,708
	680,740	736,093
Assets *		
Finland	**994,355**	914,692
Sweden	**331,271**	309,268
Germany	**7,059**	7,169
Other EU countries	**48**	32
Other	**67**	92
	1,332,780	1,231,161

* Non-current assets of the Group excluding financial instruments, deferred tax assets and post-employment benefit assets.
The Group has no customers, whose revenue would exceed 10 per cent of the Group total revenues.

4. Joint operations

Finnlines had no joint operations in 2023 or 2022.

5. Non-current assets held for sale

Port Operations are negotiating a sale of port assets with a carrying value of around EUR 11.8 million. No impairment losses have been recognized on the carrying value of the assets.

6. Acquired non-controlling interests

Finnlines has not acquired new shares in non-controlled entities in 2023.

Finnlines owns 25.4 per cent of Steveco Oy's shares. This shareholding is presented in financial assets classified at fair value through profit or loss, because Finnlines does not have significant influence in Steveco Oy.

7. Revenue

EUR 1,000	2023	2022
Revenue		
Sale of goods	**19,786**	17,445
Rendering of services	**641,691**	711,062
Vessel hires	**19,221**	7,587
	680,699	736,093

Revenue by functions

EUR 1,000	2023	2022
Revenue		
Freight and other shipping services	**581,628**	643 519
Passenger services	**77,938**	68 671
Port operations	**21,174**	23 903
	680,740	736 093

The received prepayments related to passenger services were EUR 7.6 (5.7) million on 31 December 2023. Otherwise there were no received prepayments related to performance obligations to be provided by the Group.

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8. Other income from operations

EUR 1,000	2023	2022
Other income from operations		
Rental income	**1,620**	1,712
Profits from sale of tangible assets	**329**	4,121
Other income from operations	**95**	83
	2,044	5,917

9. Materials and services

EUR 1,000	2023	2022
Cost of services provided		
Materials and supplies		
Purchases during reporting period	**-187,866**	-205,456
Change in inventories	**3,189**	1,077
Purchased services	**-66,564**	-63,779
	-251,242	-268,157

10. Personnel expenses

EUR 1,000	2023	2022	2021
Employee benefit expenses			
Salaries	**-103,320**	-97,525	-89,849
Other social costs	**-9,287**	-8,804	-8,406
Pension expenses – defined contribution plans	**-12,211**	-11,193	-10,307
Pension expenses – defined benefit plans	**-130**	-141	-49
Government grants for shipping companies	**23,026**	21,232	19,009
	-101,922	-96,431	-89,602
Average number of Group employees			
Shipping and Sea Transport Services	**1,465**	1,373	1,256
Port Operations	**288**	306	299
	1,752	1,679	1,555
Number of employees on 31 December	**1,877**	1,657	1,619

Information on the employee benefits of the senior management is presented in Note 36. Transactions with Related Parties.

According to the European Community guidelines on State aid to maritime transport valid throughout Europe, Finnlines has benefited from government grants for personnel expenses worth EUR 23.0 (21.2) million, like many other shipowners in European countries. In Finland, the amount partly corresponds to the tax withheld in advance from seamen's income, and partly the amount paid by the employer for seamen's social security fees, pension fees and employees' insurance fees. In Sweden, the government grant corresponds to the tax withheld in advance from seamen's income and the amount paid by the employer for the seamen's social fees.

11. Depreciation, amortisation and impairment losses

EUR 1,000	2023	2022
Depreciation of tangible assets		
Land and water, right of use	**-2,107**	-1,957
Buildings	**-3,138**	-3,151
Buildings, right of use	**-426**	-422
Machinery and equipment	**-1,223**	-1,039
Machinery and equipment, right of use	**-196**	-281
Vessels	**-84,466**	-77,731
Amortisation of intangible assets	**-630**	-610
Total depreciation and amortisation	**-92,186**	-85,190

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12. Other operating expenses

EUR 1,000	2023	2022
Port expenses, equipment and other voyage related costs	-57,995	-58,204
Leases	-13,945	-11,678
Manning service costs and other non-obligatory personnel costs	-2,800	-2,360
Vessel insurances, repairs and maintenance costs	-44,659	-44,391
Catering costs	-17,812	-14,755
IT costs	-4,838	-4,412
Sales and marketing costs	-4,449	-4,400
Real estate costs excluding rents and leases	-4,405	-4,184
Other costs	-12,413	-11,812
	-163,317	-156,195

Auditor's remuneration

The Group's principal auditor was KPMG Oy Ab in 2023.

EUR 1,000	2023	2022
Audit fees		
KPMG	146	141
Other	12	22
Tax consultancy and other fees		
KPMG	88	24
Other	0	7
	245	194

13. Financial income and expenses

EUR 1,000	2023	2022
Dividend income, available-for-sale assets	0	8
Interest income		
Bank deposits	57	6
Loans and accounts receivable	55	103
Other receivables	8	0
Exchange rate gains		
Other exchange rate gains	276	633
Other financial income	0	3
Total financial income	396	753
Interest expenses		
Borrowings measured at amortised cost	-14,757	-4,085
Other interest expenses	-144	-160
Exchange rate losses		
Other exchange rate losses	-430	-370
Other financial expenses	-1,791	-1,683
Total financial expenses	-17,121	-6,297
Net financial expenses	-16,725	-5,544

The Group's financial income and expenses include exchange rate gains and losses, most of which are related to valuation of foreign currency accounts. The main part of the Group's other financial expenses is composed of guarantee fees, arrangement fees and other expenses related to borrowings.

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14. Income taxes

EUR 1,000	2023	2022
Tax on taxable income of the reporting period	-448	-774
Tax from previous periods	-15	-59
Change in deferred taxes	3,375	3,673
Income taxes in profit and loss, expense (-)	2,871	2,841

Reconciliation of differences between tax on the profit and loss and taxes calculated using Finnish tax rates

EUR 1,000	2023	2022
Result before taxes	57,392	130,493
Tax calculated using Finnish tax rate, 20%*	-11,478	-26,099
Foreign subsidiaries' differing tax rates **	-3	-151
Tax-exempt income and non-deductible expenses	-226	-72
Losses for which no deferred income tax asset was recognized	0	50
Impact of tonnage tax ***	14,579	29,113
Income taxes in profit and loss, expense (-)	2,871	2,841

* As of 1 January 2014, the applicable tax rate has been 20.0 per cent in Finland.
** Deferred tax rate applied to Swedish entities is 20.6 per cent.
*** The Finnish parent company Finnlines Plc entered into the Finnish tonnage taxation regime as from 1 January 2013. The adoption is binding until at least 31 December 2032.

Income tax on other comprehensive income

EUR 1,000	2023	2022
Remeasurement of defined benefit liability	45	40
	45	40

15. Earnings per share

Earnings per share are calculated by dividing the result for the reporting period attributable to the parent company's shareholders by the weighted average number of outstanding shares during the reporting period, minus the treasury shares purchased by the Company.

EUR 1,000	2023	2022
Result for the reporting period attributable to parent company shareholders, EUR 1,000	60,264	133,334
Weighted average no. of shares, 1,000	51,503	51,503
Undiluted earnings per share, EUR/share	1.17	2.60

16. Dividends

Finnlines paid EUR 77.3 million in dividend in 2023. The parent company Finnlines Plc's result for the reporting period was EUR 58.8 million. The distributable funds included in the parent company's shareholders' equity equals to EUR 512.1 million at the end of the reporting period. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.50 per share be paid out resulting in a total amount of proposed dividends of EUR 77,254,711.50.

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17. Property, plant and equipment

EUR 1,000	Land	Buildings	Vessels	Machinery and equipment	Advance payments & acquisitions under construction	Total*
Reporting period ending 31 December 2023						
Acquisition cost 1 January 2023	1,125	106,144	1,644,406	67,059	108,772	1,927,506
Exchange rate differences		-1		10		10
Increases		4	185,027	3,366	2,558	190,956
Disposals		-3,368	-4	-4,139		-7,511
Reclassifications between items			108,057	138	-108,195	0
Reclassifications to non-current assets held for sale *		0		-22 395		-22 395
Acquisition cost on 31 December 2023	**1,125**	**102,780**	**1,937,486**	**44,040**	**3,135**	**2,088,566**
Accumulated depreciation, amortisation and write-offs 1 January 2023		-45,578	-735,918	-45,928		-827,424
Exchange rate differences		1		-8		-8
Cumulative depreciation on reclassifications and disposals		590	1	4 137		4 727
Depreciation for the reporting period		-3,138	-84,466	-1,223		-88,828
Accumulated depreciation, amortisation and write-offs 31 December 2023		**-48,126**	**-820,383**	**-43,023**		**-911,532**
Reclassifications to non-current assets held for sale *		0		10 558		10 558
Carrying value on 31 December 2023	**1,125**	**54,653**	**1,117,103**	**11,575**	**3,135**	**1,187,592**

Not including right-of-use assets.
The carrying value of property, plant and equipment includes EUR 8.1 (4.8) million of capitalised interest during construction.
* The Finnlines Group is negotiating a sale of Port Operations' assets with carrying value of EUR 11.8 (14.6) million. No impairment losses were recognised on the carrying values of these assets in 2022 or 2023, 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 31 December 2022 and 31 December 2023.

EUR 1,000	Land and water, right-of-use	Buildings and structures, right-of-use	Machinery and equipment, right-of-use	Total
Right-of-use assets 2023				
Acquisition cost 1 January 2023	28,998	2,333	1,646	32,977
Exchange rate differences			0	0
Increases	3,252	5,069	375	8,696
Disposals	-4,035		-117	-4 152
Reclassifications between items	77	-73	7	11
Acquisition cost 31 December 2023	**28,291**	**7,330**	**1,912**	**37,533**
Accumulated depreciation, amortisation and write-offs 1 January 2023	-7,975	-1,513	**-1,286**	**-10,775**
Exchange rate differences				
Cumulative depreciation on reclassifications and disposals	83	-4	99	178
Depreciation for the reporting period	-2 107	-425	-196	-2,728
Accumulated depreciation, amortisation and write-offs 31 December 2023	**-9,999**	**-1,943**	**-1,385**	**-13,326**
Carrying value 31 December 2023	**18,293**	**5,387**	**527**	**24,207**
Property, plant and equipment, total				**1,211,799**

EUR 1,000	Buildings	Machinery and equipment	Total
Assets classified as held for sale 1 January 2023			
Acquisition cost			
Transfer to non-current assets held for sale on 1 January 2023	0	22,395	22,395
Accumulated depreciation			
Transfer to non-current assets held for sale on 31 December 2023	0	-10,558	-10,558
Carrying value 31 December 2023	**0**	**11,836**	**11,836**

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EUR 1,000	Land	Buildings	Vessels	Machinery and equipment	Advance payments & acquisitions under construction	Total
Reporting period ending 31 December 2022						
Acquisition cost 1 January 2022	1,125	106,142	1,497,525	66,874	131,243	1,802,910
Exchange rate differences		2		-16		-14
Increases			165,946	769	56,272	222 ,986
Disposals			-97,783	-593		-98,376
Reclassifications between items			78,718	25	-78,743	0
Reclassifications to non-current assets held for sale		-3,297		-22,395		-25,691
Acquisition cost on 31 December 2022	1,125	102,847	1,644,406	44,665	108,772	1,901,815
Accumulated depreciation, amortisation and write-offs 1 January 2022		-42,426	-719,249	-45,482		-807,157
Exchange rate differences		-2		13		11
Cumulative depreciation on reclassifications and disposals			61,062	580		61,642
Depreciation for the reporting period		-3,151	-77,731	-1,039		-81,920
Accumulated depreciation, amortisation and write-offs 31 December 2022		-45,578	-735,918	-45,928		-827,424
Reclassifications to non-current assets held for sale		570		10,510		11,081
Carrying value on 31 December 2022	1,125	57,839	908,488	9,247	108,772	1,085,471

Not including right-of-use assets.

EUR 1,000	Land and water, right-of-use	Buildings and structures, right-of-use	Machinery and equipment, right-of-use	Total
Right-of-use assets 2022				
Acquisition cost 1 January 2022	27,719	1,733	-1,622	31,073
Exchange rate differences			0	0
Increases	1,279	602	134	2,015
Disposals			-109	-109
Reclassifications between items		-1	0	-1
Acquisition cost 31 December 2022	28,998	2,333	1,646	32,977
Accumulated depreciation, amortisation and write-offs 1 January 2022	-6,019	-1,092	-1,081	-8,192
Exchange rate differences			0	0
Cumulative depreciation on reclassifications and disposals		1	75	76
Depreciation for the reporting period	-1,957	-422	-281	-2 660
Accumulated depreciation, amortisation and write-offs 31 December 2022	-7,975	-1,513	-1,286	-10,775
Carrying value 31 December 2022	21,022	820	360	22,202
Property, plant and equipment, total				1,107,673

EUR 1,000	Buildings	Machinery and equipment	Total
Assets classified as held for sale 1 January 2022			
Acquisition cost			
Transfer to non-current assets held for sale on 1 January 2022	3,297	22,395	25,691
Accumulated depreciation			
Transfer to non-current assets held for sale on 31 December 2022	-570	-10 510	-11,081
Carrying value 31 December 2022	2,726	11,884	14,610

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18. 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 recognised in profit or loss

EUR 1,000	2023	2022
Interest on lease liabilities	343	330
Expenses relating to short-term leases	456	251
Expenses relating to low-value assets	272	298
Service components of lease payments	0	0
Total	1,071	879
Lease payments of all leases accounted according to IFRS 16	2,989	2,859
Total cash flow of all leases	4,060	3,408
Income from operational leases	20,807	9,250

Maturity analysis

EUR 1,000	2023	2022
Contractual undiscounted cash flows		
Less than one year	2,916	2,691
One to five years	9,616	7,954
More than five years	13,768	19,081
Total undiscounted lease liabilities at 31 December	26,300	29,726
Short term leasing liability	2,752	2,417
Long term leasing liability	20,844	19,206
Lease liabilities included in statement of financial position at 31 December	23,596	21,623

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19. Goodwill and intangible assets

EUR 1,00	Goodwill	Advance payment for intangible assets	Intangible assets	Total intangible assets
Reporting period ending 31 December 2023				
Acquisition cost on 1 January 2023	105,644	825	26,819	133,288
Increases		366	457	823
Disposals			0	0
Reclassifications		-45	45	0
Acquisition cost on 31 December 2023	**105,644**	**1,146**	**27,321**	**134,111**
Accumulated amortisation and impairment losses on 1 January 2023			-24,316	-24,316
Cumulative amortisation on reclassifications and disposals			0	0
Depreciation for the reporting period			-630	-630
Accumulated amortisation and impairment losses on 31 December 2023			24,946	24,946
Carrying value on 31 December 2023	**105,644**	**1,146**	**2,375**	**109,165**
Reporting period ending 31 December 2022				
Acquisition cost on 1 January 2022	105,644	503	26,374	132,521
Increases		742	79	821
Disposals			-56	-56
Reclassifications			420	0
Acquisition cost on 31 December 2022	105,644	825	26,818	133,287
Accumulated amortisation and impairment losses on 1 January 2022			-23,762	-23,762
Cumulative amortisation on reclassifications and disposals			56	56
Depreciation for the reporting period			-610	-610
Accumulated amortisation and impairment losses on 31 December 2022			-24,316	-24,316
Carrying value on 31 December 2022	105,644	825	2,502	108,971

Goodwill impairment testing

For the purpose of impairment testing, goodwill is allocated to cash-generating units. The allocation principle has remained unchanged since 2022, although minor changes were made to the vessel set-up due to the updated schedules during 2023. The goodwill related to Finland–Germany traffic is allocated to the HansaLink service, which is operated with a vessel system between Finland, Germany, and Poland. Goodwill related to the South Sweden–Germany traffic is allocated to the NordöLink service.

EUR 1,00	2023	2022
Allocation of goodwill to the cash-generating units		
NordöLink	**68,972**	68,972
HansaLink (incl. Finland–Germany–Poland traffic)	**36,671**	36,671
Total	**105,644**	105,644

NordöLink and HansaLink are included in the Shipping and Sea Transport Services segment.

The current recoverable amount is determined based on their value in use. The cash flow forecasts for the tested units are based on the next year's budget and the forecasts for the subsequent four years (five-year business plans) approved by the management. The projections of cash flow for the five-year period are based on the management's experience and assumed future development of markets, and are in line with the external market forecasts.

During 2023, no major alterations were made to the traffic patterns between Finland, Germany, and Poland. Three Star-class vessels continued to ply between Helsinki and Travemünde, and two ro-ro vessels were sailing on the direct route between Hanko and Rostock. The direct route from Hanko to Gdynia was operated with one ro-ro vessel.

NordöLink traffic is operated with three ro-pax vessels.

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Both of these services operate in one of the Emissions Control Areas, i.e. the Baltic Sea, where the sulphur content limits are stricter than globally. The sulphur limit for heavy fuel oil was reduced to 0.10 per cent in 2015 in accordance with the MARPOL Convention. In addition, as of 2024 maritime transport became under European Emission Trading System (ETS). Under this new regulation, companies are obliged to acquire annual greenhouse gas emission allowances. Finnlines has invested in emission abatement technology to meet the new environmental regulations as well as optimized fuel consumption with various measures, and the effects of these investments on both the costs and sea freight rates have been taken into account in the tests.

The main assumptions in the five-year business plans relate to market growth, market share, price level and development of passenger services. The market growth rates used are derived from recent external economic forecasts adjusted to the relevant market. The cash flows after the forecast period of five years are extrapolated using the growth factors listed below. The growth factors used do not exceed the actual long-term growth rate in the sector in question.

The weighted average pre-tax cost of capital (WACC) is used as a discount rate. The components used to calculate the WACC are risk free interest rate, market risk premium, industry beta-coefficient, target capital structure and the cost of debt. The same common components to calculate the discount rates for all cash generating units are used, adjusted with the relevant tax rates. The usage of the same common components in discount rates is justified as the risks related to the different businesses are interlinked and relate to the general economic development in the Baltic Sea area.

Main assumptions used in calculating value in use in 2023

	Cash-generating unit	
	HansaLink	**NordöLink**
Discount rate (pre-tax)	**7.6 %**	**7.6 %**
LTP period	**2024–2028**	**2024–2028**
Growth rate after LTP period	**2.0 %**	**2.0 %**
The resulting share of terminal value of the calculated discounted cash flow	**78.4 %**	**79.8 %**

Main assumptions used in calculating value in use in 2022

	Cash-generating unit	
	HansaLink	**NordöLink**
Discount rate (pre-tax)	7.2%	7.2%
LTP period	2023–2027	2023–2027
Growth rate after LTP period	2.0%	2.0%
The resulting share of terminal value of the calculated discounted cash flow	79.6%	82.6%

Based on the forecasts, the current recoverable amounts of the Finland–Germany–Poland service (HansaLink) and NordöLink clearly exceed the carrying value at the end of 2023. Sensitivity tests were conducted for all the key assumptions and parameters in the business plans and in the future extrapolation. The tested parameters were market growth, market share, price level development, passenger business contribution, discount rate and growth rate after a period of five years, which were tested based on their relevance in the cash generating unit. The management views that no reasonably possible individual change in any of the key parameters would lead to impairment as the recoverable amounts exceed the carrying amounts considerably.

The goodwill of the Company is related to the lines and corresponding traffic flows, which can be handled with various vessel systems as the vessels are relatively easily movable assets. For both cash generating units, the assumption of infinite cash flow (the Gordon model) is applied. As the goodwill is not dependent of the system of certain vessels and their deterioration due to passage of time, the infinity assumption is a reasonable approach to measure the future cash flows. The shares of terminal values (cash flows after a five year period) are listed above. When preparing cash flow forecasts, the Company also reviews the differences between the previous forecast and actual outcomes of the key variables.

20. Subsidiaries

Finnlines Plc has 20 subsidiaries, which are specified in Note 37. Subsidiaries.

21. Investments in associated companies

The Group has no investments in associated companies.

22. Other financial assets

EUR 1,000	**2023**	**2022**
Investments in unlisted shares	**7,071**	7,071

The main part of the unlisted shares consists of investments in stevedoring companies. The shares are measured at cost or at its lower probable value, as the fair value of the investment cannot be measured reliably.

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EUR 1,000	Fair value through profit or loss	Subsequently measured at amortised cost	Hedging of cash flow	Balance sheet value	Fair value
Reporting period ending 31 December 2023					
Investments	7,071	0	0	7,071	7,071
Loan and other receivables	0	1,271	0	1,271	1,271
Trade receivables	0	87,028	0	87,028	87,028
Derivatives	0	0	0	0	0
Cash and bank	0	2,559	0	2,559	2,559
Total 31 December 2023	**7,071**	**90,859**	**0**	**97,930**	**97,930**
Reporting period ending 31 December 2022					
Investments	7,071	0	0	7,071	7,071
Loan and other receivables	0	784	0	784	784
Trade receivables	0	95,247	0	95,247	95,247
Derivatives	0	0	17,892	17,892	17,892
Cash and bank	0	18,878	0	18,878	18,878
Total 31 December 2022	7,071	114,908	17,892	139,871	139,871

23. Non-current receivables

	2023		2022	
EUR 1,000	Fair value	Carrying amount	Fair value	Carrying amount
Loans and other receivables				
Other receivables	**740**	**740**	743	743
Financial assets at fair value	**528**	**528**	40	40
Currency derivatives	**0**	**0**	0	0
	1,269	**1,269**	784	784

24. Deferred tax assets and liabilities

Changes in deferred taxes in 2022 and 2023

EUR 1,000	1 Jan 2022	Reclassification	Recognised in profit and loss	Recognised in other comprehensive income	31 Dec 2022
Deferred tax assets:					
Fair value valuation loss, IAS 32, IFRS 9	-106	0	-140		-245
Unused losses in taxation	752		-329		422
IFRS 16 leases	72		17		88
Other differences	-89	0	0		-89
Remeasurement of defined benefit plans	355	0		-40	315
	983	0	-452	-40	491
Deferred tax liabilities:					983
Depreciation difference on 1 January 2022	32,605		1,710		34,315
Deferred tax liability in tonnage taxation	7,669	0	-4,944		2,725
Group difference, vessels and equipment	2,187	0	-1,075		1,112
Assets set to sale, pension liabilities, capitalized interests	1,457	0	135		1,592
Currency difference	1		8		9
Other differences	84		38		122
	44,003	0	-4,127	0	39,876

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EUR 1,000	1 Jan 2023	Reclassification	Recognised in profit and loss	Recognised in other comprehensive income	31 Dec 2023
Deferred tax assets:					
Fair value valuation loss, IAS 32, IFRS 9	-245	8	48		-189
Unused losses in taxation	422		-39		384
IFRS 16 leases	88		8		96
Other differences	-89	-8	1,162		1,065
Remeasurement of defined benefit plans	315	0		-45	270
	491	0	1,179	-45	1,625
Deferred tax liabilities:					
Depreciation difference on 1 January 2023	34,315	0	688		35,003
Deferred tax liability in tonnage taxation	2,725	0	-2,725		0
Group difference, vessels and equipment	1,112	0	7		1,120
Assets set to sale, pension liabilities, capitalized interests	1,592	-6	-228		1,359
IFRS 16 leases		6	25		30
Currency difference	9		-1		9
Other differences	122	0	38		160
	39,876	0	-2,196	0	37,680

* Specification of Finnlines Plc's deferred tax liability at the transition 1.1.2013 and the recorded transactions in the Income Statement up to 31.12.2022.

EUR 1,000	Deferred tax liabilities
Finnlines Plc's depreciation in excess of plan 31 December 2012 / 1 January 2013	52,692
Difference between vessel's legal and Group value	1,340
Deferred tax liability 1 January 2013	54,033
Recognised in the income statement 1 January 2013	
Difference between vessel's group value and fair value	364
Recognised in the income statement 1 January–31 December 2013	
Tax relief of vessels crew's social costs	-3,352
Effect of change of tax rate on tax 1 January 2014	-9,376
Deferred tax liability in tonnage taxation at 31 December 2013	41,669
Tax relief of vessels crew's social costs 2014 (the second tonnage tax period)	-3,587
Deferred tax liability in tonnage taxation at 31 December 2014	38,083
Recognised in more tax relief for vessels crew social costs 2013, 2014 (the third tonnage tax period)	-1,479
Tax relief of vessels crew's social costs 2015 (the third tonnage tax period)	-4,180
Deferred tax liability in tonnage taxation at 31 December 2015	32,424
Tax relief of vessels crew's social costs 2016 (the fourth tonnage tax period)	-5,155
Tax relief of vessels crew's social costs 2015 (the third tonnage tax period), change	211
Deferred tax liability in tonnage taxation at 31 December 2016	27,481
Tax relief of vessels crew's social costs 2017 (the fifth tonnage tax period)	-4,032
Tax relief of vessels crew's social costs 2016 (the fourth tonnage tax period), change	-221
Deferred tax liability in tonnage taxation at 31 December 2017	23,228
Tax relief of vessels crew's social costs 2018 (the sixth tonnage tax period)	-3,692
Tax relief of vessels crew's social costs 2017 (the fifth tonnage tax period), change	-759
Deferred tax liability in tonnage taxation at 31 December 2018	18,777
Tax relief of vessels crew's social costs 2019 (the seventh tonnage tax period)	-3,880
Tax relief of vessels crew's social costs 2018 (the sixth tonnage tax period), change	-37
Deferred tax liability in tonnage taxation at 31 December 2019	14,860
Tax relief of vessels crew's social costs 2020 (the eighth tonnage tax period)	-2,843
Tax relief of vessels crew's social costs 2019 (the seventh tonnage tax period)	-46
Deferred tax liability in tonnage taxation at 31 December 2020	11,971
Tax relief of vessels crew's social costs 2021 (the ninth tonnage tax period)	-4,214
Tax relief of vessels crew's social costs 2020 (the eighth tonnage tax period)	-87.5
Deferred tax liability in tonnage taxation at 31 December 2021	7,669

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Tax relief of vessels crew's social costs 2022 (the tenth tonnage tax period)	-4,944
Deferred tax liability in tonnage taxation at 31 December 2022	2,725
Tax relief of vessels crew's social costs 2023 (the eleventh tonnage tax period)	-2,725
Deferred tax liability in tonnage taxation at 31 December 2023	**0**

EUR 1,00	2023	2022
Deferred tax assets and liabilities		
Total deferred tax assets	**1,625**	491
Deferred tax assets in statement of financial position	**1,625**	491
Deferred tax liabilities	**37,680**	39,876
Deferred tax liabilities in statement of financial position	**37,680**	39,876

Deferred tax liabilities are not recognised for subsidiaries' undistributed earnings, because in most cases these earnings are transferred to the Company without any tax consequences. In addition, the Group does not recognise deferred tax liabilities for subsidiaries' undistributed earnings when the related funds are intended for permanent investment in the companies in question.

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

The Group has recognised EUR 0.2 (0.2) million deferred tax assets from the Finnsteve companies' carry forward losses. This is based on the Finnsteve companies' improved financial performance and estimated results for future years. The estimate also takes into account that the parent company is able to give group contribution to the Finnsteve companies.

The Group has recognised deferred tax assets for unutilised losses in taxation EUR 0.4 (0.4) million. The tax losses will expire in 2023–2032.

The Group did not recognise deferred income tax assets of EUR 0.1 (0.4) million because, according to management's view, utilisation of losses involves considerable uncertainty.

25. Inventories

EUR 1,000	2023	2022
Material and equipment	**11,694**	9,233
Inventory for resale	**1,604**	866
	13,298	10,100

No write-downs of inventories were recognised during the reporting period.

26. Current receivables

	2023		2022	
EUR 1,000	**Fair Value**	**Carrying amount**	**Fair Value**	**Carrying amount**
Accounts receivable and other receivables				
Loans and other receivables				
Accounts receivable	**87,028**	**87,028**	95,247	95,247
Accrued income and prepaid expenses	**37,325**	**37,325**	25,695	25,695
Other receivables	**4,991**	**4,991**	1,810	1,810
Financial assets at fair value				
Currency derivatives	**0**	**0**	17,892	17,892
Total	**129,344**	**129,344**	140,644	140,644

The tables below show the analysis of accounts receivable by age and currency. Significant items of accrued receivables are specified in the following table.

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EUR 1,000	2023	2022
Significant items of accrued income and prepaid expenses		
Government grants for shipping companies	**22,630**	14,129
Personnel costs	**1,707**	1,590
Port expenses, cargo handling and other voyage-related costs	**2,015**	1,719
Sea freight revenue	**3,302**	1,075
Reimbursement of average repairs, vessels	**6,014**	3,660
Insurances	**545**	1,622
Other accrued receivables	**1,111**	1,900
Total	**37,325**	25,695

EUR 1,000	2023	Impaired receivables	Net 2023
Aging of accounts receivable 2023			
Undue	**70,853**	**0**	**70 853,4**
Overdue			
1–30 days	**11,966**	**0**	**11 966**
31–60 days	**2,213**	**2**	**2 211**
61–90 days	**-55**	**0**	**-55**
91–360 days	**1,532**	**0**	**1 532**
over 360 days	**2,279**	**969**	**1 309**
Total overdue	**17,935**	**971**	**16 964**
Expected credit loss allowance (IFRS 9)		**790**	
Total	**88,788**	**1,761**	**87,028**

EUR 1,000	2022	Impaired receivables	Net 2022
Aging of accounts receivable 2022			
Undue	82,993	0	82,994
Overdue			
1–30 days	11,396	0	11,396
31–60 days	244	0	244
61–90 days	-185	1	-186
91–360 days	46	4	41
over 360 days	3,001	1,379	1,622
Total overdue	14,502	1,385	13,118
Expected credit loss allowance (IFRS 9)		861	
Total	97,493	2,246	95,247

EUR 1,000	2023	2022
Accounts receivable by currency		
EUR	**87,192**	95,311
SEK	**5**	3
GBP	**282**	310
USD	**338**	485
DKK	**2**	4
	87,819	96,113
Expected credit loss allowance (IFRS 9)	**-790**	-861
Total	**87,028**	95,247

The carrying value of accounts receivable and other receivables are reasonable estimates of their fair values. In 2023, the Group has recognised impairment losses of EUR -183 (-3) thousand in profit or loss. In addition, according to IFRS 9 the Group has recognised EUR +154 (-364) thousand as expected credit loss allowance. The maximum credit risk related to accounts receivable and other receivables is their carrying amount. The calculation of the allowance for impaired trade receivables is presented in Note 34. Financial risk management / Credit risk.

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27. Cash and cash equivalents

EUR 1,000	2023	2022
Cash in hand and cash equivalent	**2,559**	18,878
	2,559	18,878

The cash and cash equivalents item does not include any bank overdrafts to be paid on demand.

28. Share capital and other reserves

	No. of shares outstanding (1,000)	Share capital EUR 1,000
31 Dec 2022	51,503	103,006
31 Dec 2023	**51,503**	**103,006**

Share capital

The share capital (ordinary shares) consists of shares in one series. Each share has a nominal value of EUR 2.00 and carries one vote in the Annual General Meeting. According to the Articles of Association, the maximum share capital was EUR 200 million on 31 December 2023 (EUR 200 million on 31 December 2022). All issued shares have been fully paid.

The number of Finnlines Plc’s shares amounted to 51,503,141 shares and share capital to EUR 103,006,282.

Share premium account

EUR 1,000	2023	2022
Share premium account	**24,525**	24,525

Share premium account generated under the former Finnish Companies’ Act.

Fund for unrestricted equity

EUR 1,000	2023	2022
Unrestricted equity reserve 1 January	**40,016**	40,016
Increase	**0**	0
Unrestricted equity reserve 31 December	**40,016**	40,016

Fair value reserve

EUR 1,000	2023	2022
Fair value reserve 1 January	**17,892**	18,073
Increase	**-17,892**	-181
Fair value reserve 31 December	**0**	17,892

Fair value reserve consists of currency derivative valuations.

Translation differences

The translation difference reserve contains translation differences arising from the translation of foreign units’ financial statements.

Ownership of Finnlines Plc

The shareholding of Finnlines Plc is presented in Note 38. Shares and Shareholders.

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29. Provisions

EUR 1,00	2023	2022
Non-current provisions	**1,611**	1,697
Current provisions	**293**	276
	1,904	1,974

EUR 1,000	Tax provisions	Other provisions	Total
1 January 2023	**258**	**1,716**	**1,974**
Increases in provisions	17	86	103
31 December 2023	**275**	**1,802**	**2,077**

EUR 1,000	Tax provisions	Other provisions	Total
1 January 2022	197	1,716	1,913
Increases in provisions	61	0	61
31 December 2022	258	1,716	1,974

Other provisions contain, above all, dismantling provisions for buildings in Vuosaari Harbour. Provisions have been made because the buildings are located on a leased site and, after the lease period, there is an obligation to clear the site.

30. Interest-bearing liabilities

	2023		2022	
EUR 1,000	**Fair value**	**Carrying amount**	**Fair value**	**Carrying amount**
Long-term interest-bearing liabilities measured at amortised cost				
Loans from financial institutions	**381,402**	**380,776**	242,850	242,630
Loans from pension funds	**0**	**0**	1,000	1,000
Lease liabilities	**20,844**	**20,844**	19,206	19,206
	402,246	**401,620**	263,056	262,836
Current interest-bearing liabilities measured at amortised cost				
Loans from financial institutions	**69,333**	**69,333**	89,879	89,879
Bank overdraft facilities	**0**	**0**	0	0
Loans from pension funds	**1,000**	**1,000**	2,432	2,432
Lease liabilities	**2,752**	**2,752**	2,417	2,417
Commercial paper programme	**30,103**	**60,103**	59,719	59,719
Financial liabilities	**103,189**	**133,189**	154,447	154,447
Total interest-bearing liabilities	**535,434**	**534,809**	417,503	417,283

The book values of interest-bearing loans from financial institutions and pension liabilities have been calculated using the effective interest rate method and the fair values have been determined by discounting future cash flows of loans at the interest rate at which the Group would obtain a similar loan from external parties at the end of reporting period. The effective interest rate of lease obligations is assumed to correspond to the valid interest rate of similar contracts to be made at the end of the reporting period. In practice, fair values of loans do not materially differ from amortised cost. Total interest expense, calculated using the effective interest method, for financial liabilities that are measured at amortised cost, was EUR 14,006 thousand.

All the Group's cash flows from financing are cash flow based and are presented in the cash flow statement.

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).

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Level 3 includes unlisted shares amounting to EUR 7.1 million (7.1 in 2022), 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 per cent. This shareholding is presented in financial assets, because Finnlines has does not have significant influence in Steveco Oy.

EUR 1,000	2023	2022
Maturity of long-term interest-bearing liabilities (not including lease liabilities)		
Within 12 months	**70,333**	92,311
1–5 years	**272,667**	201,000
After five years	**110,000**	45,000
	453,000	338,311

EUR 1,000	2023	2022
Weighted average interest rates of the interest-bearing debts	**5.00%**	2.84%

EUR 1,000	Within 1 year	1–5 years	More than 5 years	Total
Floating rate liabilities, timing of re-pricing 31 December 2023				
Financial liabilities				
Loans from financial institutions	**452,000**			**452,000**
Pension loans	**0**			**0**
	452,000	**0**	**0**	**452,000**

EUR 1,000	Within 1 year	1–5 years	More than 5 years	Total
Floating rate liabilities, timing of re-pricing 31 December 2022				
Financial liabilities				
Loans from financial institutions	293,333			293,333
Pension loans	3,432			3,432
	296,765	0	0	296,765

All of the Group's financial liabilities were in EUR on 31 December 2023 and on 31 December 2022.

Financial liabilities include secured liabilities. The pledge value of the related pledged assets is EUR 750 (650) million. This is detailed in Note 35. Contingencies and Commitments.

31. Accounts payable and other liabilities

	2023		2022	
EUR 1,000	Fair Value	Carrying amount	Fair Value	Carrying amount
Interest-free liabilities, long-term				
Other non-current accrued liabilities	**8**	**8**	9	9
Other long-term liabilities	**0**	**0**	0	0
	8	**8**	9	9

	2023		2022	
EUR 1,000	Fair Value	Carrying amount	Fair Value	Carrying amount
Current accounts payable and other liabilities				
Liabilities measured at cost				
Accounts payable	**31,058**	**31,058**	37,212	37,212
Accrued personnel costs	**15,378**	**15,378**	13,581	13,581
Accrued interest	**3,988**	**3,988**	1,257	1,257
Other accrued expenses and deferred income	**23,051**	**23,051**	24,352	24,352
Other liabilities	**17,077**	**17,077**	17,965	17,965
Current advances received	**8,847**	**8,847**	6,488	6,488
	99,399	**99,399**	100,856	100,856

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The carrying value of accounts payable and other liabilities is the reasonable estimate of their fair values. The tables below show the significant items in accrued liabilities and the distribution of accounts payable by currency.

EUR 1,000	2023	2023
Significant items in accrued expenses and deferred income		
Discounts given	**13,084**	12,877
Cargo handling costs	**1,096**	2,694
Port expenses and voyage-related costs	**1,766**	2,386
Repairs, vessels	**850**	1,651
Bunker costs	**2,497**	973
Catering costs	**820**	972
13,084Other accrued liabilities	**2,938**	2,794
	23,052	24,348

EUR 1,000	2023	2022
Distribution of accounts payable by currency		
EUR	**25,409**	21,811
SEK	**1,401**	881
USD	**3,639**	14,165
GBP	**181**	147
NOK	**259**	9
DKK	**113**	117
PLN	**56**	83
	31,058	37,212

32. Adjustments to cash flow from operations

EUR 1,000	2023	2022
Non-cash transactions		
Depreciation	**92,186**	85,190
Profits/losses from the sale of assets	**-315**	-4,135
Defined benefit plan valuation, IAS 19	**-31**	-329
	92,840	80,726

33. Pension liabilities

The Group's obligations in relation to defined benefit plans are calculated separately for each plan using the projected unit credit method. Pension costs are recognized as expenses during each employee's employment term on the basis of calculations made by authorized actuaries. In calculating the current value of a pension liability, the Group uses the market rate of return of high-quality debenture bonds issued by companies or the interest rate of government debt obligations as the discount rate. The maturity of debenture bonds and debt obligations corresponds in all essential aspects to the maturity of the pension obligation being considered. All arrangements are subject to local legislation.

Finnlines Plc's and Finnsteve Oy Ab's assets of the defined benefit pension plans in Finland are mainly administered by insurance companies. The assets thus consist of approved insurance contracts. The assets are administered in accordance with the local statutory requirements under which the plans are obliged to pay guaranteed sums irrespective of market conditions. The defined benefit pension plans in Finland on 31 December 2023 covered a total of 101 (101) members, of whom 8 (8) were employed.

Finnlines Deutschland GmbH has granted defined benefit pension plans to its employees. On 31 December 2023, the defined benefit pension plan in Germany covered a total of 26 (32) members, of whom 5 (6) were employed.

In Sweden, the retirement pension and family pension for employees at the Finnlines Group companies are guaranteed with an Alecta insurance. According to the statement from the Council for Financial Reporting (Rådet för finansiell raportering), URF 3, this is a defined benefit pension plan, encompassing several employers. During the financial year 2023 or 2022, the Company did not have access to information, which would make it possible to report this plan as a defined benefit plan. A pension plan in accordance with ITP, which is guaranteed with an insurance at Alecta, is therefore reported as a defined contribution plan. The premiums for pension insurance at Alecta amount to EUR 0.5 (0.4) million. Alecta's surplus can be distributed to policy holders and/or the insured. At the end of 2023, Alecta's surplus in the form of collective funding ratio amounted to 178 (172) per cent. The collective funding ratio consists of the market value of Alecta's assets as a percentage of the pension obligations calculated in accordance with Alecta's actuarial calculation assumptions, which are not compatible with IAS 19.

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Assumptions 31 December 2023	Germany pension promise	Finland Finnsteve pension promise	Finland Finnsteve pension plan	Finland Finnlines pension plan	Average 2023	Average 2022
Discount rate	3.71 %	3.35 %	3.35 %	3.35 %	3.47 %	3.29 %
Rate of salary increase	2.20 %	n/a	n/a	2.80 %		
Rate of benefit increase	2.20 %	2.54 %	2.54 %	2.54 %		
Rate of inflation	2.20 %	2.30 %	2.30 %	2-30 %		
Duration	7.67	6.38	8.98	9.6	8,80	9,01

EUR 1,000	2023	2022
Expense recognised in profit or loss		
Service cost	**14**	25
Net interest	**86**	32
Expense recognised in profit or loss	**100**	57
Remeasurements in other comprehensive income	**-225**	-263
Amounts in total comprehensive income	**-125**	-206

EUR 1,000	31 Dec 2023	31 Dec 2022
Liability recognised in statement of financial position		
Defined benefit obligation	**5,038**	5,297
Fair value of plan assets	**2,876**	2,644
Surplus (-) / Deficit (+)	**2,162**	2,653
Net defined benefit liability (+) / asset recognised in statement of financial position	**2,162**	2,653

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EUR 1,000	31 Dec 2023	31 Dec 2022
Changes in net defined benefit liability during the period		
Net defined benefit liability recognised in statement of financial position at beginning of period	**2,653**	3,143
Contributions during the period	**-366**	-284
Expense during the period	**100**	57
Remeasurements recognised in other comprehensive income	**-225**	-263
Net defined benefit liability recognised in statement of financial position at the end of period	**2,162**	2,653

EUR 1,000	2023	2022
Remeasurements components in other comprehensive income		
Actuarial gains (-) / losses (+) on defined benefit obligation arising from changes in demographic assumptions	**0**	0
Actuarial gains (-) / losses (+) on defined benefit obligation arising from changes in financial assumptions	**-161**	-1,078
Actuarial gains (-) / losses (+) on defined benefit obligation arising from experience adjustments	**175**	414
Actuarial gains (-) / losses (+) on plan assets and return on plan assets excluding interest income	**-239**	401
Remeasurement in other comprehensive income	**-225**	-263

EUR 1,000	2023	2022
Change in defined benefit obligation		
Opening defined benefit obligation	**5,297**	6,355
Current service cost	**14**	25
Interest expense	**166**	56
Actuarial gains (-) / losses (+) on obligation	**14**	-661
Benefits paid	**-453**	-475
Defined benefit obligation at the end of the period	**5,038**	5,297

EUR 1,000	2023	2022
Change in the fair value of plan assets		
Opening fair value of plan assets	**2,644**	3,212
Interest income	**80**	24
Gain on plan assets excl. item included in net interest	**239**	-401
Employer contributions	**366**	284
Benefits paid	**-453**	-475
Fair value of plan assets at the end of the period	**2,876**	2,644

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31 December 2023					
EUR 1,000	**Germany pension promise**	**Finland Finnsteve pension promise**	**Finland Finnsteve pension plan**	**Finland Finnlines pension plan**	**Total**
Sensitivity analysis on net defined benefit liability					
Discount rate change +0.5%					
Defined benefit obligation	1,604	218	156	2,857	4,835
Fair value of plan assets	0	0	164	2,582	2,746
Net Liability	**1,604**	**218**	**-8**	**275**	**2,089**
Change in EUR	-60	-6	1	-8	-73
Change in %	-3.58%	-2.68 %	-11.11%	-2.83%	3.36%
Discount rate change -0.5%					
Defined benefit obligation	1,727	231	171	3,139	5,268
Fair value of plan assets	0	0	181	2,837	3,018
Net Liability	**1,727**	**231**	**-10**	**302**	**2,250**
Change in EUR	64	7	-1	19	89
Change in %	3.82%	3.13%	-11.11%	6.71%	4.10%
Benefit increase rate change +0.5%					
Defined benefit obligation	1,727	231	171	3,138	5,267
Fair value of plan assets	0	0	172	2,704	2,876
Net Liability	**1,727**	**231**	**-1**	**434**	**2,391**
Change in EUR	63	7	8	151	229
Change in %	3.80%	3.13%	-88.89%	53.36%	10.61%
Benefit increase rate change -0.5%					
Defined benefit obligation	1,604	218	155	2,859	4,836
Fair value of plan assets	0	0	172	2,704	2,876
Net Liability	**1,604**	**218**	**-17**	**155**	**1,960**
Change in EUR	-60	-6	-8	-128	-202
Change in %	-3.59%	-2.68%	88.89%	-45.23%	-9.33%

The Group estimates the costs for the defined benefit plans valid on 31 December 2023 at EUR 0.1 million in 2024.

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31 December 2022					
EUR 1,000	Germany pension promise	Finland Finnsteve pension promise	Finland Finnsteve pension plan	Finland Finnlines pension plan	Total
Sensitivity analysis on net defined benefit liability					
Discount rate change +0.5%					
Defined benefit obligation	1,837	236	145	2,858	5,076
Fair value of plan assets	0	0	139	2,389	2,528
Net Liability	1,837	236	6	469	2,548
Change in EUR	-71	-7	-1	-27	-106
Change in %	-3.70%	-2.88%	-14.29%	-5.44 %	-3.98 %
Discount rate change -0.5%					
Defined benefit obligation	1,983	251	160	3,145	5,539
Fair value of plan assets	0	0	151	2,620	2,771
Net Liability	1,983	251	9	525	2,768
Change in EUR	76	8	2	29	115
Change in %	3.96%	3.29%	28.57%	5.85%	4.32%
Benefit increase rate change +0.5%					
Defined benefit obligation	1,982	251	160	3,138	5,531
Fair value of plan assets	0	0	145	2,499	2,644
Net Liability	1,982	251	15	639	2,887
Change in EUR	75	8	8	143	234
Change in %	3.94%	3.29%	114.29 %	28.83%	8.82%
Benefit increase rate change -0.5%					
Defined benefit obligation	1,836	236	145	2,862	5,079
Fair value of plan assets	0	0	145	2,499	2,644
Net Liability	1,836	236	0	363	2,435
Change in EUR	-71	-7	-7	-133	-218
Change in %	-3,71%	-2,88%	-100,0%	-26,81%	-8,21%

Defined benefit plan risks

Changes in bond yields

A decrease in corporate bond yields will increase the plans defined benefit obligation but as the asset value is also based on bond yield values the effect to net defined benefit liability is minor.

Inflation risk

Plans benefits are tied to TyEL index which depends partly on inflation. A higher inflation leads to higher liabilities.

Life expectancy

Plans benefits are mainly paid until death. The insurance company bears the risk if beneficiaries live longer than expected. If insurance company increases the life expectancy assumption, the employer pays higher premiums after assumption change. The increment of liabilities due to the mortality change concerning funded part of benefit before change is financed by insurance company’s own solvency capital.

Salary increase

If salary increases are higher than common salary index is, the promised benefits increase and due to that the liabilities increase and employer pays higher premiums to insurance company.

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34. Financial risk management

The management of financial risks aims to reduce the volatility in earnings, the statement of financial position and cash flow, while securing effective and competitive financing for the Group. The main financial risks are currency risk, interest rate risk, credit risk, liquidity risk, funding risk and fuel price risk. For risk management the Group may use currency forwards, currency loans, interest rate swaps and fuel price clauses included in customer contracts. The Group's risk management principles are approved by the Board of Directors, and the responsibility for their implementation lies with the Group Finance, with the exception of the fuel price clauses, which are the responsibility of the business units.

Currency Risk

The Group operates internationally and is therefore exposed to transaction risks through different currency positions. The main foreign currencies used by the Group are USD and SEK. Currency risks arise from commercial transactions, monetary items in the statement of financial position and net investments in foreign subsidiaries.

Transaction risk

In 2023, over 90 per cent of sales were invoiced in EUR, and the rest in SEK, DKK, PLN, USD and GBP. Bunker purchases are made in USD. Other purchases are mainly paid in EUR. Bunker price clauses included in customer contracts cover to a large extent this USD risk. Currency positions are reviewed on a net basis for each currency every 12 months in connection with annual budgeting.

The Group's business units may make internal derivative contracts with the Group Finance to hedge a specific activity. In such cases too, the Group Finance decides, according to the principles approved by the Board of Directors, on any hedging to be made with an external counterpart based on the whole Group's net currency position.

All of the Group's interest-bearing liabilities at the end of the reporting period were in EUR.

The Superstar-class ro-pax vessels Finnsirius and Finncanopus were delivered during the 3rd , respective 4th quarter of 2023. The total value of the vessels investments amounts to over USD 500 million and were paid in USD, In accordance with the principles approved by the Board of Directors, the Group hedged the majority of the USD risk with forwards. At the time of the financial statements on 31 December 2023, the Group had no currency hedges.

Derivate instruments

EUR 1,000	Fair value +	Fair value -	Net Fair Value	Carrying amount
Interest rate and currency derivatives				
Currency forwards	0	0	0	0
Total	0	0	0	0

Contractual payables and receivables of financial derivatives 31 December 2023

EUR 1,000	2024	2025	2026	2027	2028	2029-	Total
Payables							
Currency forwards	0	0	0	0	0	0	0
Receivables							
Currency forwards	0	0	0	0	0	0	0

Contractual payables and receivables of financial derivatives 31 December 2022

EUR 1,000	2023	2024	2025	2026	2027	2028-	Total
Payables							
Currency forwards	156,362	0	0	0	0	0	156,361
Receivables							
Currency forwards	174,254	0	0	0	0	0	174,254

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Translation risk

The Group has net investments abroad and is thus exposed to risks which arise when investments in GBP, DKK and PLN are converted into the parent company's functional currency. The Group's principle is to hedge significant net investments made in foreign subsidiaries through foreign currency loans. In 2022 and 2023, the Group had no such significant investments in foreign currencies. The tables below show the translation position at the end of 2022 and 2023.

EUR 1,000	Investments
Group translation exposure 2023	
GBP	**1,299**
DKK	**498**
PLN	**133**
	1,930

EUR 1,000	Investments
Group translation exposure 2022	
GBP	1,272
DKK	569
PLN	83
	1,924

Sensitivity to exchange rate fluctuations

The following table describes the Group's sensitivity to changes in the EUR/USD exchange rate. The impacts of exchange rate changes of other currencies are not significant.

Assumptions in estimating sensitivity:

- The variation in the EUR/USD exchange rate is assumed to be +/-10%.
- The position, 31 December, includes USD-denominated cash equivalents, accounts receivable, accounts payable and commitments.

EUR 1,000	Change in Profit & Loss	Change in Equity
Sensitivity at closing date 2023, change in USD, weakening/strengthening 10% against EUR	**+330/-403**	**+0/-0**
Sensitivity at closing date 2022, change in USD, weakening/strengthening 10% against EUR	-27/+33	+0/-0

Sensitivity calculation includes ordered vessel investments which will be paid in USD.

Change before tax effect.

Interest rate risk

Interest-bearing debt exposes the Group to interest risk, i.e. re-pricing and price risk caused by interest rate movements. Management of interest rate risk is centralised to the Group Finance. The objective of the interest rate risk management is to reduce interest rate fluctuation impact on the results in different accounting periods, enabling a more stable net income. The Group may manage interest rate risk by selection of debt interest periods and by using interest rate forwards and interest rate swaps.

The level of hedging against interest rate risks and the duration of the debt portfolio are reviewed annually by the Board of Directors when making the budget. At the balance sheet date, 88 per cent of the Group's borrowings were floating-rate and the rest were fixed-rate borrowings (including loans from financial institutions, pension loans and commercial papers). The duration (average interest rate period) of the debt portfolio was approximately 3 months.

At the balance sheet date, the Group had no open interest rate swaps. Table in Note 30. Interest-bearing liabilities, shows the dates of interest rate changes of the Group's variable-rate liabilities and the effective interest rates of liabilities.

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The following table shows the Group's sensitivity to variations in market interest rates. The following assumptions were made when calculating the sensitivity:

- The interest rate change is assumed to be +/-0.50 percentage points from the interest rate of individual instruments at the end of the reporting period.
- The analysis includes the instruments with an interest adjustment date within the following 12 months.
- The position includes variable-rate loans from financial institutions and commercial papers.
- The position excludes finance lease obligations and instalment debts, because the change in finance costs caused by the interest rate change is not relevant to these.
- When calculating the sensitivity, it is assumed that the variable-rate debt portfolio remains unchanged for the whole year (no instalments, no new debt) and that the interest rate changes as stated above on the next interest change date of the debt instrument.
- It is assumed that if a variable-rate instrument is fully amortised within the next 12 months, this instrument would be reacquired if the above mentioned interest rate is quoted.

EUR 1,000	Change in profit & loss
Sensitivity at closing date 2023, change in interest rates, increasing / decreasing 0.5% from valid rate of the instrument at 31 Dec 2023	
Debt portfolio	**-1,994 / +1,994**

EUR 1,000	Change in profit & loss
Sensitivity at closing date 2022, change in interest rates, increasing / decreasing 0.5% from valid rate of the instrument at 31 Dec 2022	
Debt portfolio	-1,512 / +1,512

Change before tax effect.

The Group has no significant interest-bearing assets, and therefore the Group's result for the reporting period, generated from the assets and cash flows, is not substantially exposed to fluctuations in market interest rates.

Credit risk

The Group is exposed to credit risk from its commercial receivables. The Group policy sets out the credit rating requirements and investment principles related to customers, investment transactions and derivative contract counterparts. The Group has no significant concentrations of credit risk, since it has a broad clientele distributed across various sectors. The Group makes derivative contracts and investment transactions only with counterparts with high credit ratings. The credit ratings and credit limits of credit customers are constantly monitored. Note 26. Current Receivables, shows the analysis of accounts receivable by age.

Finnlines Group applies the simplified method of expected credit loss allowance for defining impairment of trade and lease receivables as well as assets related to the contracts with customers according to IFRS 15 classified as amortised cost. The expected credit losses are recognised for their full life time using a matrix. The expected credit loss allowance is evaluated based on historical information of realised credit losses, and both reporting segments apply the same method due to the similar customer structure. When evaluating the amount of expected credit loss also economic circumstances and future expectations are taken into consideration. The table below shows the amount of impaired receivables and changes in credit losses.

EUR 1,000	2023	2022
Changes of the allowance for impaired trade receivables		
Impaired receivables at 1 January	**2,246**	1,886
Net remeasurement of loss allowance, IFRS 9	**-154**	364
Identified amounts written off	**183**	3
Amounts, final credit loss	**-514**	-7
Impaired receivables at 31 December	**1,761**	2,246

Liquidity risk

The Group continuously strives to evaluate and monitor the amount of financing required for its operations to ensure that it will have sufficient liquid assets to finance its business activities and investments, and to repay loans. The Group seeks to finance vessel investments with credit agreements with the longest possible terms. The Group aims to guarantee the availability and flexibility of financing with unutilised credit facilities and by employing several banks and methods for funding. On 31 December 2023, the granted but unused credit facilities totalled EUR 145.0 (305.0) million. Loans include normal equity ratio related covenants. The cash-flows in the tables below include both repayments and expected interests.

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Contractual repayments of interest-bearing liabilities, including interest, 31 December 2023

EUR 1,000	2024	2025	2026	2027	2028	2029	Total	Residual amount of interest-bearing liabilities as at 31 Dec 2023
Loans from financial institutions	90,926	134,918	58,289	90,037	34,197	123,011	531,377	452,000
Bank overdraft facilities	0	0	0	0	0	0	0	0
Re-borrowing of pension funds	1,033	0	0	0	0	0	1,033	1,000
Lease liabilities	3,211	3,132	3,043	2,936	2,560	13,640	28,520	23,596
Commercial paper programme	61,000	0	0	0	0	0	61,000	60,103
	156,170	**138,050**	**61,331**	**92,972**	**36,757**	**136,651**	**621,931**	**536,699**

Contractual repayments of interest-bearing liabilities, including interest, 31 December 2022

EUR 1,000	2023	2024	2025	2026	2027	2028	Total	Residual amount of interest-bearing liabilities as at 31 Dec 2022
Loans from financial institutions	99,187	55,718	67,038	43,733	52,356	48,664	366,696	334,879
Bank overdraft facilities	0	0	0	0	0	0	0	0
Re-borrowing of pension funds	2,475	1,008	0	0	0	0	3,483	3,432
Lease liabilities	2,691	2,536	2,105	2,052	1,980	13,241	24,605	21,623
Commercial paper programme	60,000	0	0	0	0	0	60,000	59,719
	164,353	59,263	69,143	45,785	54,336	61,905	454,784	419,653

Commodity risk

The Group is exposed to commodity risk relating to availability and price fluctuations of fuel. The Finnlines Group is continuing the programme for reducing its vessels' fuel consumption and costs. The Group seeks to minimise this risk by making framework agreements with known counterparts and by including bunker price clauses in its contracts with customers. In the long term, these clauses can hedge more than 50 per cent of this risk, but in the short term the hedging level fluctuates considerably and is also dependent on the utilisation rate of the vessels.

Capital management

The Group's objective in managing capital is to secure normal operating conditions in all circumstances and to enable optimal capital costs. The capital structure of the Group is regularly reviewed by the Board of Directors. The table below shows the interest-bearing net debt and total equity with the leverage ratio.

EUR 1,000	2023	2022
Capital risk management		
Financial liabilities	**534,809**	417,283
Cash in hand and at bank	**2,559**	18,878
Interest-bearing net debt	**532,249**	398,405
Total equity	**811,430**	846,592
Leverage ratio (net gearing), %	**65.6%**	47.1%

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35. Contingencies and commitments

Minimum vessel lease payments based on fixed-term lease commitments:

EUR 1,000	2023	2022
Minimum leases payable in relation to fixed-term leases		
Vessel leases (Group as lessee)		
Within 12 months	**0**	0
1–5 years	**0**	0
	0	0
Vessel leases (Group as lessor)		
Within 12 months	**18,450**	8,453
1–5 years	**22,629**	4,923
	41,079	13,376
Other leases (Group as lessee)		
Within 12 months	**177**	196
1–5 years	**140**	353
After 5 years	**0**	0
	317	549
Other leases (Group as lessor)		
Within 12 months	**117**	176
1–5 years	**0**	0
	117	176
Collateral given		
Loans from financial institutions	**422,000**	281,879
Vessel mortgages provided as guarantees for the above loans	**749,000**	649,500
Other collateral given on own behalf		
Pledges	**340**	340
Other obligations		
Obligations, related to vessel investments	**0**	163,135
Other external obligations	**1,598**	4,389
	1,598	167,524
VAT adjustment liability related to real estate investments	**31**	5

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. 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.

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36. Transactions with related parties

Finnlines applies the legal provisions applying to the management of insiders.

In addition, Finnlines Group's related parties include the parent company, subsidiaries and joint arrangement as well as the companies of the Grimaldi Group. Related parties also include the members of the Board of Directors and the Executive Committee, and their immediate family members. The Grimaldi Group is the ultimate controlling party at Finnlines.

Employee benefits granted to key management

EUR 1,000	2023	2022
Salaries and other short-term benefits	**2,045**	2,165
Post-employment benefits	**323**	362
	2,368	2,527

In 2023, the key management consisted of the members of the Board of Directors and the Executive Committee. The Executive Committee comprised the President and CEO, the Deputy President and CEO, and the Operating Officers, a total of eight members.

Finnlines Plc's Annual General Meeting held on 3 May 2023 confirmed the following compensation to the Board of Directors for the term until the close of the Annual General Meeting in 2024

EUR 1,000	2023	2022
Salaries and fees		
President and CEO		
Board of Directors:	**300**	300
Chairman	**50**	50
Vice Chairman	**40**	40
Board members (each)	**30**	30

Compensation to the Board Members for 2023 (the term commencing from the Annual General Meeting on 5 May 2022) was paid in May 2023.

Compensation to the Board of Directors and the President and CEO recognised as expense by person

EUR 1,000	2023	2022
President and CEO		
Tom Pippingsköld, President and CEO	**422**	476
Board of Directors		
Emanuele Grimaldi, Chairman of the Board	**50**	50
Diego Pacella, Vice chairman of the Board	**40**	40
Tiina Bäckman	**30**	30
Gianluca Grimaldi	**30**	30
Guido Grimaldi	**30**	30
Mikael Mäkinen	**30**	30
Esben Poulsson	**30**	30
Jon-Aksel Torgersen	**30**	30
Tapani Voionmaa	**30**	30

The company management has no supplementary pension insurances in excess of the statutory pension in force.

Finnlines had no option schemes on 31 December 2023. The President and CEO, the Executive Committee or the Board of Directors have no share-based incentive programmes.

Transactions with related parties

The Grimaldi Group companies held 100.00 per cent of all the shares in Finnlines Plc on 31 December 2023. More information about Finnlines' share can be found in Note 38. Shares and Shareholders.

EUR 1,000	2023	2022
Transactions with related parties		
Income from Grimaldi companies*	**34,019**	52,485
Purchases from Grimaldi companies*	**18,321**	40,890
Receivables from Grimaldi companies	**3,875**	4,215
Payables to Grimaldi companies	**444**	1,008

* Income and purchases consist mainly of vessel sale, vessel purchase and freight income.

The business transactions with related parties were carried out using market-based pricing.

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Loans, guarantees and other securities to related parties

The Group had no loan, guarantee or other securities arrangements with its key personnel or related parties (1 January 2023–31 December 2023).

37. Subsidiaries on 31 December 2023

Name of subsidiary	Holding (%)	Registered in
Domestic		
Containersteve Oy Ab	100	Helsinki
Finnsteve Oy Ab	100	Helsinki
FS-Terminals Oy Ab	100	Helsinki
Kiinteistö Oy Vuosaaren Porttikeskus	100	Helsinki
Foreign		
Finnlines Belgium N.V.	100	Belgium
Finnlines Danmark A/S	100	Denmark
Finnlines Deutschland GmbH	100	Germany
Finnlines Polska Sp.z.o.o	100	Poland
AB Finnlines Scandinavia Ltd	100	Sweden
Finnlines Schiffahrt GmbH	100	Germany
Finnlines Ship Management AB	100	Sweden
Finnlines UK Limited	100	Great Britain
Finnlink AB	100	Sweden
Rederi AB Nordö-Link	100	Sweden
Ropax I Aktiebolaget Clipper	100	Sweden
Ropax II EuropaLink AB	100	Sweden
Ropax III NordLink AB	100	Sweden
Ropax IV Arrow AB	100	Sweden
Roro I Mill AB	100	Sweden
Roro II Pulp AB	100	Sweden

38. Shares and shareholders

Finnlines Plc has one share series. Each share carries one vote at general shareholder meetings and confers identical dividend rights. As outlined in Finnlines' Articles of Association, the Company's minimum share capital is EUR 50 million and the maximum is EUR 200 million. The share capital can be increased or decreased within these limits. The Company's paid-up and registered share capital on 31 December 2023 totalled EUR 103,006,282. The capital stock consisted of 51,503,141 shares.

Finnlines Plc is fully owned by the Grimaldi Group.

Major shareholders on 31 December 2023	Number of shares	% of shares
Grimaldi Group, Naples • Grimaldi Group S.p.A. • Grimaldi Euromed S.p.A.	51,503,141	100.00
Total number of shares	**51,503,141**	**100.00**

39. Events after the reporting period

There are no significant events to report.

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Five-year key figures, IFRS

EUR million	2023	2022	2021	2020	2019
Revenue	**680.7**	736.1	579.9	484.0	574.8
Other income from operations	**2.0**	5.9	1.9	1.3	1.4
Result before interest, taxes, depreciation and amortisation (EBITDA)	**166.3**	221.2	160.3	140.8	169.8
% of revenue	**24.4**	30.1	27.6	29.1	29.5
Result before interest and taxes (EBIT)	**74.1**	136.0	78.2	76.2	104.8
% of revenue	**10.9**	18.5	13.5	15.7	18.2
Result before taxes (EBT)	**57.4**	130.5	73.8	70.6	97.3
% of revenue	**8.4**	17.7	12.7	14.6	16.9
Result for reporting period, continuing operations	**60.3**	133.3	74.7	69.7	98.3
% of revenue	**8.9**	18.1	12.9	14.4	17.1
Result for reporting period	**60.3**	133.3	74.7	69.7	98.3
% of revenue	**8.9**	18.1	12.9	14.4	17.1
Total investments *	**191.8**	223.8	110.6	50.6	31.4
% of revenue	**28.2**	30.4	19.1	10.5	5.5
Return on equity (ROE), %	**7.3**	16.6	10.0	9.7	14.3
Return on investment (ROI), %	**5.8**	11.6	7.2	7.0	9.5
Assets total	**1,488.1**	1,409.2	1,273.2	1,199.4	1,226.9
Equity ratio, %	**54.9**	60.3	60.4	60.7	58.5
Net gearing, %	**62.7**	44.5	45.6	45.5	50.8
Average no. of employees	**1,752**	1,679	1,576	1,534	1,576
Earnings per share (EPS), EUR	**1.17**	2.60	1.45	1.35	1.91
Earnings per share (EPS) less warrant dilution, EUR	**1.17**	2.60	1.45	1.35	1.91
Shareholders' equity per share, EUR	**15.75**	16.43	14.84	14.07	13.88
Adjusted average number of outstanding shares (1,000)	**51,503**	51,503	51,503	51,503	51,503
Adjusted number of outstanding shares 31 Dec (1,000)	**51,503**	51,503	51,503	51,503	51,503
Number of outstanding shares at year-end (1,000)	**51,503**	51,503	51,503	51,503	51,503

* Includes continuing and discontinuing operations.

Calculation of key ratios is presented on page 49.

Calculation of key ratios, IFRS

Earnings per share (EPS), EUR	=	Result attributable to parent company shareholders / Weighted average number of outstanding shares	
Shareholders' equity per share, EUR	=	Shareholders' equity attributable to parent company shareholders / Undiluted number of shares at the end of period	
Return on equity (ROE), %	=	Result for the reporting period / Total equity (average)	x 100
Return on investment (ROI), %	=	Result before tax + interest expense + other liability expenses / Assets total – interest-free liabilities (average)	x 100
Net gearing, %	=	Interest-bearing liabilities* – cash and bank equivalents / Total equity	x 100
Equity ratio, %	=	Total equity / Assets total – received advances	x 100
Net debt to EBITDA ratio	=	Net Debt / EBITDA past 12 months	

* Not including leasing liabilities.

The recognised income taxes are based on the year's estimated average income tax rate which is expected to realise during the entire reporting period.

Finnlines Plc's Shipping and Sea Transport Services transferred to tonnage-based taxation in January 2013.

Quarterly data, IFRS

EUR million	Q1/2023	Q1/2022	Q2/2023	Q2/2022	Q3/2023	Q3/2022	Q4/2023	Q4/2022
Revenue by segment								
Shipping and Sea Transport Services total	**157.9**	150.6	**167.3**	193.2	**171.7**	195.9	**162.5**	172.4
Sales to third parties	**157.9**	150.6	**167.3**	193.3	**171.7**	195.9	**162.5**	172.4
Sales to Port Operations	**0.0**	-0.9	**0.0**	-0.4	**0.0**	-0.2	**0.0**	0.0
Port Operations total	**10.0**	12.1	**11.5**	12.7	**10.7**	11.1	**10.8**	10.3
Sales to third parties	**5.2**	6.4	**5.9**	6.7	**5.1**	5.6	**5.1**	5.2
Sales to Shipping and Sea Transport Services	**4.8**	5.7	**5.6**	6.0	**5.6**	5.5	**5.7**	5.0
Group internal revenue	**-4.8**	-5.7	**-5.6**	-6.0	**-5.6**	-5.4	**-5.7**	-5.0
Revenue total	**163.1**	157.0	**173.2**	199.9	**176.8**	201.5	**167.5**	177.7
Result before interest and taxes per segment								
Shipping and Sea Transport Services	**24.0**	14.8	**21.4**	40.5	**17.8**	49.0	**10.7**	30.4
Port Operations	**-0.7**	0.4	**0.6**	0.9	**0.6**	0.5	**-0.2**	-0.6
Result before interest and taxes (EBIT) total	**23.3**	15.3	**22.0**	41.5	**18.4**	49.5	**10.5**	29.8
Financial income and expenses	**-2.7**	-1.0	**3.4**	-1.1	**-4.9**	-1.3	**-5.8**	-2.2
Result before tax (EBT)	**20.6**	14.3	**18.6**	40.4	**13.5**	48.2	**4.7**	27.6
Income taxes	**0.9**	0.8	**1.8**	0.8	**1.6**	0.6	**-1.4**	0.6
Result for the reporting period	**21.5**	15.1	**20.3**	41.2	**15.1**	48.8	**3.3**	28.2
Quarterly consolidated key figures								
Result before interest and taxes, (% of revenue)	**14.3**	9.7	**12.7**	20.7	**10.4**	24.6	**6.3**	17.0
Earnings per share, EUR	**0.42**	0.29	**0.39**	0.80	**0.29**	0.95	**0.06**	0.55
Average number of outstanding shares (1,000)	**51,503**	51,503	**51,503**	51,503	**51,503**	51,503	**51,503**	51,503

Financial statements, parent company, FAS

Profit and loss account, parent company, FAS

EUR	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Revenue	1	559,004,684.49	608,777,000.71
Other income from operations	2	8,474,305.57	5,157,813.79
Materials and services	3	-228,404,840.26	-237,319,756.24
Personnel expenses	4	-55,242,915.72	-49,624,386.21
Depreciation, amortisation and other write-offs	5	-54,575,264.14	-50,706,969.65
Other operating expenses	6	-148,146,495.62	-145,945,633.34
Operating profit		81,109,474.32	130,338,069.06
Financial income and expenses	7	-17,515,987.55	-6,909,903.27
Result before appropriations and taxes		63,593,486.77	123,428,165.79
Appropriations	8		
Group contributions		-1,900,000.00	-1,900,000.00
Change in replacement reserve		-5,452,350.66	0.00
Profit before tax		56,241,136.11	121,528,165.79
Deferred taxes	9	2,725,286.76	4,944,023.85
Other direct taxes	10	-131,389.81	-96,235.55
Result for the reporting period		58,835,033.06	126,375,954.09

See Notes starting on page 54.

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Balance sheet, parent company, FAS

EUR	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets	11	2,680,922.57	2,299,321.72
Tangible assets	12	887,619,229.65	805,458,186.17
Investments	13		
Shares in group companies		154,379,459.00	154,379,459.00
Other investments		7,051,920.55	7,051,920.55
Total non-current assets		1,051,731,531.77	969,188,887.44
Current assets			
Inventories	14	11,235,869.24	8,492,105.14
Long-term receivables	15	62,590,037.00	49,293,473.96
Short-term receivables	16	133,090,210.54	141,231,404.86
Bank and cash		2,075,957.65	18,091,036.86
Total current assets		208,922,074.43	217,108,020.82
Total assets		1,260,723,606.20	1,186,296,908.26
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	17		
Share capital		103,006,282.00	103,006,282.00
Share premium account		24,525,353.70	24,525,353.70
Fair value reserve		0.00	17,892,023.07
Unrestricted equity reserve		40,882,508.10	40,882,508.10
Retained earnings		412,428,311.80	363,307,069.21
Result for the reporting period		58,835,033.06	126,375,954.09
Total shareholders' equity		639,677,488.66	675,989,190.17
Statutory provisions			
Pension obligation	18	283,000.00	496,000.00
Voluntary provisions	19		
Tax-based reserve, replacement reserve		5,452,350.66	00.00
Liabilities			
Long-term liabilities			
Deferred tax liability	20	0,00	2,725,286.76
Interest-bearing	21	382,666,670.00	247,000,002.11
		382,666,670.00	249,725,288.87
Current liabilities	22		
Interest-bearing		153,268,935.14	177,125,076.29
Interest-free		79,375,161.74	82,961,352.93
		232,644,096.88	260,086,429.22
Total liabilities		615,310,766.88	509,811,718.09
Total shareholders' equity and liabilities		1,260,723,606.20	1,186,296,908.26

See Notes starting on page 54.

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Cash flow statement, parent company, FAS

EUR	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Cash flows from operating activities		
Result for the reporting period	**58,835,033.06**	126,375,954.09
Adjustments for:		
Depreciation, amortisation & impairment loss	**54,575,264.14**	50,706,969.65
Gains (-) and Losses (+) of disposals of fixed assets and other non-current assets	**-5,704,337.29**	-2,595,604.32
Financial income and expenses	**17,515,987.55**	6,909,903.27
Income taxes	**-2,593,896.95**	-4,847,788.30
Other adjustments	**1,900,000.00**	1,900,000.00
	124,528,050.51	178,449,434.39
Changes in working capital:		
Change in inventories, addition (-) and decrease (+)	**-2,743,764.10**	-1,727,963.83
Change in accounts receivable, addition (-) and decrease (+)	**897,241.79**	-21,414,861.46
Change in accounts payable, addition (+) and decrease (-)	**-3,586,191.01**	16,573,597.82
Change in provisions	**-213,000.00**	-144,000.00
	-5,645,713.32	-6,713,227.47
Interest paid	**-16,148,247.96**	-4,348,427.22
Dividends received	**140.00**	7,790.00
Interest received	**2,632,214.35**	929,999.26
Other financing items	**-1,270,395.42**	-2,721,033.60
Income taxes paid	**-131,388.81**	-96,234.55
	-14,917,677.84	-6,227,906.11
Net cash generated from operating activities	**103,964,659.35**	165,508,300.81
Cash flows from investing activities		
Investments in tangible and intangible assets	**175,550,452.60**	-158,850,222.35
Proceeds from sale of tangible and intangible assets	**35,005,102.00**	6,089,583,63
Purchase of investments, change	**0.00**	0.00
Change in internal loans (net)	**-23,379,478.68**	16,281,652.86
Net cash used in investing activities	**-163,924,829.28**	-136,478,985.86
Net cash before financing activities	**-59,960,169.93**	29,029,314.95
Cash flows from financing activities		
Proceeds from short-term borrowings	**26,978,591.33**	-17,368,168.38
Repayment of short-term borrowings	**-41,545,457.00**	-39,904,432.00
Proceeds of long-term borrowings	**294,000,000.00**	371,666,668.00
Repayment of long-term borrowings	**-156,333,332.11**	-273,212,122.99
Dividends paid	**-77,254,711.50**	-51,503,141.00
Group contributions	**-1,900,000.00**	-1,900,000.00
Net cash used in financing activities	**43,945,090.72**	-12,221,196.37
Change in cash and cash equivalents	**-16,015,079.21**	16,808,118.58
Cash and cash equivalents on 1 January	**18,091,036.86**	1,282,918.28
Cash and cash equivalents on 31 December	**2,075,957.65**	18,091,036.86

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Parent company accounting principles

The financial statements are prepared in conformity with the Finnish Accountancy Act and other regulations and provisions in force in Finland.

Revenues

Revenues comprise sales income and exchange rate differences related to sales, excluding discounts and indirect sales taxes such as VAT.

Other operating income

Other operating income includes profits on the sale of property and other fixed assets as well as other regular income not directly related to the company's sales, such as rents and leases and internal administration fees.

Revenue recognition

The company's revenue is mainly generated through sales of services which are principally transports of cargo and passengers. Revenue is recognised as the services are rendered. Revenue from vessels time chartered is recognised based on chartered days.

Foreign currency items

Receivables and payables denominated in foreign currencies are valued at the exchange rates prevailing on the balance sheet date. Exchange rate differences on accounts receivable are recognised under revenue and exchange rate differences on accounts payable under operating expenses. Exchange rate differences on financing operations are recognised under financial items.

Derivative financial instruments

The realised gains and losses arising from currency derivatives such as forward foreign exchange and option contracts and currency swaps are recognised under financial items. However, in case the currency derivative contract has been entered into for the purpose of hedging the cost of non-current assets, the realised gain or loss for the derivative affect the cost of such an item. As long as the hedged purchase is not paid, the fair value of hedging instrument is booked as receivable or liability and increase of fair value reserve. The interest received or payable under derivative financial instruments used to hedge the company against interest rate risks is accrued over the duration of the contract and recorded as an adjustment to the interest income or expenses of the designated asset or liability.

Fixed assets and depreciation

Fixed assets are valued to their direct acquisition cost less depreciation and other deductions, along with any revaluations allowed by local accounting practices. Fixed assets subject to wear and tear are depreciated according to plan based on the economic life span of the asset and its estimated residual value. Depreciation periods:

Vessels	25–30 years
Buildings	10–40 years
Constructions	5–10 years
Stevedoring machinery and equipment	5–25 years
Other machinery and equipment	3–10 years
Other long-term expenditure	3–20 years

Second-hand vessels are depreciated over their estimated economic service life.

The Management has evaluated vessels' economic life span and residual values. As a result, due to expected economic life span of 25–30 years, the depreciation time has been shortened by 5 years on average, starting from 1.1.2021.

Leasing

Leasing payments are recognised as expenses regardless of the form of leasing.

Inventories

Vessel stocks of fuel, lubricating oil, materials, provisions and sales items are recognised under stocks. Stocks are valued on a first-in, first-out basis at their direct acquisition cost or lower probable net realisable value.

Financial assets

The part of the financial assets that have been invested in money market instruments are included in the financial assets in the balance sheet. The financial assets with a maturity longer than one year, are valued at the lower of acquisition cost or fair value on the balance sheet date.

Liquid assets

Liquid assets include cash in hand and at bank. The Group's bank account balances are included in other receivables.

Valuation of shares and holdings in subsidiaries

Valuation losses of shares and holdings in subsidiaries are included in financing expenses.

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Pension costs

Pension costs are recognised through the profit and loss according to the local practice. The entire uncovered pension liability is recorded as an expense and liability according to IFRS.

Appropriations

Appropriations are group contributions received and given and voluntary provisions.

Provisions

Future expenses and losses that no longer generate corresponding revenues in the foreseeable future, which the company is committed or obliged to settle and whose monetary value can reasonably be assessed are recognised as expenses in the profit and loss account and recognised as provisions in the balance sheet.

Income tax

Finnlines Plc entered into the Finnish tonnage tax regime as of 1 January 2013. It means that the Company switched from corporation taxation to tonnage-based taxation. The income taxes in the profit and loss account include taxes imposed on other operations than those to be taxed under the tonnage taxation system.

Notes to the financial statements, parent company

1. Revenue

EUR	2023	2022
By segment		
Shipping and Sea Transport Services	559,004,684.49	608,777,000.71
Total	559,004,684.49	608,777,000.71
Intra-group revenue	3,784,916.59	3,127,553.96

2. Other income from operations

EUR	2023	2022
Gain on disposals	5,704,337.29	2,595,604.32
Rental income	53,330.00	11,198.38
Internal administration fees	2,713,376.31	2,568,648.27
Other	3,261.97	-17,637.18
Total	8,474,305.57	5,157,813.79

3. Materials and services

EUR	2023	2022
Purchases during the reporting period		
Bunker	-145,757,852.27	-157,169,174.40
Other	-10,422,569.99	-8,459,822.75
Change in inventories	2,743,764.10	1,123,435,21
Total	-153,436,658.16	-164,505,561.94
External services	-74,968,182.10	-72,814,164.30
Materials and services total	-228,404,840.26	-237,319,726.24

4. Personnel and personnel expenses

EUR	2023	2022
Employees		
Average number of employees		
Shore-based personnel	232	220
Sea personnel	761	683
	993	903
Personnel expenses		
Wages and salaries	-62,410,786.07	-56,284,473.56
Social costs		
Pension costs	-7,253,431.60	-6,245,033.61
Other social costs	-2,415,041.25	-1,967,662.44
State subsidies	16,836,343.20	14,872,783.40
Total	-55,242,915.72	-49,624,386.21
Salaries and remunerations to		
President and CEO	-422,328.03	-475,947.46
Board of Directors	-300,000.00	-300,000.00

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5. Depreciation, amortisation and write offs

EUR	2023	2022
Depreciation and amortisation according to plan		
Other long-term expenditure	-442,043.87	-421,390.68
Vessels	-53,274,656.91	-49,608,435.60
Cargo handling equipment	-720,278.72	-557,739.84
Machinery and equipment	-138,284.64	-119,403.53
Total	-54,575,264.14	-50,706,969.65

6. Other operating expenses

EUR	2023	2022
Vessel hires, internal	-11,531,875.19	-12,847,630.00
Vessel hires, external	-4,954,974.45	-10,276,652.88
Other leases	-1,794,129.87	-2,484,249.80
Port expenses and fairway dues	-36,591,486.74	-35,115,498.44
Commissions	-9,327,183.65	-8,703,331.94
Cargo handling equipment related costs	-4,521,523.98	-4,764,685.77
Vessel insurances, repairs and maintenance	-45,055,465.53	-41,341,352.45
Marketing costs	-3,586,567.98	-3,475,545.95
Auditors' fees		
KPMG Oy Ab	-72,885.08	-63,146.51
Tax consultancy and other fees		
KPMG Oy Ab	-31,246.70	-2,600.00
Other	-30,679,156.45	-26,870,939.60
Total	-148,146,495.62	-145,945,633.34

7. Financial income and expenses

EUR	2023	2022
Dividends		
From others	140.00	7,790.00
Dividends total	140.00	7,790.00
Other interest and financial income		
From group companies	2,552,307.94	831,172.81
From others	79,906.41	98,826.45
Other interest and financial income total	2,632,214.35	929,999.26
of which interest income total	2,632,214.35	929,999.26
Dividends and interest income total	2,632,354.35	937,789.26
Exchange gains and losses		
From others		
Gains	142,605.88	429,194.16
Losses	-123,467.61	-189,954.12
Exchange rate differences total	19,138.27	239,240.04
Interest and other financial expenses		
To group companies	-771,124.65	-59,384.96
To others	-19,396,355.52	-8,027,547.61
Interest and other financial expenses total	-20,167,480.17	-8,086,932.57
of which interest expenses total	-18,877,945.48	-5,126,657.93
Financial income and expenses total	-17,515,987.55	-6,909,903.27

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8. Appropriations

EUR	2023	2022
Group contribution	**-1,900,000.00**	-1,900,000.00
Change in replacement reserve	**-5,452,350.66**	0.00
Total	**-7,352,350.66**	-1,900,000.00

9. Income taxes

EUR	2023	2022
Change in deferred taxes	**2,725,286.76**	4,944,023.85
Total	**2,725,286.76**	4,944,023.85

10. Other direct taxes

EUR	2023	2022
Tonnage taxes	**-131,389.81**	-96,235.55
Total	**-131,389.81**	-96,235.55

11. Intangible assets

EUR	Other capitalised expenditures	Advance payments	Total
Acquisition cost on 1 January 2023	**24,482,968.93**	**824,524.80**	**25,307,493.73**
Increases	457,420.00	366,224.72	823,644.72
Disposals	0.00	0.00	0.00
Reclassifications between items	44,982.50	-44,982.50	0.00
Acquisition cost on 31 December 2023	**24,985,371.43**	**1,145,767.02**	**26,131,138.45**
Accumulated depreciation and impairments on 1 January 2023	**-23,008,172.01**	**0.00**	**-23,008,172.01**
Depreciation for the reporting period	-442,043.87	0.00	-442,043.87
Accumulated depreciation on 31 December 2023	**-23,450,215.88**	**0.00**	-23,450,215.88
Carrying value on 31 December 2023	**1,535,155.55**	**1,145,767.02**	**2,680,922.57**
Carrying value on 31 December 2022	1,474,796.92	824,524.80	2,299,321.72

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12. Tangible assets

EUR	Buildings and constructions	Vessels	Cargo handling equipment	Machinery and equipment	Advance payments and acquisitions under construction	Total
Acquisition cost on 1 January 2023	**41,944.00**	**1,068,029,042.01**	**33,492,478.60**	**3,926,768.94**	**106,154,436.49**	**1,211,644,670.04**
Increases	0.00	162,431,407.78	370,432.62	239,387.57	2,557,785.78	165,599,013.75
Disposals	0.00	-75,193,348.26	-3,900.00	-36,315.32	0.00	-75,233,563.58
Reclassifications between items	0.00	105,612,348.96	163,730.78	0.00	-105,776,079.74	0.00
Acquisition cost on 31 December 2023	**41,944.00**	**1,260,879,450.49**	**34,022,742.00**	**4,129,841.19**	**2,936,142.54**	**1,302,010,120.21**
Accumulated depreciation and write-offs on 1 January 2023	-41,944.00	-383,983,577.34	-18,702,715.64	-3,458,246.89	0.00	-406,186,483.87
Accumulated depreciation on disposals and reclassifications	0.00	45,892,583.53	1,056.25	35,173.79	0.00	45,928,813.57
Depreciation for the reporting period	0.00	-53,274,656.91	-720,278.72	-138,284.64	0.00	-54,133,220.27
Accumulated depreciation on 31 December 2023	**-41,944.00**	**-391,365,650.72**	**-19,421,938.11**	**-3,561,357.74**	**0.00**	**-414,390,890.57**
Carrying value on 31 December 2023	**0.00**	**869,513,799.77**	**14,600,803.89**	**568,483.45**	**2,936,142.54**	**887,619,229.65**
Carrying value on 31 December 2022	0.00	684,045,464.67	14,789,762.96	468,522.05	106,154,436.49	805,458,186.17

13. Investments

EUR	Shares in group companies	Investments in group companies (SVOP)	Receivables from group companies	Total group companies	Other shares	Total
Acquisition cost on 1 January 2023	**231,781,282.17**	**40,000,000.00**	**84,858,176.83**	**356,639,459.00**	**7,051,920.55**	**363,691,379.55**
Increases	0.0	0.0	0.0	0.0	0.0	0.0
Decreases	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition cost on 31 December 2023	**231,781,282.17**	**40,000,000.00**	**84,858,176.83**	**356,639,459.00**	**7,051,920.55**	**363,691,379.55**
Accumulated impairments on 1 January 2023	-202,260,000.00	0.0	0.0	-202,260,000.00	0.0	-202,260,000.00
Impairments for the reporting period	0.00			0.00		0.00
Accumulated impairments on 31 December 2023	-202,260,000.00	0.00	0.00	-202,260,000.00	0.00	-202,260,000.00
Carrying value on 31 December 2023	**29,521,282.17**	**40,000,000.00**	**84,858,176.83**	**154,379,459.00**	**7,051,920.55**	**161,431,379.55**
Carrying value on 31 December 2022	29,521,282.17	40,000,000.00	84,858,176.83	154,379,459.00	7,051,920.55	161,431,379.55

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14. Inventories

EUR	2023	2022
Bunker	7,818,856.70	5,911,038.18
Other inventories	3,417,012.54	2,581,066.96
Total	11,235,869.24	8,492,105.14

15. Long-term receivables

EUR	2023	2022
Loan receivables		
Loan receivables from group companies	61,511,942.22	48,703,088.08
Total	61,511,942.22	48,703,088.08
Other receivables	550,000.00	550,000.00
Accrued income and prepaid expenses	528,094.78	40,385.88
Total long-term receivables	62,590,037.00	49,293,473.96

16. Short-term receivables

EUR	2023	2022
Accounts receivable		
From group companies	27,767.80	-33,247.08
From others	74,497,374.70	82,596,099.97
Total	74,525,142.50	82,562,852.89
Loan receivables		
From group companies	14,129,660.86	3,559,036.32
Total	14,129,660.86	3,559,036.32
Other receivables	1,555,745.11	1,401,317.49
Currency derivatives	0.00	17,892,023.07
Accrued income and prepaid expenses		
From group companies	434,774.95	382,564.68
From others	42,444,887.12	35,433,610.41
Total	42,879,662.07	35,816,175.09
Total short-term receivables	133,090,210.54	141,231,404.86
Significant items of accrued income and prepaid expenses		
Sea freight revenue	3,032,471.60	1,069,401.26
State subsidies	22,014,305.78	13,629,709.53
Vessel hires	0.00	31,056.00
Docking costs	8,965,958.15	13,447,446.61
Passenger income	316,218.06	339,663.46
Insurances	849,151.38	1,895,695.67
Port expenses, cargo handling and other voyage related costs	1,629,013.92	1,178,730.82
Reimbursement of average repairs, vessels	5,486,037.49	3,634,468.61
Other	586,505.69	590,003.13
Total	42,879,662.07	35,816,175.09

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17. Shareholders’ equity

EUR	2023	2022
Restricted equity		
Share capital on 1 January	**103,006,282.00**	103,006,282.00
Share capital on 31 December	**103,006,282.00**	103,006,282.00
Share issue premium on 1 January	**24,525,353.70**	24,525,353.70
Share issue premium on 31 December	**24,525,353.70**	24,525,353.70
Fair value reserve on 1 January	**17,892,023.07**	18,073,336.01
Increase + / Decrease -	**-17,892,023.07**	-181,312.94
Fair value reserve on 31 December	**0.00**	17,892,023.07
Non-restricted equity		
Unrestricted equity reserve 1 January	**40,882,508.10**	40,882,508.10
Unrestricted equity reserve 31 December	**40,882,508.10**	40,882,508.10
Retained earnings on 1 January	**489,683,023.30**	414,810,210.21
Dividend paid	**-77,254,711.50**	-51,503,141.00
Retained earnings on 31 December	**412,428,311.80**	363,307,069.21
Result for the reporting period	**58,835,033.06**	126,375,954.09
Total shareholders’ equity	**639,677,488.66**	675,989,190.17
Calculation of distributable funds		
Retained earnings	**412,428,311.80**	363,307,069.21
Unrestricted equity reserve	**40,882,508.10**	40,882,508.10
Result for the reporting period	**58,835,033.06**	126,375,954.09
Parent company’s distributable funds on 31 December	**512,145,852.96**	530,565,531.40

18. Statutory provisions

EUR	2023	2022
Pension obligation	**283,000.00**	496,000.00
Total	**283,000.00**	496,000.00

Pension costs are recognized in the profit and loss account according to the established practice in Finland.

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19. Voluntary provisions

EUR	2023	2022
Tax-based reserve, replacement reserve	**5,452,350.66**	0.00
Total	**5,452,350.66**	0.00

20. Deferred tax liability

EUR	2023	2022
Deferred tax liability of excess depreciations, tonnage taxation 1 January	**2,725,286.76**	7,669,310.61
Tonnage tax relief	**-2,725,286.76**	-4,944,023.85
Deferred tax liability, tonnage taxation 31 December	**0.00**	2,725,286.76

21. Long-Term liabilities

EUR	2023	2022
Long-term interest-bearing liabilities		
Loans from financial institutions	**382,666,670.00**	245,000,002.11
Other long-term interest-bearing liabilities		
Debts to group companies	**0.00**	2,000,000.00
Total	**382,666,670.00**	247,000,002.11

Maturity of loans		
Year		
2023		89,878,788.99
2024	**69,333,332.11**	48,333,332.11
2025	**117,666,670.00**	61,666,670.00
2026	**46,000,000.00**	40,000,000.00
2027	**81,000,000.00**	50,000,000.00
2028	**28,000,000.00**	45,000,000.00
2029 and later	**110,000,000.00**	0.00
Total	**452,000,992.21**	334,878,791.10

Long-term loans due after five years		
Loans from financial institutions	**110,000,000.00**	45,000,000.00
Total	**110,000,000.00**	45,000,000.00

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22. Current liabilities

EUR	2023	2022
Interest-bearing current liabilities		
Loans from financial institutions	**69,333,332.11**	89,878,788.99
Commercial papers	**60,103,312.50**	59,719,358.97
Other interest-bearing current liabilities		
To group companies	**23,832,290.53**	27,526,928.33
Total interest-bearing liabilities	**153,268,935.14**	177,125,076.29
Interest-free current liabilities		
Accounts payable		
To group companies	**569,189.71**	856,057.87
To others	**25,411,352.27**	33,089,389.62
Total	**25,980,541.98**	33,945,447.49
Other interest-free liabilities to others		
To others	**14,269,996.45**	15,193,671.00
Total	**14,269,996.45**	15,193,671.00
Accrued expenses and deferred income		
To group companies	**1,404,273.78**	1,478,799.59
To others	**37,720,349.53**	32,343,434.85
Total	**39,124,623.31**	33,822,234.44
Total interest-free current liabilities	**79,375,161.74**	82,961,352.93
Total current liabilities	**232,644,096.88**	260,086,429.22
Significant items of accrued expenses and deferred income		
Agent commissions paid, internal	**316,889.26**	95,267.94
Purchased services, internal	**254,170.38**	141,325.96
Annual rebates	**10,650,513.73**	9,963,482.41
Personnel expenses	**8,372,954.87**	7,121,009.28
External services / cargo handling costs	**2,107,940.88**	2,400,524.26
Port expenses and voyage related costs	**1,937,245.61**	2,531,215.44
Interest expenses	**3,927,871.00**	1,198,173.48
Bunker costs	**2,332,318.46**	900,959.13
Other	**9,224,719.12**	9,470,276.54
Total	**39,124,623.31**	33,822,234.44

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Contingencies and commitments

	2023		2022	
EUR 1,000	**Debt**	**Value of collateral**	**Debt**	**Value of collateral**
Pledges and commitments given on own account				
Vessel mortgages provided as guarantees for loans				
Loans from financial institutions	**422,000**	**749,500**	252,333	592,000
Vessel mortgages provided by subsidiaries as guarantees for loans				
Loans from financial institutions	**0**	**0**	29,546	57,500
	422,000	**749,500**	281,879	649,500
Vessel leases (Finnlines Plc as lessor)				
Due within 12 months		**12,975**		3 285
Due between one and five years		**1,629**		4 914
Vessel leases (Finnlines Plc as lessor), total		**14,604**		8 199
Pledged deposit		**150**		150
Other contingent liabilities		**1,153**		163,876
Leasing liabilities, machinery and equipment				
Due within 12 months		**144**		178
Due between one and five years		**161**		194
Leasing liabilities total		**305**		372
Guarantees given on behalf of the subsidiaries		**110**		0
Guarantees given on behalf of the subsidiaries		**110**		0

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Shares and holdings of parent company

Finnlines Plc has one share series. Each share carries one vote at general shareholder meetings and confers identical dividend rights. As outlined in Finnlines' Articles of Association, the Company's minimum share capital is EUR 50 million and the maximum is EUR 200 million. The share capital can be increased or decreased within these limits. The Company's paid-up and registered share capital on 31 December 2023 totalled EUR 103,006,282. The capital stock consisted of 51,503,141 shares.

Finnlines Plc is fully owned by the Grimaldi Group.

Name of subsidiary	Registered in	Holding (%)
Domestic		
Finnsteve Oy Ab	Helsinki	100
Kiinteistö Oy Vuosaaren Porttikeskus	Helsinki	100
Foreign		
Finnlines Danmark A/S	Denmark	100
Finnlines Deutschland GmbH	Germany	100
Finnlines Polska Sp. z.o.o	Poland	100
AB Finnlines Scandinavia Ltd	Sweden	100
Finnlines Ship Management AB	Sweden	100
Finnlines UK Limited	Great Britain	100
Finnlines Belgium N.V.	Belgium	100
Other shares and holdings		
Domestic		
Steveco Oy	Kotka	25.4
Other companies (4)		

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Board's proposal for the use of the distributable funds and signatures to the Board of Directors report and to the financial statements

Distributable funds included in the parent company's shareholders' equity on 31 December 2023:		
Retained earnings	EUR	412,428,311.80
Unrestricted equity reserve	EUR	40,882,508.10
Result for the reporting period	EUR	58,835,033.06
Distributable funds total	**EUR**	**512,145,852.96**

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.50 per share be paid out resulting in a total amount of proposed dividends of EUR 77,254,711.50.

Naples, 7 March 2024

Emanuele Grimaldi
Chairman of the Board

Tiina Bäckman

Gianluca Grimaldi

Guido Grimaldi

Mikael Mäkinen

Diego Pacella

Esben Poulsson

Jon-Aksel Torgersen

Tapani Voionmaa

Tom Pippingsköld
President and CEO

The auditor's note

Our auditor's report has been issued today.

Helsinki, 7 March 2024

KPMG Oy Ab

Kimmo Antonen
Authorized Public Accountant

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Parent company’s accounting books, voucher categories and archiving

Accounting books	Archiving	System	Retention of data, 15 years
Profit and loss account and balance sheet	Digital document	Oracle Financials	until 2039
Balance sheet book	Bound book		until 2039
Balance sheet specification	Digital document		until 2039
General journals	Digital document	Oracle Financials	until 2039
General ledgers	Digital document	Oracle Financials	until 2039
Accounts receivable	Digital document	Oracle Financials	until 2039
Accounts Payable	Digital document	Oracle Financials	until 2039
Payroll accounting, land	Digital document	Aditron Personec W	until 2039
Payroll accounting, sea	Digital document	HPSWIN	until 2039
Asset accounting	Digital document	Oracle Financials, Kasperi	until 2039

Voucher categories	Archiving	System	Retention of data, 15 years
Sales invoices, freight	Digital document	Opus Capita’s image archive, Oracle Financials, Nextway Next image archives	until 2039
Sales invoices, passenger services	Digital document	eBooking, Opus Capita’s image archive, Oracle Financials, Nextway Next image archives	until 2039
Sales invoices, manual	Digital document	Oracle Financials	until 2039
Bank statements	Digital document	Opus Capita	until 2039
Sales transactions	Digital document	Oracle Financials	until 2039
Interest invoices	Digital document	Oracle Financials	until 2039
Purchase invoices	Digital document	Oracle Financials, Nextway Next image archive	until 2039
Purchase invoices, E-invoice	Digital document	Oracle Financials	until 2039
Payment batches	Digital document	Oracle Financials	until 2039
Travel invoices	Digital document	SD Worx Expense	until 2039
Bank and cash vouchers	Digital document	Oracle Financials	until 2039
Memorials and accruals	Digital document	Oracle Financials, Winpos, VesselERP	until 2039
Payroll accounting vouchers, office	Digital document	Aditron Personec W	until 2039
Payroll accounting vouchers, sea personnel	Digital document	HPSWIN	until 2039
Fixed assets accounting vouchers	Digital document	Oracle Financials	until 2039
Notes	Paper		until 2039

These Financial Statements have been translated into English from the Finnish version. In case of any discrepancies the Finnish version shall prevail.

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Auditor's report

This document is an English translation of the Finnish auditor's report. Only the Finnish version of the report is legally binding.

To the Annual General Meeting of Finnlines Plc
Report on the Audit of the Financial Statements
Opinion

We have audited the financial statements of Finnlines Plc (business identity code 0201153-9) for the year ended 31 December, 2023. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent 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 consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of 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 parent company or the group 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 comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Other opinions

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki 7 March 2024

KPMG OY AB

KIMMO ANTONEN

Kimmo Antonen

KHT

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