



Financial review Q2
January–June 2023
27 July 2023

JANUARY–JUNE 2023

- Revenue EUR 336.4 (356.9 in 2022) million, decrease 6 per cent.
- Result before interest, taxes, depreciation and amortisation (EBITDA) EUR 89.6 (97.7) million, decrease 8 per cent.
- Result for the reporting period EUR 41.9 (56.3) million, decrease 26 per cent.
- Interest bearing debt declined by EUR 69.1 million and was EUR 387.8 (456.9) million at the end of the period.

APRIL–JUNE 2023

- Revenue EUR 173.2 (199.9 in 2022) million, decrease 13 per cent.
- Result before interest, taxes, depreciation and amortisation (EBITDA) amounted to EUR 44.1 (62.1) million, decrease 29 per cent.
- Result for the reporting period EUR 20.3 (41.2) million, decrease 51 per cent.

KEY FIGURES

MEUR	1–6 2023	1–6 2022	4–6 2023	4–6 2022	1–12 2022
Revenue	336.4	356.9	173.2	199.9	736.1
Result before interest, taxes, depreciation and amortisation (EBITDA)	89.6	97.7	44.1	62.1	221.2
Result before interest and taxes (EBIT)	45.3	56.8	22.0	41.5	136.0
% of revenue	13.5	15.9	12.7	20.8	18.5
Result for the reporting period	41.9	56.3	20.3	41.2	133.3
Stakeholders' equity/share, EUR	15.55	15.05	15.55	15.05	16.4
Equity ratio, %	60.1	55.8	60.1	55.8	60.3
Net debt/EBITDA	1.8	2.3	1.8	2.3	1.7
Interest bearing debt, MEUR	387.8	456.9	387.8	456.9	395.7
Net gearing, %	48.0	56.5	48.0	56.5	44.5

TOM PIPPINGSKÖLD, PRESIDENT AND CEO, IN CONJUNCTION WITH THE REVIEW

“The Finnlines Group recorded revenue totalling EUR 336.4 (356.9 million), a decrease of 6 per cent compared with January–June 2022. Shipping and Sea Transport Services generated revenue amounting to EUR 325.3 (343.8) million, of which passenger-related revenue was to EUR 31.5 (25.6) million. The revenue of Port Operations was EUR 21.4 (24.8) million.

Economic growth is projected to be modest in the EU area in 2023, but some moderate improvement is forecast for 2024. According to the statistics of the Finnish Customs the total value of exports increased by 1.0 per cent, but the value of imports decreased by 14.3 per cent year-on-year (January–May 2023 vs. 2022). Due to the war and high interest rate environment consumer and business confidence has remained below long-term average. Inflation is also expected to remain persistently high.

Lower import volumes have reduced cargo flows and together with lower bunker surcharge has affected Finnlines Group's turnover. Lower volumes in some of our routes forced us to either reduce the frequency or the number of vessels in the route. Thus, we decided to charter out one roro to the Grimaldi Group. Moreover, we have reduced capacity where there are lower volumes, and increased capacity where we see and have growth.

Resilience and adaptation have enabled Finnlines to navigate through the economic cycles during the past few years. We also want to grow our business and open new routes for our customers, the latest is the Sweden–Poland line where one ro-pax vessel is expected to start to operate daily between Malmö and Świnoujście in few weeks time.

Passenger business has increased very well after the pandemic and Finnlines can offer superb new vessels and services on our Finland–Åland–Sweden route. The first of these new Superstar ro-pax vessels, Finnsirius, was delivered on 18 July 2023, as scheduled, and will enter the Naantali–Långnäs–Kapellskär route in mid September. The second vessel, Finncanopus, will join Finnsirius by the end of the year, to the same route. These Superstar ropax vessels, our “Crown Jewels”, will offer a splendid service to our passengers and drivers and an increase of close to 30 per cent of cargo capacity. They will replace the current Star-class ro-pax vessels, which will be transferred to the Malmö–Travemünde line and offer there, in turn, an upgraded service, both for cargo customers and passengers.

Emissions from the global shipping industry account for around 3 per cent of world's total carbon emissions. Hence, IMO and the shipping industry work together for reducing emissions. European Union has made a decision to expand the Emissions Trading System (ETS) to include maritime sector from 1 January 2024 onwards.

The Finnlines Group continues to invest more and more in its green transition and with its five new hybrid vessels, onshore power systems, other high technology installations and operational measures, it will remain on top of its peers towards lower carbon and later to carbon neutral traffic. Finnlines is already finalising its new major green vessel investment programme to further strengthen its leadership for greener infrastructure within maritime logistics in the Baltic Sea and North Sea areas.”

FINNLINES PLC, FINANCIAL REVIEW JANUARY–JUNE 2023 (unaudited)

FINNLINES' BUSINESS

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

As an agent for Grimaldi Lines and Atlantic Container Line (ACL) in the Baltic Sea, Finnlines connects in the Baltic Sea area the Grimaldi Group network in the Mediterranean, North and South America, West Africa, as well as the Asia and Australia.

GROUP STRUCTURE

Finnlines Plc is a Finnish public limited company, which operates under Finnish jurisdiction and legislation. At the end of the reporting period, the Group consisted of the parent company and 20 subsidiaries.

Finnlines Plc is fully owned by the Grimaldi Group, which is one of the world's largest operators of ro-ro vessels and the largest operator of the Motorways of the Sea in Europe for both passengers and freight. The Grimaldi Group, headquartered in Naples, operates a fleet of more than 130 vessels and employs over 17,000 people. It serves over 140 ports in 50 countries in the in the Mediterranean, North and South America, West Africa as well as Asia and Australia. The Grimaldi Group comprises seven shipping companies, including Finnlines, Atlantic Container Line (ACL), Malta Motorways of the Sea (MMS), Minoan and Trasméd.

GENERAL MARKET DEVELOPMENT

Finnlines' main operating area connects trade partners around the Baltic Sea. Based on the OECD Eurostat, the Gross Domestic Product in the EU area increased by 1.0 per cent during the first quarter of 2023 in comparison with the same period in 2022. Compared with the fourth quarter of 2022, the reported GDP in Germany declined by 0.3 per cent in the first quarter of 2023, while in Sweden the increase was 0.6 per cent. In Finland, GDP increased in the first quarter by 0.2 per cent compared with the previous quarter. (Eurostat 2023.) However, the Russian conflict with Ukraine and rapidly increased interest rates may deteriorate future economical development in the EU area.

Based on the January–May statistics by Statistics Finland, the Finnish seaborne imports carried in container, lorry and trailer units (measured in tons) decreased by 15 per cent and exports decreased by 4 per cent. During the same period private and commercial passenger traffic between Finland and Sweden decreased by 7 per cent, between Finland and Germany the traffic increased by 53 per cent. (Statistics Finland).

FINNLINES TRAFFIC

During the second quarter Finnpartner and Finntrader were drydocked to install new pollution abatement technology and to upgrade public spaces. Cruise Smeralda, owned by the Grimaldi Group, substituted both vessels in Germany-Sweden traffic.

Finnsun was chartered out to Grimaldi Euromed in the middle of May. At the same time Poland traffic continued with one vessel.

During the second quarter Finnlines operated on average 21 (21) vessels in its own traffic.

The cargo volumes transported during January–June totalled approximately 356,000 (393,000 in 2022) cargo units, 88,000 (73,000) cars (not including passengers' cars) and 708,000 (742,000) tons of freight not possible to measure in units. In addition, some 306,000 (286,000) private and commercial passengers were transported.

FINANCIAL RESULTS

January–June 2023

The Finnlines Group recorded revenue totalling EUR 336.4 (356.9) million in the reporting period, a decrease of 6 per cent compared to the same period in the previous year. Shipping and Sea Transport Services generated revenue amounting to EUR 325.3 (343.8) million, of which passenger related revenue was EUR 31.5 (25.6) million. The revenue of Port Operations was EUR 21.4 (24.8) million. Cargo volumes were slightly below the 2022 level, but the number of passengers increased substantially. Revenue of Port Operations decreased due to decline in cargo volumes. The internal revenue between the segments was EUR 10.4 (11.6) million.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 89.6 (97.7) million, a decrease of 8 per cent.

Result before interest and taxes (EBIT) was EUR 45.3 (56.8) million.

Due to general rise in interest rates net financial expenses increased to EUR -6.1 (-2.1) million. Financial income was EUR 0.1 (0.3) million and financial expenses EUR -6.2 (-2.4) million. Result before taxes (EBT) declined by EUR 15.5 million and amounted to EUR 39.2 (54.7) million. The result for the reporting period was EUR 41.9 (56.3) million.

April–June 2023

The Finnlines Group recorded revenue totalling EUR 173.2 (199.9) million. Cargo volumes remained moderate, but the lower fuel prices have also decreased cargo-related bunker surcharges. The positive trend in passenger business continued strong also in the second quarter. Shipping and Sea Transport Services generated revenues amounting to EUR 167.4 (193.2) million and Port Operations EUR 11.5 (12.7) million. The internal revenue between the segments was EUR 5.6 (6.0) million.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 44.1 (62.1) million, a decrease of 29 per cent.

Result before interest and taxes (EBIT) was EUR 22.0 (41.5) million.

Net financial expenses were EUR -3.4 (-1.1) million. Financial income was EUR 0.0 (0.3) million and financial expenses totalled EUR -3.4 (-1.3) million. Result before taxes (EBT) decreased by EUR 21.8 million and was EUR 18.6 (40.4) million. The result for April–June was EUR 20.3 (41.2) million.

STATEMENT OF FINANCIAL POSITION, FINANCING AND CASH FLOW

Interest-bearing debt decreased by EUR 69.1 million to EUR 387.8 (456.9) million, excluding leasing liabilities of EUR 20.2 (21.9) million. Net interest-bearing debt at the end of period was EUR 384.0 (438.0) million. Net interest-bearing debt/EBITDA (rolling 12 months) ratio amounted to 2.1 (2.3) and the equity ratio calculated from the balance sheet was 60.1 (55.8) per cent. Net gearing resulted in 48.0 (56.5) per cent.

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 248.8 (330.9) million.

Net cash generated from operating activities stood at EUR 82.8 (66.3) million.

CAPITAL EXPENDITURE

The Finlines Group's gross capital expenditure in the reporting period totalled EUR 11.5 (137.4) million, including tangible and intangible assets. Total depreciation and amortisation amounted to EUR 44.4 (40.9) million. The investments consist of normal replacement expenditure of fixed assets, new cargo handling equipment, dry-dockings, buildings in the Port of Vuosaari and environmental investment payments related to green ro-ro and ro-pax newbuildings.

Finlines has continued to invest in sustainability and environmental technologies. Finlines' EUR 500-million Newbuilding Programme includes three hybrid ro-ro vessels and two eco-sustainable ro-pax vessels. The construction of two ro-pax vessels, Finnsirius and Finncanopus, proceeded and they are scheduled to enter traffic during 2023. These investments will enhance Finlines' position as one of the top tier providers of high-quality ro-ro and ro-pax services in the Baltic Sea region.

Emission abatement technology installations continued and the last two vessels, Finnpartner and Fintrader, have been fitted with full hybrid exhaust gas scrubbers to remove sulphur and other emissions.

PERSONNEL

The Group employed an average of 1,674 (1,673) persons during the reporting period, consisting of 963 (953) persons at sea and 711 (720) persons on shore. The number of persons employed at the end of the period was 1,847 (1,777) in total, of which 1,073 (1,029) at sea and 774 (748) on shore.

The personnel expenses (including social costs) for the reporting period were EUR 49.7 (48.3) million.

THE FINNLINES SHARE

The Company's paid-up and registered share capital on 30 June 2023 totalled EUR 103,006,282. The capital stock consisted of 51,503,141 shares.

Finlines Plc is fully owned by the Grimaldi Group.

ANNUAL GENERAL MEETING

Finlines Plc's Annual General Meeting was held on 3 May 2023. The Annual General Meeting of Finlines Plc approved the Financial Statements and discharged the members of the Board of Directors and President and CEO from liability for the financial year 2022. The meeting approved the Board of Directors' proposal to pay a dividend of EUR 1.50 per share.

The meeting decided that the number of Board Members be nine. The meeting decided to re-elect the current board members Tiina Bäckman, Emanuele Grimaldi, Gianluca Grimaldi, Guido Grimaldi, Mikael Mäkinen, Diego Pacella, Esben Poulsson, Jon-Aksel Torgersen and Tapani Voionmaa for the term until the close of the Annual General Meeting in 2024.

The Annual General Meeting elected KPMG Oy Ab as the Company's auditor for the fiscal year 2023. It was decided that the external auditors will be reimbursed according to invoice.

RISKS AND RISK MANAGEMENT

Geopolitical tensions increased considerably when Russia attacked Ukraine in February 2022. Russia is an important exporter of energy and raw materials, but many companies have withdrawn from the Russian market and broken off trade relations. Consequently, energy prices have rocketed and the price of raw materials has also gone up, which raises costs for the public and private sector. Inflation is accelerating and expected to pose a risk to growth prospects. The probability of cyber attacks has also increased.

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

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

The effect of fluctuations in the foreign trade is reduced by the fact that the Company operates in several geographical areas. This means that slow growth in one country is compensated by faster recovery in another. 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' cash and unused committed credit facilities amounted to over EUR 245 million.

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 of securing maritime transport. In addition, Finnlines has made a complaint to the European Commission concerning Covid-19 pandemic related selective and discriminatory aid measures launched by the Finnish authorities.

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

CORPORATE GOVERNANCE

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

EVENTS AFTER THE REPORTING PERIOD

The Superstar ro-pax vessel, Finnsirius, was delivered on 18 July 2023 to Finnlines Plc by the builder, China Merchants Jinling Shipyard (Weihai) Co., Ltd.

OUTLOOK AND OPERATING ENVIRONMENT

The global economy continues to grow slowly but there are still some hurdles before a strong and sustainable growth. According to the current outlook, Gross Domestic Product growth in the EU area is expected to slow down to 0.9 per cent in 2023 and gradually strengthen to 1.5 per cent in 2024. Despite these factors, Finnlines remains well-positioned to take advantage of the opportunities. Although the freight volumes are still expected to remain lower in 2023, Finnlines benefits from its new routes outside Finland and the passenger volumes are expected to further increase, especially as the new Superstar ro-pax vessel, Finnsirius, will start operating in September.

Finnlines' EUR 500-million Green Investment Programme supports the company's strategy and its customers in the green transition, providing them with improved operational performance. In addition, the investment programme strengthens Finnlines' position as the largest shipping company in Finland maintaining security of supply. By focusing on continuous fleet renewal and expansion, technological advancements and leveraging the Grimaldi Group's extensive network, the company aims to capitalise on emerging new market opportunities while effectively managing potential risks. With a solid strategy and commitment to operational excellence, Finnlines has the prerequisites and the required resilience for continued growth and long-term success. Due to lower import volumes in Finland, the Finnlines Group's result is expected to remain at excellent level but somewhat lower than in its record year of 2022.

The third financial review of 2023 for the period of 1 January–30 September 2023 will be published on Tuesday 7 November 2023.

Finnlines Plc
The Board of Directors

Tom Pippingsköld
President and CEO

FURTHER INFORMATION

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DISTRIBUTION

Main media

This interim report is unaudited.

REPORTING AND ACCOUNTING POLICIES

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

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

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

The preparation of the interim financial statements in accordance with IFRS requires management to make estimates and assumptions and use its discretion in applying the accounting principles that affect the valuation of the reported assets and liabilities and other information such as contingent liabilities and the recognition of income and expenses in the income statement. Although the estimates are based on the management's best knowledge of current events and actions, actual results may differ from the estimates. The uncertainties related to the key assumptions were the same as those applied to the consolidated financial statements at the year-end 31 December 2022.

Russia invaded Ukraine in February 2022, which has caused uncertainty in European economy thus reflecting also in Finnlines' business environment. Finnlines' management has assessed that the war and the sanctions against Russia did not have a material impact on the reported figures.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR 1,000	4–6 2023	4–6 2022	1–6 2023	1–6 2022	1–12 2022
Revenue	173,244	199,924	336,366	356,917	736,093
Other income from operations	486	423	947	2,403	5,917
Materials and services	-61,209	-74,459	-119,572	-135,897	-268,157
Personnel expenses	-26,146	-24,715	-49,705	-48,323	-96,431
Depreciation, amortisation and impairment losses	-22,165	-20,622	-44,352	-40,919	-85,190
Other operating expenses	-42,249	-39,084	-78,413	-77,431	-156,195
Total operating expenses	-151,769	-158,880	-292,041	-302,570	-605,973
Result before interest and taxes (EBIT)	21,960	41,468	45,272	56,750	136,037
Financial income	40	269	127	348	753
Financial expenses	-3,429	-1,330	-6,181	-2,413	-6,297
Result before taxes (EBT)	18,571	40,407	39,218	54,686	130,493
Income taxes	1,764	811	2,634	1,645	2,841
Result for the reporting period	20,335	41,218	41,852	56,331	133,334
Other comprehensive income:					
Other comprehensive income to be reclassified to profit and loss in subsequent periods:					
Exchange differences on translating foreign operations	37	-17	48	-27	-69
Fair value changes on currency derivatives	-6,588	8,094	-10,013	6,055	-181
Other comprehensive income to be reclassified to profit and loss in subsequent periods, total	-6,551	8,087	-9,965	6,028	-250
Other comprehensive income not being reclassified to profit and loss in subsequent periods:					
Remeasurement of defined benefit plans	0	0	0	0	263
Tax effect, net					-40
Other comprehensive income not being reclassified to profit and loss in subsequent periods, total	0	0	0	0	223
Total comprehensive income for the reporting period	13,785	49,294	31,887	62,359	133,307
Result for the reporting period attributable to:					
Parent company shareholders	20,335	41,218	41,852	56,331	133,334
	20,335	41,218	41,852	56,331	133,334
Total comprehensive income for the reporting period attributable to:					
Parent company shareholders	20,335	49,294	31,887	62,359	133,307
	20,335	49,294	31,887	62,359	133,307
Result for the reporting period attributable to parent company shareholders calculated as earnings per share (EUR/share)					
Undiluted / diluted earnings per share	0.39	0.80	0.81	1.09	2.60
Average number of shares					
Undiluted / diluted	51,503,141	51,503,141	51,503,141	51,503,141	51,503,141

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, IFRS

EUR 1,000	30 June 2023	30 June 2022	31 Dec 2022
ASSETS			
Non-current assets			
Property, plant and equipment	1,074,582	1,067,913	1,107,673
Goodwill	105,644	105,644	105,644
Intangible assets	3,436	3,273	3,327
Other financial assets	7,074	7,076	7,074
Receivables	998	10,047	781
Deferred tax assets	522	921	491
	1,192,255	1,194,873	1,224,989
Current assets			
Inventories	10,957	15,525	10,100
Accounts receivable and other receivables	114,734	157,410	140,644
Income tax receivables	15	45	15
Cash and cash equivalents	3,183	18,885	18,878
	128,888	191,865	169,637
Non-current assets held for sale	14,610	14,610	14,610
Total assets	1,335,754	1,401,348	1,409,236
EQUITY			
Equity attributable to parent company shareholders			
Share capital	103,006	103,006	103,006
Share premium account	24,525	24,525	24,525
Translation differences	134	131	118
Fund for invested unrestricted equity	40,016	40,016	40,016
Fair value reserve *	7,879	24,129	17,892
Retained earnings	625,172	583,345	660,543
Total equity	800,732	775,152	846,100
LIABILITIES			
Long-term liabilities			
Deferred tax liabilities	37,127	42,150	39,876
Non-current interest-free liabilities	11	9	9
Pension liabilities	2,660	3,165	2,653
Provisions	1,697	1,697	1,697
Loans from financial institutions	287,362	253,931	262,836
	328,857	300,943	307,071
Current-liabilities			
Accounts payable and other liabilities	84,761	100,139	100,856
Current tax liabilities	465	0	485
Provisions	276	215	276
Loans from financial institutions	120,662	224,898	154,447
	206,164	325,252	256,065
Total liabilities	535,021	626,195	563,136
Total equity and liabilities	1,335,754	1,401,348	1,409,236

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2022, 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 2022	103,006	24,525	141	40,016	18,073	578,535	764,296
Comprehensive income for the reporting period:							
Result for the reporting period						56,331	56,331
Exchange differences on translating foreign operations			-10			-17	-27
Fair value change on currency derivatives					6,055		6,055
Total comprehensive income for the reporting period	0	0	-10	0	6,055	56,314	62,359
Dividend						-51,503	-51,503
Equity 30 June 2022	103,006	24,525	131	40,016	24,129	583,345	775,152

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2023, 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 2023	103,006	24,525	118	40,016	17,892	660,543	846,100
Comprehensive income for the reporting period:							
Result for the reporting period						41,852	42,852
Exchange differences on translating foreign operations			16			32	48
Fair value changes on currency derivatives					-10,013		-10,013
Total comprehensive income for the reporting period	0	0	16	0	-10,013	41,884	31,887
Dividend						-77,255	-77,255
Equity 30 June 2023	103,006	24,525	134	40,016	7,879	625,172	800,732

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR 1,000	1–6 2023	1–6 2022	1–12 2022
Cash flows from operating activities			
Results for the reporting period	41,852	56,331	133,334
Adjustments			
Non-cash transactions	44,315	39,382	80,726
Unrealised foreign exchange gains (-) / losses (+)	-17	-5	
Financial income and expenses	6,070	2,070	5,085
Taxes	-2,634	-1,645	-2,841
Changes in working capital			
Change in accounts receivable and other receivables	14,975	-33,189	-21,591
Change in inventories	-857	-7,130	-1,705
Change in accounts payable and other liabilities	-15,275	12,565	13,565
Change in provisions	7	13	-366
Interest paid	-4,915	-1,360	-4,245
Interest received	35	10	109
Taxes paid	-147	-145	-299
Other financing items	-643	-598	-1,721
Net cash generated from operating activities	82,766	66,298	200,051
Cash flow from investing activities			
Investments in tangible and intangible assets	-11,528	-137,437	-215,921
Sale of tangible assets *	35	34,923	40,890
Net cash used in investing activities	-11,493	-102,514	-175,031
Cash flows from financing activities			
Loan withdrawals	139,390	172,121	371,667
Net increase in current interest-bearing liabilities (+) / net decrease (-)	-43,677	21,182	-49,356
Repayment of loans	-103,714	-87,269	-275,640
Payment of lease liabilities	-1,422	-1,179	-2,859
Dividends paid	-77,255	-51,503	-51,503
Net cash used in financing activities	-86,679	53,352	-7,691
Change in cash and cash equivalents	-15,404	17,136	17,329
Cash and cash equivalents 1 January	18,878	1,951	1,951
Effect of foreign exchange rate change	-290	-201	-402
Cash and cash equivalents at the end of periods	3,183	18,885	18,878

*Consists mainly of the sale of vessels in 2022.

REVENUE AND RESULT BY BUSINESS SEGMENTS

	4–6 2023		4–6 2022		1–6 2023		1–6 2022		1–12 2022	
	MEUR	%	MEUR	%	MEUR	%	MEUR	%	MEUR	%
Revenue										
Shipping and sea transport services	167.4	96.6	193.2	96.6	325.3	96.7	343.8	96.3	712.0	96.7
Port operations	11.5	6.6	12.7	6.4	21.4	6.4	24.8	6.9	46.2	6.3
Intra-group revenue	-5.6	-3.2	-6.0	-3.0	-10.4	-3.1	-11.6	-3.3	-22.1	-3.0
External sales	173.2	100	199.9	100.0	336.4	100.0	356.9	100.0	736.1	100.0
Result before interest and taxes										
Shipping and sea transport services	21.4		40.5		45.4		55.4		134.8	
Port operations	0.6		0.9		-0.1		1.4		1.3	
Result before interest and taxes (EBIT) total	22.0		41.5		45.3		56.8		136.0	
Financial income and expenses	-3.4		-1.1		-6.1		-2.1		-5.5	
Result before taxes (EBT)	18.6		40.4		39.2		54.7		130.5	
Income taxes	1.8		0.8		2.6		1.6		2.8	
Result for the reporting period	20.3		41.2		41.9		56.3		133.3	

REVENUE BY GEOGRAPHICAL AREA

EUR 1,000	1–6 2023	1–6 2022	1–12 2022
Revenue			
Finland	134,355	156,340	312,601
Sweden	53,151	51,822	111,120
Germany	39,122	40,755	84,401
Other EU countries	104,141	93,135	204,638
Russia	0	1,625	1,626
Other	5,597	13,240	21,708
	336,366	356,917	736,093

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

REVENUE BY FUNCTIONS

EUR 1,000	1–6 2023	1–6 2022	1–12 2022
Revenue			
Freight and other shipping services	293,779	318,120	643,519
Passenger services	31,535	25,639	68,671
Port operations	11,052	13,159	23,903
	336,366	356,917	736,093

PROPERTY, PLANT AND EQUIPMENT 2023

EUR 1,000	Land	Buildings	Vessels	Machinery and equipment	Advance payments & acquisitions under construction	Total
Acquisition cost 1 January 2023	1,125	106,144	1,644,406	67,059	108,772	1,927,506
Exchange rate differences		-1		13		12
Increases			1,023	1,362	8,728	11,113
Disposals				-706	4	-702
Reclassifications between items			164	138	-302	0
Reclassifications to non-current assets held for sale		-3,297		-22,395		-25,691
Acquisition cost on 30 June 2023	1,125	102,846	1,645,593	45,471	117,203	1,912,238
Accumulated depreciation, amortisation and write-offs 1 January 2023		-45,578	-735,918	-45,928		-827,424
Exchange rate differences		1		-10		-9
Cumulative depreciation on reclassifications and disposals				704		704
Depreciation for the reporting period		-1,576	-40,585	-571		-42,732
Accumulated depreciation, amortisation and write-offs 30 June 2023		-47,154	-776,503	-45,806		-869,462
Reclassifications to non-current assets held for sale		570		10,510		11,081
Carrying value on 30 June 2023	1,125	56,263	869,090	10,176	117,203	1,053,857

Not including right-of-use assets.

The Finnlines Group is negotiating a sale of Port Operations' assets with carrying value of EUR 14.6 (14.6) million. No impairment losses were recognised on the carrying values of these assets in 2021 or 2022, as according to management's estimate, the fair value of the assets classified as held for sale was higher than the carrying value at the balance sheet date 30 June 2022 and 30 June 2023.

EUR 1,000	Land and water	Buildings and structures	Machinery and equipment	Total
Right-of-use assets 2023				
Acquisition cost 1 January 2023	28,998	2,333	1,646	32,977
Exchange rate differences			1	1
Increases	797	107	72	976
Disposals	-1,143			-1,143
Reclassifications between items		3	6	9
Acquisition cost 30 June 2023	28,651	2,443	1,725	32,820
Accumulated depreciation, amortisation and write-offs 1 January 2023	-7,975	-1,513	-1,286	-10,775
Exchange rate differences				
Cumulative depreciation on reclassifications and disposals		-3	-3	-6
Depreciation for the reporting period	-1,020	-190	-104	-1,314
Accumulated depreciation, amortisation and write-offs 30 June 2023	-8,996	-1,707	-1,393	-12,095
Carrying value 30 June 2023	19,656	737	332	20,725
Property, plant and equipment, total				1,074,582

EUR 1,000	Buildings	Machinery and equipment	Total
Assets classified as held for sale 1 January 2023			
Acquisition cost			
Transfer to non-current assets held for sale	3,297	22,395	25,691
Accumulated depreciation			
Transfer to non-current assets held for sale	-570	-10,510	-11,081
Carrying value 30 June 2023	2,726	11,884	14,610

PROPERTY, PLANT AND EQUIPMENT 2022

EUR 1,000	Land	Buildings	Vessels	Machinery and equipment	Advance payments & acquisitions under construction	Total
Acquisition cost 1 January 2022	1,125	106,142	1,497,525	66,874	131,243	1,802,910
Exchange rate differences		1		-6		-6
Increases			121,898	250	14,832	136,981
Disposals			-86,294	-79		-86,373
Reclassifications between items			77,695		-77,695	
Reclassifications to non-current assets held for sale *		3 297		-22 395		-25,691
Acquisition cost on 30 June 2022	1,125	102,846	1,610,824	44,645	68,380	1,827,821
Accumulated depreciation, amortisation and write-offs 1 January 2022		-42,426	-719,249	-45,482		-807,157
Exchange rate differences		-1		6		5
Cumulative depreciation on reclassifications and disposals			52,917	79		52,995
Depreciation for the reporting period		-1,582	-37,310	-499		-39,391
Accumulated depreciation, amortisation and write-offs 30 June 2022		-44,008	-703,642	-45,897		-793,547
Reclassifications to non-current assets held for sale *		570		10,510		11,081
Carrying value on 30 June 2022	1,125	59,408	907,182	9,259	68,380	1,045,354

Not including right-of-use assets.

* The Finlines Group is negotiating a sale of Port Operations' assets with carrying value of EUR 14.6 (14.6) million. No impairment losses were recognised on the carrying values of these assets in 2021 or 2022, as according to management's estimate, the fair value of the assets classified as held for sale was higher than the carrying value at the balance sheet date 30 June 2021 and 30 June 2022.

EUR 1,000	Land and water	Buildings and structures	Machinery and equipment	Total
Right-of-use assets 2022				
Acquisition cost 1 January 2022	27,719	1,733	1,622	31,073
Exchange rate differences				
Increases	877	38		915
Disposals			-29	-29
Reclassifications between items				
Acquisition cost 30 June 2022	28,596	1,770	1,592	31,958
Accumulated depreciation, amortisation and write-offs 1 January 2022	-6,019	-1,092	-1,081	-8,192
Exchange rate differences				
Cumulative depreciation on reclassifications and disposals			21	21
Depreciation for the reporting period	-959	-125	-145	-1,229
Accumulated depreciation, amortisation and write-offs 30 June 2022	-6,977	-1,217	-1,205	-9,399
Carrying value 30 June 2022	21,618	553	387	22,559
Property, plant and equipment, total				1,067,913

EUR 1,000	Buildings	Machinery and equipment	Total
Assets classified as held for sale 1 January 2022			
Acquisition cost			
Transfer to non-current assets held for sale	3,297	22,395	25,691
Accumulated depreciation			
Transfer to non-current assets held for sale	-570	-10,510	-11,081
Carrying value 30 June 2022	2,726	11,884	14,610

LEASES

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

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

Amounts recognised in profit or loss

EUR 1,000	1–6 2023	1–6 2022
Interest on lease liabilities 30 June	155	163
Expenses relating to short-term leases	135	134
Expenses relating to low-value assets	266	237
Total	401	0
Lease payments of all leases accounted according to IFRS 16	1,422	1,324
Total cash flow of all leases 30 June	1,823	1,695
Income from operational leases	8,078	171

Maturity analysis

EUR 1,000	2023	2022
Contractual undiscounted cash flows		
Less than one year	3,204	2,600
One to five years	7,492	8,047
More than five years	18,029	19,885
Total undiscounted lease liabilities at 30 June	28 725	30,532
Short term leasing liability	2,632	2,226
Long term leasing liability	17,544	19,703
Lease liabilities included in statement of financial position at 30 June	20,176	21,928

FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

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

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

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

Level 3 includes unlisted shares amounting to EUR 7.1 million (7.1 in 2022), which are valued at the lower of acquisition cost or probable value, as their fair value cannot be reliably measured. Majority of the unlisted shares consists of Steveco Oy's shares of which Finnlines owns 25.4 per cent. This shareholding is presented in financial assets, because Finnlines has does not have significant influence in Steveco Oy.

CONTINGENCIES AND COMMITMENTS

EUR 1,000	30 June 2023	30 June 2022	31 Dec 2022
Minimum leases payable in relation to fixed term leases			
Vessel leases (Group as lessee):			
Within 12 months	4,232	0	0
1-5 years	0	0	0
	4,232	0	0
Vessel leases (Group as lessor):			
Within 12 months	10,635	3,285	8,453
1-5 years	3,285	6,111	4,923
	13,920	9,396	13,376
Other leases (Group as lessee):			
Within 12 months	32	96	196
1-5 years	5	58	353
Over 5 years	0	77	0
	37	231	549
Other leases (Group as lessor):			
Within 12 months	189	171	176
1-5 years	0	0	0
	189	171	176
Collateral given			
Loans from financial institutions	295,833	318,862	281,879
Vessel mortgages provided as guarantees for the above loans			
	592,000	527,000	649,500
Other collateral given on own behalf			
Pledges	340	340	340
Other obligations			
Obligations, related to vessel investments	160,133	209,396	163,135
Other external obligations *	3,838	6,278	4,389
	163,971	215,674	167,524
VAT adjustment liability related to real estate investments			
	3	4	5

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

REVENUE AND RESULT BY QUARTER

MEUR	Q1/23	Q1/22	Q2/23	Q2/22	Q3/23	Q3/22	Q4/23	Q4/22
Revenue								
Shipping and sea transport services	157.9	150.6	167.3	193.2		195.9		172.4
Port operations	10.0	12.1	11.5	12.7		11.1		10.3
Intra-group revenue	-4.8	-5.7	-5.6	-6.0		-5.4		-5.0
External sales	163.1	157.0	173.2	199.9		201.5		177.7
Result before interest and taxes								
Shipping and sea transport services	24.0	14.8	21.4	40.5		49.0		30.4
Port operations	-0.7	0.4	0.6	0.9		0.5		-0.6
Result before interest and taxes (EBIT) total	23.3	15.3	22.0	41.5		49.5		29.8
Financial income and expenses	-2.7	-1.0	-3.4	-1.1		-1.3		-2.2
Result before taxes (EBT)	20.6	14.3	18.6	40.4		48.2		27.6
Income taxes	0.9	0.8	1.7	0.8		0.6		0.6
Result for the reporting period	21.5	15.1	20.3	41.2		48.8		28.2
EPS (undiluted / diluted) EUR	0.42	0.29	0.39	0.80		0.95		0.55

SHARE INFORMATION

	30 June 2023	30 June 2022
Number of shares	51,503,141	51,503,141

Finnlines Plc is fully owned by the Grimaldi Group.

EVENTS AFTER THE REPORTING PERIOD

The Superstar ro-pax vessel, Finnsirius, was delivered on 18 July 2023 to Finnlines Plc by the builder, China Merchants Jinling Shipyard (Weihai) Co., Ltd.

CALCULATION OF RATIOS

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

* Not including leasing liabilities.

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

RELATED PARTY TRANSACTIONS

There were no significant related party transactions during the reporting period.