

**Financial review Q1
January–March 2021
6 May 2021**



STEADY FIRST QUARTER OF 2021, REGARDLESS OF THE COVID-19'S IMPACT ON REVENUE

JANUARY–MARCH 2021

- Revenue EUR 124.1 (130.5 in 2020) million, decrease 5%
- Result before interest, taxes, depreciation and amortization (EBITDA) EUR 30.3 (38.2) million, decrease 21%
- Result for the reporting period EUR 13.2 (20.7) million, decrease 36%
- Interest bearing debt decreased by EUR 3.7 million and was EUR 348.7 (352.5) million at the end of the period

KEY FIGURES

MEUR	1–3 2021	1–3 2020	1–12 2020
Revenue	124.1	130.5	484.0
Result before interest, taxes, depreciation and amortisation (EBITDA)	30.3	38.2	140.8
Result before interest and taxes (EBIT)	14.1	22.1	76.2
% of revenue	11.4	16.9	15.7
Result for the reporting period	13.2	20.7	69.7
Stakeholders' equity/share, EUR	14.5	14.4	14.07
Equity ratio, %	60.6	60.3	60.7
Net debt/EBITDA	2.5	2.0	2.3
Interest bearing debt, MEUR	348.7	352.5	331.7
Net gearing, %	44.6	46.2	45.5

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

"Finnlines Group's turnover was EUR 124.1 (130.5) million in the reporting period, a decrease of 5% compared to the same period in the previous year. The EUR 6.4 million turnover reduction against last year is due to the corona pandemic, which didn't yet have an effect on last year's first quarter, but has now reduced passenger revenue by EUR 2.7 million. Strict travel restrictions have remained on Finland's border the first months of the year 2021. In addition, low bunker surcharges have also been affecting the turnover, but Finnlines has been working hard to make the operations even more efficient during these exceptional times and therefore has been able to keep the result before interest, taxes, depreciation and amortisation (EBITDA) at EUR 30.3 (38.2) million.

During the first quarter, we transported 187,000 cargo units, shipped 44,000 cars and carried 101,000 passengers. Behind those figures are medicines, foodstuffs and other commodities as well as industrial products, spare parts, machinery and equipment, which are vital for Finland and people in Finland. Finnlines alone transports more than a third of the one million rubber-tyred units, which move annually across Finland's three main sea bridges, Finland–Estonia, Finland–Sweden and Finland–Germany. This shows that Finnlines is clearly an important service provider to Finland's economy and that carriers, such as Finnlines, provide a lifeline for both the private and the public sector in the country. Finnlines, as the biggest shipping company in Finland, safeguards Finland's security of supply and provides environmentally friendly services without public support.

High frequency traffic between Finland and Sweden, Continental Europe, Russia and the UK is the foundation of Finnlines' operations. Finnlines has always been committed to upgrade its services according to its customers' needs and make adjustments to its traffic when necessary. As an example of this, the Company has added a second vessel, MS Finnulp, to the Germany–Russia–Finland traffic doubling the traffic in those ports. Finnlines has also chartered another vessel to the Finnulp's old route Hanko–Rostock, which offers more lane metres and frequency to the service.

Finnlines has made major investments in renewing and developing its fleet into more sustainable, using the latest technologies and green innovations available. The EUR 500 million Newbuilding programme is well under way and currently all three new ultra-green ro-ro vessels are in construction. The first of them, Finneco I, has been launched in 26th of April and is scheduled to start in traffic at the end of the year or at the very beginning of 2022. In addition to the ro-ros, Finnlines has ordered two eco-efficient Superstar ro-pax vessels. The construction of these ro-paxes will start in the summer and the environmental perspective has been taken into account at every stage of the design. The new ro-pax vessels are set to start operating in July and December 2023 in the Finland–Sweden traffic and they will have a full intake up to 5,100 lane metres and 1,100 passengers, which will scale up the connection and set new standards to our customers. These Superstar ships will be best-in-class and will therefore be named Finnsirius and Finncanopus, after the brightest stars in the Galaxy.

Finnlines is looking into the future with strong confidence. The Company has also strengthened its position in the Vuosaari Harbour in Helsinki by buying a major real estate in the port, which serves as its Head office. The Vuosaari Harbour is the home port of Finnlines and is a powerful world state-of-the-art port due to its modern and advanced infrastructure. The investments made already in the Finnlines' fleet and our EUR 0.5 billion Newbuilding Programme ensure that the Company will be even stronger seafreight operator after the pandemic slows down."

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

FINNLINES' BUSINESS

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

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

GROUP STRUCTURE

Finnlines Plc is a Finnish public limited company, which operates under Finnish jurisdiction and legislation. At the end of the reporting period, the Group consisted of the parent company and 19 subsidiaries.

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

GENERAL MARKET DEVELOPMENT

Finnlines' main operating area connects trade partners around Baltic Sea. Based on the OECD Eurostat the change of Gross Domestic Product in all European countries continued negative during the fourth quarter of 2020 in comparison with the same period in 2019. Compared with the third quarter of 2020 the reported GDP in Germany improved in the fourth quarter of 2020 by 0.3%, while in Sweden the corresponding change was -0.2%. In Finland GDP increased in the fourth quarter 0.4% compared with the previous quarter of 2020. (Eurostat 2021.)

Based on the statistics by Statistics Finland for January–February, the Finnish seaborne imports carried in container, lorry and trailer units (measured in tons) decreased by 2% and exports increased by 5%. During the same period private and commercial passenger traffic between Finland and Sweden decreased by 86%. Between Finland and Germany the corresponding traffic decreased by 56%. (Statistics Finland.)

FINNLINES TRAFFIC

The time-chartering of MS Finnsea ended with Grimaldi Group and the vessel returned to Finnlines' North Sea traffic at the beginning of January 2021. Finnlines operated on average 20 (19) vessels in its own traffic.

The cargo volumes transported during January–March totalled approximately 187 (186 in 2020) thousand cargo units, 44 (41) thousand cars (not including passengers' cars) and 305 (247) thousand tons of freight not possible to measure in units. In addition, some 101 (121) thousand private and commercial passengers were transported.

FINANCIAL RESULTS

January–March 2021

The Finnlines Group recorded revenue totalling EUR 124.1 (130.5) million in the reporting period, a decrease of 5% compared to the same period in the previous year. Shipping and Sea Transport Services generated revenue amounting to EUR 117.8 (124.7) million, of which passenger related revenue was EUR 5.1 (7.8) million. The revenue of Port Operations was EUR 11.7 (10.9) million. During the first quarter of 2021, transported cargo volumes increased slightly above last year's level. Cargo-related bunker surcharge has been lower compared to last year, which has contributed to the positive volume development of cargo customers. In January–March 2021 the number of private passengers has been significantly lower than in 2020 due to the Covid-19 pandemic. In Port Operations the revenue increased due to the higher amount of cargo. The internal revenue between the segments was EUR 5.4 (5.1) million.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 30.3 (38.2) million, a decrease of 21%.

Result before interest and taxes (EBIT) was EUR 14.1 (22.1) million.

As a result of the improved financial position, net financial expenses decreased to EUR -1.1 (-1.5) million. Financial income was EUR 0.0 (0.0) million and financial expenses EUR -1.1 (-1.6) million. Result before taxes (EBT) decreased by EUR 7.6 million and was EUR 13.0 (20.6) million. The result for the reporting period was EUR 13.2 (20.7) million.

STATEMENT OF FINANCIAL POSITION, FINANCING AND CASH FLOW

Interest-bearing debt decreased by EUR 3.7 million to EUR 348.7 (352.5) million, excluding leasing liabilities of EUR 16.9 (19.5) million. Net interest-bearing debt at the end of period was EUR 332.7 (342.0) million. Net interest-bearing debt/EBITDA (rolling 12 months) ratio amounted to 2.5 (2.0) and the equity ratio calculated from the balance sheet was 60.6% (60.3%). Net gearing resulted in 44.6% (46.2%). 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 204.0 (165.4) million.

Net cash generated from operating activities stood at EUR 16.3 (26.5) million.

CAPITAL EXPENDITURE

The Finnlines Group's gross capital expenditure in the reporting period totalled EUR 18.4 (4.7) million, including tangible and intangible assets. Total depreciation and amortisation amounted to EUR 16.2 (16.2) million. The investments consist of normal replacement expenditure of fixed assets, new cargo handling equipment, dry-dockings, and environmental investments prepayments related to green ro-ro and ro-pax newbuildings.

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

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

PERSONNEL

The Group employed an average of 1,509 (1,534) persons during the reporting period, consisting of 830 (847) persons at sea and 679 (687) persons on shore. The number of persons employed at the end of the period was 1,493 (1,552) in total, of which 814 (857) at sea and 679 (695) on shore.

The personnel expenses (including social costs) for the reporting period were EUR 21.9 (21.5) million.

THE FINNLINES SHARE

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

Finnlines Plc is fully owned by the Grimaldi Group.

DECISIONS TAKEN BY THE ANNUAL GENERAL MEETING

Finnlines Plc's Annual General Meeting was held in Helsinki on 6 May 2021. The Annual General Meeting of Finnliness 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 Poulsson, 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 Covid-19 outbreak and the measures taken to prevent the spread represent impact on Finnliness' operations but the Company will maintain the critical sea transportation connection for Finland. The transportation of medicines, foodstuff and other essential goods from one country to another is important even and especially in situations like this. Finnliness continues to monitor the situation closely and acts in accordance to the guidelines and instructions set by national and international health authorities. The Company works hard to ensure its operations continue as normal as possible. For now, there are no changes to the sailing schedules. Travel restrictions imposed in many countries affect the Company's business operations. Finnish Government will review its decisions on border traffic restrictions on regular basis and, if necessary, make new decisions.

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

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

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

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

LEGAL PROCEEDINGS

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

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

CORPORATE GOVERNANCE

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

EVENTS AFTER THE REPORTING PERIOD

Finnlines has purchased a real estate limited liability company Vuosaaren Porttikeskus, whose ownership at Vuosaari includes Gatehouse, Hansaterminal and P8-Porttikeskus parking house. The Company is headquartered in the Gatehouse.

OUTLOOK AND OPERATING ENVIRONMENT

Current travel restrictions will have an impact on Finnlines' passenger operations, but the Finnish Government has now laid a plan for gradual opening of travelling. When the general situation begins to recover, it is expected that travel will start slowly. Finnlines started already in April 2020 cost saving measures and continues to improve the efficiency of its operations. This year looks promising as there are several improvement initiatives ongoing, including the delivery of the new large and eco-efficient ro-ro vessel at the very end of the year.

The Finnlines Group has a strong balance sheet and high EBITDA margin, which both provide competitive position for the company. Considering also Finnlines' strong position in the market, it is expected that the Company maintains its strength during this extraordinary period.

The second financial review of 2021 for the period of 1 January–30 June 2021 will be published on Thursday, 29 July 2021.

Finnlines Plc
The Board of Directors

Emanuele Grimaldi
President and CEO

FURTHER INFORMATION

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ENCLOSURES

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DISTRIBUTION

Main media

This interim report is unaudited.

REPORTING AND ACCOUNTING POLICIES

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

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

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

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR 1,000	1–3 2021	1–3 2020	1–12 2020
Revenue	124,056	130,545	484,016
Other income from operations	222	211	1,303
Materials and services	-41,794	-38,203	-137,964
Personnel expenses	-21,933	-21,480	-83,376
Depreciation, amortisation and impairment losses	-16,157	-16,177	-64,599
Other operating expenses	-30,289	-32,834	-123,164
Total operating expenses	-110,173	-108,694	-409,104
Result before interest and taxes (EBIT)	14,104	22,062	76,215
Financial income	20	91	494
Financial expenses	-1,095	-1,558	-6,065
Result before taxes (EBT)	13,029	20,595	70,645
Income taxes	169	124	-918
Result for the reporting period	13,199	20,718	69,727
Other comprehensive income:			
Other comprehensive income to be reclassified to profit and loss in subsequent periods:			
Exchange differences on translating foreign operations	45	-35	-45
Fair value changes on currency derivatives	8,776	5,315	-8,245
Other comprehensive income to be reclassified to profit and loss in subsequent periods, total	8,821	5,280	-8,290
Other comprehensive income not being reclassified to profit and loss in subsequent periods:			
Remeasurement of defined benefit plans	0	0	-120
Tax effect, net	0	0	21
Other comprehensive income not being reclassified to profit and loss in subsequent periods, total	0	0	-100
Total comprehensive income for the reporting period	22,020	25,998	61,336
Result for the reporting period attributable to:			
Parent company shareholders	13,199	20,718	69,727
	13,199	20,718	69,727
Total comprehensive income for the reporting period attributable to:			
Parent company shareholders	22,020	25,998	61,336
	22,020	25,998	61,336
Result for the reporting period attributable to parent company shareholders calculated as earnings per share (EUR/share)			
Undiluted / diluted earnings per share	0.26	0.40	1.35
Average number of shares			
Undiluted / diluted	51,503,141	51,503,141	51,503,141

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

EUR 1,000	31 Mar 2021	31 Mar 2020	31 Dec 2020
ASSETS			
Non-current assets			
Property, plant and equipment	970,183	969,292	967,748
Goodwill	105,644	105,644	105,644
Other intangible assets	3,500	3,852	3,671
Other financial assets	7,076	7,075	7,076
Receivables	5,272	15,521	3,929
Deferred tax assets	2,385	2,953	2,370
	1,094,059	1,104,336	1,090,438
Current assets			
Inventories	7,231	5,066	5,967
Accounts receivable and other receivables	107,534	101,703	86,471
Income tax receivables	30	0	32
Cash and cash equivalents	16,025	10,427	1,847
	130,819	117,196	94,317
Non-current assets held for sale	14,610	14,610	14,610
Total assets	1,239,488	1,236,142	1,199,365
EQUITY			
Equity attributable to parent company shareholders			
Share capital	103,006	103,006	103,006
Share premium account	24,525	24,525	24,525
Translation differences	134	119	114
Fund for invested unrestricted equity	40,016	40,016	40,016
Fair value reserve *	10,154	14,938	1,378
Retained earnings	568,637	558,013	555,413
	746,473	740,618	724,453
Non-controlling interests	0	0	0
Total equity	746,473	740,618	724,453
LIABILITIES			
Long-term liabilities			
Deferred tax liabilities	46,302	46,264	46,509
Pension liabilities	3,336	3,446	3,331
Provisions	1,697	1,697	1,697
Loans from financial institutions	205,231	199,742	180,383
	256,567	251,150	231,920
Current-liabilities			
Accounts payable and other liabilities	75,827	71,930	73,798
Current tax liabilities	11	4	27
Provisions	215	253	220
Loans from financial institutions	160,395	172,187	168,946
	236,449	244,374	242,992
Total liabilities	493,016	495,524	474,912
Total equity and liabilities	1,239,488	1,236,142	1,199,365

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2020, IFRS

EUR 1,000	Equity attributable to parent company shareholders						Total equity
	Share capital	Share issue premium	Translation differences	Unrestricted equity reserve	Fair value reserve	Retained earnings	
Reported equity 1 January 2020	103,006	24,525	140	40,016	9,623	537,3108	714,620
Comprehensive income for the reporting period:							
Result for the reporting period						20,718	20,718
Exchange differences on translating foreign operations			-21			-15	-35
Fair value changes on currency derivatives					5,315		5,315
Total comprehensive income for the reporting period	0	0	-21	0	5,315	20,703	25,998
Equity 31 March 2020	103,006	24,525	119	40,016	14,938	558,013	740,618

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2021, IFRS

EUR 1,000	Equity attributable to parent company shareholders						Total equity
	Share capital	Share issue premium	Translation differences	Unrestricted equity reserve	Fair value reserve	Retained earnings	
Reported equity 1 January 2021	103,006	24,525	114	40,016	1,378	555,413	724,452
Comprehensive income for the reporting period:							
Result for the reporting period						13,199	13,199
Exchange differences on translating foreign operations			20			24	44
Fair value changes on currency derivatives					8,776		8,776
Total comprehensive income for the reporting period	0	0	20	0	8,776	13,223	22,020
Equity 31 March 2021	103,006	24,525	134	40,016	10,154	568,637	746,473

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR 1,000	1–3 2021	1–3 2020	1–12 2020
Cash flows from operating activities			
Results for the reporting period	13,199	20,718	69,727
Adjustments			
Non-cash transactions	16,146	16,113	64,167
Unrealised foreign exchange gains (-) / losses (+)	-4		
Financial income and expenses	1,079	1,469	5,568
Taxes	-169	-124	918
Changes in working capital			
Change in accounts receivable and other receivables	-14,658	-14,790	-66
Change in inventories	-1,264	1,085	185
Change in accounts payable and other liabilities	3,062	2,760	3,674
Change in provisions	-1	4	-143
Interest paid	-495	-744	-3,589
Interest received	4	14	50
Taxes paid	-67	-50	-252
Other financing items	-485	-4	-2,209
Net cash generated from operating activities	16,346	26,451	138,030
Cash flow from investing activities			
Investments in tangible and intangible assets	-18,384	-4,741	-50,401
Sale of tangible assets	11	66	126
Acquisition of non-controlling interests	0	0	0
Net cash used in investing activities	-18,373	-4,674	-50,275
Cash flows from financing activities			
Loan withdrawals	52,000	0	54,000
Net increase in current interest-bearing liabilities (+) / net decrease (-)	-8,206	199	-2,973
Repayment of loans	-26,718	-19,974	-91,204
Payment of lease liabilities (2018 Payment of finance lease liabilities)	-875	-774	-3,427
Dividends paid			-51,503
Net cash used in financing activities	16,201	-20,549	-95,108
Change in cash and cash equivalents	1,847	1,227	-7,353
Cash and cash equivalents 1 January	14,174	9,208	9,208
Effect of foreign exchange rate change	3	-8	-8
Cash and cash equivalents at the end of periods	16,025	10,427	1,847

REVENUE AND RESULT BY BUSINESS SEGMENTS

	1–3 2021		1–3 2020		1–12 2020	
	MEUR	%	MEUR	%	MEUR	%
Revenue						
Shipping and sea transport services	117.8	94.9	124.7	95.6	461.8	95.4
Port operations	11.7	9.4	10.9	8.4	42.8	8.8
Intra-group revenue	-5.4	-4.3	-5.1	-3.9	-20.6	-4.3
External sales	124.1	100.0	130.5	100.0	484.0	100.0
Result before interest and taxes						
Shipping and sea transport services	13.2		21.5		72.5	
Port operations	0.9		0.6		3.7	
Result before interest and taxes (EBIT) total	14.1		22.1		76.2	
Financial income and expenses	-1.1		-1.5		-5.6	
Result before taxes (EBT)	13.0		20.6		70.6	
Income taxes	0.2		0.1		-0.9	
Result for the reporting period	13.2		20.7		69.7	

REVENUE BY GEOGRAPHICAL AREA

EUR 1,000	1–3 2021	1–3 2020	1–12 2020
Revenue			
Finland	49,802	54,695	195,838
Sweden	20,393	19,970	70,860
Germany	13,478	15,782	58,383
Other EU countries	30,526	36,133	130,703
Russia	1,699	1,530	6,751
Other	8,159	2,435	21,482
	124,056	130,545	484,016

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

REVENUE BY FUNCTIONS

EUR 1,000	1–3 2021	1–3 2020	1–12 2020
Revenue			
Freight and other shipping services	112,724	117,055	423,100
Passenger services	5,131	7,772	39,047
Port operations	6,201	5,718	21,870
	124,056	130,545	484,016

PROPERTY, PLANT AND EQUIPMENT 2021

EUR 1,000	Land	Buildings	Vessels	Machinery and equipment	Advance payments & acquisitions under construction	Total
Acquisition cost 1 January 2021	72	66,848	1,486,518	65,826	59,521	1,678,784
Exchange rate differences		-2		13		11
Increases			4,412	116	13,824	18,352
Disposals			-46	-32		-78
Reclassifications between items			221		-221	0
Reclassifications to non-current assets held for sale *		-3,297		-22,395		-25,691
Acquisition cost 31 March 2021	72	63,550	1,491,104	43,529	73,123	1,671,379
Accumulated depreciation, amortisation and write-offs 1 January 2021		-25,156	-644,563	-44,175		-713,894
Exchange rate differences		2		-12		-10
Cumulative depreciation on reclassifications and disposals			46	32		78
Depreciation for the reporting period		-480	-14,381	-258		-15,119
Accumulated depreciation, amortisation and write-offs 31 March 2021		-25,634	-658,897	-44,414		-728,945
Reclassifications to non-current assets held for sale *		570		10,510		11,081
Carrying value 31 March 2021	72	38,487	832,207	9,625	73,123	953,515

Not including right-of-use assets.

* The Finnlines Group is negotiating a sale of Port Operations' assets with carrying value of EUR 14.6 (14.6) million. No impairment losses were recognised on the carrying values of these assets in 2020 or 2021, as according to management's estimate, the fair value of the assets classified as held for sale was higher than the carrying value at the balance sheet date 31 March 2020 and 31 March 2021.

EUR 1,000	Land and water	Buildings and structures	Machinery and equipment	Total
Right-of-use assets 2021				
Acquisition cost 1 January 2021	18,642	3,832	1,439	23,913
Exchange rate differences			1	1
Increases			33	33
Disposals				
Reclassifications between items				
Acquisition cost 31 March 2021	18,642	3,832	1,473	23,948
Accumulated depreciation, amortisation and write-offs 1 January 2021	-3,466	-2,202	-776	-6,444
Exchange rate differences				
Cumulative depreciation on reclassifications and disposals				
Depreciation for the reporting period	-428	-323	-82	-834
Accumulated depreciation, amortisation and write-offs 31 March 2021	-3,894	-2,526	-859	-7,278
Carrying value 31 March 2021	14,748	1,306	615	16,668
Property, plant and equipment, total				970,183

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

PROPERTY, PLANT AND EQUIPMENT 2020

EUR 1,000	Land	Buildings	Vessels	Machinery and equipment	Advance payments & acquisitions under construction	Total
Acquisition cost 1 January 2020	72	67,348	1,477,184	66,169	19,884	1,630,657
Exchange rate differences		1		-13		-12
Increases			3,839	69	699	4,607
Disposals		-515	-258	-237		-1,010
Reclassifications between items			226		-226	0
Reclassifications to non-current assets held for sale *		-3,297		-22,395		-25,691
Acquisition cost 31 March 2020	72	63,538	1,480,991	43,594	20,356	1,608,551
Accumulated depreciation, amortisation and write-offs 1 January 2020		-23,747	-587,887	-43,878		-655,511
Exchange rate differences		-1		11		10
Cumulative depreciation on reclassifications and disposals		515	258	236		1,009
Depreciation for the reporting period		-479	-14,443	-255		-15,178
Accumulated depreciation, amortisation and write-offs 31 March 2020		-23,712	-602,072	-43,886		-669,670
Reclassifications to non-current assets held for sale *		570		10,510		11,081
Carrying value 31 March 2020	72	40,396	878,919	10,218	20,356	949,962

Not including right-of-use assets.

* The Finnlines Group is negotiating a sale of Port Operations' assets with carrying value of EUR 14.6 (15.1) million. No impairment losses were recognised on the carrying values of these assets in 2019 or 2020, as according to management's estimate, the fair value of the assets classified as held for sale was higher than the carrying value at the balance sheet date 31 March 2019 and 31 March 2020.

EUR 1,000	Land and water	Buildings and structures	Machinery and equipment	Total
Right-of-use assets 2020				
Acquisition cost 1 January 2020	18,642	2,514	1,018	22,174
Exchange rate differences			-1	-1
Increases		921		921
Disposals				
Reclassifications between items				
Acquisition cost 31 March 2020	18,642	3,435	1,017	23,094
Accumulated depreciation, amortisation and write-offs 1 January 2020	-1,733	-861	-372	-2,966
Exchange rate differences				
Cumulative depreciation on reclassifications and disposals				
Depreciation for the reporting period	-433	-268	-95	-797
Accumulated depreciation, amortisation and write-offs 31 March 2020	-2,166	-1,129	-468	-3,763
Carrying value 31 March 2020	16,476	2,305	549	19,330
Property, plant and equipment, total				969,292

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

LEASES

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

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

Amounts recognized in profit or loss

EUR 1,000	1–3 2021	1–3 2020
Interest on lease liabilities 31 March	63	61
Expenses relating to short-term leases	52	108
Expenses relating to low-value assets	11	25
Service components of lease payments 31 March	53	51
Lease payments of all leases accounted according to IFRS 16	871	834
Total cash flow of all leases 31 March	987	1,018

Maturity analysis

EUR 1,000	2021	2020
Contractual undiscounted cash flows		
Less than one year	2,837	3,222
One to five years	7,817	8,865
More than five years	13,848	15,917
Total undiscounted lease liabilities at 31 March	24,502	28,004
Short term leasing liability	2,537	2,950
Long term leasing liability	14,346	16,513
Lease liabilities included in statement of financial position at 31 March	16,882	19,463

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 has does not have significant influence in Steveco Oy.

CONTINGENCIES AND COMMITMENTS

EUR 1,000	31 Mar 2021	31 Mar 2020	31 Dec 2020
Minimum leases payable in relation to fixed term leases			
Vessel leases (Group as lessee):			
Within 12 months	0	1,336	
1–5 years	0	0	
	0	1,336	
Vessel leases (Group as lessor):			
Within 12 months	4,681	7,126	7,141
1–5 years	0	4,681	0
	4,681	11,807	7,141
Other leases (Group as lessee):			
Within 12 months	108	62	109
1–5 years	73	72	96
	181	134	205
Other leases (Group as lessor):			
Within 12 months	324	339	229
	324	339	229
Collateral given			
Loans from financial institutions	250,874	256,744	233,847
	250,874	256,744	233,847
Vessel mortgages provided as guarantees for the above loans	539,500	639,500	539,500
Other collateral given on own behalf			
Pledges	340	150	340
	340	150	340
Other obligations			
Obligations, related to vessel investments	362,890	440,344	358,044
Other external obligations *	1,775	2,733	1,467
	364,665	443,077	359,511
VAT adjustment liability related to real estate investments	2	3	2

* Other external obligations are mainly vessel maintenance related obligations.

REVENUE AND RESULT BY QUARTER

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

SHARE INFORMATION

	31 Mar 2021	31 Mar 2020
Number of shares	51,503,141	51,503,141

Finnlines Plc is fully owned by the Grimaldi Group.

EVENTS AFTER THE REPORTING PERIOD

Finnlines has purchased a real estate limited liability company Vuosaaren Porttikeskus, whose ownership at Vuosaari includes Gatehouse, Hansaterminal and P8-Porttikeskus parking house. The Company is headquartered in the Gatehouse.

CALCULATION OF RATIOS

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

* Not including leasing liabilities.

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

RELATED PARTY TRANSACTIONS

The chartering of MS Finnsea to Grimaldi Group ended in the beginning of January 2021 and the vessel was redelivered to Finnlines. Otherwise, there were no material related party transactions during the reporting period.