



Financial review  
January–June 2020  
30 July 2020

**FINNLINES Q2**

**CHALLENGING Q2 – FINNLINES' SERVICES CONTINUED UNALTERED, EVEN THOUGH GLOBAL PANDEMIC SIGNIFICANTLY REDUCED REVENUE AND WEAKENED RESULT**

**JANUARY–JUNE 2020**

- Revenue EUR 236.4 (295.5 in 2019) million, decrease 20%
- Result before interest, taxes, depreciation and amortization (EBITDA) EUR 66.4 (83.5) million, decrease 20%
- Result for the reporting period EUR 31.7 (46.7) million, decrease 32%
- Interest bearing debt decreased by EUR 88 million and was EUR 367.6 (455.3) million at the end of the period

**APRIL–JUNE 2020**

- Revenue EUR 105.8 (157.9) million, decrease 33%
- Result before interest, taxes, depreciation and amortization (EBITDA) EUR 28.2 (49.4) million, decrease 43%
- Result for the reporting period EUR 11.0 (30.4) million, decrease 64%

**KEY FIGURES**

MEUR	1–6 2020	1–6 2019	4–6 2020	4–6 2019	1–12 2019
Revenue	236.4	295.5	105.8	157.9	574.8
<b>Result before interest, taxes, depreciation and amortisation (EBITDA)</b>	<b>66.4</b>	83.5	<b>28.2</b>	49.4	169.8
Result before interest and taxes (EBIT)	34.2	50.7	12.2	32.6	104.8
% of revenue	14.5	17.2	11.5	20.7	18.2
<b>Result for the reporting period</b>	<b>31.7</b>	46.7	<b>11.0</b>	30.4	98.3
Stakeholders' equity/share, EUR	13.6	12.82	13.6	12.82	13.88
Equity ratio, %	58.2	52.3	58.2	52.3	58.5
Net debt/EBITDA	2.1	2.7	2.1	2.7	2.1
Interest bearing debt, MEUR	367.6	455.3	367.6	455.3	372.2
Net gearing, %	50.3	68.4	50.3	68.4	50.8

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

"The Finnlines Group's revenue for January–June 2020 was EUR 236.4 million compared to EUR 295.5 million in the corresponding period 2019, which was a decrease of 20%. The result for the reporting period was EUR 31.7 million – a 32% decrease compared to EUR 46.7 million in corresponding period last year. The Covid-19 pandemic continued its dramatic effects in Europe and Finland, and operationally the quarter was extremely challenging. The biggest impact has been on passenger traffic which has stopped almost completely. Finnlines, like any other shipping operator, is also suffering from the slowdown in global trade caused by the global pandemic.

Finland's island-like location, and its dependence on sea transportation require frequent and regular liner traffic services. Finnlines is the most important player providing maritime transport of rubber-tyred vehicles, i.e. lorries and trailers to and from Finland. Finnlines alone transports more than one third of the roughly one million trucks moving over the three main sea bridges, Finland–Estonia, Finland–Sweden and Finland–Germany, which are connecting Finland to the rest of Europe. Even in this exceptional situation we are facing today, our vessels have been running and performing their duties as usual. With more than 170 departures each week, into and out of Finland, with a fleet of 21 ships, we have been ensuring that the flow of supplies continues to run smoothly.

Finnlines has been following closely all the emergency measures to shipping companies set by the Governments across the Europe and especially Finnish Government's aids that are granted for the operation of cargo and passenger shipping companies. Finnlines is still in the process with NESÄ aiming for a decision where the support is based and distributed according to each shipping company's share they secure Finland's security of supply in the important rubber-tyred traffic. Finnlines is also hopeful regarding the new proposed supplementary appropriation which is also for awarding grants for shipping companies. Companies that operate in the same sector and compete with each other should have uniform and equal opportunities to apply for and receive financial aid granted by the State and authorities. Non-discrimination and ensuring fair conditions of competition are the basic principles of EU State aid rules.

Besides being a market leader and the most critical company in Finland from the security of supply point of view, Finnlines provides its service in a way that is the most cost-efficient and, also with the lowest CO2 emission per transported rubber-tyred vehicle.

Environmental responsibility has been part of Finnlines' business strategy for a long time and reducing fuel consumption and cutting harmful emissions have been one of the key elements of the strategy. Finnlines has reduced its CO2 emissions by investing in energy efficiency and green technology and by reducing fuel consumption. On top of this, Finnlines is investing in new environmentally friendly vessels to cut emissions further with a total of EUR 0.5 billion. The world's greenest ro-ro vessels are currently being built to accommodate sustainable development and the first ro-ro vessel is expected to start operation as early as next year, and the other two in 2022. In addition to this, Finnlines has also ordered two large Superstar eco-efficient ro-pax vessels, which will pioneer in honouring green values and start in traffic in 2023."

## **FINNLINES' BUSINESS**

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

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

## **GROUP STRUCTURE**

Finnlines Plc is a Finnish public limited company, which operates under Finnish jurisdiction and legislation. At the end of the reporting period, the Group consisted of the parent company and 19 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 120 vessels and employs approximately 16,000 people. It serves over 120 ports in 50 countries in the Mediterranean Sea, North Europe, West Africa, North and South America. The Grimaldi Group comprises seven shipping companies, including Finnlines, Atlantic Container Line (ACL), Malta Motorways of the Sea (MMS) and Minoan Lines.

## **GENERAL MARKET DEVELOPMENT**

Covid-19 pandemic has had a negative impact on import and export volumes. Based on the statistics by Statistics Finland for January–May, the Finnish seaborne imports carried in container, lorry and trailer units (measured in tons) decreased by 6% and exports decreased by 9%. During the same period private and commercial passenger traffic between Finland and Sweden decreased by 55%. Between Finland and Germany the corresponding traffic decreased by 39%. (Statistics Finland 2020.)

## **FINNLINES TRAFFIC**

During the second quarter, Covid-19 pandemic affected both cargo and passenger volumes negatively. In some routes the number of departures have been adjusted due to decreased cargo volumes. The Finnlines Group chartered MS Fionia Sea which was deployed part-time in Baltic traffics.

During the reporting period, Finnlines operated on average 19 (19) vessels in its own traffic.

The cargo volumes transported during January–June totalled approximately 357 (386 in 2019) thousand cargo units, 60 (88) thousand cars (not including passengers' cars) and 522 (581) thousand tons of freight not possible to measure in units. In addition, some 227 (310) thousand private and commercial passengers were transported.

## **FINANCIAL RESULTS**

### **January–June 2020**

The Finnlines Group recorded revenue totalling EUR 236.4 (295.5) million in the reporting period, a decrease of 20% compared to the same period in the previous year. Shipping and Sea Transport Services generated revenue amounting to EUR 225.2 (283.7) million, of which passenger related revenue was EUR 14.6 (25.0) million. The revenue of Port Operations was EUR 21.3 (23.1) million. The internal revenue between the segments was EUR 10.1 (11.2) million. In the beginning of the year strikes in Finnish export industry negatively impacted on cargo volumes. As from March both cargo and passenger volumes have suffered from economic uncertainties and restrictions caused by Covid-19 pandemic.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 66.4 (83.5) million, a decrease of 20%.

Result before interest and taxes (EBIT) was EUR 34.2 (50.7) million. The company prepared a cost savings plan, which has been successfully executed throughout the pandemic.

As a result of the improved financial position, net financial expenses decreased to EUR -2.9 (-4.0) million. Financial income was EUR 0.2 (0.1) million and financial expenses EUR 3.1 (-4.2) million. Result before taxes (EBT) decreased by EUR 15.3 million and was EUR 31.3 (46.7) million. The result for the reporting period was EUR 31.7 (46.7) million.

### **April–June 2020**

The Finnlines Group recorded revenue totalling EUR 105.8 (157.9) million. Cargo volumes have declined during the second quarter, since Covid-19 pandemic caused disturbance in global business activity. Due to a sharp fall of fuel prices cargo-related bunker surcharge has also decreased significantly during the pandemic. The closing of national borders throughout the Europe stopped all leisure travelling, which affected heavily on passenger business. Shipping and Sea Transport Services generated revenue amounting to EUR 100.4 (151.9) million and Port Operations EUR 10.4 (12.0) million. The internal revenue between the segments was EUR 5.0 (6.0) million.



Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 28.2 (49.4) million, a decrease of 43%.

Result before interest and taxes (EBIT) was EUR 12.2 (32.6) million.

Net financial expenses were EUR -1.4 (-1.9) million. Financial income was EUR 0.1 (0.1) million and financial expenses totalled EUR -1.5 (-2.0) million. Result before taxes (EBT) declined by EUR 20.0 million and was EUR 10.7 (30.7) million. The result for April–June was EUR 11.0 (30.4) million.

#### STATEMENT OF FINANCIAL POSITION, FINANCING AND CASH FLOW

Interest-bearing debt decreased by EUR 88 million to EUR 367.6 (455.3) million, excluding leasing liabilities of EUR 18.7 (16.8) million. Net interest-bearing debt at the end of period was EUR 351.5 (451.4) million. Net interest-bearing debt/EBITDA (rolling 12 months) ratio amounted to 2.1 (2.7) and the equity ratio calculated from the balance sheet was 58.2% (52.3%). Net gearing resulted in 50.3% (68.4%). Covid-19 pandemic has not affected the availability or terms of financing.

The Group's liquidity position is strong and at the end of the period, cash and cash equivalents together with unused committed credit facilities amounted to EUR 131.1 (125.9) million.

Net cash generated from operating activities remained strong and was EUR 72.8 (77.2) million.

#### CAPITAL EXPENDITURE

The Finnlines Group's gross capital expenditure in the reporting period totalled EUR 8.7 (29.9) million, including tangible and intangible assets. Total depreciation and amortisation amounted to EUR 32.2 (32.8) million. The investments consist of normal replacement expenditure of fixed assets, new cargo handling equipment, dry-dockings, and prepayments related to green ro-ro and ro-pax newbuildings.

The Company has steered large investments advancing sustainable development, i.e. environmental technology investments to further reduce the Finnlines fleet's emissions, installation of modern propulsion systems and ship lengthenings to decrease energy consumption. During the past years, Finnlines has continued to deploy larger and larger vessels in order to benefit from economies of scale.

The Company has ordered five ultra green generation vessels, three green hybrid ro-ro vessels and two eco-efficient Superstar ro-pax vessels which represents a total investment worth EUR 500 million. The first ro-ro vessel is expected to start operation in 2021, and the other two in the first half of 2022. The Superstar ro-pax vessels are set to start operating in 2023. The significant newbuilding investment will also give Finnlines the flexibility to remove some of the older existing vessels from the fleet in order to let new units enter, improving the green footprint of the Company.

#### PERSONNEL

The Group employed an average of 1,532 (1,566) persons during the reporting period, consisting of 845 (859) persons at sea and 687 (707) persons on shore. The number of persons employed at the end of the period was 1,604 (1,666) in total, of which 885 (935) at sea and 719 (731) on shore.

The personnel expenses (including social costs) for the reporting period were EUR 43.1 (44.4) million. The decrease in personnel expenses is due to the effects of the Covid-19 on the business resulting in strict cost savings plan including e.g. temporary lay-offs in sea personnel and decrease in working hours done in shore personnel.

#### THE FINNLINES SHARE

The Company's paid-up and registered share capital on 30 June 2020 totalled EUR 103,006,282. The capital stock consisted of 51,503,141 shares.

Finnlines Plc is fully owned by the Grimaldi Group.

#### RISKS AND RISK MANAGEMENT

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

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

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

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

Finnlines has cash and unused committed credit facilities over EUR 130 million and the Company initiated a cost savings plan in April, which both enable the Company to mitigate the negative effects of Covid-19 pandemic.

#### **LEGAL PROCEEDINGS**

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

#### **CORPORATE GOVERNANCE**

The Corporate Governance Statement can be reviewed on the Company's website: [www.finnlines.com](http://www.finnlines.com).

#### **EVENTS AFTER THE REPORTING PERIOD**

As from 13 July 2020, Finnish Government has opened the borders for several European countries, which will increase passenger activities on board Finnlines' vessels.

#### **OUTLOOK AND OPERATING ENVIRONMENT**

The Covid-19 pandemic continues to effect negatively Finnlines' operations but the Company has initiated cost savings measures already in April in order to mitigate those effects. The Company has also adequate financial flexibility through its strong balance sheet, cost-efficient operations and committed undrawn credit facilities. The duration of the pandemic is still hard to predict but the above mentioned measures the Company has taken together with its past investments made in energy efficient fleet, Finnlines Group is expected to remain strong throughout the period. Needless to say, the State aid decisions have to be such that the fair market mechanism prevails also in the future and that the aid decisions do not distort the competition, so that even and transparent level playing field is guaranteed to all operators in the sector.

The third financial review of 2020 for the period of 1 January–30 September 2020 will be published on Monday, 9 November 2020.

Finnlines Plc  
The Board of Directors

Emanuele Grimaldi  
President and CEO

#### **FURTHER INFORMATION**

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## DISTRIBUTION

Main media

This interim report is unaudited.

## REPORTING AND ACCOUNTING POLICIES

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

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

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

The preparation of the interim financial statements in accordance with IFRS requires management to make estimates and assumptions and use its discretion in applying the accounting principles that affect the valuation of the reported assets and liabilities and other information such as contingent liabilities and the recognition of income and expenses in the income statement. Although the estimates are based on the management's best knowledge of current events and actions, actual results may differ from the estimates. The uncertainties related to the key assumptions were the same as those applied to the consolidated financial statements at the year-end 31 December 2019.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS**

<b>EUR 1,000</b>	<b>4–6 2020</b>	<b>4–6 2019</b>	<b>1–6 2020</b>	<b>1–6 2019</b>	<b>1–12 2019</b>
<b>Revenue</b>	<b>105,831</b>	157,940	<b>236,376</b>	295,516	574,779
Other income from operations	225	128	436	394	1,516
Materials and services	-28,046	-50,590	-66,250	-99,125	-180,806
Personnel expenses	-21,632	-22,862	-43,111	-44,353	-88,714
Depreciation, amortisation and impairment losses	-16,038	-16,723	-32,215	-32,815	-65,065
Other operating expenses	-28,167	-35,257	-61,001	-68,914	-136,956
Total operating expenses	-93,883	-125,431	-202,577	-245,207	-471,541
<b>Result before interest and taxes (EBIT)</b>	<b>12,173</b>	32,636	<b>34,235</b>	50,702	104,754
Financial income	80	78	171	127	286
Financial expenses	-1,512	-2,016	-3,070	-4,166	-7,746
<b>Result before taxes (EBT)</b>	<b>10,740</b>	30,698	<b>31,335</b>	46,663	97,293
Income taxes	228	-262	352	8	964
<b>Result for the reporting period</b>	<b>10,969</b>	30,436	<b>31,687</b>	46,671	98,258
<b>Other comprehensive income:</b>					
<b>Other comprehensive income to be reclassified to profit and loss in subsequent periods:</b>					
Exchange differences on translating foreign operations	-20	-28	-55	-2	34
Fair value changes on currency derivatives	-1,884	91	3,431	2,911	6,061
Other comprehensive income to be reclassified to profit and loss in subsequent periods, total	-1,904	62	3,376	2,909	6,095
<b>Other comprehensive income not being reclassified to profit and loss in subsequent periods:</b>					
Remeasurement of defined benefit plans	0	0	0	0	-400
Tax effect, net				0	83
Other comprehensive income not being reclassified to profit and loss in subsequent periods, total	0	0	0	0	-317
<b>Total comprehensive income for the reporting period</b>	<b>9,065</b>	30,498	<b>35,063</b>	49,580	104,036
<b>Result for the reporting period attributable to:</b>					
Parent company shareholders	10,969	30,436	31,687	46,671	98,258
	10,969	30,436	31,687	46,671	98,258
<b>Total comprehensive income for the reporting period attributable to:</b>					
Parent company shareholders	9,065	30,498	35,063	49,580	104,036
	9,065	30,498	35,063	49,580	104,036
<b>Result for the reporting period attributable to parent company shareholders calculated as earnings per share (EUR/share)</b>					
Undiluted / diluted earnings per share	0.21	0.59	0.62	0.91	1.91
Average number of shares					
Undiluted / diluted	51,503,141	51,503,141	51,503,141	51,503,141	51,503,141

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS**

EUR 1,000	30 Jun 2020	30 Jun 2019	31 Dec 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	957,245	1,002,045	979,741
Goodwill	105,644	105,644	105,644
Other intangible assets	3,850	4,054	3,958
Other financial assets	7,075	7,253	7,072
Receivables	13,866	7,856	10,658
Deferred tax assets	2,967	3,500	2,940
	1,090,646	1,130,352	1,110,013
<b>Current assets</b>			
Inventories	5,564	7,071	6,152
Accounts receivable and other receivables	81,915	117,846	86,916
Income tax receivables	0	4	2
Cash and cash equivalents	16,069	3,935	9,208
	103,548	128,857	102,277
<b>Non-current assets held for sale</b>	14,610	14,610	14,610
<b>Total assets</b>	1,208,805	1,273,819	1,226,901
<b>EQUITY</b>			
<b>Equity attributable to parent company shareholders</b>			
Share capital	103,006	103,006	103,006
Share premium account	24,525	24,525	24,525
Translation differences	109	119	140
Fund for invested unrestricted equity	40,016	40,016	40,016
Fair value reserve *	13,054	6,473	9,623
Retained earnings	517,468	486,023	537,309
	698,180	660,163	714,620
<b>Non-controlling interests</b>	0	0	0
<b>Total equity</b>	698,180	660,163	714,620
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Deferred tax liabilities	45,989	48,138	46,423
Pension liabilities	3,453	3,257	3,442
Provisions	1,697	1,730	1,697
Loans from financial institutions	232,594	296,275	219,643
	283,733	349,400	271,206
<b>Current-liabilities</b>			
Accounts payable and other liabilities	72,964	88,191	68,975
Current tax liabilities	0	0	8
Provisions	220	255	253
Loans from financial institutions	153,708	175,810	171,840
	226,893	264,256	241,075
<b>Total liabilities</b>	510,625	613,656	512,281
<b>Total equity and liabilities</b>	1,208,805	1,273,819	1,226,901

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



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2019, IFRS

EUR 1,000	Equity attributable to parent company shareholders						Total equity
	Share capital	Share issue premium	Translation differences	Unrestricted equity reserve	Fair value reserve	Retained earnings	
<b>Reported equity 1 January 2019</b>	103,006	24,525	119	40,016	3,562	490,858	662,087
<b>Comprehensive income for the reporting period:</b>							
Result for the reporting period						46,671	46,671
Exchange differences on translating foreign operations			0			-2	-2
Fair value changes on currency derivatives					2,911		2,911
<b>Total comprehensive income for the reporting period</b>	0	0	0	0	2,911	46,669	49,580
Dividend						-51,503	-51,503
<b>Equity 30 June 2019</b>	103,006	24,525	119	40,016	6,473	486,023	660,163

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2020, IFRS

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

# CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR 1,000	1–6 2020	1–6 2019	1–12 2019
<b>Cash flows from operating activities</b>			
Results for the reporting period	31,687	46,671	98,258
Adjustments			
Non-cash transactions	32,080	32,864	64,408
Unrealised foreign exchange gains (-) / losses (+)	-2	-1	
Financial income and expenses	2,902	4,040	7,461
Taxes	-352	-8	-964
Changes in working capital			
Change in accounts receivable and other receivables	5,088	-13,300	18,481
Change in inventories	588	667	1,586
Change in accounts payable and other liabilities	3,134	9,584	-8,024
Change in provisions	-22	0	151
Interest paid	-1,337	-2,360	-5,714
Interest received	30	19	35
Taxes paid	-114	-120	-225
Other financing items	-877	-883	-1,845
<b>Net cash generated from operating activities</b>	<b>72,803</b>	<b>77,173</b>	<b>173,609</b>
<b>Cash flow from investing activities</b>			
Investments in tangible and intangible assets	-8,313	-24,426	-31,357
Sale of tangible assets	141	-44	252
Acquisition of non-controlling interests		0	287
<b>Net cash used in investing activities</b>	<b>-8,173</b>	<b>-24,470</b>	<b>-30,818</b>
<b>Cash flows from financing activities</b>			
Loan withdrawals	40,000	66,552	76,000
Net increase in current interest-bearing liabilities (+) / net decrease (-)	-18,257	-4,189	0
Repayment of loans	-26,326	-61,474	-156,948
Payment of lease liabilities	-1,673		-2,983
Dividends paid	-51,503	-51,503	-51,503
<b>Net cash used in financing activities</b>	<b>-57,760</b>	<b>-50,614</b>	<b>-135,434</b>
<b>Change in cash and cash equivalents</b>	<b>9,208</b>	<b>2,089</b>	<b>7,356</b>
Cash and cash equivalents 1 January	6,870	1,850	1,850
Effect of foreign exchange rate change	-9	-3	2
<b>Cash and cash equivalents at the end of periods</b>	<b>16,069</b>	<b>3,935</b>	<b>9,208</b>

## REVENUE AND RESULT BY BUSINESS SEGMENTS

	4–6 2020		4–6 2019		1–6 2020		1–6 2019		1–12 2019	
	MEUR	%	MEUR	%	MEUR	%	MEUR	%	MEUR	%
<b>Revenue</b>										
Shipping and sea transport services	100.4	94.9	151.9	96.2	225.2	95.3	283.7	96.0	550.9	96.2
Port operations	10.4	9.9	12.0	7.6	21.3	9.0	23.1	7.8	45.4	7.4
Intra-group revenue	-5.0	-4.8	-6.0	-3.8	-10.1	-4.3	-11.2	-3.8	-21.5	-3.6
<b>External sales</b>	<b>105.8</b>	<b>100.0</b>	<b>157.9</b>	<b>100.0</b>	<b>236.4</b>	<b>100.0</b>	<b>295.5</b>	<b>100.0</b>	<b>574.8</b>	<b>100.0</b>
<b>Result before interest and taxes</b>										
Shipping and sea transport services	11.4		32.0		32.9		50.1		102.5	
Port operations	0.8		0.6		1.3		0.6		2.2	
<b>Result before interest and taxes (EBIT) total</b>	<b>12.2</b>		<b>32.6</b>		<b>34.2</b>		<b>50.7</b>		<b>104.8</b>	
Financial income and expenses	-1.4		-1.9		-2.9		-4.0		-7.5	
<b>Result before taxes (EBT)</b>	<b>10.7</b>		<b>30.7</b>		<b>31.3</b>		<b>46.7</b>		<b>97.3</b>	
Income taxes	0.2		-0.3		0.4		0.0		1.0	
<b>Result for the reporting period</b>	<b>11.0</b>		<b>30.4</b>		<b>31.7</b>		<b>46.7</b>		<b>98.3</b>	

## REVENUE BY GEOGRAPHICAL AREA

EUR 1,000	1–6 2020	1–6 2019	1–12 2019
<b>Revenue</b>			
Finland	95,562	128,756	245,275
Sweden	35,571	43,994	86,344
Germany	26,886	35,251	70,698
Other EU countries	67,305	78,708	156,037
Russia	3,057	3,704	7,126
Other	7,994	5,103	9,299
	<b>236,376</b>	<b>295,516</b>	<b>574,779</b>

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

## REVENUE BY FUNCTIONS

EUR 1,000	1–6 2020	1–6 2019	1–12 2019
<b>Revenue</b>			
Freight and other shipping services	210,718	258,886	491,320
Passenger services	14,608	24,980	59,910
Port operations	11,051	11,650	23,549
	<b>236,376</b>	<b>295,516</b>	<b>574,779</b>

**PROPERTY, PLANT AND EQUIPMENT 2020**

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

Not including right-of-use assets.

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

EUR 1,000	Land and water	Buildings and structures	Machinery and equipment	Total
<b>Right-of-use assets 2020</b>				
Acquisition cost 1 January 2020	18,642	2,514	1,018	22,174
Exchange rate differences			-1	-1
Increases		956		956
Disposals				
Reclassifications between items		-2	-1	-4
<b>Acquisition cost 30 June 2020</b>	<b>18,642</b>	<b>3,468</b>	<b>1,015</b>	<b>23,125</b>
Accumulated depreciation, amortisation and write-offs 1 January 2020	-1,733	-861	-372	2,966
Exchange rate differences			1	1
Cumulative depreciation on reclassifications and disposals		1	1	1
Depreciation for the reporting period	-866	-543	-184	-1,593
<b>Accumulated depreciation, amortisation and write-offs 30 June 2020</b>	<b>-2,599</b>	<b>-1,403</b>	<b>-555</b>	<b>-4,558</b>
<b>Carrying value 30 June 2020</b>	<b>16,042</b>	<b>2,063</b>	<b>460</b>	<b>18,566</b>
<b>Property, plant and equipment, total</b>				<b>957,245</b>

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

**PROPERTY, PLANT AND EQUIPMENT 2019**

<b>EUR 1,000</b>	<b>Land</b>	<b>Buildings</b>	<b>Vessels</b>	<b>Machinery and equipment</b>	<b>Advance payments &amp; acquisitions under construction</b>	<b>Total</b>
Acquisition cost 1 January 2019	72	67,316	1,461,477	66,404	5,711	1,600,980
Exchange rate differences				-1		-1
Increases		1	10,208	166	19,387	29,762
Disposals		-2	-220	-250		-472
Reclassifications between items		4	999	74	-5,471	-4,394
Reclassifications to non-current assets held for sale *		-3,297		-22,395		-25,691
<b>Acquisition cost 30 June 2019</b>	<b>72</b>	<b>64,022</b>	<b>1,472,464</b>	<b>43,998</b>	<b>19,627</b>	<b>1,600,184</b>
Accumulated depreciation, amortisation and write-offs 1 January 2019		-21,401	-530,642	-43,440		-595,482
Exchange rate differences				1		1
Cumulative depreciation on reclassifications and disposals		2	220	245		467
Depreciation for the reporting period		-1,418	-28,927	-592		-30,938
<b>Accumulated depreciation, amortisation and write-offs 30 June 2019</b>	<b>0</b>	<b>-22,817</b>	<b>-559,349</b>	<b>-43,786</b>	<b>0</b>	<b>-625,953</b>
Reclassifications to non-current assets held for sale *		570		10,510		11,081
<b>Carrying value 30 June 2019</b>	<b>72</b>	<b>41,776</b>	<b>913,115</b>	<b>10,722</b>	<b>19,627</b>	<b>985,312</b>

\* Assets held for sale:

Finnlines is negotiating a sale of Port Operations' assets with carrying value of EUR 14.6 million. No impairment losses were recognised on the carrying values of these assets in 2018 or 2019, as according to management's estimate, the fair value of the assets classified as held for sale was higher than the carrying value at the balance sheet date 30 June 2018 and 30 June 2019.

Not including right-of-use assets.

<b>EUR 1,000</b>	<b>Land and water, right-of-use</b>	<b>Buildings and structures, right-of-use</b>	<b>Machinery and equipment, right-of-use</b>	<b>Total</b>
<b>Right-of-use assets 2019</b>				
Acquisition cost 1 January 2019	14,881	2,306	2,442	19,630
Exchange rate differences			1	1
Increases		156	128	284
Disposals				0
Reclassifications between items			-27	-27
<b>Acquisition cost 30 June 2019</b>	<b>14,881</b>	<b>2,462</b>	<b>2,544</b>	<b>19,887</b>
Accumulated depreciation, amortisation and write-offs 1 January 2019			-1,657	-1,657
Exchange rate differences				0
Cumulative depreciation on reclassifications and disposals			0	0
Depreciation for the reporting period	-866	-445	-185	-1,496
<b>Accumulated depreciation, amortisation and write-offs 30 June 2019</b>	<b>-866</b>	<b>-445</b>	<b>-1,842</b>	<b>-3,153</b>
<b>Carrying value 30 June 2019</b>	<b>14,014</b>	<b>2,016</b>	<b>702</b>	<b>16,733</b>

<b>EUR 1,000</b>	<b>Buildings</b>	<b>Machinery and equipment</b>	<b>Total</b>
<b>Assets classified as held for sale 1 January 2019</b>			
<b>Acquisition cost</b>			
Transfer to non-current assets held for sale	3,297	22,395	25,691
<b>Accumulated depreciation</b>			
Transfer to non-current assets held for sale	-570	-10,510	-11,081
<b>Carrying value 30 June 2019</b>	<b>2,726</b>	<b>11,884</b>	<b>14,610</b>



## LEASES

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

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

### Amounts recognized in profit or loss

EUR 1,000	1–6 2020	1–6 2019
Interest on lease liabilities 30 June 2020	120	134
Expenses relating to short-term leases	144	944
Expenses relating to low-value assets	161	199
Service components of lease payments 30 June 2020	99	100
Lease payments of all leases accounted according to IFRS 16	1,669	1,568
<b>Total cash flow of all leases 30 June 2020</b>	<b>2,073</b>	<b>2,811</b>

### Maturity analysis

EUR 1,000	2020	2019
<b>Contractual undiscounted cash flows</b>		
Less than one year	3,187	3,150
One to five years	8,482	9,020
More than five years	15,535	17,220
<b>Total undiscounted lease liabilities at 30 June</b>	<b>27,204</b>	<b>29,390</b>
Short term leasing liability	2,928	2,885
Long term leasing liability	15,792	13,910
<b>Lease liabilities included in statement of financial position at 30 June</b>	<b>18,720</b>	<b>16,795</b>

## 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 belonging to level 2. Also included in level 2 are foreign currency derivatives acquired to hedge against cash flow risk related to committed vessel orders. There is no material difference between carrying values and fair values of these instruments.

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

Level 3 includes unlisted shares amounting to EUR 7.1 million (7.3 in 2019), which are valued at the lower of acquisition cost or probable value, as their fair value cannot be reliably measured. Majority of the unlisted shares consists of Steveco Oy's shares of which Finnlines owns 25.4%. This shareholding is presented in financial assets, because Finnlines has does not have significant influence in Steveco Oy.

## CONTINGENCIES AND COMMITMENTS

EUR 1,000	30 Jun 2020	30 Jun 2019	31 Dec 2019
Minimum leases payable in relation to fixed term leases			
<b>Vessel leases (Group as lessee):</b>			
Within 12 months	408	0	0
1–5 years	0	0	0
	408	0	0
<b>Vessel leases (Group as lessor):</b>			
Within 12 months	8,971	6,771	8,491
1–5 years	2,997	9,750	6,346
	11,968	16,521	14,837
<b>Other leases (Group as lessee):</b>			
Within 12 months	98	155	105
1–5 years	117	210	160
After five years	0	0	0
	215	365	264
<b>Other leases (Group as lessor):</b>			
Within 12 months	417	293	227
1–5 years	73		
	490	293	227
<b>Collateral given</b>			
Loans from financial institutions	256,744	359,507	276,718
<b>Vessel mortgages provided as guarantees for the above loans</b>	<b>639,500</b>	722,000	639,500
<b>Other collateral given on own behalf</b>			
Pledges	340	150	340
	340	150	340
<b>Other obligations</b>			
Obligations, related to vessel investments	433,537	165,796	429,447
Other external obligations *	2,709	2,295	2,950
	436,246	168,091	432,397
<b>VAT adjustment liability related to real estate investments</b>	<b>3</b>	4	4

\* Other external obligations are related to lengthening of ro-ro vessels, emission abatement systems, reblading obligations and other investments on vessels.

## REVENUE AND RESULT BY QUARTER

MEUR	Q1/20	Q1/19	Q2/20	Q2/19	Q3/20	Q3/19	Q4/20	Q4/19
<b>Revenue</b>								
Shipping and sea transport services	124.7	131.8	100.4	151.9		149.1		118.1
Port operations	10.9	11.0	10.4	12.0		11.5		10.9
Intra-group revenue	-5.1	-5.3	-5.0	-6.0		-5.3		-5.0
<b>External sales</b>	<b>130.5</b>	137.6	<b>105.8</b>	157.9		155.3		124.0
<b>Result before interest and taxes</b>								
Shipping and sea transport services	21.5	18.1	11.4	32.0		35.9		16.5
Port operations	0.6	0.0	0.8	0.6		1.4		0.3
<b>Result before interest and taxes (EBIT) total</b>	<b>22.1</b>	18.1	<b>12.2</b>	32.6		37.2		16.8
Financial income and expenses	-1.5	-2.1	-1.4	-1.9		-1.8		-1.6
<b>Result before taxes (EBT)</b>	<b>20.6</b>	16.0	<b>10.7</b>	30.7		35.4		15.2
Income taxes	0.1	0.3	0.2	-0.3		-0.3		1.3
<b>Result for the reporting period</b>	<b>20.7</b>	16.2	<b>11.0</b>	30.4		35.1		16.5
EPS (undiluted / diluted) EUR	0.40	0.32	0.21	0.59		0.68		0.32

## SHARE INFORMATION

	30 Jun 2020	30 Jun 2019
Number of shares	51,503,141	51,503,141

Finnlines Plc is fully owned by the Grimaldi Group

## EVENTS AFTER THE REPORTING PERIOD

As from 13 July 2020, Finnish Government has opened the borders for several European countries, which will increase passenger activities on board Finnlines' vessels.

## CALCULATION OF RATIOS

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

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

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## RELATED PARTY TRANSACTIONS

As of April 2019, Finnlines chartered out MS Finnsea to Grimaldi Group. The business transactions were carried out using market-based pricing. Otherwise, there were no material related party transactions during the reporting period.