

**Financial review Q4
January–December 2020
25 February 2021**



FINNLINES INVESTS EUR 0.5 BILLION IN GREEN VESSELS AND FOR LONG-TERM GROWTH – SAFEGUARDING NATIONAL EMERGENCY SUPPLY WITH EMISSION-FREE TECHNOLOGY

JANUARY–DECEMBER 2020

- Revenue EUR 484.0 (574.8 in 2019) million, decrease 16%
- Result before interest, taxes, depreciation and amortization (EBITDA) EUR 140.8 (169.8) million, decrease 17%
- Result for the reporting period EUR 69.7 (98.3) million, decrease 29%
- Interest bearing debt decreased by EUR 40.5 million and was EUR 331.7 (372.2) million at the end of the period

OCTOBER–DECEMBER 2020

- Revenue EUR 120.9 (124.0) million, decrease 3%
- Result before interest, taxes, depreciation and amortization (EBITDA) EUR 33.6 (33.0) million, increase 2%
- Result for the reporting period EUR 15.6 (16.5) million, decrease 5%

KEY FIGURES

MEUR	1–12 2020	1–12 2019	10–12 2020	10–12 2019
Revenue	484.0	574.8	120.9	124.0
Result before interest, taxes, depreciation and amortisation (EBITDA)	140.8	169.8	33.6	33.0
Result before interest and taxes (EBIT)	76.2	104.8	17.5	16.8
% of revenue	15.7	18.2	14.5	13.6
Result for the reporting period	69.7	98.3	15.6	16.5
Stakeholders' equity/share, EUR	14.07	13.88	14.1	13.88
Equity ratio, %	60.7	58.5	60.7	58.5
Net debt/EBITDA	2.3	2.1	2.3	2.1
Interest bearing debt, MEUR	331.7	372.2	331.7	372.2
Net gearing, %	45.5	50.8	45.5	50.8

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

"Finnlines Group's turnover was EUR 484.0 (574.8) million in the reporting period, a decrease of 16% compared to the same period in the previous year. The EUR 91.0 million turnover reduction against last year consisted of a sharp passenger revenue loss due to the corona pandemic of EUR 21.4 million, and a freight turnover loss of EUR 70 million. Quite importantly, EUR 47 million of the said freight turnover reduction stemmed from a reduction of bunker surcharges asked from clients during pandemic. The bunker surcharge reductions awarded from Finnlines to clients as from March 2020 were far beyond what was awarded from Finnlines to clients during the previous years, and also far beyond what was awarded from Finnlines competitors to clients in the same period. We are proud to state that this policy resulted in a net saving for clients in one of the toughest period for Finnish economy, and it has been made possible thanks to the logistic efficiencies made by our Group.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 140.8 (169.8) million, a decrease of 17%. At the end of the first quarter, Finnlines reacted promptly to the first signs of the widespread economic fallout of the ongoing crisis and initiated a cost saving plan to mitigate the Covid-19 impact. We were not, of course, immune, but our flexibility and agility, which are based on an in-depth industry knowledge, allowed us to successfully implement the cost saving plans. As a result, we maintained a feasible profitability throughout the latter part of the year and the result for the reporting period was EUR 69.7 (98.3) million, which we are very proud of. Finnlines alone transports more than a third of the one million rubber-tyred units, i.e. trucks and trailers, which move annually across Finland's three main sea bridges, Finland–Sweden, Finland–Germany and Finland–Estonia. Finnlines is a critical player in transporting medicines, foodstuffs and other commodities to Finland. Furthermore, Finnlines is an important carrier of industrial products, spare parts, machinery and equipment. As an example, Finnlines' Naantali–Långnäs–Kapellskär route is the most important western maritime route in safeguarding the security of supplies for Finland. Finnlines is the market leader in maritime transport between Finland and Sweden.

In 2020, we reached an important milestone in our EUR 0.5 billion green newbuilding programme. All three ultra green hybrid ro-ro vessels are now undergoing different construction stages and the investment programme continues as planned, on schedule and as budgeted. The vessels will be built with the latest technology available to ensure the lowest carbon dioxide and other emissions. In addition, lithium-ion battery systems will allow zero-emissions at port. Deliveries of all three recently named vessels in the series, Finneco I, Finneco II and Finneco III, are expected between November 2021 and April 2022. In addition to these three ro-ro vessels, we have also ordered two eco-efficient Superstar ro-pax vessels, which are scheduled to start operating in 2023. Superstar ro-pax vessels will bring new innovative solutions to our services and the environmental perspective is taken into account everywhere. The new ships will have a full intake up to 5,100 lane metres and 1,100 passengers.

Regardless of our pivotal supply role, green and sustainable leadership and despite Finnlines' turnover and profitability have also declined due to economic slowdown, we were not made part of any of the EUR 70 million maritime public financial aid distributed to other shipping companies during the Covid-19 pandemic. On the contrary, we found ourselves to compete in a very tough period, with a lot of sustainable investments ongoing, against competitors operating on the same routes, with same type of services, but without enjoying at all their subsidies. This of course cause to Finnlines harm and difficulties. Furthermore, this has proved to be unequal, distortive of market rules and against the EU market laws. We therefore still dare to suggest a more equal, horizontal, green and proportional distribution of public aids.

Looking into 2021, regular high frequency traffic between Finland and the rest of Europe will continue to be the foundation of Finnlines' operations as well as continued investments in sustainability. By constantly renewing and developing the fleet for our customers, using the latest technology and innovations, we can proudly say that we are Finland's premier seafreight operator."

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 130 vessels and employs approximately 16,000 people. It serves over 140 ports in 50 countries in the Mediterranean Sea, North Europe, West Africa, North and South America. The Grimaldi Group comprises seven shipping companies, including Finnlines, Atlantic Container Line (ACL), Malta Motorways of the Sea (MMS) and Minoan Lines.

GENERAL MARKET DEVELOPMENT

Finnlines' main operating area connects trade partners around Baltic Sea. Based on the OECD Eurostat the change of Gross Domestic Product in all European countries remained negative during January–September in comparison with 2019. The change of GDP in the third quarter 2020 has been positive when compared with the previous quarter. In Germany the reported GDP improved in the third quarter 2020 by 8.5% compared with the previous quarter of 2020, while in Sweden the corresponding increase was 4.9%. In Finland GDP change in the third quarter was 3.2% compared with the second quarter of 2020. (Eurostat 2020.)

Based on the statistics by Statistics Finland for January–December, the Finnish seaborne imports carried in container, lorry and trailer units (measured in tons) decreased by 4% and exports decreased by 7%. During the same period private and commercial passenger traffic between Finland and Sweden decreased by 73%. Between Finland and Germany the corresponding traffic decreased by 46%. (Statistics Finland.)

FINNLINES TRAFFIC

During the fourth quarter Covid-19 pandemic continued to affect passenger volumes negatively, while transported cargo volumes recovered compared to previous quarters.

Finnlines operated on average 19 (18) vessels in its own traffic.

The cargo volumes transported during January–December totalled approximately 723 (738 in 2019) thousand cargo units 154 (166) thousand cars (not including passengers' cars) and 1,107 (1,113) thousand tons of freight not possible to measure in units. In addition, some 501 (665) thousand private and commercial passengers were transported.

FINANCIAL RESULTS

January–December 2020

The Finnlines Group recorded revenue totalling EUR 484.0 (574.8) million in the reporting period, a decrease of 16% compared to the same period in the previous year. Shipping and Sea Transport Services generated revenue amounting to EUR 461.8 (550.9) million, of which passenger related revenue was EUR 39.0 (59.9) million. The revenue of Port Operations was EUR 42.8 (45.4) million. Since March 2020 Covid-19 pandemic has affected negatively on cargo and passenger volumes. Towards the end of the year transported cargo volumes started to recover at almost on last year's level. Instead the number of private passengers has been significantly lower than in 2019 due to the severe restrictions on leisure travelling throughout the Europe. In Port Operations the revenue declined also when the pandemic affected on transported goods. The internal revenue between the segments was EUR 20.6 (21.5) million.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 140.8 (169.8) million, a decrease of 17%.

Result before interest and taxes (EBIT) was EUR 76.2 (104.8) million. In the end of the first quarter Finnlines implemented a cost saving plan to mitigate the Covid-19 impact. This plan has been executed successfully during the year. Other operative income includes also a business cost support of EUR 0.5 million paid by Finnish State Treasury.

As a result of the improved financial position, net financial expenses decreased to EUR -5.6 (-7.5) million. Financial income was EUR 0.5 (0.3) million and financial expenses EUR -6.1 (-7.7) million. Result before taxes (EBT) decreased by EUR 26.6 million and was EUR 70.6 (97.3) million. The result for the reporting period was EUR 69.7 (98.3) million.

October–December 2020

The Finnlines Group recorded revenue totalling EUR 120.9 (124.0) million. Cargo volumes have continued to recover during the last quarter of the year, but the amount of private passengers have remained low due to the travelling restrictions throughout Europe. Fuel prices and respective cargo-related bunker surcharge have increased during the fourth quarter. Shipping and Sea Transport Services generated revenue amounting to EUR 115.4 (118.1) million and Port Operations EUR 10.9 (10.9) million. The internal revenue between the segments was EUR 5.4 (5.0) million.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 33.6 (33.0) million, a decrease of 17%.

Result before interest and taxes (EBIT) was EUR 17.5 (16.8) million.

Net financial expenses were EUR -1.2 (-1.6) million. Financial income was EUR 0.1 (0.1) million and financial expenses totalled EUR -1.3 (-1.7) million. Result before taxes (EBT) increased by EUR 1.2 million and was EUR 16.3 (15.2) million. The result for October–December was EUR 15.6 (16.5) million.

STATEMENT OF FINANCIAL POSITION, FINANCING AND CASH FLOW

Interest-bearing debt decreased by EUR 40.5 million to EUR 331.7 (372.2) million, excluding leasing liabilities of EUR 17.7 (19.3) million. Net interest-bearing debt at the end of period was EUR 329.8 (363.0) million. Net interest-bearing debt/EBITDA (rolling 12 months) ratio amounted to 2.3 (2.1) and the equity ratio calculated from the balance sheet was 60.7% (58.5%). Net gearing resulted in 45.5% (50.8%). 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 226.8 (164.2) million.

Net cash generated from operating activities remained strong and was EUR 138.0 (173.6) million.

CAPITAL EXPENDITURE

The Finnlines Group's gross capital expenditure in the reporting period totalled EUR 50.4 (31.4) million, including tangible and intangible assets. Total depreciation and amortisation amounted to EUR 64.6 (65.1) million. The investments consist of normal replacement expenditure of fixed assets, new cargo handling equipment, dry-dockings, and environmental investments prepayments related to green ro-ro and ro-pax newbuildings.

The Company has continued to invest in sustainability and environmental technology within its existing fleet. The installation of ballast water treatment on ships has started and the project will be completed in the following couple of years. Ballast water is used to trim and stabilise ships, but it may carry harmful aquatic species and therefore Finnlines has decided to install new ballast water systems to its entire fleet.

Finnlines' EUR 500 million investment, the newbuilding programme, has proceeded as planned during the year, and all three new ro-ro vessels are now in production at Nanjing Jingling Shipyard in China. The first new green hybrid ro-ro, Finneco I, is scheduled to start operating already in November 2021. The investment includes also two new Superstar ro-pax vessels which are currently being designed and their construction work is set to start in 2021. The ro-paxes are expected to be delivered in 2023. Finnlines invests in sustainability on its new vessels, for instance, by installing solar panels, a high-powered battery bank and an air lubrication system. These environmentally friendly vessels are a significant step towards even a more sustainable and eco-efficient fleet.

PERSONNEL

The Group employed an average of 1,534 (1,576) persons during the reporting period, consisting of 849 (869) persons at sea and 685 (707) persons on shore. The number of persons employed at the end of the period was 1,519 (1,538) in total, of which 834 (858) at sea and 685 (680) on shore.

The personnel expenses (including social costs) for the reporting period were EUR 83.4 (88.7) million. The decrease in personnel expenses is due to the effects of the Covid-19 on the business and, as a result in strict cost saving plan including e.g. minimal number of seasonal employees, temporary lay-offs and other decrease in working hours in sea and shore personnel.

THE FINNLINES SHARE

The Company's paid-up and registered share capital on 31 December 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. Travel restrictions imposed in many countries affect the Company's business operations. Finnish Government will review its decisions on border traffic restrictions on regular basis and, if necessary, make new decisions.

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

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

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

Finnlines has cash and unused committed credit facilities over EUR 200 million and the Company initiated cost saving plans in April 2020, which both enable the Company to mitigate the negative effects of Covid-19 pandemic.

LEGAL PROCEEDINGS

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

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

CORPORATE GOVERNANCE

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

EVENTS AFTER THE REPORTING PERIOD

There are no significant events to report.

OUTLOOK AND OPERATING ENVIRONMENT

The year 2020 was extraordinary as the global Covid-19 pandemic emerged and affected the market. There is still uncertainty in the global market, depending on how long it takes to bring the pandemic under control and how swiftly the economy recovers. However, Finnlines has succeeded in maintaining a strong operative performance and a solid financial position even during the pandemic, which can be seen in the strong balance sheet. The Company started already in April 2020 cost saving measures and continues to improve the efficiency of its operations. This year looks promising as there are several improvement initiatives ongoing, including the delivery of the new large and eco-efficient ro-ro vessel. It can be expected that the Company will remain strong as it seems the Finnlines Group's diverse business concept is working.

The first financial review of 2021 for the period of 1 January–31 March 2021 will be published on Thursday, 6 May 2021.

Finnlines Plc
The Board of Directors

Emanuele Grimaldi
President and CEO

FURTHER INFORMATION

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ENCLOSURES

- Reporting and accounting policies
- Consolidated statement of comprehensive income, IFRS
- Consolidated statement of financial position, IFRS
- Consolidated statement of changes in equity, IFRS
- Consolidated cash flow statement, IFRS
- Revenue and result by business segments
- Revenue by geographical area
- Revenue by functions
- Property, plant and equipment
- Leases
- Fair value hierarchy
- Contingencies and commitments
- Revenue and result by quarter
- Share information
- Events after the reporting period
- Calculation of ratios
- Related party transactions

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.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR 1,000	10–12 2020	10–12 2019	1–12 2020	1–12 2019
Revenue	120,941	123,998	484,016	574,779
Other income from operations	184	424	1,303	1,516
Materials and services	-36,075	-36,631	-137,964	-180,806
Personnel expenses	-19,923	-22,696	-83,376	-88,714
Depreciation, amortisation and impairment losses	-16,085	-16,191	-64,599	-65,065
Other operating expenses	-31,518	-32,097	-123,164	-136,956
Total operating expenses	-103,601	-107,615	-409,104	-471,541
Result before interest and taxes (EBIT)	17,523	16,808	76,215	104,754
Financial income	75	68	494	286
Financial expenses	-1,250	-1,692	-6,065	-7,746
Result before taxes (EBT)	16,348	15,183	70,645	97,293
Income taxes	-789	1,272	-918	964
Result for the reporting period	15,559	16,455	69,727	98,258
Other comprehensive income:				
Other comprehensive income to be reclassified to profit and loss in subsequent periods:				
Exchange differences on translating foreign operations	12	30	-45	34
Fair value changes on currency derivatives	-6,570	-2,324	-8,245	6,061
Other comprehensive income to be reclassified to profit and loss in subsequent periods, total	-6,558	-2,294	-8,290	6,095
Other comprehensive income not being reclassified to profit and loss in subsequent periods:				
Remeasurement of defined benefit plans	-120	-400	-120	-400
Tax effect, net	21	83	21	83
Other comprehensive income not being reclassified to profit and loss in subsequent periods, total	-100	-317	-100	-317
Total comprehensive income for the reporting period	8,901	13,844	61,336	104,036
Result for the reporting period attributable to:				
Parent company shareholders	15,559	16,455	69,727	98,258
	15,559	16,455	69,727	98,258
Total comprehensive income for the reporting period attributable to:				
Parent company shareholders	8,901	13,844	61,336	104,036
	8,901	13,844	61,336	104,036
Result for the reporting period attributable to parent company shareholders calculated as earnings per share (EUR/share)				
Undiluted / diluted earnings per share	0.30	0.32	1.35	1.91
Average number of shares				
Undiluted / diluted	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	31 Dec 2020	31 Dec 2019
ASSETS		
Non-current assets		
Property, plant and equipment	967,748	979,741
Goodwill	105,644	105,644
Other intangible assets	3,671	3,958
Other financial assets	7,076	7,072
Receivables	3,929	10,658
Deferred tax assets	2,370	2,940
	1,090,438	1,110,013
Current assets		
Inventories	5,967	6,152
Accounts receivable and other receivables	86,471	86,916
Income tax receivables	32	2
Cash and cash equivalents	1,847	9,208
	94,317	102,277
Non-current assets held for sale	14,610	14,610
Total assets	1,199,365	1,226,901
EQUITY		
Equity attributable to parent company shareholders		
Share capital	103,006	103,006
Share premium account	24,525	24,525
Translation differences	114	140
Fund for invested unrestricted equity	40,016	40,016
Fair value reserve *	1,378	9,623
Retained earnings	555,413	537,309
	724,453	714,620
Non-controlling interests	0	0
Total equity	724,453	714,620
LIABILITIES		
Long-term liabilities		
Deferred tax liabilities	46,509	46,423
Pension liabilities	3,331	3,442
Provisions	1,697	1,697
Loans from financial institutions	180,383	219,643
	231,920	271,206
Current-liabilities		
Accounts payable and other liabilities	73,798	68,975
Current tax liabilities	27	8
Provisions	220	253
Loans from financial institutions	168,946	171,840
	242,992	241,075
Total liabilities	474,912	512,281
Total equity and liabilities	1,199,365	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	
Reported equity 1 January 2019	103,006	24,525	119	40,016	3,562	490,858	662,087
Comprehensive income for the reporting period:							
Result for the reporting period						98,258	98,258
Exchange differences on translating foreign operations			21			13	34
Fair value changes on currency derivatives					6,061		6,061
Remeasurement of defined benefit plans						-400	-400
Tax effect, net						83	83
Total comprehensive income for the reporting period	0	0	21	0	6,061	97,954	104,036
Dividend						-51,503	-51,503
Equity 31 December 2019	103,006	24,525	140	40,016	9,623	537,310	714,620

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2020, IFRS

EUR 1,000	Equity attributable to parent company shareholders						Total equity
	Share capital	Share issue premium	Translation differences	Unrestricted equity reserve	Fair value reserve	Retained earnings	
Reported equity 1 January 2020	103,006	24,525	140	40,016	9,623	537,310	714,620
Comprehensive income for the reporting period:							
Result for the reporting period						69,727	69,727
Exchange differences on translating foreign operations			-26			-19	-45
Fair value changes on currency derivatives					-8,245		-8,245
Remeasurement of defined benefit plans						-120	-120
Tax effect, net						21	21
Total comprehensive income for the reporting period	0	0	-26	0	-8,245	69,609	61,336
Dividend						-51,503	-51,503
Equity 31 December 2020	103,006	24,525	114	40,016	1,378	555,413	724,453

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR 1,000	1–12 2020	1–12 2019
Cash flows from operating activities		
Results for the reporting period	69,727	98,258
Adjustments		
Non-cash transactions	64,167	64,408
Unrealised foreign exchange gains (-) / losses (+)		
Financial income and expenses	5,568	7,461
Taxes	918	-964
Changes in working capital		
Change in accounts receivable and other receivables	-66	18,481
Change in inventories	185	1,586
Change in accounts payable and other liabilities	3,674	-8,024
Change in provisions	-143	151
Interest paid	-3,589	-5,714
Interest received	50	35
Taxes paid	-252	-225
Other financing items	-2,209	-1,845
Net cash generated from operating activities	138,030	173,609
Cash flow from investing activities		
Investments in tangible and intangible assets	-50,401	-31,357
Sale of tangible assets	126	252
Acquisition of non-controlling interests	0	287
Net cash used in investing activities	-50,275	-30,818
Cash flows from financing activities		
Loan withdrawals	54,000	76,000
Net increase in current interest-bearing liabilities (+) / net decrease (-)	-2,973	0
Repayment of loans	-91,204	-156,948
Payment of lease liabilities (2018 Payment of finance lease liabilities)	-3,427	-2,983
Dividends paid	-51,503	-51,503
Net cash used in financing activities	-95,108	-135,434
Change in cash and cash equivalents	-7,353	7,356
Cash and cash equivalents 1 January	9,208	1,850
Effect of foreign exchange rate change	-8	2
Cash and cash equivalents at the end of periods	1,847	9,208

REVENUE AND RESULT BY BUSINESS SEGMENTS

	10-12 2020		10-12 2019		1-12 2020		1-12 2019	
	MEUR	%	MEUR	%	MEUR	%	MEUR	%
Revenue								
Shipping and sea transport services	115.4	95.5	118.1	95.3	461.8	95.4	550.9	96.2
Port operations	10.9	9.0	10.9	8.8	42.8	8.8	45.4	7.4
Intra-group revenue	-5.4	-4.5	-5.0	-4.0	-20.6	-4.3	-21.5	-3.6
External sales	120.9	100.0	124.0	100.0	484.0	100.0	574.8	100.0
Result before interest and taxes								
Shipping and sea transport services	16.6		16.5		72.5		102.5	
Port operations	0.9		0.3		3.7		2.2	
Result before interest and taxes (EBIT) total	17.5		16.8		76.2		104.8	
Financial income and expenses	-1.2		-1.6		-5.6		-7.5	
Result before taxes (EBT)	16.3		15.2		70.6		97.3	
Income taxes	-0.8		1.3		-0.9		1.0	
Result for the reporting period	15.6		16.5		69.7		98.3	

REVENUE BY GEOGRAPHICAL AREA

EUR 1,000	1-12 2020	1-12 2019
Revenue		
Finland	195,838	245,275
Sweden	70,860	86,344
Germany	58,383	70,698
Other EU countries	130,703	156,037
Russia	6,751	7,126
Other	21,482	9,299
	484,016	574,779

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

REVENUE BY FUNCTIONS

EUR 1,000	1-12 2020	1-12 2019
Revenue		
Freight and other shipping services	423,100	491,320
Passenger services	39,047	59,910
Port operations	21,870	23,549
	484,016	574,779

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		-16		-14
Increases			9,477	265	40,307	50,049
Disposals		-515	-683	-708		-1,907
Reclassifications between items		14	540	116	-670	0
Reclassifications to non-current assets held for sale **		-3,297		-22,395		-25,691
Acquisition cost 31 December 2020	72	63,552	1,485,518	43,431	59,521	1,653,093
Accumulated depreciation, amortisation and write-offs 1 January 2020		-23,747	-587,887	-43,878		-655,511
Exchange rate differences		-2		14		13
Cumulative depreciation on reclassifications and disposals		511	683	711		1,905
Depreciation for the reporting period		-1,918	-57,359	-1,023		-60,300
Accumulated depreciation, amortisation and write-offs 31 December 2020		-25,156	-644,563	-44,175		-713,894
Reclassifications to non-current assets held for sale **		570		10,510		11,081
Carrying value 31 December 2020	72	38,966	841,955	9,766	59,521	950,280

Not including right-of-use assets.

* The carrying value of property, plant and equipment includes EUR 17.3 (18.2) million of capitalised interest during construction.

* 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 31 December 2019 and 31 December 2020.

EUR 1,000	Land and water	Buildings and structures	Machinery and equipment	Total
Right-of-use assets 2020				
Acquisition cost 1 January 2020	18,642	2,514	1,018	22,173
Exchange rate differences			-1	-1
Increases		1,321	424	1,745
Disposals				
Reclassifications between items		-3	-2	-5
Acquisition cost 31 December 2020	18,642	3,832	1,439	23,913
Accumulated depreciation, amortisation and write-offs 1 January 2020	-1,733	-861	-372	-2,966
Exchange rate differences			0	0
Cumulative depreciation on reclassifications and disposals		1	1	2
Depreciation for the reporting period	-1,733	-1,342	-405	-3,481
Accumulated depreciation, amortisation and write-offs 31 December 2020	-3,466	-2,202	-776	-6,444
Carrying value 31 December 2020	15,176	1,629	663	17,468
Property, plant and equipment, total				967,748

EUR 1,000	Buildings	Machinery and equipment	Total
Assets classified as held for sale 1 January 2020			
Acquisition cost			
Transfer to non-current assets held for sale	3,297	22,395	25,691
Accumulated depreciation			
Transfer to non-current assets held for sale	-570	-10,510	-11,081
Carrying value 31 December 2020	2,726	11,884	14,610

PROPERTY, PLANT AND EQUIPMENT 2019

EUR 1,000	Land	Buildings	Vessels	Machinery and equipment	Advance payments & acquisitions under construction	Total
Acquisition cost 1 January 2019	72	67,316	1,461,477	66,404	5,711	1,600,980
Exchange rate differences		-1		17		16
Increases		57	10,824	436	19,646	30,963
Disposals		-31	-515	-735		-1,282
Reclassifications between items		7	5,399	46	-5,474	-21
Reclassifications to non-current assets held for sale		-3,297		-22,395		-25,691
Acquisition cost 31 December 2019	72	64,051	1,477,184	43,774	19,884	1,604,965
Accumulated depreciation, amortisation and write-offs 1 January 2019		-21,401	-530,642	-43,440		-595,482
Exchange rate differences		1		-16		-15
Cumulative depreciation on reclassifications and disposals		31	515	717		1,263
Depreciation for the reporting period		-2,377	-57,760	-1,139		-61,277
Accumulated depreciation, amortisation and write-offs 31 December 2019	0	-23,747	-587,887	-43,878	0	-655,511
Reclassifications to non-current assets held for sale		570		10,510		11,081
Carrying value 31 December 2019	72	40,875	889,298	10,407	19,884	960,535

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 2019				
Acquisition cost 1 January 2019	14,881	2,306	758	17,945
Exchange rate differences				0
Increases	3,761	300	297	4,359
Disposals		-93	-38	-130
Reclassifications between items			0	0
Acquisition cost 30 September 2019	18,642	2,514	1,018	22,174
Accumulated depreciation, amortisation and write-offs 1 January 2019				0
Exchange rate differences			1	1
Cumulative depreciation on reclassifications and disposals		28	17	45
Depreciation for the reporting period	-1,733	-889	-390	-3,012
Accumulated depreciation, amortisation and write-offs 30 September 2019	-1,733	-861	-372	-2,966
Carrying value 30 September 2019	16,909	1,652	645	19,206
Property, plant and equipment, total				979,741

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

LEASES

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

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

Amounts recognized in profit or loss

EUR 1,000	1–12 2020	1–12 2019
Interest on lease liabilities 31 December	235	263
Expenses relating to short-term leases	2	2,111
Expenses relating to low-value assets	93	104
Service components of lease payments 31 December	196	202
Lease payments of all leases accounted according to IFRS 16	3,635	3,146
Total cash flow of all leases 31 December	3,926	5,563

Maturity analysis

EUR 1,000	2020	2019
Contractual undiscounted cash flows		
Less than one year	3,115	3,276
One to five years	8,028	9,265
More than five years	14,223	16,300
Total undiscounted lease liabilities at 31 December	25,365	28,841
Short term leasing liability	2,882	2,802
Long term leasing liability	14,779	16,515
Lease liabilities included in statement of financial position at 31 December	17,661	19,317

FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

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

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

Level 3 includes unlisted shares amounting to EUR 7.1 million (7.1 in 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	31 Dec 2020	31 Dec 2019
Minimum leases payable in relation to fixed term leases		
Vessel leases (Group as lessor):		
Within 12 months	7,141	8,491
1–5 years	0	6,346
	7,141	14,837
Other leases (Group as lessee):		
Within 12 months	109	105
1–5 years	96	160
	205	264
Other leases (Group as lessor):		
Within 12 months	229	227
	229	227
Collateral given		
Loans from financial institutions	233,847	276,718
	233,847	276,718
Vessel mortgages provided as guarantees for the above loans	539,500	639,500
Other collateral given on own behalf		
Pledges	340	340
	340	340
Other obligations		
Obligations, related to vessel investments	358,044	429,447
Other external obligations *	1,467	2,950
	359,511	432,397
VAT adjustment liability related to real estate investments	2	4

* Other external obligations are mainly vessel maintenance related obligations.

REVENUE AND RESULT BY QUARTER

MEUR	Q1/20	Q1/19	Q2/20	Q2/19	Q3/20	Q3/19	Q4/20	Q4/19
Revenue								
Shipping and sea transport services	124.7	131.8	100.4	151.9	121.2	149.1	115.4	118.1
Port operations	10.9	11.0	10.4	12.0	10.6	11.5	10.9	10.9
Intra-group revenue	-5.1	-5.3	-5.0	-6.0	-5.1	-5.3	-5.4	-5.0
External sales	130.5	137.6	105.8	157.9	126.7	155.3	120.9	124.0
Result before interest and taxes								
Shipping and sea transport services	21.5	18.1	11.4	32.0	23.0	35.9	16.6	16.5
Port operations	0.6	0.0	0.8	0.6	1.4	1.4	0.9	0.3
Result before interest and taxes (EBIT) total	22.1	18.1	12.2	32.6	24.5	37.2	17.5	16.8
Financial income and expenses	-1.5	-2.1	-1.4	-1.9	-1.5	-1.8	-1.2	-1.6
Result before taxes (EBT)	20.6	16.0	10.7	30.7	23.0	35.4	16.3	15.2
Income taxes	0.1	0.3	0.2	-0.3	-0.5	-0.3	-0.8	1.3
Result for the reporting period	20.7	16.2	11.0	30.4	22.5	35.1	15.6	16.5
EPS (undiluted / diluted) EUR	0.40	0.32	0.21	0.59	0.44	0.68	0.30	0.32

SHARE INFORMATION

	31 Dec 2020	31 Dec 2019
Number of shares	51,503,141	51,503,141

Finnlines Plc is fully owned by the Grimaldi Group

EVENTS AFTER THE REPORTING PERIOD

There are no significant events to report.

CALCULATION OF RATIOS

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

* Not including leasing liabilities.

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

RELATED PARTY TRANSACTIONS

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.