



FINANCIAL  
STATEMENTS

**2021**

## CONTENT

<b>Board of Directors' report</b>	<b>3</b>	36. Transactions with related parties	44
<b>Consolidated financial statements, IFRS</b>	<b>7</b>	37. Subsidiaries on 31 December 2021	45
Consolidated statement of comprehensive income, IFRS	7	38. Shares and shareholders	46
Consolidated statement of financial position, IFRS	8	39. Events after the reporting period	46
Consolidated statement of changes in equity, IFRS	9	Five-year key figures, IFRS	47
Consolidated statement of cash flows, IFRS	10	Calculation of key ratios, ifrs	48
Notes to the consolidated financial statements	11	Quarterly data, IFRS	49
1. Corporate information	11	<b>Financial statements, parent company, FAS</b>	<b>50</b>
2. Accounting principles	11	Profit and loss account, parent company, FAS	50
3. Segment information	18	Balance sheet, parent company, FAS	51
4. Joint operations	20	Cash flow statement, parent company, FAS	52
5. Non-current assets held for sale	20	Parent company accounting principles	53
6. Acquired non-controlling interests	20	Notes to the financial statements, parent company	54
7. Revenue	20	1. Revenue	54
8. Other income from operations	21	2. Other income from operations	54
9. Materials and services	21	3. Materials and services	54
10. Personnel expenses	21	4. Personnel and personnel expenses	54
11. Depreciation, amortization and impairment losses	21	5. Depreciation, amortisation and write offs	55
12. Other operating expenses	22	6. Other operating expenses	55
13. Financial income and expenses	22	7. Financial income and expenses	55
14. Income taxes	23	8. Appropriations	56
15. Earnings per share	23	9. Income taxes	56
16. Dividends	23	10. Other direct taxes	56
17. Property, plant and equipment	24	11. Intangible assets	56
18. Leases	26	12. Tangible assets	57
19. Goodwill and other intangible assets	27	13. Investments	57
20. Subsidiaries	28	14. Inventories	57
21. Investments in associated companies	28	15. Long-Term receivables	58
22. Other financial assets	28	16. Short-Term receivables	58
23. Non-current receivables	29	17. Shareholders' equity	59
24. Deferred tax assets and liabilities	29	18. Statutory provisions	59
25. Inventories	31	19. Deferred tax liability	59
26. Current receivables	31	20. Long-Term liabilities	60
27. Cash and cash equivalents	32	21. Current liabilities	61
28. Share capital and other reserves	33	Contingencies and commitments	62
29. Provisions	33	Shares and holdings of parent company	63
30. Interest-bearing liabilities	34	<b>Board's proposal for the use of the distributable funds and signatures to the Board of Directors report and to the financial statements</b>	<b>64</b>
31. Accounts payable and other liabilities	35	<b>Auditor's report</b>	<b>66</b>
32. Adjustments to cash flow from operations	36		
33. Pension liabilities	36		
34. Financial risk management	39		
35. Contingencies and commitments	43		

## BOARD OF DIRECTORS' REPORT

### FINNLINES' BUSINESS

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

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

### GROUP STRUCTURE

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

Finnlines Plc is fully owned by the Grimaldi Group, which is one of the world's largest operators of ro-ro vessels and the largest operator of the Motorways of the Sea in Europe for both passengers and freight. The Grimaldi Group, headquartered in Naples, operates a fleet of more than 130 vessels and employs over 15,000 people. It serves over 140 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) and Minoan Lines.

### GENERAL MARKET DEVELOPMENT

Finnlines' main operating area connects trade partners around the Baltic Sea. Based on the OECD Eurostat, the change of Gross Domestic Product in EU area increased by 3.9% during the third quarter of 2021 in comparison with the same period in 2020. Compared with the second quarter of 2021, the reported GDP in Germany increased by 1.8% in the third quarter of 2021, while in Sweden the corresponding increase was also 1.8%. In Finland GDP increased in the third quarter by 0.9% compared with the previous quarter. (Eurostat 2021.)

Based on the statistics by Statistics Finland for January–December, the Finnish seaborne imports carried in container, lorry and trailer units (measured in tons) increased by 5% and exports increased by 3%. During the same period private and commercial passenger traffic between Finland and Sweden increased by 15%, between Finland and Germany by 15%. (Statistics Finland).

### FINNLINES' TRAFFIC

During the reporting period, Finnlines operated on average 21 (19) vessels in its own traffic.

In January 2021 the time-chartering of MS Finnsea ended with Grimaldi Group and the vessel returned to Finnlines' North Sea traffic.

In April, Finnlines increased the vessel capacity and time-chartered MS Eurocargo Savona from the Grimaldi Group. The vessel started to operate in Hanko–Rostock traffic while MS Finnulp was moved in TRE traffic as a second vessel, increasing the number of departures between Germany, Russia and Finland.

The bareboat charter of MS Finnclipper ended at the beginning of November and the vessel returned to Finnlines' Malmö-Travemünde traffic in December 2021.

The cargo volumes transported during January–December totalled approximately 785 (723 in 2020) thousand cargo units, 171 (154) thousand cars (not including passengers' cars) and 1,410 (1,107) thousand tons of freight not possible to measure in units. In addition, some 572 (501) thousand private and commercial passengers were transported.

### FINANCIAL RESULTS

The Finnlines Group recorded revenue totalling EUR 579.9 (484.0) million in the reporting period, an increase of 20% compared to the same period in the previous year. Shipping and Sea Transport Services generated revenue amounting to EUR 553.3 (461.8) million, of which passenger related revenue was EUR 47.8 (39.0) million. The revenue of Port Operations was EUR 47.0 (42.8) million. Cargo volumes are clearly above last year's level, and also the amount of passengers has increased compared to 2020. Revenue of Port Operations has also increased due to the growth of cargo. The internal revenue between the segments was EUR 22.3 (20.6) million.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 160.3 (140.8) million, an increase of 14%.

Result before interest and taxes (EBIT) was EUR 78.2 (76.2) million.

As a result of the improved financial position, net financial expenses decreased to EUR -4.4 (-5.6) million. Financial income was EUR 0.2 (0.5) million and financial expenses EUR -4.6 (-6.1) million. Result before taxes (EBT) increased by EUR 3.2 million and was EUR 73.8 (70.6) million. The result for the reporting period was EUR 74.7 (69.7) million.

Finnlines has changed its depreciation periods for its ro-pax vessels from 35 years to 30 years and for its ro-ro vessels from 30 years to 25 years.

The most important business and share related key indicators are presented in the Five-Year Key Figures on page 47.

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

Interest-bearing debt increased by EUR 18.7 million to EUR 350.4 (331.7) million, excluding leasing liabilities of EUR 22.2 (17.7) million. Net interest-bearing debt excluding leasing liabilities at the end of period was EUR 348.5 (329.8) million. Net interest-bearing debt/EBITDA (rolling 12 months) ratio amounted to 2.2 (2.3) and the equity ratio calculated from the balance sheet was 60.4

(60.7) %. Net gearing resulted in 45.6 (45.5) %. 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 212.0 (226.8) million.

Net cash generated from operating activities remained strong and was EUR 146.7 (138.0) million.

## CAPITAL EXPENDITURE

The Finlines Group's gross capital expenditure in the reporting period totalled EUR 110.6 (50.4) million, including tangible and intangible assets. Total depreciation and amortisation amounted to EUR 82.1 (64.6) million. The investments consist of normal replacement expenditure of fixed assets, new cargo handling equipment, dry-dockings, buildings in the Port of Vuosaari and environmental investment prepayments related to green ro-ro and ro-pax newbuildings.

Finlines has continued to invest in sustainability and environmental technologies. In order to protect the fragile marine environment in the Baltic and the North Sea, the Company has started to install ballast water treatment systems on its vessels. The project will be completed in 2023.

Finlines' EUR 500 million investment programme, the Newbuilding Programme, continued in China. During 2021, all newbuilds were well under construction. The programme consists of three hybrid ro-ro vessels (Finneco I, II, III) and two eco-efficient ro-pax vessels (Finnisirus and Finnicanopus). New vessels will further increase Finlines' energy efficiency and emission reduction and are a significant step towards an even more sustainable and eco-efficient fleet. Vessel deliveries are scheduled to take place during 2022–2023.

## PERSONNEL

The Group employed an average of 1,555 (1,534) persons during the reporting period, consisting of 858 (849) persons at sea and 697 (685) persons on shore. The number of persons employed at the end of the period was 1,619 (1,519) in total, of which 931 (834) at sea and 688 (685) on shore.

The personnel expenses (including social costs) for the reporting period were EUR 89.6 (83.4) million.

## THE FINNLINES SHARE

The Company's paid-up and registered share capital on 31 December 2021 totalled EUR 103,006,282. The capital stock consisted of 51,503,141 shares.

Finlines 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

Finlines Plc's Annual General Meeting was held in Helsinki on 6 May 2021. The Annual General Meeting of Finlines Plc approved the Financial Statements and discharged the members of the Board of Directors and President and CEO from liability for the financial year 2020. The meeting approved the Board of Directors' proposal to pay a dividend of EUR 1.00 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 Poulsen, Jon-Aksel Torgersen and Tapani Voionmaa for the term until the close of the Annual General Meeting in 2022. 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 2021. It was decided that the external auditors will be reimbursed according to invoice.

## RISKS AND RISK MANAGEMENT

The financial uncertainty caused by the Covid-19 pandemic, which broke out in early 2020, has eased in Finlines' business environment. Finlines' management has assessed that the pandemic will not affect the figures reported by the company, except for the reduced passenger business.

Finlines 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, Finlines 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. Finlines 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. Finlines holds adequate credit lines to maintain liquidity in the current business environment.

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

## LEGAL PROCEEDINGS

Finlines 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. Finlines 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, Finlines 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 2021, 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. Three highly ecological ro-ro vessels were under construction at Nanjing Jinling shipyard in China and the construction of two ecologically efficient Superstar ro-pax vessels started during the year. The hybrid ro-ro vessels will start in Finnlines' Baltic, North Sea and Biscay traffic in 2022 and Superstar ro-pax vessels on the Naantali–Långnäs–Kapellskär route in 2023.

Energy efficiency of the Finnlines fleet will be further improved by utilising the latest, environmentally friendly technology. Vessels with lithium-ion batteries will enable emission free port calls. Modern two-stroke engines, exhaust gas cleaning equipment, solar panels and innovative air lubrication systems will help cutting down emissions.

The renewal and development of the online store for consumers continued in 2021. The aim is to launch a rebuilt and efficient channel for travel and service products sales. The customer experience will be enhanced and the efficiency of the sales channel is planned to improve. The mapping of digital services for freight customers was completed in 2021. Digital services were re-designed and the implementation project was started. The aim is to launch new services for freight customers during 2023. The development of open application programming interfaces (API) for freight customers continued on Grimaldi Group level.

The development of an ERP system continued in 2021 through several different projects. One development area has been data and processes monitoring to improve the quality of reporting and operations based on the ERP data. The monitoring system for port and stevedoring costs has been developed to the initial phases for implementation. The target is to launch a self-service check-in for lorry drivers during 2022.

Replacement of the financial system's server platform was started so that the lifespan of that system can be extended. Data security solutions were expanded and diversified to give efficient protection from growing threats.

In Port Operations, the focus continued to be on the development of electronic customer services. The aim is to ensure customers an easy access to information and to improve the quality and timeliness of various data.

Finnlines is interested in academic collaboration with universities and other educational institutes and wants to take part in

developing the maritime industry. Finnlines supported student who were working on their final studies and theses during 2021.

### ENVIRONMENT AND SAFETY

Both globally and within the European Union, numerous proposals are being discussed to combat the climate change. The EU Commission has adopted a "Fit for 55" package where four proposals are maritime-related.

The Commission has proposed to include maritime transport in the emissions trading system where allowances may be bought and sold between industries. One of Finland's major targets is to include compensation for navigation in ice in the proposal as fuel consumption increases in winter conditions. The FuelEU Maritime Initiative will set a maximum limit on the greenhouse gas content of energy used by ships. 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. Member states should ensure availability of onshore power by 1 January 2030. The Energy Taxation Directive aims to promote clean technologies and discourage the use of fossil fuels. The EU plans to introduce taxes on fuels over a 10-year transitional period.

The carbon levy, i.e. a tax, which the International Chamber of Shipping has put forward to the IMO, is intended to expedite the creation of a market that makes zero-emission shipping viable.

Finnlines invests in sustainability in many ways in its Green Newbuilding Programme. Main engines with low specific fuel consumption have been chosen. Installation of solar panels, high-powered battery banks, air lubrication systems, and shore-side electricity are being prepared. Installation of a shore-side connection on several existing ro-pax vessels is also under work. Moreover, gradual transition to carbon-free and renewable fuels is being investigated.

Finnsteve companies continued to invest in modern equipment and vehicles, which will take the environmental programme to the next level. NOx emissions from new tug masters, which will replace the old Tier 1 equipment, will reduce by 96% and particles by 97%. New electric vans and minibuses will be emission free.

In 2021, Finnlines' vessel traffic consumed 330,732 tons of heavy fuel oil and diesel oil, representing an increase of about 4% compared with 2020. However, the Company operated an average of 21 vessels compared with 19 in 2020. The fuel consumption of the port operations in Helsinki, Turku and Naantali totalled 1,205,412 litres, an increase of 8% compared with the previous year, but the number of cargo units had also increased.

### SUSTAINABILITY REPORTING

Finnlines' sustainability reporting includes, in addition to financial figures, key indicators related to the employees and the environment.

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](http://www.grimaldi.napoli.it).

### 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**

There are no significant events to report.

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

The short-term global economic outlook seems to be positive although the pandemic continues to cause uncertainty with new mutations, which may affect travel and passenger volumes.

Regarding the freight outlook and possible changes to it, Finnlines vessels are flexible in terms of cargo mix, thus less exposed to volatility in single market segments.

Finnlines is well-placed to compete with its strategy. Considering the ongoing Green Newbuilding Investment Programme, past investments made in the fleet as well as all the actions in improving efficiency, productivity and financial performance, the Finnlines Group's result before taxes is expected to improve from 2021.

#### **DIVIDEND DISTRIBUTION PROPOSAL**

The parent company Finnlines Plc's result for the reporting period was EUR 62.6 million. The distributable funds included in the parent company's shareholders' equity equals to EUR 455.7 million at the end of the reporting period. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.00 per share be paid out resulting in a total amount of proposed dividends of EUR 51,503,141.

According to the consolidated statement of financial position, the equity attributable to parent company shareholders equals EUR 764.3 (724.5) million at the end of the reporting period.

Naples, 24 February 2022

Finnlines Plc, The Board of Directors

## CONSOLIDATED FINANCIAL STATEMENTS, IFRS

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR 1,000	Note	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
<b>Revenue</b>	3, 7	<b>579,944</b>	484,016
Other income from operations	8	1,896	1,303
Materials and services	9	-192,991	-137,964
Personnel expenses	10	-89,602	-83,376
Depreciation, amortization and impairment losses	11	-82,127	-64,599
Other operating expenses	12	-138,958	-123,164
Total operating expenses		-503,678	-409,104
<b>Result before interest and taxes (EBIT)</b>		<b>78,161</b>	76,215
Financial income	13	187	494
Financial expenses	13	-4,591	-6,065
<b>Result before taxes (EBT)</b>		<b>73,758</b>	70,645
Income taxes	14	915	-918
<b>Result for the reporting period</b>		<b>74,673</b>	69,727
<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		68	-45
Fair value change on currency derivatives		16,695	-8,245
Other comprehensive income to be reclassified to profit and loss in subsequent periods, total		16,763	-8,290
<b>Other comprehensive income not being reclassified to profit and loss in subsequent periods:</b>			
Remeasurement of defined benefit plans		-51	-120
Tax effect, net		-38	21
Other comprehensive income not being reclassified to profit and loss in subsequent periods, total		-90	-100
<b>Total comprehensive income for the reporting period</b>		<b>91,346</b>	61,336
<b>Result for the reporting period attributable to:</b>			
Parent company shareholders		74,673	69,727
		74,673	69,727
<b>Total comprehensive income for the reporting period attributable to:</b>			
Parent company shareholders		91,346	61,336
		91,346	61,336
<b>Result for the reporting period attributable to parent company shareholders calculated as earnings per share (EUR/share)</b>	15		
Undiluted / diluted earnings per share		1.45	1.35

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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

EUR 1,000	Note	31 Dec 2021	31 Dec 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	17	1,004,024	967,748
Goodwill	19	105,644	105,644
Other intangible assets	19	3,116	3,671
Other financial assets	22	7,076	7,076
Receivables	23	8,121	3,929
Deferred tax assets	24	983	2,370
		1,128,963	1,090,438
<b>Current assets</b>			
Inventories	25	8,395	5,967
Accounts receivable and other receivables	26	119,275	86,471
Income tax receivables		48	32
Cash and cash equivalents	27	1,951	1,847
		129,669	94,317
<b>Non-current assets held for sale</b>	5	14,610	14,610
<b>Total assets</b>		1,273,242	1,199,365
<b>EQUITY</b>			
<b>Equity attributable to parent company shareholders</b>			
Share capital	28	103,006	103,006
Share premium account	28	24,525	24,525
Translation differences		141	114
Fund for invested unrestricted equity	28	40,016	40,016
Fair value reserve *	28	18,073	1,378
Retained earnings		578,535	555,413
		764,296	724,453
<b>Total equity</b>		764,296	724,453
<b>LIABILITIES</b>			
<b>Long-term liabilities</b>			
Deferred tax liabilities	24	44,003	46,509
Pension liabilities	33	3,143	3,331
Provisions	29	1,697	1,697
Loans from financial institutions	30	169,123	180,383
		217,976	231,920
<b>Current liabilities</b>			
Accounts payable and other liabilities	31	87,257	73,798
Current tax liabilities		22	27
Provisions	29	215	220
Loans from financial institutions	30	203,476	168,946
		290,970	242,992
<b>Total liabilities</b>		508,946	474,912
<b>Total shareholders' equity and liabilities</b>		1,273,242	1,199,365

\* 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.



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, 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	537,310	714,620
<b>Comprehensive income for the reporting period:</b>							
Result for the reporting period						69,727	69,727
Exchange differences on translating foreign operations			-26			-19	-45
Fair value change on currency derivatives					-8,245		-8,245
Remeasurement of defined benefit plans						-120	-120
Tax effect, net						21	21
<b>Total comprehensive income for the reporting period</b>	0	0	-26	0	-8,245	69,609	61,336
Dividend						-51,503	-51,503
<b>Equity 31 December 2020</b>	103,006	24,525	114	40,016	1,378	555,413	724,453

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 2021</b>	103,006	24,525	114	40,016	1,378	555,413	724,453
<b>Comprehensive income for the reporting period:</b>							
Result for the reporting period						74,673	74,673
Exchange differences on translating foreign operations			27			42	68
Fair value change on currency derivatives					16,695		16,695
Remeasurement of defined benefit plans						-51	-51
Tax effect, net						-38	-38
<b>Total comprehensive income for the reporting period</b>	0	0	27	0	16,695	74,626	91,346
Dividend						-51,503	-51,503
<b>Equity 31 December 2021</b>	103,006	24,525	141	40,016	18,073	578,535	764,296

## CONSOLIDATED STATEMENT OF CASH FLOWS, IFRS

EUR 1,000	Note	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
<b>Cash flows from operating activities</b>			
Result for the reporting period		74,673	69,727
Adjustments:			
Non-cash transactions	32	81,937	64,167
Unrealised foreign exchange gains (-) / losses (+)	32		
Financial income and expenses		4,407	5,568
Taxes		-915	918
Changes in working capital:			
Change in accounts receivable and other receivables		-20,976	-66
Change in inventories		-2,428	185
Change in accounts payable and other liabilities		14,759	3,674
Change in provisions		-193	-143
Interest paid		-2,679	-3,589
Interest received		29	50
Taxes paid		-265	-252
Other financing items		-1,636	-2,209
<b>Net cash generated from operating activities</b>		<b>146,713</b>	<b>138,030</b>
<b>Cash flows from investing activities</b>			
Investments in tangible and intangible assets		-83,577	-50,401
Sale of tangible assets		375	126
Acquisition of subsidiary shares		-27,051	0
<b>Net cash used in investing activities</b>		<b>-110,253</b>	<b>-50,275</b>
<b>Cash flows from financing activities</b>			
	31		
Loan withdrawals		232,000	54,000
Net increase in current interest-bearing liabilities (+) / net decrease (-)		34,881	-2,973
Repayment of loans		-248,649	-91,204
Payment of lease liabilities		-3,090	-3,427
Dividends paid		-51,503	-51,503
<b>Net cash used in financing activities</b>		<b>-36,361</b>	<b>-95,108</b>
<b>Change in cash and cash equivalents</b>		<b>99</b>	<b>-7,353</b>
Cash and cash equivalents 1 January		1,847	9,208
Effect of foreign exchange rate changes		5	-8
<b>Cash and cash equivalents 31 December</b>		<b>1,951</b>	<b>1,847</b>

See Notes starting on page 11.

### 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](http://www.finnlines.com) or the Company's headquarters. These financial statements were authorised for issue by the Board of Directors of Finnlines Plc on 24 February 2022. 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.

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.

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 15,000 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.

### 2. ACCOUNTING PRINCIPLES BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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 2021. 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 2021

**Covid-19-Related Rent Concessions beyond 30 June 2021 – Amendment to IFRS 16 Leases** (effective from 1 April 2021 for financial years starting, at the latest, on or after 1 January 2021)

The amendments allow the lessees not to account for rent concessions as lease modifications if the concessions are a direct consequence of the Covid-19 pandemic and only if certain conditions are met. The amendment does not have an impact on the financial statement of the Finnlines Group.

**Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases** (effective for financial years beginning on or after 1 January 2021)

Amendments address issues affecting financial statements when changes are made to contractual cash flows and hedging relationships as a result of interest rate benchmark reform. Amendments assist companies in providing useful information about the effects of interest rate benchmark reform on financial statements. The amendment does not have an impact on the financial statement of the Finnlines Group.

#### ADOPTION OF NEW AND AMENDED STANDARDS IN FUTURE FINANCIAL YEARS

\* = not yet endorsed for use by the European Union as of 31 December 2021

**Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets** (effective for financial years beginning on or after 1 January 2022)

When an onerous contract is accounted for based on the costs of fulfilling the contract, the amendments clarify that these costs comprise both the incremental costs and an allocation of other direct costs.

#### Annual Improvements to IFRS Standards 2018–2020

(effective for financial years beginning on or after 1 January 2022)

The annual improvements process provides a mechanism for minor and non-urgent amendments to IFRSs to be grouped together and issued in one package annually. The amendments clarify the following standards:

- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities: This amendment clarifies that – for the purpose of performing the "10 per cent test" for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

**Property, Plant and Equipment – Proceeds before Intended Use – Amendments to IAS 16 Property, Plant and Equipment** (effective for financial years beginning on or after 1 January 2022)

Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognized in profit or loss, together with the costs of producing those items.

### **Classification of Liabilities as Current or Non-current - Amendments to IAS 1 Presentation of Financial Statements**

\* (effective for financial years beginning on or after 1 January 2023, early application is permitted)

The amendments are to promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

### **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, early application is permitted)

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.

The above mentioned changes are not estimated to have a material impact on the financial statement of the Finnlines Group.

### **NEW ACCOUNTING POLICIES APPLIED IN THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

#### **Configuration or Customisation Costs in a Cloud Computing Arrangement – IAS 38 Intangible Assets**

(effective immediately)

The agenda decision published by IFRS Interpretation Committee in April 2021 clarifies how to recognise costs of configuring or customising a supplier's application software in a Software as a Service (SaaS) arrangement. The agenda decision address whether an intangible asset may be recognized by the entity purchasing the service and if not how the configuration or customisation costs are accounted for. The agenda decisions have no effective date, so they are expected to be applied as soon as possible since published.

The agenda decision does not have a material impact on the consolidated financial statements of 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 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 Covid-19 pandemic 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 other intangible assets, Note 24. Deferred tax assets and liabilities.

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 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.

#### **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. In 2021 Finnlines Group applied a concentration test to the share purchase of the real estate company Vuosaaren Porttikeskus, and concluded that it was an asset acquisition.

#### **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% 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 2021 or 2020.

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

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
Other intangible assets	3–20 years

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 cloud 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.

### Other intangible assets

Other 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.

### 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 through 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 through 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 premeasurements 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 stage of completion is defined 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 and Russian services.

### 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
<b>Result per segment for reporting period ending 31 Dec 2021</b>				
Total revenue from segment	555,317	46,968		602,285
Intra-group revenue	376	-22,716	-22,341	-22,341
<b>External revenue</b>	<b>555,693</b>	<b>24,251</b>		<b>579,944</b>
<b>Result before interest and taxes (EBIT)</b>				
Financial items				-4,404
Income taxes				915
<b>Result for the reporting period</b>				<b>74,673</b>
<b>Result per segment for reporting period ending 31 Dec 2020</b>				
Total revenue from segment	461,815	42,831		504,647
Intra-group revenue	331	-20,961	-20,630	-20,630
<b>External revenue</b>	<b>462,147</b>	<b>21,870</b>		<b>484,016</b>
<b>Result before interest and taxes (EBIT)</b>				
Financial items				-5,571
Income taxes				-918
<b>Result for reporting period</b>				<b>69,727</b>

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

## Segment assets, liabilities and capital expenditure for 2021 and 2020

EUR 1,000	Shipping and Sea Transport Services	Port Operations	Eliminations	Group
<b>Non cash expenses in the profit and loss account</b>				
<b>2021</b>				
Depreciation	-77,381	-4,746		-82,127
Impairment losses in accounts receivable	-238	-2		-240
<b>2020</b>				
Depreciation	-59,683	-4,916		-64,599
Impairment losses in accounts receivable	-278	-7		-285
<b>Assets, liabilities and capital expenditure by segment</b>				
<b>2021</b>				
Segment assets	1,167,156	79,081	-207	1,246,030
Unallocated assets				27,213
<b>Total assets</b>				<b>1,273,242</b>
Segment liabilities	83,700	8,208	-207	91,700
Unallocated liabilities				417,246
<b>Total liabilities</b>				<b>508,946</b>
<b>Capital expenditure</b>	<b>110,114</b>	<b>514</b>		<b>110,628</b>
<b>Assets, liabilities and capital expenditure by segment</b>				
<b>2020</b>				
Segment assets	1,103,879	84,142	-227	1,187,794
Unallocated assets				11,571
<b>Total assets</b>				<b>1,199,365</b>
Segment liabilities	69,894	7,640	-227	77,307
Unallocated liabilities				397,605
<b>Total liabilities</b>				<b>474,912</b>
<b>Capital expenditure</b>	<b>50,413</b>	<b>169</b>		<b>50,582</b>

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 Other Intangible Assets).

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

### 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	2021	2020
<b>Revenue</b>		
Finland	238,251	195,838
Sweden	92,888	70,860
Germany	71,275	58,383
Other EU countries	152,350	130,703
Russia	9,893	6,751
Other	15,286	21,482
	<b>579,944</b>	<b>484,016</b>
<b>Assets *</b>		
Finland	796,433	739,288
Sweden	323,557	344,821
Germany	7,311	7,497
Other EU countries	30	67
Other	62	
	<b>1,127,394</b>	<b>1,091,673</b>

\* 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% of the Group total revenues.

### 4. JOINT OPERATIONS

Finnlines had no joint operations in 2021 or 2020.

### 5. NON-CURRENT ASSETS HELD FOR SALE

Port Operations are negotiating a sale of port assets with a carrying value of around EUR 14.6 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 2021.

Finnlines owns 25.4% 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	2021	2020
<b>Revenue</b>		
Sale of goods	15,315	13,643
Rendering of services	557,792	457,860
Vessel hires	6,837	12,513
	<b>579,944</b>	<b>484,016</b>

#### Revenue by functions

EUR 1,000	2021	2020
<b>Revenue</b>		
Freight and other shipping services	507,864	423,100
Passenger services	47,829	39,047
Port operations	24,251	21,870
	<b>579,944</b>	<b>484,016</b>

The received prepayments related to passenger services were EUR 5.7 (5.2) million on 31 December 2021. Otherwise there were no received prepayments related to performance obligations to be provided by the Group.

## 8. OTHER INCOME FROM OPERATIONS

EUR 1,000	2021	2020
<b>Other income from operations</b>		
Rental income	1,664	574
Profits from sale of tangible assets	29	197
Other income from operations	203	533
	<b>1,896</b>	1,303

The rent income has increased due to the acquisition of Real Estate Company Vuosaaren Porttikeskus. Other operating income for 2020 includes a business cost support of EUR 0.5 million paid by the Finnish State Treasury.

## 9. MATERIALS AND SERVICES

EUR 1,000	2021	2020
<b>Cost of services provided</b>		
Materials and supplies		
Purchases during reporting period	-131,529	-81,878
Change in inventories	2,427	-195
Purchased services	-63,890	-55,891
	<b>-192,991</b>	-137,964

## 10. PERSONNEL EXPENSES

EUR 1,000	2021	2020	2019
<b>Employee benefit expenses</b>			
Salaries	-89,849	-85,494	-88,252
Other social costs	-8,406	-7,507	-7,509
Pension expenses – defined contribution plans	-10,307	-9,684	-11,306
Pension expenses – defined benefit plans	-49	-63	-92
Government grants for shipping companies	19,009	19,371	18,444
	<b>-89,602</b>	-83,376	-88,714
<b>Average number of Group employees</b>			
Shipping and Sea Transport Services	1,256	1,244	1,274
Port Operations	299	290	302
	<b>1,555</b>	1,534	1,576
Number of employees on 31 December	<b>1,619</b>	1,519	1,538

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 19.0 (19.4) 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	2021	2020
<b>Depreciation of tangible assets</b>		
Land and water, right of use	-1,919	-1,733
Buildings	-2,747	-1,918
Buildings, right of use	-644	-1,342
Machinery and equipment	-1,041	-1,023
Machinery and equipment, right of use	-304	-405
Vessels	-74,750	-57,359
<b>Amortisation of intangible assets</b>	<b>-723</b>	-819
<b>Total depreciation and amortisation</b>	<b>-82,127</b>	-64,599

The management has evaluated vessels' economic life span and residual values. As a result, due to the expected economic life span of 25-30 years, the depreciation time has been shortened by 5 years on average, starting from 1.1.2021. The annual increase of fiscal year 2021's depreciation, (EUR 17.3 million) has been booked as cost on the fourth quarter of 2021. The effect for future fiscal years is estimated to be EUR 17.3 million at the most.

## 12. OTHER OPERATING EXPENSES

EUR 1,000	2021	2020
Port expenses, equipment and other voyage related costs	-54,528	-49,502
Leases	-16,252	-12,682
Manning service costs and other non-obligatory personnel costs	-1,519	-1,267
Vessel insurances, repairs and maintenance costs	-38,672	-34,281
Catering costs	-11,270	-10,294
IT costs	-3,411	-3,218
Sales and marketing costs	-1,845	-1,796
Real estate costs excluding rents and leases	-3,287	-2,581
Other costs	-8,172	-7,542
	<b>-138,958</b>	<b>-123,164</b>

### Auditor's remuneration

The Group's principal auditor was KPMG Oy Ab in 2021.

EUR 1,000	2021	2020
<b>Audit fees</b>		
KPMG	119	125
Other	18	17
<b>Tax consultancy and other fees</b>		
KPMG	35	36
Other	7	7
	<b>179</b>	<b>184</b>

## 13. FINANCIAL INCOME AND EXPENSES

EUR 1,000	2021	2020
Dividend income	1	0
<b>Interest income</b>		
Bank deposits	0	0
Loans and accounts receivable	27	49
Other receivables	1	0
<b>Exchange rate gains</b>		
Other exchange rate gains	155	442
<b>Other financial income</b>	<b>3</b>	<b>3</b>
<b>Total financial income</b>	<b>187</b>	<b>494</b>
<b>Interest expenses</b>		
Borrowings measured at amortised cost	-2,810	-3,646
Other interest expenses	-3	-2
<b>Exchange rate losses</b>		
Other exchange rate losses	-223	-541
<b>Other financial expenses</b>	<b>-1,554</b>	<b>-1,876</b>
<b>Total financial expenses</b>	<b>-4,591</b>	<b>-6,065</b>
<b>Net financial expenses</b>	<b>-4,404</b>	<b>-5,571</b>

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.

## 14. INCOME TAXES

EUR 1,000	2021	2020
Tax on taxable income of the reporting period	-232	-228
Tax from previous periods	-11	-14
Change in deferred taxes	1,157	-676
<b>Income taxes in profit and loss, expense (-)</b>	<b>915</b>	<b>-918</b>

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

EUR 1,000	2021	2020
Result before taxes	73,758	70,645
Tax calculated using Finnish tax rate, 20%*	-14,752	-14,129
Foreign subsidiaries' differing tax rates **	-109	-84
Tax-exempt income and non-deductible expenses	-31	-23
Losses for which no deferred income tax asset was recognized	-112	-99
Impact of tonnage tax ***	15,918	13,417
<b>Income taxes in profit and loss, expense (-)</b>	<b>915</b>	<b>-918</b>

\* As of 1 January 2014, the applicable tax rate has been 20.0% in Finland.

\*\* Deferred tax rate applied to Swedish entities is 20.6%.

\*\*\* 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 2022.

### Income tax on other comprehensive income

EUR 1,000	2021	2020
Remeasurement of defined benefit liability	38	-21
	<b>38</b>	<b>-21</b>

## 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	2021	2020
Result for the reporting period attributable to parent company shareholders, EUR 1,000	74,673	69,727
Weighted average no. of shares, 1,000	51,503	51,503
Undiluted earnings per share, EUR/share	1.45	1.35

## 16. DIVIDENDS

Finnlines paid EUR 51.5 million in dividend in 2021. The parent company Finnlines Plc's result for the reporting period was EUR 62.6 million. The distributable funds included in the parent company's shareholders' equity equals to EUR 455.7 million at the end of the reporting period. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.00 per share be paid out resulting in a total amount of proposed dividends of EUR 51,503,141.

## 17. PROPERTY, PLANT AND EQUIPMENT

EUR 1,000	Land	Buildings	Vessels	Machinery and equipment	Advance payments & acquisitions under construction	Total*
<b>Reporting period ending 31 December 2021</b>						
Acquisition cost 1 January 2021	72	65,151	1,486,518	65,826	59,521	1,677,087
Exchange rate differences		-2		17		15
Increases	1,053	40,993	10,404	1,175	72,389	126,015
Disposals			-64	-143		-207
Reclassifications between items			667	0	-667	0
Reclassifications to non-current assets held for sale *		-3,297		-22,395		-25,691
<b>Acquisition cost on 31 December 2021</b>	<b>1,125</b>	<b>102,846</b>	<b>1,497,525</b>	<b>44,480</b>	<b>131,243</b>	<b>1,777,219</b>
Accumulated depreciation, amortisation and write-offs 1 January 2021						
		-24,522	-644,563	-44,175		-713,260
Exchange rate differences		2		-16		-14
Cumulative depreciation on reclassifications and disposals		-15,159	64	-250		-15,346
Depreciation for the reporting period		-2,747	-74,750	-1,041		-78,538
<b>Accumulated depreciation, amortisation and write-offs 31 December 2021</b>		<b>-42,426</b>	<b>-719,249</b>	<b>-45,482</b>		<b>-807,157</b>
Reclassifications to non-current assets held for sale *		570		10,510		11,081
<b>Carrying value on 31 December 2021</b>	<b>1,125</b>	<b>60,990</b>	<b>778,276</b>	<b>9,508</b>	<b>131,243</b>	<b>981,142</b>

Not including right-of-use assets.

The carrying value of property, plant and equipment includes EUR 17.5 (17.3) 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 2020 or 2021, as according to management's estimate, the fair value of the assets classified as held for sale was higher than the carrying value at the balance sheet date 31 December 2020 and 31 December 2021.

EUR 1,000	Land and water, right-of-use	Buildings and structures, right-of-use	Machinery and equipment, right-of-use	Total
<b>Right-of-use assets 2021</b>				
Acquisition cost 1 January 2021	20,339	3,832	1,439	25,610
Exchange rate differences			1	1
Increases	7,379		181	7,561
Disposals		-2,099		-2,099
Reclassifications between items		0	0	0
<b>Acquisition cost 31 December 2021</b>	<b>27,719</b>	<b>1,733</b>	<b>1,622</b>	<b>31,074</b>
Accumulated depreciation, amortisation and write-offs 1 January 2021				
	-4,100	-2,202	-776	-7,078
Exchange rate differences			-1	-1
Cumulative depreciation on reclassifications and disposals		1,753		1,753
Depreciation for the reporting period	-1,919	-644	-304	-2,866
<b>Accumulated depreciation, amortisation and write-offs 31 December 2021</b>	<b>-6,019</b>	<b>-1,092</b>	<b>-1,081</b>	<b>-8,192</b>
<b>Carrying value 31 December 2021</b>	<b>21,700</b>	<b>640</b>	<b>541</b>	<b>22,882</b>
<b>Property, plant and equipment, total</b>				<b>1,004,024</b>

EUR 1,000	Buildings	Machinery and equipment	Total
<b>Assets classified as held for sale 1 January 2021</b>			
<b>Acquisition cost</b>			
Transfer to non-current assets held for sale on 1 January 2021	3,297	22,395	25,691
<b>Accumulated depreciation</b>			
Transfer to non-current assets held for sale on 31 December 2021	-570	-10,510	-11,081
<b>Carrying value 31 December 2021</b>	<b>2,726</b>	<b>11,884</b>	<b>14,610</b>

The Management has evaluated vessels' economic life span and residual values. As a result, due to the expected economic life span of 25-30 years, the depreciation time has been shortened by 5 years on average, starting from 1.1.2021. The annual increase of the 2021 fiscal year depreciation (EUR 17.3 million) has been booked as cost on the fourth quarter of 2021.



EUR 1,000	Land	Buildings	Vessels	Machinery and equipment	Advance payments & acquisitions under construction	Total
<b>Reporting period ending 31 December 2020</b>						
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
<b>Acquisition cost on 31 December 2020</b>	<b>72</b>	<b>63,552</b>	<b>1,486,518</b>	<b>43,431</b>	<b>59,521</b>	<b>1,653,093</b>
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
<b>Accumulated depreciation, amortisation and write-offs 31 December 2020</b>		<b>-25,156</b>	<b>-644,563</b>	<b>-44,175</b>		<b>-713,894</b>
Reclassifications to non-current assets held for sale		570		10,510		11,081
<b>Carrying value on 31 December 2020</b>	<b>72</b>	<b>38,966</b>	<b>841,955</b>	<b>9,766</b>	<b>59,521</b>	<b>950,280</b>

Not including right-of-use assets.

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	22,173
Exchange rate differences			-1	-1
Increases		1,321	424	1,745
Disposals				
Reclassifications between items		-3	-2	-5
<b>Acquisition cost 31 December 2020</b>	<b>18,642</b>	<b>3,832</b>	<b>1,439</b>	<b>23,913</b>
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
<b>Accumulated depreciation, amortisation and write-offs 31 December 2020</b>	<b>-3,466</b>	<b>-2,202</b>	<b>-776</b>	<b>-6,444</b>
<b>Carrying value 31 December 2020</b>	<b>15,176</b>	<b>1,629</b>	<b>663</b>	<b>17,468</b>
<b>Property, plant and equipment, total</b>				<b>967,748</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 on 1 January 2020	3,297	22,395	25,691
<b>Accumulated depreciation</b>			
Transfer to non-current assets held for sale on 31 December 2020	-570	-10,510	-11,081
<b>Carrying value 31 December 2020</b>	<b>2,726</b>	<b>11,884</b>	<b>14,610</b>

## 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 recognized in profit or loss

EUR 1,000	2021	2020
Interest on lease liabilities 31 December	314	235
Expenses relating to short-term leases	309	2
Expenses relating to low-value assets	202	93
Service components of lease payments 31 December	51	196
Lease payments of all leases accounted according to IFRS 16	2,997	3,635
<b>Total cash flow of all leases 31 December</b>	<b>3,559</b>	<b>3,926</b>

### Maturity analysis

EUR 1,000	2021	2020
<b>Contractual undiscounted cash flows</b>		
Less than one year	2,680	3,115
One to five years	8,421	8,028
More than five years	20,763	14,223
<b>Total undiscounted lease liabilities at 31 December</b>	<b>31,864</b>	<b>25,365</b>
Short term leasing liability	1,986	2,882
Long term leasing liability	20,202	14,779
<b>Lease liabilities included in statement of financial position at 31 December</b>	<b>22,188</b>	<b>17,661</b>

## 19. GOODWILL AND OTHER INTANGIBLE ASSETS

EUR 1,00	Goodwill	Advance payment for intangible assets	Other intangible assets	Total intangible assets
<b>Reporting period ending 31 December 2021</b>				
Acquisition cost on 1 January 2021	105,644	437	26,564	132,645
Increases		113	53	166
Disposals				
Reclassifications		-48	48	0
<b>Acquisition cost on 31 December 2021</b>	<b>105,644</b>	<b>502</b>	<b>26,665</b>	<b>132,811</b>
Accumulated amortisation and impairment losses on 1 January 2021			-23,328	-23,328
Cumulative amortisation on reclassifications and disposals				
Depreciation for the reporting period			-723	-723
Accumulated amortisation and impairment losses on 31 December 2021			-24,051	-24,051
<b>Carrying value on 31 December 2021</b>	<b>105,644</b>	<b>502</b>	<b>2,614</b>	<b>108,760</b>
<b>Reporting period ending 31 December 2020</b>				
Acquisition cost on 1 January 2020	105,644	266	26,855	132,765
Increases		405	128	533
Disposals			-653	-653
Reclassifications		-233	233	0
<b>Acquisition cost on 31 December 2020</b>	<b>105,644</b>	<b>437</b>	<b>26,564</b>	<b>132,645</b>
Accumulated amortisation and impairment losses on 1 January 2020			-23,163	-23,163
Cumulative amortisation on reclassifications and disposals			651	651
Depreciation for the reporting period			-819	-819
Accumulated amortisation and impairment losses on 31 December 2020			-23,330	-23,330
<b>Carrying value on 31 December 2020</b>	<b>105,644</b>	<b>437</b>	<b>3,234</b>	<b>109,315</b>

### Goodwill impairment testing

For the purpose of impairment testing, goodwill is allocated to cash-generating units. The allocation principle has remained unchanged since 2019, although some changes were made to the vessel set-up due to the updated schedules during 2021. 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	2021	2020
<b>Allocation of goodwill to the cash-generating units</b>		
NordöLink	68,972	68,972
HansaLink (incl. Finland–Germany–Poland traffic)	36,671	36,671
<b>Total</b>	<b>105,644</b>	<b>105,644</b>

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 2021, 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 supported by one weekly back-up departure between Helsinki and Rostock. The direct route from Hanko to Gdynia was operated with one ro-ro vessel, although in 2022 Polish traffic is operated with two smaller ro-ro vessels.

NordöLink traffic is operated with four smaller ro-pax vessels.

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% in 2015 in accordance with the MARPOL Convention. Finlines has invested in emission abatement technology to meet the new environmental regulations, 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 2021

	Cash-generating unit	
	HansaLink	NordöLink
<b>Discount rate (pre-tax)</b>	<b>5.7 %</b>	<b>5.8 %</b>
LTP period	2022–2026	2022–2026
Growth rate after LTP period	<b>2.0 %</b>	<b>2.0 %</b>
The resulting share of terminal value of the calculated discounted cash flow	<b>85.8 %</b>	<b>82.0 %</b>

#### Main assumptions used in calculating value in use in 2020

	Cash-generating unit	
	HansaLink	NordöLink
<b>Discount rate (pre-tax)</b>	4.8%	4.8%
LTP period	2021–2025	2021–2025
Growth rate after LTP period	2.0%	2.0%
The resulting share of terminal value of the calculated discounted cash flow	88.8%	87.3 %

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 2021. 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 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	2021	2020
Investments in unlisted shares	<b>7,073</b>	7,073

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.

EUR 1,00	Fair value through profit or loss	Subsequently measured at amortised cost	Hedging of cash flow	Balance sheet	
				value	Fair value
<b>Reporting period ending 31 December 2021</b>					
Investments	7,073			7,073	7,073
Loan and other receivables		1,190		1,190	1,190
Trade receivables		85,341		85,341	85,341
Derivatives			18,073	18,073	18,073
Cash and bank		1,951		1,951	1,951
<b>Total 31 December 2021</b>	<b>7,073</b>	<b>88,482</b>	<b>18,073</b>	<b>113,628</b>	<b>113,628</b>
<b>Reporting period ending 31 December 2020</b>					
Investments	7,073			7,073	7,073
Loan and other receivables		1,385		1,385	1,385
Trade receivables		65,282		65,282	65,282
Derivatives			1,378	1,378	1,378
Cash and bank		1,847		1,847	1,847
<b>Total 31 December 2020</b>	<b>7,073</b>	<b>68,515</b>	<b>1,378</b>	<b>76,966</b>	<b>76,966</b>

### 23. NON-CURRENT RECEIVABLES

EUR 1,000	2021		2020	
	Fair values	Carrying amount	Fair value	Carrying amount
<b>Loans and other receivables</b>				
Other receivables	1,190	1,190	1,385	1,385
<b>Financial assets at fair value</b>				
Currency derivatives	6,933	6,933	2,546	2,546
	<b>8,124</b>	<b>8,124</b>	<b>3,932</b>	<b>3,932</b>

### 24. DEFERRED TAX ASSETS AND LIABILITIES

#### Changes in deferred taxes in 2020 and 2021

EUR 1,000	1 Jan 2020	Reclassification	Recognised in profit and loss	Recognised in other comprehensive income	31 Dec 2020
<b>Deferred tax assets:</b>					
Fair value valuation loss, IAS 32, IFRS 9	-72	0	-32		-104
Unused losses in taxation	2,559		-511		2,048
IFRS 16 leases	35		17		52
Other differences	46	0	-65		-19
Remeasurement of defined benefit plans	373	0		21	393
	<b>2,940</b>	<b>0</b>	<b>-590</b>	<b>21</b>	<b>2,370</b>
<b>Deferred tax liabilities:</b>					
Depreciation difference on 1 January 2020	27,995	0	2,877		30,872
Deferred tax liability in tonnage taxation *	14,860	0	-2,890		11,971
Group difference, vessels and equipment	2,156	0	16		2,171
Assets set to sale, pension liabilities, capitalized interests	1,375	0	57		1,432
Currency difference	1		-3		-1
Other differences	36	0	29		64
	<b>46,423</b>	<b>0</b>	<b>86</b>	<b>0</b>	<b>46,509</b>

EUR 1,000	1 Jan 2021	Reclassification	Recognised in profit and loss	Recognised in other comprehensive income	31 Dec 2021
<b>Deferred tax assets:</b>					
Restated receivables 1.1 impairment, IFRS 9	0	0			0
Fair value valuation loss, IAS 32, IFRS 9	-104	0	-2		-106
Hedge accounting	0				0
Unused losses in taxation	2,048		-1,297		752
IFRS 16 leases	52		19		72
Other differences	-19	0	-70		-89
Remeasurement of defined benefit plans	393	0		-38	355
	2,370	0	-1,348	-38	983
<b>Deferred tax liabilities:</b>					
Depreciation difference on 1 January 2021	30,872		1,734		32,605
Deferred tax liability in tonnage taxation	11,971	0	-4,302		7,669
Group difference, vessels and equipment	2,171	0	16		2,187
Assets set to sale, pension liabilities, capitalized interests	1 432	0	25		1,457
Currency difference	-1		2		1
Other differences	64		20		84
	46,509	0	-2,506	0	44,003

\* Specification of Finnlines Plc's deferred tax liability at the transition 1.1.2013 and the recorded transactions in the Income Statement up to 31.12.2021.

EUR 1,000	Deferred tax liabilities
<b>Finnlines Plc's depreciation in excess of plan 31 December 2012 / 1 January 2013</b>	52,692
Difference between vessel's legal and Group value	1,340
Deferred tax liability 1 January 2013	54,033
<b>Recognised in the income statement 1 January 2013</b>	
Difference between vessel's group value and fair value	364
<b>Recognised in the income statement 1 January–31 December 2013</b>	
Tax relief of vessels crew's social costs	-3,352
Effect of change of tax rate on tax 1 January 2014	-9,376
<b>Deferred tax liability in tonnage taxation at 31 December 2013</b>	41,669
Tax relief of vessels crew's social costs 2014 (the second tonnage tax period)	-3,587
<b>Deferred tax liability in tonnage taxation at 31 December 2014</b>	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
<b>Deferred tax liability in tonnage taxation at 31 December 2015</b>	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
<b>Deferred tax liability in tonnage taxation at 31 December 2016</b>	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
<b>Deferred tax liability in tonnage taxation at 31 December 2017</b>	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
<b>Deferred tax liability in tonnage taxation at 31 December 2018</b>	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
<b>Deferred tax liability in tonnage taxation at 31 December 2019</b>	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
<b>Deferred tax liability in tonnage taxation at 31 December 2020</b>	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
<b>Deferred tax liability in tonnage taxation at 31 December 2021</b>	7,669

EUR 1,00	2021	2020
<b>Deferred tax assets and liabilities</b>		
Total deferred tax assets	983	2,370
<b>Deferred tax assets in statement of financial position</b>	<b>983</b>	<b>2,370</b>
Deferred tax liabilities	44,003	46,509
<b>Deferred tax liabilities in statement of financial position</b>	<b>44,003</b>	<b>46,509</b>

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 0.5 (1.5) 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 0.7 (2.0) million. The tax losses will expire in 2023–2028.

The Group did not recognise deferred income tax assets of EUR 0.5 (0.7) million because, according to management's view, utilisation of losses involves considerable uncertainty.

## 25. INVENTORIES

EUR 1,000	2021	2020
Material and equipment	7,566	5,072
Inventory for resale	830	895
	<b>8,395</b>	<b>5,967</b>

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

## 26. CURRENT RECEIVABLES

EUR 1,000	2021		2020	
	Fair Value	Carrying amount	Fair Value	Carrying amount
<b>Accounts receivable and other receivables</b>				
Loans and other receivables				
Accounts receivable	85,341	85,341	65,282	65,282
Accrued income and prepaid expenses	21,211	21,211	19,086	19,086
Other receivables	1,583	1,583	2,103	2,103
Financial assets at fair value				
Currency derivatives	11,140	11,140	0	0
<b>Total</b>	<b>119,275</b>	<b>119,275</b>	<b>86,471</b>	<b>86,471</b>

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

EUR 1,000	2021	2020
Significant items of accrued income and prepaid expenses		
Government grants for shipping companies	6,620	7,476
Personnel costs	1,629	1,494
Port expenses, cargo handling and other voyage-related costs	3,145	3,650
Docking costs	1,621	1,102
Reimbursement of average repairs, vessels	3,308	2,186
Insurances	1,323	1,457
Other accrued receivables	3,565	1,722
<b>Total</b>	<b>21,211</b>	<b>19,086</b>

EUR 1,000	2021	Impaired receivables	Net 2021
<b>Aging of accounts receivable 2021</b>			
Undue	78,601	0	78,601
Overdue			
1–30 days	6,352	0	6,352
31–60 days	-776	0	-776
61–90 days	-202	0	-202
91–360 days	656	4	652
over 360 days	2,597	1,385	1,212
<b>Total overdue</b>	<b>8,626</b>	<b>1,388</b>	<b>7,238</b>
Expected credit loss allowance (IFRS 9)		498	
<b>Total</b>	<b>87,227</b>	<b>1,886</b>	<b>85,341</b>

EUR 1,000	2020	Impaired receivables	Net 2020
<b>Aging of accounts receivable 2020</b>			
Undue	60,357	0	60,357
Overdue			
1–30 days	4,288	0	4,288
31–60 days	-525	0	-525
61–90 days	-193	0	-193
91–360 days	264	-6	269
over 360 days	3,195	1,702	1,493
<b>Total overdue</b>	<b>7,029</b>	<b>1,697</b>	<b>5,333</b>
Expected credit loss allowance (IFRS 9)		407	
<b>Total</b>	<b>67,386</b>	<b>2,104</b>	<b>65,282</b>

EUR 1,000	2021	2020
Accounts receivable by currency		
EUR	85,016	65,125
SEK	-1	-3
GBP	318	248
USD	498	316
DKK	10	3
PLN	0	0
	85,841	65,690
Expected credit loss allowance (IFRS 9)	-498	-407
<b>Total</b>	<b>85,341</b>	<b>65,282</b>

The carrying value of accounts receivable and other receivables are reasonable estimates of their fair values. In 2021, the Group has recognised impairment losses of EUR -240 (-216) thousand in profit or loss. In addition, according to IFRS 9 the Group has recognised EUR -90 (-69) 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.

## 27. CASH AND CASH EQUIVALENTS

EUR 1,000	2021	2020
Cash in hand and cash equivalent	1,951	1,847
	1,951	1,847

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 2020	51,503	103,006
<b>31 Dec 2021</b>	<b>51,503</b>	<b>103,006</b>

### 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 2021 (EUR 200 million on 31 December 2020). 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	2021	2020
Share premium account	24,525	24,525

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

### Fund for unrestricted equity

EUR 1,000	2021	2020
Unrestricted equity reserve 1 January	40,016	40,016
Increase	0	0
<b>Unrestricted equity reserve 31 December</b>	<b>40,016</b>	<b>40,016</b>

### Fair value reserve

EUR 1,000	2021	2020
Fair value reserve 1 January	1,378	9,623
Increase	16,695	-8,245
<b>Fair value reserve 31 December</b>	<b>18,073</b>	<b>1,378</b>

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.

## 29. PROVISIONS

EUR 1,00	2021	2020
Non-current provisions	1,697	1,697
Current provisions	215	220
	<b>1,913</b>	<b>1,918</b>

EUR 1,000	Tax provisions	Other provisions	Total
<b>1 January 2021</b>	202	1,716	1,918
Decreases in provisions	-5	0	-5
<b>31 December 2021</b>	<b>197</b>	<b>1,716</b>	<b>1,913</b>

EUR 1,000	Tax provisions	Other provisions	Total
<b>1 January 2020</b>	235	1,716	1,951
Decreases in provisions	-33	0	-33
<b>31 December 2020</b>	<b>202</b>	<b>1,716</b>	<b>1,918</b>

Other provisions contain mainly dismantling provisions for buildings in the 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

EUR 1,000	2021		2020	
	Fair value	Carrying amount	Fair value	Carrying amount
<b>Long-term interest-bearing liabilities measured at amortised cost</b>				
Loans from financial institutions	146,037	145,489	160,630	159,743
Loans from pension funds	3,432	3,432	5,900	5,860
Lease liabilities	20,203	20,203	14,779	14,779
	169,671	169,123	181,309	180,383
<b>Current interest-bearing liabilities measured at amortised cost</b>				
Loans from financial institutions	100,238	100,238	64,776	64,776
Bank overdraft facilities	0	0	0	0
Loans from pension funds	2,428	2,428	2,428	2,428
Lease liabilities	1,986	1,986	2,882	2,882
Commercial paper programme	98,824	98,824	98,860	98,860
Financial liabilities	203,476	203,476	168,946	168,946
<b>Total interest-bearing liabilities</b>	<b>373,147</b>	<b>372,599</b>	<b>350,255</b>	<b>349,328</b>

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.

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).

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

EUR 1,000	2021	2020
<b>Maturity of long-term interest-bearing liabilities (not including lease liabilities)</b>		
Within 12 months	102,666	67,204
1–5 years	149,977	161,643
After five years	0	5,000
	252,643	233,847

EUR 1,000	2021	2020
<b>Weighted average interest rates of the interest-bearing debts</b>	<b>1.10%</b>	<b>1.09%</b>

EUR 1,000	Within 1 year	1–5 years	More than 5 years	Total
<b>Floating rate liabilities, timing of re-pricing 31 December 2021</b>				
Financial liabilities				
Loans from financial institutions	228,322			228,322
Pension loans	5,860			5,860
	234,182	0	0	234,182

EUR 1,000	Within 1 year	1–5 years	More than 5 years	Total
<b>Floating rate liabilities, timing of re-pricing</b>				
<b>31 December 2020</b>				
Financial liabilities				
Loans from financial institutions	201,559			201,559
Bank overdraft facilities	0			0
Loans from pension funds	8,288			8,288
	209,847	0	0	209,847

All of the Group's financial liabilities were in EUR on 31 December 2021 and on 31 December 2020.

Financial liabilities include secured liabilities. The pledge value of the related pledged assets is EUR 540 (540) million. This is detailed in Note 35. Contingencies and Commitments.

### 31. ACCOUNTS PAYABLE AND OTHER LIABILITIES

EUR 1,000	2021		2020	
	Fair Value	Carrying amount	Fair Value	Carrying amount
<b>Current accounts payable and other liabilities</b>				
Liabilities measured at cost				
Accounts payable	25,629	25,629	20,529	20,529
Accrued personnel costs	13,145	13,145	12,032	12,032
Accrued interest	465	465	424	424
Other accrued expenses and deferred income	24,036	24,036	18,882	18,882
Other liabilities	17,075	17,075	14,236	14,236
Current advances received	6,906	6,906	6,527	6,527
Financial liabilities at fair value				
Currency forward contracts – non hedge account			1,168	1,168
	87,257	87,257	73,798	73,798

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	2021	2020
<b>Significant items in accrued expenses and deferred income</b>		
Discounts given	13,207	12,096
Bunker costs	1,679	480
Cargo handling costs	1,954	2,118
Port expenses and voyage-related costs	2,037	1,807
Catering costs	826	470
Repairs, vessels	1,954	819
Capitalized vessel docking costs	1,001	0
Other accrued liabilities	1,381	1,092
	24,038	18,882

EUR 1,000	2021	2020
<b>Distribution of accounts payable by currency</b>		
EUR	19,349	18,655
SEK	1,429	481
USD	1,656	894
GBP	308	250
NOK	0	0
DKK	104	217
CHF	0	0
PLN	54	33
RUB	2,730	0
	25,629	20,529

## 32. ADJUSTMENTS TO CASH FLOW FROM OPERATIONS

EUR 1,000	2021	2020
<b>Non-cash transactions</b>		
Depreciation	82,126	64,599
Profits/losses from the sale of assets	-32	-195
Defined benefit plan valuation, IAS 19	-157	-237
	<b>81,937</b>	<b>64,167</b>

## 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 recognised as expenses during each employee's employment term on the basis of calculations made by authorised 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 2021 covered a total of 107 (129) members, of whom 11 (12) were employed.

Finnlines Deutschland GmbH has granted defined benefit pension plans to its employees. On 31 December 2021, the defined benefit pension plan in Germany covered a total of 32 (33) members, of whom 6 (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 rapportering), URF 3, this is a defined benefit pension plan, encompassing several employers. During the financial year 2021 or 2020, 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 2021, Alecta's surplus in the form of collective funding ratio amounted to 169 (148) 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.

<b>Assumptions 31 December 2021</b>						
	Germany pension promise	Finland Finnsteve pension promise	Finland Finnsteve pension plan	Finland Finnlines pension plan	Average 2021	Average 2020
Discount rate	1.07 %	0.80 %	0.80 %	0.80 %	0.89 %	0.60 %
Rate of salary increase	1.80 %	n/a	n/a	2.30 %		
Rate of benefit increase	1.80 %	2.19 %	2.19 %	2.19 %		
Rate of inflation	1.80 %	1.95 %	1.95 %	1.95 %		
Duration	9.05	7.69	9.79	11.27	10.29	10.41

EUR 1,000	2021	2020
<b>Expense recognised in profit or loss</b>		
Service cost	24	27
Net interest	25	36
<b>Expense recognised in profit or loss</b>	<b>49</b>	<b>63</b>
Remeasurements in other comprehensive income	51	120
<b>Amounts in total comprehensive income</b>	<b>100</b>	<b>183</b>

EUR 1,000	31 Dec 2021	31 Dec 2020
<b>Liability recognised in statement of financial position</b>		
Defined benefit obligation	6,355	6,667
Fair value of plan assets	3,212	3,336
<b>Surplus (-) / Deficit (+)</b>	<b>3,143</b>	<b>3,331</b>
Net defined benefit liability (+) / asset recognised in statement of financial position	3 143	3,331

EUR 1,000	31 Dec 2021	31 Dec 2020
<b>Changes in net defined benefit liability during the period</b>		
Net defined benefit liability recognised in statement of financial position at beginning of period	3,331	3,442
Contributions during the period	-289	-294
Expense during the period	49	63
Remeasurements recognised in other comprehensive income	51	120
<b>Net defined benefit liability recognised in statement of financial position at the end of period</b>	<b>3,143</b>	<b>3,331</b>

EUR 1,000	2021	2020
<b>Remeasurements components in other comprehensive income</b>		
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	178	224
Actuarial gains (-) / losses (+) on defined benefit obligation arising from experience adjustments	-64	15
Actuarial gains (-) / losses (+) on plan assets and return on plan assets excluding interest income	-63	-118
<b>Remeasurement in other comprehensive income</b>	<b>51</b>	<b>120</b>

EUR 1,000	2021	2020
<b>Change in defined benefit obligation</b>		
Opening defined benefit obligation	6,667	6,908
Current service cost	24	27
Interest expense	38	63
Actuarial gains (-) / losses (+) on obligation	114	238
Benefits paid	-489	-569
<b>Defined benefit obligation at the end of the period</b>	<b>6,355</b>	<b>6,667</b>

EUR 1,000	2021	2020
<b>Change in the fair value of plan assets</b>		
Opening fair value of plan assets	3,336	3,466
Interest income	13	27
Gain on plan assets excl. item included in net interest	63	118
Employer contributions	289	294
Benefits paid	-489	-569
<b>Fair value of plan assets at the end of the period</b>	<b>3,212</b>	<b>3,336</b>

31 December 2021

EUR 1,000	Germany pension promise	Finland Finnsteve pension promise	Finland Finnsteve pension plan	Finland Finnlines pension plan	Total
<b>Sensitivity analysis on net defined benefit liability</b>					
Discount rate change +0.5%					
Defined benefit obligation	2,084	301	168	3,494	6,047
Fair value of plan assets	0	0	155	2,902	3,057
<b>Net Liability</b>	<b>2,084</b>	<b>301</b>	<b>13</b>	<b>592</b>	<b>2,990</b>
Change in EUR	-95	-10	0	-48	-153
Change in %	-4.35%	-3.22%	0.00%	-7.50%	-4.86%
Discount rate change -0.5%					
Defined benefit obligation	2,281	323	185	3 904	6 693
Fair value of plan assets	0	0	171	3 211	3 382
<b>Net Liability</b>	<b>2,281</b>	<b>323</b>	<b>14</b>	<b>693</b>	<b>3 311</b>
Change in EUR	102	12	1	53	168
Change in %	4.70%	3.86%	7.69%	8.28%	5.36%
Benefit increase rate change +0.5%					
Defined benefit obligation	2,278	323	185	3,889	6,675
Fair value of plan assets	0	0	163	3,049	3,212
<b>Net Liability</b>	<b>2,278</b>	<b>323</b>	<b>22</b>	<b>840</b>	<b>3,463</b>
Change in EUR	100	12	9	200	321
Change in %	4.57%	3.86%	69.23%	31.25%	10.20%
Benefit increase rate change -0.5%					
Defined benefit obligation	2,086	301	167	3,506	6,060
Fair value of plan assets	0	0	163	3,049	3,212
<b>Net Liability</b>	<b>2,086</b>	<b>301</b>	<b>4</b>	<b>457</b>	<b>2,848</b>
Change in EUR	-93	-10	-9	-183	-295
Change in %	-4.27%	-3.22%	-69.23%	-28.59%	-9.39%

The Group estimates the costs for the defined benefit plans valid on 31 December 2021 at EUR 0.1 million in 2022.

31 December 2020

EUR 1,000	Germany pension promise	Finland Finnsteve pension promise	Finland Finnsteve pension plan	Finland Finnlines pension plan	Total
<b>Sensitivity analysis on net defined benefit liability</b>					
Discount rate change +0.5%					
Defined benefit obligation	2,326	314	219	3,475	6,334
Fair value of plan assets	0	0	212	2,950	3,162
<b>Net Liability</b>	<b>2,326</b>	<b>314</b>	<b>7</b>	<b>525</b>	<b>3,172</b>
Change in EUR	-108	-12	-2	-37	-159
Change in %	-4.45%	-3.68%	-22.22%	-6.58%	-4.79%
Discount rate change -0.5%					
Defined benefit obligation	2,552	338	245	3,894	7,029
Fair value of plan assets	0	0	236	3,284	3,520
<b>Net Liability</b>	<b>2,552</b>	<b>338</b>	<b>9</b>	<b>610</b>	<b>3,509</b>
Change in EUR	117	12	0	48	177
Change in %	4.82%	3.68%	0.00%	8.54%	5.32%
Benefit increase rate change +0.5%					
Defined benefit obligation	2,549	338	245	3,876	7,008
Fair value of plan assets	0	0	223	3,113	3,336
<b>Net Liability</b>	<b>2,549</b>	<b>338</b>	<b>22</b>	<b>763</b>	<b>3,672</b>
Change in EUR	114	12	13	201	340
Change in %	4.69%	3.68%	144.44%	35.77%	10.21%
Benefit increase rate change -0.5%					
Defined benefit obligation	2,328	314	219	3,489	6,350
Fair value of plan assets	0	0	223	3,113	3,336
<b>Net Liability</b>	<b>2,328</b>	<b>314</b>	<b>-4</b>	<b>376</b>	<b>3,014</b>
Change in EUR	-107	-12	-13	-186	-318
Change in %	-4.38%	-3.68%	-144.44%	-33.10%	-9.54%

## 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 from 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.

## 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 2021, over 90% 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.

In 2018, the Group signed an order for three ro-ro vessels from the Chinese Jinling shipyard, and these vessels are expected to be delivered in 2022. Finlines has continued its newbuilding programme and signed an order for two ro-pax vessels from China Merchants Jinling Shipyard (Weihai). These Superstar ro-pax vessels are expected to be delivered in 2023. The total value of these investments is over USD 500 million, and the purchases will be paid in USD. In accordance with principles approved by the Board of Directors, the Group hedges the majority of this USD risk with forwards.

### Derivate instruments

EUR 1,000	Fair value +	Fair value -	Net Fair Value	Carrying amount
<b>Interest rate and currency derivatives</b>				
Currency forwards	18,080	-6	18,073	307,311
<b>Total</b>	<b>18,080</b>	<b>-6</b>	<b>18,073</b>	<b>307,311</b>

### Contractual payables and receivables of financial derivatives, 31 December 2021

EUR 1,000	2022	2023	2024	2025	2026	2027-	Total
<b>Payables</b>							
Currency forwards	132,876	156,362	0	0	0	0	289,238
<b>Receivables</b>							
Currency forwards	144,016	163,295	0	0	0	0	307,311

The weighted average rate of the hedging instruments with respect to EUR was approximately 1.22.

### Contractual payables and receivables of financial derivatives, 31 December 2020

EUR 1,000	2021	2022	2023	2024	2025	2026-	Total
<b>Payables</b>							
Currency forwards	90,899	73,826	5,859	0	0	0	170,584
<b>Receivables</b>							
Currency forwards	89,731	76,425	5,806	0	0	0	171,962

### 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 2020 and 2021, the Group had no such significant investments in foreign currencies. The tables below show the translation position at the end of 2020 and 2021.

EUR 1,000	Investments
<b>Group translation exposure 2021</b>	
GDP	1,092
DKK	568
PLN	138
	1,797
<b>Group translation exposure 2020</b>	
GDP	855
DKK	316
PLN	98
	1,270



### 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
<b>Sensitivity at closing date 2021, change in USD, weakening/strengthening 10% against EUR</b>	<b>+869/-1,062</b>	<b>+0/-0</b>
Sensitivity at closing date 2019, change in USD, weakening / strengthening 10% against EUR	16,851/-20,595	+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, 66% 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 5 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.

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
<b>Sensitivity at closing date 2021, change in interest rates, increasing / decreasing 0.5% from valid rate of the instrument at 31 Dec 2021</b>	
Debt portfolio	-1,284 / +1,284

EUR 1,000	Change in profit & loss
<b>Sensitivity at closing date 2020, change in interest rates, increasing / decreasing 0.5% from valid rate of the instrument at 31 Dec 2020</b>	
Debt portfolio	-1,196 / +1,196
	-1,196 / +1,196

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. Covid-19 pandemic is estimated not to have a material impact on expected credit losses. The table below shows the amount of impaired receivables and changes in credit losses.

EUR 1,000	2021	2020
<b>Changes of the allowance for impaired trade receivables</b>		
Impaired receivables at 1 January	2,104	2,041
Net remeasurement of loss allowance, IFRS 9	90	69
Identified amounts written off	240	216
Amounts, final credit loss	-548	-222
<b>Impaired receivables at 31 December</b>	<b>1,886</b>	<b>2,104</b>

#### 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 2021, the granted but unused credit facilities totalled EUR 210.0 (225.0) million. Loans include normal equity ratio related covenants. The cash-flows in the tables below include both repayments and expected interests.

#### Contractual repayments of interest-bearing liabilities, including interest, 31 December 2021

EUR 1,000	2022	2023	2024	2025	2026	2027	Total	Residual amount of interest-bearing liabilities as at 31 Dec 2021
Loans from financial institutions	102,836	58,120	15,862	55,619	20,074	0	252,510	246,783
Bank overdraft facilities	0	0	0	0	0	0	0	0
Re-borrowing of pension funds	2,444	2,441	1,002	0	0	0	5,887	5,860
Lease liabilities	2,748	2,588	2,462	2,039	2,002	20,998	32,837	22,188
Commercial paper programme	99,000	0	0	0	0	0	99,000	98,824
	207,028	63,149	19,326	57,658	22,076	20,998	390,234	373,656

#### Contractual repayments of interest-bearing liabilities, including interest, 31 December 2020

EUR 1,000	2021	2022	2023	2024	2025	2026	Total	Residual amount of interest-bearing liabilities as at 31 Dec 2020
Loans from financial institutions	67,024	78,880	59,131	15,083	5,000	5,000	230,118	225,559
Bank overdraft facilities	0	0	0	0	0	0	0	0
Re-borrowing of pension funds	2,451	2,444	2,441	1,002	0	0	8,338	8,288
Lease liabilities	3,115	2,212	2,108	1,989	1,719	14,223	25,366	17,661
Commercial paper programme	99,000	0	0	0	0	0	99,000	98,860
	171,591	83,536	63,679	18,074	6,719	19,223	362,822	350,368

#### 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% 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	2021	2020
<b>Capital risk management</b>		
Financial liabilities	372,599	349,328
Cash in hand and at bank	1,951	1,847
Interest-bearing net debt	370,648	347,481
Total equity	764,296	724,453
Leverage ratio (net gearing), %	48.5%	48.0%

## 35. CONTINGENCIES AND COMMITMENTS

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

The Group adjusts its vessel capacity by acting as a lessor when needed. There were no effective future lease commitments at the balance sheet date.

EUR 1,000	2021	2020
Minimum leases payable in relation to fixed-term leases:		
<b>Vessel leases (Group as lessee)</b>		
Within 12 months	1,440	0
1–5 years	0	0
	1,440	0
<b>Vessel leases (Group as lessor)</b>		
Within 12 months	0	7,141
1–5 years	0	0
	0	7,141
<b>Other leases (Group as lessee)</b>		
Within 12 months	181	109
1–5 years	44	96
After 5 years	0	0
	225	205
<b>Other leases (Group as lessor)</b>		
Within 12 months	310	229
1–5 years	0	0
	310	229
<b>Collateral given</b>		
Loans from financial institutions	207,643	233,847
<b>Vessel mortgages provided as guarantees for the above loans</b>	539,500	539,500
<b>Other collateral given on own behalf</b>		
Pledges	340	340
<b>Other obligations</b>		
Obligations, related to vessel investments	319,221	358,044
Other external obligations	1,130	1,467
	320,350	359,511
<b>VAT adjustment liability related to real estate investments</b>	5	2

### 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.

### 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	2021	2020
Salaries and other short-term benefits	1,726	1,763
Post-employment benefits	253	226
	1,979	1,989

In 2021, 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 CEO/CFO, Finnlines Group's Senior Advisor until 28 February 2021 and the Operating Officers (Head of Newbuilding Department until 30 June 2021), a total of eight members.

### Finnlines Plc's Annual General Meeting held on 6 May 2021 confirmed the following compensation to the Board of Directors for the term until the close of the Annual General Meeting in 2022

EUR 1,000	2021	2020
<b>Salaries and fees</b>		
President and CEO		
Board of Directors:	300	330
Chairman	50	50
Vice Chairman	40	40
Board members (each)	30	30

Compensation to the Board Members for 2020 (the term commencing from the Annual General Meeting on 7 May 2020) was paid in May 2021.

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

EUR 1,000	2021	2020
<b>President and CEO</b>		
Emanuele Grimaldi, President and CEO	0	0
<b>Board of Directors</b>		
Jon-Aksel Torgersen, Chairman of the Board	50	50
Diego Pacella, Vice chairman of the Board	40	40
Christer Backman*	30	30
Tiina Bäckman	30	30
Emanuele Grimaldi	30	30
Gianluca Grimaldi	30	30
Guido Grimaldi	30	30
Mikael Mäkinen	30	30
Esben Poulsson **	30	0
Tapani Voionmaa	30	30

\* Member of the Board until 6 May 2021

\*\*Member of the Board as from 7 May 2020

The President and CEO, appointed on 5 November 2013, will not receive any compensation or other benefit in the form of salary, bonus or pension scheme from the Company. The Company's management has no supplementary pension insurances in excess of the statutory pension in force.

Finnlines had no option schemes on 31 December 2021. 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% of all the shares in Finnlines Plc on 31 December 2021. More information about Finnlines' share can be found in Note 38. Shares and Shareholders.

EUR 1,000	2021	2020
<b>Transactions with related parties</b>		
Income from Grimaldi companies *	8,622	9,673
Purchases from Grimaldi companies	12,364	5,423
Receivables from Grimaldi companies	2,786	1,657
Payables to Grimaldi companies	983	250

\* Income consists mainly of vessel leases and freight income.

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

#### 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 2021–31 December 2021).

### 37. SUBSIDIARIES ON 31 DECEMBER 2021

Name of subsidiary	Holding (%)	Registered in
<b>Domestic</b>		
Containersteve Oy Ab	100	Helsinki
Finnsteve Oy Ab	100	Helsinki
FS-Terminals Oy Ab	100	Helsinki
Kiinteistö Oy Vuosaaren Porttikeskus	100	Helsinki
<b>Foreign</b>		
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 2021 totalled EUR 103,006,282. The capital stock consisted of 51,503,141 shares.

Finnlines Plc is fully owned by the Grimaldi Group.

<b>Major shareholders on 31 December 2021</b>	<b>Number of shares</b>	<b>% of shares</b>
Grimaldi Group, Naples	51,503,141	100.00
• Grimaldi Group S.p.A.		
• Grimaldi Euromed S.p.A.		
<b>Total number of shares</b>	<b>51,503,141</b>	<b>100.00</b>

### 39. EVENTS AFTER THE REPORTING PERIOD

There are no significant events to report.

## FIVE-YEAR KEY FIGURES, IFRS

EUR million	2021	2020	2019	2018	2017 restated
Revenue	579.9	484.0	574.8	589.4	536.3
Other income from operations	1.9	1.3	1.4	6.4	2.6
Result before interest, taxes, depreciation and amortisation (EBITDA)	160.3	140.8	169.8	166.4	152.3
% of revenue	27.6	29.1	29.5	28.2	28.4
Result before interest and taxes (EBIT)	78.2	76.2	104.8	104.9	93.9
% of revenue	13.5	15.7	18.2	17.8	17.5
Result before taxes (EBT)	73.8	70.6	97.3	94.8	82.4
% of revenue	12.7	14.6	16.9	16.1	15.4
Result for reporting period, continuing operations	74.7	69.7	98.3	95.1	82.6
% of revenue	12.9	14.4	17.1	16.1	15.4
Result for reporting period	74.7	69.7	98.3	95.1	82.6
% of revenue	12.9	14.4	17.1	16.1	15.4
Total investments *	110.6	50.6	31.4	134.0	48.9
% of revenue	19.1	10.5	5.5	22.7	9.1
Return on equity (ROE), %	10.0	9.7	14.3	14.9	13.7
Return on investment (ROI), %	7.2	7.0	9.5	9.6	8.7
Assets total	1,273.2	1,199.4	1,226.9	1,245.9	1,205.9
Equity ratio, %	60.4	60.7	58.5	53.3	51.1
Net gearing, %	45.6	45.5	50.8	68.1	68.9
Average no. of employees	1,576	1,534	1,576	1,637	1,651
Earnings per share (EPS), EUR	1.45	1.35	1.91	1.85	1.60
Earnings per share (EPS) less warrant dilution, EUR	1.45	1.35	1.91	1.85	1.60
Shareholders' equity per share, EUR	14.84	14.07	13.88	12.86	11.94
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 48.

## CALCULATION OF KEY RATIOS, IFRS

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

\* Not including leasing liabilities.

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	Q1/2021	Q1/2020	Q2/2021	Q2/2020	Q3/2021	Q3/2020	Q4/2021	Q4/2020
<b>Revenue by segment</b>								
Shipping and Sea Transport Services total	117.8	124.7	140.3	100.4	149.2	121.2	148.0	115.4
Sales to third parties	117.9	124.8	140.4	100.5	149.3	121.3	148.1	115.5
Sales to Port Operations	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Port Operations total	11.7	10.9	12.5	10.4	11.3	10.6	11.5	10.9
Sales to third parties	6.2	5.7	6.4	5.3	5.8	5.5	5.9	5.4
Sales to Shipping and Sea Transport Services	5.5	5.2	6.1	5.1	5.5	5.1	5.6	5.5
Group internal revenue	-5.4	-5.1	-6.0	-5.0	-5.4	-5.1	-5.6	-5.4
<b>Revenue total</b>	<b>124.1</b>	<b>130.5</b>	<b>146.8</b>	<b>105.8</b>	<b>155.1</b>	<b>126.7</b>	<b>154.0</b>	<b>120.9</b>
<b>Result before interest and taxes per segment</b>								
Shipping and Sea Transport Services	13.2	21.5	22.9	11.4	32.8	23.0	4.6	16.6
Port Operations	0.9	0.6	1.5	0.8	1.2	1.4	1.0	0.9
<b>Result before interest and taxes (EBIT) total</b>	<b>14.1</b>	<b>22.1</b>	<b>24.4</b>	<b>12.2</b>	<b>34.0</b>	<b>24.5</b>	<b>5.7</b>	<b>17.5</b>
Financial income and expenses	-1.1	-1.5	-1.2	-1.4	-1.1	-1.5	-1.0	-1.2
<b>Result before tax (EBT)</b>	<b>13.0</b>	<b>20.6</b>	<b>23.2</b>	<b>10.7</b>	<b>32.9</b>	<b>23.0</b>	<b>4.6</b>	<b>16.3</b>
Income taxes	0.2	0.1	-0.1	0.2	-0.2	-0.5	1.1	-0.8
<b>Result for the reporting period</b>	<b>13.2</b>	<b>20.7</b>	<b>23.1</b>	<b>11.0</b>	<b>32.7</b>	<b>22.5</b>	<b>5.7</b>	<b>15.6</b>
<b>Quarterly consolidated key figures</b>								
Result before interest and taxes, (% of revenue)	11.4	16.9	16.6	11.5	21.9	19.3	3.7	14.5
Earnings per share, EUR	0.26	0.40	0.45	0.21	0.63	0.44	0.11	0.30
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 2021	1 Jan–31 Dec 2020
<b>Revenue</b>	1	<b>456,773,315.23</b>	372,129,761.63
Other income from operations	2	<b>4,105,558.21</b>	3,477,580.02
Materials and services	3	<b>-180,052,310.45</b>	-132,277,081.64
Personnel expenses	4	<b>-44,754,797.58</b>	-41,593,449.39
Depreciation, amortisation and other write-offs	5	<b>-47,221,306.66</b>	-33,380,705.01
Other operating expenses	6	<b>-125,804,445.62</b>	-112,218,664.47
<b>Operating profit</b>		<b>63,046,013.13</b>	56,137,441.14
Financial income and expenses	7	<b>-3,688,356.21</b>	-4,166,014.50
<b>Result before appropriations and taxes</b>		<b>59,357,656.92</b>	51,971,426.64
<b>Appropriations</b>	8		
Group contributions		<b>-1,000,000.00</b>	-2,100,000.00
<b>Profit before tax</b>		<b>58,357,656.92</b>	49,871,426.64
Income taxes	9	<b>0.00</b>	-8,074.48
Deferred taxes	9	<b>4,301,517.57</b>	2,889,513.31
Other direct taxes	10	<b>-87,779.13</b>	-88,370.98
<b>Result for the reporting period</b>		<b>62,571,395.36</b>	52,664,494.49

See Notes starting on page 53.



## CASH FLOW STATEMENT, PARENT COMPANY, FAS

EUR	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
<b>Cash flows from operating activities</b>		
Result for the reporting period	62,571,395.36	52,664,494.49
Adjustments for:		
Depreciation, amortisation & impairment loss	47,221,306.66	33,380,705.01
Gains (-) and Losses (+) of disposals of fixed assets and other non-current assets	-23,269.00	-172,637.94
Financial income and expenses	3,688,356.21	4,166,014.50
Income taxes	-4,213,738.44	-2,793,067.85
Other adjustments	1,000,000.00	2,100,000.00
	110,244,050.79	89,345,508.21
Changes in working capital:		
Change in inventories, addition (-) and decrease (+)	-1,867,209.90	186,344.30
Change in accounts receivable, addition (-) and decrease (+)	-21,662,045.47	-1,097,592.57
Change in accounts payable, addition (+) and decrease (-)	10,189,203.09	4,207,034.87
Change in provisions	78,000.00	-26,000.00
	-13,262,052.28	3,269,786.60
Interest paid	-3,313,463.61	-3,864,195.58
Dividends received	270.00	0.00
Interest received	1,180,962.56	1,625,298.84
Other financing items	-1,511,752.07	-2,077,997.14
Income taxes paid	-87,778.13	-96,445.46
	-3,731,761.25	-4,413,339.34
<b>Net cash generated from operating activities</b>	<b>93,250,237.26</b>	<b>88,201,955.47</b>
<b>Cash flows from investing activities</b>		
Investments in tangible and intangible assets	-71,099,874.45	-42,510,426.68
Proceeds from sale of tangible and intangible assets	88,297.87	163,066.75
Purchase of investments, change	-27,051,122.14	0.00
Change in internal loans (net)	26,145,958.53	37,701,854.90
<b>Net cash used in investing activities</b>	<b>-71,916,740.19</b>	<b>-4,645,505.03</b>
<b>Net cash before financing activities</b>	<b>21,333,497.07</b>	<b>83,556,450.44</b>
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	62,818,170.44	546,008.63
Repayment of short-term borrowings	-17,230,769.00	-3,003,203.01
Proceeds of long-term borrowings	232,000,000.00	54,000,000.00
Repayment of long-term borrowings	-246,237,763.99	-88,776,222.99
Dividends paid	-51,503,141.00	-51,503,141.00
Group contributions	-1,000,000.00	-2,100,000.00
<b>Net cash used in financing activities</b>	<b>-21,153,503.55</b>	<b>-90,836,558.37</b>
<b>Change in cash and cash equivalents</b>	<b>179,993.52</b>	<b>-7,280,107.93</b>
Cash and cash equivalents on 1 January	1,102,924.76	8,383,032.69
<b>Cash and cash equivalents on 31 December</b>	<b>1,282,918.28</b>	<b>1,102,924.76</b>

## 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.

### 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	2021	2020
By segment		
Shipping and Sea Transport Services	456,773,315.23	372,129,761.63
<b>Total</b>	<b>456,773,315.23</b>	<b>372,129,761.63</b>
Intra-group revenue	-283,255.75	-263,813.55

### 2. OTHER INCOME FROM OPERATIONS

EUR	2021	2020
Gain on disposals	23,269.00	172,637.94
Rental income	1,144,228.18	176,969.28
Internal administration fees	2,904,620.43	2,625,654.92
Business cost support	0.00	500,000.00
Other	33,440.60	2,317.88
<b>Total</b>	<b>4,105,58.21</b>	<b>3,477,580.02</b>

### 3. MATERIALS AND SERVICES

EUR	2021	2020
<b>Purchases during the reporting period</b>		
Bunker	-101,961,814.30	-60,894,092.02
Other	-7,086,061.70	-6,536,499.81
Change in inventories	1,877,519.24	-196,653.64
<b>Total</b>	<b>-107,170,356.76</b>	<b>-67,627,245.47</b>
External services	-72,881,953.69	-64,649,836.17
<b>Materials and services total</b>	<b>-180,052,310.45</b>	<b>-132,277,081.64</b>

### 4. PERSONNEL AND PERSONNEL EXPENSES

EUR	2021	2020
<b>Employees</b>		
Average number of employees		
Shore-based personnel	209	206
Sea personnel	605	610
	<b>814</b>	<b>816</b>
<b>Personnel expenses</b>		
Wages and salaries	-49,628,456.68	-48,219,645.30
Social costs		
Pension costs	-6,126,464.89	-5,612,841.95
Other social costs	-2,042,174.61	-1,613,775.26
State subsidies	13,042,298.60	13,852,813.12
<b>Total</b>	<b>-44,754,797.58</b>	<b>-41,593,449.39</b>
<b>Salaries and remunerations to</b>		
President and CEO		
Board of Directors	-330,000.00	-300,000.00

## 5. DEPRECIATION, AMORTISATION AND WRITE OFFS

EUR	2021	2020
Depreciation and amortisation according to plan		
Other long-term expenditure	-607,195.36	-709,406.18
Vessels	-46,066,003.81	-32,078,780.00
Cargo handling equipment	-386,635.62	-409,928.73
Machinery and equipment	-161,471.87	-182,590.10
<b>Total</b>	<b>-47,221,306.66</b>	<b>-33,380,705.01</b>

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.

## 6. OTHER OPERATING EXPENSES

EUR	2021	2020
Vessel hires, internal	-5,683,840.26	-5,398,500.00
Vessel hires, external	-15,438,484.67	-12,303,949.86
Other leases	-1,263,629.55	-1,767,882.16
Port expenses and fairway dues	-33,028,487.85	-29,433,185.16
Commissions	-8,042,568.58	-7,174,337.29
Cargo handling equipment related costs	-4,209,601.05	-3,697,730.08
Vessel insurances, repairs and maintenance	-35,727,969.89	-32,142,090.77
Marketing costs	-1,399,022.65	-1,448,700.18
Auditors' fees		
KPMG Oy Ab	-59,214.55	-60,217.32
Tax consultancy and other fees		
KPMG Oy Ab	-15,165.00	-13,100.00
Other	-20,936,461.57	-18,835,866.74
<b>Total</b>	<b>-125,804,445.62</b>	<b>-112,218,664.47</b>

## 7. FINANCIAL INCOME AND EXPENSES

EUR	2021	2020
<b>Dividends</b>		
From others	270.00	0.00
<b>Dividends total</b>	<b>270.00</b>	<b>0.00</b>
<b>Other interest and financial income</b>		
From group companies	1,157,410.89	1,580,708.65
From others	23,551.67	44,590.19
<b>Other interest and financial income total</b>	<b>1,180,962.56</b>	<b>1,625,298.84</b>
<b>of which interest income total</b>	<b>1 180 962.56</b>	<b>1,625,298.84</b>
<b>Dividends and interest income total</b>	<b>1,181,232.56</b>	<b>1,625,298.84</b>
<b>Exchange gains and losses</b>		
From others		
Gains	60,550.84	296,921.26
Losses	-70,278.31	-353,443.99
<b>Exchange rate differences total</b>	<b>-9,727.47</b>	<b>-56,522.73</b>
<b>Interest and other financial expenses</b>		
To group companies	-4,055.56	-4,066.67
To others	-4,855,805.74	-5,730,723.94
<b>Interest and other financial expenses total</b>	<b>-4,859,861.30</b>	<b>-5,734,790.61</b>
<b>of which interest expenses total</b>	<b>-3,357,835.70</b>	<b>-3,643,582.40</b>
<b>Financial income and expenses total</b>	<b>-3,688,356.21</b>	<b>-4,166,014.50</b>

## 8. APPROPRIATIONS

EUR	2021	2020
Group contribution	-1,000,000.00	-2,100,000.00
<b>Total</b>	<b>-1,000,000.00</b>	<b>-2,100,000.00</b>

## 9. INCOME TAXES

EUR	2021	2020
Taxes from previous years	0.00	-8,074.48
Change in deferred taxes	4,301,517.57	2,889,513.31
<b>Total</b>	<b>4 301,517.57</b>	<b>2,881,438.83</b>

## 10. OTHER DIRECT TAXES

EUR	2021	2020
Tonnage taxes	-87,779.13	-88,370.98
<b>Total</b>	<b>-87,779.13</b>	<b>-88,370.98</b>

## 11. INTANGIBLE ASSETS

EUR	Other capitalised expenditures	Advance payments	Total
<b>Acquisition cost on 1 January 2021</b>	<b>23,924,293.53</b>	<b>437 242.95</b>	<b>24,361,536.48</b>
Increases	11,574.90	112,853.50	124,428.40
Disposals	0.00	0.00	0.00
Reclassifications between items	47,523.00	-47,523.00	0.00
<b>Acquisition cost on 31 December 2021</b>	<b>23,983,391.43</b>	<b>502,573.45</b>	<b>24,485,964.88</b>
Accumulated depreciation and impairments on 1 January 2021	-21,979,585.97	0.00	-21,979,585.97
Depreciation for the reporting period	-607,195.36	0.00	-607,195.36
<b>Accumulated depreciation on 31 December 2021</b>	<b>-22,586,781.33</b>	<b>0.00</b>	<b>-22,586,781.33</b>
<b>Carrying value on 31 December 2021</b>	<b>1,396,610.10</b>	<b>502,573.45</b>	<b>1,899,183.55</b>
Carrying value on 31 December 2020	1,944,707.56	437,242.95	2,381,950.51



## 12. TANGIBLE ASSETS

EUR	Buildings and constructions	Vessels	Cargo handling equipment	Machinery and equipment	Advance payments and acquisitions under construction	Total
<b>Acquisition cost on 1 January 2021</b>	<b>41,944.00</b>	<b>889,993,531.58</b>	<b>24,472,263.19</b>	<b>3,774,258.52</b>	<b>58,931,914.57</b>	<b>977,213,911.86</b>
Increases	0.00	1,034,893.07	0.00	62,052.30	70,545,539.20	71,642,484.57
Disposals	0.00	0.00	-63,799.36	-1,229.51	0.00	-65,028.87
Reclassifications between items	0.00	667,038.50	0.00	0.00	-667,038.50	0.00
<b>Acquisition cost on 31 December 2021</b>	<b>41,944.00</b>	<b>891,695,463.15</b>	<b>24,408,463.83</b>	<b>3,835,081.31</b>	<b>128,810,415.27</b>	<b>1,048,791,367.56</b>
Accumulated depreciation and write-offs on 1 January 2021	-41,944.00	-296,454,385.93	-17,828,487.19	-3,261,836.98	0.00	-317,586,654.10
Accumulated depreciation on disposals and reclassifications	0.00	0.00	63,799.36	1,229.51	0.00	65,028.87
Depreciation for the reporting period	0.00	-46,066,003.81	-386,635.62	-161,471.87	0.00	-46,614,111.30
<b>Accumulated depreciation on 31 December 2021</b>	<b>-41,944.00</b>	<b>-342,520,389.74</b>	<b>-18,151,323.45</b>	<b>-3,422,079.34</b>	<b>0.00</b>	<b>-364,135,736.53</b>
<b>Carrying value on 31 December 2021</b>	<b>0.00</b>	<b>549,175,073.41</b>	<b>6,257,140.38</b>	<b>413,001.97</b>	<b>128,810,415.25</b>	<b>684,655,631.01</b>
Carrying value on 31 December 2020	0.00	593,539,145.65	6,643,776.00	512,421.54	58,931,914.57	659,627,257.76

## 13. INVESTMENTS

EUR	Shares in group companies	Investments in group companies (SVOP)	Receivables from group companies	Total group companies	Other shares	Total
<b>Acquisition cost on 1 January 2021</b>	<b>230,856,160.03</b>	<b>40,000,000.00</b>	<b>84,858,176.83</b>	<b>355,714,336.86</b>	<b>7,051,920.55</b>	<b>362,766,257.41</b>
Increases	27,051,122.14	0.00	0.00	27,051,122.14	0.00	27,051,122.14
Decreases	-26,126,000.00	0.00	0.00	-26,126,000.00	0.00	-26,126,000.00
<b>Acquisition cost on 31 December 2021</b>	<b>231,781,282.17</b>	<b>40,000,000.00</b>	<b>84,858,176.83</b>	<b>356,639,459.00</b>	<b>7,051,920.55</b>	<b>363,691,379.55</b>
Accumulated impairments on 1 January 2021	-202,260,000.00	0.00	0.00	-202,260,000.00	0.00	-202,260,000.00
Impairments for the reporting period	0.00			0.00		0.00
<b>Accumulated impairments on 31 December 2021</b>	<b>-202,260,000.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-202,260,000.00</b>	<b>0.00</b>	<b>-202,260,000.00</b>
<b>Carrying value on 31 December 2021</b>	<b>29,521,282.17</b>	<b>40,000,000.00</b>	<b>84,858,176.83</b>	<b>154,379,459.00</b>	<b>7,051,920.55</b>	<b>161,431,379.55</b>
Carrying value on 31 December 2020	28,596,160.03	40,000,000.00	84,858,176.83	153,454,336.86	7,051,920.55	160,506,257.41

## 14. INVENTORIES

EUR	2021	2020
Bunker	<b>4,702,578.40</b>	3,167,163.24
Other inventories	<b>2,061,562.91</b>	1,729,768.17
<b>Total</b>	<b>6,764,141.31</b>	4,896,931.41

## 15. LONG-TERM RECEIVABLES

EUR	2021	2020
<b>Loan receivables</b>		
Loan receivables from group companies	65,418,914.29	58,805,863.46
<b>Total</b>	<b>65,418,914.29</b>	<b>58,805,863.46</b>
Other receivables	997,237.79	1,192,218.13
Currency derivatives	6,933,315.04	2,546,230.59
<b>Total long-term receivables</b>	<b>73,349,467.12</b>	<b>62,544,312.18</b>

## 16. SHORT-TERM RECEIVABLES

EUR	2021	2020
<b>Accounts receivable</b>		
From group companies	-54,215.78	-35,157.48
From others	73,079,184.86	54,688,917.40
<b>Total</b>	<b>73,024,969.08</b>	<b>54,653,759.92</b>
<b>Loan receivables</b>		
From group companies	3,124,862.97	9,757,872.33
<b>Total</b>	<b>3,124,862.97</b>	<b>9,757,872.33</b>
<b>Other receivables</b>	<b>1,019,792.32</b>	<b>1,552,155.45</b>
<b>Currency derivatives</b>	<b>11,140,020.97</b>	<b>0.00</b>
<b>Accrued income and prepaid expenses</b>		
From group companies	288,421.63	111,056.97
From others	23,561,460.37	20,452,714.65
<b>Total</b>	<b>23,849,882.00</b>	<b>20,563,771.62</b>
<b>Total short-term receivables</b>	<b>112,159,527.34</b>	<b>86,527,559.32</b>
<b>Significant items of accrued income and prepaid expenses</b>		
Sea freight revenue	206,341.54	64,801.11
State subsidies	6,109,980.31	6,992,302.52
Vessel hires	496,000.00	0.00
Docking costs	7,449,085.84	4,373,890.97
Passenger income	349,108.86	115,665.16
Insurances	1,455,814.66	1,666,355.58
Port expenses, cargo handling and other voyage related costs	2,735,979.01	3,316,958.23
Reimbursement of average repairs, vessels	3,289,089.18	2,143,491.78
Other	1,758,482.60	1,890,306.27
<b>Total</b>	<b>23,849,882.00</b>	<b>20,563,771.62</b>

## 17. SHAREHOLDERS' EQUITY

EUR	2021	2020
<b>Restricted equity</b>		
Share capital on 1 January	103,006,282.00	103,006,282.00
<b>Share capital on 31 December</b>	<b>103,006,282.00</b>	103,006,282.00
Share issue premium on 1 January	24,525,353.70	24,525,353.70
<b>Share issue premium on 31 December</b>	<b>24,525,353.70</b>	24,525,353.70
Fair value reserve on 1 January	1,378,287.63	9,623,322.09
Increase + / Decrease -	16,695,048.38	-8,245,034.46
<b>Fair value reserve on 31 December</b>	<b>18,073,336.01</b>	1,378,287.63
<b>Non-restricted equity</b>		
Unrestricted equity reserve 1 January	40,882,508.10	40,882,508.10
<b>Unrestricted equity reserve 31 December</b>	<b>40,882,508.10</b>	40,882,508.10
Retained earnings on 1 January	403,741,955.85	402,580,602.36
Dividend paid	-51,503,141.00	-51,503,141.00
<b>Retained earnings on 31 December</b>	<b>352,238,814.85</b>	351,077,461.36
<b>Result for the reporting period</b>	<b>62,571,395.36</b>	52,664,494.49
<b>Total shareholders' equity</b>	<b>601,297,690.02</b>	573,534,387.28
<b>Calculation of distributable funds</b>		
Retained earnings	352,238,814.85	351,077,461.36
Unrestricted equity reserve	40,882,508.10	40,882,508.10
Business cost support	0.00	-500,000.00
Result for the reporting period	62,571,395.36	52,664,494.49
<b>Parent company's distributable funds on 31 December</b>	<b>455,692,718.31</b>	444,124,463.95

## 18. STATUTORY PROVISIONS

EUR	2021	2020
Pension obligation	640,000.00	562,000.00
<b>Total</b>	<b>640,000.00</b>	562,000.00

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

## 19. DEFERRED TAX LIABILITY

EUR	2021	2020
Deferred tax liability of excess depreciations, tonnage taxation 1 January	11,970,828.18	14,860,341.49
Recognised in profit and loss account 1 January–31 December		
Tonnage tax relief	-4,301,517.57	-2,889,513.31
<b>Deferred tax liability, tonnage taxation 31 December</b>	<b>7,669,310.61</b>	11,970,828.18

## 20. LONG-TERM LIABILITIES

EUR	2021	2020
<b>Long-term interest-bearing liabilities</b>		
Loans from financial institutions	146,545,457.10	160,783,221.09
Other long-term interest-bearing liabilities		
Debts to group companies	2,000,000.00	2,000,000.00
<b>Total</b>	<b>148,545,457.10</b>	<b>162,783,221.09</b>
Maturity of loans		
Year		
2021		64,776,222.99
2021	100,237,763.99	77,237,763.99
2022	56,545,456.99	58,545,456.99
2023	15,000,000.11	15,000,000.11
2024	55,000,000.00	5,000,000.00
2025 and later for 2019	20,000,000.00	5,000,000.00
<b>Total</b>	<b>246,783,221.09</b>	<b>225,559,444.08</b>
Long-term loans due after five years		
Loans from financial institutions	0.00	5,000,000.00
<b>Total</b>	<b>0.00</b>	<b>5,000,000.00</b>

## 21. CURRENT LIABILITIES

EUR	2021	2020
<b>Interest-bearing current liabilities</b>		
Loans from financial institutions	100,237,763.99	64,776,222.99
Commercial papers	98,824,279.03	98,859,793.80
Other interest-bearing current liabilities		
To group companies	18,718,223.01	8,556,847.83
<b>Total interest-bearing liabilities</b>	<b>217,780,266.03</b>	<b>172,192,864.62</b>
<b>Interest-free current liabilities</b>		
Accounts payable		
To group companies	410,798.59	277,190.90
To others	20,315,666.61	16,872,474.38
<b>Total</b>	<b>20,726,465.20</b>	<b>17,149,665.28</b>
<b>Other interest-free liabilities to others</b>		
To others	14,256,381.02	11,811,766.22
Currency derivatives	0.00	1,167,942.96
<b>Total</b>	<b>14,256,381.02</b>	<b>12,979,709.18</b>
<b>Accrued expenses and deferred income</b>		
To group companies	1,226,659.94	917,665.42
To others	29,400,018.24	25,496,852.30
<b>Total</b>	<b>30,626,678.18</b>	<b>26,414,517.72</b>
<b>Total interest-free current liabilities</b>	<b>65,609,524.40</b>	<b>56,543,892.18</b>
<b>Total current liabilities</b>	<b>283,389,790.43</b>	<b>228,736,756.80</b>
<b>Significant items of accrued expenses and deferred income</b>		
Agent commissions paid, internal	533,350.16	912,866.13
Purchased services, internal	256,080.22	342,528.71
Annual rebates	10,410,695.40	9,175,479.94
Personnel expenses	6,400,345.62	5,692,606.60
External services / cargo handling costs	2,101,551.98	2,045,413.95
Port expenses and voyage related costs	1,738,730.70	1,356,289.02
Interest expenses	419,942.77	375,570.68
Bunker costs	1,335,833.35	207,144.72
Other	7,430,147.98	6,306,617.97
<b>Total</b>	<b>30,626,678.18</b>	<b>26,414,517.72</b>

## CONTINGENCIES AND COMMITMENTS

EUR 1,000	2021		2020	
	Debt	Value of collateral	Debt	Value of collateral
<b>Pledges and commitments given on own account</b>				
<b>Vessel mortgages provided as guarantees for loans</b>				
Loans from financial institutions	151,692	395,000	162,923	395,000
<b>Vessel mortgages provided by subsidiaries as guarantees for loans</b>				
Loans from financial institutions	50,091	119,500	62,636	119,500
	201,783	514,500	225,559	514,500
<b>Vessel leases (Finnlines Plc as lessor)</b>				
Due within 12 months		0		60
Due between one and five years		0		0
<b>Vessel leases (Finnlines Plc as lessor), total</b>		0		60
<b>Vessel leases (Finnlines as lessee)</b>				
Due within 12 months		1,440		0
Due between one and five years		0		0
<b>Vessel leases (Finnlines as lessee), total</b>		1,440		0
Pledged deposit		150		150
Other contingent liabilities		327,215		358,893
<b>Leasing liabilities, machinery and equipment</b>				
Due within 12 months		171		147
Due between one and five years		227		138
<b>Leasing liabilities total</b>		398		285
<b>Other leases, premises</b>				
Due within 12 months		20		575
Due between one and five years		36		0
Due after five years		0		0
<b>Other leases total</b>		56		575

## SHARES AND HOLDINGS OF PARENT COMPANY

<b>Name of subsidiary</b>	<b>Registered in</b>	<b>Holding (%)</b>
<b>Domestic</b>		
Finnsteve Oy Ab	Helsinki	100
Kiinteistö Oy Vuosaaren Porttikeskus	Helsinki	100
<b>Foreign</b>		
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
<b>Other shares and holdings</b>		
<b>Domestic</b>		
Steveco Oy	Kotka	25.4
Other companies (4)		

## BOARD'S PROPOSAL FOR THE USE OF THE DISTRIBUTABLE FUNDS AND SIGNATURES TO THE BOARD OF DIRECTORS REPORT AND TO THE FINANCIAL STATEMENTS

<b>Distributable funds included in the parent company's shareholders' equity on 31 December 2021:</b>		
Retained earnings	EUR	<b>352,238,814.85</b>
Unrestricted equity reserve	EUR	<b>40,882,508.10</b>
Result for the reporting period	EUR	<b>62,571,395.36</b>
<b>Distributable funds total</b>	<b>EUR</b>	<b>455,692,718.31</b>

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.00 per share be paid out resulting in a total amount of proposed dividends of EUR 51,503,141.

Naples, 24 February 2022

Jon-Aksel Torgersen  
Chairman of the Board

Tiina Bäckman

Gianluca Grimaldi

Guido Grimaldi

Mikael Mäkinen

Diego Pacella

Esben Poulsen

Tapani Voionmaa

Emanuele Grimaldi  
President and CEO

### THE AUDITOR'S NOTE

Our auditor's report has been issued today.

Helsinki, 24 February 2022

KPMG Oy Ab

Kimmo Antonen  
Authorized Public Accountant



## PARENT COMPANY'S ACCOUNTING BOOKS, VOUCHER CATEGORIES AND ARCHIVING

<b>Accounting books</b>	<b>Archiving</b>	<b>System</b>	<b>Retention of data, 15 years</b>
Profit and loss account and balance sheet	Digital document	Oracle Financials	until 2037
Balance sheet book	Bound book		until 2037
Balance sheet specification	Digital document		until 2037
General journals	Digital document	Oracle Financials	until 2037
General ledgers	Digital document	Oracle Financials	until 2037
Accounts receivable	Digital document	Oracle Financials	until 2037
Accounts Payable	Digital document	Oracle Financials	until 2037
Payroll accounting, land	Digital document	Aditro Personec W	until 2037
Payroll accounting, sea	Digital document	HPSWIN	until 2037
Asset accounting	Digital document	Oracle Financials, Kasper	until 2037

<b>Voucher categories</b>	<b>Archiving</b>	<b>System</b>	<b>Retention of data, 15 years</b>
Sales invoices, freight	Digital document	Atlas, Opus Capita's image archive	until 2037
Sales invoices, passenger services	Digital document	eBooking, Opus Capita's image archive	until 2037
Sales invoices, manual	Digital document	Oracle Financials	until 2037
Bank statements	Digital document	Opus Capita	until 2037
Sales transactions	Digital document	Oracle Financials	until 2037
Interest invoices	Digital document	Oracle Financials	until 2037
Purchase invoices	Digital document	Oracle Financials, Nextway Next image archive	until 2037
Purchase invoices, E-invoice	Digital document	Oracle Financials	until 2037
Payment batches	Digital document	Oracle Financials	until 2037
Travel invoices	Digital document	Aditro Expense	until 2037
Bank and cash vouchers	Digital document	Oracle Financials	until 2037
Memorials and accruals	Digital document	Oracle Financials, Winpos, VesselERP	until 2037
Payroll accounting vouchers, office	Digital document	Aditro Personec W	until 2037
Payroll accounting vouchers, sea personnel	Digital document	HPSWIN	until 2037
Fixed assets accounting vouchers	Digital document	Oracle Financials	until 2037
Notes	Paper		until 2037

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

## 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 OYJ 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, 2021. 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 24 February 2022  
KPMG OY AB

Kimmo Antonen  
KHT



Finnlines Plc  
Komentosilta 1, 00980 Helsinki, Finland  
PL 197, 00181 HELSINKI, Finland  
Phone +358 10 343 50  
[www.finnlines.com](http://www.finnlines.com)