

Financial review Q3
January–September 2023
9 November 2023



JANUARY–SEPTEMBER 2023

- Revenue EUR 513.2 (558.4 in 2022) million, decrease 8 per cent
- Result before interest, taxes, depreciation and amortisation (EBITDA) EUR 131.7 (169.2) million, decrease 22 per cent.
- Result for the reporting period EUR 56.9 (105.2) million, decrease 46 per cent.
- Interest bearing debt increased by EUR 52.4 million and was EUR 457.1 (404.7) million at the end of the period.

JULY–SEPTEMBER 2023

- Revenue EUR 176.8 (201.5 in 2022) million, decrease 12 per cent.
- Result before interest, taxes, depreciation and amortisation (EBITDA) amounted to EUR 42.1 (71.5) million, decrease 41 per cent.
- Result for the reporting period EUR 15.1 (48.8) million, decrease 69 per cent.

KEY FIGURES

MEUR	1–9 2023	1–9 2022	7–9 2023	7–9 2022	1–12 2022
Revenue	513.2	558.4	176.8	201.5	736.1
Result before interest, taxes, depreciation and amortisation (EBITDA)	131.7	169.2	42.1	71.5	221.2
Result before interest and taxes (EBIT)	63.6	106.2	18.4	49.5	136.0
% of revenue	12.4	19.0	10.4	24.6	18.5
Result for the reporting period	56.9	105.2	15.1	48.8	133.3
Stakeholders' equity/share, EUR	15.9	16.2	15.9	16.2	16.4
Equity ratio, %	57.3	59.8	57.3	59.8	60.3
Net debt/EBITDA	2.6	1.9	2.6	1.9	1.7
Interest bearing debt, MEUR	457.1	404.7	457.1	404.7	395.7
Net gearing, %	55.6	47.4	55.6	47.4	44.5

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

“The Finnlines Group’s revenue in January–September 2023 amounted to EUR 513.2 (558.4 in 2022) million, a decrease of 8 per cent compared to the corresponding period in 2022. The result for the reporting period was EUR 56.9 (105.2) million. Earnings before interest, taxes, depreciation and amortisation, EBITDA, amounted to EUR 131.7 (169.2) million.

The geopolitical situation continues to be uncertain and the global, as well as the Euro area, demand is sluggish, which means that within EU we have either negative growth or no growth at all. According to the current outlook, Gross Domestic Product growth in the EU area in 2023 and 2024 is expected to be 0.6 per cent and 1.1 per cent, respectively. Central banks are still concerned about inflation, although it has decreased considerably. The European Central Bank’s rapid increases in interest rates have reduced private consumption, construction activity and corporate investments, and, as a result, hindered the economic activity in EU countries. Change of Finland’s export volumes during the latest 12 months was -4.7 per cent (12 month moving average September 2022 – August 2023). The corresponding figure for import volume was -9.6 per cent. The ECB should quickly react to deteriorating growth outlook and reduce the interest rates.

While the negative development in Finland’s exports and imports have resulted in lower cargo volumes for Finnlines and reduced our result, the upward trend in passenger volumes has been very good. Despite the reduced cargo volumes, Finnlines was able to retain its market share.

Finnlines took delivery of three hybrid ro-ro vessels already in 2022 and this year, in mid-July, the first of the two Superstar class vessels, Finnsirius, was delivered and entered the Naantali–Långnäs–Kapellskär (Finland–Åland Islands–Sweden) route on 15 September 2023. Finnsirius’ arrival marked a new era on the route as the ship is larger and more eco-friendly than any of the previous ro-pax vessels. She also represents a completely new standard for ro-pax transportation in the Baltic Sea – both for freight and passengers. The second Superstar ro-pax vessel, Finncanopus will be delivered at the end of the year. Our ro-pax vessels have huge battery banks and will be using onshore power, which ensures zero emissions in port. Auto-mooring systems in all three ports speed up cargo operations and increase our efficiency further on this route.

Finnsirius replaced the smaller Star class ro-pax vessel, Europalink, which was transferred to the Sweden–Germany line where she replaced a chartered vessel.

The existing EU Emissions Trading Scheme will be extended to concern maritime transport from 2024 onwards. Finnlines has made substantial investments in sustainable and eco-friendly technologies, positioning itself competitively. Finnlines’ investment programmes to reduce CO2 emissions align with the company’s strategy aimed at enhancing operational efficiency. The new vessels support customers in their transition towards sustainability and environmental responsibility. Therefore, Finnlines continues its green transition and thus makes its best efforts to serve its customers in the most sustainable way. We have not only invested over several years in environmental technology, but Finnlines’ EUR 500-million Green Newbuilding Investment Programme, which started in 2018, is nearly completed. This programme clearly demonstrates our unwavering commitment to the environment, to our customers, and to our other stakeholders.”

FINNLINES PLC, FINANCIAL REVIEW JANUARY–SEPTEMBER 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 EU area increased by 0.4 per cent during the second quarter of 2023 in comparison with the same period in 2022. Compared with the first quarter of 2023, the change of reported GDP in Germany was 0.0 per cent in the second quarter of 2023, while in Sweden the decrease was 0.8 per cent. In Finland, GDP increased in the second quarter by 0.4 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–August statistics by Statistics Finland, the Finnish seaborne imports carried in container, lorry and trailer units (measured in tons) decreased by 14.6 per cent and exports decreased by 5.8 per cent. During the same period private and commercial passenger traffic between Finland and Sweden increased by 0.9 per cent, between Finland and Germany the traffic increased by 15.7 per cent. (Statistics Finland).

FINNLINES TRAFFIC

Finnsirius entered Finnlines' traffic and started a regular liner service on 15 September in Naantali–Långnäs–Kapellskär traffic. At the same time Europolink moved to Malmö–Travemünde traffic and started to operate under Swedish flag. Additionally chartering of Cruise Smeralda ended and vessel was redelivered to Grimaldi Group.

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

The cargo volumes transported during January–September totalled approximately 531,000 (572,000 in 2022) cargo units, 121,000 (99,000) cars (not including passengers' cars) and 1,027,000 (1,084,000) tons of freight not possible to measure in units. In addition, some 560,000 (514,000) private and commercial passengers were transported.

FINANCIAL RESULTS

January–September 2023

The Finnlines Group recorded revenue totalling EUR 513.2 (558.4) million in the reporting period, a decrease of 8 per cent compared to the same period in the previous year. Shipping and Sea Transport Services generated revenue amounting to EUR 497.1 (539.6) million, of which passenger related revenue was EUR 65.7 (56.4) million. The revenue of Port Operations was EUR 32.1 (35.9) million. During the reporting period, transported cargo volumes declined slightly compared to 2022, whereas the number of private passengers increased substantially from last year. Also the cargo-related fuel surcharge has been on a lower level compared to 2022. The internal revenue between the segments was EUR 16.0 (17.1) million.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 131.7 (169.2) million, a decrease of 22 per cent.

Result before interest and taxes (EBIT) was EUR 63.6 (106.2) million.

Due to general rise in interest rates net financial expenses increased to EUR -10.9 (-3.4) million. Financial income was EUR 0.3 (0.6) million and financial expenses EUR -11.2 (-4.0) million. Result before taxes (EBT) decreased by EUR 50.2 million and was EUR 52.7 (102.9) million. The result for the reporting period was EUR 56.9 (105.2) million.

July–September 2023

The Finnlines Group recorded revenue totalling EUR 176.8 (201.5) million. Shipping and Sea Transport Services generated revenues amounting to EUR 171.8 (195.9) million and Port Operations EUR 10.6 (11.1) million. The internal revenue between the segments was EUR 5.6 (5.4) million. During the third quarter cargo volume was below last year, but the number of private passengers increased significantly.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 42.1 (71.5) million, a decrease of 41 per cent.

Result before interest and taxes (EBIT) was EUR 18.4 (49.5) million.

Net financial expenses were EUR -4.9 (-1.3) million. Financial income was EUR 0.1 (0.3) million and financial expenses totalled EUR -5.0 (-1.6) million. Result before taxes (EBT) decreased by EUR 34.7 million and was EUR 13.5 (48.2) million. The result for July–September was EUR 15.1 (48.8) million.

STATEMENT OF FINANCIAL POSITION, FINANCING AND CASH FLOW

Interest-bearing debt increased by EUR 52.4 million to EUR 457.1 (404.7) million, excluding leasing liabilities of EUR 23.6 (21.7) million. Net interest-bearing debt at the end of period was EUR 455.0 (394.9) million. Net interest-bearing debt/EBITDA (rolling 12 months) ratio amounted to 2.6 (1.9) and the equity ratio calculated from the balance sheet was 57.3 (59.8 per cent). Net gearing resulted in 55.6 (47.4) 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 166.2 (279.9) million.

Net cash generated from operating activities stood at EUR 101.6 (129.4) million.

CAPITAL EXPENDITURE

The Finnlines Group's gross capital expenditure in the reporting period totalled EUR 106.0 (170.0) million, including tangible and intangible assets. Total depreciation and amortisation amounted to EUR 68.1 (63.0) 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.

Finnlines has remained committed to its sustainability and environmental technology investments. Finnlines' EUR 500-million Green Newbuilding Programme is now nearing completion. In 2022, three hybrid ro-ro vessels commenced operations, and Finnsirius, the first of the two eco-sustainable ro-pax vessels, was delivered by China Merchants Jinling Shipyard (Weihai) to Finnlines on 18 July 2023. After the transfer voyage from China to Europe, Finnsirius started her regular traffic between mainland Finland, Åland and Sweden in September 2023. The second ro-pax vessel and last vessel in the programme, Finncanopus, is expected to be delivered by the end of 2023. These investments will enhance Finnlines' status as a leading provider of high-quality ro-ro and ro-pax services in the Baltic Sea region.

PERSONNEL

The Group employed an average of 1,728 (1,694) persons during the reporting period, consisting of 1,004 (968) persons at sea and 724 (726) persons on shore. The number of persons employed at the end of the period was 1,832 (1,656) in total, of which 1,093 (947) at sea and 739 (709) on shore.

The personnel expenses (including social costs) for the reporting period were to EUR 74.9 (71.5) million.

THE FINNLINES SHARE

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

Finnlines Plc is fully owned by the Grimaldi Group.

RISKS AND RISK MANAGEMENT

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.

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 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, 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' cash and unused committed credit facilities amounted to EUR 164 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

There are no significant events to report.

OUTLOOK AND OPERATING ENVIRONMENT

Particularly in the Baltic Sea region, cargo volumes are expected to be slightly lower compared to the previous year. On the other hand, passenger volumes have shown strong growth and are expected to exceed the 2022 level. With a solid strategy, continuous tonnage renewal and leveraging the extensive network of the Grimaldi Group, Finnlines has the prerequisites for continued growth and long-term success. Due to lower export and import volumes currently in Finland, the Finnlines Group's result is expected to remain at a good level but lower than in its record year of 2022.

The fourth financial review of 2023 and financial statements for the period of 1 January–31 December 2023 will be published on Tuesday 27 February 2024.

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	7–9 2023	7–9 2022	1–9 2023	1–9 2022	1–12 2022
Revenue	176,835	201,519	513,201	558,436	736,093
Other income from operations	536	3,032	1,484	5,435	5,917
Materials and services	-67,158	-70,981	-186,730	-206,878	-268,157
Personnel expenses	-25,200	-23,129	-74,905	-71,452	-96,431
Depreciation, amortisation and impairment losses	-23,751	-22,049	-68,103	-62,968	-85,190
Other operating expenses	-42,891	-38,903	-121,304	-116,333	-156,195
Total operating expenses	-159,000	-155,061	-451,042	-457,631	-605,973
Result before interest and taxes (EBIT)	18,370	49,489	63,642	106,240	136,037
Financial income	130	299	258	647	753
Financial expenses	-5,000	-1,593	-11,181	-4,005	-6,297
Result before taxes (EBT)	13,500	48,196	52,719	102,881	130,493
Income taxes	1,594	629	4,227	2,275	2,841
Result for the reporting period	15,094	48,825	56,946	105,156	133,334
Other comprehensive income:					
Other comprehensive income to be reclassified to profit and loss in subsequent periods:					
Exchange differences on translating foreign operations	-16	-41	32	-69	-69
Fair value changes on currency derivatives	2,244	8,499	-7,769	14,554	-181
Other comprehensive income to be reclassified to profit and loss in subsequent periods, total	2,228	8,457	-7,737	14,485	-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	0	0	0	0	-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	17,322	57,282	49,209	119,641	133,307
Result for the reporting period attributable to:					
Parent company shareholders	15,094	48,825	56,946	105,156	133,334
	15,094	48,825	56,946	105,156	133,334
Total comprehensive income for the reporting period attributable to:					
Parent company shareholders	17,322	57,282	49,209	119,641	133,307
	17,322	57,282	49,209	119,641	133,307
Result for the reporting period attributable to parent company shareholders calculated as earnings per share (EUR/share)					
Undiluted / diluted earnings per share	0.29	0.95	1.11	2.04	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 Sept 2023	30 Sept 2022	31 Dec 2022
ASSETS			
Non-current assets			
Property, plant and equipment	1,149,504	1,075,516	1,107,673
Goodwill	105,644	105,644	105,644
Intangible assets	3,394	3,216	3,327
Other financial assets	7,074	7,076	7,074
Receivables	1,056	15,710	781
Deferred tax assets	527	914	491
	1,267,198	1,208,075	1,224,989
Current assets			
Inventories	14,195	11,329	10,100
Accounts receivable and other receivables	133,257	150,404	140,644
Income tax receivables	15	45	15
Cash and cash equivalents	2,104	9,892	18,878
	149,571	171,670	169,637
Non-current assets held for sale	11,836	14,610	14,610
Total assets	1,428,605	1,394,355	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	128	118	118
Fund for invested unrestricted equity	40,016	40,016	40,016
Fair value reserve *	10,123	32,627	17,892
Retained earnings	640,255	632,142	660,543
Total equity	818,054	832,435	846,100
LIABILITIES			
Long-term liabilities			
Deferred tax liabilities	35,457	41,483	39,876
Non-current interest-free liabilities	11	9	9
Pension liabilities	2,661	3,159	2,653
Provisions	1,611	1,697	1,697
Loans from financial institutions	357,998	246,854	262,836
	397,738	293,202	307,071
Current-liabilities			
Accounts payable and other liabilities	89,364	88,868	100,856
Current tax liabilities	449	0	485
Provisions	276	215	276
Loans from financial institutions	122,723	179,635	154,447
	212,813	268,719	256,065
Total liabilities	610,551	561,920	563,136
Total equity and liabilities	1,428,605	1,394,355	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						105,156	105,156
Exchange differences on translating foreign operations			-23			-45	-68
Fair value changes on currency derivatives					14,554		14,554
Total comprehensive income for the reporting period	0	0	-23	0	14,554	105,111	119,642
Dividend						-51,503	-51,503
Equity 30 September 2022	103,006	24,525	118	40,016	32,627	632,142	832,435

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						56,946	56,946
Exchange differences on translating foreign operations			10			22	32
Fair value changes on currency derivatives					-7,769		-7,769
Total comprehensive income for the reporting period	0	0	10	0	-7,769	56,968	49,209
Dividend						-77,255	-77,255
Equity 30 September 2023	103,006	24,525	128	40,016	10,123	640,255	818,054

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR 1,000	1–9 2023	1–9 2022	1–12 2022
Cash flows from operating activities			
Results for the reporting period	56,946	105,156	133,334
Adjustments			
Non-cash transactions	67,943	58,836	80,726
Unrealised foreign exchange gains (-) / losses (+)	-9		
Financial income and expenses	10,933	3,365	5,085
Taxes	-4,227	-175	-2,841
Changes in working capital			
Change in accounts receivable and other receivables	-1,141	-32,182	-21,591
Change in inventories	-4,095	-2,934	-1,705
Change in accounts payable and other liabilities	-12,089	818	13,565
Change in provisions	-79	16	-366
Interest paid	-11,693	-2,501	-4,245
Interest received	85	82	109
Taxes paid	-243	-175	-299
Other financing items	-776	-895	-1,721
Net cash generated from operating activities	101,553	129,410	200,051
Cash flow from investing activities			
Investments in tangible and intangible assets	-102,529	-167,382	-215,921
Sale of tangible assets *	2,851	41,500	40,890
Net cash used in investing activities	-99,678	-125,883	-175,031
Cash flows from financing activities			
Loan withdrawals	230,868	251,667	371,667
Net increase in current interest-bearing liabilities (+) / net decrease (-)	-49,847	-49,879	-49,356
Repayment of loans	-119,932	-143,662	-275,640
Payment of lease liabilities	-2,190	-2,001	-2,859
Dividends paid	-77,255	-51,503	-51,503
Net cash used in financing activities	-18,355	4,621	-7,691
Change in cash and cash equivalents	-16,480	8,148	17,329
Cash and cash equivalents 1 January	18,878	1,951	1,951
Effect of foreign exchange rate change	-294	-207	-402
Cash and cash equivalents at the end of periods	2,104	9,892	18,878

* Consists mainly of the sale of vessels in 2022.

REVENUE AND RESULT BY BUSINESS SEGMENTS

	7–9 2023		7–9 2022		1–9 2023		1–9 2022		1–12 2022	
	MEUR	%	MEUR	%	MEUR	%	MEUR	%	MEUR	%
Revenue										
Shipping and sea transport services	171.8	97.1	195.9	97.2	497.1	96.9	539.6	96.6	712.0	96.7
Port operations	10.6	6.0	11.1	5.5	32.1	6.2	35.9	6.4	46.2	6.3
Intra-group revenue	-5.6	-3.1	-5.4	-2.7	-16.0	-3.1	-17.1	-3.1	-22.1	-3.0
External sales	176.8	100.0	201.5	100.0	513.2	100.0	558.4	100.0	736.1	100.0
Result before interest and taxes										
Shipping and sea transport services	17.8		49.0		63.1		104.4		134.8	
Port operations	0.6		0.5		0.5		1.8		1.3	
Result before interest and taxes (EBIT) total	18.4		49.5		63.6		106.2		136.0	
Financial income and expenses	-4.9		-1.3		-10.9		-3.4		-5.5	
Result before taxes (EBT)	13.5		48.2		52.7		102.9		130.5	
Income taxes	1.6		0.6		4.2		2.3		2.8	
Result for the reporting period	15.1		48.8		56.9		105.2		133.3	

REVENUE BY GEOGRAPHICAL AREA

EUR 1,000	1–9 2023	1–9 2022	1–12 2022
Revenue			
Finland	197,031	239,852	312,601
Sweden	80,342	84,773	111,120
Germany	64,140	67,414	84,401
Other EU countries	162,621	146,399	204,638
Russia	0	1,637	1,626
Other	9,067	18,360	21,708
	513,201	558,436	736,093

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

REVENUE BY FUNCTIONS

EUR 1,000	1–9 2023	1–9 2022	1–12 2022
Revenue			
Freight and other shipping services	415,378	465,727	643,519
Passenger services	65,714	56,394	68,671
Port operations	32,109	36,315	23,903
	513,201	558,436	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		7		6
Increases			85,677	2,196	17,624	105,498
Disposals		-3,368		-744		-4,112
Reclassifications between items			53,073	138	-53,211	
Reclassifications to non-current assets held for sale				-22,395		-22,395
Acquisition cost on 30 September 2023	1,125	102,775	1,783,157	46,261	73,185	2,006,503
Accumulated depreciation, amortisation and write-offs 1 January 2023		-45,578	-735,918	-45,928		-827,424
Exchange rate differences		1		-6		-5
Cumulative depreciation on reclassifications and disposals		590		742		1,332
Depreciation for the reporting period		-2,363	-62,380	-878		-65,621
Accumulated depreciation, amortisation and write-offs 30 September 2023		-47,351	-798,298	-46,070		-891,718
Reclassifications to non-current assets held for sale				10,558		10,558
Carrying value on 30 September 2023	1,125	55,424	984,859	10,750	73,185	1,125,343

Not including right-of-use assets.

The Finnlines Group is negotiating a sale of Port Operations' assets with carrying value of EUR 11.8 (14.6) million. No impairment losses were recognised on the carrying values of these assets in 2022 or 2023, 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 September 2022 and 30 September 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				
Increases	1,812	3,343	74	5,228
Disposals	-1,497			-1,497
Reclassifications between items		1	1	1
Acquisition cost 30 September 2023	29,312	5,677	1,721	36,710
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	248	-1		247
Depreciation for the reporting period	-1,567	-299	-155	-2,021
Accumulated depreciation, amortisation and write-offs 30 September 2023	-9,294	-1,813	-1,442	-12,549
Carrying value 30 September 2023	20,018	3,864	279	24,161
Property, plant and equipment, total				1,149,504

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		22,395	25,395
Accumulated depreciation			
Transfer to non-current assets held for sale		-10,558	-10,558
Carrying value 30 September 2023		11,836	11,836

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		-15		-13
Increases			128,725	336	40,342	169,403
Disposals			-97,783	-146		-97,929
Reclassifications between items			77,952		-77,952	
Reclassifications to non-current assets held for sale *		-3,297		-22,395		-25,691
Acquisition cost 30 September 2022	1,125	102,847	1,606,419	44,654	93,633	1,848,679
Accumulated depreciation, amortisation and write-offs 1 January 2022		-42,426	-719,249	-45,482		-807,157
Exchange rate differences		-1		14		12
Cumulative depreciation on reclassifications, increases and disposals			61,062	146		61,208
Depreciation for the reporting period		-2,363	-57,534	-758		-60,655
Accumulated depreciation, amortisation and write-offs 30 September 2022		-44,791	-715,721	-46,079		-806,591
Reclassifications to non-current assets held for sale *		570		10,510		11,081
Carrying value 30 September 2022	1,125	58,627	890,698	9,085	93,633	1,053,169

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 September 2021 and 30 September 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			-1	-1
Increases	1,279	38	41	1,358
Disposals			-109	-109
Reclassifications between items		-3	-2	-4
Acquisition cost 30 September 2022	28,998	1,768	1,551	32,317
Accumulated depreciation, amortisation and write-offs 1 January 2022	-6,019	-1,092	-1,081	-8,192
Exchange rate differences			1	1
Cumulative depreciation on reclassifications and disposals		2	76	78
Depreciation for the reporting period	-1,458	-188	-211	-1,857
Accumulated depreciation, amortisation and write-offs 30 September 2022	-7,476	-1,278	-1,215	-9,970
Carrying value 30 September 2022	21,521	490	336	22,347
Property, plant and equipment, total				1,075,516

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 September 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	1–9 2023	1–9 2022
Interest on lease liabilities 30 September	243	242
Expenses relating to short-term leases	412	153
Expenses relating to low-value assets	180	386
Total	592	0
Lease payments of all leases accounted according to IFRS 16	2,190	2,001
Total cash flow of all leases 30 September	2,782	2,540
Income from operational leases	117	171

Maturity analysis

EUR 1,000	2023	2022
Contractual undiscounted cash flows		
Less than one year	3,346	2,658
One to five years	8,029	8,274
More than five years	23,355	20,324
Total undiscounted lease liabilities at 30 September	34,730	31,256
Short term leasing liability	2,604	2,271
Long term leasing liability	21,040	19,474
Lease liabilities included in statement of financial position at 30 September	23,643	21,745

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 Sept 2023	30 Sept 2022	31 Dec 2022
Minimum leases payable in relation to fixed term leases			
Vessel leases (Group as lessee):			
Within 12 months	0	0	0
1-5 years	0	0	0
	0	0	0
Vessel leases (Group as lessor):			
Within 12 months	5,491	3,285	8,453
1-5 years	2,457	5,553	4,923
	7,948	8,838	13,376
Other leases (Group as lessee):			
Within 12 months	66	164	196
1-5 years	4	375	353
Over 5 years	0	0	0
	70	539	549
Other leases (Group as lessor):			
Within 12 months	117	171	176
1-5 years	0	0	0
	117	171	176
Collateral given			
Loans from financial institutions	370,833	301,443	281,879
Vessel mortgages provided as guarantees for the above loans	670,750	564,000	649,500
Other collateral given on own behalf			
Pledges	340	340	340
Other obligations			
Obligations, related to vessel investments	82,122	193,373	163,135
Other external obligations *	2,491	6,277	4,389
	84,613	199,651	167,524
VAT adjustment liability related to real estate investments	3	3	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	171.7	195.9		172.4
Port operations	10.0	12.1	11.5	12.7	10.7	11.1		10.3
Intra-group revenue	-4.8	-5.7	-5.6	-6.0	-5.6	-5.4		-5.0
External sales	163.1	157.0	173.2	199.9	176.8	201.5		177.7
Result before interest and taxes								
Shipping and sea transport services	24.0	14.8	21.4	40.5	17.8	49.0		30.4
Port operations	-0.7	0.4	0.6	0.9	0.6	0.5		-0.6
Result before interest and taxes (EBIT) total	23.3	15.3	22.0	41.5	18.4	49.5		29.8
Financial income and expenses	-2.7	-1.0	-3.4	-1.1	-4.9	-1.3		-2.2
Result before taxes (EBT)	20.6	14.3	18.6	40.4	13.5	48.2		27.6
Income taxes	0.9	0.8	1.7	0.8	1.6	0.6		0.6
Result for the reporting period	21.5	15.1	20.3	41.2	15.1	48.8		28.2
EPS (undiluted / diluted) EUR	0.42	0.29	0.39	0.80	0.29	0.95		0.55

SHARE INFORMATION

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

Finnlines Plc is fully owned by the Grimaldi Group.

EVENTS AFTER THE REPORTING PERIOD

There are no significant events to report.

CALCULATION OF RATIOS

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

* Not including leasing liabilities.

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

RELATED PARTY TRANSACTIONS

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