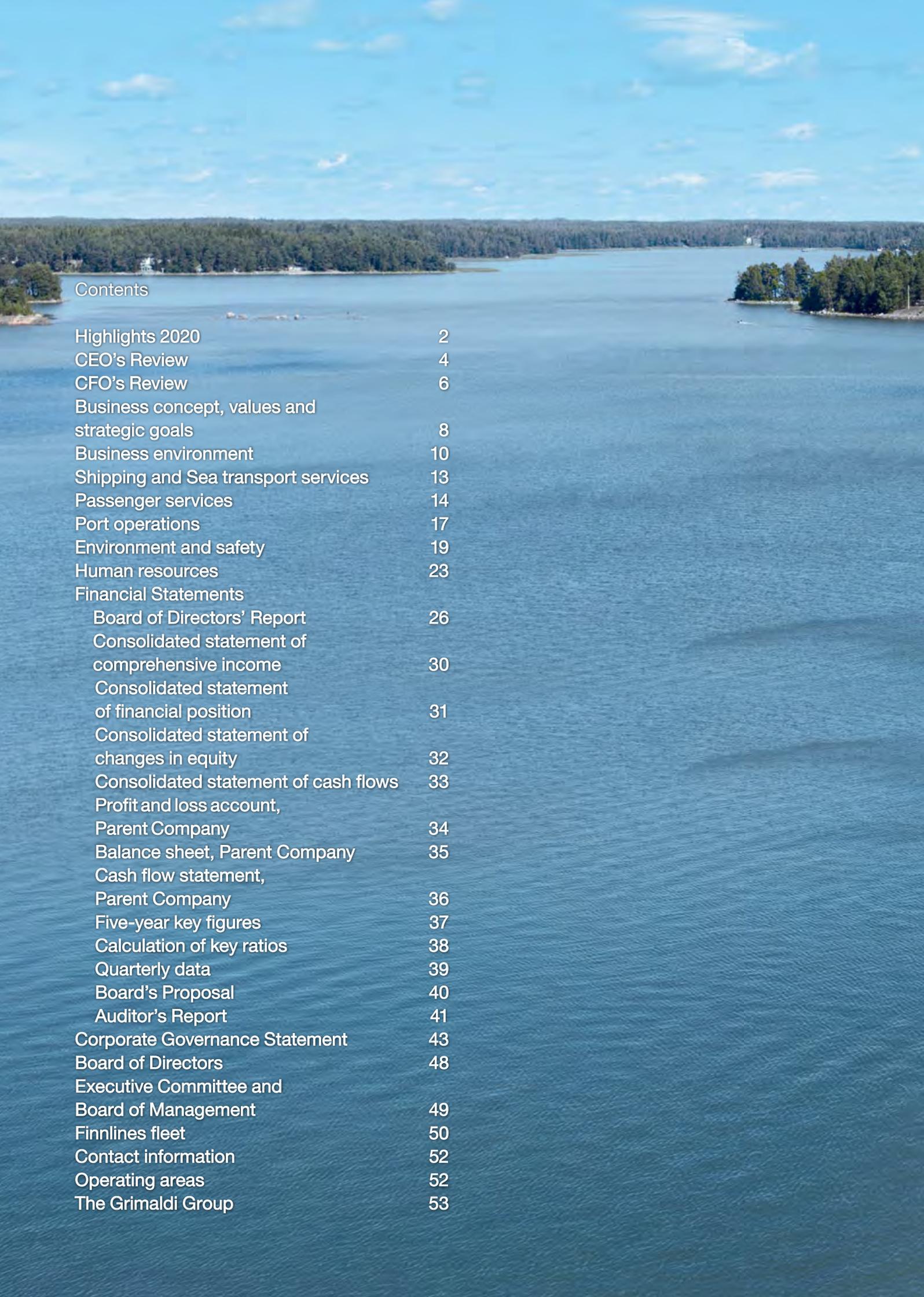




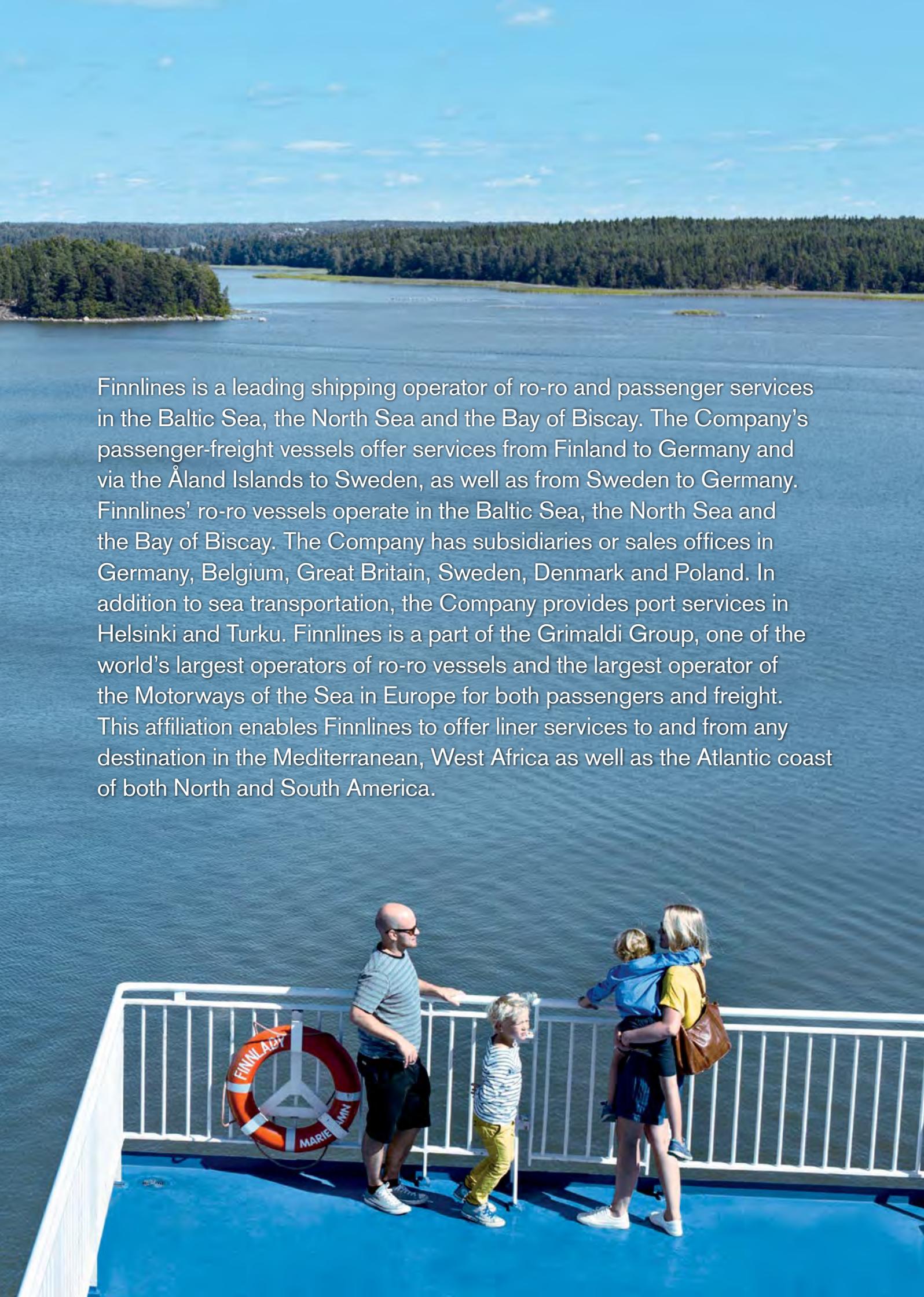
ANNUAL REPORT

2020



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Finlines 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. Finlines' 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. Finlines is a part of the Grimaldi Group, 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. This affiliation enables Finlines to offer liner services to and from any destination in the Mediterranean, West Africa as well as the Atlantic coast of both North and South America.

Highlights 2020

Key financial figures



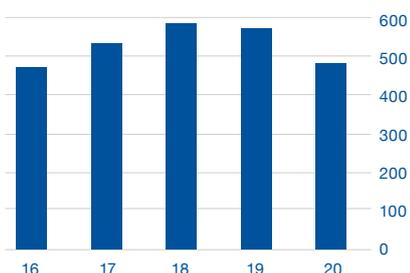
* Excluding leasing liabilities.

Revenue by function

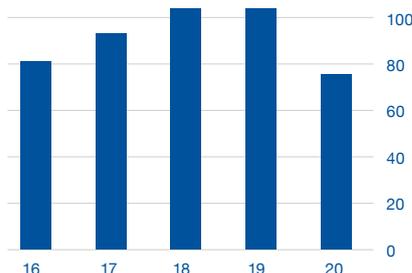


* Including internal revenue between the segments EUR 20.6 million.

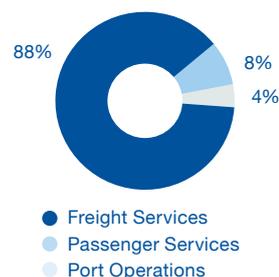
Revenue 2016–2020
EUR million



Result before interest and taxes (EBIT) 2016–2020
EUR million



Breakdown of external revenue 2020



EUR million	IFRS 2020	IFRS 2019
Revenue	484.0	574.8
Result before interest, taxes, depreciation and amortisation (EBITDA)	140.8	169.8
Result before interest and taxes (EBIT)	76.2	104.8
Result for the reporting period	69.7	98.3
Equity ratio, %	60.7	58.5
Interest-bearing debt, MEUR*	331.7	372.2
Net gearing, %	45.5	50.8

* Excluding leasing liabilities.

Key operational figures

Finnlines transported in 2020



723,000
cargo units



154,000
cars



1,107,000
tons of non-unitised freight



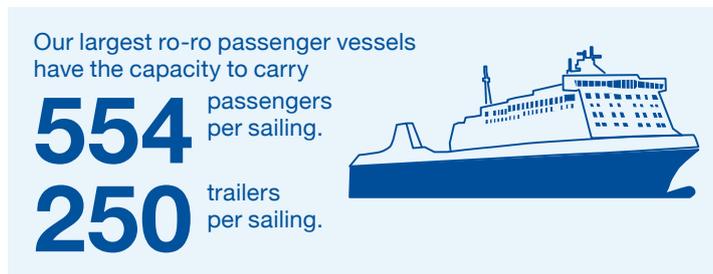
501,000
passengers

Finnlines continues to secure vital sea transports

The current coronavirus pandemic has taken the world by surprise and challenged governments, societies and economies globally.

Finland's island-like location, and its dependence on sea transportation require frequent and regular liner traffic services. With more than 170 departures each week and with a fleet of 21 ships, Finnlines has been ensuring that the flow of supplies continues to run smoothly in these exceptional times. Finnlines is an integral part of Finland's security of supply.

Despite the pandemic, Finnlines is looking far into the future and making investments in energy efficiency and eco-efficient services. In the future, Finnlines will be in an even better position to respond to both customers' and society's needs and to also continue to ensure high-quality sea transport services.



Strategic expansion

Significant investments in the fleet

Finnlines has invested over EUR 1 billion in the past decade and will invest over EUR 500 million in new technology, digitalisation and green shipping in the coming years.

Finnlines will determinedly continue to implement its strategy. The EUR 500 million newbuilding programme proceeded as planned during the year, and all three hybrid ro-ro vessels are now at the production stage. Finneco I will be the first vessel to be completed and is scheduled to start operation in November 2021.

The design process of the Superstar ro-pax vessels has also continued. In the design, particular attention has been paid to fast and efficient cargo handling. These vessels, intended for the route between Finland and Sweden, will together provide over 40% more cargo capacity than today. In addition, special attention in the design has been devoted to a new kind of customer experience and a pleasant stay onboard.

The Superstar ro-pax vessels exploit technology and digitalisation. Furthermore, recycling and environment friendliness onboard extend from the vessel's technical details to choices of materials and products, partners, and even up to the service concept. The source of inspiration for the interior decoration has been the archipelago sea which is reflected



The Superstar ro-paxes' interior design draws inspiration from the archipelago.

in the interior layout and lighting, for example. The panorama windows let in plenty of light and offer spectacular views over the archipelago.

Ballast water management

In addition to vessel orders, the Company has started installation of ballast water treatment equipment on ships. The project will be completed in 2023. Ballast water is used to trim and stabilise ships, but it may carry harmful aquatic species which out-compete native species, disrupting fragile marine ecosystems.



CEO's review

Finnlines invests EUR 0.5 billion in Green vessels and for long-term growth

– Safeguarding National Emergency Supply with emission-free technology

2020 was operationally an extremely challenging year, and the global Covid-19 pandemic demanded extraordinary response and efforts from all of us. International trade fell throughout the business segments and passenger travel has plummeted due to the travel restrictions imposed to hinder the virus' spread. The Covid-19 pandemic has changed the world, and like any other shipping operator, Finnlines also suffered from the slowdown in global trade.

According to the Finnish sea transport statistics, Finland's total sea freight volumes amounted to 101.3 million tonnes in 2020. Total shipping decreased by 5.3 million tonnes compared to the previous year's figures. Exports decreased by 5.8%, totalling 50.2 million tonnes. Imports decreased by 4.5% to 45.8 million tonnes on the previous year.

The Finnlines Group's turnover was EUR 484.0 (574.8) million in the reporting period, a decrease of 16% compared to the same period in the previous year. Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 140.8 (169.8) million, a decrease of 17%. At the end of the first quarter, Finnlines reacted promptly to the first signs of the widespread economic fallout of the ongoing crisis and initiated a cost saving plan to mitigate the Covid-19 impact. We were not, of course, immune, but our flexibility and agility, which are based on an in-depth industry knowledge, allowed us to successfully implement the cost savings plan. As a result, we maintained a feasible profitability throughout the latter part of the year and the result for the reporting period was EUR 69.7 (98.3) million, which we are very proud of.

Despite these exceptional times, the shipping sector as a whole has guaranteed reliable transport links globally between markets and continued to keep essential supply lines open. Likewise, Finnlines has maintained critical sea bridges between Finland and Sweden and between Finland and Continental Europe, Russia and the UK as well. Finnlines has since 1947 played a vital role in supporting national exporters and importers. It has become evident that carriers like us, provide a lifeline to both the private and the public sector in Finland. Finnlines alone transports more than a third of the one million rubber-tyred units, i.e. trucks and trailers, which move annually across Finland's three main sea bridges, Finland–Estonia, Finland–Sweden and Finland–Germany. Finnlines is a critical player in transporting medicines, foodstuffs and other commodities to Finland. Furthermore, Finnlines is an important carrier of industrial products, spare parts, machinery and equipment. As an example, Finnlines' Naantali–Långnäs–Kapellskär route is the most important western maritime route in safeguarding the security of supplies for Finland. Finnlines is the market leader in maritime transport between Finland and Sweden.

In 2020, we reached an important milestone in our EUR 0.5 billion green newbuilding programme. All three ultra green hybrid ro-ro vessels are now undergoing different construction stages and the investment programme continues as planned, on schedule and as budgeted. The vessels will be built with the latest technology available to ensure the lowest carbon dioxide and other emissions. In addition to lithium-ion battery systems that will allow zero-emissions

Finnlines has been operating regularly for many years on Finland's most critical maritime routes and has always safeguarded Finland's security of supply and is able to provide the service in an environmentally friendly way, under market-based terms and without public support.



at port, the vessels will also be fitted with emission abatement systems, solar panels, and an air lubrication system to help cut emissions further. Deliveries of all three recently named vessels in the series, Finneco I, Finneco II and Finneco III, are expected between November 2021 and April 2022.

In addition to these three ro-ro vessels, we have also ordered two eco-efficient Superstar ro-pax vessels, which are scheduled to start operating in 2023. Superstar ro-pax vessels will bring new innovative solutions to our services and the environmental perspective is taken into account everywhere. Onshore power supply will provide an alternative source of energy enabling emission-free operations in port. Light management and ventilation will be designed to enhance energy efficiency even in changing conditions. Moreover, two-speed reduction gears will improve propulsion efficiency. To meet customers' demands, Finnlines will deploy a new vessel type especially designed for its Sweden–Finland traffic. The new ships will have a full intake up to 5,100 lane metres and 1,100 passengers. In other words, the vessels have the capacity to carry approximately 200 cars and 290 trailers or 250 trucks per voyage. These most environmentally friendly vessels in the world show our superior role as forerunners in sustainable shipping.

With our environmental strategy, we are able to meet the needs of our customers and society even better, and at the same time, we can guarantee safe and high-quality sea transport services. Today's and tomorrow's society, customers and stakeholders expect more, and, therefore, responsible actions and sustainable investments are becoming more and more important each year when choosing a commercial partner. At Finnlines, we consider it important to continuously develop the quality and efficiency of our operations and improve the vessels both from a technological and environmental point of view. We have been committed in the past and we will be committed in the future to carry out long-term efforts for the environment because sustainability is the cornerstone of our strategy and thus embedded in our everyday actions. We are committed to the IMO target to reduce carbon dioxide emissions by 50% by 2050 and in the last ten years, we have already been able to reduce vessels' carbon dioxide emissions more than 30%.

As is the case in other shipping companies, Finnlines' turnover and profitability have also declined due to the economic slowdown and uncertain market conditions during the corona pandemic. Yet, we did not lay down any vessels but were operating normally throughout the whole year,

thus safeguarding the biggest share of Finland's security of supply of medicines, goods, machinery, components and other vital products.

It would be important that the Finnish Government recognises the role of Finnlines as a first rank maritime carrier of Finland with a key role in security of supply, also when it comes to public aid distributed to maritime companies. Indeed, it is understandable that public aid to maritime actors are needed in a challenging situation when authorities have imposed restrictions which complicate normal operations and market-based operations are at risk. But, if state aid is distributed, it should be distributed in the proportion in which a company takes responsibility for Finland's security of supply. Unfortunately this was not the case during the pandemic crisis and about EUR 70 million were exclusively distributed to companies competing with Finnlines, on same routes and on same types of service, but not to Finnlines. This of course is causing distortion of free competition to the detriment of penalized companies, of national economy and of consumers. In a moment where Finnlines is serving loyally the nation without subsidies, without service cuts and with important sustainable investments in green ships ongoing, operating and competing against subsidised companies during the biggest pandemic experienced in the last century has become more tiresome and more difficult.

Alternative ways of support from the State to all shipping companies could be possible, more horizontal, more equal, less distortive, cleaner, more viable and more sustainable than the present one, such as public coverage of standard carriers' costs, i.e. port costs, seamen costs, shore personnel costs or pension costs. This alternative fashion would be also in accordance with existing EU State Aid rules.

I would like to take this opportunity to thank our customers and our stakeholders for their confidence in Finnlines. Looking into 2021, regular high frequency traffic between Finland and the rest of Europe will continue to be the foundation of Finnlines' operations as well as continued investments in sustainability. By constantly renewing and developing the fleet for our customers, using the latest technology and innovations, we can proudly say that we are Finland's premier seafreight operator and also a large transporter of passengers. I would also like to extend my sincere gratitude to all our personnel onboard, in terminals and offices for their persistence in delivering good results in such an exceptional and very demanding year of 2020.

Emanuele Grimaldi

Agile cost control and financial strength enabled us to retain our profitability

The Finnish foreign trade is nearly completely dependent on sea connections as about 90% of Finland's exports and 80% of its imports is shipped by sea. Finnlines has a vital role in transporting critical goods, such as medicines, food-stuffs and other consumer goods, which are essential for people and industry. Our services specialise in freight and play a key role in the smooth flow of supplies.

The Covid-19 pandemic continued to impact Finnlines, but after a drastic drop of revenues in the second quarter, cargo volumes started to pick up. We shipped 723,000 (738,000 in 2019) cargo units and carried 154,000 (166,000) cars (not including passengers' cars). The coronavirus outbreak affected our passenger traffic and reduced our passenger volumes on all routes. The number of passengers carried on the Germany–Sweden route decreased by -35%, on the Finland–Germany route by -53%, and on the Finland–Sweden route by -68%. In total, 501,000 passengers travelled with us in 2020.

For decades, we have ensured that there is enough sea freight capacity and that cargo transports are functioning to and from Finland. Despite ensuring Finland's emergency security of supply, we have not received maritime financial support from the State. The terms of both NESA's EUR 45 million aid and Traficom's EUR 24.7 million aid were such that we are not allowed to receive any aid because our financial result has remained profitable. Finnlines' turnover and profitability has also declined due to economic slow-down and uncertain market conditions during the corona pandemic, yet we are excluded from receiving any maritime aid.

Financial performance

The Finnlines Group recorded revenue totalling EUR 484.0 (574.8) million in 2020, a decrease of 16% compared to the previous year. Shipping and Sea Transport Services generated revenue amounting to EUR 461.8 (550.9) million, of which passenger-related revenue was EUR 39.0 (59.9) million. The revenue of Port Operations was EUR 42.8 (45.4) million. The internal revenue between the segments was EUR 20.6 (21.5) million.

The result before interest, taxes, depreciation and amortisation, EBITDA, came to EUR 140.8 million against EUR 169.8 million after 2019. Net financial expenses decreased to EUR -5.6 (-7.5) million. Financial income was EUR 0.5 (0.3) million and financial expenses EUR -6.1 (-7.7) million. The Finnlines Group's result for the reporting period decreased by EUR 28.6 million to EUR 69.7 million.

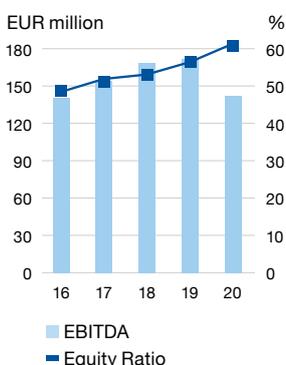
It is not surprising that the pandemic affected our 2020 bottom line, but still the results we posted in such a difficult year are proof that our strategy is paying off.

Increasing efficiency

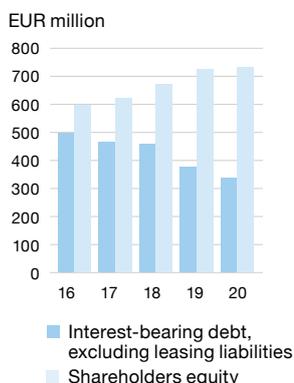
The pandemic has increased uncertainty in global economy and still there are no major signs of recovery. The pandemic has affected our operations, but to mitigate the financial risk, we initiated a cost saving plan as early as April 2020. Despite the many challenges of 2020, we managed to maintain the profitability of our operations.

We remain focused on the fundamentals which are dedication to smart use of technology, digitalised and optimised processes across all of our operations, investments in en-

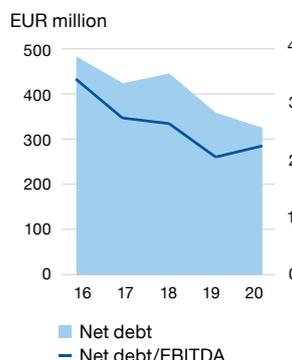
EBITDA and Equity Ratio



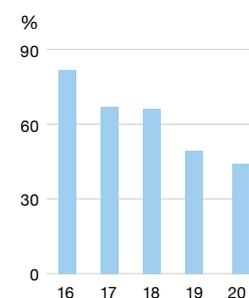
Interest-bearing Debt and Shareholders Equity



Net Debt/ EBITDA Development



Net gearing



Finnlines turnover declined EUR 91 million due to the Covid-19 pandemic lowering our financial result.

ergy efficiency to promote sustainability and effectively execute our strategy by our highly productive, skilled and committed employees. All the hard work we have done will increase the efficiency and effectiveness of our processes.

Over the years, we have made substantial investments in our existing fleet, both environmental and capacity-related. Even in the exceptional situation we are facing, our strategic focus has remained on improving our operational and financial position. With the organisational, operational, and financial optimisation we have ensured that Finnlines' services have continued unaltered and we are fulfilling our important role in the logistics chain. The Finnlines Group's return on capital employed (ROCE) was 7.0% (9.5%).

Investing for growth and sustainability

Environmental responsibility is part of Finnlines' business strategy. Reducing fuel consumption and cutting harmful emissions have been key elements of our strategy for a long time. At Finnlines, we are continuously developing our operations and environmental aspects will continue to have a strong impact on all our actions. We will reduce our fleet's carbon dioxide emissions by investing in energy efficiency and green technology and by reducing fuel consumption.

Our ongoing EUR 500 million newbuilding programme, which includes three ultra-green hybrid ro-ro vessels and two eco-efficient Superstar ro-pax vessels, will further increase our energy efficiency and cut emissions. In other words, we continue to deploy larger and larger vessels to benefit from economies of scale. The significant newbuilding investment will also give us the flexibility to remove some of the older vessels from the fleet in order to let new units enter, improving the green footprint of the Finnlines fleet.

The environmentally friendly vessels will be built with the latest technology and innovations available. In addition to lithium-ion battery systems and shore-side electricity connections, which enable zero-emission operations in port, they will be equipped with several advanced technologies to save energy and thus reduce emissions further.

The first ro-ro vessel is expected to start operation in 2021, and the other two in the first half of 2022. The

Superstar ro-pax vessels are set to start operating in 2023.

Capital structure

Net cash generated from operating activities remained strong and was EUR 138.0 (173.6) million. The interest-bearing debt decreased by EUR 40.5 million to EUR 331.7 (372.2) million, excluding leasing liabilities of EUR 17.7 (19.3) million. Net interest-bearing debt at the end of the period was EUR 329.8 (363.0) million. Net interest-bearing debt/EBITDA (rolling 12 months) ratio amounted to 2.3 (2.1) and the equity ratio calculated from the balance sheet was 60.7% (58.5%). Net gearing resulted in 45.5% (50.8%).

The Group has financial flexibility through its strong liquidity position which at the end of the period, with cash and cash equivalents together with unused committed credit facilities, amounted to EUR 226.8 (164.2) million. The Finnlines Group has a strong balance sheet, cost-efficient operations and unused credit facilities, which all provide financial flexibility. Considering Finnlines' investments in its energy-efficient fleet, we can expect the Company to maintain its strength during this extraordinary period.

Finnlines is fully owned by the Grimaldi Group, which is a multinational integrated logistics company specialising in the maritime transport of vehicles, rolling cargo, containers and passengers. The shareholder structure reinforces our strategy and enables us to be the most efficient shipping company in the Baltic Sea. As part of the Group with proven track record in highly profitable operations, we have the required financial flexibility to invest close to EUR 0.5 billion in the ultra-green vessels. In addition, our network has expanded and via the larger Grimaldi Group network the world is accessible to our customers.

Finnlines has been, and continues to be, committed to secure vital sea transports on market terms. We are proud that Finnlines' services in the Baltic and North Sea areas provide a backbone in transporting all the necessary goods to Finnish society.

Tom Pippingsköld



Business concept, values and strategic goals

Finnlines promotes international commerce by providing efficient, high-quality sea transport and port services, mainly to meet the requirements of the European industrial, commercial and transport sectors and private passengers.

Finnlines' objective is to guarantee long-term profitability through high-quality operations, to generate added value for its shareholders and to maintain a healthy capital structure. The Board of Directors bases its annual dividend proposal on the Company's capital structure, future outlook, and investment and development needs.

Values

Customer focus

Our customers choose us thanks to our competence, expertise and reliability. Satisfied customers are the basis for Finnlines' enduring success. By identifying its cargo customers' and passengers' needs, the Company can continuously develop its service products and generate concrete added value for its customers.

Responsibility

We adhere to the principles of sustainable development. Environmental responsibility forms part of our Company's everyday operations. We take safety issues into consideration in all our operations.

Profitability

We achieve our objectives. Through the quality of our business operations, we are able to guarantee long-term profitability and generate added value.

Employee satisfaction

We are a reliable and motivating employer. We treat our employees with fairness and equality, rewarding the merit.

Strategic goals

Our strategy is to grow together with our customers, to increase the efficiency of the capital employed on our fleet and to continue investing in sustainable development. Four strategic goals steer all our business operations.

A stronger position in the Baltic Sea and the North Sea cargo traffic

- We invest in the operational efficiency of our current transport areas.
- We will open new routes according to market opportunities.
- We are actively involved in the growing consolidation of the sector.
- We increase Group-wide network synergies beyond the core of today.

A stronger position in the Baltic Sea passenger traffic

- We offer quick and effortless travel between Finland, Sweden and Germany to our passengers on our large and efficient ro-pax vessels.
- We offer the most eco-friendly choice for passengers to travel between Finland, Sweden and Germany.

A stronger position in Russian freight traffic

- We are the leading shipping company in transit traffic.
- We actively develop and market direct transport routes between Continental Europe and Russian Baltic ports.

Growing profitability

- We strive to improve our productivity. One of the main ways of doing this is to focus on routes where the vessels' capacity utilisation is as high as possible in both directions.
- We will increase the efficiency of our operational systems and information management with data-driven analysis.
- We take proper care of environmental and safety issues.
- We invest in staff competence.

UN Sustainable Development Goals and Finnlines

Finnlines complies with the principles of sustainable development and takes its social responsibility as well as economic and environmental aspects into consideration in all operations. In order to strengthen and clarify its environmentally responsible work, Finnlines has introduced the UN principles of sustainable development to its operations and is committed to supporting these goals in the Company's operations.

Ambitious goals

Finnlines is committed to long-term efforts for the environment, making investments in energy efficiency and eco-efficient services. The Company has worked consistently, setting short-term goals to reach excellent long-term results. Finnlines has reduced its carbon dioxide emissions by more than 30% compared to 2008.

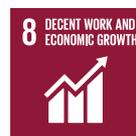
In line with the strategy of the UN's International Maritime Organization (IMO), the Company aims to reduce its absolute carbon dioxide emissions by at least 50% by 2050.

Key actions for sustainable future

- We will enhance our fleet with five new eco-efficient ships. These ships will reduce the carbon footprint further.
- We will install ballast water treatment equipment to prevent the spread of harmful aquatic species.
- We will continue to improve fuel efficiency. This means optimisation of schedules and running at optimal speed, load and trim. Our professional personnel play a very important role in reaching this goal.

Substantial investments in energy efficiency and green technologies

- We have invested over EUR 1 billion in our fleet and operations during the past decade.
- We have installed emission abatement systems to remove harmful impurities from the ships' exhaust gases. Other efforts to improve our environmental performance consisted of changing propeller blades and rudders.
- We have lengthened six of our ro-ro vessels and the achieved capacity increase of 30% reduces energy consumption, as well as emissions, per transported cargo unit.



PROFITABILITY ENABLES SUSTAINABILITY. We aim for stable profitability. By optimising our operations, routes and use of vessels and by focusing on cost control, we are able to further improve our efficiency. Economic well-being is linked with social responsibility and the environment. Seventeen of our vessels sail under the Finnish flag and three under the Swedish flag. Environmental and social responsibility is part of the Company's day-to-day operations.



ENVIRONMENTALLY FRIENDLY TRANSPORT MODE. Sea transport is the most environmentally friendly form of transport, particularly in transporting large amounts of cargo. The Finnlines ro-pax concept combines cargo and passenger traffic in a unique way. In addition, we have invested in the energy efficiency of our vessels in many ways over the last few years and these investments will continue with the newbuilding projects.



SUSTAINABLE CONSUMPTION AND PRODUCTION aim to do more and better with less energy and investment. Thanks to our long-term, environment-considerate actions, investments in energy efficiency and eco-efficient service, we are able to advance sustainable development.



CONTINUOUS DEVELOPMENT. At Finnlines, we consider it important to continuously develop our operations. The Company aims to reduce environmental effects in both cargo and passenger operations.



ECOLOGICALLY AND SOCIALLY RESPONSIBLE BUSINESS is crucial to sustainable development and to a company's success in today's world. Operating in ecologically sensitive sea areas, our safety and environment policy aims to produce safe and high-quality services, which take the environmental effects into account the whole transport chain throughout a ship's life-cycle. By continuously investigating and testing energy-saving innovations and planning better processes, we at Finnlines are doing our part in protecting the marine environment of the Baltic Sea area.

Business environment

Maritime transport is vital to Finland's foreign trade, as about 90% of it is shipped by sea. Frequent and regular liner traffic services are of particular importance to processed products, especially in these exceptional circumstances. Finnlines' business areas include the Baltic Sea, the North Sea and the Bay of Biscay. Digital operations support the business and approximately 65% of freight customer bookings is fully automated. Finnlines' digital solutions enable efficient business operations and provide relevant data to both the organisation and the Company's customers.

The conditions for a normal year in shipping were shaken up in mid-March. But even though one country after another imposed restrictions on the normal daily life, merchant vessels could not stop sailing. There are no self-sufficient countries, and so shipping must go on, otherwise societies collapse. This is even more so with countries that are dependent on foreign trade. Though travelling for leisure ceased, there are always valid reasons to travel, and the goods need to flow.

The crisis has affected shipping companies differently based on their business concept. Being less dependent on passengers – important though they are in the overall concept – Finnlines was able to maintain both the route network and the frequency at the level established at the beginning of the year.

The overall outlook remains still uncertain. Very much depends on how long it takes to bring the pandemic under control, and how swiftly the economy and various business sectors recover, and how employment develops.

The extent and effects of Britain's exit from the single market still remain to be seen. They will be negative, however, with the degree varying depending on the final rift.

Operating areas

Maritime transport is vital to Finland's foreign trade, especially in extraordinary circumstances. Finnlines operates in the Baltic Sea, the North Sea, and the Bay of Biscay, reflecting the main areas of the Finnish foreign trade. The Group's route network covers all major Finnish ports as well as several main ports in

the Baltic Sea and North Sea areas. It offers the wide Grimaldi shortsea and deepsea network for Finnlines' customers use.

Finnlines' fleet

At the end of 2020, Finnlines owned 21 vessels. The Group's vessels are among the best that ply the Baltic Sea in terms of size, efficiency, and carbon footprint. All vessels sailing between Finland and Continental Europe fly the Finnish flag.

The total capacity of the fleet was approximately 73,000 lane metres; 33,000 metres on ro-pax vessels and the remaining 40,000 on ro-ro vessels.

The average age of the Group's vessels was about 15 years.

Fleet renewal

Finnlines continues to deploy larger and larger vessels in both the ro-pax and ro-ro segments, thus creating better economies of scale. Three new ro-ro vessels under construction will add 17,500 lane metres to Finnlines' services. Furthermore, the Company has ordered two eco-friendly Superstar ro-pax vessels. With a cargo capacity of 5,100 lane metres and passenger capacity of 1,100, they will be Finnlines' flagships both in terms of size and technology.

The hybrid ro-ro vessels are expected to start operation in 2021–2022. The Superstar ro-pax vessels are expected to be delivered by 2023.

These major investments will keep Finnlines running one of the most modern, efficient, and ecological fleets in the Baltic and North Sea areas.

Vital sea transports between Finland,
Continental Europe and Great Britain





Shipping and sea transport services

Finnlines' strong position derives from excellent services and a product concept tailored to its customers' needs. Finnlines' high frequency of departures, cargo capacity and information services contribute flexibility, reliability and predictability to customers' transport plans. The Company transports today a third of the 1 million trucks carrying goods between Finland, Sweden and Continental Europe every year. Freight services include the Baltic and North Sea Services, HansaLink, NordöLink, FinnLink and Finnlines RUS service.

During 2020, with only minor fine-tuning of the schedules, Finnlines maintained the traffic plan created at the start of the year. This was a major contribution to Finland's security of supply.

The overall volumes did drop in spring, up to 10–20% depending on the line, but they were on the mend after the summer. The intention is to preserve the high level of service to ensure customer confidence and cargo flows. The Shipping and Sea Transport Services segment's revenues totalled EUR 461.8 (550.9 in 2019) million, and it employed 1,244 (1,274) people on average.

During January–December, the transports totalled about 723,000 (738,000) cargo units, 154,000 (166,000) cars (not including passengers' cars) and 1,107,000 (1,113,000) tons of non-unitised freight. In addition, some 501,000 (665,000) private and commercial passengers were transported.

The Baltic Sea and North Sea services

Finnlines' ro-ro services in the Baltic Sea and North Sea areas provide a backbone to Finnish industries' transportation needs. Routes are ideally located for serving freight customers in the Baltic Sea and the North Sea. Traffic was operated with some ten modern ro-ro vessels catering for lorries, trailers, other mobile cargo, containers, and break bulk.

HansaLink

HansaLink consists of three Star class ro-pax vessels plying between Helsinki and Travemünde. Despite the unprecedented challenge posed by the Coronavirus pandemic, the traffic ran without interruptions providing seven reliable weekly departures in both directions, with a fast and efficient sailing time of less than 30 hours.

Due to the pandemic, passenger volumes fell by almost 50% vs. 2019, but regardless the line retained and even strengthened its position as the largest carrier of unitised cargo volumes between Germany and Finland. For passengers, it remains the only direct connection by sea between Finland and Continental Europe.

NordöLink

Finnlines' route between Malmö, Sweden and Travemünde, Germany offers 19 weekly departures in both directions. The average intake capacity is equal to more than 1,100 cargo units per day.

Finnlines' high-frequency service with the right cargo capacity and fast nine-hour voyage ensures the kind of efficiency required by professional cargo transportation and any intermodal solutions. Despite the pandemic outbreak, the service was running regularly, without disruptions, throughout the year and with the highest level of punctuality.

The NordöLink service is operated with three ro-pax vessels, MS Europalink, MS Finnpartner and MS Finntrader.

FinnLink

Finland's most important sea bridge for the security of supply is Finnlines' Kapellskär–Långnäs–Naantali route. The service is operated with two ro-pax vessels, the Star class vessel MS Finnswan and the Clipper class vessel MS Finnfellow.

These vessels serve the freight industry by providing a daily capacity of more than 650 cargo units, which would be sufficient to cover all the lorry and trailer traffic volumes crossing between Sweden and Finland.

Due to the Covid-19 pandemic, Finnlines' passenger volume decreased between Finland and Sweden by almost 70%, while on the other hand, the service has proved its full reliability to an even bigger share of the freight trade between the two countries.

Finnlines RUS service

The service is made up of two loops. The Biscay–Russia one offers a connection from Bilbao, Zeebrugge and Antwerp to Port Bronka, Paldiski and Helsinki. On the eastbound voyage the vessels call at Kotka on their way to Tilbury and Zeebrugge, whereas the TRE service connects Lübeck and Travemünde to Port Bronka and Kotka on the return voyage.

Both services are operated with modern ro-ro vessels designed for loading ro-ro, containers, project cargo as well as cars and vans on dedicated decks.

High-quality services even in the most difficult of times

Passenger services

With its eight ro-pax vessels, operating between six ports in three countries, Finnlines has upheld its position as an important provider of passenger services in the Baltic Sea.

Steady and strong in times of turbulence

Finnlines has provided a constant, sustainable and responsible way of travel throughout the Covid-19 crisis. The Company's ro-pax service concept guarantees stability by combining cargo and passenger traffic. The high utilisation rates on the routes and vessels ensure fast connections between Continental and Northern Europe. The ro-pax routes also offer convenient and reliable services for passengers, especially for those looking to travel with their own vehicles.

Decline on all ro-pax routes

The impact of the coronavirus outbreak on consumer purchasing and travel behaviour can be seen in the passenger figures. The total number of passengers carried on all routes (private and commercial) decreased by 25% to 501,000 passengers (665,000 in 2019). The number of private passengers decreased on all routes. The lowest decrease was seen on the Germany–Sweden route, at -35%, followed by the Finland–Germany route -53% and the Finland–Sweden route -68%.

More space and safety

Travel with Finnlines is safe. During these exceptional times, we take care of the health and safety of our passengers and crew. Finnlines' spacious vessels carry 500 passengers at a maximum, providing ample space onboard, which makes it easy to comply with the safety regulations during the voyage. In addition to following the guidelines and instructions set by the health authorities, extra cleaning measures were

added in all our customer service points on land and at sea.

Adding value

Investments in the current ro-pax fleet continued despite the challenging times. On the Finland–Germany route, the hiatus in leisure travellers was used to renew some cabin and corridor flooring, furniture and furnishings.

At Finnlines, digital revolution is a desired and shared vision that transcends traditional roles like sales, marketing and customer service. The Company continued its technological transformation process by kicking off a user interface redesign project to better serve its online business to consumer customers. Finnlines is also currently upgrading its business-to-business booking portal. Both projects aim at providing a better overall booking experience and building an even stronger online presence.

Finnlines' Next Generation ro-pax vessels

Despite the challenges caused by the pandemic, Finnlines moves strongly forward with refining its newbuilding vessels concept. Green values are a staple in the Company's values, but their role will be further emphasised with the Next Generation vessels; recycled and ecological material choices will be considered in all the design aspects. A new digital service concept for the Company will be introduced together with the new vessels. The development work for this will fully start in the coming year.



Finnlines
a Grimaldi Group company

Finnlines
a Grimaldi Group company

Finnlines





Port operations

The Finnlines Group's Port Operations are handled by Finnsteve companies (Finnsteve, Containersteve and FS-Terminals). Finnsteve companies is a major port operator focused on unitised cargo services required by regular liner traffic in the ports of Helsinki, Turku and Naantali. Helsinki is Finland's most important export and import port for unitised goods, while Turku and Naantali have the fastest sea connections to Sweden.

In 2020, Finnlines' Port Operations generated revenues of EUR 42.8 (45.4 in 2019) million and employed 290 (302) people on average.

A new ERP system for unitised cargo was introduced at the beginning of 2018, and a new HR and equipment resources management system during 2020. The systems increase the efficiency of the operations and improve the operational reliability.

In 2020, more energy-efficient solutions were developed in the Port Operations, with special attention to the utilisation rate of the container fleet.

Port Operations in Helsinki

The Vuosaari Harbour, which was opened at the end of 2008, has proved to be an efficient world-class port with its modern and advanced infrastructure. The operations of the harbour are being constantly developed, and a considerable fairway deepening project was launched in 2020. The project will increase

the depth of the fairway from 11 metres to 13 metres, thus enabling bigger ships to access the harbour.

The Company's four post-Panamax container gantry cranes have sufficient capacity and power to cope easily with future growth in container volumes. The export and import terminals allow cargo handling in all weather conditions.

The overall cargo volumes handled by Finnsteve companies in the Vuosaari Harbour increased from the previous year.

Port operations in Turku and Naantali

The Company operates mainly in Turku's West Harbour. In addition, it has operations in the Base Harbour and in the port of Naantali.

The Company's Naantali operations provided services to the Group's FinnLink traffic between Naantali, Långnäs and Kapellskär.

Continued investments in green
innovations to achieve sustainability



Environment and safety

Finnlines' ships operate in ecologically sensitive sea areas where many environmental regulations are stricter than globally. Finnlines is committed to the UN Sustainable Development Goals to minimise the use of natural resources and to combat climate change and its impact. Economic profitability facilitates investments in innovations and responsible operations.

Sea transport is an efficient mode of transport, particularly when large volumes are carried over long distances. Ro-pax vessels offer customers an opportunity to carry goods and travel in a more responsible manner than other modes of transport.

Air emissions

Finnlines operates mainly in the Emission Control Areas, i.e., the Baltic Sea, the North Sea and the English Channel, where the sulphur content limit for fuel oil has been 0.10% from 2015 in accordance with

the MARPOL Convention. Globally, the sulphur limit decreased from 3.5% to 0.5% at the beginning of 2020. Finnlines was well prepared as nearly all our ships are equipped with sulphur emission abatement technology. Our ships also abide by the 0.10 rule when operating on the Biscay route outside the Emission Control Area.

In 2020, ships' sulphur dioxide emissions declined by around 40% compared with 2019.

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Environment and safety (continued)

The IMO has set the target to cut greenhouse gas emissions from shipping by 50% by 2050. Fuel consumption per cargo tons carried and nautical miles sailed should decrease by 40% by 2030 and by 70% by 2050. All target figures are compared with the 2008 level.

To reach these ambitious goals, the shipping sector will have to consider transition to alternative carbon-neutral fuels and to adoption of new technologies. The industry discusses market-based measures, such as emissions trade, operational measures to restrict coal intensity and expansion of the energy efficiency design index to cover existing ships.

Finnlines invests in sustainability on its new vessels, for instance, by installing solar panels, a high-powered battery bank, an air lubrication system, and shore-side electricity. Installation of a shore-side connection on existing ro-pax vessels has also been studied. Furthermore, Finnlines has investigated new alternative fuels together with an engine manufacturer.

In 2020, Finnlines' vessel traffic consumed 317,885 tons of heavy fuel oil and diesel oil, representing a decrease of nearly 3% compared with 2019. The Company fleet has cut its CO₂-emissions by more than 30% since 2008.

The North Sea and the Baltic will constitute a nitrogen oxide (Nox) Emission Control Area (NECA) starting 1 January 2021. The NOx limit will apply to new-build vessels and NOx emissions will reduce by 80% compared with the present level.

Safety and security

The land-based ship management organisation and all the ships are certified in accordance with the ISM Code (International Management Code for the Safe Operation of Ships and for Pollution Prevention). All ships and port facilities also comply with the requirements of the ISPS Code (International Ship and Port Facility Security Code).

Technical progress, such as digitalisation, integration and automation, brings a risk of malicious attacks to ships'

Environmental aspects, expectations and requirements are considered at every stage of a ship's life-cycle.

control systems. Therefore, IMO requires that ship owners identify cyber security objectives relevant for the safe operation of the ship. Cyber risks should be appropriately addressed in safety management systems no later than the first annual verification of the Company's Document of Compliance after 1 January 2021.

The ships are regularly inspected and audited by the maritime administration, classification societies and by in-house auditors. Regular drills are held both internally and with authorities, such as the coast guard, border guard and local city rescue departments.

In ports, stevedoring companies have safety systems, including communication and contingency plans in case of an accident. Ports are equipped to respond to fires and oil and chemical spills.

Environmental certification

The environmental management system, which complies with the ISO 14001:2015 standard, was audited in the office and onboard ships. Certification covers management and manning of all ships sailing under the Finnlines flag as well as purchasing, newbuildings, and cargo and ship operations.

Stakeholders

In environmental and safety matters, Finnlines' most important stakeholders are the flag and port state administration, owners, customers, port operators, classification society and contractors, as well as the inhabitants of harbour and fairway areas.

Finnlines is represented at the technical, safety and environmental committees under the Swedish and Finnish Shipowners' Associations and co-operates with maritime colleges and research centres. The Company is an associated organisation in the EU flagship project COMPLETE (Completing management options in the Baltic Sea Region to reduce risk of invasive alien species introduction by shipping). Finnlines has also been involved in the real time algal monitoring project, Alg@line, on its Finland-Germany route for over 20 years, providing vessels for research purposes.

Legislation

IMO manages international legislation on safety and environmental matters. The MARPOL 73/78 Convention contains regulations on the disposal of waste and sewage and on the prevention of air emissions. The SOLAS Convention regulates maritime safety and security, including ship construction, life-saving arrangements and navigation. Port operations comply with national and international legislation.

Two similar, although separate, regimes have been introduced to reduce the carbon footprint from shipping.

Shipowners have had to report on ships' fuel consumption, subsequent CO₂ emissions and transport work to the European Commission as from 2018 in accordance with an EU directive. Globally, IMO's Data Collection System started in 2019 and the first reports were submitted during the spring of 2020. An accredited, impartial verifier validates the data in both systems.

To ensure safe and environmentally sound recycling of ships, the Hong Kong Convention has been adopted within IMO, but the Convention has not yet been ratified. This is why the EU has adopted a regulation on ship recycling and inventory of hazardous materials, like mercury, cadmium and lead. During 2020, hazardous materials experts took samples to identify the presence of hazardous material contained in the equipment, systems and areas onboard. According to the regulation, an inventory shall be maintained throughout the operational life of the ship.

Ballast water management

Ballast water is used to trim and stabilise ships, but it may carry harmful aquatic species and out-compete native species, disrupting fragile marine ecosystems. The IMO Ballast Water Management Convention entered into force in 2017 and ships must be fitted with treatment equipment during a transitional period. Finnlines has started with installations, which will be completed in 2023.

Other environmental aspects

Oily wastewater, 'bilge water', is generated in engine rooms. Bilge water is separated in separators and the remaining sludge is always taken ashore. The limit for the oil content of water that may be discharged into the sea is 15 ppm but many of our ships have more efficient separators. Some bilge water is also pumped ashore.

MARPOL contains restrictions concerning black water, i.e., toilet water. Finnlines' ro-pax vessels land black and grey water to onshore municipal sewage systems. Cargo ships are equipped with sewage treatment plants, which have been certified by the administration. MARPOL Annex IV, which regulates prevention of pollution by sewage, is being revised and new regulations, including periodic sampling and a Sewage Management Plan, will also concern existing ships.

Finnlines co-operates with waste management companies to reuse or recycle waste in an efficient manner and waste is reprocessed into material or recovered as energy. The main waste types generated on board include plastics, bio waste, glass, paper, cardboard, wood, and metal. Hazardous waste is separated and taken to a designated container in the port.

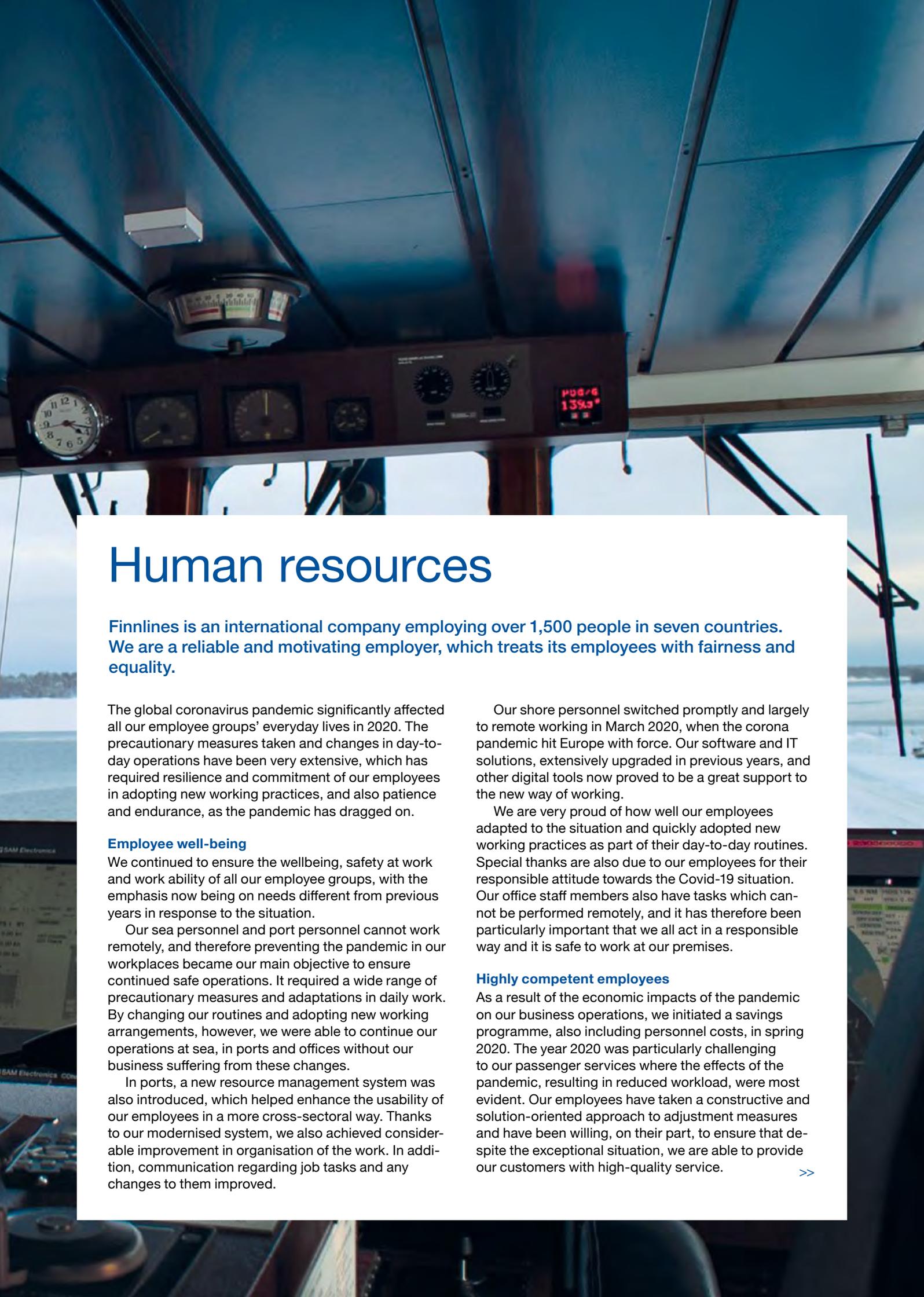
Environmental aspects in port operations

Finnsteve companies have invested in modern equipment and vehicles, which consume less fuel. The renewed Terminal Operating System has enabled shorter hauling distances and performance and utilisation rate of equipment have thus improved. Renewed lighting systems and more efficient use of space in buildings have enhanced energy savings.

Finnsteve companies hold a valid ISO 14 001 environmental certificate and an ISO 9001 quality certificate.

In 2020, the fuel consumption of the port operations totalled 1,111,603 litres, which includes the operations in Helsinki, Turku and Naantali, a decrease of 8% compared with the previous year.





Human resources

Finnlines is an international company employing over 1,500 people in seven countries. We are a reliable and motivating employer, which treats its employees with fairness and equality.

The global coronavirus pandemic significantly affected all our employee groups' everyday lives in 2020. The precautionary measures taken and changes in day-to-day operations have been very extensive, which has required resilience and commitment of our employees in adopting new working practices, and also patience and endurance, as the pandemic has dragged on.

Employee well-being

We continued to ensure the wellbeing, safety at work and work ability of all our employee groups, with the emphasis now being on needs different from previous years in response to the situation.

Our sea personnel and port personnel cannot work remotely, and therefore preventing the pandemic in our workplaces became our main objective to ensure continued safe operations. It required a wide range of precautionary measures and adaptations in daily work. By changing our routines and adopting new working arrangements, however, we were able to continue our operations at sea, in ports and offices without our business suffering from these changes.

In ports, a new resource management system was also introduced, which helped enhance the usability of our employees in a more cross-sectoral way. Thanks to our modernised system, we also achieved considerable improvement in organisation of the work. In addition, communication regarding job tasks and any changes to them improved.

Our shore personnel switched promptly and largely to remote working in March 2020, when the corona pandemic hit Europe with force. Our software and IT solutions, extensively upgraded in previous years, and other digital tools now proved to be a great support to the new way of working.

We are very proud of how well our employees adapted to the situation and quickly adopted new working practices as part of their day-to-day routines. Special thanks are also due to our employees for their responsible attitude towards the Covid-19 situation. Our office staff members also have tasks which cannot be performed remotely, and it has therefore been particularly important that we all act in a responsible way and it is safe to work at our premises.

Highly competent employees

As a result of the economic impacts of the pandemic on our business operations, we initiated a savings programme, also including personnel costs, in spring 2020. The year 2020 was particularly challenging to our passenger services where the effects of the pandemic, resulting in reduced workload, were most evident. Our employees have taken a constructive and solution-oriented approach to adjustment measures and have been willing, on their part, to ensure that despite the exceptional situation, we are able to provide our customers with high-quality service.

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Despite exceptional times, we have been able to provide the same service level and pursue both our ongoing and new projects, for example, on development of information systems. We have also achieved, under the circumstances, a very good result, which would not have been possible without our highly motivated and competent employees. The past year hit all our employees hard and required flexibility and tolerance of uncertainty from all of us. We are very pleased with our employees' commitment, adaptations made to respond to the changed circumstances, as well as all pulling together to especially ensure health security and continued operations.

Personnel figures

Our Group's revenue/average number of employees in 2020 was EUR 316 (365 in 2019) thousand. EBIT/average number of employees was EUR 50 (66) thousand.

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

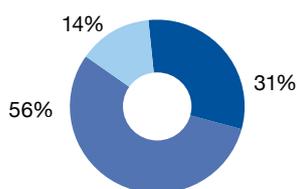
The personnel costs (including social security costs) for the reporting period were EUR 83.4 (88.7) million.

Key figures	2020	2019
Average number of employees	1,534	1,576
Revenue/employee, EUR	315,505	364,800
Personnel expenses/employee, EUR	54,349	56,305
Result before taxes/employee, EUR	46,050	61,750
Average sickness absence of personnel, day/employee	12.5	11.9
Training days, total	1,096	1,518
Average number of employees per business area		
Shore-based personnel		
Shipping and Sea Transport Services	395	405
Port Operations	290	302
Sea personnel	849	869
Group, total	1,534	1,576

On 31 December 2020, the shore-based personnel amounted to 685 and sea personnel to 834, in total 1,519.

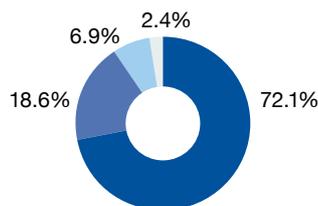
On 31 December 2019, the shore-based personnel amounted to 680 and sea personnel to 858, in total 1,538.

Employee categories as of 31 December 2020, %



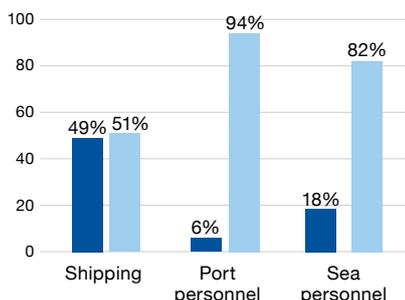
● Shore-based personnel excl. stevedores and foremen
● Sea personnel ● Stevedores and foremen

Personnel by country 2020, %



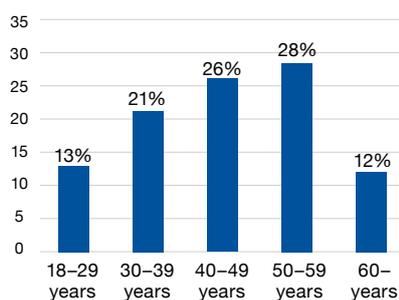
● Finland ● Sweden ● Germany ● Other

Gender distribution as of 31 December 2020, %

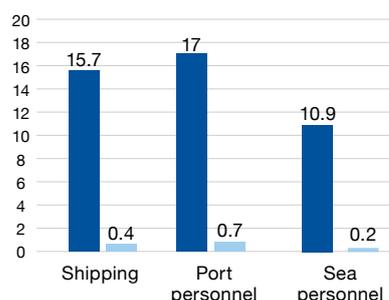


■ Female ■ Male

Breakdown by age as of 31 December 2020, %



Average length of employment as of 31 December 2020, years



■ Permanent employment
■ Temporary employment

FINANCIAL
STATEMENTS

2020



Board of Directors' Report

Finlines' business

Finlines 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. Finlines' 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, Finlines 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

Finlines 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.

Finlines 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 Finlines, Atlantic Container Line (ACL), Malta Motorways of the Sea (MMS) and Minoan Lines.

General market development

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

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

Finlines' traffic

During the reporting period, Finlines operated on average 19 (20) vessels in its own traffic.

At the end of March, Covid-19 pandemic started to affect negatively on transported volumes, while minor alterations were made to the number of departures in some routes.

In the second quarter Finlines Group chartered MS Fionia Sea, which was deployed part-time in Baltic traffics. The vessel was redelivered back to its owners in the third quarter.

The Covid-19 epidemic continued to affect volumes the rest of the year, and especially passenger volumes declined heavily due to travelling restrictions. Nevertheless, Finlines continued its scheduled liner traffic with all vessels throughout the year.

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

Financial results

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

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

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

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

The most important business and share related key indicators are presented in the Five-Year Key Figures on page 37.

Statement of financial position, financing and cash-flow

Interest-bearing debt decreased by EUR 40.5 million to EUR 331.7 (372.2) million, excluding leasing liabilities of EUR 17.7 (19.3) million. Net interest-bearing debt at the end of period was EUR 329.8 (363.0) million. Net interest-bearing debt/EBITDA (rolling 12 months) ratio amounted to 2.3 (2.1) and the equity ratio calculated from the balance sheet was 60.7% (58.5%). Net gearing resulted in 45.5% (50.8%). Covid-19 pandemic has not affected the availability or terms of financing.

The Group's liquidity position is strong and at the end of the period, cash and cash equivalents together with unused committed credit facilities amounted to EUR 226.8 (164.2) million.

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

Capital expenditure

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

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

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

Personnel

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

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

The Finnlines share

The Company's paid-up and registered share capital on 31 December 2020 totalled EUR 103,006,282. The capital stock consisted of 51,503,141 shares.

Finnlines Plc is fully owned by the Grimaldi Group.

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

Decisions taken by the Annual General Meeting

Finnlines Plc's Annual General Meeting was held in Helsinki on 7 May 2020. The Annual General Meeting of Finnlines Plc approved the Financial Statements and discharged the members of the Board of Directors and President and CEO from liability for the financial year 2019. The meeting approved the Board of Directors' proposal to pay a dividend of EUR 1.00 per share, resulting in a total amount of dividends of EUR 51,503,141.

The meeting decided that the number of Board Members be ten. The meeting re-elected the current board members Christer Backman, Tiina Bäckman, Emanuele Grimaldi, Gianluca Grimaldi, Guido Grimaldi, Mikael Mäkinen, Diego Pacella, Jon-Aksel Torgersen and Tapani Voionmaa and elected Esben Poulsen as a new board member for the term until the close of the Annual General Meeting in 2021. 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 2020. 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 Finnlines' operations but the Company will maintain the critical sea transportation connection for Finland. The transportation of medicines, foodstuff and other essential goods from one country to another is important even and especially in situations like this. Finnlines continues to monitor the situation closely and acts in accordance to the guidelines and instructions set by national and international health authorities. The Company works hard to ensure its operations continue as normal as possible. For now, there are no changes to the sailing schedules. Travel restrictions imposed in many countries affect the Company's business operations. Finnish

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

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

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

Legal proceedings

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

Finnlines is in addition involved in a few legal proceedings and disputes whose outcome cannot be predicted, but taking into account the information that is available at

present, their outcome is not expected to have any substantial impact on the Group's profit.

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 practical models and operating methods, which enable the Company to meet customer requirements in a more sustainable and cost-efficient way. In 2020, the focus continued to be on environmental investments in vessels and on improving their energy efficiency.

Finnlines' newbuilding programme continued as planned during the year. Three highly ecological ro-ro vessels were under construction at Nanjing Jinling shipyard in China at the end of the year. In addition to the three hybrid ro-ro vessels, the newbuilding programme includes two ecologically efficient Superstar ro-pax vessels.

Energy efficiency of the Finnlines fleet will be further improved by utilising the latest technology and environmentally friendly solutions. Vessels with lithium-ion batteries will enable emission free port calls. Modern 2-stroke engines, scrubbers, solar panels and innovative air lubrication systems will help cutting down the environmental emissions.

The renewal and development of the online store for consumers started in 2020. The aim is to launch a rebuilt and efficient channel for travel and service products sales during 2021. Customer experience will be enhanced and the efficiency of the sales channel is planned to improve.

The mapping of digital services for freight customers started in 2020. New digital services are planned to be published in 2022. The development of application programming interfaces (API) usage continued during the year. The first customers started to utilise the data also in production.

The development of an ERP system continued through several different projects. Solutions supporting the vessel loading process were implemented in 2020. A new solution for cabin allocation for drivers was developed during the year and accelerated by the covid-19 pandemic and related precautions. In the new process, all check-in steps are completed already onshore while physical contacts with the crew and queuing onboard are minimized. Part of the reporting to national authorities was automatized and new ways of working were implemented with German authorities. The monitoring system for port and stevedoring costs was further developed and the implementation for certain parts is planned to take place in 2021.

First solutions utilising Kofax software robotics were taken into production in 2020. Analytics and BI solutions based on Tableau's technology were developed and taken into use as well.

New server technologies and virtualizations improved the stability of IT systems and decreased the response times.

In Port Operations, the new resource management system for machinery and workforce was implemented during the year in Helsinki and Turku. The system provides also the material for stevedoring payrolls, which benefits certain HR processes at the same time.

Environment and safety

Finnlines is committed to the UN Sustainable Development Goals to minimise the use of natural resources and to combat climate change and its impact. Sea transport is an efficient mode of transport, particularly when large volumes are carried over long distances. Ro-pax vessels offer customers an opportunity to carry goods and travel in a responsible manner.

Finnlines invests in sustainability on its new vessels, for instance, by installing solar panels, a high-powered battery bank, an air lubrication system, and shore-side electricity. Installation of a shore-side connection on existing ro-pax vessels has also been studied.

Finnlines operates mainly in the Emission Control Area, where the sulphur content limit for fuel oil has been 0.10% from 2015. Globally, the sulphur limit decreased from 3.5% to 0.5% at the beginning of 2020. Nearly all Finnlines ships are equipped with sulphur emission abatement technology. Our ships also abide by the 0.10 rule when operating outside the Emission Control Area. In 2020 ships' sulphur dioxide emissions declined by around 40% compared with 2019.

In 2020, Finnlines' vessel traffic consumed 317,885 tons of heavy fuel oil and diesel oil, representing a decrease of nearly 3% compared with 2019. Finnsteve companies have invested in modern equipment and vehicles and the performance and utilisation rate of equipment have thus improved. In 2020, the fuel consumption of the port operations totalled 1,111,603 litres, which includes the operations in Helsinki, Turku and Naantali, a decrease of 8% compared with the previous year.

Technical progress involves a risk of malicious attacks to ships' control systems. Therefore, IMO requires that ship owners identify cyber security objectives and address cyber risks in safety management systems.

To ensure safe and environmentally sound recycling of ships, EU has adopted a regulation on ship recycling and inventory of hazardous materials, like mercury, cadmium and lead. During 2020 hazardous materials experts took

samples to identify the presence of hazardous material contained in the equipment, systems and areas onboard.

To comply with the IMO Ballast Water Management Convention, Finnlines has started to install treatment equipment on its ships. Installations will be completed in 2023.

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.

Corporate Governance

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

Events after the reporting period

There are no significant events to report.

Outlook and operating environment

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

Dividend distribution proposal

The parent company Finnlines Plc's result for the reporting period was EUR 52.7 million. The distributable funds included in the parent company's shareholders' equity equals to EUR 444,1 million at the end of the reporting period. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.00 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 724.5 (714.6) million at the end of the reporting period.

Naples, 25 February 2021

Finnlines Plc, The Board of Directors

Consolidated Statement of Comprehensive Income, IFRS

EUR 1,000	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Revenue	484,016	574,779
Other income from operations	1,303	1,516
Materials and services	-137,964	-180,806
Personnel expenses	-83,376	-88,714
Depreciation, amortization and impairment losses	-64,599	-65,065
Other operating expenses	-123,164	-136,956
Total operating expenses	-409,104	-471,541
Result before interest and taxes (EBIT)	76,215	104,754
Financial income	494	286
Financial expenses	-6,065	-7,746
Result before taxes (EBT)	70,645	97,293
Income taxes	-918	964
Result for the reporting period	69,727	98,258
Other comprehensive income		
Other comprehensive income to be reclassified to profit and loss in subsequent periods:		
Exchange differences on translating foreign operations	-45	34
Fair value change on currency derivatives	-8,245	6,061
Other comprehensive income to be reclassified to profit and loss in subsequent periods, total	-8,290	6,095
Other comprehensive income not being reclassified to profit and loss in subsequent periods:		
Remeasurement of defined benefit plans	-120	-400
Tax effect, net	21	83
Other comprehensive income not being reclassified to profit and loss in subsequent periods, total	-100	-317
Total comprehensive income for the reporting period	61,336	104,036
Result for the reporting period attributable to:		
Parent company shareholders	69,727	98,258
	69,727	98,258
Total comprehensive income for the reporting period attributable to:		
Parent company shareholders	61,336	104,036
	61,336	104,036
Result for the reporting period attributable to parent company shareholders calculated as earnings per share (EUR/share)		
Undiluted / diluted earnings per share	1.35	1.91

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

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Consolidated Statement of Financial Position, IFRS

EUR 1,000	31 Dec 2020	31 Dec 2019
ASSETS		
Non-current assets		
Property, plant and equipment	967,748	979,741
Goodwill	105,644	105,644
Other intangible assets	3,671	3,958
Other financial assets	7,076	7,072
Receivables	3,929	10,658
Deferred tax assets	2,370	2,940
	1,090,438	1,110,013
Current assets		
Inventories	5,967	6,152
Accounts receivable and other receivables	86,471	86,916
Income tax receivables	32	2
Cash and cash equivalents	1,847	9,208
	94,317	102,277
Non-current assets held for sale	14,610	14,610
Total assets	1,199,365	1,226,901
EQUITY		
Equity attributable to parent company shareholders		
Share capital	103,006	103,006
Share premium account	24,525	24,525
Translation differences	114	140
Fund for invested unrestricted equity	40,016	40,016
Fair value reserve *	1,378	9,623
Retained earnings	555,413	537,309
	724,453	714,620
Non-controlling interests	0	0
Total equity	724,453	714,620
LIABILITIES		
Long-term liabilities		
Deferred tax liabilities	46,509	46,423
Pension liabilities	3,331	3,442
Provisions	1,697	1,697
Loans from financial institutions	180,383	219,643
	231,920	271,206
Current liabilities		
Accounts payable and other liabilities	73,798	68,975
Current tax liabilities	27	8
Provisions	220	253
Loans from financial institutions	168,946	171,840
	242,992	241,075
Total liabilities	474,912	512,281
Total shareholders' equity and liabilities	1,199,365	1,226,901

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

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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	
Reported equity 1 January 2019	103,006	24,525	119	40,016	3,562	490,858	662,087
Comprehensive income for the reporting period:							
Result for the reporting period						98,258	98,258
Exchange differences on translating foreign operations			21			13	34
Fair value change on currency derivatives					6,061		
Remeasurement of defined benefit plans						-400	-400
Tax effect, net						83	83
Total comprehensive income for the reporting period	0	0	21	0	6,061	97,954	104,036
Dividend						-51,503	-51,503
Equity 31 December 2019	103,006	24,525	140	40,016	9,623	537,310	714,620

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

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Consolidated Statement of Cash Flows, IFRS

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

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Profit and Loss Account, Parent Company, FAS

EUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Revenue	372,129,761.63	452,614,147.37
Other income from operations	3,477,580.02	3,271,886.40
Materials and services	-132,277,081.64	-170,488,845.38
Personnel expenses	-41,593,449.39	-45,189,675.88
Depreciation, amortisation and other write-offs	-33,380,705.01	-33,289,780.55
Other operating expenses	-112,218,664.47	-122,481,919.37
Operating profit	56,137,441.14	84,435,812.59
Financial income and expenses	-4,166,014.50	-4,282,005.22
Result before appropriations and taxes	51,971,426.64	80,153,807.37
Appropriations		
Group contributions	-2,100,000.00	-2,300,000.00
Profit before tax	49,871,426.64	77,853,807.37
Income taxes	-8,074.48	0.00
Deferred taxes	2,889,513.31	3,917,030.83
Other direct taxes	-88,370.98	-82,586.41
Result for the reporting period	52,664,494.49	81,688,251.79

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Balance Sheet, Parent Company, FAS

EUR	31 Dec 2020	31 Dec 2019
ASSETS		
Non-current assets		
Intangible assets	2,381,950.51	2,652,638.38
Tangible assets	659,627,257.76	649,785,989.43
Investments		
Shares in group companies	153,454,336.86	153,454,336.86
Other investments	7,051,920.55	7,051,920.55
Total non-current assets	822,515,465.68	812,944,885.22
Current assets		
Inventories	4,896,931.41	5,083,275.71
Long-term receivables	62,544,312.18	100,407,357.08
Short-term receivables	86,527,559.32	92,405,494.66
Bank and cash	1,102,924.76	8,383,032.69
Total current assets	155,071,727.67	206,279,160.14
Total assets	977,587,193.35	1,019,224,045.36
SHAREHOLDERS' EQUITY AND LIABILITIES		
Shareholders' equity		
Share capital	103,006,282.00	103,006,282.00
Share premium account	24,525,353.70	24,525,353.70
Fair value reserve	1,378,287.63	9,623,322.09
Unrestricted equity reserve	40,882,508.10	40,882,508.10
Retained earnings	351,077,461.36	320,892,350.57
Result for the reporting period	52,664,494.49	81,688,251.79
Total shareholders' equity	573,534,387.28	580,618,068.25
Statutory provisions		
Pension obligation	562,000.00	588,000.00
Liabilities		
Long-term liabilities		
Deferred tax liability	11,970,828.18	14,860,341.49
Interest-bearing	162,783,221.09	197,559,444.08
	174,754,049.27	212,419,785.57
Current liabilities		
Interest-bearing	172,192,864.62	174,547,027.88
Interest-free	56,543,892.18	51,051,163.66
	228,736,756.80	225,598,191.54
Total liabilities	403,490,806.07	438,017,977.11
Total shareholders' equity and liabilities	977,587,193.35	1,019,224,045.36

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Cash Flow Statement, Parent Company, FAS

EUR	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Cash flows from operating activities		
Result for the reporting period	52,664,494.49	81,688,251.79
Adjustments for:		
Depreciation, amortisation & impairment loss	33,380,705.01	33,289,780.55
Gains (-) and Losses (+) of disposals of fixed assets and other non-current assets	-172,637.94	-192,450.15
Financial income and expenses	4,166,014.50	4,282,005.22
Income taxes	-2,793,067.85	-3,834,444.42
Other adjustments	2,100,000.00	2,300,000.00
	89,345,508.21	117,533,142.99
Changes in working capital:		
Change in inventories, addition (-) and decrease (+)	186,344.30	1,684,313.93
Change in accounts receivable, addition (-) and decrease (+)	-1,097,592.57	18,501,750.36
Change in accounts payable, addition (+) and decrease (-)	4,207,034.87	-9,938,292.40
Change in provisions	-26,000.00	21,000.00
	3,269,786.60	10,268,771.89
Interest paid	-3,864,195.58	-5,630,146.77
Dividends received	0.00	261.52
Interest received	1,625,298.84	2,647,415.37
Other financing items	-2,077,997.14	-1,666,284.15
Income taxes paid	-96,445.46	-82,586.41
	-4,413,339.34	-4,731,340.44
Net cash generated from operating activities	88,201,955.47	123,070,574.44
Cash flows from investing activities		
Investments in tangible and intangible assets	-42,510,426.68	-25,566,452.97
Proceeds from sale of tangible and intangible assets	163,066.75	136,990.15
Purchase of investments	0.00	287,000.00
Change in internal loans (net)	37,701,854.90	47,247,952.52
Net cash used in investing activities	-4,645,505.03	22,105,489.70
Net cash before financing activities	83,556,450.44	145,176,064.14
Cash flows from financing activities		
Proceeds from short-term borrowings	546,008.63	1,279,714.73
Repayment of short-term borrowings	-3,003,203.01	-14,723,265.50
Proceeds of long-term borrowings	54,000,000.00	76,000,000.00
Repayment of long-term borrowings	-88,776,222.99	-146,442,889.62
Dividends paid	-51,503,141.00	-51,503,141.00
Group contributions	-2,100,000.00	-2,300,000.00
Net cash used in financing activities	-90,836,558.37	-137,689,581.39
Change in cash and cash equivalents	-7,280,107.93	7,486,482.75
Cash and cash equivalents on 1 January	8,383,032.69	896,549.94
Cash and cash equivalents on 31 December	1,102,924.76	8,383,032.69

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Five-Year Key Figures, IFRS

EUR million	2020	2019	2018	2017 restated	2016
Revenue	484.0	574.8	589.4	536.3	473.7
Other income from operations	1.3	1.4	6.4	2.6	6.7
Result before interest, taxes, depreciation and amortisation (EBITDA)	140.8	169.8	166.4	152.3	139.1
% of revenue	29.1	29.5	28.2	28.4	29.4
Result before interest and taxes (EBIT)	76.2	104.8	104.9	93.9	81.5
% of revenue	15.7	18.2	17.8	17.5	17.2
Result before taxes (EBT)	70.6	97.3	94.8	82.4	67.0
% of revenue	14.6	16.9	16.1	15.4	14.1
Result for reporting period, continuing operations	69.7	98.3	95.1	82.6	68.1
% of revenue	14.4	17.1	16.1	15.4	14.4
Result for reporting period	69.7	98.3	95.1	82.6	68.1
% of revenue	14.4	17.1	16.1	15.4	14.4
Total investments *	50.6	31.4	134.0	48.9	46.3
% of revenue	10.5	5.5	22.7	9.1	9.8
Return on equity (ROE), %	9.7	14.3	14.9	13.7	11.9
Return on investment (ROI), %	7.0	9.5	9.6	8.7	7.4
Assets total	1,199.4	1,226.9	1,245.9	1,205.9	1,205.4
Equity ratio, %	60.7	58.5	53.3	51.1	48.9
Net gearing, %	45.5	50.8	68.1	68.9	83.8
Average no. of employees	1,534	1,576	1,637	1,651	1,653
	2020	2019	2018	2017	2016
Earnings per share (EPS), EUR	1.35	1.91	1.85	1.60	1.32
Earnings per share (EPS) less warrant dilution, EUR	1.35	1.91	1.85	1.60	1.32
Shareholders' equity per share, EUR	14.1	13.88	12.86	11.94	11.42
Payout ratio, %	n/a	n/a	n/a	n/a	n/a
Effective dividend yield, %	n/a	n/a	n/a	n/a	n/a
Price/earnings ratio (P/E)	n/a	n/a	n/a	n/a	n/a
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 38.

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	=	$\frac{\text{Shareholders' equity attributable to parent company shareholders}}{\text{Undiluted number of shares at the end of period}}$	
Payout ratio, %	=	$\frac{\text{Dividend paid for the year}}{\text{Result before tax +/- non-controlling interests of Group result +/- change in deferred tax liabilities - taxes for the period}} \times 100$	
Effective dividend yield, %	=	$\frac{\text{Dividend per share}}{\text{Share price on stock exchange at the end of period}} \times 100$	
P/E ratio	=	$\frac{\text{Share price on stock exchange at the end of period}}{\text{Earnings per share}}$	
Return on equity (ROE), %	=	$\frac{\text{Result for the reporting period}}{\text{Total equity (average)}} \times 100$	
Return on investment (ROI), %	=	$\frac{\text{Result before tax + interest expense + other liability expenses}}{\text{Assets total - interest-free liabilities (average)}} \times 100$	
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	Q1/2020	Q1/2019	Q2/2020	Q2/2019	Q3/2020	Q3/2019	Q4/2020	Q4/2019
Revenue by segment								
Shipping and Sea Transport Services total	124.7	131.8	100.4	151.9	121.2	149.1	115.4	118.1
Sales to third parties	124.8	131.9	100.5	152.0	121.3	149.2	115.5	118.2
Sales to Port Operations	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Port Operations total	10.9	11.0	10.4	12.0	10.6	11.5	10.9	10.9
Sales to third parties	5.7	5.7	5.3	6.0	5.5	6.1	5.4	5.8
Sales to Shipping and Sea Transport Services	5.2	5.4	5.1	6.0	5.1	5.4	5.5	5.1
Group internal revenue	-5.1	-5.3	-5.0	-6.0	-5.1	-5.3	-5.4	-5.0
Revenue total	130.5	137.6	105.8	157.9	126.7	155.3	120.9	124.0
Result before interest and taxes per segment								
Shipping and Sea Transport Services	21.5	18.1	11.4	32.0	23.0	35.9	16.6	16.5
Port Operations	0.6	0.0	0.8	0.6	1.4	1.4	0.9	0.3
Result before interest and taxes (EBIT) total	22.1	18.1	12.2	32.6	24.5	37.2	17.5	16.8
Financial income and expenses	-1.5	-2.1	-1.4	-1.9	-1.5	-1.8	-1.2	-1.6
Result before tax (EBT)	20.6	16.0	10.7	30.7	23.0	35.4	16.3	15.2
Income taxes	0.1	0.3	0.2	-0.3	-0.5	-0.3	-0.8	1.3
Result for the reporting period	20.7	16.2	11.0	30.4	22.5	35.1	15.6	16.5
Quarterly consolidated key figures								
Result before interest and taxes, (% of revenue)	16.9	13.1	11.5	20.7	19.3	24.0	14.5	13.6
Earnings per share, EUR	0.40	0.32	0.21	0.59	0.44	0.68	0.30	0.32
Average number of outstanding shares (1,000)	51,503	51,503	51,503	51,503	51,503	51,503	51,503	51,503

This page is an extract of the audited Financial Statements. The complete audited Financial Statements of the Group and the parent company are available at www.finnlines.com. The extracts of the audited Financial Statements presented in the Annual Report should be viewed together with the complete and audited Financial Statements.

Board's Proposal For the Use of the Distributable Funds and Signatures to the Board of Directors' Report and to the Financial Statements

Distributable funds included in the parent company's shareholders' equity on 31 December 2020:

Retained earnings	EUR	351,077,461.36
Unrestricted equity reserve	EUR	40,882,508.10
Business cost support	EUR	-500,000.00
Result for the reporting period	EUR	52,664,494.49
Distributable funds total	EUR	444,124,463.95

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, 25 February 2021

Jon-Aksel Torgersen
Chairman of the Board

Christer Backman

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, 25 February 2021

KPMG Oy Ab

Kimmo Antonen
Authorized Public Accountant

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 Oyj (business identity code 0201153-9) for the year ended 31 December, 2020. 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

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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 25 February 2021

KPMG OY AB

Kimmo Antonen
KHT

Finnlines Plc Corporate Governance Statement

Finnlines Plc applies the guidelines and provisions of the Finnish Limited Liability Companies Act and its own Articles of Association. Finnlines also applies the Finnish Corporate Governance Code for listed companies entered into force on 1 January 2020 with regard to Finnlines' Corporate Governance Statement for the financial period ended on 31 December 2020. The Code is publicly available at www.cgfinland.fi. This Corporate Governance Statement has been approved by Finnlines' Board.

Tasks and responsibilities of governing bodies

Management of the Finnlines Group is the responsibility of the Board of Directors elected by the General Meeting as well as of the President and CEO appointed by the Board of Directors. Their duties are for the most part defined by the Finnish Limited Liability Companies Act. Day-to-day operational responsibility lies with the members of the Extended Board of Management supported by the relevant staff and service functions.

General Meeting of Shareholders

The ultimate decision-making body in the Company is the General Meeting of Shareholders. It resolves issues as defined for the General Meeting in the Finnish Limited Liability Companies' Act and the Company's Articles of Association. These include approving the financial statements, deciding on the distribution of dividends, discharging the Company's Board of Directors and CEO from the liability for the financial year, appointing the Company's Board of Directors and auditors and deciding on their remuneration.

A General Meeting of Finnlines Plc is held at least once a year. The Annual General Meeting (AGM) must be held no later than the end of June. The notice to the Shareholders' Meeting shall be given no earlier than three (3) months before the Shareholders' Meeting and no later than one (1) week before the Shareholders' Meeting.

Annual General Meeting 2020

Finnlines Plc's Annual General Meeting was held in Helsinki on 7 May 2020. The Annual General Meeting of Finnlines Plc approved the Financial Statements and discharged the members of the Board of Directors and President and CEO from liability for the financial year 2019. The meeting approved the Board of Directors' proposal to pay a dividend of EUR 1.00 per share, resulting in a total amount of dividends of EUR 51,503,141.

The meeting decided that the number of Board Members be ten. The meeting re-elected the current board members Christer Backman, Tiina Bäckman, Emanuele Grimaldi,

Gianluca Grimaldi, Guido Grimaldi, Mikael Mäkinen, Diego Pacella, Jon-Aksel Torgersen and Tapani Voionmaa and elected Esben Poulsson as a new board member for the term until the close of the Annual General Meeting in 2021. 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 2020. It was decided that the external auditors be reimbursed according to invoice.

Board of Directors

Responsibility for the management of the Company and proper organisation of its operations lies with the Company's Board of Directors, which has at least five (5) and at most eleven (11) members. The members of the Board are appointed by AGM for one year at a time.

The majority of the directors shall be independent of the Company and at least two of the directors representing this majority shall be independent from significant shareholders of the Company. Information on the Board composition, Board members and their independence can be found on Finnlines' website. The President and CEO is a member of the Board.

The proposal for the Board composition shall be included in the notice of AGM. The names of candidates for membership of the Board of Directors, put forward by the Board of Directors or by shareholders with a minimum holding of 10% of the Company's voting rights, are published in the notice of the AGM, provided that the candidates have given their consent to the election. The candidates proposed thereafter shall be disclosed separately.

The Board elects a chairman and a deputy chairman from among its members. The Board steers and supervises the Company's operations, and decides on policies, goals and strategies of major importance. The principles applied by the Board in its regular work are set out in the Rules of Procedure approved by the Board. The Board handles all issues in the presence of the entire Board. The Board does not have any separate committees. The Board considers all the matters stipulated to be the responsibility of a board of directors by legislation, other provisions and the Company's Articles of Association. Due to the limited extent of the Company's business, it is considered effective that the entire Board also handles the duties of the audit committee, the nomination committee as well as those of the remuneration committee.

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The main duties and working principles drawn up by the Board are:

- the annual and interim financial statements
- the matters to be put to General Meetings of Shareholders
- appointment and dismissal of the President and CEO, the Deputy CEO, if any, and the members of the Executive Committee
- approval of internal supervision and organisation of the Company's financial supervision
- other matters related to the duties of the audit committee mentioned in the Finnish Corporate Governance Code
- approval of the Group's strategic plan and long-term goals
- approval of the Group's annual business plan and budget
- decisions concerning investments, acquisitions, or divestments that are significant or that deviate from the Group's strategy
- decisions on raising long-term loans and the granting of security or similar collateral commitments
- risk management principles
- the Group's organisational structure
- approval of the remuneration and pension benefits of the President and CEO, the Deputy CEO, if any, and the members of the Executive Committee
- monitoring and assessment of the performance of the President and CEO.

In addition to matters requiring decisions, Board meetings are given updates on the Group's operations, financial position and risks.

The Board of Directors reviews its operations and working methods annually. The Board convenes 6–8 times a year following a predetermined schedule. In addition to these meetings, the Board convenes as necessary.

Board of Directors 2020

In 2020, the Board consisted of ten members:

- Jon-Aksel Torgersen, Chairman of the Board, born 1952, MBA, Advisor to the Board, Astrup Fearnley AS, attended meetings: 6/6
- Diego Pacella, Vice Chairman of the Board, born 1960, Degree with honours in Mech. Eng., Managing Director of Grimaldi Group S.p.A., attended meetings: 6/6
- Christer Backman, born 1945, M.Pol.Sc., attended meetings: 6/6
- Tiina Bäckman, born 1959, Master of Laws, Chairman of the Board of Pension Foundation of Rautaruukki, attended meetings: 6/6
- Emanuele Grimaldi, born 1956, Degree in Economics and Commerce, Managing Director of Grimaldi Group S.p.A., President and CEO of Finnlines Plc, attended meetings: 6/6

- Gianluca Grimaldi, born 1955, Degree in Economics and Commerce, President of Grimaldi Group S.p.A., attended meetings: 6/6
- Guido Grimaldi, born 1983, Degree in Economics, MBA, Corporate Short Sea Shipping Commercial Director, Grimaldi Group, attended meetings: 6/6
- Mikael Mäkinen, born 1956, Master of Science, Engineering, Chairman of the Board, Valmet Corporation, attended meetings: 6/6
- Esben Poulsson, born 1948, Diploma in Business Administration, Chairman & CEO, Enesel Pte. Ltd., attended meetings: 5/5
- Tapani Voionmaa, born 1951, Master Mariner, LL.M., Post Graduate Diplomas, Finnlines Group's Senior Advisor since 3 February 2020, attended meetings: 6/6

During 2020, Finnlines Plc's Board of Directors held 6 meetings.

[The present Board of Directors can be found on Finnlines' website: www.finnlines.com/company](http://www.finnlines.com/company) > About us > Organization & Management

Independence of the Board of Directors

Five members, Christer Backman, Tiina Bäckman, Mikael Mäkinen, Esben Poulsson and Jon-Aksel Torgersen, are independent of the Company and of the major shareholders. Gianluca Grimaldi is independent of the Company but not of its major shareholders. Gianluca Grimaldi and Emanuele Grimaldi are shareholders of Grimaldi Group S.p.A. and in addition the Board has, based on an overall analysis, considered that Guido Grimaldi (the son of Emanuele Grimaldi) and Diego Pacella (spouse of shareholder) through the said relationships are non-independent of the major shareholders due to family relationship. Emanuele Grimaldi and Tapani Voionmaa are dependent of the Company as Mr Grimaldi works as President and CEO and Mr Voionmaa works as the Group's Senior Advisor of the Company since 3 February 2020.

President and CEO and Deputy CEO

The Board of Directors appoints a President for the Group who is also its Chief Executive Officer. The President and CEO is in charge of the day-to-day management of the Company and its administration in accordance with the Company's Articles of Association, the Finnish Limited Liability Companies Act and the instructions of the Board of Directors. He is assisted in this work by the Executive Committee. The current President and CEO of the Company is Mr Emanuele Grimaldi (born 1956, Degree in Economics and Commerce, University of Naples, Italy). He does not receive any compensation or other benefit in the form of salary, bonus or pension benefit from the Company.

The Board of Directors appoints, if necessary, a Deputy CEO. The Company has no Deputy CEO at present.

Executive Committee and Board of Management

The members of the Executive Committee are appointed by the Board of Directors. The Executive Committee convenes regularly, and is chaired by the President and CEO. The Executive Committee supports the President and CEO in his duties in implementing Group-level strategies and guidelines, in coordinating the Group's management, in finding practical solutions for reaching the targets determined by the Board, and in supervising the Company's operations.

The Company has a Board of Management, headed by the President and CEO, which consists of the members of the Executive Committee and the heads of functions and Line Managers as well as heads of the main agencies. The heads of functions are responsible for the sales volumes and profitability of their respective units. The Board of Management supports the Executive Committee in their work upon request.

The Company has an Extended Board of Management, headed by the President and CEO, which comprises, in addition to the Board of Management, heads of other agencies, the Company's internal auditor, as well as Junior Managers. The Extended Board of Management convenes regularly to discuss operative issues related to the Group business and service products.

The retirement age of the members of the Extended Board of Management is based on local laws and there are no special pension schemes in place.

Information on the members of the Executive Committee, the Board of Management, and the Extended Board of Management, including their areas of responsibility, is given on Finnlines' website: www.finnlines.com/company > About us > Organization & Management

Compensation

The remunerations paid to the members of the Board of Management, and the principles underlying it, are determined by the Board of Directors.

The members of the Extended Board of Management are included in a bonus scheme which is decided by the Board of Directors on a yearly basis. The Board of Directors also decides on any separate performance-based compensation schemes for the management.

The bonuses are paid in cash. There are no other bonus schemes.

Remuneration in 2020

The annual remuneration for the Board of Directors in 2020 was EUR 50,000 for the Chairman, EUR 40,000 for the Vice Chairman and EUR 30,000 for the other Board members. The remuneration of the Board of Directors has remained the same as from 2008.

A detailed specification of the management contracts, salaries, remuneration and benefits paid in 2020 is given in the Financial Statements of 2020, Transactions with Related Parties, and in Finnlines' Remuneration Statement 2020 on Finnlines' website: www.finnlines.com/company > About us > Corporate Governance > Compensation

Internal audit

The Group's internal audit is handled by the Company's Internal Audit unit, which reports to the President and CEO.

The purpose of the Internal Audit is to analyse the Company's operations and processes and the effectiveness and quality of its supervision mechanisms. The unit assists Finnlines to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the internal control and governance processes. The Internal Audit unit carries out its task by determining whether the Company's risk management, internal control and governance processes, as designed and represented by the management, are adequate and functioning in a manner to ensure that:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial and operating information is accurate, reliable and timely.
- Employees' actions are in compliance with policies, standards, procedures and applicable laws and regulations.
- Resources are acquired economically, used efficiently and adequately protected.
- Programmes and plans are properly implemented and objectives are achieved.
- Quality and continuous improvement are fostered in the Company's internal control processes.
- Significant legislative or regulatory issues impacting the Company's internal controls are recognised and addressed appropriately.

The Internal Auditor prepares an annual plan using an appropriate risk-based methodology and taking into consideration potential risks or control concerns identified by

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the management. The scope of the audits within a fiscal year is planned so that it is representative and the focus is set on the business areas with the highest risk potentials. The plan is approved by the President and CEO. The Internal Auditor also carries out special tasks assigned by the Chairman, the President and CEO or the Board of Directors.

The Internal Auditor conducts the internal audits independently from operational units. In his auditing work, the auditor complies with the corporate governance, ethical principles, policies and other guidelines of the Company.

The audit reports are sent to the President and CEO and the CFO. The President and CEO and the CFO have at least once a year a closed session with the Internal Auditor about the results of the conducted audits and the plans for the next period. Relevant issues are also brought to the attention of the Board of Directors.

Risk management

Internal control in Finnlines is designed to support the Company in achieving its targets. The risks related to achievement of the targets need to be identified and evaluated in order to be able to manage them. Thus, identification and assessment of risks is a prerequisite for internal control in Finnlines.

Internal control mechanisms and procedures provide management with the assurance that the risk management actions are carried out as planned. Conscious and carefully evaluated risks are taken in selecting strategies, e.g. in expanding business operations, in enhancing market position and in creating new business.

Financial, operational and damage/loss risks are avoided or reduced. The continuity of operations is ensured by safeguarding critical functions and essential resources. Crisis management, continuity and disaster recovery plans are prepared. The costs and resources involved in risk management are in proportion to the obtainable benefits.

The Board of Directors of Finnlines is responsible for defining the Group's overall level of risk tolerance and for ensuring that Finnlines has adequate tools and resources for managing risks. The President and CEO, with the assistance of the Executive Committee, is responsible for organising and ensuring risk management in all Finnlines' operations.

Responsibilities for the Group's working capital, investments, financing, finances, human resources, communications, information management and procurement are centralised to the head office of the Company. The Group's payment transactions, external and internal accounting are managed centrally by the Financial Department, which reports to the CFO. The Group's foreign exchange and interest exposure is reviewed by the Board of Directors in each budgeting period. External long-term loan arrangements are submitted to the Board of Directors for approval.

The Corporate Legal Affairs and Insurance unit is responsible for risks associated with the Company's non-current assets and any interruptions in operations, as well as for the management and coordination of the Group's insurance policies. The majority of the Group's non-current assets consists of its fleet. The fleet is always insured to its full value. The financial position and creditworthiness of the Group's customers are monitored continuously in order to minimise the risk of customer credit losses.

Each business unit has a responsible controller who reports to the head of the relevant business unit and to the Group CFO. The heads of Finnlines' business units are responsible for the profit and working capital of their units. They set the operational targets for their units and ensure that resources are used efficiently and that operations are evaluated and improved.

Finnlines' most important strategic, operative and financial risks are described in the Financial Statements 2020, Financial Risk Management.

Internal control over the financial reporting

Monitoring is a process that assesses the quality of Finnlines' system of internal control and its performance over time. Monitoring is performed both on an ongoing basis, and through separate evaluations including internal, external and quality audits. The business unit is responsible for ensuring that relevant laws and regulations are complied with in their respective responsibility areas.

The Internal Audit function assists the President and CEO and the Board of Directors in assessing and assuring the adequacy and effectiveness of internal controls and risk management by performing regular audits in the Group's legal entities and support functions according to its annual plan. Finnlines' external auditor and other assurance providers such as external quality auditors conduct evaluations of the Company's internal controls.

The Company's financial performance is reviewed at each Board meeting. The Board reviews all interim and annual financial reports before they are released. The effectiveness of the process for assessing risks and the execution of control activities are monitored continuously at various levels. This involves reviews of results in comparison with budgets and plans. Responsibility for maintaining an effective control environment and operating the system for risk management and internal control of financial reporting is delegated to the President and CEO. The internal control in the Company is based on the Group's structure, whereby the Group's operations are organised into two segments and various business areas and support functions. Group functions issue corporate guidelines that stipulate responsibilities and authority, and constitute the control environment for specific areas, such as finance, accounting, and investments, purchasing and sales.

The Company has a compliance programme. Standard requirements have been defined for internal control over financial reporting. The management expects all employees to maintain high moral and ethical standards and those expectations are communicated to the employees through internal channels.

The Group Finance & Control unit monitors that the financial reporting processes and controls are being followed. It also monitors the correctness of external and internal financial reporting. The external auditor verifies the correctness of external annual financial reports.

The Board monitors the statutory audit of the financial statements and consolidated financial statements, evaluates the independence of the statutory auditor or audit firm, particularly the provision of related services to the Company and prepares the proposal for resolution on the election of the auditor.

The Board reviews annually the description of the main features of the internal control and risk management systems in relation to the financial reporting process, which is included in this Corporate Governance Statement.

Information management

An effective internal control system needs sufficient, timely and reliable information to enable the management to follow up the achievement of the Company's objectives. Both financial and non-financial information is needed, relating to both internal and external events and activities.

Information management plays a key role in Finnlines' internal control system. Information systems are critical for effective internal control as many of the control activities are programmed controls.

The controls embedded in Finnlines' business processes have a key role in ensuring effective internal control in Finnlines. Controls in the business processes help ensure the achievement of all the objectives of internal control in Finnlines, especially those related to the efficiency of operations and safeguarding Finnlines' profitability and reputation. Business units and IT management are responsible for ensuring that in their area of responsibility the defined Group-level processes and controls are implemented and complied with. Where no Group-level processes and controls exist, business units and IT management are responsible for ensuring that efficient business level processes with adequate controls have been described and implemented.

The proper functioning of Finnlines' information systems is guaranteed through extensive and thorough security programs and emergency systems.

Insider management

Finnlines' shares or other securities are not listed. Therefore, Finnlines does not apply MAR or other regulations applicable to inside information relating to listed issuers.

Related party transactions

The Company will assess and monitor transactions carried out with related parties and ensure that any conflicts of interests will be appropriately considered in the Company's decision-making in accordance with the applicable provisions of the Limited Liability Companies Act. The Company maintains a list of related parties in its Group administration.

The Company provides information on related party transactions according to the Limited Liability Companies Act and regulations governing the preparation of the financial statements in the review by the Board of Directors and notes to the financial statements.

External audit

The Company has one auditor which shall be an auditing firm authorised by the Central Chamber of Commerce. The auditor is elected by the Annual General Meeting to audit the accounts for the ongoing financial year and its duties cease at the close of the subsequent Annual General Meeting. The auditor is responsible for auditing the consolidated and parent company's financial statements and accounting records, and the administration of the parent company. On closing of the annual accounts, the external auditor submits the statutory auditor's report to the Company's shareholders, and also regularly reports the findings to the Board of Directors. An auditor, in addition to fulfilling general competency requirements, must also comply with certain legal independence requirements guaranteeing the execution of an independent and reliable audit.

Auditor in 2020

In 2020, the Annual General Meeting elected KPMG Oy Ab as the Company's auditor for the fiscal year 2020. Kimmo Antonen, APA, has been appointed the head auditor. It was decided that the external auditors be reimbursed according to invoice. In 2020, EUR 125 thousand was paid to the auditors in remuneration for the audit of the consolidated, parent company and subsidiary financial statements. During the same year, EUR 36 thousand was paid for consulting services not related to auditing.

Communications

The principal information on Finnlines' administration and management is published on the Company's website. All press releases are published on the Company's website as soon as they are made public.

Board of Directors

Jon-Aksel Torgersen

Chairman of the Board

- Member of Finnlines Board since 2007
- Independent of the Company and major shareholders
- Chairman of the Board since 2013
- Astrup Fearnley AS, Advisor to the Board
- Born 1952, Master in Business Administration, University of St.Gallen, Switzerland

Current positions

- Atlantic Container Line AB, Chairman
- Awilco LNG ASA, Board Member
- Transportation Recovery Fund, L.P. Board Member and Member of the Investment Committee
- Chairman and Board Member of a number of private companies

Diego Pacella

Vice Chairman of the Board

- Member of Finnlines Board since 2007
- Independent of the Company
- Grimaldi Deep Sea S.p.A., President & Managing Director
- Grimaldi Group S.p.A., Managing Director
- Grimaldi Euromed S.p.A., Managing Director
- Born 1960, Degree in Mechanics Engineering, University of Naples, Italy

Current positions

- Minoan Lines, Greece, Board Member
- Malta Motorways of the Sea Ltd, Board Member
- Atlantic Container Line AB, Board Member
- Wallhamn AB, Board Member
- Marittima Spedizioni srl, President
- Finance Committee of Confitarma, Member

Christer Backman

- Member of Finnlines Board since 2012
- Independent of the Company and major shareholders
- Born 1945, Master of Political Sciences, Åbo Akademi University

Tiina Bäckman

- Member of Finnlines Board since 2012
- Independent of the Company and major shareholders
- Pension Foundation of Rautaruukki (SSAB), Chairman of the Board
- Born 1959, Master of Laws LL.M., University of Lapland

Current positions

- OP Bank of Helsinki, Board Member and Board Audit Committee Member
- Nordlab laboratory consortium (Pohjois-Suomen laboratoriotokeskus), Board Member
- Partnera (Oulun Puhelin) Oyj Pension foundation, Chairman of the Board
- Finland Chamber of Commerce, Redemption Board Member
- Finnish Medical Foundation, Advisory Board Member

Emanuele Grimaldi

- Member of Finnlines Board since 2006
- President and CEO of Finnlines Plc since 2013
- Grimaldi Group S.p.A., Managing Director
- Grimaldi Deep Sea S.p.A., Board Member
- Grimaldi Euromed S.p.A., President and Managing Director
- Born 1956, Degree in Economics and Commerce, University of Naples, Italy
- General Certificate of Education (scientific studies), Military School Nunziatella in Naples, Italy
- Honoured as Commander of the Order of the Lion of Finland in 2018

Current positions

- Minoan Lines, Greece, President
- Malta Motorways of the Sea Ltd, President
- Atlantic Container Line AB, Board Member
- International Chamber of Shipping, Vice Chairman
- European Community Shipowners' Associations, Past President and Board Member
- Interferry Inc, Board Member

Gianluca Grimaldi

- Member of Finnlines Board since 2007
- Independent of the Company
- Grimaldi Group S.p.A., President
- Grimaldi Deep Sea S.p.A., Board Member
- Grimaldi Euromed S.p.A., Board Member
- Born 1955, Degree in Economics and Commerce, University of Naples, Italy
- Honoured as "Cavaliere del Lavoro" in 2014

Current positions

- Minoan Lines, Greece, Board Member
- Malta Motorways of the Sea, Board Member
- Atlantic Container Line AB, Board Member
- Antwerp Euro Terminal n.v. – Antwerp (Belgium), President

Guido Grimaldi

- Member of Finnlines Board since 2017
- Independent of the Company
- Born 1983, Degree in Economics, University Federico II of Naples, Italy and MBA Master "Automotive Logistics" of ECG Academy (European Vehicle Logistics Association)
- Corporate Commercial Director of Grimaldi Short Sea Shipping
- President of the agencies Grimaldi Sardegna & Grimaldi Catania
- Valencia Terminal Europa, Board Member
- Grimaldi Marangolo Terminal Catania, Board Member
- Grimaldi Logistica Genova, Board Member
- Grimaldi Maroc, Board Member
- Grimaldi Tunis, Board Member

Current positions

- ALIS, Logistic Association of Sustainable Intermodality, President

- Commission for Short Sea Lines of Confitarma (Italy's Shipowners Association), President
- Federazione del Mare – Italian Maritime Cluster Counsel, Board Member
- Confindustria - General Confederation of Italian Industry - Maritime and Logistics Economy, Technical Group Member
- ICS (International Chamber of Shipping) Short Sea Panel, Member
- Parthenope University of Naples, Board
- Aspen, Member
- Advisory Board VolaNapoli Onlus, Member
- Fondazione Grimaldi Onlus, Foundation, Board Member
- Honorary President of the Association "Un Calcio per Tutti Onlus"

Mikael Mäkinen

- Member of Finnlines Board since 2018
- Independent of the Company and major shareholders
- Born 1956, Master of Science, Helsinki University of Technology

Current positions

- Valmet Corporation, Chairman of the Board
- Aker Arctic, Chairman of the Board

Esben Poulsen *

- Member of Finnlines Board since 2020
- Independent of the Company and major shareholders
- Chairman & CEO, Enesel Pte. Ltd., Singapore
- Born 1948, Diploma in Business Administration, British Columbia Institute of Technology - Vancouver, B.C., Canada

Current positions

- Tamar Ship Management Ltd., Hong Kong, Chairman
- Cambiaso Risso Asia Pte. Ltd, Singapore, Chairman
- Epic Gas Ltd., Singapore, Board Member
- Nordic Shipholding A/S, Copenhagen, Board Member
- Batchfire Resources Pty. Ltd., Brisbane, Board Member
- X-Press Feeders Ltd., Singapore, Senior Advisor to the Chairman
- Maritime & Port Authority of Singapore, Board Member
- International Chamber of Shipping, London, Chairman

Tapani Voionmaa

- Member of Finnlines Board since 2019
- Independent of the major shareholders
- Finnlines Group's Senior Advisor
- Secretary to the Board of Directors until 26 February 2020
- Born 1951, Master Mariner, LL.M., University of Helsinki, Post Graduate Diplomas, King's College, London

Current positions

- Maritime Foundation (Merenkulun säätiö), Chairman of the Board
- Finnish Shipowners' Association, Helsinki, Chairman of the Board until 26 November 2020

*Member of the Board since 7 May 2020.

More information on the members of the Board at www.finnlines.com

Executive Committee

Emanuele Grimaldi

- President and CEO of Finnlines Plc since 2013
- Member of the Executive Committee since 2012
- Born 1956, Degree in Economics and Commerce, University of Naples, Italy
- General Certificate of Education (scientific), Military School Nunziatella, Naples, Italy

Thomas Doepel

- COO
- Head of Ship Management
- Head of Purchasing, Port Cost Control & Equipment
- Member of the Executive Committee since 2013
- Born 1974, M.Sc. (Econ.), Master Mariner, Executive MBA in Shipping and Logistics (Copenhagen Business School)

Staffan Herlin

- Head of Group Marketing, Sales and Customer Service
- Line Manager Germany, North Sea ro-ro
- Member of the Executive Committee since 2013
- Born 1958, M.Sc. (Econ.)

Mikael Lindholm

- Head of Newbuilding Department
- Member of the Executive Committee since 2013
- Born 1958, Master Mariner, Business management education

Tom Pippingsköld

- CFO
- Member of the Executive Committee since 2013
- Born 1960, B.Sc., MBA

Antonio Raimo

- Line Manager NordöLink, FinnLink and Russia
- Member of the Executive Committee since 2013
- Born 1975, M.Sc. (Banking and Economics), Master in Business Administration

Kielo Vesikko

- Head of Passenger Services
- Line Manager HansaLink & Hanko/Helsinki–Rostock
- Member of the Executive Committee since 2013
- Born 1957, Diploma in Translation

Tapani Voionmaa*

- Group General Counsel of Finnlines Plc until 3 February 2020
- Finnlines Group's Senior Advisor since 3 February 2020
- Member of the Executive Committee since 2013
- Born 1951, Master Mariner, LL.M., Pg Dipl

Board of Management

(in addition to the Executive Committee)

Uwe Bakosch, Managing Director, Finnlines Deutschland GmbH

Domenico Ferraiuolo, Head of Port Operations

Agnieszka Walenciak, Line Manager Hanko–Gdynia

Kimmo Kostia, Head of Group IT, Hardware

Santeri Laakso, Head of Group Finance

Jan Laurell, Head of Group HR

Mervi Pyökäri, Head of Legal, Insurance and Claims

Sanna Simpanen-Mäenpää, Head of Group Analytics & Business Controlling

Kristiina Uppala, Head of Customer Service, Passenger Services

Vesa Vähämaa, Head of Group IT, Software

Extended Board of Management

(in addition to the Board of Management)

Luc Hens, Managing Director, Finnlines Belgium N.V.

Merja Kallio-Mannila, Head of Sales & Customer Service Finland; Deputy Head of Group Sales, Marketing & Customer Service

Rafal Kwapisz, Managing Director, Finnlines Poland

Kimmo Lehtinen, Deputy Head of Port Operations, Finnsteve

Blasco Majorana, Traffic Manager, North Sea

Torsti Muuri, Traffic Manager, Baltic Sea

Rune Nielsen, Managing Director, Finnlines Denmark A/S **

Brian Rolfe, Managing Director, Finnlines UK Limited

Torkel Saarnio, Line Manager Helsinki–Aarhus; Deputy Line Manager of HansaLink, Hanko/Helsinki–Rostock; Head of Truck and Trailer Segment

* Member until 28 February 2021.

** Member since 1 October 2020.

More information on the members of the Management at www.finnlines.com

Developing the fleet towards sustainable future

Finnlines fleet 31 December 2020



RO-PAX VESSELS

Finnmaid (2006)
Finnstar (2006)
Finnlady (2007)
Finnswan (2007)

Length, o.a. (m)	218.8
Breadth, moulded (m)	30.5
DWT metric tons	9,043 / 9,061 / 8,840 / 8,870
GT	45,923
Total lane length (m)	4,215
Passengers	554
Speed (knots)	22
Ice Class	1A Super

Europalink (2007)

Length, o.a. (m)	218.8
Breadth, moulded (m)	30.5
DWT metric tons	8,757
GT	46,119
Total lane length (m)	4,215
Passengers	554
Speed (knots)	22
Ice Class	1A Super

Finnclipper * (1999)
Finnfellow (2000)

Length, o.a. (m)	188.3
Breadth, moulded (m)	28.7
DWT metric tons	7,209 / 7,267
GT	33,958 / 33,724
Total lane length (m)	3,079 / 3,099
Passengers	440
Speed (knots)	22
Ice Class	1A



Finnpartner (1995 / 2007)
Finnrader (1995 / 2007)

Length, o.a. (m)	183.0
Breadth, moulded (m)	28.7
DWT metric tons	9,088 / 9,132
GT	33,313
Total lane length (m)	3,050
Passengers	280
Speed (knots)	21
Ice Class	1A Super



RO-RO VESSELS

Finnbreeze (2011/2018)

Finnsea** (2011/2018)

Finnsky (2012/2018)

Finnsun (2012/2018)

Finntide (2012/2017)

Finnwave (2012/2018)

Length, o.a. (m)	217.8
Breadth, moulded (m)	26.5
DWT metric tons	14,500
GT	33,816
Total lane length (m)	4,192
Speed (knots)	21
Ice Class	1A

Finnmerchant (2003)

Length, o.a. (m)	193.0
Breadth, moulded (m)	26.0
DWT metric tons	13,106
GT	23,235
Total lane length (m)	2,606
Speed (knots)	18
Ice Class	1A

Finnmill (2002 / 2009)

Finnpulp (2002 / 2009)

Length, o.a. (m)	187.06
Breadth, moulded (m)	26.5
DWT metric tons	11,744 / 11,682
GT	25,732
Total lane length (m)	3,259
Speed (knots)	20
Ice Class	1A

Finnkraft (2000)

Finnhawk (2001)

Length, o.a. (m)	162.5
Breadth, moulded (m)	20.6
DWT metric tons	9,041 / 9,035
GT	11,671
Total lane length (m)	1,853
Speed (knots)	20
Ice Class	1A Super

Finnmaster (1998)

Length, o.a. (m)	154.5
Breadth, moulded (m)	22.7
DWT, metric tons	8,647
GT	12,433
Total lane length (m)	1,775
Speed (knots)	20
Ice Class	1A Super



Finnlines has a fleet of 21 vessels in its ownership.

* Under bareboat charter to an external party.

** Under bareboat charter to the Grimaldi Group in 2020.

DWT: Deadweight Tonnage (sea water density 1,025 kg/m³)

GT: Gross Tonnage

NEWBUILDINGS

Finnlines has ordered three hybrid ro-ro vessels and two Superstar ro-pax vessels. The hybrid ro-ro vessels are expected to start operation in 2021–2022. The Superstar ro-pax vessels are expected to be delivered by 2023.

Hybrid ro-ro

Length, o.a. (m)	238.00
Breadth, moulded (m)	34.0
DWT, metric tons	17,400
GT	60,370
Total lane length (m)	5,800
Speed (knots)	20
Ice Class	1A Super

Superstar ro-pax

Length, o.a. (m)	235.00
Breadth, moulded (m)	33.3
DWT, metric tons	11,500
GT	68,460
Total lane length (m)	5,100
Passengers	1,100
Speed (knots)	20
Ice Class	1A Super





Operating areas

Liner traffic area 31 December 2020

Finnlines' main operating areas are the Baltic Sea and the North Sea. With more than 170 weekly freight departures and 80 passenger departures, Finnlines today provides efficient shipping services.

Contact information

Find us online
www.finnlines.com



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The Grimaldi Group

With long experience dating back to 1947, the Grimaldi Group specialises in the operation of roll-on/roll-off vessels, car carriers and ferries. It is a dedicated supplier of integrated logistics services based on maritime transport to the world's major vehicle manufacturers.

Through its maritime services, the Naples-based Group also transports containers, palletised/unitised cargo and passengers with a modern fleet of more than 130 ro-ro- multipurpose vessels, pure truck and car carriers and ferries, of which about 120 are owned, with an average age significantly lower than the industry average as well as the useful life of the ships.

The Group's presence in the maritime transport of vehicles started in 1969 when it introduced a regular service between Italy and the UK. The Group rapidly gained the trust of the major car manufacturers who chose Grimaldi's vessels to transport their production from Northern Europe to various Mediterranean countries. Throughout the years, the Group rapidly developed and now serves over 140 ports in 50 countries in the Mediterranean Sea, Northern Europe, West Africa, North and South America. The shore personnel and crews total over 16,000 people.

The Grimaldi Group comprises six main shipping companies, including Atlantic Container Line (ACL), Malta Motorways of the Sea, Finnlines and Minoan Lines. The Finnish company Finnlines runs a fleet of ro-pax and ro-ro vessels in the Baltic Sea and Northern Europe, while the Greek ferry company Minoan Lines operates ro-pax services between Piraeus and Crete, and a high-speed service between Crete and the Cyclades Islands.

The Grimaldi Group has also evolved to become a multimodal transport operator offering integrated logistics services. For this purpose, it currently operates, together with strategic partners, various car and

container terminals totalling over 6 million sq. metres in the Mediterranean, Northern Europe and West Africa as well as trucking companies for the transport of cars and containers.

In recent years, the Group has also invested in development of the "Motorways of the Sea" in the Mediterranean Sea, introducing new lines and modern ro-pax ferries. Currently, its network covers Italy, Spain, Malta, Tunisia, Morocco and Greece for the transport of trailers, cars and passengers.

The high-quality services offered by the Grimaldi Group are being regularly awarded by its international clientele such as General Motors, FCA, Ford, Honda and Land Rover.

The Grimaldi Group has long stood out for its strong focus on environmental issues, which in recent years has resulted in a strong commitment and important investments aimed at increasing fuel efficiency, promoting the decarbonisation of the industry and reducing harmful emissions from its operations. Over the last years, the Group has designed, ordered and deployed increasingly eco-friendly vessels, implemented green retrofit programs for its already operational ships, participated in projects to reduce the environmental impact of terminal operations, joined international associations aiming at improving the whole shipping industry's green records.

Finally, the Grimaldi Group is the first Italian shipping company to have obtained the SMS, ISO 9001 and ISO 14001 certifications for Safety, Quality and Environment. Moreover, the Grimaldi Group is also the first shipping company in Italy to have been awarded the status of Authorized Economic Operator – Complete (AEO-F).

www.grimaldi.napoli.it

Photos:

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a Grimaldi Group company

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