FINNAIR GROUP FINANCIAL STATEMENTS RELEASE

1 JANUARY – 31 DECEMBER 2023

14 February 2024

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Solid end to a strong year due to robust market and visible results from revenue and cost actions.

October – December 2023

- Revenue increased by 5.8% to 727.2 million euros (687.3*).
- Comparable operating result was 22.5 million euros (17.9) and operating result was 27.3 million euros (38.0).
- Earnings per share were 0.004 euros (0.005**).
- Result for the period included positive, one-off deferred tax items of 46 million euros based on previous years' tax losses.
- Cash funds were 922.0 million euros (1 524.4) and they decreased from Q3 mainly due to the 220-million-euro pension premium loan repayment and the over 200-million-euro acquisition of previously leased aircraft during the period. The equity ratio was 15.6 per cent (9.9).
- Net cash flow from operating activities was -5.7 million euros (29.9), and net cash flow from investing activities was -177.7 million euros (-54.3).*** Gross capital expenditure totalled 268.6 million euros (61.8).
- Number of passengers increased by 6.5 per cent to 2.6 million (2.5).
- Available seat kilometres (ASK) increased by 10.5 per cent to 9,047.5 million kilometres (8,185.5).
- Passenger load factor (PLF) was 73.1% (72.3).

January – December 2023

- Revenue increased by 26.8% to 2,988.5 million euros (2,356.6).
- Comparable operating result was 184.0 million euros (-163.9) and operating result was 191.4 million euros (-200.6).
- Earnings per share were 0.022 euros (-0.060**).
- Result for the period included positive, one-off deferred tax items of 145 million euros based on previous years' tax losses.
- Net cash flow from operating activities was 472.3 million euros (259.0), and net cash flow from investing activities was -464.0 million euros (-75.5).*** Gross capital expenditure totalled 484.2 million euros (199.6).
- Number of passengers increased by 20.8 per cent to 11.0 million (9.1).
- Available seat kilometres (ASK) increased by 15.5 per cent to 36,154.5 million kilometres (31,298.4). This is c. 77 per cent compared to 2019 ASKs. When wet leases are included, ASKs were c. 81 per cent compared to 2019.
- Passenger load factor (PLF) was 76.4% (67.6).
- The Board of Directors proposes to the Annual General Meeting that no dividend be distributed for 2023.

** Unless otherwise stated, comparisons and figures in parentheses refer to the comparison period, i.e., the same period last year.*
*** A rights issue was implemented in November 2023 and, thus, the comparison period figure has been restated accordingly.*
**** In Q4, net cash flow from investing activities included 68.0 million euros of redemptions (38.9 million euros on investments) in money market funds or other financial assets (maturity over three months). In 2023, investments totalled 60.7 million euros (12.8 million euros). They are part of the Group's liquidity management.*

Outlook

GUIDANCE ISSUED ON 24 OCTOBER 2023:

Finnair reiterates its capacity guidance estimating that in 2023, it will operate an average capacity of 80–85 per cent, as measured in ASKs, compared to 2019. The capacity estimate also includes the agreed wet leases.

Finnair specifies its previous guidance for full-year 2023 revenue and now estimates it to be in the range of 2.9–3.1 billion euros.

The company also specifies its previous guidance for full-year 2023 comparable operating result and now estimates it to be in the range of 160–200 million euros. The company's comparable operating result estimate is based on the current fuel price and exchange rates.

Specific risks related to Finnair's operating environment have normalised as the impacts of the pandemic have faded and the markets have adapted to the closure of Russian airspace. However, risks related to the impacts of inflation and rising interest rates on demand and costs remain elevated, thus, causing uncertainty in the operating environment. Also the prevailing situation in the Middle East causes uncertainty in the operating environment.

Finnair will update its outlook and guidance in connection with the financial statements bulletin for 2023.

NEW GUIDANCE ON 14 FEBRUARY 2024:

Global air traffic is expected to continue growing in 2024. However, risks related to the impact of inflation and higher interest rates on demand and costs remain elevated, causing uncertainty in the operating environment. International conflicts and global political instability also cause uncertainty in the operating environment. These factors may affect the demand for air travel and cargo.

Finnair plans to increase its total capacity by more than 10 per cent in 2024. The capacity estimate includes the agreed wet leases. This growth will mainly focus on Asia and Europe. Finnair's revenue is expected to grow at a somewhat slower pace than capacity in 2024.

In accordance with its disclosure policy, Finnair provides full-year comparable EBIT estimate in connection with the half-year report in July.

Finnair will update its outlook and guidance in connection with the Q1 2024 interim report.

Interim CEO Jaakko Schildt:

Finnair carried 2.6 million passengers in October–December and revenue for the period totalled 727.2 million euros (687.3). Comparable operating result was 22.5 million euros (17.9), which means that our continued cost efficiency and sales activities generated good results, supported by a favourable market. Finnair's comparable operating result was positive for the sixth quarter and net profit for the fifth quarter in a row.

Despite the challenging weather conditions during the period, the on-time performance of our flights remained at a reasonable level at 75 per cent. Unlike many other airlines, we were able to operate almost all our flights despite some delays. Our regularity has been top class in global comparison, both during the period and throughout the year. This has supported customer satisfaction, and our Net Promoter Score (NPS) was 32 in the fourth quarter, which is a good level internationally.

During the period, we successfully carried out a rights issue of 570 million euros, a significant step of our strategy implementation. The proceeds from the rights issue were used to strengthen Finnair's balance sheet and financial position to better manage our financial liabilities, support the implementation of our strategy for sustainable profitable growth and ensure our ability to invest in the future. I would like to extend my warmest thanks to all old and new shareholders who participated in our rights issue.

After the rights issue, we repaid, among other things, the remaining tranche of the 400-million-euro capital loan granted by the State of Finland. After that Finnair no longer has debt instruments deemed as equity. We also repaid an additional 120-million-euro tranche on our 600-million-euro pension premium loan. Thanks to these measures, as well as our strong full-year results and cash flow, our balance sheet is healthier than before, and our financial expenses have decreased.

Our strategy implementation continued comprehensively during the period. Among other things, we started our cooperation with our oneworld partner Qantas by wet leasing two A330 aircraft for operations between Australia and Southeast Asia. This is another important step towards ensuring the efficient and profitable use of our fleet while Russian airspace remains closed.

Finnair celebrated its 100th anniversary on 1 November. Our anniversary year was filled with celebrations, but most importantly, it was a year of turnaround, as we left behind a double crisis. Our systematic strategy work carried out since autumn 2022 has borne fruit, and we have returned our business operations to the targeted profitability level on an annual level.

We will continue to implement our strategy and, in addition to profitability, take care of operational quality, reliability and, consequently, customer satisfaction. My thanks for the successful anniversary year and for achieving Finnair's turnaround goes to the entire Finnair personnel. Thank you also to our customers and all stakeholders for the journey together.

Business environment in Q4

The impacts of the COVID-19 pandemic on Finnair's operations were very mild in Q4 2023, although travel to China, opened for travel in early 2023, remained limited partly due to the COVID-19 aftermath. On the other hand, the Russian airspace closure to EU carriers had a negative impact on Finnair's Asian traffic also during the period. Finnair has continued operating to most of its Asian destinations despite routings that are up to 40 per cent longer. However, the Asian capacity, measured in ASKs, was less than 60 per cent compared to Q4 2019. The longer routings increased the costs considerably. However, the Asian market yields remained at a good level, thanks to the strong demand as well as constrained capacity caused by the global labour shortage and operational challenges due to longer flight times. Similarly, demand in intra-European and North Atlantic markets was robust while capacity remained constrained.

Scheduled market capacity, measured in ASKs, between origin Helsinki and Finnair's European destinations increased by 7.9 per cent (45.3) year-on-year. Direct market capacity between Finnair's Asian and European destinations increased by 61.9 per cent (86.3) and between Finnair's North Atlantic and European destinations by 8.8 per cent (54.6) year-on-year.

The strong demand for package holidays continued throughout Q4. This was reflected in increased package prices, which enabled Aurinkomatkat to cover increasing flight and hotel costs. The Middle East crisis has not had a significant impact on the demand for Aurinkomatkat products even though city holidays to Tel Aviv have been cancelled for the time being. Demand for winter season trips is at a good level and sales for the summer season 2024 are at a good pace, as customers are again booking their trips earlier after the pandemic.

In the global air freight market, growing supply, softer demand and, thus, declining market prices resulted in lower Finnair's cargo revenue than in the comparison period even though revenue increased quarter-on-quarter mainly due to seasonality as Q4 is traditionally the strongest. However, the softened demand for cargo has already started to level off, which has a positive impact on market prices.

The US dollar, which is the most significant expense currency for Finnair after the euro, weakened by 5.1 per cent against the euro year-on-year. The Q4 US dollar-denominated average market price of jet fuel was 11.4 per cent lower and the euro-denominated market price was 15.9 per cent lower than in the comparison period. Changes in fuel price and exchange rates are, however, not directly reflected in Finnair's result due to its hedging policy, as the company hedges its fuel purchases and key foreign currency items.

Financial performance in Q4

REVENUE IN Q4

Finnair's total revenue increased year-on-year due to the increased capacity despite declined cargo yields and revenue.

Revenue by product

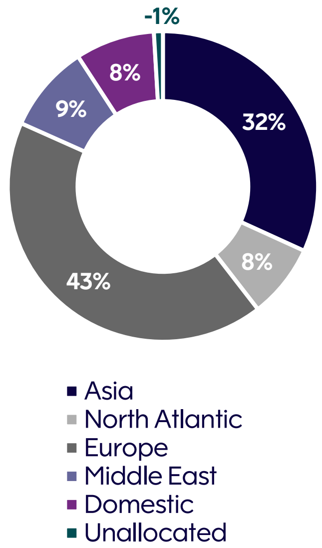
EUR million	Q4/2023	Q4/2022	Change %
Passenger revenue	573.1	535.5	7.0
Ancillary revenue	43.8	32.4	34.9
Cargo	50.5	68.6	-26.3
Travel services	59.8	50.8	17.8
Total	**727.2**	**687.3**	**5.8**

Unit revenue (RASK) decreased by 4.3 per cent and amounted to 8.04 cents (8.40). The RASK decrease was caused by lower cargo yields, decline in revenue recognition related to outdated tickets and slightly lower passenger load factor (PLF) in Europe.

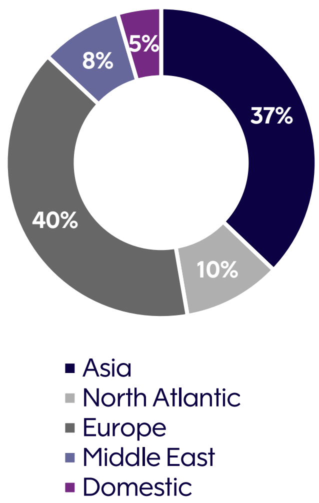
Passenger revenue and traffic data by area

Traffic area	Passenger revenue Q4/2023 MEUR	Passenger revenue Q4/2022 MEUR	ASK Q4/2023 Mill. km	ASK Q4/2022 Mill. km	RPK Q4/2023 Mill. km	RPK Q4/2022 Mill. km	PLF %	PLF Change %-p
Asia	185.4	166.9	3,359.0	2,751.1	2,439.5	1,961.6	72.6	1.3
North Atlantic	45.1	49.6	918.7	1,198.8	641.8	768.5	69.9	5.8
Europe	246.2	250.4	3,591.4	3,343.6	2,700.7	2,574.4	75.2	-1.8
Middle East	53.2	34.2	767.9	485.2	550.8	332.7	71.7	3.2
Domestic	48.3	42.4	410.5	406.9	282.0	281.0	68.7	-0.4
Unallocated	-5.5	-7.9						
Total	**573.1**	**535.5**	**9,047.5**	**8,185.5**	**6,614.8**	**5,918.2**	**73.1**	**0.8**

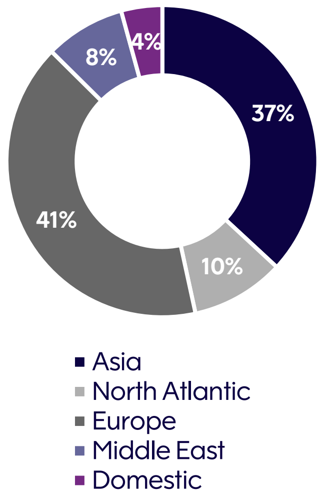
Q4 passenger revenue



Q4 capacity (ASKs)



Q4 traffic (RPKs)



The mildly negative impact of the COVID-19 pandemic was still visible in the Asian traffic, as limited travel to China continued during Q4. Although the figures improved during the period due to strong demand, the Russian airspace closure had a negative impact which was visible mainly in the Asian figures. Passenger revenue increased by 7.0 per cent and traffic capacity, measured in Available Seat Kilometres (ASK), increased by 10.5 per cent overall against the comparison period. The number of passengers increased by 6.5 per cent to 2,610,500 passengers. Traffic, measured in Revenue Passenger Kilometres (RPK), increased by 11.8 per cent and the passenger load factor increased by 0.8 percentage points to 73.1 per cent.

The distance-based reported traffic figures are based on the great circle distance and, thus, do not reflect the longer Asian routings caused by the closure of Russian airspace. As a result, they are not fully comparable with the figures prior to the airspace closure. During the period, the adjusted ASKs, taking into account the longer sector lengths, would be 15 per cent higher than the reported ASKs.

In Asian traffic, the number of scheduled passenger flights was only 59 per cent compared to Q4 2019 because of the remaining pandemic impacts, and especially due to the Russian airspace closure. The number of scheduled passenger flights was nonetheless more than in the comparison period, as Finnair has gradually added capacity to e.g. Japan, Hong Kong and South Korea. Therefore, ASKs grew by 22.1 per cent and RPKs by 24.4 per cent. PLF increased by 1.3 percentage points to 72.6 per cent.

North Atlantic ASKs in Q4 2023 decreased by 23.4 per cent year-on-year mainly as the Stockholm operations were discontinued at the end of October 2022. RPKs decreased by 16.5 per cent year-on-year. PLF increased by 5.8 percentage points to 69.9 per cent.

ASKs grew by 7.4 per cent in European traffic year-on-year. RPKs grew by 4.9 per cent and, thus, the PLF declined by 1.8 percentage points to 75.2 per cent. Since the beginning of 2023, Finnair has reported Middle East as a separate traffic area whereas in 2022, these figures were still included in the European traffic. Comparison period figures have now been adjusted accordingly.

Finnair started its cooperation with Qatar Airways at the end of 2022. Flights operated by Finnair between Copenhagen, Stockholm and Doha commenced at the beginning of November, and flights between Helsinki and Doha from mid-December. As mentioned, the figures for these three daily routes are reported as a part of the new traffic area Middle East starting from 2023. This traffic area includes flights to Dubai and Israel, which were operated already before the Qatar Airways cooperation. ASKs grew by 58.3 per cent in Middle Eastern traffic year-on-year. RPKs grew by 65.6 per cent. The PLF increased by 3.2 percentage points to 71.7 per cent.

Domestic traffic capacity increased by 0.9 per cent and RPKs by 0.4 per cent. The PLF decreased by 0.4 percentage points to 68.7 per cent year-on-year.

Ancillary revenue increased to 43.8 million euros (32.4). Frequent flyer programme-related revenue, advance seat reservations and excess baggage were the largest ancillary categories.

As Finnair operated fewer scheduled passenger flights to Asia compared to the pre-pandemic era, mainly due to the closure of Russian airspace, Finnair's Q4 cargo volumes were lower than the pre-pandemic figures of Q4 2019. Available cargo tonne kilometres, however, increased by 20.5 per cent and revenue cargo tonne kilometres by 19.4 per cent year-on-year. Even though total cargo tonnes increased by 21.3 per cent, cargo revenue decreased by 26.3 per cent year-on-year due to lower cargo yields and as Finnair reports the cargo traffic figures related to the Qatar Airways cooperation as the operating carrier. However, revenue related to these flights is reported in full in passenger revenue.

Travel services' financial development has been positively affected by the robust demand after the COVID-19 pandemic. The total number of travel services passengers increased by 8.5 per cent year-on-year and the load factor in allotment-based capacity was 97.3 per cent. Travel services revenue increased by 17.8 per cent to 59.8 million euros (50.8).

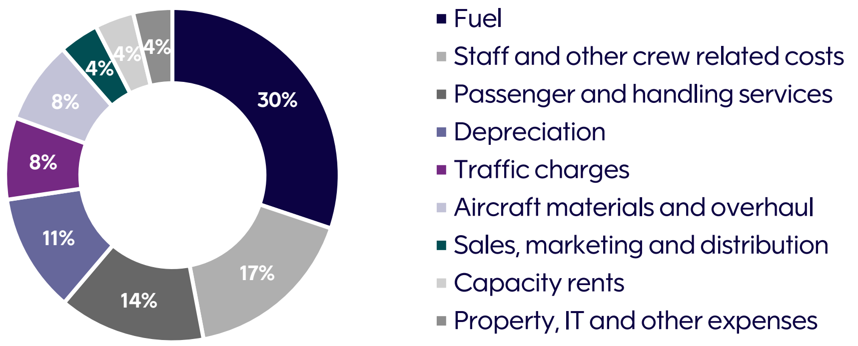
Other operating income decreased by 15.5 per cent to 31.5 million euros (37.2) as the wet lease arrangement with Eurowings Discover, that was operated during the comparison period, ended in Q1 2023.

OPERATING EXPENSES INCLUDED IN COMPARABLE OPERATING RESULT IN Q4

Finnair's operating expenses, included in the comparable operating result, increased by 4.2 per cent due to increased capacity. Finnair continued its cost efficiency initiatives in Q4.

Unit cost (CASK) decreased by 4.8 per cent and totalled 7.79 cents (8.18). CASK excluding fuel decreased by 1.1 per cent. Year-on-year, the CASK decrease was caused by the increased capacity, lower jet fuel price, as well as the achieved cost savings.

Q4 operating expenses (€736.1 million in total) included in comparable operating result



EUR million	Q4/2023	Q4/2022	Change %
Staff and other crew related costs	124.0	114.5	8.3
Fuel costs	222.0	227.9	-2.6
Capacity rents	27.8	26.2	6.4
Aircraft materials and overhaul	59.0	52.2	12.9
Traffic charges	58.4	51.1	14.2
Sales, marketing and distribution costs	28.3	26.7	5.9
Passenger and handling costs	104.4	98.5	6.0
Property, IT and other expenses	27.8	28.3	-1.6
Depreciation	84.3	81.2	3.9
Total	**736.1**	**706.6**	**4.2**

Operating expenses included in the comparable operating result, excluding fuel, increased by 7.4 per cent.

Fuel costs, including hedging results and emissions trading costs, decreased despite the increased capacity (measured in ASK) and longer Asian routings as the fuel market price[1] declined year-on-year. Fuel efficiency (as measured in fuel consumption per ASK) weakened by 4.1 per cent due to e.g., longer Asian routings and added Asian capacity. Fuel consumption per RTK, which also accounts for developments in both passenger and cargo load factors, weakened by 1.1 per cent year-on-year.

Staff and other crew-related costs increased due to the added capacity and longer Asian routings.

Passenger and handling costs (including tour operation expenses related to e.g., hotels) were driven up by the increased volumes, especially in passenger traffic. Sales, marketing and distribution costs increased due to recent marketing activities, although less than capacity due to e.g. achieved lower distribution costs.

Aircraft materials and overhaul costs went up due to the added capacity and longer Asian routings. Traffic charges increased more than capacity as a result of the longer routings between Europe and Asia as well as higher costs due to inflation.

Capacity rents, covering purchased traffic from Norra and any wet lease ins or potential cargo rents increased slightly less than capacity. Property, IT and other expenses, on the other hand, decreased mainly due to achieved cost savings. Depreciation increased year-on-year e.g. due to depreciation of the wide-body fleet cabin refurbishment.

RESULT IN Q4

As travelling was unrestricted within Europe, to the United States and to almost all countries in Asia during Q4, impacts of the COVID-19 pandemic were mild. However, as the Russian airspace was closed back in February 2022, the rerouted flights were longer, increasing e.g., staff, fuel and navigation costs.

EUR million	Q4/2023	Q4/2022	Change %
Comparable EBITDA	**106.9**	**99.1**	**7.8**
Depreciation and impairment	-84.3	-81.2	-3.9
Comparable operating result	**22.5**	**17.9**	**25.6**
Items affecting comparability	4.7	20.1	-76.4
Operating result	**27.3**	**38.0**	**-28.3**
Financial income	15.1	7.1	113.8
Financial expenses	-33.5	-36.7	8.7
Exchange gains and losses	7.5	46.9	-84.0
Result before taxes	**16.4**	**55.3**	**-70.4**
Income taxes	43.8	-2.0	>200
Result for the period	**60.2**	**53.3**	**12.9**

As revenue increased more than operating expenses, Finnair's comparable EBITDA and comparable operating result both improved year-on-year.

Unrealised changes in foreign currencies relating to fleet overhaul provisions were 8.4 million euros (19.2). Finnair recognised an impairment of 13.7 million euros related to a related to lease agreements for a maintenance hangar and its land area situated in the Helsinki airport area. During Q4 2022, no impairments were made. Other items affecting comparability consist of fair value changes of derivatives for which hedge accounting is not applied, sales gains or losses and restructuring costs. These items totalled 10.0 million euros (0.9) during the quarter and they were mostly related to gains of lease buyouts regarding six A321 aircraft.

[1] Fuel price impact including impact of currencies and hedging.

The net financial expenses were negative in Q4 because of the interest expenses surpassing interest income and exchange gains. Recognised income taxes consisted of re-recognised deferred tax assets of 18 million euros related to 2020 and 2021 tax losses that had been written down in Q2 2022, recognised deferred tax assets of 28 million euros related to 2022 tax losses, utilised tax losses and other temporary differences.

The result for the period was positive for the fifth consecutive quarter.

Financial performance in 2023

REVENUE IN 2023

Finnair's total revenue increased year-on-year as the COVID-19 impact was visible in 2022 and, on the other hand, as passenger yields were exceptionally high during the period on the back of robust demand and restricted market capacity.

Revenue by product

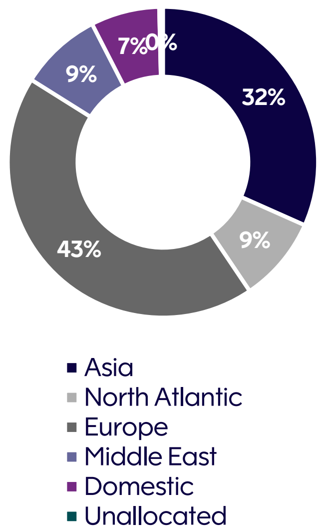
EUR million	2023	2022	Change %
Passenger revenue	2,411.6	1,710,7	41.0
Ancillary revenue	147.8	123,2	20.0
Cargo	192.0	352,3	-45.5
Travel services	237.1	170,3	39.2
Total	**2,988.5**	**2,356,6**	**26.8**

Unit revenue (RASK) increased by 9.8 per cent and amounted to 8.27 cents (7.53). The RASK increase was caused by elevated passenger yields and higher passenger load factor despite the lower cargo yields during the period and the higher number of cargo-only flights in the comparison period, as these flights do not generate any ASKs and, thus, have a positive RASK impact.

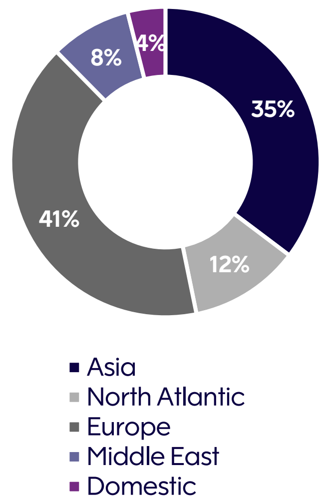
Passenger revenue and traffic data by area

	Passenger revenue		ASK		RPK		PLF	
Traffic area	2023 MEUR	2022 MEUR	2023 Mill. km	2022 Mill. km	2023 Mill. km	2022 Mill. km	%	Change %-p
Asia	763.2	425.0	12,752.0	8,953.1	9,755.9	5,586.0	76.5	14.1
North Atlantic	214.9	244.3	4,162.9	6,743.3	3,019.7	3,946.2	72.5	14.0
Europe	1,045.3	855.0	14,760.0	13,639.5	11,618.9	10,243.3	78.7	3.6
Middle East	206.3	42.9	3,054.4	690.7	2,211.9	486.9	72.4	1.9
Domestic	172.7	128.2	1,425.3	1,271.8	1,019.8	894.4	71.5	1.2
Unallocated	9.3	15.3						
Total	**2,411.6**	**1,710.7**	**36,154.5**	**31,298.4**	**27,626.4**	**21,156.8**	**76.4**	**8.8**

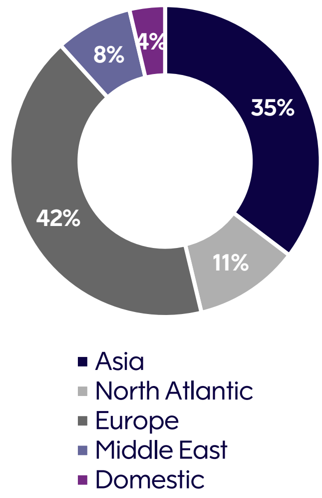
2023 passenger revenue



2023 capacity (ASKs)



2023 traffic (RPKs)



The negative impact of the COVID-19 pandemic was still visible in the Asian traffic, as travel especially to China was limited during 2023. On the other hand, the comparison period was burdened by the Omicron variant that softened demand, combined with the closure of Russian airspace at the end of February 2022. Although the figures improved during the period due to strong demand, the Russian airspace closure had a negative impact on the 2023 figures as well, and this was visible mainly in the Asian figures. Passenger revenue increased by 41.0 per cent and traffic capacity, measured in Available Seat Kilometres (ASK), increased by 15.5 per cent overall against the comparison period. The number of passengers increased by 20.8 per cent to 10,983,300. Traffic, measured in Revenue Passenger Kilometres (RPK), increased by 30.6 per cent and the passenger load factor (PLF) increased by 8.8 percentage points to 76.4 per cent.

The distance-based reported traffic figures are based on the great circle distance and, thus, do not reflect the longer Asian routings caused by the closure of Russian airspace. As a result, they are not fully comparable with the figures prior to the airspace closure. During the period, the adjusted ASKs, taking into account the longer sector lengths, would be c. 15 per cent higher than the reported ASKs.

In Asian traffic, the number of scheduled passenger flights was 55 per cent compared to 2019 because of the remaining pandemic impacts, but especially due to the Russian airspace closure. The number of scheduled passenger flights was nonetheless more than in the comparison period, as travel to Asia opened. Therefore, ASKs grew by 42.4 per cent and RPKs by 74.6 per cent. PLF increased by 14.1 percentage points to 76.5 per cent.

Due to the closed Russian airspace, Finnair has increased its North Atlantic capacity. As a result, North Atlantic ASKs in 2023 increased slightly compared to 2019. Compared to 2022, ASKs, however, decreased by 38.3 per cent as the Stockholm operations were discontinued at the end of October 2022. RPKs decreased only by 23.5 per cent year-on-year. Thus, PLF increased by 14.0 percentage points to 72.5 per cent.

ASKs grew by 8.2 per cent in European traffic year-on-year. RPKs grew by 13.4 per cent on the back of robust demand and the PLF increased by 3.6 percentage points to 78.7 per cent. Since the beginning of 2023, Finnair has reported Middle East as a separate traffic area whereas in 2022, these figures were still included in the European traffic. Comparison period figures have now been adjusted accordingly.

Finnair started its cooperation with Qatar Airways at the end of 2022. Flights operated by Finnair between Copenhagen, Stockholm and Doha commenced at the beginning of November, and flights between Helsinki and Doha from mid-December. As mentioned, the figures for these three daily routes are reported as a part of the new traffic area Middle East starting from 2023. This traffic area includes flights to Dubai and Israel, which were operated already before the Qatar Airways cooperation. ASKs grew by 342.2 per cent in Middle Eastern traffic year-on-year. RPKs grew by 354.3 per cent and, thus, also the PLF increased by 1.9 percentage points to 72.4 per cent.

Domestic traffic capacity increased by 12.1 per cent, RPKs by 14.0 per cent and the PLF by 1.2 percentage points to 71.5 per cent year-on-year.

Ancillary revenue increased to 147.8 million euros (123.2). Advance seat reservations, excess baggage and frequent flyer programme-related revenue were the largest ancillary categories.

As Finnair operated fewer scheduled passenger flights to Asia compared to the pre-pandemic era, mainly due to the closure of Russian airspace, Finnair's 2023 cargo volumes were lower than the pre-pandemic figures of 2019. Available cargo tonne kilometres, however, increased by 12.6 per cent and revenue scheduled cargo tonne kilometres by 3.5 per cent year-on-year. The increase is mainly explained by the fact that Finnair reports the cargo traffic figures related to the Qatar Airways cooperation as Finnair operates the flights. However, revenue related to these flights is included in passenger revenue. Even though total cargo tonnes increased by 10.3 per cent, cargo revenue decreased by 45.5 per cent year-on-year, due to lower cargo yields and the allocation of Qatar Airways related revenue.

Travel services' financial development has been positively affected by the robust demand after the COVID-19 pandemic. During 2023, only international package holidays were produced, as the production of domestic package holidays was discontinued earlier. The total number of travel services passengers increased by 18.9 per cent year-on-year and the load factor in allotment-based capacity was 95.9 per cent. Travel Services revenue increased by 39.2 per cent to 237.1 million euros (170.3).

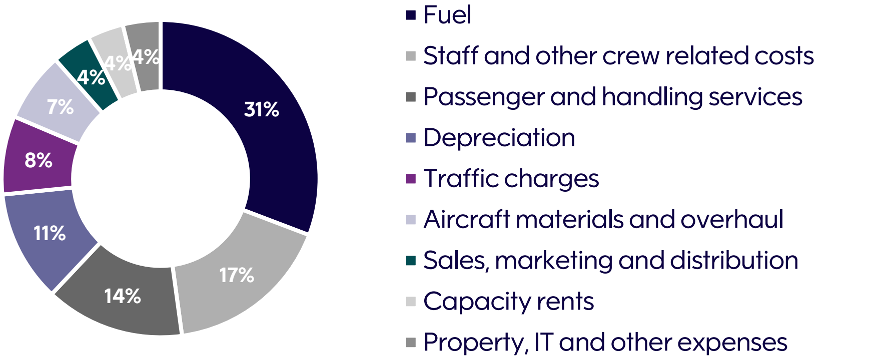
Other operating income decreased by 20.2 per cent to 117.0 million euros (146.7), as the wet lease arrangement with Eurowings Discover, that commenced in Q2 2022, ended in Q1 2023.

OPERATING EXPENSES INCLUDED IN COMPARABLE OPERATING RESULT IN 2023

Finnair's operating expenses, included in the comparable operating result, increased by 9.5 per cent mainly due to increased capacity and longer Asian routings. Finnair continued its cost efficiency initiatives during 2023.

Unit cost (CASK) decreased by 3.7 per cent and totalled 7.76 cents (8.05). CASK excluding fuel decreased by 2.1 per cent. Year-on-year, the decrease was caused by the increased capacity, the higher share of cargo-only flights in the comparison period, as well as the achieved cost savings.

2023 operating expenses (€2,921.5 million in total) included in comparable operating result



EUR million	2023	2022	Change %
Staff and other crew related costs	498.1	447.1	11.4
Fuel costs	899.6	836.0	7.6
Capacity rents	107.2	102.5	4.6
Aircraft materials and overhaul	207.2	183.6	12.8
Traffic charges	233.8	206.5	13.2
Sales, marketing and distribution costs	117.1	103.1	13.6
Passenger and handling costs	414.1	348.0	19.0
Property, IT and other expenses	111.9	123.3	-9.2
Depreciation	332.6	317.1	4.9
Total	**2 921.5**	**2,667.1**	**9.5**

Operating expenses included in the comparable operating result, excluding fuel, increased by 10.4 per cent.

Fuel costs, including hedging results and emissions trading costs, grew mainly due to the increased capacity (measured in ASK) and longer Asian routings. Fuel efficiency (as measured in fuel consumption per ASK) weakened by 5.5 per cent due to e.g., longer Asian routings despite a limited number of cargo-only flights, that do not generate

ASKs, in 2023. Fuel consumption per RTK, which also accounts for developments in both passenger and cargo load factors, however, decreased by 0.7 per cent year-on-year as passenger load factor improved.

Staff and other crew-related costs increased mainly due to the added capacity and longer Asian routings as well as paid incentives.

Passenger and handling costs (including tour operation expenses related to e.g., hotels) were driven up by the increased volumes, especially in passenger traffic. Sales, marketing and distribution costs increased due to marketing activities and improved sales intake.

Aircraft materials and overhaul costs went up due to the added capacity and longer Asian routings. Traffic charges increased as a result of the longer routings between Europe and Asia and increased capacity even though e.g., the Russian overflight royalties did not accrue during the period.

Capacity rents, covering purchased traffic from Norra and any wet leases or potential cargo rents, increased versus the comparison period as capacity increased. Property, IT and other expenses, on the other hand, decreased mainly due to exchange gains and cost savings. Depreciation increased year-on-year e.g. due to depreciation of the wide-body fleet cabin refurbishment.

RESULT IN 2023

As travelling was unrestricted within Europe, to the United States and to almost all countries in Asia during 2023, impacts of the COVID-19 pandemic were fairly mild. However, as the Russian airspace was closed back in February 2022, the rerouted flights were longer, increasing e.g., staff, fuel and navigation costs.

EUR million	2023	2022	Change %
Comparable EBITDA	**516.5**	**153.2**	**>200**
Depreciation and impairment	-332.6	-317.1	-4.9
Comparable operating result	**184.0**	**-163.9**	**>200**
Items affecting comparability	7.5	-36.6	-120.3
Operating result	**191.4**	**-200.6**	**195.4**
Financial income	56.2	6.5	>200
Financial expenses	-142.2	-137.9	-3.1
Exchange gains and losses	13.7	-38.8	135.3
Result before taxes	**119.1**	**-370.7**	**132.1**
Income taxes	135.2	-105.4	>200
Result for the period	**254.3**	**-476.2**	**153.4**

As revenue increased more than operating expenses, Finnair's comparable EBITDA and comparable operating result both improved year-on-year and comparable operating result turned positive.

Unrealised changes in foreign currencies relating to fleet overhaul provisions were 7.1 million euros (-8.8) due to the weakened US dollar during the period. During the period, Finnair recognised an impairment of 13.7 million euros related to lease agreements for a maintenance hangar and its land area situated in the Helsinki airport area, whereas in 2022, impairment on A330 aircraft was the biggest item affecting comparability (-32.7). Other items affecting comparability consist of fair value changes of derivatives for which hedge accounting is not applied, sales gains or losses and restructuring costs. These items totalled 14.0 million euros (4.9) during 2023 and related mostly to sales gains of 13.3 million euros (6.6) mainly consisting of gains of lease buyouts regarding six A321 aircraft.

The net financial expenses were negative mainly because of the interest expenses surpassing interest income and exchange gains. The company did not book any deferred tax assets based on the losses in Q1 2023 due to the uncertainty relating to utilisation of these losses in taxation. However, the recognised income taxes mainly related to changes in deferred tax assets that are based on certain temporary differences that had not been recognised during the financial year 2022. The company decided to recognise them in Q1 as these items have no statute of limitations, and as the company outlook had improved. In Q2, Finnair re-recognised 99 million euros of the deferred tax assets related to 2020 and 2021 tax losses that were written down in 2022 as its financial outlook had further improved. In Q4, it re-recognised the remaining 18 million euros of the written down deferred tax assets related to 2020 and 2021 tax losses and recognised also 28 million euros of the deferred tax assets related to 2022 tax losses. Other recognised income taxes between during 2023 consisted of utilised tax losses and other temporary differences.

The result for the period was positive due to improved financial performance and the abovementioned recognised deferred tax assets.

Financial position and capital expenditure

BALANCE SHEET

The Group's balance sheet totalled 3,698.0 million euros at the end of December (4,133.0). Due to investments mainly related to acquisitions of nine previously leased narrow-body aircraft, the fleet book value increased by 158.2 million euros despite depreciation. The right-of-use fleet decreased by 157.9 million euros due to depreciation and the aircraft acquisition.

Receivables related to revenue increased to 154.4 million euros mainly due to improved ticket sales (134.9). Net deferred tax assets increased to 234.0 million euros (80.6) mainly due to the re-recognition of deferred tax assets totalling to 117 million euros in Q2 and Q4 related to 2020 and 2021 tax losses as well as recognition of deferred tax assets of 28 million euros in Q4 related to 2022 tax losses. The pension assets rose to 128.0 million euros (120.0) mostly due to actuarial gains whereas pension obligations increased to 0.8 million euros (0.7).

Deferred income and advances received increased to 506.7 million euros (452.0). This was mainly caused by an increase in the unflown ticket liability, amounting to 394.8 million euros (356.4) due to capacity growth and stronger passenger yields.

The profit for the period augmented shareholders' equity, which totalled 577.0 million euros (410.7), or 0.03 euros per share (0.05[2]). During the period, Finnair redeemed the hybrid bond of 200 million euros and paid the related interests which had a declining impact on equity. Further, Finnair carried out a rights issue of 570 million euros in November to strengthen its financial position. It had an impact on the structure of equity as the company converted the 400-million-euro capital loan granted by the State of Finland into equity pro rata to the State's ownership and repaid the remainder of it together with the accrued interests to the State after the rights issue. Shareholders' equity includes a fair value reserve that is affected by changes in the fair values of jet fuel and currency derivatives used for hedging as well as actuarial gains and losses related to defined benefit plans. The value of the item at the end of December was 48.6 million euros after deferred taxes (42.8) as actuarial gains from defined benefit pension plans had an improving impact on equity.

CASH FLOW AND FINANCIAL POSITION

Cash flow

EUR million	2023	2022
Net cash flow from operating activities	**472.3**	**259.0**
Net cash flow from investing activities	**-464.0**	**-75.5**
Net cash flow from financing activities	**-676.4**	**42.1**

During 2023, net cash flow from operating activities was strong due to materially improved comparable EBITDA. Net cash flow from investments was negative, due to fleet-related investments and changes in other current financial assets (maturity over three months). Net cash flow from financing was negative due to both loan and lease liability repayments. The loan repayments include the senior bond buyback of 18 million euros executed in Q1, the first 100-million-euro tranche of the pension premium loan amortisation in June and another tranche of 220 million euros in December, the 200-million-euro hybrid bond redemption with 20-million-euro interests in September as well as the remaining 81 million euros of the capital loan granted by the State of Finland together with total interests and other fees of 49 million.

Capital structure

%	31 Dec 2023	31 Dec 2022
Equity ratio	**15.6**	**9.9**
Gearing	**192.8**	**266.4**

The equity ratio on 31 December 2023 improved from the year-end 2022 mostly thanks to the positive result for the period and lower interest-bearing liabilities. Gearing declined year-on-year on the back of improved equity.

[2] A rights offering was implemented in November 2023. The shareholders' equity per share for the comparison period has been restated accordingly.

Liquidity and net debt

EUR million	31 Dec 2023	31 Dec 2022
Cash funds	922.0	1,524.4
Adjusted interest-bearing liabilities	2,034.5	2,618.4
Interest-bearing net debt	**1,112.5**	**1,094.0**

The company's liquidity remained strong on the back of the robust net cash flow from operating activities and the rights issue even though the company repaid 130 million euros of the capital loan granted by the State of Finland including the total interests and other fees, repaid 320 million euros of the pension premium loan, redeemed the 200-million-euro hybrid bond with interest and acquired previously leased narrowbody aircraft with more than 200 million euros. Finnair has a 200-million-euro short-term, unsecured commercial paper programme, which was unused at the end of December.

Adjusted interest-bearing liabilities decreased from year-end 2022 due to repayments of lease liabilities, weakened US dollar and loan repayments. The share of lease liabilities totalled 1,115.0 million euros (1,330.7).

CAPITAL EXPENDITURE

Gross capital expenditure, excluding advance payments, totalled 484.2 million euros during 2023 (199.6) and was primarily related to fleet investments.

Cash flow from investments (including fixed asset investments and divestments, sublease payments received, advance payments and change in other non-current assets) totalled -403.3 million euros (-62.7).

Change in other current financial assets (maturity over three months) totalled -60.7 million euros (-12.8) also forming a part of the total net cash flow from investments, which amounted to -464.0 million euros (-75.5).

Cash flow from investments (including only fixed asset investments and advance payments) for the financial year 2024 relates mainly to the fleet and is expected to total -235 million euros. Investment cash flow includes both committed investments as well as estimates for planned, but not yet committed, investments.

The company has 42 unencumbered aircraft, which account for approximately 38.0 per cent of the balance sheet value of the entire fleet of 1,828.0 million euros.[3]

Shareholder return policy and the Board's proposal for the distribution of profit

The aim of Finnair's shareholder return policy is to pay, on average, one-third of the earnings per share as dividend or capital distribution during an economic cycle. When deciding on such distribution, Finnair intends to take into account its earnings trend and outlook, financial situation as well as capital and investment need for any given period. Any future distributions may be made in two annual investments.

In connection with the 570-million-euro rights issue implemented in November, Finnair announced that it is targeting to reinstate its ability for shareholder distributions from 2025 onwards based on 2024 financial statements.

In 2023, earnings per share were 0.022 euros (-0.060). Finnair Plc's distributable equity amounted to 473,123,719.36 euros on 31 December 2023. The Board of Directors proposes to the Annual General Meeting that no dividend be distributed based on the financial statements adopted for 2023.

Fleet

FINNAIR'S OPERATING FLEET

Finnair's fleet is managed by Finnair Aircraft Finance Oy, a wholly-owned subsidiary of Finnair Plc. At the end of year, Finnair itself operated 55 aircraft, of which 25 were wide-body and 30 narrow-body aircraft. The average age of the fleet operated by Finnair was 12.5 years.

During Q4, Finnair Aircraft Finance Oy purchased in total six A321 narrowbody aircraft previously on lease to the company.

[3] Fleet value includes right of use assets as well as prepayments of future aircraft deliveries.

Fleet operated by Finnair* 31 Dec 2023	Seats	#	Change from 31 Dec 2022	Own**	Leased	Average age 31 Dec 2023	Ordered
Narrow-body fleet							
Airbus A319	144	5	-1	5		22.6	
Airbus A320	174	10		10		21.4	
Airbus A321	209	15		7	8	9.4	
Wide-body fleet							
Airbus A330	279/263	8		4	4	14.2	
Airbus A350	278/297/321/336	17		5	12	6.1	2
Total		**55**	**-1**	**31**	**24**	**12.5**	**2**

* Finnair's Air Operator Certificate (AOC).
** Includes JOLCO-financed (Japanese Operating Lease with Call Option) and ECA (Export Credit Agency) financed aircraft.

FLEET RENEWAL

At the end of year, Finnair had seventeen A350 aircraft, which have been delivered between 2015–2021, and two A350 aircraft on order from Airbus. The first of the two remaining aircraft on order is scheduled to be delivered to Finnair in Q4 2024 and the second in Q2 2026.

Finnair's investment commitments for property, plant and equipment, totalling 313.7 million euros, include the upcoming investments in the wide-body fleet.

FLEET OPERATED BY NORRA (PURCHASED TRAFFIC)

Nordic Regional Airlines (Norra) operates a fleet of 24 aircraft for Finnair on a contract flying basis. All the aircraft operated by Norra are leased from Finnair Aircraft Finance Oy.

Fleet operated by Norra* 31 Dec 2023	Seats	#	Change from 31 Dec 2022	Own	Leased	Average age 31 Dec 2023	Ordered
ATR	68–70	12		6	6	14.4	
Embraer E190	100	12		9	3	15.5	
Total		**24**	**0**	**15**	**9**	**15.0**	**0**

* Nordic Regional Airlines Oy's Air Operator Certificate (AOC).

Strategy implementation

During Q2 2023, Finnair updated its strategy extending to 2025, as the company had already executed many of the actions planned for the strategy period. The strategy, published in September 2022, was aimed at restoring profitability and maintaining Finnair's competitiveness regardless of the closed Russian airspace. It targeted a comparable operating profit level of at least 5% from mid-2024 onwards.

In its strategy update in Q2, Finnair set a new financial target, which is a comparable operating profit margin of 6% by the end of 2025. The strategy themes to achieve this target are:

- Customer-centric commercial and operational excellence
- Balanced growth supported by optimised fleet
- Continuous cost efficiency to ensure competitiveness
- Among industry sustainability leaders
- Building a sustainable balance sheet
- Adaptable Finnair culture driven by engaged people

During the period, Finnair carried out a rights issue of 570 million euros. The gross proceeds from the rights issue were used to strengthen Finnair's balance sheet and financial position to better manage its outstanding financial liabilities, support the implementation of its strategy to drive sustainable profitable growth and ensure its ability for future investments.

At the same time, the company set additional key long-term financial targets. In addition to the previously announced comparable EBIT margin target of 6%, Finnair aims to achieve a net debt of 1–2 times the comparable

EBITDA by the end of 2025 and to restore the company's ability for shareholder distributions from 2025 onwards. Further, Finnair maintained its goal to be carbon neutral by 2045.

Finnair's long-term financial targets are based on the following key assumptions: the company's overall capacity, measured in Available Seat Kilometres (ASK), would increase by more than 15 per cent from 2023 to 2025; the company's maintenance capex would be 80–100 million euros annually; the company would be able to utilise 190 million euros of the recognised deferred tax assets, which would limit the corporate tax payable over the medium term; and the company would maintain a cash to sales ratio of 30 per cent over time.

CUSTOMER-CENTRIC COMMERCIAL AND OPERATIONAL EXCELLENCE

Finnair aims to be a modern Nordic airline, providing customers with the ability to tailor their journey at each step of the process as well as to remain relevant outside of the air travel experience. The first step has been to significantly increase the share of direct distribution, improve digital sales capability, and develop revenue optimisation and partner utilisation. The next step is to smooth the process from the customer's perspective by shifting to customer-centric and data-driven sales, strengthening customer relationships by providing the right product at the right time and increasing customer engagement with more targeted sales communications. Safety as well as excellent on-time performance and regularity remain at the core of Finnair's operational quality, and the company invests in the use of analytics and data to provide a smooth and timely travel experience.

The role of digital services is a key part of Finnair's strategy, and its importance will continue to grow. The average monthly number of unique and verified Finnair website visitors in Q4 increased from the comparison period level and totalled 2.1 million (1.8). The number of active users of the Finnair mobile application increased by 18.3 per cent to 853,000 year-on-year, as customers were able to effect more changes and purchase more ancillaries directly from the app. Share of passengers in Finnair's modern channels[4] grew to 67.7 per cent (66.1) driven by the increasing NDC (New Distribution Capability) share in all customer segments.

The updated strategy still emphasises the utilisation of joint businesses with airline partnerships (Atlantic Joint Business or AJB, Siberian Joint Business or SJB and joint business with Juneyao Air). This highlights the role of oneworld partners such as American Airlines and Alaska Airlines in North America, Qatar Airways in the Middle East, Japan Airlines on routes to Japan and Qantas on the new routes connecting Australia and Asia, which Finnair started to operate during the period. Finnair's partnerships provide Finnair customers with an extensive global network and, on the other hand, significantly strengthen Finnair's distribution power.

Product and service quality are still differentiating factors for Finnair, in which operative quality plays an important role. Finnair's long-haul traffic emphasises a high-quality, differentiating travel experience, while smoothness, simplicity and efficiency are key to intra-European traffic. Finnair's Net Promoter Score (NPS) measuring customer satisfaction was still at a good level of 32 (40). In addition to the refurbished wide-body aircraft cabin, which has received very positive feedback from Finnair customers, NPS has been positively impacted by Finnair's fair on-time performance of 75.0 per cent (80.4) despite the capacity challenges that have impacted the European aviation system as well as the severe weather conditions especially in December.

BALANCED GROWTH SUPPORTED BY OPTIMISED FLEET

Due to the closure of Russian airspace, Finnair's hub lost its unique geographic advantage, as flying around Russia lengthens the routings between Helsinki and the mega cities in Japan, South Korea and China by up to 40 per cent, depending on the destination. Finnair has therefore re-balanced its network with an emphasis on the West and the Middle East and optimised its European network and traffic structure to increase efficiency.

Through the Qantas wet and dry lease agreements published in Q2 2023 and the cooperation with Qatar Airways commenced in Q4 2022, Finnair will be able to productively deploy its A330 fleet despite the closure of Russian airspace, while maintaining flexibility in the near term to restore connectivity between Asia and Europe.

Faster, standardised turnarounds at airports, improved aircraft utilisation and aircraft returning from wet lease outs in Q1 2024 as well as the next A350 delivery in Q4 2024 enable Finnair to grow in line with the market and increase capacity at a competitive cost level despite the capacity constraints prevailing in the aircraft market.

[4] In 2023, Finnair started to report its share of passengers in modern channels instead of share of sales in direct digital channels as the company is focusing on digitalisation. The modern sales channels include direct as well as modern, digital indirect channels.

CONTINUOUS COST EFFICIENCY TO ENSURE COMPETITIVENESS

Maintaining profitable and competitive operations require Finnair to continuously review its cost levels with a view to containing cost increases. However, the company has moved from programme-based cost reductions towards continuous cost efficiency improvement to ensure its competitiveness and to protect the opportunity to maintain investments in the customer experience also in the future.

During the period, Finnair continued to advance existing savings projects and developed new projects that, among other things, utilise the opportunities offered by artificial intelligence. Further, the purchase of six previously leased A321 aircraft during the period will have an annual positive impact of more than 20 million euros on both profit before taxes and cash flow over the next few years. Also the additional pension premium loan repayment of 120 million euros during the period will have a positive impact on profit before taxes amounting to approximately 3 million euros in 2024 in the form of lower net interest costs.

AMONG INDUSTRY SUSTAINABILITY LEADERS

Finnair is committed to continuously and systematically developing its operations in every relevant aspect of sustainability. The company aims to be among the most sustainable airlines in the world. To achieve this, the company must perform visible and effective acts of social and environmental sustainability, as well as cooperate closely with its partners and its supply chain. In order to invest more sustainably, the company must also ensure that the economic development of its business supports such investments.

The company's long-term sustainability target is to be carbon neutral by 2045. In April 2022, Finnair committed to cooperating with the Science Based Targets initiative (SBTi) to bring its emissions targets in line with the Paris Agreement. SBTi requires airlines to decarbonise through their own operations, so it does not take into account off-industry carbon credits or other market-based mechanisms such as the ETS. In line with SBTi's requirements, Finnair focuses on reducing the direct emissions of its aircraft. This requires significant measures to modernise Finnair's aircraft, improve operational efficiency and increase the use of sustainable aviation fuels. The exact schedule and scope of the measures will be specified during the year 2024, as Finnair prepares to submit short-term CO2 intensity reduction targets to SBTi for validation in the first quarter of 2024.

Social responsibility is a key component of the company's sustainability work. This means taking care of the safety and health of its employees and customers in all circumstances, promoting human rights, equality, nondiscrimination, and diversity in workplace and in its value chain, and offering accessible services.

BUILDING A SUSTAINABLE BALANCE SHEET

In building a sustainable balance sheet, it is essential to maintain the achieved business profitability. This strengthens equity and improves cash flows, which enables debt repayment and – together with continuous cost efficiency – builds a sustainable balance sheet. This strategy theme is also incorporated into other strategy themes.

During the period, Finnair took yet another step in building a more sustainable and cost-efficient balance sheet when the company carried out a rights issue of 570 million euros to strengthen its balance sheet and financial position. With the proceeds, Finnair repaid the remaining part of the capital loan granted by the State of Finland together with total interests and other fees, totalling 130 million euros, and repaid an additional tranche of 120 million euros of its pension premium loan during the period in addition to the scheduled 100-million-euro tranche. It also purchased six A321 aircraft previously on lease to the company for more than 200 million euros.

ADAPTABLE FINNAIR CULTURE DRIVEN BY ENGAGED PEOPLE

Throughout Finnair's 100-year history, the company and its employees have demonstrated a remarkable ability to adapt to changing circumstances and find new, previously untapped opportunities. This has been particularly highlighted during and after the twin crises caused by the pandemic and Russia's attack on Ukraine followed by the closure of Russian airspace. Going forward, the company will focus even more on nurturing and developing this cultural strength and will invest in its people to further improve employee competence, employee and customer experience, and business results.

Finnair employed an average of 5,195 (5,256) people in Q4 2023, which is 1.2 per cent less than in the comparison period. The number of employees increased during Q4 by 22 or 0.4 per cent, totalling 5,223 at the end of December (5,230). In total, 149 new persons were hired at Finnair in Q4 2023. The increase was mostly due to growth in the number of cabin crew members, pilots and customer service employees. The attrition rate for the last 12 months was 3.8 per cent (7.3). The number of absences due to illness was 4.9 per cent (5.3) in Q4.

Sustainability and corporate responsibility

Economic, social and environmental aspects have for a long time been integral to Finnair's overall business strategy and operations. Finnair is a responsible global citizen and responds to its stakeholders' needs, including those concerned with corporate sustainability. The strength in sustainability is important in order to stay relevant and to be able to run a long-lasting and successful business. As certain global challenges become more difficult to address, companies need to step up and actively contribute to the United Nations Sustainable Development Goals (SDG).

The company has identified six SDGs where it is expected to act and can make a significant impact.

SDG 5: Gender equality
SDG 9: Industry, innovation and infrastructure
SDG 12: Responsible consumption and production
SDG 13: Climate action
SDG 16: Peace, justice and strong institutions
SDG 17: Partnerships for the goals

The biggest expectations towards Finnair are with respect to reducing the CO2 emissions of its flights. Finnair is committed to the sector's common goal of carbon-neutral growth from 2020 onwards but sees this commitment as only a starting point. Based on its strategy Finnair commits to becoming carbon neutral by 2045 and is committed to setting a science-based carbon dioxide emission reduction target (SBTi) by Q1 2024 at the latest.

Finnair's sustainability is reflected in its strategy and vision, as well as its values of commitment to care, simplicity, courage and working together. Its sustainability strategy is embedded into the group strategy, brand, operations and product development. The strategy measures contribute to cost containment and risk mitigation as well as value creation.

Finnair's ethical business principles are outlined in its Code of Conduct. The Code applies to all Finnair personnel and all locations. Finnair requires that its suppliers comply with ethical standards essentially similar to those with which Finnair complies in its own operations. Finnair's Supplier Code of Conduct provides principles to ensure ethical purchasing, including zero tolerance for corruption.

Safety has the highest priority in Finnair operations. Finnair is committed to implementing, maintaining and constantly developing strategies and processes to ensure that all its aviation activities take place with an appropriate allocation of organisational resources. This is to achieve the highest level of safety performance and compliance with the regulatory requirements while delivering our services.

The key performance indicators for corporate sustainability are presented in the Key Performance Indicators table of this financial statements release.

Changes in company management

During the first quarter, there were no changes in the company's management.

On 23 May 2023, Finnair announced that it has appointed Kaisa Aalto-Luoto as Finnair's Chief People Officer and a member of the Executive Board. Aalto-Luoto started in her new role in October 2023. Previously, she has worked as Chief Human Resources Officer at Sanoma Media as well as Senior Vice President, Human Resources and Communications in Outotec, and has a long career in demanding HR management positions at Outotec and Mandatum Life. Johanna Karppi, Finnair's prior Senior Vice President, Human Resources, continued in her role until October 2023.

On 18 August 2023, Finnair announced that its CEO, Topi Manner, has given notice of his resignation from the company to join Elisa Corporation as their new CEO, starting at the latest on 1 March 2024.

After the period on 11 January 2024, Finnair announced that it has appointed Turkka Kuusisto as CEO of Finnair and he will start in this role on 11 July 2024 at the latest. Kuusisto joins Finnair from Posti Group Corporation, where he has served as the CEO since 2020. Prior to his CEO role in Posti Group Corporation, Kuusisto served in senior leadership positions in Posti Group Corporation and in Lindorff Group. Finnair's previous CEO Topi Manner left the company on 15 January 2024 to later take on the role of CEO at Elisa Corporation. Jaakko Schildt, Chief Operating Officer of Finnair, acts as an interim CEO between 15 January and the start of the new CEO.

Share price development and trading

Finnair Plc's market capitalisation was 815.1 million euros at the end of December (546.4) and the closing price of the share was 0.04 euros (0.07). During 2023, the highest price for the Finnair Plc share on the Nasdaq Helsinki was 0.10 euros, the lowest price 0.03 euros and the average price 0.06 euros. Some 1,831.4 million company shares, with a total value of 218.5 million euros, were traded on the Nasdaq Helsinki exchange.

The number of Finnair Plc shares recorded in the Trade Register was 20,481,139,267 at the end of the period (1,407,401,265) and the increase was explained by the rights issue carried out in November. The Finnish state owned 55.7 per cent (55.9) of Finnair's shares, while 9.5 per cent (7.6) were held by foreign investors or in the name of a nominee at the end of the period.

Own shares

On 31 December 2022, Finnair held a total of 399,303 own shares, representing 0.03 per cent of the total number of shares and votes.

Based on the share issue authorisation granted by the Annual General Meeting 2023, Finnair Plc issued 1,324,933 new shares to itself without consideration on 31 March 2023. Thus, the company held a total of 1,724,236 own shares.

On 3 April 2023, Finnair transferred a total of 1,324,933 own shares as incentives to the participants of the FlyShare employee share savings plan. After that, the company held a total of 399,303 own shares.

Based on the share issue authorisation granted by the Extraordinary General Meeting held on 27 October 2023, Finnair Plc's issued 60,000,000 new shares to itself without consideration on 24 November 2023. Thus, the company held a total of 60,399,303 own shares.

On 4 December, Finnair transferred a total of 10,833,653 own shares as a reward for the rebuild incentive plan's performance period 1 July 2020–30 June 2023 and for the savings periods 2019–2020 and 2020–2021 of the FlyShare share savings plan. The shares were transferred to the members of the executive board who were participants in these plans. The transfer of the shares was based on the authorisation given by the Extraordinary General Meeting held on 27 October 2023.

Finnair retained 49,565,650 own shares at the end of the period, representing 0.24 per cent of the total number of shares and votes.

Effective authorisations granted by the Annual General Meeting 2023

Finnair's Annual General Meeting was held in Helsinki on 23 March 2023.

The AGM authorised the Board of Directors to decide on the repurchase of the company's own shares and/or on the acceptance as pledge. The authorisation shall not exceed 50,000,000 shares, which corresponds to approximately 3.6 per cent of all the shares in the company. The authorisation is effective for a period of 18 months from the resolution of the AGM.

The AGM also authorised the Board of Directors to decide on donations up to an aggregate maximum of EUR 250,000 for charitable or corresponding purposes. The authorisation is effective until the next Annual General Meeting.

The resolutions of the AGM are available in full on the company's website https://investors.finnair.com/en/governance/general-meetings/agm-2023

Decisions made by and authorisations granted by the Extraordinary General Meeting 2023

The Extraordinary General Meeting (EGM) of Finnair Plc was held on 27 October 2023 without a meeting venue as a virtual meeting in accordance with Section 11 of the Articles of Association of the Company and Chapter 5, Section 16 Subsection 3 of the Finnish Companies Act. A total of 222 shareholders representing approximately 61 per cent of the company’s shares and votes, were represented in the EGM, either by advance vote or via remote connection. The EGM adopted all the proposals of the Board of Directors to the EGM.

AUTHORISING THE BOARD OF DIRECTORS TO RESOLVE ON A RIGHTS OFFERING

In accordance with the proposal of the Board of Directors, the EGM resolved that the Board of Directors is authorised to decide on the issuance of a maximum of 22,000,000,000 new shares. The new shares to be issued based on the authorisation will be offered to the Company's shareholders for subscription under pre-emptive subscription rights in the same proportion as they already hold shares in the Company. Shares that remain unsubscribed on the basis of pre-emptive subscription rights may be offered on a secondary basis for subscription to other shareholders or third parties. The Board of Directors is authorised to decide to whom shares that remain unsubscribed are offered to. The authorisation can only be used once, and it does not permit the Board of Directors to conduct multiple share issues. The Board of Directors decides on all other terms and conditions of the share issue. As the rights offering under the authorisation was carried out in November 2023, the authorisation is no longer valid.

AUTHORISING THE BOARD OF DIRECTORS TO RESOLVE ON THE ISSUANCE OF SHARES

In accordance with the proposal of the Board of Directors, the EGM resolved that the Board of Directors is authorised to decide on the issuance of shares. The maximum number of shares that may be issued based on the authorisation shall not exceed 132,935,562 shares, which corresponds to approximately 0.6 per cent of all the shares in the Company if the authorisation to issue shares decided by the EGM for the rights offering above is used in full. The authorisation is, however, at all times, limited to 0.6 per cent of the Company's actual total number of shares after the rights offering, so that upon completion of the rights offering the maximum number of shares that may be issued based on the authorisation shall be reduced to the nearest whole number corresponding to 0.6 per cent of the Company's total number of shares following the registration of the new shares to be issued in the rights offering. The Board of Directors decides on all conditions of the issuance of shares, including to whom, at what price and in which manner the shares are issued on the basis of the authorisation. The authorisation concerns both the issuance of new shares as well as the transfer of treasury shares. Shares may also be issued in deviation from the shareholders' pre-emptive rights (directed issue), e.g., for using the shares to develop the Company's capital structure, to finance or carry out acquisitions, investments or other business transactions, or in order to use the shares as part of the Company's incentive and remuneration schemes. The authorisation is effective until 23 September 2024, corresponding to a period of 18 months from the Annual General Meeting held on 23 March 2023, and, as it entered into force, revoked the share issue authorisation granted by the Annual General Meeting on 23 March 2023. The authorisation was conditional to the completion of the rights offering and entered into force as of the registration of the new shares issued in the rights offering.

The resolutions of the EGM are available in full on the company’s website
https://investors.finnair.com/en/governance/general-meetings/egm-2023

Significant risks and uncertainties

In the implementation of its strategy and business, Finnair is faced with various risks and opportunities. Finnair has a comprehensive risk management process to ensure that risks are identified and mitigated as much as possible, although many risks are not within the company’s full control. The risks and uncertainties described below are considered as potentially having a significant impact on Finnair’s business, financial result and future outlook at least for the next 12 months. This list is not intended to be exhaustive.

Factors such as geopolitical uncertainty, the threat of trade wars, the threat of terrorism and cyber-attacks as well as other potential external disruptions may, if they materialise, significantly affect Finnair’s operations. Geopolitical tensions may have an adverse effect on the global economic environment, and on Finnair’s network and profitability. The war in Ukraine has already significantly impacted the global trade in the form of sanctions and countersanctions, and as regards to civil aviation, closures of the airspace. A possible escalation of the war and unrest in conflict areas in the Middle East may have adverse effects on, e.g., the demand for air travel, fuel prices, the flight network and the use of airspace. Their negative impact on Finnair's operating result and financial position depends on the company's ability to adjust its route network, costs, revenue generating sources and financing in the new operating environment.

Macroeconomic factors continue to be a key driver of air transportation demand, as there has historically been a strong correlation between air travel and the development of macroeconomic factors such as GDP. Due to this correlation, aviation is an industry that is highly sensitive to global economic cycles and reacts quickly to external disruptions, seasonal variations and economic trends, as the global COVID-19 pandemic and the war in Ukraine have demonstrated.

The effect of the COVID-19 pandemic in the markets in which Finnair operates has adversely affected the demand for Finnair's services. Even though the existing travel restrictions are very limited since China opened for travel, the uncertainty concerning the travel restrictions, especially in Asia, poses a risk to demand for air travel, and consequently to Finnair's revenue development. The COVID-19 pandemic may also have long-term negative effects on air travel demand due to potential changes in travellers' perception of the air travel experience and the perceived uncertainty relating to the current pandemic or other similar health threats in the future. The recovery of business travel to pre-COVID-19 levels is likely to be affected by the adoption of virtual and teleconferencing tools.

Factors beyond Finnair's control are related to the duration of the Russian airspace closure, COVID-19 pandemic and retightening of related travel restrictions, resource challenges in the European aviation system caused by the pandemic as well as the recovery of demand for air travel. In addition, other general risk factors in the industry and business, such as the fluctuation of jet fuel prices and its weakened supply, fluctuation in demand for air travel in general, and fluctuations in currency exchange rates, as well as regulatory and tax changes are also beyond Finnair's control. Other general macroeconomic conditions, such as deterioration in business or consumer confidence, changing customer preferences or employment levels, lower availability of credit, rising interest rates, rise in prevailing high inflation, recession, or changes in taxation may have an adverse impact on private consumption, and consequently on the demand for air travel.

The key factors affecting revenue and operating result, which Finnair can partially affect, are operating costs and the volume of production. Due to the considerable effect of the COVID-19 pandemic, Finnair has carried out an extensive 200-million-euro cost savings programme. The current inflationary pressure poses a risk to retaining the cost level achieved.

As jet fuel costs are the largest variable expense item, the jet fuel price development has a material effect on profitability. Fuel price fluctuations may result in increased uncertainty around Finnair's financial performance and cash flow. Jet fuel prices have historically fluctuated significantly, and fluctuations are expected to continue in the future e.g., due to the impacts of the war in Ukraine. Finnair's ability to pass on the increased costs of jet fuel to its customers by increasing fares is limited by the fierce competition in the airline industry. Finnair's jet fuel costs are also subject to foreign exchange rate risk as international prices for jet fuel are denominated in U.S. dollars. The residual effect of jet fuel price fluctuations is determined by the hedges in use at a given point in time. Increasing jet fuel costs, disruptions in fuel supplies and ineffective hedging in relation to changes in market prices may result in increased expenses, which may have a material adverse effect on Finnair's business, financial result and future outlook. Derivatives used to hedge against adverse price movements in jet fuel may prove to be inefficient, resulting in an increased jet fuel price in relation to market prices. The volatile market impacts the pricing and availability of hedging instruments. Finnair manages risks related to fuel costs in accordance with the current risk management policy.

Retightening of the COVID-19 pandemic related restrictions, especially in Asia, as well as the prolongation of the Russian airspace closure would have an adverse impact on the company's profitability, cash funds and equity. Weakened profitability would also increase the risk of fleet and other asset impairment.

If the business would become unprofitable again, it could result in depletion of equity, which may have an adverse effect on the availability and terms of new funding.

Capacity increases and product improvements among Finnair's existing or new competitors may have an effect on the demand for, and yield of, Finnair's services. Competition in the airline industry is intense, and the market situation is continuously changing as new entrants and/or alliances expand, industry participants consolidate and airlines form marketing or operational alliances, which might gain competitive advantage over Finnair's oneworld alliance or its joint businesses. In addition, the cost base restructurings of Finnair's competitors, undertaken in response to the COVID-19 pandemic and the closure of Russian airspace, may result in further intensified competition through, among others, more aggressive pricing.

Finnair, like other airlines, strives to distribute its services in increasingly versatile and flexible ways and at a lower cost by adopting and utilising new distribution technologies and channels, including the transition towards the differentiation of fare content and availability between channels. The ability to capitalise on the commercial possibilities provided by these technologies is dependent on, among others, Finnair's partners to develop and implement such applications as well as Finnair's ability to generate products and services that best correspond to customer needs. Hence, the introduction of new digital distribution technologies and channels involves implementation, as well as commercial, risks.

The aviation industry is affected by a number of regulatory trends. Estimating the exact impacts of the regulatory changes on airlines' operational activities and/or costs in advance is difficult. Examples of such regulatory trends include regulation related to emissions trading, noise regulation and other environmental regulation, as well as regulations on privacy and consumer protection.

Finnair is exposed to the risk of operating losses from natural events, pandemics or health epidemics and weather-related events, influencing operating costs and revenue. Outbreaks of epidemics or pandemics, as COVID-19 has demonstrated, can adversely affect the demand for air travel and have a significant effect on Finnair's operations. Further, natural hazards arising from climate change, such as increased extreme weather conditions, including substantial snowfall, atmospheric turbulence, earthquakes, hurricanes, typhoons, or severe thunderstorms, may result in substantial additional costs to Finnair. Such weather conditions may, for example, lead to flight cancellations, increased waiting times, increased fuel consumption as well as costs associated with aircraft de-icing, which could lead to additional costs to Finnair and thus, have an adverse effect on Finnair's results of operations and financial condition.

In a changing aviation business environment, it is difficult to predict the impact that the COVID-19 and the potential further changes in the geopolitical situation may have on airline market access and traffic right opportunities in general. Potentially increasing protectionism in the political environment may have an adverse impact on the market access required for the implementation of Finnair's strategy. At the same time, it is possible that connectivity needs may increase in some countries, leading to increasing market access opportunities and new traffic rights.

General labour market tensions in Finland are higher than normal, which increases the risk of indirect strikes and other industrial action. Depending on their timing, duration and scope, strikes and other industrial action in Finland and elsewhere may have a significant adverse impact on Finnair's operations and result.

Seasonal variation and sensitivities in business operations

Due to the seasonality of the airline business, the Group's revenue and result are generally at their lowest in the first quarter and at their highest in the third quarter of the year.

In addition to operational activities and market conditions, the fuel price development has a key impact on Finnair's result, as fuel costs are the company's most significant variable expense item. Finnair's foreign exchange risk arises primarily from fuel and aircraft purchases, aircraft divestments, aircraft lease payments, aircraft maintenance and foreign currency revenue. Significant dollar-denominated expense items are e.g. fuel costs and aircraft lease payments. The largest investments, namely the acquisition of aircraft and related spare parts, are also mainly denominated in US dollars. The most significant income currencies after the euro are the US dollar, the Japanese yen, the South Korean won, the Swedish krona, the UK pound, and the Norwegian krona.

The company hedges its currency, interest rate and jet fuel exposure using a variety of derivative instruments, such as forward contracts, swaps and options, in compliance with the risk management policy approved annually by the Board of Directors. Finnair's risk management policy was updated during Q4 2023. Before the update Finnair hedged its fuel purchases 12 months forward on a rolling basis. The update extends the time horizon to 18 months on a rolling basis. Also, the hedging ratios were increased slightly throughout the hedging horizon. After the update, the maximum hedging ratio for the first 3-month period is 93 per cent and the lower limit is 68 per cent, while average hedging ratio is approximately 80 per cent. The hedging ratio decreases towards the end of the 18-month hedging period.

Sensitivities in business operations, impact on comparable operating profit (rolling 12 months from date of financial statements)		**1 percentage point change**
Passenger load factor (PLF, %)		EUR 34 million
Average yield of passenger traffic		EUR 24 million
Unit cost (CASK excl. fuel)		EUR 21 million
Fuel sensitivities (rolling 12 months from date of financial statements)	**10% change without hedging**	**10% change, taking hedging into account**
Fuel	EUR 77 million	EUR 49 million

Fuel hedging and average hedged price (rolling 18 months from date of financial statements)	**Hedged fuel, tonnes***	**Average hedge price, USD/ton* ****
Q1 2024	198,000	909
Q2 2024	183,000	878
Q3 2024	144,000	895
Q4 2024	87,000	851
Q1 2025	-	-
Q2 2025	-	-
Total	**612,000**	**888**

* Based on the hedged period, i.e., not hedging related cash flow.
** Average of swaps and bought call options strikes.

Currency distribution, %	**Q4 2023**	**Q4 2022**	**2023**	**2022**	**Currency sensitivities USD and JPY** (rolling 12 months from date of financial statements for operational cash flows)		**Hedging ratio for operational cash flows** (rolling next 12 months)
Sales currencies					10% change without hedging	10% change taking hedging into account	
EUR	58	63	59	58	-	-	-
USD*	10	6	9	8	see below	see below	see below
JPY	4	3	4	4	EUR 12 million	EUR 5 million	51%
KRW	3	2	3	2	-	-	-
SEK	4	4	3	4	-	-	-
GBP	4	4	4	4	-	-	-
NOK	3	4	3	4	-	-	-
Other	14	14	14	15	-	-	-
Purchase currencies							
EUR	65	55	60	55	-	-	-
USD*	29	40	34	41	EUR 62 million	EUR 28 million	57%
Other	6	5	6	5	-	-	-

* Hedging ratio and sensitivity analysis for USD basket, which consists of net cash flows in USD and HKD. The sensitivity analysis assumes that the correlation of the Hong Kong dollar with the US dollar is strong.

HEDGING OF FOREIGN CURRENCY EXPOSURE IN BALANCE SHEET

Finnair's balance sheet includes asset-related foreign currency exposure due to the recognition of the present value of qualifying operating lease liabilities in the balance sheet as right-of-use assets. Unrealised foreign exchange losses/gains caused by the translation of the USD denominated liability will have an impact on Finnair's net result. In the future, the effect and amount of the foreign currency exchange could be positive or negative, depending on the USD-rate at the closing date. Finnair has mitigated the foreign exchange volatility introduced by this difference by using derivatives as well as by partly investing liquidity in foreign currency money market funds or other financial assets where possible. The annual effect in net result going forward is dependent on the size of the qualifying operating lease portfolio, the duration of the leases and hedging ratio. At the end of December, the hedging ratio of USD denominated interest-bearing liabilities (including IFRS 16) was approximately 90 per cent.

Events after the period

On 11 January 2024, Finnair announced that it has appointed Turkka Kuusisto (44, MSc. Tech) as CEO of Finnair and he will start in this role on 11 July 2024 at the latest. Kuusisto joins Finnair from Posti Group Corporation, where he has served as the CEO since 2020. Prior to his CEO role in Posti Group Corporation, Kuusisto served in senior leadership positions in Posti Group Corporation and in Lindorff Group. Finnair's previous CEO Topi Manner left the company on 15 January 2024 to later take on the role of CEO at Elisa Corporation. Jaakko Schildt, Chief Operating Officer of Finnair, acts as an interim CEO between 15 January and the start of the new CEO.

Financial reporting in 2024

The publication dates of Finnair's financial reports in 2024 are the following:

- Interim Report for January–March 2024 on Tuesday 23 April 2024
- Half-year Report for January–June 2024 on Friday 19 July 2024
- Interim Report for January–September 2024 on Tuesday 29 October 2024

FINNAIR PLC
Board of Directors

Briefings

Finnair will hold a results press conference (in Finnish) on 14 February 2024 at 11:00 a.m. at its office at Tietotie 9 in Vantaa. It is also possible to participate in the press conference via a live webcast at https://finnairgroup.videosync.fi/2024-02-14-media.

An English-language telephone conference and webcast will begin at 1:00 p.m. Finnish time. To access the conference, kindly first register at https://palvelu.flik.fi/teleconference/?id=50048500. After the registration, you will be provided with phone numbers and a conference ID. To join the live webcast, please register at https://finnairgroup.videosync.fi/q4-2023.

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Key performance indicators

EUR in millions, unless otherwise indicated	Q4 2023	Q4 2022	Change %	2023	2022	Change %
Revenue and profitability						
Revenue	727.2	687.3	5.8	2,988.5	2,356.6	26.8
Comparable operating result	22.5	17.9	25.6	184.0	-163.9	> 200
Comparable operating result, % of revenue	3.1	2.6	0.5 %-p	6.2	-7.0	13.1 %-p
Operating result	27.3	38.0	-28.3	191.4	-200.6	195.4
Comparable EBITDA, % of revenue	14.7	14.4	0.3 %-p	17.3	6.5	10.8 %-p
Earnings per share (EPS), basic, EUR	0.004	0.005	-19.0	0.022	-0.060	137.3
Earnings per share (EPS), diluted, EUR	0.004	0.005	-20.7	0.022	-0.060	136.2
Unit revenue per available seat kilometre (RASK), cents/ASK	8.04	8.40	-4.3	8.27	7.53	9.8
Unit revenue per revenue passenger kilometre (yield), cents/RPK	8.66	9.05	-4.3	8.73	8.09	8.0
Unit cost per available seat kilometre (CASK), cents/ASK	7.79	8.18	-4.8	7.76	8.05	-3.7
CASK excluding fuel, cents/ASK	5.33	5.39	-1.1	5.27	5.38	-2.1
Capital structure						
Equity ratio, %	-	-	-	15.6	9.9	5.7 %-p
Gearing, %	-	-	-	192.8	266.4	-73.6 %-p
Interest-bearing net debt	-	-	-	1,112.5	1,094.0	1.7
Interest-bearing net debt / Comparable EBITDA, LTM	-	-	-	2.2	7.1	-5.0 %-p
Gross capital expenditure	268.6	61.8	> 200	484.2	199.6	142.6
Return on capital employed (ROCE), LTM, %	-	-	-	8.8	-6.1	14.9 %-p
Cash to sales, LTM, %	-	-	-	30.9	64.7	-33.8 %-p
Traffic						
Passengers, 1,000	2,611	2,451	6.5	10,983	9,096	20.8
Flights, number	25,702	23,858	7.7	101,201	88,713	14.1
Available seat kilometres (ASK), million	9,048	8,186	10.5	36,154	31,298	15.5
Revenue passenger kilometres (RPK), million	6,615	5,918	11.8	27,626	21,157	30.6
Passenger load factor (PLF), %	73.1	72.3	0.8 %-p	76.4	67.6	8.8 %-p
Customer-centric commercial and operational excellence						
Net Promoter Score (NPS)	32	40	-20.2	35	40	-11.4
On-time performance, %	75.0	80.4	-5.4 %-p	80.9	79.0	1.8 %-p
Share of passengers in modern channels, %	67.7	66.1	1.6 %-p	67.8	66.5	1.3 %-p
Average number of monthly visitors at finnair.com, millions	2.1	1.8	21.0	2.1	2.3	-4.9
Active users for Finnair mobile app, thousands	853.0	721.0	18.3	860.0	711.0	21.0
Ancillary revenue	43.8	32.4	34.9	147.8	123.2	20.0
Among industry sustainability leaders						
Jet fuel consumption, tonnes	242,382	210,599	15.1	960,357	788,104	21.9
Flight CO_2 emissions, tonnes	763,505	663,388	15.1	3,025,124	2,482,528	21.9
Non-flight CO_2 emissions, tonnes	-	-	-	8,968	6,597	35.9
Flight CO_2 emissions, g/ASK	84.4	81.0	4.1	83.7	79.3	5.5
Flight CO_2 emissions, g/RTK	935.0	925.1	1.1	920.5	926.9	-0.7
Adaptable Finnair culture driven by engaged people						
Average number of employees	5,195	5,256	-1.2	5,195	5,336	-2.7
Employee Net Promoter Score (eNPS)	-	-	-	-2	-17	88.2
Absences due to illness, %	4.92	5.26	-0.34 %-p	4.56	5.37	-0.81 %-p
Lost-time injury frequency (LTIF)	5.1	3.9	28.5	5.5	6.8	-19.7
Attrition rate, LTM, %	-	-	-	3.8	7.3	-3.5 %-p

PERFORMANCE INDICATORS CLASSIFIED AS ALTERNATIVE PERFORMANCE MEASURES

Finnair uses alternative performance measures (APM) referred to in the European Securities Markets Authority (ESMA) guidelines to describe its operational and financial performance in order to enhance comparability between financial periods and to enable better comparability relative to its industry peers. The alternative performance measures do not replace IFRS indicators.

Alternative performance measures	Calculation	Reason to use the measure
Items affecting comparability	Unrealised changes in foreign currencies of fleet overhaul provisions + Fair value changes of derivatives where hedge accounting is not applied + Sales gains and losses on aircraft and other transactions + Impairment + Restructuring costs	Component used in calculating comparable operating result.
Comparable operating result	Operating result - Items affecting comparability	Comparable operating result is presented to better reflect the Group's business performance when comparing results to previous periods.
Comparable operating result, % of revenue	Comparable operating result / Revenue x 100	Comparable operating result is presented to better reflect the Group's business performance when comparing results to previous periods.
Comparable EBITDA	Comparable operating result + Depreciation	Comparable EBITDA is presented to better reflect the Group's business performance when comparing results to previous periods. Comparable EBITDA is a common measure in airline business which aims to reflect comparable operating result excluding capital cost.
Comparable EBITDA, % of revenue	Comparable EBITDA / Revenue x 100	Comparable EBITDA is presented to better reflect the Group's business performance when comparing results to previous periods. Comparable EBITDA is a common measure in airline business which aims to reflect comparable operating result excluding capital cost.
Equity ratio, %	Equity total / Equity and liabilities total x 100	Equity ratio provides information on the financial leverage used by the Group to fund its assets.
Adjusted interest-bearing liabilities	Lease liabilities + Other interest-bearing liabilities + Cross currency interest rate swaps in derivative financial instruments	Component used in calculating gearing.
Cash funds	Cash and cash equivalents + Other financial assets	Component used in calculating gearing. Cash funds represent the total amount of financial assets that are available for use within short notice. Therefore, cash funds provide the true and fair view of the Group's financial position.
Interest-bearing net debt	Adjusted interest-bearing liabilities - Cash funds	Interest-bearing net debt provides view of the Group's total external debt financing.
Gearing, %	Interest-bearing net debt / Equity total x 100	Gearing provides view of the level of the Group's indebtedness.
Interest-bearing net debt / Comparable EBITDA, LTM	Interest-bearing net debt / Comparable EBITDA, for the last twelve months	The ratio provides information on the Group's leverage by comparing the Group's net debt to the amount of income generated before covering interest, taxes and depreciation.
Gross capital expenditure	Additions in fixed assets + New contracts in right-of-use assets + Reassessments and modifications in right-of-use assets	Gross capital expenditure provides information on the Group's capitalised investments and lease modifications.
Return on capital employed (ROCE), LTM, %	(Result before taxes + Financial expenses + Exchange rate gains and losses, for the last twelve months) / (Equity total + Lease liabilities + Other interest-bearing liabilities, average of reporting period and comparison period)	The ratio provides a view to monitor the return of capital employed.
Cash to sales, LTM, %	Cash funds / Revenue for the last twelve months x 100	The ratio provides information about the Group's liquidity in terms of available cash as a percentage of its sales.

RECONCILIATION OF PERFORMANCE INDICATORS CLASSIFIED AS ALTERNATIVE PERFORMANCE MEASURES

Items affecting comparability EUR in millions	Q4 2023	Q4 2022	Change %	2023	2022	Change %
Operating result	**27.3**	**38.0**	**-28.3**	**191.4**	**-200.6**	**195.4**
Unrealised changes in foreign currencies of fleet overhaul provisions	-8.4	-19.2	56.3	-7.1	8.8	-180.4
Fair value changes of derivatives where hedge accounting is not applied	0.3	1.2	-70.6	-0.7	-0.9	29.4
Sales gains and losses on aircraft and other transactions	-10.3	0.2	<-200	-13.3	-6.6	-101.8
Impairment	13.7	-	-	13.7	32.7	-58.3
Restructuring costs	0.0	-2.2	99.6	-0.1	2.6	-102.9
Comparable operating result	**22.5**	**17.9**	**25.6**	**184.0**	**-163.9**	**> 200**
Depreciation and impairment	84.3	81.2	3.9	332.6	317.1	4.9
Comparable EBITDA	**106.9**	**99.1**	**7.8**	**516.5**	**153.2**	**> 200**

Equity ratio EUR in millions, unless otherwise indicated	2023	2022	Change %
Equity total	577.0	410.7	40.5
Equity and liabilities total	3,698.0	4,133.0	-10.5
Equity ratio, %	**15.6**	**9.9**	**5.7 %-p**

Gearing, interest-bearing net debt and interest-bearing net debt / Comparable EBITDA, LTM EUR in millions, unless otherwise indicated	31 Dec 2023	31 Dec 2022	Change %
Lease liabilities	1,115.0	1,330.7	-16.2
Other interest-bearing liabilities	910.6	1,298.5	-29.9
Cross currency interest rate swaps*	8.9	-10.7	182.8
Adjusted interest-bearing liabilities	**2,034.5**	**2,618.4**	**-22.3**
Other financial assets	-776.8	-738.6	-5.2
Cash and cash equivalents	-145.1	-785.8	81.5
Cash funds	**-922.0**	**-1,524.4**	**39.5**
Interest-bearing net debt	**1,112.5**	**1,094.0**	**1.7**
Equity total	577.0	410.7	40.5
Gearing, %	**192.8**	**266.4**	**-73.6 %-p**
Comparable EBITDA, LTM	516.5	153.2	> 200
Interest-bearing net debt / Comparable EBITDA, LTM	**2.2**	**7.1**	**-5.0 %-p**

* Cross-currency interest rate swaps are used for hedging the currency and interest rate risk of interest-bearing loans, but hedge accounting is not applied. Changes in fair net value correlate with changes in the fair value of interest-bearing liabilities. Therefore, the fair net value of cross-currency interest rate swaps recognised in derivative assets/liabilities and reported in notes 10 and 11, is considered an interest-bearing liability in the net debt calculation.

Gross capital expenditure EUR in millions	Q4 2023	Q4 2022	Change %	2023	2022	Change %
Additions in fixed assets	252.3	41.0	> 200	409.4	125.8	> 200
New contracts in right-of-use assets	16.2	3.7	> 200	24.3	9.5	155.5
Reassessments and modifications in right-of-use assets	0.2	17.1	-99.1	50.5	64.3	-21.5
Gross capital expenditure	**268.6**	**61.8**	**> 200**	**484.2**	**199.6**	**142.6**

Return on capital employed (ROCE), LTM EUR in millions, unless otherwise indicated	31 Dec 2023	31 Dec 2022	Change %
Result before taxes, LTM	119.1	-370.7	132.1
Financial expenses, LTM	142.2	137.9	3.1
Exchange rate gains and losses, LTM	-13.7	38.8	-135.3
Return, LTM	**247.6**	**-194.0**	**> 200**
Equity total	577.0	410.7	40.5
Lease liabilities	1,115.0	1,330.7	-16.2
Other interest-bearing liabilities	910.6	1,298.5	-29.9
Capital employed	**2,602.5**	**3,039.8**	**-14.4**
Capital employed, average of reporting period and comparison period	**2,821.2**	**3,162.2***	**-10.8**
Return on capital employed (ROCE), LTM, %	**8.8**	**-6.1**	**14.9 %-p**

* Capital employed accounted was EUR 3,284.6 million as at 31 Dec 2021.

Cash to sales, LTM EUR in millions, unless otherwise indicated	31 Dec 2023	31 Dec 2022	Change %
Other financial assets	776.8	738.6	5.2
Cash and cash equivalents	145.1	785.8	-81.5
Cash funds	**922.0**	**1,524.4**	**-39.5**
Revenue, LTM	2,988.5	2,356.6	26.8
Cash to sales, LTM, %	**30.9**	**64.7**	**-33.8 %-p**

OTHER PERFORMANCE INDICATORS

Revenue and profitability	
Earnings per share (EPS), basic	(Result for the period - Hybrid bond and capital loan expenses net of tax) / Average number of outstanding shares during the period
Earnings per share (EPS), diluted	(Result for the period - Hybrid bond and capital loan expenses net of tax) / Average number of outstanding shares during the period taking into account the diluting effect resulting from changing into shares all potentially diluting shares
Unit revenue per available seat kilometre (RASK)	Unit revenue (RASK) represents the Group's revenue divided by available seat kilometres (ASK).
Unit revenue per revenue passenger kilometre (yield)	Passenger revenue by product divided by Revenue passenger kilometres (RPK).
Unit cost per available seat kilometre (CASK)	Unit cost (CASK) represents the Group's operational costs divided by available seat kilometres. Other operating income is deducted from operational costs.
CASK excluding fuel	(Comparable operating result - Revenue - Fuel costs) / ASK x 100

Traffic	
Available seat kilometres (ASK)	Total number of seats available × great circle distance in kilometres
Revenue passenger kilometres (RPK)	Number of revenue passengers × great circle distance in kilometres
Passenger load factor (PLF)	Share of revenue passenger kilometres of available seat kilometres

Customer-centric commercial and operational excellence	
Net Promoter Score (NPS)	Net Promoter Score is based on a question: "Thinking about all aspects of this journey, how likely would you be to recommend Finnair to a relative, friend or colleague?" Scale is 0-10: The share of detractors (ratings 0-6) is deducted from the share of promoters (ratings 9-10). Result is between +100 and -100.
On-time performance	The share of flights arrived less than 15 minutes late
Share of passengers in modern channels	Share of passengers in Finnair's own direct channels and modern, digital indirect channels in relation to total passengers for the period based on departure date. These channels include Finnair.com, Finnair mobile app, New Distribution Capability (NDC) solutions, Finnair call centers, Aurinkomatkat sales and group tool sales.

Among industry sustainability leaders	
Flight CO_2 emissions	CO_2 emissions from jet fuel consumption

Adaptable Finnair culture driven by engaged people	
Absences due to illness	Share of sickness absence hours relating to planned working hours
Lost-time injury frequency (LTIF)	The number of workplace accidents per million working hours
Attrition rate, LTM	Number of leavers on own request during the last twelve months compared to active employments on reporting date and leavers on own request during the last twelve months

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CONSOLIDATED INCOME STATEMENT

EUR in millions	Note	Q4 2023	Q4 2022	2023	2022
Revenue	5	**727.2**	**687.3**	**2,988.5**	**2,356.6**
Other operating income	6	41.8	37.3	130.5	153.5
Operating expenses					
Staff and other crew related costs	7	-124.0	-112.6	-498.1	-449.6
Fuel costs		-222.4	-229.0	-898.9	-835.1
Capacity rents		-27.8	-26.2	-107.2	-102.5
Aircraft materials and overhaul		-50.6	-33.1	-200.1	-192.4
Traffic charges		-58.4	-51.1	-233.8	-206.5
Sales, marketing and distribution costs		-28.3	-26.7	-117.1	-103.1
Passenger and handling services		-104.4	-98.5	-414.1	-348.0
Depreciation and impairment	8	-98.0	-81.2	-346.2	-349.8
Property, IT and other expenses		-27.8	-28.1	-112.1	-123.7
Operating result		**27.3**	**38.0**	**191.4**	**-200.6**
Financial income		15.1	7.1	56.2	6.5
Financial expenses		-33.5	-36.7	-142.2	-137.9
Exchange rate gains and losses		7.5	46.9	13.7	-38.8
Result before taxes		**16.4**	**55.3**	**119.1**	**-370.7**
Income taxes	13	43.8	-2.0	135.2	-105.4
Result for the period		**60.2**	**53.3**	**254.3**	**-476.2**
Attributable to					
Owners of the parent company		60.2	53.3	254.3	-476.2
Earnings per share attributable to shareholders of the parent company, EUR					
Basic earnings per share		0.004	0.005	0.022	-0.060
Diluted earnings per share		0.004	0.005	0.022	-0.060

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR in millions	Q4 2023	Q4 2022	2023	2022
Result for the period	**60.2**	**53.3**	**254.3**	**-476.2**
Other comprehensive income items				
Items that may be reclassified to profit or loss in subsequent periods				
Change in fair value of hedging instruments	-77.2	-11.5	-7.7	-13.8
Tax effect	15.4	-	4.2	0.1
Items that will not be reclassified to profit or loss in subsequent periods				
Actuarial gains and losses from defined benefit plans	-6.2	8.3	11.6	49.9
Tax effect	1.2	-1.7	-2.3	-10.0
Other comprehensive income items total	**-66.7**	**-4.9**	**5.8**	**26.2**
Comprehensive income for the period	**-6.5**	**48.4**	**260.0**	**-450.0**
Attributable to				
Owners of the parent company	-6.5	48.4	260.0	-450.0

CONSOLIDATED BALANCE SHEET

EUR in millions	Note	2023	2022
ASSETS			
Non-current assets			
Fleet	15	1,053.0	894.8
Right-of-use fleet	16	775.0	932.9
Fleet total		1,828.0	1,827.6
Other fixed assets	15	141.8	150.1
Right-of-use other fixed assets	16	140.4	145.4
Other fixed assets total		282.2	295.5
Pension assets	18	128.0	120.0
Other non-current assets		3.1	4.5
Deferred tax assets	13	234.0	80.6
Non-current assets total		**2,475.2**	**2,328.3**
Current assets			
Receivables related to revenue		154.4	134.9
Inventories and other current assets		134.6	122.0
Derivative financial instruments	10, 11	11.8	23.5
Other financial assets	11	776.8	738.6
Cash and cash equivalents		145.1	785.8
Current assets total		**1,222.8**	**1,804.8**
Assets total		**3,698.0**	**4,133.0**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		75.4	75.4
Other equity		501.5	335.2
Equity total		**577.0**	**410.7**
Non-current liabilities			
Lease liabilities	19	951.0	1,128.0
Other interest-bearing liabilities	19	790.2	1,058.4
Pension obligations		0.8	0.7
Provisions and other liabilities	21	125.9	186.4
Non-current liabilities total		**1,868.0**	**2,373.5**
Current liabilities			
Lease liabilities	19	164.0	202.7
Other interest-bearing liabilities	19	120.3	240.1
Provisions	21	28.1	71.7
Trade payables		107.0	90.3
Derivative financial instruments	10, 11	43.4	36.7
Deferred income and advances received	22	506.7	452.0
Liabilities related to employee benefits		116.5	111.2
Other liabilities		167.1	144.4
Current liabilities total		**1,253.1**	**1,348.9**
Liabilities total		**3,121.0**	**3,722.4**
Equity and liabilities total		**3,698.0**	**4,133.0**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR in millions	Share capital	Other restricted funds	Hedging reserve and other OCI items	Unrestricted equity funds	Retained earnings	Hybrid bond	Capital loan	Equity total
Equity 1 Jan 2023	**75.4**	**168.1**	**42.8**	**763.3**	**-1,237.0**	**198.0**	**400.0**	**410.7**
Result for the period	**-**	**-**	**-**	**-**	**254.3**	**-**	**-**	**254.3**
Change in fair value of hedging instruments	-	-	-3.5	-	-	-	-	-3.5
Actuarial gains and losses from defined benefit plans	-	-	9.3	-	-	-	-	9.3
Other comprehensive income items total	**-**	**-**	**5.8**	**-**	**-**	**-**	**-**	**5.8**
Comprehensive income for the period	**-**	**-**	**5.8**	**-**	**254.3**	**-**	**-**	**260.0**
Share issue	-	-	-	570.4	-	-	-	570.4
Share issue costs	-	-	-	-9.5	-	-	-	-9.5
Capital loan repayments	-	-	-	-	-	-	-400.0	-400.0
Capital loan interests and expenses	-	-	-	-	-39.1	-	-	-39.1
Hybrid bond repayments	-	-	-	-	-	-200.0	-	-200.0
Hybrid bond interests and expenses	-	-	-	-	-18.3	2.0	-	-16.3
Share-based payments	-	-	-	0.7	-	-	-	0.7
Equity 31 Dec 2023	**75.4**	**168.1**	**48.6**	**1,325.0**	**-1,040.2**	**-**	**-**	**577.0**

EUR in millions	Share capital	Other restricted funds	Hedging reserve and other OCI items	Unrestricted equity funds	Retained earnings	Hybrid bond	Capital loan	Equity total
Equity 1 Jan 2022	**75.4**	**168.1**	**16.6**	**762.0**	**-744.5**	**198.0**	**-**	**475.7**
Result for the period	**-**	**-**	**-**	**-**	**-476.2**	**-**	**-**	**-476.2**
Change in fair value of hedging instruments	-	-	-13.7	-	-	-	-	-13.7
Actuarial gains and losses from defined benefit plans	-	-	40.0	-	-	-	-	40.0
Other comprehensive income items total	**-**	**-**	**26.2**	**-**	**-**	**-**	**-**	**26.2**
Comprehensive income for the period	**-**	**-**	**26.2**	**-**	**-476.2**	**-**	**-**	**-450.0**
Proceeds from hybrid bond	-	-	-	-	-	290.0	-	290.0
Conversion of hybrid bond into capital loan	-	-	-	-	-	-290.0	290.0	-
Proceeds from capital loan	-	-	-	-	-	-	110.0	110.0
Hybrid bond interests and expenses	-	-	-	-	-16.4	-	-	-16.4
Share-based payments	-	-	-	1.4	-	-	-	1.4
Equity 31 Dec 2022	**75.4**	**168.1**	**42.8**	**763.3**	**-1,237.0**	**198.0**	**400.0**	**410.7**

CONSOLIDATED CASH FLOW STATEMENT

EUR in millions	Q4 2023	Q4 2022	2023	2022
Cash flow from operating activities				
Result before taxes	16.4	55.3	119.1	-370.7
Depreciation and impairment	98.0	81.2	346.2	349.8
Financial income and expenses	10.9	-17.3	72.3	170.2
Sales gains and losses on aircraft and other transactions	-10.3	0.2	-13.3	-6.6
Change in provisions	-9.5	-10.2	-21.4	45.2
Employee benefits	-1.9	0.8	8.9	12.7
Other adjustments	-1.2	2.6	1.0	2.1
Non-cash transactions	-12.7	-6.8	-11.5	60.0
Changes in trade and other receivables	-3.4	19.9	-30.2	-86.9
Changes in inventories	-0.5	-0.6	-1.1	-10.1
Changes in trade and other payables	-66.3	-42.7	89.4	249.5
Changes in working capital	-70.2	-23.4	58.1	152.5
Financial expenses paid, net	-37.8	-59.2	-98.7	-96.1
Net cash flow from operating activities	**-5.7**	**29.9**	**472.3**	**259.0**
Cash flow from investing activities				
Investments in fleet	-244.1	-13.4	-400.6	-83.1
Investments in other fixed assets	-1.8	-1.6	-3.6	-4.9
Divestments of fleet, other fixed assets and shares	0.0	0.0	0.4	25.5
Lease and lease interest payments received	0.1	0.2	0.4	0.4
Change in other current financial assets (maturity over 3 months)	68.0	-38.9	-60.7	-12.8
Change in other non-current assets	0.1	-0.6	0.0	-0.7
Net cash flow from investing activities	**-177.7**	**-54.3**	**-464.0**	**-75.5**
Cash flow from financing activities				
Loan repayments	-229.9	-9.7	-377.4	-144.0
Repayments of lease liabilities	-49.0	-52.1	-198.1	-193.4
Share issue **	570.4	-	570.4	-
Share issue costs	-2.1	-	-2.1	-
Hybrid bond repayments	-	-	-200.0	-
Hybrid bond interests and expenses	-	-	-20.4	-20.5
Proceeds from capital loan	-	-	-	400.0
Capital loan repayments **	-400.0	-	-400.0	-
Capital loan interests and expenses	-48.9	-	-48.9	-
Net cash flow from financing activities	**-159.4**	**-61.8**	**-676.4**	**42.1**
Change in cash flows	**-342.8**	**-86.2**	**-668.1**	**225.6**
Liquid funds, at beginning	1,050.3	1,461.8	1,375.6	1,150.0
Change in cash flows	-342.8	-86.2	-668.1	225.6
Liquid funds, at end *	**707.5**	**1,375.6**	**707.5**	**1,375.6**
*** Liquid funds**				
Other financial assets	776.8	738.6	776.8	738.6
Cash and cash equivalents	145.1	785.8	145.1	785.8
Cash funds	**922.0**	**1,524.4**	**922.0**	**1,524.4**
Other current financial assets (maturity over 3 months)	-214.4	-148.8	-214.4	-148.8
Liquid funds	**707.5**	**1,375.6**	**707.5**	**1,375.6**

** The participation of the State of Finland to the rights issue was paid by offsetting the aggregate subscription price against a corresponding amount of the principal of the capital loan. The overall offset amount was 318.6 million euros and net proceeds from the rights issue amounted to 251.8 million euros. After the completion of the rights issue Finnair repaid the remainder of the capital loan of approximately 81.4 million euros, to the State of Finland.

Notes to the financial statements release – Consolidated financial report 1 Jan – 31 Dec 2023

1. BASIS OF PREPARATION

This consolidated financial statements release has been prepared in accordance with the Interim Financial Reporting standard IAS 34 and its figures are based on the Finnair Plc's audited financial statements 2023. The financial statements release has been authorised for publication on 13 February 2024.

2. ACCOUNTING PRINCIPLES

The accounting principles applied in the financial statements release correspond to the principles disclosed in the Consolidated Financial Statements 2023. The figures presented in the financial statements release are rounded and consequently the sum of individual figures may not precisely add up to the corresponding totals stated herein. The reported key figures have been calculated using exact figures.

3. THE BOARD OF DIRECTORS' ASSESSMENT OF FINNAIR AS A GOING CONCERN

The consolidated financial statements release for the period ending 31 December 2023 has been prepared based on the going concern assumption. The Finnair Board of Directors has assessed the Group's ability to continue as a going concern based on the Group's ability to meet its obligations as they fall due at least 12 months after the consolidated financial statements release is issued. The assessment is based on Finnair's financial position as well as the management's latest business plan based on the company's strategy as approved by the Board of Directors.

4. CRITICAL ACCOUNTING ESTIMATES AND SOURCES OF UNCERTAINTY

The preparation of IFRS financial statements requires management to make various judgements in applying the accounting principles that affect the reported amounts of assets and liabilities as well as income and expenses. The application of the accounting policies prescribed by IFRS require making estimates and assumptions relating to the future where the actual outcome may differ from the earlier estimates and assumptions made. The identified items that require the most management estimates and assumptions, or where those estimates involve most uncertainties, include valuation of the fleet and other fixed assets, leasing arrangements, pension obligations, maintenance reserves of the fleet, Finnair Plus - customer loyalty program, derivates and hedge accounting as well as deferred tax assets. When preparing the consolidated financial statements release, the management has also considered the impacts of climate related matters in the estimates used in this financial statement release.

While the exceptional risks related the COVID-19 pandemic and closure of Russian airspace diminished during the financial year, the risks related to the effects of inflation and rising interest rates on demand and costs remain elevated. Also, a potential escalation of the conflict in the Middle East as well as the somewhat elevated tensions in the Finnish labour markets cause uncertainty in Finnair's operating environment. In addition, changes in the price of jet fuel or foreign currency rates can have a material impact on the company's financial result, balance sheet and cash flow. Finnair's management is continuously monitoring the changes in its operating environment and updates its estimates and assumptions based on the latest available information. Information on main critical accounting estimates and sources of uncertainty as well as the climate related impacts are disclosed in more detail in the 2023 financial statements.

5. SEGMENT INFORMATION AND REVENUE

Finnair Executive Board, defined as the chief operative decision maker according to IFRS 8: Segment reporting, considers the business as one operating segment. Therefore, separate segment information is not reported.

Finnair's fourth quarter revenue increased compared to the corresponding quarter of 2022 mainly due to increase in passenger, ancillary and travel services revenue. The decrease in cargo revenue was mainly due to reduced cargo yields.

Q4 2023, EUR in millions	Asia	North Atlantic	Europe	Middle East	Domestic	Un-allocated	Total	Share %
Passenger revenue	185.7	45.1	246.2	53.2	48.3	-5.5	**573.1**	78.8
Ancillary revenue	8.4	2.2	13.8	0.6	1.9	16.9	**43.8**	6.0
Cargo	35.1	6.8	6.7	0.4	0.1	1.4	**50.5**	7.0
Travel services	7.9	0.4	50.3	1.3	0.0	-0.1	**59.8**	8.2
Total	**237.1**	**54.4**	**317.0**	**55.6**	**50.3**	**12.8**	**727.2**	-
Share %	32.6	7.5	43.6	7.6	6.9	1.8	-	-

Q4 2022, EUR in millions	Asia	North Atlantic	Europe	Middle East	Domestic	Un-allocated	Total	Share %
Passenger revenue	166.9	49.6	250.4	34.2	42.4	-7.9	**535.5**	77.9
Ancillary revenue	6.2	2.3	10.1	0.5	1.2	12.1	**32.4**	4.7
Cargo	43.2	12.0	10.7	0.9	0.1	1.6	**68.6**	10.0
Travel services	5.1	0.2	41.9	3.5	0.0	0.1	**50.8**	7.4
Total	**221.4**	**64.2**	**313.2**	**39.0**	**43.7**	**5.8**	**687.3**	-
Share %	32.2	9.3	45.6	5.7	6.4	0.8	-	-

2023, EUR in millions	Asia	North Atlantic	Europe	Middle East	Domestic	Un-allocated	Total	Share %
Passenger revenue	763.2	214.9	1,045.3	206.3	172.7	9.3	**2,411.6**	80.7
Ancillary revenue	30.6	9.9	50.7	1.9	5.8	48.9	**147.8**	4.9
Cargo	133.6	28.5	26.5	1.4	0.4	1.6	**192.0**	6.4
Travel services	23.8	1.3	205.8	6.0	0.0	0.1	**237.1**	7.9
Total	**951.3**	**254.6**	**1,328.3**	**215.6**	**178.9**	**59.9**	**2,988.5**	-
Share %	31.8	8.5	44.4	7.2	6.0	2.0	-	-

2022, EUR in millions	Asia	North Atlantic	Europe	Middle East	Domestic	Un-allocated	Total	Share %
Passenger revenue	425.0	244.3	855.0	42.9	128.2	15.3	**1,710.7**	72.6
Ancillary revenue	19.4	12.8	36.7	1.0	5.4	47.9	**123.2**	5.2
Cargo	224.7	82.6	46.3	2.4	0.4	-4.1	**352.3**	15.0
Travel services	7.6	0.3	156.2	5.5	0.5	0.2	**170.3**	7.2
Total	**676.8**	**340.0**	**1,094.3**	**51.8**	**134.4**	**59.3**	**2,356.6**	-
Share %	28.7	14.4	46.4	2.2	5.7	2.5	-	-

Key figures quarterly, last 24 months	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Revenue	**727.2**	**817.3**	**749.2**	**694.7**	**687.3**	**719.2**	**550.3**	**399.8**
Passenger revenue	573.1	673.1	612.1	553.4	535.5	553.9	393.6	227.6
Ancillary revenue	43.8	37.9	33.1	33.0	32.4	36.3	27.7	26.7
Cargo	50.5	40.8	47.3	53.4	68.6	73.4	89.8	120.5
Travel services	59.8	65.6	56.8	54.9	50.8	55.5	39.1	25.0
Comparable EBITDA	**106.9**	**177.7**	**149.1**	**82.8**	**99.1**	**114.1**	**-6.0**	**-54.1**
Comparable operating result	**22.5**	**94.3**	**66.2**	**0.9**	**17.9**	**35.2**	**-84.2**	**-132.9**
Operating result	**27.3**	**90.0**	**65.8**	**8.3**	**38.0**	**19.2**	**-92.9**	**-164.9**

6. OTHER OPERATING INCOME

Lease income decreased when compared to the fourth quarter of 2022 mainly due to ending of the wet lease arrangements with Eurowings Discover in Q1 2023. Sales gains on fixed assets mainly comprise of the purchase of two A320 and seven A321 leased aircraft.

EUR in millions	Q4 2023	Q4 2022	Change %	2023	2022	Change %
Lease income	25.3	31.9	-20.6	95.3	118.8	-19.8
Sales gains on fixed assets	10.3	0.0	> 200	13.4	6.8	95.8
Other income	6.2	5.4	15.1	21.8	27.9	-21.9
Total	**41.8**	**37.3**	**12.3**	**130.5**	**153.5**	**-15.0**

7. STAFF AND OTHER CREW RELATED COSTS

EUR in millions	Q4 2023	Q4 2022	Change %	2023	2022	Change %
Wages and salaries	-89.2	-74.3	-20.1	-348.6	-297.3	-17.3
Defined contribution schemes	-17.3	-12.7	-36.1	-61.7	-55.4	-11.4
Defined benefit schemes	0.1	-0.2	180.8	-8.3	-11.4	27.6
Pension expenses total	-17.2	-12.9	-33.3	-70.0	-66.8	-4.7
Other social expenses	-4.0	-11.4	65.1	-16.3	-31.6	48.3
Salaries, pension and social costs	**-110.3**	**-98.5**	**-12.0**	**-435.0**	**-395.7**	**-9.9**
Operative staff related costs	-7.3	-7.4	0.9	-30.5	-27.6	-10.7
Leased and outsourced crew	-6.4	-4.8	-34.1	-26.0	-19.0	-37.3
Other personnel related costs	0.0	-1.9	102.0	-6.5	-7.3	11.2
Total	**-124.0**	**-112.6**	**-10.1**	**-498.1**	**-449.6**	**-10.8**

8. DEPRECIATION AND IMPAIRMENT

EUR in millions	Q4 2023	Q4 2022	Change %	2023	2022	Change %
Depreciation of owned fleet	-38.6	-31.0	-24.4	-139.5	-120.9	-15.4
Depreciation of other fixed assets	-3.9	-4.4	9.7	-15.3	-18.9	19.1
Depreciation of right-of-use fleet	-36.8	-40.3	8.8	-156.9	-156.0	-0.6
Depreciation of right-of-use other assets	-5.0	-5.4	7.8	-20.9	-21.3	2.0
Depreciation	**-84.3**	**-81.2**	**-3.9**	**-332.6**	**-317.1**	**-4.9**
Impairment	-13.7	-	-	-13.7	-32.7	58.3
Total	**-98.0**	**-81.2**	**-20.7**	**-346.2**	**-349.8**	**1.0**

Fleet and other non-current assets subject to depreciation, including the right-of-use assets, are stated at historical cost less accumulated depreciation and impairment loss, when applicable. The 13.7-million-euro impairment recognised in 2023 related to lease agreements for an aircraft maintenance hangar and its land area situated in the Helsinki airport area. The impairment was caused by low utilisation of the leased property resulting from reorganisation of certain operational activities in cooperation with Nordic Regional Airlines AB.

The Group reviews assets for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. If there is an indication that an asset may be impaired, the asset's recoverable amount is determined. The recoverable amount is defined for a cash-generating unit, and the need for impairment is evaluated at the cash generating unit level. The recoverable amount is determined as the higher of the asset’s fair value less costs to sell or its value in use. An impairment loss is recognised if the recoverable amount of an asset is below its carrying amount. Finnair's management has not identified indications of impairment in connection with the preparation of the consolidated financial statements. As part of Finnair’s internal process, in addition to the evaluation of separate impairment indicators, Finnair’s management prepares an annual impairment test which indicated no need for impairment. Impairment testing is described in more detail in the consolidated financial statements 2023.

9. ITEMS AFFECTING COMPARABILITY

Finnair uses alternative performance measures in its internal reporting to the chief operative decision maker, or Finnair Executive Board. The figures are referred to in the European Securities Markets Authority (ESMA) Guidelines on Alternative Performance Measures, which Finnair uses to describe its business and financial performance development between periods. The alternative performance measures do not replace IFRS indicators but shall be read in conjunction with key figures in accordance with IFRS financial statements.

Unrealised exchange rate differences of mainly in US dollars denominated aircraft maintenance provisions and unrealised fair value changes of derivatives where hedge accounting is not applied are excluded from comparable operating result. These exchange rate and fair value effects are included in the comparable operating result only when they will realise. In addition, gains and losses on aircraft and other transactions, impairment as well as restructuring costs are not included in the comparable operating result.

EUR in millions	Q4 2023 Reported	Q4 2023 Items affecting compa-rability	Q4 2023 Compa-rable	Q4 2022 Reported	Q4 2022 Items affecting compa-rability	Q4 2022 Compa-rable
Revenue	**727.2**	**-**	**727.2**	**687.3**	**-**	**687.3**
Other operating income	41.8	-10.3	31.5	37.3	0.0	37.2
Operating expenses						
Staff and other crew related costs	-124.0	-	-124.0	-112.6	-1.9	-114.5
Fuel costs	-222.4	0.3	-222.0	-229.0	1.2	-227.9
Capacity rents	-27.8	-	-27.8	-26.2	-	-26.2
Aircraft materials and overhaul	-50.6	-8.4	-59.0	-33.1	-19.2	-52.2
Traffic charges	-58.4	-	-58.4	-51.1	-	-51.1
Sales, marketing and distribution costs	-28.3	-	-28.3	-26.7	-	-26.7
Passenger and handling services	-104.4	-	-104.4	-98.5	-	-98.5
Property, IT and other expenses	-27.8	0.0	-27.8	-28.1	-0.2	-28.3
EBITDA	**-**	**-**	**106.9**	**-**	**-**	**99.1**
Depreciation and impairment	-98.0	13.7	-84.3	-81.2	-	-81.2
Operating result	**27.3**	**-4.7**	**22.5**	**38.0**	**-20.1**	**17.9**

EUR in millions	2023 Reported	2023 Items affecting compa-rability	2023 Compa-rable	2022 Reported	2022 Items affecting compa-rability	2022 Compa-rable
Revenue	**2,988.5**	**-**	**2,988.5**	**2,356.6**	**-**	**2,356.6**
Other operating income	130.5	-13.5	117.0	153.5	-6.8	146.7
Operating expenses						
Staff and other crew related costs	-498.1	-	-498.1	-449.6	2.5	-447.1
Fuel costs	-898.9	-0.7	-899.6	-835.1	-0.9	-836.0
Capacity rents	-107.2	-	-107.2	-102.5	-	-102.5
Aircraft materials and overhaul	-200.1	-7.1	-207.2	-192.4	8.8	-183.6
Traffic charges	-233.8	-	-233.8	-206.5	-	-206.5
Sales, marketing and distribution costs	-117.1	-	-117.1	-103.1	-	-103.1
Passenger and handling services	-414.1	-	-414.1	-348.0	-	-348.0
Property, IT and other expenses	-112.1	0.1	-111.9	-123.7	0.4	-123.3
EBITDA	**-**	**-**	**516.5**	**-**	**-**	**153.2**
Depreciation and impairment	-346.2	13.7	-332.6	-349.8	32.7	-317.1
Operating result	**191.4**	**-7.5**	**184.0**	**-200.6**	**36.6**	**-163.9**

Items affecting comparability include gain of 7.1 million euros on the unrealised exchange rate difference of aircraft maintenance provisions, gain of 13.5 million euros mainly comprising of the purchase of nine leased aircraft and an impairment of 13.7 million euros related to lease agreements for an aircraft maintenance hangar and its land area situated in the Helsinki airport area.

10. MANAGEMENT OF FINANCIAL RISKS

Finnair's risk management policy was updated during the last quarter of the year 2023. Before the update Finnair hedged its fuel purchases 12 months forward on a rolling basis. The update extends the time horizon to 18 months on a rolling basis. Also, the hedging ratios were increased slightly throughout the hedging horizon. After the update the maximum hedging ratio for the first 3-month period is approximately 95 per cent and the lower limit is approximately 70 per cent, average hedging ratio being approximately 80 per cent. The hedging ratio decreases towards the end of the 18-month hedging period. The tables below present the nominal value, or the amount and net fair value of derivative contracts used in Group's hedge accounting. In addition to derivates Finnair has also used USD denominated investments and deposits to hedge its balance sheet exposure. The amount of these investments and deposits at the end of Q4 2023 was over 400 million dollars.

On a quarter-on-quarter basis, the US dollar depreciated 5.3% against the euro and jet fuel price decreased 11.4%.

Derivatives, EUR in millions	2023		2022	
	Nominal value	Fair net value	Nominal value	Fair net value
Currency derivatives				
Operational cash flow hedging (forward contracts)	389.7	-3.5	284.7	-7.3
Operational cash flow hedging (options)				
Bought options	53.3	0.0	-	-
Sold options	48.9	-0.6	-	-
Fair value hedging of aircraft acquisitions	158.9	-1.4	183.7	-11.6
Hedge accounting items total	650.7	-5.5	468.4	-18.9
Balance sheet hedging (forward contracts)	321.8	0.2	337.7	-0.3
Items outside hedge accounting total	321.8	0.2	337.7	-0.3
Currency derivatives total	**972.6**	**-5.3**	**806.1**	**-19.3**
Commodity derivatives				
Jet fuel forward contracts, tonnes	422,000	-9.6	209,000	-2.5
Options				
Bought options, jet fuel, tonnes	255,000	2.6	149,000	4.8
Sold options, jet fuel, tonnes	255,000	-12.0	149,000	-7.8
Hedge accounting items total	932,000	-18.9	507,000	-5.6
Options				
Bought options, jet fuel, tonnes	187,000	1.6	149,000	0.9
Items outside hedge accounting total	187,000	1.6	149,000	0.9
Commodity derivatives total	**1,119,000**	**-17.4**	**656,000**	**-4.6**
Currency and interest rate swaps and options				
Cross currency interest rate swaps	310.4	-8.9	253.1	10.7
Items outside hedge accounting total	310.4	-8.9	253.1	10.7
Interest rate derivatives total	**310.4**	**-8.9**	**253.1**	**10.7**
Derivatives total	**-**	**-31.5**	**-**	**-13.2**

11. FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

Fair value hierarchy of financial assets and liabilities valued at fair value			
Fair values at the end of the reporting period, EUR in millions	2023	Level 1	Level 2
Financial assets at fair value through profit and loss			
Securities held for trading	776.8	723.4	53.4
Derivatives held for trading			
Currency derivatives	2.3	-	2.3
- of which in fair value hedge accounting	0.1	-	0.1
- of which in cash flow hedge accounting	2.0	-	2.0
Commodity derivatives	9.5	-	9.5
- of which in cash flow hedge accounting	7.9	-	7.9
Total	**788.7**	**723.4**	**65.3**

Financial liabilities recognised at fair value through profit and loss			
Derivatives held for trading			
Currency and interest rate swaps and options	8.9	-	8.9
Currency derivatives	7.6	-	7.6
- of which in fair value hedge accounting	1.5	-	1.5
- of which in cash flow hedge accounting	6.1	-	6.1
Commodity derivatives	26.8	-	26.8
- of which in cash flow hedge accounting	26.8	-	26.8
Total	**43.4**	**-**	**43.4**

During the reporting period no significant transfers took place between fair value hierarchy Levels 1 and 2. Majority of the securities held for trading are investments into money market funds and commercial papers. Investments have been done according to the treasury policy.

The fair values of hierarchy Level 1 are based fully on quoted (unadjusted) prices in active markets of the same assets and liabilities. The fair values of Level 2 instruments are, to a significant extent, based on input data other than the quoted prices included in Level 1, but still mainly based directly observable data (market prices) or indirectly observable data (derived from market prices) for the particular asset or liability.

12. COMPANY ACQUISITIONS AND DIVESTMENTS

There were no business acquisitions or divestments during the reporting period.

13. INCOME TAXES

Finnair’s taxable result turned profitable in year 2023 and a part of tax losses for 2020–2021 were utilised. Finnair's management is continuously monitoring the probability of utilising deferred tax assets and considers both positive and negative evidence in the assessment. Based on the criteria outlined in IAS 12 and the management’s assessment of the Finnair Group’s forecasted future profits and performance, Finnair re-recognised to its balance sheet a deferred tax assets of 99 million euros in the second quarter of 2023 and 18 million euros in the last quarter of 2023. As a result, the write-down of 117 million euros recognised in the second quarter of 2022 has been fully re-recognised. In addition, to the extent that the positive evidence supported, a deferred tax asset of 28 million euros was recognised for part of the tax losses accumulated during 2022. The management has concluded at the time of the preparation of the consolidated financial statements, that Finnair’s successful implementation of its renewed strategy and the re-established pattern of profitability as well as the management forecast of future taxable profit provide positive evidence about its ability to utilise the unused tax losses and other deductible temporary differences.

Deferred tax assets EUR in millions	2022	Recognised in the income statement	Recognised in shareholders' equity	2023
Confirmed losses	93.7	116.0 *	9.8 *	219.5
Property, plant and equipment	60.4	-10.4	-	49.9
Leases	279.2	-53.1	-	226.0
Valuation of derivatives at fair value	-	-	4.2	4.2
Other temporary differences	16.9	-6.1	6.4	17.3
Total	**450.2**	**46.4**	**20.5**	**517.0**
Netted from deferred tax liabilities	-369.6	88.9	-2.3	-283.0
Deferred tax assets in balance sheet	**80.6**	**135.3**	**18.1**	**234.0**

Deferred tax liabilities EUR in millions	2022	Recognised in the income statement	Recognised in shareholders' equity	2023
Defined benefit pension plans	-24.0	0.8	-2.3	-25.5
Property, plant and equipment	-109.2	32.8	-	-76.4
Leases	-236.4	55.3	-	-181.1
Total	**-369.6**	**88.9**	**-2.3**	**-283.0**
Netted from deferred tax assets	369.6	-88.9	2.3	283.0
Deferred tax liabilities in balance sheet	**-**	**-**	**-**	**-**

* The deferred tax asset (145 million euros) related to confirmed losses recognised in the income statement during the reporting period is offset against the deduction of the deferred tax asset recognised against taxable profit for the reporting period (29 million euros). In addition, the deferred tax asset related to confirmed losses was recognised in equity for capital loan costs (9.8 million euros).

Finnair has not recognised deferred tax assets related to temporary differences as presented in the table below.

Unrecognised deferred tax assets	2023			2022		
EUR in millions	Expiry year	Gross amount	Tax effect	Expiry year	Gross amount	Tax effect
Tax losses	2032	31.1	6.2	2030–2032	754.4	150.9
Leases	-	-	-	No expiry	64.1	12.8
Interest expenses under the limitation of the right to deduct interest	No expiry	73.1	14.6	No expiry	56.7	11.3
Valuation of derivatives at fair value	-	-	-	No expiry	13.5	2.7
Other temporary differences	-	-	-	No expiry	5.4	1.1
Total	**-**	**104.2**	**20.8**	**-**	**894.1**	**178.8**

The deferred tax asset is recognised up to the amount where it is probable that future taxable income will be generated against which the temporary difference can be utilised, also taking into account the tax planning methods available to Finnair relating to accumulated tax depreciations. The management's assessment of the future taxable profit is based on the latest forecasts approved by the Board of Directors in connection with the preparation of the consolidated financial statements. The statutory period of limitation relating to confirmed losses is 10 years and the respective deferred tax currently recognised in the balance sheet are expiring in 2030–2032. Deferred tax assets and liabilities recognised in the balance sheet are netted as they are levied by the same taxing authority and Finnair has a legally enforceable right to set off the balances.

14. DIVIDEND PER SHARE

The Board of Directors proposes to the Annual General Meeting that no dividend is paid for the year 2023. In accordance with the proposal of the Board of Directors, the Annual General Meeting on 23 March 2023 resolved that no dividend was paid for the year 2022. In accordance with the proposal of the Board of Directors, the Annual General Meeting on 7 April 2022 resolved that no dividend was paid for the year 2021.

15. CHANGE IN FIXED ASSETS

EUR in millions	2023	2022
Carrying amount at the beginning of period	1,044.9	1,108.6
Additions	409.4	125.8
Change in advances	-4.5	-37.4
Currency hedging of aircraft acquisitions	-10.2	20.4
Disposals and reclassifications	-90.0	0.0
Depreciation	-154.8	-139.8
Impairment	-	-32.7
Carrying amount at the end of period	**1,194.8**	**1,044.9**

Additions to fixed assets are mainly related to purchase of two A320 and seven A321 aircraft that were previously leased by Finnair, cabin refurbishment of the wide-body aircraft and investments in aircraft maintenance. Disposals and reclassifications are mainly related to maintenance provisions reclassified against the acquisition cost of the purchased, formerly leased aircraft.

Assets held for sale

Finnair had no assets classified as held for sale in Q4 2023.

16. CHANGE IN RIGHT-OF-USE ASSETS

EUR in millions	2023	2022
Carrying amount at the beginning of period	1,078.2	1,181.7
New contracts	24.3	9.5
Reassessments and modifications	50.5	64.3
Disposals	-46.2	-
Depreciation	-177.8	-177.3
Impairment	-13.7	-
Carrying amount at the end of period	**915.3**	**1,078.2**

Reassessments are mainly related to index changes and changes of office space and parking slot contracts. Disposals are related to purchase of two leased A320 and seven leased A321 aircraft, for which the leasing contracts were terminated in connection with the acquisition.

New contracts are mainly related to an aircraft maintenance hangar and its land area situated in the Helsinki airport as well as to other smaller real estate leases. Also the 13.7 million euro impairment recognised in 2023 related to the lease agreements for the maintenance hangar and land, which were transferred to Finnair in connection with the reorganisation of certain operational activities in cooperation with Nordic Regional Airlines AB.

17. STATE AID RELATING TO FINNAIR'S REFINANCING

State aid in rights issue

Finnair announced on 27 October 2023 the terms and conditions of the planned rights issue and completed the rights issue on 23 November 2023. The gross proceeds from the rights issue were announced to be approximately 570 million euros by offering up to 19,012,413,069 offer shares for subscription in the Offering with pre-emptive rights for existing shareholders in Finnair.

State of Finland irrevocably committed to subscribe for their respective pro rata share of the offering subject to customary terms and conditions of the right issue. The participation of the State of Finland to the rights issue was paid by offsetting the aggregate subscription price against a corresponding amount of the principal of the capital loan. The overall offset amount was approximately 318.6 million euros and after the completion of the rights issue Finnair repaid the remainder of the capital loan of approximately 81.4 million euros, to the State of Finland. In addition, Finnair paid the related interest and other fees of 48.9 million euros to the State. Therefore the capital loan has been fully repaid and is no longer part of Finnair’s balance sheet.

State aid in pension premium loan extension

The EU Commission's competition authority approved the extension of the 540-million-euro guarantee related to the pension premium loan on 20 June 2022. The pension premium loan maturity is extended until 2025 and the repayment schedule is amended so that the company will amortise the loan by 100 million euros every 6 months. However, the remaining two 100-million-euro tranches will be paid in full on 15 May 2025. In accordance with the loan terms, the pension premium loan is required to have a guarantee. The guarantee is granted by the State of Finland and a commercial bank.

In December 2023 Finnair announced that it had repaid an additional tranche of 120 million euros of its 600-million-euro pension premium loan in addition to the previously planned 100-million-euro instalment. The December instalment, including interest, totals approximately 230 million euros, after which the remaining loan amount is 280 million euros.

18. PENSION ASSETS

Pension assets were 128.0 million euros (31 December 2022: 120.0). During financial year 2023, total amount recognised in other comprehensive income was 11.6 million euros, which mainly consists of the change in discounting rate to 3.01% (31 December 2022: 3.69%), the gain on plan assets and experience adjustments. Service costs of 8.3 million euros and net interest income of 4.4 million euros were recognised in the income statement.

19. INTEREST-BEARING LIABILITIES

During the last quarter of 2023 Finnair amortised its loans according to the loan instalment programs and made an additional amortisation of 120 million euros from the pension premium loan.

Interest-bearing liabilities	Fair value		Book value	
EUR in millions	**2023**	**2022**	**2023**	**2022**
Lease liabilities	1,115.0	1,330.7	1,115.0	1,330.7
Loans from financial institutions	272.1	512.9	279.7	598.8
Bonds	371.9	298.0	381.3	397.9
JOLCO loans* and other	231.9	217.3	249.5	301.8
Total	**1,990.9**	**2,358.9**	**2,025.6**	**2,629.1**

* JOLCO loans and other include the JOLCO loans (Japanese Operating Lease with Call Option) for three A350 aircraft and Export Credit Support for one A350. The transactions are treated as loans and owned aircraft in Finnair's accounting.

Fair values of interest-bearing liabilities (excluding lease liabilities) have been calculated by discounting the expected cash flows using the market interest rate and company's credit risk premium at the reporting date. Fair value of bonds has been calculated by using the quoted price of reporting date (97.2).

Maturity dates of financial liabilities as at 31 Dec 2023							
EUR in millions	**1-12 months**	**13-24 months**	**25-36 months**	**37-48 months**	**49-60 months**	**Later**	**Total**
Lease liabilities, fixed interest	127.6	131.9	101.8	89.7	68.5	329.0	**848.5**
Lease liabilities, variable interest	36.4	36.4	35.9	37.7	35.0	85.2	**266.5**
Loans from financial institutions, variable interest	80.0	200.0	-	-	-	-	**280.0**
Bonds, fixed interest	-	382.5	-	-	-	-	**382.5**
JOLCO loans and other, fixed interest	-	23.4	11.7	-	-	-	**35.1**
JOLCO loans and other, variable interest	40.4	85.9	31.9	10.0	10.1	39.3	**217.5**
Interest-bearing financial liabilities total*	**284.4**	**860.1**	**181.2**	**137.3**	**113.7**	**453.4**	**2,030.1**
Payments from interest rate and currency derivatives	872.4	2.3	2.7	-	1.7	-	**879.1**
Income from interest rate and currency derivatives	-864.9	-	-	-	-	-	**-864.9**
Commodity derivatives	15.8	1.5	-	-	-	-	**17.4**
Trade payables and other liabilities	274.1	-	-	-	-	-	**274.1**
Interest payments	96.8	73.2	45.1	34.6	27.6	84.1	**361.3**
Total	**678.5**	**937.2**	**229.1**	**171.9**	**142.9**	**537.5**	**2,697.0**

Maturity dates of financial liabilities as at 31 Dec 2022 EUR in millions	1-12 months	13-24 months	25-36 months	37-48 months	49-60 months	Later	Total
Lease liabilities, fixed interest	144.4	148.0	150.0	104.6	86.3	353.7	**987.0**
Lease liabilities, variable interest	58.2	61.0	51.5	32.9	34.6	105.5	**343.7**
Loans from financial institutions, variable interest	200.0	200.0	200.0	-	-	-	**600.0**
Bonds, fixed interest	-	-	400.0	-	-	-	**400.0**
JOLCO loans and other, fixed interest	-	-	26.0	13.0	-	-	**39.0**
JOLCO loans and other, variable interest	40.4	41.8	89.0	33.0	10.3	51.2	**265.8**
Interest-bearing financial liabilities total*	**443.1**	**450.8**	**916.5**	**183.6**	**131.2**	**510.4**	**2,635.5**
Payments from interest rate and currency derivatives	809.4	-	-	-	-	-	**809.4**
Income from interest rate and currency derivatives	-792.1	-8.7	-	-	-	-	**-800.8**
Commodity derivatives	4.4	0.2	-	-	-	-	**4.6**
Trade payables and other liabilities	234.7	-	-	-	-	-	**234.7**
Interest payments	121.4	98.9	69.5	39.9	29.8	92.8	**452.3**
Total	**820.9**	**541.2**	**986.0**	**223.5**	**160.9**	**603.2**	**3,335.7**

* The bonds maturing do not include the amortised cost of 1.2 million euros paid in 2021 and due in 2025. Respectively, JOLCO loans do not include the amortised cost of 3.1 million euros paid in 2016 and due in 2025. Loans from financial institutions do not include the amortised cost of 0.3 million euros paid as arrangement fee from the pension premium loan in 2022. Therefore, the total amount of interest-bearing financial liabilities differs from the book value by the amount equal to the amortised costs.

20. EQUITY FINANCING INSTRUMENTS

During the last quarter of 2023 Finnair executed a rights issue to raise gross proceeds of approximately 570 million euros by offering up to 19,012,413,069 offer shares for subscription in the offering with pre-emptive rights for existing shareholders in Finnair. Total of 19,038,769,224 new shares were subscribed for in the Offering, corresponding to approximately 100.14 per cent of the offer shares, and thus, the offering was oversubscribed.

State of Finland irrevocably committed to subscribe for their respective pro rata share of the offering subject to customary terms and conditions of the right issue. The participation of the State of Finland to the rights issue was paid by offsetting the aggregate subscription price against a corresponding amount of the principal of the capital loan. The overall offset amount was approximately 318.6 million euros.

After the completion of the rights issue Finnair repaid the remainder of the capital loan of approximately 81.4 million euros, to the State of Finland. In addition, Finnair paid the related interest and other fees of 48.9 million euros to the State. Therefore the capital loan has been fully repaid and is no longer part of Finnair’s balance sheet.

EUR in millions	2023	2022
Accumulated interest from capital loan	-	15.9
Accumulated interest from hybrid bond	-	6.7

21. PROVISIONS

EUR in millions	2023	2022
Aircraft maintenance provision		
Provision at the beginning of period	246.7	195.9
Provision for the period	49.1	56.1
Provision used	-58.9	-16.6
Provision reversed	-2.3	-3.1
Provision for right-of-use assets redelivery	-0.3	-0.9
Reclassifications	-90.8	-
Unwinding of discount	7.8	6.4
Exchange rate differences	-7.1	8.8
Aircraft maintenance provision total	**144.2**	**246.7**
Of which non-current	118.3	178.7
Of which current	25.9	68.0
Other provisions		
Provision at the beginning of period	5.0	3.8
Provision for the period	1.2	4.8
Provision used	-2.8	-2.6
Provision reversed	-0.6	-1.0
Other provisions total	**2.9**	**5.0**
Of which non-current	0.8	1.4
Of which current	2.1	3.6
Total	**147.1**	**251.7**
Of which non-current	119.0	180.1
Of which current	28.1	71.7

Non-current aircraft maintenance provisions are expected to be used by the end of 2035. Maintenance provisions of 90.8 million euros were reclassified against the acquisition cost of purchased, formerly leased aircraft.

In the balance sheet, non-current provisions and other liabilities totalling to 125.9 million euros (31 December 2022: 186.4) include, in addition to provisions, other non-current liabilities totalling to 6.9 million euros (31 December 2022: 6.3) which mainly consist of received lease deposits.

22. DEFERRED INCOME AND ADVANCES RECEIVED

EUR in millions	2023	2022
Deferred revenue on ticket sales	394.8	356.4
Loyalty program Finnair Plus	66.7	51.3
Advances received for tour operations	32.5	27.9
Other items	12.8	16.4
Total	**506.7**	**452.0**

23. CONTINGENT LIABILITIES

EUR in millions	2023	2022
Guarantees on behalf of group undertakings	51.5	52.5
Total	**51.5**	**52.5**

The guarantees on behalf of group undertakings remained approximately on the same level as in the previous period.

Investment commitments for property, plant and equipment as of 31 December 2023 totalled 313.7 million euros (31 December 2022: 366.1) and they relate mainly to firm aircraft orders and other aircraft related investments. Out of the total investment commitments 175.7 million euro takes place within the next 12 months and 138.1 million euro during the following 1–5 years.

Off-balance sheet lease commitments as of 31 December 2023 totalled to 16.5 million euros (31 December 2022: 17.2). These include short-term lease agreements and other lease agreements for which the underlying asset is of low value or contracts that do not contain a lease according to IFRS 16. These relate mainly to leases for facilities and IT equipment.

24. RELATED PARTY TRANSACTIONS

Related parties of the Finnair group include its subsidiaries, management (the Board of Directors, the President and CEO and the Executive Board), their close family members and companies controlled by them or their close family members, associated companies and joint ventures, Finnair pension fund and Finnair Group sickness fund. Related party transactions include such operations that are not eliminated in the group's consolidated financial statement.

The State of Finland, which has control over Finnair owns 55.7% (31 December 2022: 55.9%) of Finnair’s shares. During financial year 2023 the State of Finland participated in the rights issue in proportion to its holding by offsetting the aggregate subscription price 318.6 million euros against a corresponding amount of the principal of the capital loan. Guarantee related to the pension premium loan from the State of Finland and during the reporting period repaid capital loan to the State of Finland are described in the note 17. State aid relating to Finnair’s refinancing. All the transactions with other government owned companies and other related parties are on arm's length basis and are on similar terms than transactions carried out with independent parties.

EUR in millions	2023	2022
Sales of goods and services		
Joint venture	25.4	25.7
Pension fund	0.2	0.3
Sickness fund	0.3	0.0
Employee benefits		
Pension fund	8.3	11.2
Sickness fund	0.8	0.6
CEO and Executive Board	7.5	4.1
The Board of Directors	0.4	0.4
Purchases of goods and services		
Joint venture	84.7	78.2
Pension fund	1.6	2.0
Financial income		
Pension fund	4.4	0.6
Receivables		
Joint venture	6.7	6.4
Pension fund	128.1	119.9
Liabilities		
Joint venture	4.6	4.3
Pension fund	25.6	13.0
Sickness fund	0.1	-

25. EVENTS AFTER THE PERIOD

There were no events after the period that would have a material financial impact.