

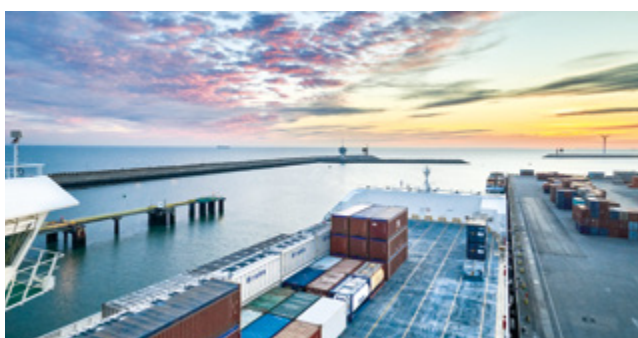
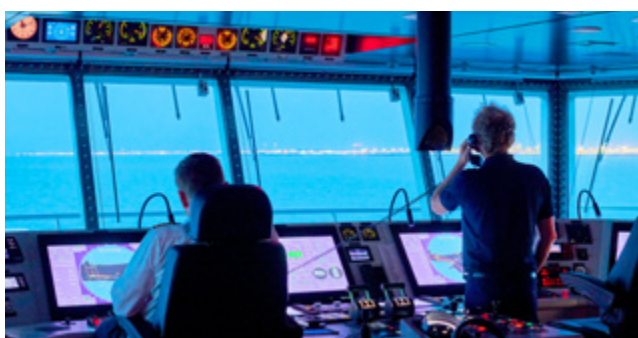


ANNUAL REPORT

2023



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Chairman's letter

Shipping to reach net zero by 2050

The global economy had quite a good start in 2023, but during the year the consumer confidence and industrial activity weakened due to high interest rates. Furthermore, the war in Ukraine continued and another crisis broke out in Middle East. The security risk was at a significantly elevated level at the Red Sea at the end of 2023 and many shipping companies, including Finnlines, decided to divert vessels around the Cape of Good Hope instead of transiting the Suez Channel as the safety of seafarers, vessels and cargo had to be prioritized.

Shipping is never "business as usual". The shipping sector encounters many challenges beyond operators' control. Conditions range from rough weather to strikes, political turmoil, congested fairways – the list is unending. However, Finnlines has a modern environmentally friendly fleet and it operates the best ships in its trading areas.

Towards zero emissions

The whole shipping industry all over the world has adopted a zero strategy and regulations should therefore be global, not regional like the EU Emissions Trade Scheme, which affects shipping from the beginning of 2024. The EU efforts should focus on pragmatic solutions, innovations and funding schemes instead of more stringent regulation in one particular area. The fact is that transport of goods is global business and in order to be successful in meeting climate targets, the world will need shipping.

The whole Grimaldi Group has made massive investments in renewing its fleet and the investments will continue.

Shipping is facing a revolution now that it moves towards low- and zero-carbon fuels, but new fuels may have unspecified characteristics and involve health and safety risks. Today we are confident that ammonia will be used by many shipowners by the end of this decade. In fact, the Grimaldi Group has already ordered a total of 20 ammonia-ready vessels. Methanol, batteries, solar energy, biofuels and a mixture of them all will also be plausible future alternatives.

Last year the IMO agreed on its revised greenhouse gas emission reduction strategy, building on ambition for shipping to reach net zero 'by or around' 2050.

The latest development can be seen as a Memorandum of Understanding between Member States to achieve climate targets by 2030, 2040 and 2050. We should not waste time anymore, rather member states must urgently agree on a process that will enable to reach and deliver this goal. The climate change witnessed by extreme weather events in recent years must act as a reality check for us all. Unless we act now, the impact of carbon emissions in the whole world is only going to get worse.

We must not only plan the green transition but also the seafarer transition as new fuels will bring challenges. Seafarers will have to

adopt new ways of working when vessels are designed differently to conventional vessels. They may also need retraining to cope with digitalisation and other technological innovations.

Human and Financial Capital needed

Collaboration, determination, and commitment from shipowners, maritime educational institutions, engine and other equipment manufacturers, or from the whole production chain are vital on the path towards decarbonization. The new greener technology is dependent on talented engineers and professionals to solve the emission reduction and efficiencies required.

There will also be a huge demand for capital and financing in order to fund the production facilities for new fuels, to fund the new fuel supply infrastructure in several ports, not to mention funding of the new engine technology in new vessels. The production of new fuels, especially hydrogen, requires more funding because the production of green energy and new electricity generation capacity is highly electricity-intensive. In other words, while the regulations is demanding, the reduction of CO₂ emissions in shipping industry there will be a huge requirement also for extra capital for financing these investments, before the shipping industry will have the green engines, green fuels and their supply infrastructure available in several locations and ports.

EUR 500 million in green technology

The three green ro-ros were delivered already in 2022 with huge battery banks and several green innovations to reduce the CO₂ emissions. The first Superstar hybrid ro-pax vessel, Finnsirius, was delivered in China in July 2023. Finnsirius is the largest, most advanced and sustainable ro-pax vessel in the Finnlines fleet and it started to operate between Finland and Sweden via Åland, on one of the most important sea bridges from Finland. The sister vessel, Finncanopus, started in the traffic on the same route in February 2024. They now provide nearly 24 per cent more cargo capacity for our clients and both accommodate 1,100 passengers.

In conclusion, Finnlines is ready for the transformation required in green logistics and while we have to strive to reach more cost-efficient operations and optimise our fleet further, I am confident that the company will succeed in this transformation. We work hard to enable our customers to grow and I would like to thank all our customers and other stakeholders for your trust and loyalty, and for supporting Finnlines to develop its services and green growth path. I also would like to thank all Finnlines employees ashore and at sea for your efforts and hard work. New challenges must be tackled in 2024 but competent professionals will manage that.

Emanuele Grimaldi, Chairman of the Board



"To be successful in meeting climate targets, the world will need shipping."



CEO's review

Finlines continues its green transition

Economic growth was modest in the EU area in 2023. The European Central Bank's rapid increases in interest rates reduced private consumption, construction activity and corporate investments, and, as a consequence, hindered the economic activity in EU countries. Consumer and business confidence remained below long-term average. The geopolitical situation also continued to remain tense. In addition, the operational environment in Finlines' traffic areas, in the Baltic Sea, North Sea and Bay of Biscay, was highly competitive.

Financial performance

The Finlines Group's revenue in 2023 amounted to EUR 680.7 (736.1 in 2022) million, a decrease of 8 per cent compared to the corresponding period in 2022. The result for the reporting period was EUR 60.3 (133.3) million. The gross capital expenditure in the reporting period totaled EUR 191.8 (223.8) million and the Group's return on capital employed (ROCE) was 5.8 (11.6) per cent.

The Net Debt/EBITDA (rolling 12 months) ratio amounted to 3.1 (1.7) and the equity ratio was 54.9 (60.3) per cent. Finlines Group's liquidity position is strong, cash and cash equivalents together with unused committed credit facilities amounted to EUR 147.6 (323.9) million. Cargo volumes declined slightly throughout 2023, but passenger travel increased over 17 per cent on our vessels.

Green Newbuilding Programme completed

Globally, the whole shipping industry works on transition towards carbon neutral traffic. The EU decided to include the maritime sector in its Emissions Trading System from 2024 onwards. Due to this extra cost, energy efficiency must improve on both existing and new ships.

Finlines has made substantial investments in sustainable and eco-friendly technologies, positioning itself competitively. Our investment programmes align with the Grimaldi Group's strategy aimed at enhancing operational efficiency and reducing CO₂ emissions.

The EUR 500-million Green Newbuilding Programme was completed at the end of the year when the second of the two Superstar ro-pax vessels, Finncanopus, was delivered at the shipyard in China. The sister vessel, Finnsirius, entered service on the Naantali-Långnäs-Kapellskär line on 15 September 2023.

The two vessels combine climate-friendly operations with a stylish interior design, a myriad of services and efficient cargo operations. With good reason Finnsirius was complimented by customers and other stakeholders and the Ferry Shipping Summit awarded Finnsirius as the Ro-Pax of the Year 2023. It was an honour to be rewarded for the intensive work on innovative and sustainable shipping, but at the same time it must be remembered that shipbuilding is a collaborative project, which involves a large number of professionals.

The programme also included three hybrid ro-ro vessels, which entered traffic in summer 2022, and have proven to be excellent carriers in terms of efficiency, capacity and low environmental impact.

The new vessels support customers in their transition towards sustainability and environmental responsibility. Therefore, Finlines continues its green transition and thus makes its best efforts to enable our customers to grow in the most sustainable way.

Finlines strives for cost-efficiency and growth

Finlines is Finland's biggest shipping company and therefore a significant operator, being responsible for the two most important maritime bridges (Finland-Germany and Finland-Sweden), providing important connections for the export industry and for imports internationally. Finlines focuses now on adjusting its fleet, improve its cost-efficiency and find new growth. We are finally, closer than ever, to open a new ro-pax line between Sweden and Poland, from Malmö to Swinoujscie. We already have Zeebrügge-Rosslare line which has established itself well in the market even though we are a new operator on the Belgium-Ireland connection. We also have opened a new service from Vigo, Spain to Zeebrügge, Belgium at the beginning of this year.

Finlines continues to focus on cargo, but on the Finland-Sweden line we will also address a wider passenger segment, such as foot passengers. The Grimaldi Group has traditionally operated in the Mediterranean, North and South America, and West Africa, but has expanded its routes globally to several locations in Asia and Australia. This also enables us to grow and provide our customers global transportation services.

Future outlook

In the euro area, GDP growth is expected to be very moderate. Finland's GDP growth is also projected to rise to around 1.0 per cent 2024.

Sustainable shipping has been a key issue in the industry for several years, and therefore it is likely that Finlines' next newbuilding orders will have improved technical efficiency and include the use of alternative fuels. Also a higher degree of digital services and systems is a must and will improve operational and commercial efficiency for both cargo and passenger customers.

I warmly thank all Finlines' employees for your efforts to serve our customers and to develop our services and operations. We welcomed around 200 new seafarers to strengthen our services during 2023. I also thank our customers for your long-term partnership and numerous other stakeholders for your support. We will do our utmost to continue to provide safe and reliable shipping services with environmental friendly vessels.

Tom Pippingsköld, President and CEO



"The new vessels support customers in their transition towards sustainability."



Finnlines in brief

The Grimaldi Group as a sole shareholder reinforces Finnlines' strategy and enables us to be the most efficient shipping company in the Baltic Sea.

Finnlines cargo-passenger vessels offer services between Finland and Germany and, between Finland, the Åland Islands and Sweden, as well as between Sweden and Germany. The 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.

Our environmentally friendly and efficient fleet transports both cargo and passengers safely, promptly, and responsibly to their destination and it enables competitive pricing paving the way for a fossil-free future.

Worldwide shipping and logistics

Finnlines 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 Finnlines to offer liner services to and from any destination in the Mediterranean, West Africa, Atlantic coast of both North and South America as well as Asia and Australia.

Setting a new standard for ro-pax transportation

The stunning new Finnsirius, entered the Naantali-Långnäs-Kapellskär route in mid-September. Its sister vessel Finncanopus will start on the same route in February 2024. The Superstar-class represents a completely new standard in the Baltic Sea's freight and passenger traffic.

Finnlines' new flagships have been designed specifically for the fast-paced Finland-Sweden freight route. The brightest stars on the sky as the names imply, was welcomed by the market with enthusiasm. Freight capacity increased significantly by nearly 24 per cent and the additional lane metres were in demand during evening departures from Kapellskär.

The environmentally friendly passenger-freight vessels offer an even more memorable sea voyage from Naantali via Åland to Sweden. The services onboard are more varied, with a restaurant world, a stylish spa, a yoga studio, a gym, a tax-free shop and modern conference facilities. The food concept was developed together with the ships' chefs and top chef Henri Alén.

During the reporting year, Finnlines completed its EUR 500-million Green Investment Programme. The programme consists of five new state-of-the-art vessels, which reduces environmental impact.

Sustainable travel and cargo shipment

Creating long-term value for our customers

We grow

Excellence in our services

- We develop and expand our network
- We develop our digitalised services
- We utilise advanced analytics and automation in our operations
- We create more value for our customers

We optimise

Increase the efficiency of the capital employed on our fleet

- We have operational excellence
- We have optimal fleet utilisation and high fleet performance
- We optimise our routes and flow of goods

We invest

Invest sustainably

- We constantly renew and develop our fleet using the latest technologies and innovations
- We increase energy efficiency
- We utilise innovative solutions and technologies
- We reduce air emissions

Key figures 2023

KEY FINANCIAL FIGURES

Revenue
EUR million

680.7

736.1 in 2022, decrease 8%

EBITDA
EUR million

166.3

221.2 in 2022, decrease 25%

Interest-bearing debt
EUR million

511.2

395.7 in 2022, increase EUR 115.5 million

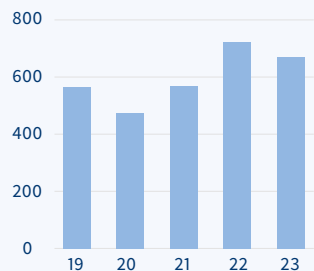
Equity ratio

54.9%

60.3% in 2022

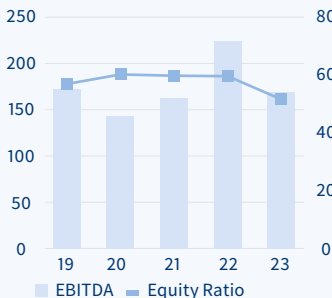
Revenue

EUR million



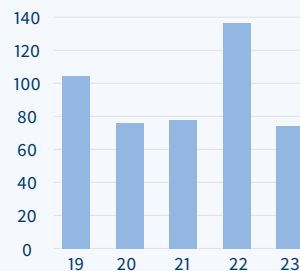
EBITDA and Equity ratio

EUR million



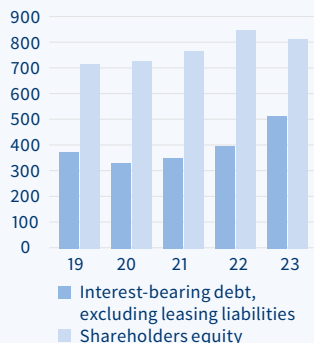
Result before interest and taxes (EBIT)

EUR million



Interest bearing debt and shareholders equity

EUR million



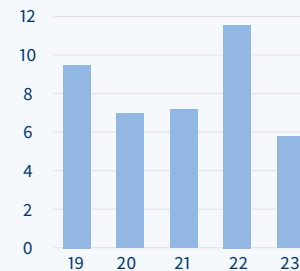
Net debt/EBITDA development

EUR million



Return on capital employed (ROCE)

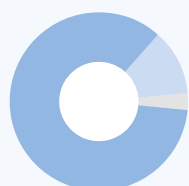
%



REVENUE BY FUNCTION

Freight Services

85%



Passenger Services

12%

Port Operations

3%



Freight Services
EUR million

581.6

643.5 in 2022



Passenger Services
EUR million

77.9

68.7 in 2022



Port Operations
EUR million

42.9*

46.2 in 2022

* Including internal revenue between the segments EUR 21.7 million.

KEY OPERATIONAL FIGURES



710,000
cargo units



157,000
cars



1,344,000
tons of non-unitised freight



695,000
passengers

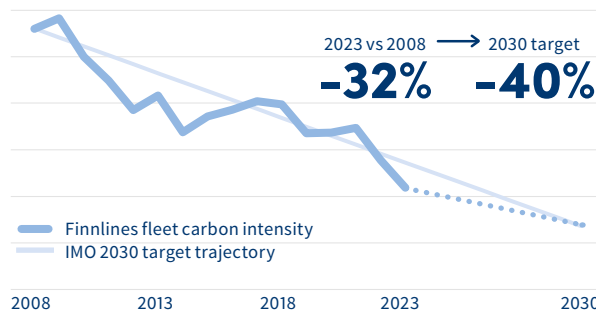
KEY ENVIRONMENTAL FIGURES

Fleet energy efficiency improvements, carbon intensity reduction

-8%

14.4 g CO₂/GT*nm in 2023
15.5 g CO₂/GT*nm in 2022

Carbon intensity, Finnlines fleet vs. IMO target
(based on g CO₂/GT*nm figures)



21
ports connected



25
owned vessels



1,800
employees

Sea personnel

59%

Shore-based personnel

28%

Stevedores

13%



Strategy and values

Finnlines' aim is to be customers' first choice when they choose a freight carrier. We run scheduled liner traffic with a modern fleet and can carry a wide mix of cargo. Finnlines' cargo-passenger vessels also welcome private passengers and groups who appreciate a peaceful, no-stress sea voyage.

We take our social responsibility as well as economic and environmental aspects into consideration in all our operations. Our in-depth knowledge and over 75-year experience of shipping ensure that we create a long-term value for our customers.

Strategy

Growing together with customers

We aim to be the most trusted commercial partner for our customers by providing safe and high-quality sea transport services. We actively develop our service products by identifying our cargo customers' and passengers' needs. We provide reliable sea connections to the private and public sector.

Our digital services, as well as operational systems, help us increase our efficiency and we can provide better services to our customers. Data analytics brings new opportunities for operational optimisation.

Together with our customers, we safeguard the national security of supply in a cost-effective and responsible manner.

Increase the efficiency of the capital employed on fleet

With high-quality business operations, we are able to guarantee long-term profitability and generate added value to our customers. Our vessels are flexible in terms of cargo mix and route. All our own vessels are ice-strengthened and thus capable of transporting goods even in difficult conditions. With a diversified fleet we can respond quickly to customer demand, regulatory or other changes.

We strive for the best performance, which we achieve through operational excellence, efficient fleet, and by focusing on routes with the highest possible capacity utilisation in southbound and northbound directions.

Invest sustainably

We are committed to long-term efforts for the environment. We look far into the future and make investments in energy efficiency and eco-efficient services as energy saving is the best way to reduce emissions and reach immediate results. We are constantly renewing and developing our fleet with the latest technologies and innovations.

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 our cargo customers' and passengers' needs, we can continuously develop our service products and generate concrete added value for our 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.



Business environment

Finnlines' business areas include the Baltic Sea, the North Sea and the Bay of Biscay. Finnlines' customer-oriented liner services and access to the Grimaldi Group's extensive network offer a reliable maritime connection to Europe. In 2023, the operating environment was overshadowed by the geopolitical situation and weak global and euro area demand.

International shipping is subject to intense competition on a global scale. Geopolitics, capacity on the market, international environmental regulations and increasing digitalisation impact shipping. During the year under review, the ongoing war in Ukraine and the conflict in the Middle East have reflected in global freight volumes. Unfavourable market conditions have also increased the overall uncertainty.

Sea transport is vital to Finland's foreign trade as around 95 per cent of exports and imports are carried seaways. The Finnish export industry consists of some few special categories, like forest and technology industries and engine manufacturing. This makes Finland sensitive to market fluctuations and a slowdown in the economic growth affects cargo volumes fast.

Sustainable shipping has been a key issue in the industry for several years. Digitalisation has moved ahead fast even in the most conventional shipping business. Digital services and systems improve efficiency and customer experience.

In Finland, Finnlines is a significant operator, being responsible for the two most important maritime bridges (Finland–Germany and Finland–Sweden), and providing important connections for the export industry. Finnlines has sought out new business areas and opened new routes and connections to its customers. In the past few years, Finnlines has invested as much as EUR 0.5 billion in new vessels and clean technology.

Finnlines demonstrates a high degree of flexibility and the large fleet makes it possible to transfer tonnage where there is demand. The affiliation with the Grimaldi Group's global network ensures that Finnlines can deliver customers' freight to any destination in the world.

Market development

Continental European countries and especially Germany, Finland's largest export country, are important for Finnlines operations. During the year under review, Germany continued to suffer from the global downturn, but its economy is

projected to start growing in 2024. Finland's other major trading partner, Sweden, has also suffered from recession.

The geopolitical situation remained unstable and demand was weak both globally and in the euro area. Negative development in Finnish exports and imports reduced Finnlines' cargo volumes, but the passenger volumes developed very well. Despite the decline in cargo volumes, Finnlines was able to maintain its market share in the German lorries and trailers market. In Sweden, the market share even increased despite the challenging market conditions.

According to the International Monetary Fund (IMF), the global GDP growth is forecasted to 3.1 per cent in 2024 and 3.2 in 2025. Compared to 2023, the forecast for 2024 is slightly more positive. Meanwhile, the euro area's GDP growth is expected to increase from 0.5 per cent in 2023 to 0.9 per cent in 2024 and 1.7 per cent in 2025. Finland's GDP growth is also projected to rise from -0.1 per cent in 2023 to 1.0 per cent in 2024.

Global inflation, which peaked at 11.6 per cent in the second quarter of 2022, had halved to 5.3 per cent by the second quarter of 2023. The IMF anticipates a steady decline, with global inflation expected to reach 6.8 per cent in 2023 (annual average), followed by a further reduction to 5.8 per cent in 2024 and 4.4 per cent in 2025. However, core inflation is projected to decrease slowly, and most economies are expected to reach their targets by 2025. In the euro area, annual average inflation is predicted to fall from 5.6 per cent in 2023 to 2.8 per cent in 2024 and 2.1 per cent in 2025. Meanwhile, inflation in Finland is forecasted to decline from 4.5 per cent in 2023 to 1.9 per cent in 2024.

Based on the statistics by Traficom, the Finnish seaborne imports carried in containers, lorries and trailer units decreased by 14 per cent to 10.0 million tonnes in 2023, and exports decreased by 5 per cent to 15.4 million tonnes. According to Statistics Finland, commercial passenger traffic between Finland and Sweden decreased by 2 per cent, and between Finland and Germany the traffic increased by 8 per cent in 2023.



Shipping and sea transport services

Finnlines offers 170 weekly departures to different parts of Europe. Our high-frequency, broad route network, large freight capacity, and digital services are designed to enhance customer satisfaction and streamline business operations. In 2023, Finnlines focused on environmental matters and emission reduction.

During the year under review, Finnlines prioritised environmental matters, implementing operational adjustments in traffic with the idea of “less time at port, more time at sea”. This initiative aimed at reducing emissions for the emission trading scheme starting in 2024.

The EU Emissions Trading Scheme (ETS) has implications for both the Finnlines’ operations and costs. In the past, the introduction of new regulations has caused additional costs, but Finnlines has and will continue to make every effort to minimise the cost impact on customers and maintain competitive freight rates.

This commitment is evident in the company’s investment in cutting-edge vessels equipped with state-of-the-art environmental technology. Furthermore, we are consistently taking measures to decrease our dependency on fossil fuels. As part of our sustainable strategy, we are actively working on a gradual transition to alternative fuels.

The Shipping and Sea Transport segment’s revenues totalled EUR 659.5 (712.1 in 2022) million, and it employed 1,465 (1,373) people on average.

Finnlines transports a third of the 1 million trucks carrying goods between Finland, Sweden, and Continental Europe every year. In 2023, Finnlines transported 710,000 cargo units, 157,000 cars (not including passengers’ cars) and 1,344,000 tons of non-unitised freight. In total, 695,000 passengers travelled with us.

Finnlines’ ro-ro services

Finnlines offers regular ro-ro liner services in the Baltic Sea between Finland and ports in Continental Europe and Scandinavia, in the North Sea between Finland and ports in Great Britain and Belgium, as well as in the Bay of Biscay between Finland and ports in Spain. Furthermore, Finnlines offers a direct connection from Ireland to Continental Europe. By transshipment in Zeebrugge, the Irish connection is available to cargo to and from Finland, Estonia, Germany, and Spain.

The Biscay Line is a multipurpose service designed to meet the needs of industrial cargo. The service provides weekly connections from Finland to Spain, passing through Estonia, Germany and Belgium. Ad-hoc connections are also possible in case of need, along with the option to link to the Grimaldi network.

The vessels deployed are the latest ro-ro units built by Finnlines, the Finneco series. This state-of-the-art ships offer significant cargo flexibility and, with enhanced economy of scale, result in the lowest carbon emission per ton transported.

This achievement is made possible through extensive use of new technologies such as lithium-ion batteries, solar panels, air bubble lubrication system etc.

As an agent for Grimaldi Lines and Atlantic Container Line (ACL) in Finland, Finnlines connects via Antwerp Helsinki and Kotka in Finland, Paldiski in Estonia and Travemünde in Germany with the Grimaldi Group network in the Mediterranean, West Africa, North and South America, as well as Asia and Australia.

Finnlines’ ro-pax services

The high frequency ro-pax lines cover the services between Finland and Sweden, Finland and Germany and Sweden and Germany.

Three Star-class vessels operate on the route between Helsinki and Travemünde, offering daily departures from both directions. The service strengthened its position as the largest carrier of unitised cargo between Finland and Germany compared to the previous year. For passengers, this route is the only direct maritime connection between Finland and Continental Europe.

The route between Malmö, Sweden, and Travemünde, Germany, offers 24 weekly departures in both directions, with an average intake capacity of over 1,000 cargo units per day.

In 2023, the service experienced significant improvements during autumn through the redeployment of a Star-class vessel Europolink. This upgrade increased both cargo and passenger capacity by over 30 per cent, with three ro-pax vessels now operating on the route.

Finnlines’ punctual, high-frequency service, and fast nine-hour voyage, ensure efficient transport services and intermodal solutions between Sweden and Germany.

The route from Naantali via Långnäs to Kapellskär serves as a crucial maritime bridge between Finland and Sweden, ensuring the security of supply. During the reviewed period, major efforts were undertaken to enhance the service quality along this important route. The first Superstar-class vessel Finnsirius entered traffic in September and the second vessel, Finncanopus, will start operating on the same route in February 2024. These modern cruise-standard vessels will elevate service quality and significantly boost cargo capacity, setting a new milestone in ro-pax service between Finland and Sweden.

Together, the two Superstar-class vessels provide a daily capacity for more than 1,200 cargo units, more than sufficient to accommodate all lorry and trailer volumes crossing between Finland and Sweden.



Passenger services

Finnlines' passenger-freight vessels offer services from Finland to Germany and via the Åland Islands to Sweden, as well as from Sweden to Germany. In 2023, Finnlines invested in upgraded services and new customer segments. Finnsirius, which entered the route between Finland and Sweden in September, was awarded as the Ro-Pax of the Year.

The largest ro-pax vessel in the Finnlines fleet, the magnificent Superstar-class freight-passenger vessel, Finnsirius, debuted on the Naantali–Långnäs–Kapellskär route in mid-September 2023. Soon after the entry into the traffic, the vessel was awarded as the Ro-Pax of the Year at the Ferry Shipping Summit. The other Superstar, Finncanopus, was delivered in December 2023 and it will join Finnsirius on the same route in February 2024. The new freight-passenger vessels are an important part of the strategy to offer upgraded services on the route.

The new Superstar-class vessels, which have capacity for 1,100 passengers, have been specifically designed for the unique archipelago route. Efficient transport of goods enables a sustainable growth in passenger travel as the carbon footprint per passenger remains low when carriage of freight and passengers is combined.

Passenger travel on the upturn

The number of passengers, both professional drivers and private passengers, amounted to 695,000 (648,000 in 2022), an increase of 7 per cent. The number of private passengers went up by more than 17 per cent. The strongest growth took place between Finland and Sweden, 49 per cent, where the number of Swedish travellers increased substantially. Travel on the route between Finland and Germany went up by 11 per cent. The number of private passengers declined by 1 per cent on the route between Sweden and Germany.

Helsinki–Travemünde

Three Finnlines' freight-passenger vessels operate daily between Helsinki and Travemünde, connecting Finland and Germany. Travellers can start their holiday, enjoying the relaxed atmosphere of the Baltic Sea during a voyage of 30 hours. For car travellers, this direct route across the Baltic Sea offers driving savings of up to 1,000 kilometres.

The three identical Star-class sister vessels, Finnstar, Finnlady and Finnmaid, offer comfortable lounges and provide a classy setting to start or end a holiday. Alongside restaurant services, Sailor's Shop, and children's play areas, the ships boast amenities such as a gym and saunas with jacuzzis. Each Star-class vessel accommodates up to 550 passengers.

Naantali–Långnäs–Kapellskär

Finnlines calls Åland four times a day, i.e. two departures to Sweden and two to mainland Finland. Notably, the route stands as the fastest sea connection between southern Finland and Sweden.

At the end of 2023, the service was operated by two ro-pax vessels, a Star-class vessel Finnswan and the new "Superstar" Finnsirius, whereas Europalink, also a Star-class vessel, was transferred from the Finland–Sweden route to sail between Sweden and Germany.

Finnsirius has a total of seven bars and restaurants, which range from fine dining to quick bytes. A stylish spa, yoga studio, gym, tax-free shop, a lounge area and conference rooms create a comfortable setting for a sea voyage.

Finnsirius is scheduled for morning departures from Naantali and evening departures from Kapellskär. Additionally, the second Superstar-class vessel Finncanopus will start operating in February 2024. The route offers also cruises, allowing passengers to opt for an overnight cruise or a shorter picnic cruise with a change of ship in Åland.

Malmö–Travemünde

Finnlines' three daily departures from Sweden to Germany or vice versa provide a convenient alternative for European car travellers. The nine-hour voyage time is ideal, and after a relaxing sea voyage, passengers can feel well-rested and ready to continue their journey.

At the end of the year, the service on the route was enhanced with the introduction of a Star-class vessel. In addition to the Star-class vessel, the traditional Hansa-class vessels also offer passengers a genuine shipboard experience.

During the second quarter two older ro-pax vessels, Finnpartner and Finntrader, were drydocked for installation of new pollution abatement technology and for refurbishing public spaces. A Grimaldi Group ro-pax vessel substituted during the docking.

Sustainable travel

Finnlines was awarded the Sustainable Travel Finland label by Visit Finland in 2021, and the certification was renewed last year. The label recognises Finnlines' long-term work for sustainable values. On the new vessels, environmental aspects have been considered throughout the design and construction process, as regards both technical solutions and choice of goods suppliers. Emission-reducing technology includes high-powered batteries and an air lubrication system under the keel to decrease friction.



Port operations

Helsinki is Finland's most important export and import port for unitised goods, while Turku and Naantali have the fastest sea connections from Finland to Sweden.

Finnsteve companies, which include Finnsteve, Containersteve and FS-Terminals, are responsible for Finnlines Group's port operations. Finnsteve is a major port operator focused on unitised cargo services for scheduled liner traffic in the ports of Helsinki, Turku and Naantali. The main port services are ro-ro and lo-lo stevedoring, stuffing terminal, container depot and temperature controlled storage. The aim is to ensure smooth and fast cargo handling through the port.

In 2023, Finnlines' Port Operations generated revenues of EUR 42.9 (46.2 in 2022) million and employed 288 (306) people on average.

Finnsteve companies handled 186,000 ro-ro units and a total of 112,000 TEUs of containers in 2023.

Operational optimisation

During the past few years, Finnsteve has made major investments in new IT systems. In Port Operations, the resource management processes were improved to better serve the demand and needs of the traffic in Vuosaari Harbour, Helsinki.

The operational and environmental efficiency of stevedoring operations was greatly improved when thirteen new tug masters were taken into use in Helsinki and Turku during the year. Tug masters play a crucial role in stevedoring activities, as they effectively manage trailers and roll trailers both within the

port and onboard vessels. The latest generation of tug masters not only offer enhanced environmental sustainability but also substantially reduce maintenance costs compared to their predecessors.

Joint projects with customers were continued to further develop the electronic messaging traffic and to ensure its efficiency and timeliness.

Port Operations in Helsinki

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.

The Finnsteve companies have integrated the EDI message application, used for data interchange between port operators in the Port Helsinki, to its ERP system. Faster interchange of data will be useful in ship operation and it will speed up handling of certain import units.

Port operations in Turku and Naantali

Finnsteve operates mainly in the West Harbour in Turku. It also has operations in the Turku Base port and in Naantali.

Naantali operations provide services to the Group's traffic between Naantali, Långnäs and Kapellskär.



Finnlines fleet

To provide the best possible performance to our customers, we operate a highly flexible fleet. Our vessels can carry a versatile mix of cargo, such as sto-ro, ro-ro, containers, project cargo and automotive industry products, and our ro-pax vessels can seamlessly carry cargo and passengers. This ensures that the diverse needs of our customers are met. Finnlines owns a fleet of 25 vessels. Fleet on 31 December 2023.

Ro-pax vessels

	Length, o.a. (m)	Breadth, moulded (m)	DWT	GT	Total lane length (m)	Passengers	Speed (knots)	Ice Class
Finnstar ⁽²⁰⁰⁶⁾	218.8	30.5	9,061	45,923	4,215	554	22	1A Super
Finnmaid ⁽²⁰⁰⁶⁾			9,043					
Finnlady ⁽²⁰⁰⁷⁾			8,840					
Finnswan ⁽²⁰⁰⁷⁾			8,870					
Europalink ⁽²⁰⁰⁷⁾	218.8	30.5	8,757	46,124	4,215	554	22	1A Super
Finnfellow ⁽²⁰⁰⁰⁾	188.3	28.7	7,267	33,724	3,099	440	22	1A
Finnpartner ^(1995/2007)	183.0	28.7	9,088	33,313	3,050	280	21	1A Super
Finntrader ^(1995/2007)			9,132					

Newbuildings

Finnsirius ⁽²⁰²³⁾	235.0	33.3	11,900	65,692	5,200	1,100	16.3/21.0	1A Super
Finncanopus ⁽²⁰²³⁾								

Ro-ro vessels

	Length, o.a. (m)	Breadth, moulded (m)	DWT	GT	Total lane length (m)	Passengers	Speed (knots)	Ice Class
Finneco I ⁽²⁰²²⁾	238.0	34.0	17,377	60,515	5,800	12	20	1A Super
Finneco II ⁽²⁰²²⁾								
Finneco III ⁽²⁰²²⁾								
Finnbreeze ^(2011/2018)	217.8	26.5	14,500	33,816	4,192	12	21	1A
Finnsea ^(2011/2018)								
Finnsky ^(2012/2018)								
Finntide ^(2012/2017)								
Finnwave ^(2012/2018)								
Finnmill ^(2002 / 2009)	187.1	26.5	11,744	25,732	3,259	12	20	1A
Finnpulp ^(2002 / 2009)			11,682					
Finnkraft ⁽²⁰⁰⁰⁾	162.5	20.6	9,041	11,671	1,853	12	20	1A Super
Finnhawk ⁽²⁰⁰¹⁾			9,035					

Chartered out

Vizzavona (ex Euroferry Corfu, ex Finneagle), ro-pax vessel (1999)

Finnmerchant, ro-ro vessel (2003)

Finnsun, ro-ro vessel (2012/2018)

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

GT: Gross Tonnage

< Finnlines has constantly renewed its fleet to achieve maximum efficiency and to eliminate air emissions. Six vessels, Finnsky being one of them, have also been lengthened, which has reduced energy consumption per transported unit.



Sustainability

Corporate responsibility is a key element of our business. Our Corporate Social Responsibility (CSR) priorities are based on our core values of customer focus, profitability, responsibility and employee satisfaction.

Finnlines takes into account its social responsibilities and economic and environmental aspects in all its activities.

Finnlines has reported on its responsible management of the environment and human resources since 1999. Finnlines’ sustainability reporting has been part of the Grimaldi Group’s Sustainability Report since 2015. Reporting includes, in addition to financial figures, key indicators related to the employees and the environment. Grimaldi Group’s Sustainability Report follows the GRI (Global Reporting Initiative) guidelines.

Finnlines’ responsibility to report on company operations under the Corporate Sustainability Reporting Directive (CSRD) will start in 2025 and the first report will be published in 2026.

Commitment to global goals

We are committed to providing services that are economically sustainable and environmentally friendly. We continuously reduce our environmental footprint and Finnlines is well aligned with the IMO’s (UN’s International Maritime Organization) target to reduce ships’ carbon intensity by 40 per cent by 2030. Finnlines has already reduced its fleet carbon intensity by 32 cent compared to the 2008 baseline and is committed to an annual reduction of 2 per cent.

Sustainable travel with Finnlines

Finnlines was awarded the Sustainable Travel Finland label by Visit Finland in 2021, and the certification was renewed last year. The label recognises Finnlines’ long-term work for sustainable values.

Highlights in 2023

- In autumn 2023 the first Superstar series ro-pax vessel, Finnsirius entered traffic. Equipped with many energy saving technologies and hybrid function with a shore power connection, Finnsirius provides transportation between Finland and Sweden with a much smaller carbon footprint per transport work than the older fleet.
- We reduced the carbon intensity of our vessels by nearly 8 per cent compared to 2022.
- The schedule change for three ro-pax vessels operating between Finland and Germany resulted in significantly reduced emissions.
- Installation of shore power connection in the Ports of Naantali and Kapellskär.

UN Sustainable Development Goals and Finnlines

Finnlines has identified five priority UN Sustainable Development Goals that are most relevant to our activities.

Grow together with customers



- We create value for our customers
- We develop and expand our network
- We have optimal fleet utilisation and performance

Involved and skilled people



- The delivery of safe, high-quality services requires skilled people
- Competence development
- We treat employees equally and fairly

We invest sustainably to develop responsible services



- We constantly renew and develop our fleet using the latest technology and innovations
- We improve the energy efficiency of our fleet
- We have constant dialogue with our customers, employees and stakeholders to create effective cooperation



Environment and safety

Environmental aspects have a pivotal role in Finnlines’ operations. We produce safe and first-class services in a manner that aims to minimize environmental effects.

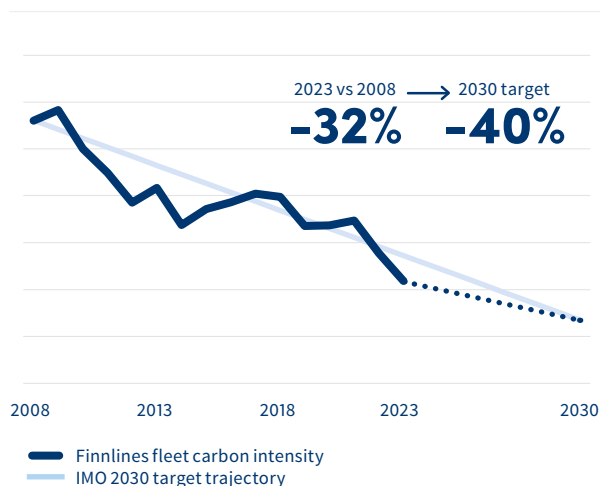
Shipping, which transports around 90 per cent of global trade, provides the principal mode of transport for the supply of raw materials, consumer goods, essential foodstuffs and energy to the global population. The vast majority of these products could not be transported any other way than by ship. The Covid-19 pandemic demonstrated the essential role played by transport and the social, health and economic costs when free movement of people, goods and services was severely constrained. Finnlines has an essential role in securing Finland’s security of supply and providing connections to Europe.

Green transition

In summer 2023 the IMO revised its greenhouse gas strategy and raised the ambition level to reach net-zero GHG emissions from international shipping around 2050. The target also includes the commitment to ensure an uptake of alternative zero or near-zero GHG fuels by 2030. CO₂ emissions per transport work should decrease by 40 per cent by 2030. All target figures are compared with the 2008 level. The target is now aligned with the European Commission’s target for Europe to become a climate-neutral continent by 2050.

Both globally and within the European Union, numerous proposals are being discussed and already finalized to combat the climate change. To reach the ambitious goals, the shipping sector will have to make the transition to alternative fuels and adopt new technologies.

CARBON INTENSITY
Finnlines fleet vs. IMO target
 (based on g CO₂/GT*nm figures)



The EU Commission has adopted a “Fit for 55” package where some of the items are maritime related.

- The Commission has decided to include maritime transport in the emissions trading system (ETS), which has covered energy-intensive industries and flights within EU for nearly two decades. The system covers CO₂ emissions from ships of at least 5,000 GT trading in EU. Unlike other industries, the shipping industry does not receive any so called free allowances but has a phase-in period which covers 40 per cent of the annual emissions in 2024, 70 per cent of the emissions in 2025 and from 2026 onwards all emissions within the scope. Ice-strengthened vessels may deduct 5 per cent of their CO₂ emissions as they consume more fuel than other vessels due to their structure. Finnlines’ ro-pax vessels providing services between Åland Islands and Finnish mainland may deduct the emissions from these voyages due to so called island exemption.
- The FuelEU Maritime regulation was finalized in the autumn 2023. It will set a maximum limit on the greenhouse gas intensity of energy used by ships. From 2025 the GHG intensity of the fuel used onboard should be reduced by 2 per cent. After that the GHG intensity reduction requirement will increase gradually every five years. Consequently the shipping companies are obligated to start using gradually increasing volumes of alternative fuels onboard ships. From 2030 onwards, passenger ships and container ships will be required to use onshore power supply at berth unless they can demonstrate the use of an alternative zero-emission technology.
- The revision of Energy Taxation Directive aims to promote clean technologies and discourage the use of fossil fuels. The discussion to introduce taxes on fuels over a 10-year transitional period is still ongoing in the EU institutions.

The IMO, in line with the 2023 GHG strategy, is developing mid-term measures for delivering the reduction targets. The basket of candidate measures comprises of:

- a technical element of a fuels standard regulating the reduction of marine fuel’s GHG intensity
- an economic element establishing a GHG emissions pricing mechanism

After impact assessments of the candidate measures and legislative process, the chosen measures are planned to be approved in 2026.

Meeting the targets set by the IMO and the EU and complying with the regulations requires shipping companies to continue improving the ships’ energy efficiency and to start adopting alternative fuels. Certain alternative fuels, like biofuels may be used without any modifications, but most of the future fuels





>> Environment and safety (continued)

require technical modifications in the existing vessels. The challenge is not only technical readiness but also availability of alternative fuels and in some parts regulatory readiness especially in safety matters.

CO₂ emissions

Over the years, Finnlines has invested systematically in improving its fleet's energy efficiency. The development still continues along with the daily work. In the older fleet, various energy saving technologies have been installed and new options are being studied. The newest vessels have been built utilizing the most modern technologies. For example main engines with low specific fuel consumption have been chosen and high-powered battery banks and air lubrication systems have been installed. Ro-ro vessels have solar panels and ro-pax vessels can use onshore power. Installation of shore-side connections on a few existing ro-pax vessels is also being prepared. Electricity is the first alternative fuel replacing fossil fuels in the Finnlines fleet. Moreover, gradual transition to other zero-carbon and renewable fuels is being investigated.

In addition to technological means, energy efficiency may be improved by operational changes. Finnlines has optimised its schedules and routes to achieve the highest possible

capacity utilisation, which minimises the CO₂ emissions per transported cargo unit. The optimization will further continue in close co-operation with our customers to enable reduced carbon footprint in the whole logistics chain.

All ships have a Ship Energy Efficiency Management Plan, the purpose of which is to identify energy-saving measures and to establish practices to improve energy efficiency.

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 MRV directive. Globally, a similar system, IMO's Data Collection System, started in 2019. An accredited, impartial verifier validates the data in both systems.

Other environmental aspects

Finnlines co-operates with waste management companies to reuse, recycle or recover 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.

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. The target is to gradually reduce and stop discharging also treated waste water into the Baltic Sea. When technically feasible, some of the cargo ships are already delivering their treated waste waters into shore facilities.

Finnlines operates in ecologically sensitive sea areas, 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 per cent from 2015 in accordance with the MARPOL Convention, whereas globally, the sulphur limit decreased from 3.5 per cent to 0.5 per cent at the beginning of 2020. Finnlines has installed exhaust gas cleaning systems on 24 vessels since 2015.

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. In accordance with the IMO Ballast Water Management Convention, all Finnlines ships are fitted with treatment equipment and all ballast water is treated accordingly.

Environmental aspects in port operations

Port and stevedoring operations are an important part of overall efficiency and performance of the Group. Finnsteve companies continue to invest in modern equipment and vehicles, which will take the environmental programme to the next level. NOx emissions from new tug masters, which will replace the old Tier 1 equipment, will reduce by 96 per cent and particles by 97 per cent. New electric vans and minibuses will be emission free.

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

In 2023, the fuel consumption of the port operations totalled 1,029,863 litres, which includes the operations in Helsinki, Turku and Naantali, a decrease of nearly 12 per cent compared with the previous year.

Safety and security

The land-based ship management organisation and all the ships are certified in accordance with the International Safety Management Code (ISM). 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' control systems. Shipowners have therefore identified cyber security objectives relevant for the safe operation of the ship.

The ships are regularly inspected and audited by the maritime administration, classification societies and by inhouse auditors. Regular drills are held both internally and with authorities, such as the border guard, police 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.

Legislation

Shipping is highly regulated by the IMO, EU and national legislations. The IMO regulates environmental and safety matters of international shipping via various conventions, codes and resolutions. MARPOL 73/78 Convention regulates prevention of pollution of the marine environment by ships from operational or accidental causes. SOLAS Convention regulates maritime safety and security, including ship construction, life-saving arrangements and navigation. Port operations comply with national and international legislation.

To ensure safe and environmentally sound recycling of ships, the Hong Kong Convention has been ratified within IMO and will enter into force in June 2025. The EU has also adopted a regulation on ship recycling and inventory of hazardous materials, like mercury, cadmium and lead. Hazardous materials experts have identified the presence of hazardous material contained in the equipment and systems onboard. An inventory shall be maintained throughout the operational life of the ship.

Environmental certification

The environmental management system, which complies with the ISO 14001:2015 standard, was audited in the office and onboard ships during 2023 and a new certificate was issued. A surveillance visit was carried out in autumn 2023. 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, personnel, 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.

During 2023 Finnlines has supported various research projects such as MEPTec (Comparison of maritime emission control technologies by XAMK), IHATEC (Propeller slip stream induced erosion phenomena, project led by the Universities of Braunschweig and Hamburg in cooperation with WK Consult and the BAW) and Alg@line (Realtime algal monitoring project by SYKE) by providing data from the ships for environmental research use. Alg@line project has been ongoing in Finland-Germany route for over 20 years, where Finnlines has provided space on its vessels for research purposes.



Human resources

Finlines is an international company, which employs about 1,800 people in seven countries. Finlines is a reliable and motivating employer, which treats its employees fairly and equally.

Like the rest of the world, Finlines operated in the midst of exceptional times in 2023. The uncertain global situation affected us and we continued to adjust our business operations. Our employees deserve a warm thanks for their commitment and patience during changes. Above all, we were enthusiastic and proud to welcome the Superstar ro-pax vessels, whose construction we had followed with great interest. Thank you all who were involved in the project and worked hard to achieve the targets.

All in all, there was a positive vibe in the air and our personnel had a “yes, we can” attitude, which was a pleasure to follow.

Employee well-being

Finlines focused on its employees' well-being, occupational safety and work ability also in 2023. On account of the 2022 personnel survey we continued to move forward with various development actions on the team and company level. A new survey will be conducted in the autumn of 2024 and it will reveal where we have advanced and what we should improve.

The hybrid work model has become established among the shore-based personnel and the conclusion is that it balances work and spare time well. Work in the office is still an important part of the hybrid model and we consider it to build social cohesion and support teamwork.

The introduction of a new HR system also continued during 2023 and the target is to finalise it in subsidiaries during the first two quarters of 2024. Furthermore, we have already started to insert HR data into a Business Intelligence (BI) reporting tool and this project will proceed in 2024. This tool enables us to use existing data in diverse ways. All these tools are important steps to get started with CSRD reporting (Corporate Sustainability Reporting Directive).

Skilled and competent employees

The Superstar newbuilding project was completed and Finlines took delivery of the vessels in China. Finnsirius entered traffic in September and Finncanopus was delivered in December. It was a huge project to man the new vessels and we therefore launched an extensive recruitment campaign in spring 2023 to also attract people working outside the shipping sector. The campaign was successful and we are delighted to note that, like in 2022, great interest was expressed in jobs ashore and at sea. It is evident that our employer brand has got stronger and long-term work has paid off.

The new Superstar ro-pax vessels have introduced a new service concept and we invested in training to ensure that customers will get first-rate service.

Our previous on-going and new development projects progressed, for example the development of IT systems, and we will also focus on them in 2024.

We are proud of how well our employees have concentrated on their tasks in spite of uncertain times, ensuring that any adverse effects on business are minimal. Like in the past, our employees deserve recognition for their responsible attitude.

Personnel figures

In 2023, the Group revenue/average number of personnel was EUR 388 (438 in 2022) thousand. EBIT/average number of personnel amounted to EUR 42 (81) thousand.

The Group employed an average of 1,752 (1,679) persons during the reporting period, consisting of 1,028 (959) persons at sea and 724 (720) on shore. The number of employees at the end of the period totalled 1,877 (1,657), of whom 1,138 (938) at sea and 739 (719) on shore.

The personnel expenses (including social costs) for the reporting period totalled EUR 101.9 (96.4) million.

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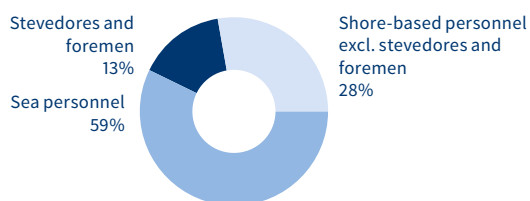
>> Human resources

Key figures	2023	2022
Average number of employees	1,752	1,679
Revenue/employee, EUR 1,000	388,462	438,359
Personnel expenses/employee, EUR 1,000	58,161	57,427
Result before taxes/employee, EUR 1,000	32,751	77,711
Average age of personnel, years	44	46
Average length of employment, years	6	7
Average sickness absence of personnel, day/employee	11.6	13.5
Training hours, total	18,356	12,760

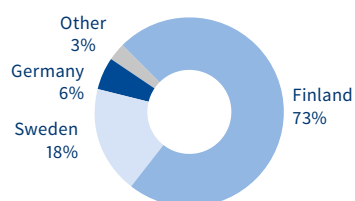
Average number of employees per business area		
Shore-based personnel		
Shipping and Sea Transport Services	437	414
Port Operations	288	306
Sea personnel	1,028	959
Group, total	1,752	1,679

Employees per business area at the end of the year		
Shore-based personnel, excluding employees on a long-term absence		
Shipping and Sea Transport Services	477	448
Port Operations	262	271
Sea Personnel, excluding employees on a long-term absence	1,138	938
Group, total (excluding employees on a long-term absence)	1,877	1,657
Shore-based personnel, including employees on a long-term absence		
Shipping and Sea Transport Services	486	455
Port Operations	271	280
Sea personnel, including employees on a long-term absence	1,189	977
Group, total, including employees on a long-term absence	1,946	1,712

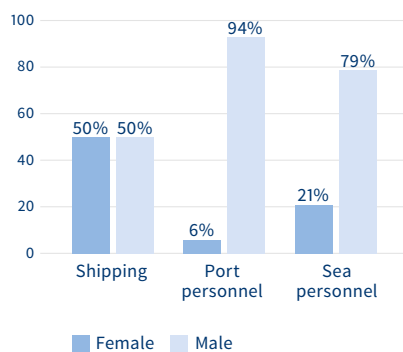
Employee categories
as of 31 December 2023, %



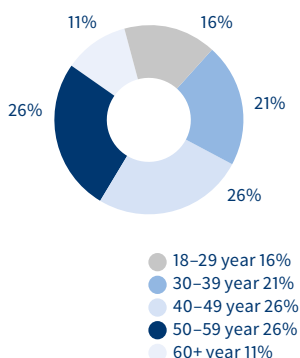
Personnel by country
2023, %



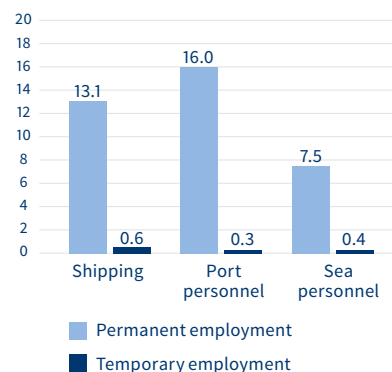
Gender distribution
as of 31 December 2023, %



Breakdown by age
as of 31 December 2023, %



Average length of employment
as of 31 December 2023, years



FINANCIAL STATEMENTS 2023



Board of Directors' Report

Finlines' business

Finlines 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. Finlines' ro-ro vessels operate in the Baltic Sea, the North Sea and the Bay of Biscay. The Company has subsidiaries and sales offices in Germany, Belgium, Great Britain, Sweden, Denmark and Poland. In addition to sea transportation, the Company provides port services in Helsinki and Turku.

As an agent for Grimaldi Lines and Atlantic Container Line (ACL) in Finland, Finlines connects Helsinki and Paldiski with the Grimaldi Group network in the Mediterranean, West Africa, North and South America, Asia and Australia.

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 20 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 over 18,000 people. It serves over 150 ports in 50 countries in the Mediterranean Sea, Northern 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), Minoan Lines and Tramed GLE.

General market development

Finlines' main operating area connects trade partners around the Baltic Sea. Based on the OECD Eurostat, the Gross Domestic Product in EU area remained stable during the third quarter of 2023 in comparison with the same period in 2022. Compared with the second quarter of 2023, the decrease of reported GDP in Germany was 0.1 per cent in the third quarter of 2023, while in Sweden the corresponding decrease was 0.3 per cent. In Finland, GDP declined in the third quarter by 0.9 per cent compared with the previous quarter. (Eurostat 2023.) However, the Russian conflict with Ukraine and high interest rates may deteriorate future economical development in the EU area.

Based on the January–December statistics by Traficom, the Finnish seaborne imports carried in container, lorry and trailer units (measured in tons) decreased by 14 per cent and exports decreased by 5 per cent. According to data published by Statistics Finland, during January–December, private and commercial passenger traffic between Finland and Sweden decreased by 2 per cent, between Finland and Germany the traffic increased by 8 per cent.

Finlines' traffic

The Transport Workers' Union, AKT, was on strike in all Finnish ports from 15 February to 1 March. The strike caused severe disturbance in Finlines' traffic, since several vessels were laying in port. Part of the departures were operated during the strike by carrying only accompanied units. Finlines also launched a temporary service from Muuga to Travemünde and from Rostock to Muuga. At the end of February Finlines strengthened its Ireland-Belgium freight services by bringing a second vessel to the traffic. With that, the number of weekly departures increased from four to six.

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

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

The Superstar-class vessel MS Finncanopus was delivered to Finlines in December, and the vessel started her home voyage from China to Europe. Otherwise there were no major events in scheduled traffic during the fourth quarter of 2023.

During the year Finlines operated on average 21 (21) vessels in its own traffic.

The cargo volumes transported during January–December totalled approximately 710 (750 in 2022) thousand cargo units, 157 (138) thousand cars (not including passengers' cars) and 1,344 (1,426) thousand tons of freight not possible to measure in units. In addition, some 695 (648) thousand private and commercial passengers were transported.

Financial results

The Finlines Group recorded revenue totalling EUR 680.7 (736.1) 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 659.5 (712.1) million, of which passenger related revenue was EUR 77.9 (68.7) million. The revenue of Port Operations was EUR 42.9 (46.2) million. During the reporting period, the amount of the transported cargo volumes decreased slightly, and also a decline of fuel prices has affected cargo-related bunker surcharges compared to last year. In January–December 2023 the number of private passengers increased substantially from last year. The revenue of Port Operations decreased from last year caused by a workers' union strike and declined cargo volume. The internal revenue between the segments was EUR 21.7 (22.1) million.

Result before interest, taxes, depreciation and amortisation (EBITDA) was EUR 166.3 (221.2) million, a decrease of 25 per cent.

Result before interest and taxes (EBIT) was EUR 74.1 (136.0) million.

The financial position remained strong, although net financial expenses increased and were EUR -16.7 (-5.5) million. Financial income was EUR 0.4 (0.8) million and financial expenses EUR -17.1 (-6.3) million. Result before taxes (EBT) decreased by EUR 73.1 million and was EUR 57.4 (130.5) million. The result for the reporting period was EUR 60.3 (133.3) million.

The most important business and share related key indicators are presented in the Five-Year Key Figures on page 43.

Statement of financial position, financing and cash-flow

Interest-bearing debt increased by EUR 115.5 million to EUR 511.2 (395.7) million, excluding leasing liabilities of EUR 23.6 (21.6) million. Net interest-bearing debt excluding leasing liabilities at the end of period was EUR 508.7 (376.8) million. Net interest-bearing debt/EBITDA (rolling 12 months) ratio amounted to 3.1 (1.7) and the equity ratio calculated from the balance sheet was 54.9 (60.3) per cent. Net gearing resulted in 62.7 (44.5) 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 147.6 (323.9) million.

Net cash generated from operating activities remained strong and was EUR 135.2 (200.1) million.

Capital expenditure

The Finnlines Group's gross capital expenditure in the reporting period totalled EUR 191.8 (223.8) million, including tangible and intangible assets. Total depreciation and amortisation amounted to EUR 92.2 (85.2) million. The investments consist of normal replacement expenditure of fixed assets, cargo handling equipment, dry-dockings, and investments to improve ships' energy efficiency and payments related to new green ro-pax newbuildings.

Finnlines has continued to invest in sustainability and environmental technologies.

Finnlines' EUR 500-million investment programme, the Green Newbuilding Programme, was completed in 2023. Finnlines took delivery of two hybrid ro-pax vessels, Finnsirius and Finncanopus. Finnsirius entered Finnlines' Finland, Åland Islands and Sweden route in September and Finncanopus will begin service on the same route in February 2024. The programme comprised two hybrid ro-pax and three hybrid ro-ro vessels, all equipped with state-of-the-art eco-friendly technology. New vessels are a significant step towards an even more sustainable and eco-efficient fleet.

Finnlines focuses increasingly on energy conservation and emission reduction, and one technical tool is use of onshore power. Finnlines continued the installation of shore-side

connections on several existing ro-pax vessels. Electricity is the first alternative to replace fossil fuels as an energy source in the Finnlines fleet.

Personnel

The Group employed an average of 1,752 (1,679) persons during the reporting period, consisting of 1,028 (959) persons at sea and 724 (720) persons on shore. The number of persons employed at the end of the period was 1,877 (1,657) in total, of which 1,138 (938) at sea and 739 (719) on shore.

The personnel expenses (including social costs) for the reporting period were to EUR 101.9 (96.4) million.

The Finnlines share

The Company's paid-up and registered share capital on 31 December 2023 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 Gothenburg on 3 May 2023. 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 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 from the current board members Tiina Bäckman, Emanuele Grimaldi, Gianluca Grimaldi, Guido Grimaldi, Mikael Mäkinen, Diego Pacella, Esben Poulsson, Jon-Aksel Torgersen and Tapani Voionmaa for the term until the close of the Annual General Meeting in 2023. 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 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

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Board of Directors' Report (continued)

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 over EUR 145.0 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 for securing maritime transport. 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 practices and operating methods, which

enable the Company to meet customer requirements in a more sustainable and cost-efficient way. In 2022, in addition to the newbuilding programme, the focus continued to be on environmental investments in vessels and on improving vessels' energy efficiency.

Finnlines' newbuilding program continued as planned during the year. Two modern and environmentally efficient Superstar ro-pax vessels were delivered to Finnlines. Finnsirius started the traffic in September and Finncanopus is scheduled to debut in 2024 on the route Naantali-Långnäs-Kapellskär, like its sister vessel. Due to the newbuilding activity, large part of the research and development work has been focusing on the implementation of new services and the ensuring the operative efficiency.

In order to welcome a higher number of passengers onboard, Finnlines' online store and reservation system was developed to better serve the increased demand and selection of services. Among the new, customer friendly services are, for example, self-service check-outs in onboard shops, a refurbished onboard shop system and modern cabin and service gate access control system.

The development work of the digital services for freight customers continued in 2023. Development and testing phases of the business-to-business system were concluded and the target is to open the service for customers in 2024.

The development of the enterprise resource planning system (ERP) continued in 2022 through several different projects.

Considering the geopolitical situation in the Baltic Sea region and Europe, special attention has been paid to cyber security.

In Port Operations, the resource management processes were improved to better serve the demand and needs of the traffic in Vuosaari Harbour, Helsinki. Stevedoring activity was significantly improved in terms of operational and environmental efficiency when new tugmasters were taken into use during the year in Helsinki and Turku. Tug master machinery has a critical role in stevedoring activity as they are capable of moving trailers and roll trailers within the port and onboard the ships. Joint projects with customers were continued to further develop the electronic messaging traffic and to ensure its efficiency and timeliness.

Finnlines is interested in academic collaboration with universities and other educational institutes and is engaged in developing the maritime industry. Finnlines supported students in their final studies and theses during 2023.

Environment

The international shipping aims at net zero emissions during the coming decades.

In summer 2023 the IMO revised its greenhouse gas strategy and raised the ambition level to reach net-zero GHG-emissions from international shipping around 2050. The target includes the commitment to ensure an uptake of alternative zero or near-zero GHG fuels by 2030. CO₂ emissions per transport work should decrease by 40 per cent by 2030. All target figures are

compared with the 2008 level. The target is now aligned with the European Commission's target for Europe to become a climate-neutral continent by 2050.

To reach the ambitious goals, the shipping sector will have to make the transition to alternative fuels and adopt new technologies.

The EU Commission has adopted a "Fit for 55" package, which concerns several maritime-related decisions.

- The EU Emissions Trading System (ETS) entered into force on 1 January 2024. The system covers CO₂ emissions from ships of at least 5,000 GT, trading in the EU. Unlike other industries, the shipping sector does not receive any free allowances, but has a phase-in period which covers 40 per cent of the annual emissions in 2024, 70 per cent in 2025 and from 2026 onwards 100 per cent of all emissions. Ice-strengthened vessels may deduct 5 per cent of their CO₂ emissions as they consume more fuel than other vessels due to their structure. Finnlines' ro-pax vessels may deduct the emissions from voyages between the Åland Islands and mainland Finland due to an island exemption.
- The FuelEU Maritime regulation was finalized in the autumn of 2023. It will set a maximum limit on the greenhouse gas intensity of energy used by ships. From 2025 the GHG intensity of the fuel used onboard should be reduced by 2 per cent. After that the GHG intensity reduction requirement will increase gradually every five years. From 2030 onwards passenger ships and container ships will be required to use onshore power supply at berth unless they can demonstrate the use of an alternative zero-emission technology.
- The revision of the Energy Taxation Directive aims to promote clean technologies and discourage the use of fossil fuels. The discussion to introduce taxes on fuels over a 10-year transitional period is ongoing in the EU institutions.

The IMO is developing mid-term measures to reach reduction targets. After impact assessments of the candidate measures and legislative process, the chosen measures are planned to be approved in 2026.

Over the years, Finnlines has invested systematically in its fleet's energy efficiency. The EUR 500-million Green Newbuilding programme was completed in December 2023 when the last of five newbuilds departed from the Chinese shipyard, sailing homewards to Europe.

The newest vessels have been built installing the most modern technologies. Main engines with low specific fuel consumption have been chosen. All five new vessels, the three Eco-class hybrid ro-ro and two Superstar-class ro-pax vessels, have an air lubrication system under the keel and high-powered battery banks. Solar panels have been installed on the ro-ro vessels and ro-pax vessels are connected to the shore-side electricity grid in port. Installation of shore-side connections on several older ro-pax vessels is also being prepared. Electricity is the first alternative to replace fossil fuels as an energy source in the Finnlines fleet.

Finnlines has reduced its ships' fleet carbon intensity by 32 per cent compared to the 2008 baseline. In 2023 the reduction was 8 per cent compared to 2022.

Sustainability reporting

Finnlines' sustainability reporting includes, in addition to financial figures, key indicators related to the employees and the environment. Finnlines' responsibility to report on company operations under the Corporate Sustainability Reporting Directive (CSRD) will start in 2025 and the first report will be published in 2026.

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 geopolitical situation remains unstable and demand in the euro area has been weak recently. Nevertheless, the Baltic Sea regions' economies are forecasted to gradually strengthen during the year.

Finnlines' five new hybrid vessels will enable the company to grow even stronger together with its customers. 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. Finnlines focuses on adjusting its fleet, improve its cost-efficiency and find new growth, and therefore the Finnlines Group's result is expected to improve as the economy recovers in the EU area.

Dividend distribution proposal

The parent company Finnlines Plc's result for the reporting period was EUR 58.8 million. The distributable funds included in the parent company's shareholders' equity equals to EUR 512.1 million at the end of the reporting period. The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.50 per share be paid out resulting in a total amount of proposed dividends of EUR 77,254,711.50.

According to the consolidated statement of financial position, the equity attributable to parent company shareholders equals EUR 811.4 (846.1) million at the end of the reporting period.

Naples, 7 March 2024

Finnlines Plc, The Board of Directors

Consolidated Statement of Comprehensive Income, IFRS

EUR 1,000	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Revenue	680,740	736,093
Other income from operations	2,044	5,917
Materials and services	-251,242	-268,157
Personnel expenses	-101,922	-96,431
Depreciation, amortization and impairment losses	-92,186	-85,190
Other operating expenses	-163,317	-156,195
Total operating expenses	-608,667	-605,973
Result before interest and taxes (EBIT)	74,118	136,037
Financial income	396	753
Financial expenses	-17,121	-6,297
Result before taxes (EBT)	57,392	130,493
Income taxes	2,871	2,841
Result for the reporting period	60,264	133,334
Other comprehensive income		
Other comprehensive income to be reclassified to profit and loss in subsequent periods:		
Exchange differences on translating foreign operations	33	-69
Currency derivatives transferred to tangible assets	-17,892	-181
Other comprehensive income to be reclassified to profit and loss in subsequent periods, total	-17,859	-250
Other comprehensive income not being reclassified to profit and loss in subsequent periods:		
Remeasurement of defined benefit plans	225	263
Tax effect, net	-45	-40
Other comprehensive income not being reclassified to profit and loss in subsequent periods, total	180	223
Total comprehensive income for the reporting period	42,585	133,307
Result for the reporting period attributable to:		
Parent company shareholders	60,264	133,334
	60,264	133,334
Total comprehensive income for the reporting period attributable to:		
Parent company shareholders	42,585	133,307
	42,585	133,307
Result for the reporting period attributable to parent company shareholders calculated as earnings per share (EUR/share)		
Undiluted / diluted earnings per share	1.17	2.60

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

Consolidated Statement of Financial Position, IFRS

EUR 1,000	31 Dec 2023	31 Dec 2022
ASSETS		
Non-current assets		
Property, plant and equipment	1,211,799	1,107,673
Goodwill	105,644	105,644
Intangible assets	3,521	3,327
Other financial assets	7,074	7,074
Receivables	1,269	781
Deferred tax assets	1,625	491
	1,330,931	1,224,989
Current assets		
Inventories	13,298	10,100
Accounts receivable and other receivables	129,344	140,644
Income tax receivables	87	15
Cash and cash equivalents	2,559	18,878
	145,289	169,637
Non-current assets held for sale	11,836	14,610
Total assets	1,488,056	1,409,236
EQUITY		
Equity attributable to parent company shareholders		
Share capital	103,006	103,006
Share premium account	24,525	24,525
Translation differences	130	118
Fund for invested unrestricted equity	40,016	40,016
Fair value reserve *	0	17,892
Retained earnings	643,752	660,543
Total equity	811,430	846,100
LIABILITIES		
Long-term liabilities		
Deferred tax liabilities	37,680	39,876
Non-current interest-free liabilities	8	9
Pension liabilities	2,162	2,653
Provisions	1,611	1,697
Interest-bearing liabilities	401,620	262,836
	443,081	307,071
Current liabilities		
Accounts payable and other liabilities	99,399	100,856
Current tax liabilities	664	485
Provisions	293	276
Interest-bearing liabilities	133,189	154,447
	233,544	256,065
Total liabilities	676,625	563,136
Total shareholders' equity and liabilities	1,488,056	1,409,236

* 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 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						133,334	133,334
Exchange differences on translating foreign operations			-23			-45	-69
Fair value change on currency derivatives					-181		-181
Remeasurement of defined benefit plans						263	263
Tax effect, net						-40	-40
Total comprehensive income for the reporting period	0	0	-23	0	-181	133,512	133,307
Dividend						-51,503	-51,503
Equity 31 December 2022	103,006	24,525	118	40,016	17,892	660,543	846,100

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						60,264	60,264
Exchange differences on translating foreign operations			12			21	33
Fair value change on currency derivatives					-17,892		-17,892
Remeasurement of defined benefit plans						225	225
Tax effect, net						-45	-45
Total comprehensive income for the reporting period	0	0	12	0	-17,892	60,465	42,585
Dividend						-77,255	-77,255
Equity 31 December 2023	103,006	24,525	130	40,016	0	643,752	811,430

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Consolidated Statement of Cash Flows, IFRS

EUR 1,000	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Cash flows from operating activities		
Result for the reporting period	60,264	133,334
Adjustments:		
Non-cash transactions	91,828	80,726
Unrealised foreign exchange gains (-) / losses (+)	12	
Financial income and expenses	16,713	5,085
Taxes	-2,871	-2,841
Changes in working capital:		
Change in accounts receivable and other receivables	-8,175	-21,591
Change in inventories	-3,199	-1,705
Change in accounts payable and other liabilities	-4,345	13,656
Change in provisions	-561	-366
Interest paid	-12,169	-4,245
Interest received	120	109
Taxes paid	-508	-299
Other financing items	-1,945	-1,721
Net cash generated from operating activities	135,164	200,051
Cash flows from investing activities		
Investments in tangible and intangible assets	-189,177	-215,921
Sale of tangible assets*	2,895	40,890
Acquisition of subsidiary shares	0	0
Net cash used in investing activities	-186,282	-175,031
Cash flows from financing activities		
Loan withdrawals	315,384	371,667
Net increase in current interest-bearing liabilities (+) / net decrease (-)	-41,546	-49,356
Repayment of loans	-158,765	-275,640
Payment of lease liabilities	-2,728	-2,859
Dividends paid	-77,255	-51,503
Net cash used in financing activities	35,090	-7,691
Change in cash and cash equivalents	-16,028	17,329
Cash and cash equivalents 1 January	18,878	1,950
Effect of foreign exchange rate changes	-290	-402
Cash and cash equivalents 31 December	2,559	18,878

* Consists mainly of the sale of vessels in 2022.

Profit and Loss Account, Parent Company, FAS

EUR	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Revenue	559,004,684.49	608,777,000.71
Other income from operations	8,474,305.57	5,157,813.79
Materials and services	-228,404,840.26	-237,319,756.24
Personnel expenses	-55,242,915.72	-49,624,386.21
Depreciation, amortisation and other write-offs	-54,575,264.14	-50,706,969.65
Other operating expenses	-148,146,495.62	-145,945,633.34
Operating profit	81,109,474.32	130,338,069.06
Financial income and expenses	-17,515,987.55	-6,909,903.27
Result before appropriations and taxes	63,593,486.77	123,428,165.79
Appropriations		
Group contributions	-1,900,000.00	-1,900,000.00
Change in replacement reserve	-5,452,350.66	0.00
Profit before tax	56,241,136.11	121,528,165.79
Deferred taxes	2,725,286.76	4,944,023.85
Other direct taxes	-131,389.81	-96,235.55
Result for the reporting period	58,835,033.06	126,375,954.09

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Balance Sheet, Parent Company, FAS

EUR	31 Dec 2023	31 Dec 2022
ASSETS		
Non-current assets		
Intangible assets	2,680,922.57	2,299,321.72
Tangible assets	887,619,229.65	805,458,186.17
Investments		
Shares in group companies	154,379,459.00	154,379,459.00
Other investments	7,051,920.55	7,051,920.55
Total non-current assets	1,051,731,531.77	969,188,887.44
Current assets		
Inventories	11,235,869.24	8,492,105.14
Long-term receivables	62,590,037.00	49,293,473.96
Short-term receivables	133,090,210.54	141,231,404.86
Bank and cash	2,075,957.65	18,091,036.86
Total current assets	208,922,074.43	217,108,020.82
Total assets	1,260,723,606.20	1,186,296,908.26
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	0.00	17,892,023.07
Unrestricted equity reserve	40,882,508.10	40,882,508.10
Retained earnings	412,428,311.80	363,307,069.21
Result for the reporting period	58,835,033.06	126,375,954.09
Total shareholders' equity	639,677,488.66	675,989,190.17
Statutory provisions		
Pension obligation	283,000.00	496,000.00
Voluntary provisions		
Tax-based reserve, replacement reserve	5,452,350.66	00.00
Liabilities		
Long-term liabilities		
Deferred tax liability	0.00	2,725,286.76
Interest-bearing	382,666,670.00	247,000,002.11
	382,666,670.00	249,725,288.87
Current liabilities		
Interest-bearing	153,268,935.14	177,125,076.29
Interest-free	79,375,161.74	82,961,352.93
	232,644,096.88	260,086,429.22
Total liabilities	615,310,766.88	509,811,718.09
Total shareholders' equity and liabilities	1,260,723,606.20	1,186,296,908.26

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Cash Flow Statement, Parent Company, FAS

EUR	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Cash flows from operating activities		
Result for the reporting period	58,835,033.06	126,375,954.09
Adjustments for:		
Depreciation, amortisation & impairment loss	54,575,264.14	50,706,969.65
Gains (-) and Losses (+) of disposals of fixed assets and other non-current assets	-5,704,337.29	-2,595,604.32
Financial income and expenses	17,515,987.55	6,909,903.27
Income taxes	-2,593,896.95	-4,847,788.30
Other adjustments	1,900,000.00	1,900,000.00
	124,528,050.51	178,449,434.39
Changes in working capital:		
Change in inventories, addition (-) and decrease (+)	-2,743,764.10	-1,727,963.83
Change in accounts receivable, addition (-) and decrease (+)	897,241.79	-21,414,861.46
Change in accounts payable, addition (+) and decrease (-)	-3,586,191.01	16,573,597.82
Change in provisions	-213,000.00	-144,000.00
	-5,645,713.32	-6,713,227.47
Interest paid	-16,148,247.96	-4,348,427.22
Dividends received	140.00	7,790.00
Interest received	2,632,214.35	929,999.26
Other financing items	-1,270,395.42	-2,721,033.60
Income taxes paid	-131,388.81	-96,234.55
	-14,917,677.84	-6,227,906.11
Net cash generated from operating activities	103,964,659.35	165,508,300.81
Cash flows from investing activities		
Investments in tangible and intangible assets	175,550,452.60	-158,850,222.35
Proceeds from sale of tangible and intangible assets	35,005,102.00	6,089,583.63
Purchase of investments, change	0.00	0.00
Change in internal loans (net)	-23,379,478.68	16,281,652.86
Net cash used in investing activities	-163,924,829.28	-136,478,985.86
Net cash before financing activities	-59,960,169.93	29,029,314.95
Cash flows from financing activities		
Proceeds from short-term borrowings	26,978,591.33	-17,368,168.38
Repayment of short-term borrowings	-41,545,457.00	-39,904,432.00
Proceeds of long-term borrowings	294,000,000.00	371,666,668.00
Repayment of long-term borrowings	-156,333,332.11	-273,212,122.99
Dividends paid	-77,254,711.50	-51,503,141.00
Group contributions	-1,900,000.00	-1,900,000.00
Net cash used in financing activities	43,945,090.72	-12,221,196.37
Change in cash and cash equivalents	-16,015,079.21	16,808,118.58
Cash and cash equivalents on 1 January	18,091,036.86	1,282,918.28
Cash and cash equivalents on 31 December	2,075,957.65	18,091,036.86

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Five-Year Key Figures, IFRS

EUR million	2023	2022	2021	2020	2019
Revenue	680.7	736.1	579.9	484.0	574.8
Other income from operations	2.0	5.9	1.9	1.3	1.4
Result before interest, taxes, depreciation and amortisation (EBITDA)	166.3	221.2	160.3	140.8	169.8
% of revenue	24.4	30.1	27.6	29.1	29.5
Result before interest and taxes (EBIT)	74.1	136.0	78.2	76.2	104.8
% of revenue	10.9	18.5	13.5	15.7	18.2
Result before taxes (EBT)	57.4	130.5	73.8	70.6	97.3
% of revenue	8.4	17.7	12.7	14.6	16.9
Result for reporting period, continuing operations	60.3	133.3	74.7	69.7	98.3
% of revenue	8.9	18.1	12.9	14.4	17.1
Result for reporting period	60.3	133.3	74.7	69.7	98.3
% of revenue	8.9	18.1	12.9	14.4	17.1
Total investments *	191.8	223.8	110.6	50.6	31.4
% of revenue	28.2	30.4	19.1	10.5	5.5
Return on equity (ROE), %	7.3	16.6	10.0	9.7	14.3
Return on investment (ROI), %	5.8	11.6	7.2	7.0	9.5
Assets total	1,488.1	1,409.2	1,273.2	1,199.4	1,226.9
Equity ratio, %	54.9	60.3	60.4	60.7	58.5
Net gearing, %	62.7	44.5	45.6	45.5	50.8
Average no. of employees	1,752	1,679	1,576	1,534	1,576
Earnings per share (EPS), EUR	1.17	2.60	1.45	1.35	1.91
Earnings per share (EPS) less warrant dilution, EUR	1.17	2.60	1.45	1.35	1.91
Shareholders' equity per share, EUR	15.75	16.43	14.84	14.07	13.88
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 44.

Calculation of Key Ratios, IFRS

Earnings per share (EPS), EUR	=	$\frac{\text{Result attributable to parent company shareholders}}{\text{Weighted average number of outstanding shares}}$	
Shareholders' equity per share, EUR	=	$\frac{\text{Shareholders' equity attributable to parent company shareholders}}{\text{Undiluted number of shares at the end of period}}$	
Return on equity (ROE), %	=	$\frac{\text{Result for the reporting period}}{\text{Total equity (average)}} \times 100$	
Return on investment (ROI), %	=	$\frac{\text{Result before tax + interest expense + other liability expenses}}{\text{Assets total - interest-free liabilities (average)}} \times 100$	
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	Q1/2023	Q1/2022	Q2/2023	Q2/2022	Q3/2023	Q3/2022	Q4/2023	Q4/2022
Revenue by segment								
Shipping and Sea Transport Services total	157.9	150.6	167.3	193.2	171.7	195.9	162.5	172.4
Sales to third parties	157.9	150.6	167.3	193.3	171.7	195.9	162.5	172.4
Sales to Port Operations	0.0	-0.9	0.0	-0.4	0.0	-0.2	0.0	0.0
Port Operations total	10.0	12.1	11.5	12.7	10.7	11.1	10.8	10.3
Sales to third parties	5.2	6.4	5.9	6.7	5.1	5.6	5.1	5.2
Sales to Shipping and Sea Transport Services	4.8	5.7	5.6	6.0	5.6	5.5	5.7	5.0
Group internal revenue	-4.8	-5.7	-5.6	-6.0	-5.6	-5.4	-5.7	-5.0
Revenue total	163.1	157.0	173.2	199.9	176.8	201.5	167.5	177.7
Result before interest and taxes per segment								
Shipping and Sea Transport Services	24.0	14.8	21.4	40.5	17.8	49.0	10.7	30.4
Port Operations	-0.7	0.4	0.6	0.9	0.6	0.5	-0.2	-0.6
Result before interest and taxes (EBIT) total	23.3	15.3	22.0	41.5	18.4	49.5	10.5	29.8
Financial income and expenses	-2.7	-1.0	3.4	-1.1	-4.9	-1.3	-5.8	-2.2
Result before tax (EBT)	20.6	14.3	18.6	40.4	13.5	48.2	4.7	27.6
Income taxes	0.9	0.8	1.8	0.8	1.6	0.6	-1.4	0.6
Result for the reporting period	21.5	15.1	20.3	41.2	15.1	48.8	3.3	28.2
Quarterly consolidated key figures								
Result before interest and taxes, (% of revenue)	14.3	9.7	12.7	20.7	10.4	24.6	6.3	17.0
Earnings per share, EUR	0.42	0.29	0.39	0.80	0.29	0.95	0.06	0.55
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.finlines.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 2023:

Retained earnings	EUR	412,428,311.80
Unrestricted equity reserve	EUR	40,882,508.10
Result for the reporting period	EUR	58,835,033.06
Distributable funds total	EUR	512,145,852.96

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 1.50 per share be paid out resulting in a total amount of proposed dividends of EUR 77,254,711.50.

Naples, 7 March 2024

Emanuele Grimaldi
Chairman of the Board

Tiina Bäckman

Gianluca Grimaldi

Guido Grimaldi

Mikael Mäkinen

Diego Pacella

Esben Poulsson

Jon-Aksel Torgersen

Tapani Voionmaa

Tom Pippingsköld
President and CEO

THE AUDITOR'S NOTE

Our auditor's report has been issued today.

Helsinki, 7 March 2024

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 Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Finnlines Plc (business identity code 0201153-9) for the year ended 31 December, 2023. 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.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Other opinions

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki 7 March 2024

KPMG OY AB
KIMMO ANTONEN
Kimmo Antonen
KHT

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 2023. 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 2023

Finnlines Plc's Annual General Meeting was held in Helsinki on 3 May 2023. 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 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 from the current board members Tiina Bäckman, Emanuele Grimaldi, Gianluca Grimaldi, Guido Grimaldi, Mikael Mäkinen, Diego Pacella, Esben Poulsson, Jon-Aksel Torgersen and Tapani Voionmaa for the term until the close of the Annual General Meeting in 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.

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 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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Corporate Governance Statement (continued)

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 5–8 times a year following a predetermined schedule. In addition to these meetings, the Board convenes as necessary.

Board of Directors 2023

In 2023, the Board consisted of nine members:

- Emanuele Grimaldi, Chairman of the Board, born 1956, Degree in Economics and Commerce, Managing Director of Grimaldi Group S.p.A., attended meetings: 5/5
- 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: 5/5
- Tiina Bäckman, born 1959, Master of Laws, Chairman of the Board of Pension Foundation of Rautaruukki, attended meetings: 5/5

- Gianluca Grimaldi, born 1955, Degree in Economics and Commerce, President of Grimaldi Group S.p.A., attended meetings: 5/5
- Guido Grimaldi, born 1983, Degree in Economics, MBA, Corporate Short Sea Shipping Commercial Director, Grimaldi Group, attended meetings: 4/5
- Mikael Mäkinen, born 1956, Master of Science, Engineering, Chairman of the Board, Valmet Corporation, attended meetings: 5/5
- Esben Poulsen, born 1948, Diploma in Business Administration, attended meetings: 5/5
- Jon-Aksel Torgersen, born 1952, MBA, attended meetings: 5/5
- Tapani Voionmaa, born 1951, Master Mariner, LL.M., Post Graduate Diplomas, attended meetings: 5/5

During 2023, Finnlines Plc's Board of Directors held 5 meetings.

The present Board of Directors can be found on Finnlines' website: www.finnlines.com > Company > About us > Organisation & Management

Independence of the Board of Directors

Five members, Tiina Bäckman, Mikael Mäkinen, Esben Poulsen, Jon-Aksel Torgersen and Tapani Voionmaa, 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.

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 Tom Pippingsköld (born 1960, B.Sc., MBA Washington D.C.).

The Board of Directors appoints, if necessary, a Deputy CEO. The current Vice President and Deputy CEO of the Company is Thomas Doepel.

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 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 > Organisation & 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 2023

The annual remuneration for the Board of Directors in 2023 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 2023 is given in the Financial Statements of 2023, Transactions with Related Parties, and in Finnlines' Remuneration Statement 2023 on Finnlines' website: www.finnlines.com > Company > About us > Corporate Governance

Internal audit

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

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Corporate Governance Statement (continued)

The Internal Auditor prepares an annual plan using an appropriate risk-based methodology and taking into consideration potential risks or control concerns identified by 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 Chairman. 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 Chairman and the President and CEO. The President and CEO has regularly a closed session with the Internal Auditor about the results of the conducted audits and the upcoming work plan. 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 Group Legal, Insurance and Claims Department is responsible for risks associated with the Company's noncurrent 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 2023, 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 2023

In 2023, the Annual General Meeting elected KPMG Oy Ab as the Company's auditor for the fiscal year 2023. Kimmo Anttonen, APA, has been appointed the head auditor. It was decided that the external auditors be reimbursed according to invoice. In 2023, EUR 146 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 88 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

Emanuele Grimaldi

Chairman of the Board

- Member of Finnlines Board since 2006
- 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 (ICS), Chairman
- European Community Shipowners' Associations, Past President
- Interferry Inc, Board Member
- Valencia Terminal Europa S.L (VTE), Chairman of the Board
- Confitarma, Board Member and Past President

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

- Grimaldi Group, Finance Director
- 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
- Grimaldi Agencies UK Ltd, Board Member
- Grimaldi Belgium N.V., Board Member
- Finance Committee of Confitarma, Member
- Trasmed GLE S.L. (Spain), Board Member
- AET, Antwerp Euro Terminal, Board Member

Tiina Bäckman

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

Current positions

- OP Bank of Uusimaa, Board Member and Board Audit Committee Member
- Arvo Invest Cooperative (Arvo Sijoitusosuuskunta), Board Member
- Aino Invest Nordic Oy, Board Member
- Finland Chamber of Commerce, Redemption 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
- Grimaldi Agencies UK Ltd, Chairman of the Board
- Grimaldi Agency Nigeria Ltd, Chairman of the Board
- Grimaldi Germany GMBH, Chairman of the Board
- Grimaldi Maritime Agencies Sweden AB, Chairman of the Board
- Grimaldi Portugal Lda, Chairman of the Board
- Grimaldi Real Estate Ltd, Chairman of the Board
- Ports and Terminal Multiservices Ltd (Nigeria), Chairman of the Board

Guido Grimaldi

- Member of Finnlines Board since 2017
- Independent of the Company
- Grimaldi Short Sea Shipping, Corporate Commercial Director
- Grimaldi Short Sea Shipping Hotel Management and Claims Department, Director
- President of the Agencies Grimaldi Sardegna, Grimaldi Catania and Grimaldi Brindisi
- Igoumenitsa Port Authority, President
- Epichipa, Board Member
- Valencia Terminal Europa, Board Member
- Grimaldi Marangolo Terminal Catania, Board Member
- Grimaldi Logistica Genova, Board Member
- Grimaldi Maroc, Board Member
- Grimaldi Tunis, Board Member
- University of Campania Luigi Vanvitelli, Board Member
- Born 1983, Degree in Economics, University Federico II of Naples, Italy and MBA Master "Automotive Logistics" of ECG Academy (European Vehicle Logistics Association)

Current positions

- ALIS, Logistic Association of Sustainable Intermodality, President
- Confitarma, Vice President
- Confitarma, President of Technical Group on Ecological transition, naval technology, regulation, research and development
- SIMEST, Board Member
- Aspen Institute, Member
- VolaNapoli Onlus, Advisory Board Member
- Fondazione Grimaldi Onlus, Foundation, Board Member
- "Un Calcio per Tutti Onlus" Association, Honorary President
- Tommaso Dragotto Foundation, Member
- Fiera Cavalli, Brand Ambassador
- Marevivo Onlus Association, Ambassador of "Cavaliere del Mare"

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
- SSAB AV, Member of the Board
- Corvus Energy Holding AS, Chairman of the Board

Esben Poulsson

- Member of Finnlines Board since 2020
- Independent of the Company and major shareholders
- Born 1948, Diploma in Business Administration, British Columbia Institute of Technology – Vancouver, B.C., Canada

Current positions

- Cambiaso Riso Asia Pte. Ltd, Singapore, Chairman
- BW Epic Kosan Ltd., Singapore, Board Member
- X-Press Feeders Ltd., Singapore, Senior Advisor to the Chairman
- Maritime & Port Authority of Singapore, Board Member
- Abu Dhabi Ports Group (Maritime Cluster), Abu Dhabi, Board Member
- KST Pte Ltd (former Keppel Smit Towage Pte. Ltd), Singapore, Chairman
- Enesel Pte. Ltd., Singapore, Board Member
- Enesel Bulk Logistics DMCC, Dubai, Board Member
- Enesel Bulk Logistics Pte. Ltd., Singapore, Board Member

Jon-Aksel Torgersen

- Member of Finnlines Board since 2007
- Independent of the Company and major shareholders
- 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
- TRF Ship Management AS, Chairman of the Board
- Nautical Bulk Ltd, Chairman of the Board
- Awilco Eco Tankers AS, Board Member
- Chairman and Board Member of a number of private companies

Tapani Voionmaa

- Member of Finnlines Board since 2019
- Independent of the Company and major shareholders
- Born 1951, Master Mariner, LL.M., University of Helsinki, Post Graduate Diplomas, King's College, London

Current positions

- The Finnish Maritime Society, Member of the Board

Executive Committee

Tom Pippingsköld

- President and CEO of Finnlines Plc since 5 May 2022
- Member of the Executive Committee since 2013
- Born 1960, B.Sc., MBA (Washington D.C)

Thomas Doepel

- Vice President & Deputy CEO of Finnlines Plc since 5 May 2022
- 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 until 31 December 2023
- Line Manager Germany, North Sea ro-ro
- Member of the Executive Committee since 2013
- Born 1958, M.Sc. (Econ.)

Merja Kallio-Mannila

- Deputy Head of Group Marketing, Sales and Customer Service until 31 December 2023
- Head of Group Sales, Customer Service and Marketing since 1 January 2024
- Head of Sales & Customer Service Finland
- Member of the Executive Committee since 2022
- Born 1965, M.Sc. (Econ.)

Suvi Niemivuo

- Head of Legal, Insurance and Claims since 1 October 2023 (Acting Head of Legal since 1 May 2023)
- Member of the Executive Committee since 2023
- Born 1981, Master of Laws

Marco Palmu

- Head of Passenger Services
- Member of the Executive Committee since 2022
- Born 1967, Business College

Antonio Raimo

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

Torkel Saarnio

- Head of Truck and Trailer Segment
- Line Manager Hansalink, Rostock and Aarhus traffics
- Member of the Executive Committee since 2022
- Born 1971, High School and Commercial Institute graduate

Board of Management

(in addition to the Executive Committee)

Uwe Bakosch, Managing Director, Finnlines Deutschland GmbH

Domenico Ferraiuolo, Head of Port Operations

Kimmo Kostia, Head of Group IT, Hardware

Santeri Laakso, Head of Group Finance

Jan Laurell, Head of Group HR

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

Kristiina Uppala, Head of Customer Service, Passenger Services & Onboard Concept Development Manager

Vesa Vähämaa, Head of Group IT, Software

Agnieszka Walenciak, Line Manager, Hanko-Gdynia Line

Extended Board of Management

(in addition to the Board of Management)

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

Rafal Kwapisz, Managing Director, Finnlines Poland

Blasco Majorana, Traffic Manager, Biscay Line & North Sea

Torsti Muuri, Traffic Manager, Germany Ro-ro Line & Baltic Sea

Rune Nielsen, Managing Director, Finnlines Denmark A/S

Brian Rolfe, Managing Director, Finnlines UK Limited, Traffic Manager, UK Line

Lasse Wirenius, Internal Auditor & Group Quality Manager (Member since 1 January 2024)



Operating areas

Liner traffic area 31 December 2023

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

Contact information

Find us online
www.finnlines.com



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The Grimaldi Group

With a long experience dating back to 1947, Naples-based Grimaldi Group is the first Italian shipping company and a world leader in the maritime transport of cars and rolling freight. It is a dedicated supplier of integrated logistics services based on maritime transport to the world's major vehicle manufacturers, while being active in the container and passenger transport sectors as well.

The Group owns and operates a modern fleet of more than 130 vessels including ro-ro / multipurpose units, pure truck and car carriers and ferries, with an average age significantly lower than the industry average.

The company'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 150 ports in 50 countries in the Mediterranean Sea, Northern Europe, West Africa, Near and Far East, North and South America. The shore personnel and crews total over 18,000 people.

The Grimaldi Group comprises seven shipping companies, namely: Grimaldi Deep Sea, operating in the transport of rolling cargo and containers on the Atlantic routes and between the Mediterranean and West Africa; Grimaldi Euromed, specialized in the transport of rolling freight in Europe, in the Motorways of the Sea and in the Far East as well as in the transport of passengers in the Mediterranean with the Grimaldi Lines brand; Atlantic Container Line, which offers transport services for containers and rolling cargo between North America and North Europe; Malta Motorways of the Sea, whose vessels connect Malta to the main Mediterranean ports; Minoan Lines, operating in Greek cabotage for the transport of freight and passengers; Finnlines, operating in freight and passenger transport in the North and Baltic Sea; Tramed GLE, active in the transport of freight and passengers between mainland Spain and the Balearic Islands.

In recent decades, the Group has invested heavily in the 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, trucks, cars and passengers.

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 addition, as a result of its vertical integration and acquisition strategy, the Group has gained control of some European ports, notably in Sweden (Wallhamn) and Greece (Igoumenitsa and Heraklion).

In addition to the quality of its services, the Grimaldi Group has long stood out for its 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 shipping 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. It 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



Finnlines
a Grimaldi Group company

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