FINNAIR GROUP HALF-YEAR REPORT

1 JANUARY – 30 JUNE 2023

21 July 2023

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Strong quarter driven by strong demand and successful strategy implementation. The company raises its longer-term profitability target.

April – June 2023

- Earnings per share were 0.09 euros (-0.20)*. Result for the period included a positive, one-off income tax item of 99 million euros.
- Revenue increased by 36.2% to 749.2 million euros (550.3).
- Comparable operating result was 66.2 million euros (-84.2). Operating result was 65.8 million euros (-92.9).
- Cash funds were 1,530.6 million euros (31 Dec 2022: 1 524.4) and the equity ratio was 13.1 per cent (31 Dec 2022: 9.9).
- Net cash flow from operating activities was 175.8 million euros (182.0), and net cash flow from investing activities was -187.7 million euros (2.8).** Gross capital expenditure totalled 62.5 million euros (34.1).
- Number of passengers increased by 19.4% to 2.8 million (2.4).
- Available seat kilometres (ASK) increased by 17.5% to 9,212.8 million kilometres (7,841.2).
- Passenger load factor (PLF) was 76.3% (67.3).

January – June 2023

- Earnings per share were 0.09 euros (-0.36).
- Revenue increased by 52.0% to 1,443.9 million euros (950.1).
- Comparable operating result was 67.1 million euros (-217.1). Operating result was 74.1 million euros (-257.8).
- Net cash flow from operating activities was 382.6 million euros (217.3), and net cash flow from investing activities was -331.4 million euros (-20.8).** Gross capital expenditure totalled 136.2 million euros (100.3).
- Number of passengers increased by 39.8% to 5.4 million (3.9).
- Available seat kilometres (ASK) increased by 20.4% to 17,763.0 million kilometres (14,756.4).
- Passenger load factor (PLF) was 75.7% (57.9).

** Unless otherwise stated, comparisons and figures in parentheses refer to the comparison period, i.e., the same period last year.*
*** In Q2, net cash flow from investing activities included 128.1 million euros of investments (4.8 million euros of redemptions) in money market funds or other financial assets (maturity over three months). In H1, these investments totalled to 191.9 million euros (2.9 million euros). They are part of the Group's liquidity management.*

Outlook

GUIDANCE ISSUED ON 13 JUNE 2023 (POSITIVE PROFIT WARNING):

Finnair raises its guidance for comparable operating result for the full year 2023, as it expects the travel demand to continue stronger than previously anticipated, fuel price development has been more favourable than expected and as the company's strategy implementation has progressed better than anticipated.

Contrary to the previous guidance, the company estimates that the comparable operating result will probably reach or even exceed the 2019 level (162.8 million euros). In terms of 2023 revenue, Finnair still estimates that it will not yet reach the 2019 level (3,097.7 million euros).

As a result of the improved profit outlook, Finnair's strategic comparable operating profit margin target of at least 5 per cent from mid-2024 onwards would be reached 12–18 months earlier than anticipated. However, uncertainty in Finnair's operating environment continues as the fuel price is still high and also since the end of the closure of

Russian airspace is not in sight. In addition, the extent of the impacts of inflation and rising interest rates on demand and costs is uncertain.

Finnair estimated in its guidance published on 27 April 2023 that its 2023 revenue will significantly increase and comparable operating result will significantly improve year-on-year, especially as the first half of 2022 was heavily burdened by both the pandemic and the closed Russian airspace. However, the company estimated that revenue and comparable operating result would not yet reach the level of 2019.

Finnair will update its outlook and guidance for the full year 2023 in connection with its half-year report to be published on 21 July 2023.

NEW GUIDANCE ON 21 JULY 2023:

Finnair reiterates its capacity guidance issued on 27 April 2023, estimating that in 2023, it will operate an average capacity of 80–85 per cent, as measured in ASKs, compared to 2019.

Finnair also reiterates its previous guidance, estimating that its 2023 revenue will significantly increase year-on-year but will not yet reach the level of 2019 (3,097.7 million euros).

The company specifies its guidance related to full year 2023 comparable operating result provided in connection with the positive profit warning published on 13 June 2023 and now estimates that it will be within the range of 150–210 million euros.

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. The company's comparable operating result estimate is based on the current fuel price and exchange rates.

Finnair will update its outlook and guidance in connection with the Q3 2023 interim report.

CEO Topi Manner:

The second quarter was a strong one. We carried 2.8 million customers and had a passenger load factor of 76 per cent. Our comparable operating profit was 66.2 million euros. Looking back, I'm proud of how the entire Finnair team has brought the company out of the pandemic and adapted to Russian airspace closure by defining a new strategy and implementing it successfully.

The strong quarter was driven by continued strong travel demand and successful implementation of Finnair's strategy. We captured demand with our balanced network and were successful in our pricing and sales efforts. Also our cost control measures are bearing fruit. The net result for the period increased to 138.6 million euros, supported by the re-recognition of previously written down deferred tax assets due to clearly improved profitability and improved longer-term outlook of our business.

We introduced the new Superlight ticket type and changes to baggage allowances, and enhanced control of carry-on baggage. The changes support on-time performance and upselling, as well as add choice available for our customers. The new ticket type is part of Finnair's strategy to offer a comprehensive range of products and price points to meet the needs of different customers. In addition, we completed our strategic fleet optimisation with a long-term lease agreement for A330s with our oneworld partner Qantas. The agreement enables us to profitably deploy our A330 aircraft, whose range limits their use in Finnair's own long-haul flights in the current situation.

Customer satisfaction measured by Net Promoter Score was 35 in the second quarter, a good level in international comparison. Our on-time performance, which is a key factor in customer satisfaction, remained good at 85%, and our renewed long-haul cabins continued to receive excellent feedback from customers. In addition, our home hub, Helsinki Airport, was chosen as the best airport in Europe in its size category. Finnair was named the best airline in the Northern Europe for the 13th time in a row in a Skytrax evaluation based on customer insights.

The long tail of the pandemic was visible as capacity bottle necks in global aviation; there is a global shortage of aircraft, spare parts as well as pilots and other staff. The global capacity challenges impacted Finnair in two ways, offering opportunities to lease aircraft and crew on one hand, and prolonging the maintenance schedules of aircraft on the other hand, resulting in less than planned capacity on some routes and the cancellation of some flights from the end of the summer season.

Over the past year, Finnair has succeeded well in actively addressing the opportunities in the market. Among other things, we have made successful network choices and allocated our capacity profitably, improved sales efficiency by significantly increasing the share of direct distribution, and improved cost efficiency while maintaining our operational excellence. Due to this, also our longer-term outlook has improved, and the specific risks related to the business environment have normalised, as the impacts of the pandemic have faded, and both Finnair and the market have adapted to the closed Russian airspace. In June, we announced that we would reach our previous strategic profitability target, i.e. a comparable operating profit margin of at least 5%, 12–18 months earlier than previously estimated. We are now able to raise our strategic profitability target to 6% by the end of 2025. In addition, we intend to call our 200-million-euro hybrid bond in early September. We have also made some updates to our strategy. We are aware that our work is not done, and we continue to implement our strategy in a determined manner.

The busiest travel weeks of the summer mean full planes and busy days at airports. I want to thank our customers for allowing us to be part of their journey also this summer. At the same time, I would like to thank our entire personnel for their excellent work and commitment to ensure smooth journeys and safe operations every day, on every flight.

Business environment in Q2

The impacts of the COVID-19 pandemic on Finnair's operations were already very mild in Q2 2023, although the increase in travel to China, opened for travel in early 2023, remained slow. On the other hand, the Russian airspace closure to EU carriers had a clear 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 only 53 per cent compared to Q2 2019. The longer routings increased the unit costs considerably. However, the Asian market yields remained on 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 and capacity constrained. Consequently, passenger revenue increased clearly more year-on-year than capacity.

Scheduled market capacity, measured in ASKs, between origin Helsinki and Finnair's European destinations increased by 3.6 per cent (483.7) year-on-year. Direct market capacity between Finnair's Asian and European destinations increased by 132.4 per cent (65.2) and between Finnair's North Atlantic and European destinations by 15.8 per cent (178.1) year-on-year.

The strong demand for package holidays continued throughout Q2. This was clearly reflected in increased package prices, which enabled Aurinkomatkat to cover increasing flight and hotel costs. The number of bookings for the ongoing summer season has been high, and due to the strong demand, capacity has been increased to popular destinations such as the Greek islands and Turkey. Despite the higher prices, demand remained strong also for last-minute deals. Demand for city holidays continued to grow strongly and the number of passengers was record high during the period. Customers have started to book their trips earlier after the pandemic and, therefore, demand for the upcoming winter season is already at a good level.

In the global air freight market, capacity already exceeded the pre-pandemic levels, but air cargo yields were still slightly elevated compared to the pre-pandemic levels. However, growing supply, weakened demand and, thus, declining market prices resulted in lower Finnair's cargo revenue than in the comparison period and in the previous quarter. Finnair estimates that cargo demand will continue to soften and that prices will decline as market capacity increases.

The US dollar, which is the most significant expense currency for Finnair after the euro, weakened by 2.2 per cent against the euro year-on-year. The Q2 US dollar-denominated average market price of jet fuel was 41.5 per cent lower and the euro-denominated market price was 42.7 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 Q2

REVENUE IN Q2

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

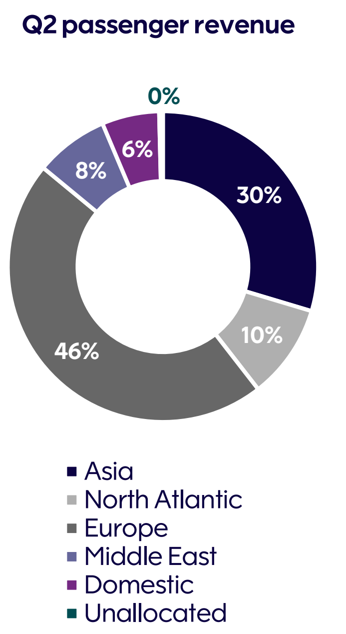
Revenue by product

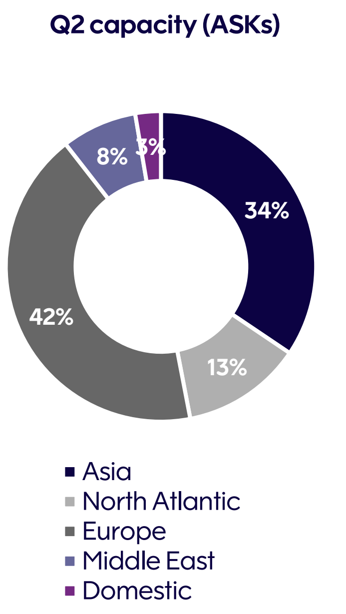
EUR million	Q2/2023	Q2/2022	Change %
Passenger revenue	612.1	393.6	55.5
Ancillary revenue	33.1	27.7	19.4
Cargo	47.3	89.8	-47.4
Travel services	56.8	39.1	45.2
Total	**749.2**	**550.3**	**36.2**

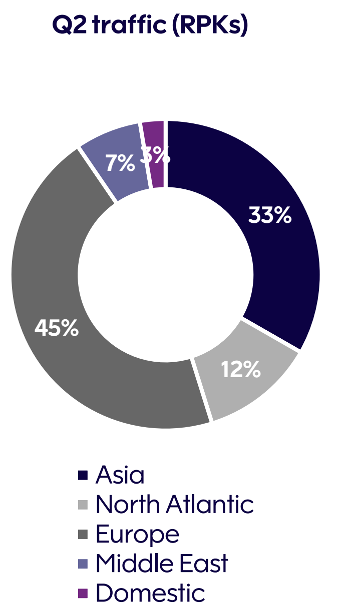
Unit revenue (RASK) increased by 15.9 per cent and amounted to 8.13 cents (7.02). The RASK increase was caused by elevated passenger yields and higher passenger load factor despite the higher number of cargo-only flights in the comparison period, as these flights do not generate any ASKs and, thus, have a positive RASK impact.

Passenger revenue and traffic data by area

	Passenger revenue		ASK		RPK		PLF	
Traffic area	Q2/2023 MEUR	Q2/2022 MEUR	Q2/2023 Mill. km	Q2/2022 Mill. km	Q2/2023 Mill. km	Q2/2022 Mill. km	%	Change %-p
Asia	181.3	78.8	3,171.8	1,892.7	2,341.3	1,155.4	73.8	12.8
North Atlantic	60.3	63.9	1,155.0	1,889.5	835.3	1,118.3	72.3	13.1
Europe	284.6	211.1	3,914.5	3,768.8	3,184.1	2,791.0	81.3	7.3
Middle East	46.9	1.8	725.5	43.8	483.3	31.3	66.6	-5.0
Domestic	36.6	26.5	246.0	246.3	186.7	178.4	75.9	3.5
Unallocated	2.4	11.6						
Total	**612.1**	**393.6**	**9,212.8**	**7,841.2**	**7,030.8**	**5,274.4**	**76.3**	**9.0**







The mildly negative impact of the COVID-19 pandemic was still visible in the Asian traffic, as travel to China continued to gradually open during Q2. Although the figures improved during the period due to strong demand, the Russian airspace closure had a clear negative impact which was visible mainly in the Asian figures. Passenger revenue increased by 55.5 per cent and traffic capacity, measured in Available Seat Kilometres (ASK), increased by 17.5 per cent overall against the comparison period. The number of passengers increased by 19.4 per cent to

2,826,000 passengers. Traffic, measured in Revenue Passenger Kilometres (RPK), increased by 33.3 per cent and the passenger load factor (PLF) increased by 9.0 percentage points to 76.3 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 only 53 per cent compared to Q2 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 67.6 per cent and RPKs by 102.6 per cent. PLF increased by 12.8 percentage points to 73.8 per cent.

North Atlantic ASKs in Q2 2023 decreased by 38.9 per cent year-on-year mainly as the Stockholm operations were discontinued at the end of October 2022. RPKs decreased by 25.3 per cent year-on-year. PLF increased by 13.1 percentage points to 72.3 per cent.

ASKs grew by 3.9 per cent in European traffic year-on-year. RPKs grew by 14.1 per cent and the PLF by 7.3 percentage points to 81.3 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 also includes flights to Dubai and Israel, which were operated already before the Qatar Airways cooperation. ASKs grew by 1,557.5 per cent in Middle Eastern traffic year-on-year. RPKs grew by 1,442.2 per cent. The PLF decreased by 5.0 percentage points to 66.6 per cent.

Domestic traffic capacity decreased by 0.2 per cent but RPKs increased by 4.6 per cent. The PLF increased by 3.5 percentage points to 75.9 per cent year-on-year.

Ancillary revenue increased to 33.1 million euros (27.7). Advance seat reservations, excess baggage and flight ticket related fees 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 Q2 cargo volumes were lower than the pre-pandemic figures of Q2 2019. Available scheduled cargo tonne kilometres, however, increased by 31.9 per cent year-on-year and revenue scheduled cargo tonne kilometres by 13.7 per cent. Even though total cargo tonnes increased by 15.7 per cent, cargo revenue decreased by 47.4 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. During Q2, 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 21.2 per cent year-on-year and the load factor in allotment-based capacity was 96.4 per cent. Travel services revenue increased by 45.2 per cent to 56.8 million euros (39.1).

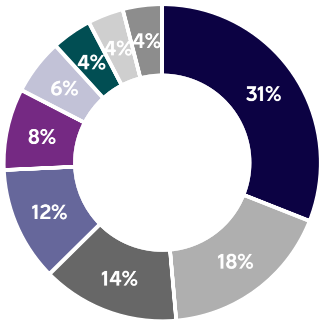
Other operating income decreased by 27.2 per cent to 27.7 million euros (38.0) as the wet lease agreement with Eurowings Discover ended in Q1 2023.

OPERATING EXPENSES INCLUDED IN COMPARABLE EBIT IN Q2

Finnair's operating expenses, included in the comparable operating result, increased by 5.7 per cent due to increased capacity even though the jet fuel price declined. Finnair continued its cost adjustment initiatives in Q2.

Unit cost (CASK) decreased by 8.4 per cent and totalled 7.41 cents (8.09). CASK excluding fuel decreased by 2.8 per cent. Year-on-year, the CASK decrease was caused by the increased capacity, the higher share of cargo-only flights in the comparison period, lower jet fuel price, as well as the achieved cost savings.

Q2 operating expenses (€710.7 million in total) included in comparable operating result



EUR million	Q2/2023	Q2/2022	Change %
Staff and other crew related costs	125.1	113.9	9.8
Fuel costs	220.3	229.2	-3.9
Capacity rents	25.9	24.7	4.8
Aircraft materials and overhaul	40.2	38.6	4.1
Traffic charges	59.1	50.0	18.0
Sales, marketing and distribution costs	29.1	28.3	2.9
Passenger and handling costs	99.6	79.0	26.1
Property, IT and other expenses	28.5	30.5	-6.6
Depreciation and impairment	82.9	78.2	6.0
Total	**710.7**	**672.4**	**5.7**

Operating expenses included in the comparable operating result, excluding fuel, increased by 10.6 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 6.4 per cent due to e.g., longer Asian routings despite a very limited number of cargo-only flights, that do not generate ASKs, in Q2 2023. Fuel consumption per RTK, which also accounts for developments in both passenger and cargo load factors, however, decreased by 1.3 per cent year-on-year as passenger load factor improved.

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

Passenger and handling costs (including also 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 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.

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.

RESULT IN Q2

As travelling was unrestricted within Europe, to the United States and to almost all countries in Asia during Q2, 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.

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

EUR million	Q2/2023	Q2/2022	Change %
Comparable EBITDA	**149.1**	**-6.0**	**>200**
Depreciation and impairment	-82.9	-78.2	-6.0
Comparable operating result	**66.2**	**-84.2**	**178.7**
Items affecting comparability	-0.4	-8.7	95.5
Operating result	**65.8**	**-92.9**	**170.9**
Financial income	13.4	-0.5	>200
Financial expenses	-36.1	-34.5	-4.8
Exchange gains and losses	0.5	-41.5	101.1
Result before taxes	**43.6**	**-169.3**	**125.7**
Income taxes	95.0	-110.2	186.2
Result for the period	**138.6**	**-279.5**	**149.6**

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

Unrealised changes in foreign currencies relating to fleet overhaul provisions were -0.2 million euros (-11.6). 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 -0.2 million euros (2.9) during the quarter. During the comparison period, there were no restructuring costs.

The net financial expenses were negative in Q2 mainly because of the interest expenses surpassing interest income and exchange gains. As Finnair's financial outlook has improved, the company re-recognised 99 million euros of the deferred tax assets related to 2020 and 2021 tax losses that were written down in Q2 2022. Other recognised income taxes consisted of utilised tax losses and other temporary differences.

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

Financial performance in H1

REVENUE IN H1

Finnair's total revenue increased year-on-year as the COVID-19 impact was visible in H1 2022 and, on the other hand, as passenger yields were exceptionally high during the period on the back of robust demand and restricted capacity.

Revenue by product

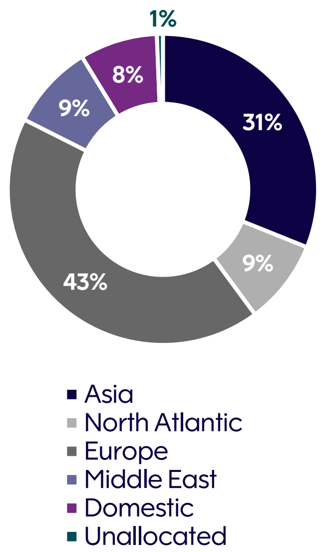
EUR million	H1/2023	H1/2022	Change %
Passenger revenue	1,165.4	621.2	87.6
Ancillary revenue	66.2	54.4	21.6
Cargo	100.7	210.4	-52.1
Travel services	111.7	64.1	74.3
Total	**1,443.9**	**950.1**	**52.0**

Unit revenue (RASK) increased by 26.3 per cent and amounted to 8.13 cents (6.44). The RASK increase was caused by elevated passenger yields and higher passenger load factor despite 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.

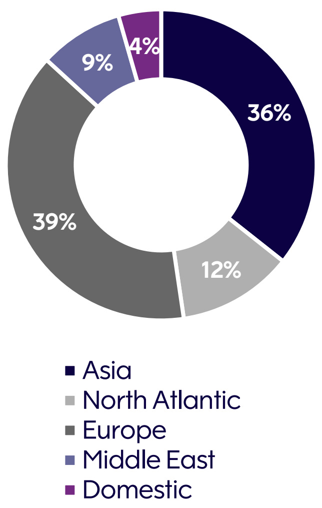
Passenger revenue and traffic data by area

	Passenger revenue		ASK		RPK		PLF	
Traffic area	H1/2023 MEUR	H1/2022 MEUR	H1/2023 Mill. km	H1/2022 Mill. km	H1/2023 Mill. km	H1/2022 Mill. km	%	Change %-p
Asia	362.0	127.5	6,330.8	4,050.1	4,758.3	1,954.7	75.2	26.9
North Atlantic	102.7	93.1	2,136.3	3,623.8	1,472.1	1,683.5	68.9	22.5
Europe	495.6	320.3	6,950.6	6,261.5	5,530.6	4,333.7	79.6	10.4
Middle East	103.1	6.2	1,555.0	164.1	1,108.9	118.7	71.3	-1.0
Domestic	94.5	58.9	790.2	656.9	579.1	453.0	73.3	4.3
Unallocated	7.3	15.3						
Total	**1,165.4**	**621.2**	**17,763.0**	**14,756.4**	**13,449.1**	**8,543.6**	**75.7**	**17.8**

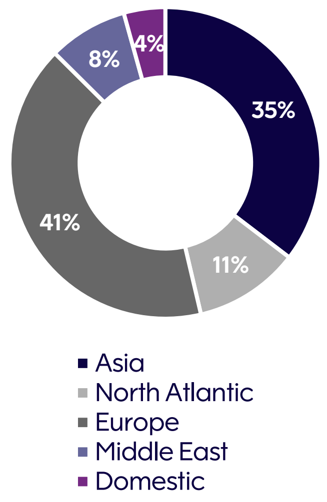
H1 passenger revenue



H1 capacity (ASKs)



H1 traffic (RPKs)



The negative impact of the COVID-19 pandemic was still visible in the Asian traffic, as travel to China gradually opened during H1. 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 figures in H1, and this was visible mainly in the Asian figures. Passenger revenue increased by 87.6 per cent and traffic capacity, measured in Available Seat Kilometres (ASK), increased by 20.4 per cent overall against the comparison period. The number of passengers increased by 39.8 per cent to 5,418,700 passengers. Traffic, measured in Revenue Passenger Kilometres (RPK), increased by 57.4 per cent and the passenger load factor (PLF) increased by 17.8 percentage points to 75.7 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 c. 55 per cent compared to H1 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 56.3 per cent and RPKs by 143.4 per cent. PLF increased by 26.9 percentage points to 75.2 per cent.

Due to the closed Russian airspace, Finnair has increased its North Atlantic capacity. As a result, North Atlantic ASKs in H1 2023 increased by c. 12 per cent compared to H1 2019. Compared to H1 2022, ASKs, however, decreased by 41.0 per cent as the Stockholm operations were discontinued at the end of October 2022. RPKs decreased only by 12.6 per cent year-on-year. As a result, PLF increased by 22.5 percentage points to 68.9 per cent.

ASKs grew by 11.0 per cent in European traffic year-on-year. RPKs grew by 27.6 per cent on the back of robust demand and the PLF increased by 10.4 percentage points to 79.6 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 also includes flights to Dubai and Israel, which were operated already before the Qatar Airways cooperation. ASKs grew by 847.4 per cent in Middle Eastern traffic year-on-year. RPKs grew by 834.0 per cent but the PLF decreased by 1.0 percentage points to 71.3 per cent.

Domestic traffic capacity increased by 20.3 per cent, RPKs by 27.8 per cent and the PLF by 4.3 percentage points to 73.3 per cent year-on-year.

Ancillary revenue increased to 66.2 million euros (54.4). Advance seat reservations, excess baggage and flight ticket related fees 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 H1 cargo volumes were lower than the pre-pandemic figures of H1 2019. Available scheduled cargo tonne kilometres, however, increased by 20.3 per cent year-on-year and revenue scheduled cargo tonne kilometres by 7.9 per cent. 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 0.9 per cent, cargo revenue decreased by 52.1 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 H1, 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 33.5 per cent year-on-year and the load factor in allotment-based capacity was 97.0 per cent. Travel Services revenue increased by 74.3 per cent to 111.7 million euros (64.1).

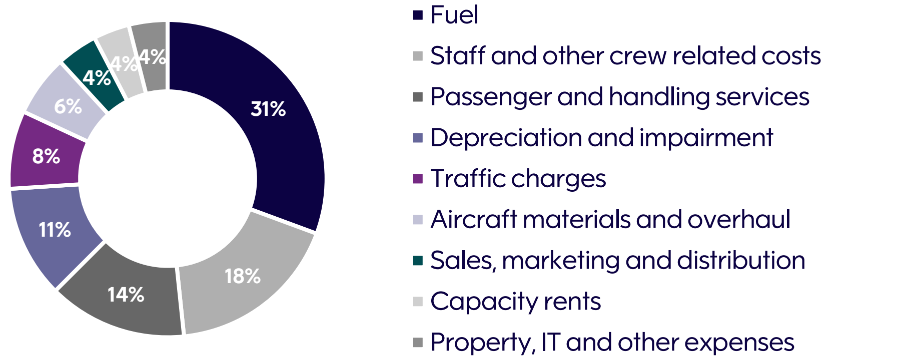
Other operating income increased by 9.7 per cent to 58.8 million euros (53.6), mainly due to income related to the wet lease agreement with British Airways.

OPERATING EXPENSES INCLUDED IN COMPARABLE EBIT IN H1

Finnair's operating expenses, included in the comparable operating result, increased by 17.6 per cent mainly due to increased capacity and longer Asian routings. Finnair continued its cost adjustment initiatives in H1.

Unit cost (CASK) decreased by 2.0 per cent and totalled 7.75 cents (7.91). CASK excluding fuel decreased by 2.8 per cent. Year-on-year, the decrease was caused by the increased capacity and the wet lease operations, the higher share of cargo-only flights in the comparison period, as well as the achieved cost savings.

H1 operating expenses (€1,435.6 million in total) included in comparable operating result



EUR million	H1/2023	H1/2022	Change %
Staff and other crew related costs	254.2	215.6	17.9
Fuel costs	439.9	366.0	20.2
Capacity rents	52.7	47.6	10.8
Aircraft materials and overhaul	89.7	73.4	22.2
Traffic charges	114.5	101.6	12.7
Sales, marketing and distribution costs	60.3	49.0	23.0
Passenger and handling costs	203.0	149.8	35.6
Property, IT and other expenses	56.5	60.8	-7.1
Depreciation and impairment	164.8	157.0	5.0
Total	**1,435.6**	**1,220.7**	**17.6**

Operating expenses included in the comparable operating result, excluding fuel, increased by 16.5 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 6.1 per cent due to e.g., longer Asian routings despite a very limited number of cargo-only flights, that do not generate ASKs, in H1 2023. Fuel consumption per RTK, which also accounts for developments in both passenger and cargo load factors, however, decreased by 4.6 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.

Passenger and handling costs (including also 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.

RESULT IN H1

As travelling was unrestricted within Europe, to the United States and to almost all countries in Asia during H1, 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	H1/2023	H1/2022	Change %
Comparable EBITDA	**231.9**	**-60.1**	**>200**
Depreciation and impairment	-164.8	-157.0	-5.0
Comparable operating result	**67.1**	**-217.1**	**130.9**
Items affecting comparability	7.0	-40.7	117.3
Operating result	**74.1**	**-257.8**	**128.8**
Financial income	25.6	-0.9	>200
Financial expenses	-72.8	-67.8	-7.4
Exchange gains and losses	9.3	-54.9	116.9
Result before taxes	**36.2**	**-381.4**	**109.5**
Income taxes	105.4	-111.0	195.0
Result for the period	**141.6**	**-492.3**	**128.8**

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

Unrealised changes in foreign currencies relating to fleet overhaul provisions were 3.0 million euros (-15.0) due to the weakened US dollar during the period. 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 4.1 million euros (7.0) during the period and related mostly to sales gains totalling 3.0 million euros (6.7). During the comparison period, there were no restructuring costs. No impairment on aircraft was recognised during the period, whereas in H1 2022, impairment on A330 aircraft was the biggest item affecting comparability (-32.7).

The net financial expenses were negative in H1 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 Q2 2022 as its financial outlook had further improved. Other recognised income taxes in Q2 consisted of utilised tax losses and other temporary differences.

The result for the period was positive mainly due to the abovementioned recognised deferred tax assets based on the company's improved financial outlook.

Financial position and capital expenditure

BALANCE SHEET

The Group's balance sheet totalled 4,210.7 million euros at the end of June (31 Dec 2022: 4,133.0). As some investments were made, the fleet book value increased by 25.5 million euros despite depreciation. The right-of-use fleet decreased by 74.3 million euros due to depreciation.

Receivables related to revenue increased to 144.3 million euros mainly due to improved ticket sales (31 Dec 2022: 134.9). Net deferred tax assets increased to 190.0 million euros (31 Dec 2022: 80.6) mainly due to the 99-million-euro re-recognition of deferred tax assets related to 2020 and 2021 tax losses. The pension assets rose to 128.8 million euros (31 Dec 2022: 120.0) mostly due to actuarial gains whereas pension obligations remained unchanged at 0.7 million euros (31 Dec 2022: 0.7).

Deferred income and advances received increased to 657.1 million euros (31 Dec 2022: 452.0). This was mainly caused by an increase in the unflown ticket liability, amounting to 545.2 million euros (31 Dec 2022: 356.4) due to improved sales intake and seasonality.

The profit for the period augmented shareholders' equity, which totalled 551.6 million euros (31 Dec 2022: 410.7), or 0.39 euros per share (31 Dec 2022: 0.29). Shareholders' equity also 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 June was 40.4 million euros after deferred taxes (31 Dec 2022: 42.8) as the decrease in the fair value of hedge instruments had a declining impact on equity, especially due to the lower jet fuel price.

CASH FLOW AND FINANCIAL POSITION

Cash flow

EUR million	H1/2023	H1/2022
Net cash flow from operating activities	**382.6**	**217.3**
Net cash flow from investing activities	**-331.4**	**-20.8**
Net cash flow from financing activities	**-237.5**	**75.7**

During H1 2023, net cash flow from operating activities was clearly positive due to materially improved ticket sales and positive 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 loan repayments, which include the senior bond buyback of 18 million euros executed in Q1 as well as the first 100-million-euro tranche of the pension premium loan amortisation in June, and repayments of lease liabilities.

Capital structure

%	30 Jun 2023	31 Dec 2022
Equity ratio	**13.1**	**9.9**
Gearing	**153.7**	**266.4**

The equity ratio on 30 June 2023 improved from the year-end 2022 thanks to the positive result for the period. Gearing declined on the back of improved equity as well as increased cash funds, decline in adjusted interest-bearing liabilities and, thus, lower interest-bearing net debt.

Liquidity and net debt

EUR million	30 Jun 2023	31 Dec 2022
Cash funds	1,530.6	1,524.4
Adjusted interest-bearing liabilities	2,378.7	2,618.4
Interest-bearing net debt	**848.1**	**1,094.0**

The company's liquidity remained strong as it improved from the year-end 2022 on the back of the robust net cash flow from operating activities even though the company repaid the first 100-million-euro tranche of the pension premium loan. In addition, Finnair has a 200-million-euro short-term, unsecured commercial paper programme, which was unused at the end of June.

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 1,225.3 million euros (31 Dec 2022: 1,330.7).

CAPITAL EXPENDITURE

Gross capital expenditure, excluding advance payments, totalled 136.2 million euros during H1 2023 (100.3) 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 -139.5 million euros (-17.9).

Change in other current financial assets (maturity over three months) totalled -191.9 million euros (-2.9) also forming a part of the total net cash flow from investments, which amounted to -331.4 million euros (-20.8).

Cash flow from investments (including only fixed asset investments and advance payments) for the financial year 2023 relates mainly to the fleet and is expected to total -228 million euros. Investment cash flow includes both committed investments as well as estimates for planned, but not yet committed, investments.

The company has 36 unencumbered aircraft, which account for approximately 32.8 per cent of the balance sheet value of the entire fleet of 1,778.9 million euros.[2]

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 June, 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 12.0 years.

Fleet operated by Finnair* 30.6.2023	Seats	#	Change from 31.12.2022	Own**	Leased	Average age 30.6.2023	Ordered
Narrow-body fleet							
Airbus A319	144	5	-1	5	0	22.1	
Airbus A320	174	10		10	0	20.9	
Airbus A321	209	15		1	14	8.9	
Wide-body fleet							
Airbus A330	289/263	8		4	4	13.7	
Airbus A350	297/336	17		5	12	5.6	2
Total		**55**	**-1**	**25**	**30**	**12.0**	**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 June, Finnair had seventeen A350 aircraft, which have been delivered between 2015–2021, and two A350 aircraft on order from Airbus. The first of these aircraft is scheduled to be delivered to Finnair in Q4 2024 and the second aircraft in Q2 2026.

Finnair's investment commitments for property, plant and equipment, totalling 337.0 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* 30.6.2023	Seats	#	Change from 31.12.2022	Own	Leased	Average age 30.6.2023	Ordered
ATR	68–70	12		6	6	13.9	
Embraer E190	100	12		9	3	15.0	
Total		**24**	**0**	**15**	**9**	**14.5**	

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

Strategy implementation

During the period, Finnair updated its strategy extending to 2025, as the company has already achieved many of the targets set for the strategy period. The strategy, published in September 2022, was aimed at restoring

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

profitability and building a competitive airline 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 during the period, 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

CUSTOMER-CENTRIC COMMERCIAL AND OPERATIONAL EXCELLENCE

Finnair aims to be a modern Nordic airline. The company has significantly increased the share of direct distribution, improved its digital sales capability, and developed revenue optimisation and partner utilisation. The focus is now shifting to customer-centric and data-driven sales, as well as strengthening customer relationships and customer engagement in all customer segments. Safety and on-time performance 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 personalised travel experience.

The role of digital services is already a key part of Finnair's offering, and its importance will continue to grow. The average monthly number of unique and verified Finnair website visitors exceeded the pre-pandemic level in Q2 (in Q1 2019, c. 2.0 million) but declined from the comparison period level as it totalled 2.1 million (2.5). The decrease was mainly caused by the revised cookie consent policy. The number of active users of the Finnair mobile application increased by 18.1 per cent to 868,000 year-on-year. Share of passengers in Finnair's modern channels[3] grew to 67.8 per cent (66.5).

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. 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. During the review period, Finnair introduced a new Superlight ticket from June onwards, replacing the Economy Light ticket for Finnair's European flights. The company also made changes to baggage allowances while enhancing the control of cabin baggage rules. These changes will support Finnair's strategy by streamlining flight operations, improving on-time performance and extending the selection of ancillary services.

Finnair's Net Promoter Score (NPS) measuring customer satisfaction was still at a good level of 35 (42). 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 excellent on-time performance of 84.9 per cent (80.1) despite the capacity challenges that have burdened the European aviation system. As an indication of Finnair's strong customer satisfaction, the company was selected as the best airline in Northern Europe for the 13th consecutive time in the Skytrax customer survey.

BALANCED GROWTH SUPPORTED BY OPTIMISED FLEET

Due to the closure of Russian airspace, Finnair lost its hub's unique geographic advantage, as flying around Russia lengthens the routings between Finnair's hub and the mega cities in Japan, South Korea and China by 15–40 per cent, depending on the destination. Finnair has therefore geographically balanced its network with an emphasis on the West and the Middle East and optimised its European network and traffic structure to increase efficiency.

[3] 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.

During the period, Finnair signed an aircraft lease agreement with its oneworld partner Qantas. Based on the agreement, Finnair will lease two A330 aircraft with crew (wet lease) for two years, and then two A330 aircraft without crew (dry lease) to Qantas for 2.5 years starting in 2025. The first wet lease aircraft will start flying Qantas flights in October 2023 and the second aircraft in early 2024. Wet lease aircraft are used on Qantas flights between Sydney and Singapore and between Sydney and Bangkok. Through these agreements, together with the cooperation with Qatar Airways, the airline will be able to productively deploy its A330 fleet despite the closure of Russian airspace, while maintaining flexibility to restore connectivity between Asia and Europe.

With these measures, the optimisation of Finnair's fleet has been completed. Faster turnarounds at airports, improved aircraft utilisation and aircraft returning from wet lease outs 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.

CONTINUOUS COST EFFICIENCY TO ENSURE COMPETITIVENESS

Profitable and competitive operations require Finnair to continuously monitor its cost levels. However, the company is now moving from programme-based cost reductions towards continuous cost efficiency improvement to ensure its competitiveness and the opportunity to invest in customer experience also in the future.

During the period, Finnair has advanced existing savings projects and also worked on new projects that, among other things, utilise the opportunities offered by artificial intelligence.

AMONG INDUSTRY SUSTAINABILITY LEADERS

Finnair is committed to continuously and systematically developing its operations in every aspect of sustainability. The company aims to be one of 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. Sustainability is an integral part of all of Finnair's operations, but in its Sustainability Strategy, the company focuses on its Purpose and Environment.

The company's long-term sustainability target remains unchanged in connection with the strategy update, as its goal is to be carbon neutral by 2045. However, Finnair has decided to abandon its previous target of halving its net carbon emissions by 2025 (from the 2019 baseline), as significant offsetting would have been required to reach the target. 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 rest of 2023, as Finnair prepares to submit short-term CO2 intensity reduction targets to SBTi for validation in the first quarter of 2024.

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

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, thus, gradually builds a sustainable balance sheet. This strategy theme is also built into other strategy themes.

Deferred tax assets of 99 million euros re-recognised during the period represented a significant step in improving the balance sheet. Finnair intends to take the next step in building a more sustainable and cost-effective balance sheet as the company is planning to call its 200-million-euro hybrid bond at the beginning of September, driven by clearly improved profitability.

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 into 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 5,211 (5,404) people in Q2 2023, which is 3.6 per cent less than in the comparison period. The number of employees increased during Q2 by 111 or 2.2 per cent, totalling 5,261 at the end of June (5,381). In total, 279 new persons were hired at Finnair in Q2 2023. The increase was mostly due to growth in the number of Finnair Kitchen and Finnair's flight operations employees as well as Helsinki airport gate service agents. The attrition rate for the last 12 months was 4.7 per cent (8.1). The number of absences due to illness was 3.9 per cent (4.5) in Q2.

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 also 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 clear 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 half-year report.

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 will start in her new role at the latest on 23 November 2023. She currently works as Chief Human Resources Officer at Sanoma Media, has previously worked 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 current Senior Vice President, Human Resources, continues in her role until autumn 2023 and will leave Finnair at a date to be decided later.

Share price development and trading

Finnair's market capitalisation was 796.6 million euros at the end of June (31 Dec 2022: 546.4) and the closing price of the share was 0.57 euros (31 Dec 2022: 0.39). During H1 2023, the highest price for the Finnair Plc share on the Nasdaq Helsinki was 0.60 euros, the lowest price 0.39 euros and the average price 0.53 euros. Some 192.0 million company shares, with a total value of 101.7 million euros, were traded on the Nasdaq Helsinki exchange.

The number of Finnair shares recorded in the Trade Register was 1,408,726,198 at the end of the period (31 Dec: 1,407,401,265). The Finnish state owned 55.8 per cent (31 Dec 2022: 55.9) of Finnair's shares, while 10.0 per cent (31 Dec 2022: 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, representing 0.12 per cent of the total number of shares and votes.

During the period 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. Consequently, Finnair retained 399,303 own shares at the end of the period.

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 and on the issuance of shares (concerns both the issuance of new shares as well as the transfer of treasury shares). The authorisation regarding the repurchase of own shares and/or on the acceptance as pledge shall not exceed 50,000,000 shares, which corresponds to approximately 3.6 per cent of all the shares in the company, and the authorisation regarding the issuance of shares shall not exceed 8,000,000 shares, which corresponds to approximately 0.6 per cent of all the shares in the company. The authorisations are 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

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. For Finnair's Asian traffic, the duration of the closure of the Russian airspace, as well as a potential escalation of the war, are key risk factors. Further routes between Europe and Asia may become impossible to operate and / or commercially unviable. The impact of a prolonged closure of the Russian airspace and the potential escalation of the war on Finnair's business, financial result and future outlook depends on the company's ability to adapt its network, costs, revenue sources and financing in the new business 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. Due to market volatility impacting the pricing and availability of hedging instruments, Finnair's hedging ratio is currently below the pre-pandemic levels but within the range defined in the treasury policy.

Retightening of the COVID-19 pandemic related restrictions, especially in Japan and China, 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 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. Due to the extraordinary circumstances caused by the COVID-19 pandemic, uncertainties related to agreements and authority policies as well as interpretation and implementation of legislation, such as approval of state aid, may increase. This may increase the likelihood of litigation processes.

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 also possible that connectivity needs may increase in some countries, leading to increasing market access opportunities and new traffic rights.

Strikes and other work-related disruptions may, if they materialise, significantly affect Finnair's operations.

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 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 policy is to hedge its fuel purchases 12 months forward on a rolling basis. The risk management policy was revised during the last quarter of 2022. The maximum hedging ratio for the first 3-month period is approximately 90 per cent and the lower limit is approximately 60 per cent. The hedging ratio decreases towards the end of the 12-month hedging period. As a result of the revision, the average hedging ratio will be on a significantly higher level. The average hedging ratio defined in the revised risk management policy was reached during the first half of 2023.

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 33 million
Average yield of passenger traffic	EUR 23 million
Unit cost (CASK excl. fuel)	EUR 20 million

Fuel sensitivities (rolling 12 months from date of financial statements)	**10% change without hedging**	**10% change, taking hedging into account**
Fuel	EUR 69 million	EUR 44 million

Fuel hedging and average hedged price (rolling 12 months from date of financial statements)	**Hedged fuel, tonnes***	**Average hedge price, USD/ton* ****
Q3 2023	189,000	949
Q4 2023	144,000	940
Q1 2024	120,000	904
Q2 2024	87,000	817
Total	**540,000**	**915**

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

Currency distribution, %	**Q2 2023**	**Q2 2022**	**H1 2023**	**H1 2022**	**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	58	61	56	58	-	-	-
USD*	11	9	8	7	8	see below	see below	see below
JPY	4	5	4	5	4	EUR 9 million	EUR 5 million	47%
KRW	3	2	3	3	2	-	-	-
SEK	3	4	3	5	4	-	-	-
GBP	3	4	4	4	4	-	-	-
NOK	3	4	3	4	4	-	-	-
Other	14	14	14	16	15	-	-	-
Purchase currencies								
EUR	58	54	60	56	55	-	-	-
USD*	36	42	33	39	41	EUR 62 million	EUR 34 million	47%
Other	6	4	6	5	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 June, the hedging ratio of USD denominated interest-bearing liabilities (including IFRS 16) was approximately 80 per cent.

Events after the period

There have not been any material events after the period.

Financial reporting in 2023

The publication dates of Finnair's financial reports in 2023 are the following:

- Interim Report for January – September 2023 on Tuesday 31 October 2023

FINNAIR PLC
Board of Directors

Briefings

Finnair will hold a results press conference (in Finnish) on 21 July 2023 at 11:00 a.m. at its office at Tietotie 9. It is also possible to participate in the press conference via a live webcast at https://finnairgroup.videosync.fi/2023-0721-press.

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=10010296. 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/2023-q2.

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Key performance indicators

EUR in millions, unless otherwise indicated	Q2 2023	Q2 2022	Change %	Q1-Q2 2023	Q1-Q2 2022	Change %	2022
Revenue and profitability							
Revenue	749.2	550.3	36.2	1,443.9	950.1	52.0	2,356.6
Comparable operating result	66.2	-84.2	178.7	67.1	-217.1	130.9	-163.9
Comparable operating result, % of revenue	8.8	-15.3	24.1 %-p	4.6	-22.8	27.5 %-p	-7.0
Operating result	65.8	-92.9	170.9	74.1	-257.8	128.8	-200.6
Comparable EBITDA, % of revenue	19.9	-1.1	21.0 %-p	16.1	-6.3	22.4 %-p	6.5
Earnings per share (EPS), basic, EUR	0.09	-0.20	145.0	0.09	-0.36	123.9	-0.36
Earnings per share (EPS), diluted, EUR	0.09	-0.20	143.9	0.08	-0.36	123.4	-0.36
Unit revenue per available seat kilometre (RASK), cents/ASK	8.13	7.02	15.9	8.13	6.44	26.3	7.53
Unit revenue per revenue passenger kilometre (yield), cents/RPK	8.71	7.46	16.6	8.67	7.27	19.2	8.09
Unit cost per available seat kilometre (CASK), cents/ASK	7.41	8.09	-8.4	7.75	7.91	-2.0	8.05
CASK excluding fuel, cents/ASK	5.02	5.17	-2.8	5.27	5.43	-2.8	5.38
Capital structure							
Equity ratio, %				13.1	7.2	5.9 %-p	9.9
Gearing, %				153.7	378.2	-224.4 %-p	266.4
Interest-bearing net debt				848.1	1,152.0	-26.4	1,094.0
Interest-bearing net debt / Comparable EBITDA, LTM				1.9	-14.7	16.6 %-p	7.1
Gross capital expenditure	62.5	34.1	83.1	136.2	100.3	35.8	199.6
Return on capital employed (ROCE), LTM, %				5.5	-13.8	19.3 %-p	-6.1
Cash to sales, LTM, %				53.7	100.5	-46.8 %-p	64.7
Traffic							
Passengers, 1,000	2,826	2,366	19.4	5,419	3,875	39.8	9,096
Flights, number	25,050	22,776	10.0	49,688	41,008	21.2	88,713
Available seat kilometres (ASK), million	9,213	7,841	17.5	17,763	14,756	20.4	31,298
Revenue passenger kilometres (RPK), million	7,031	5,274	33.3	13,449	8,544	57.4	21,157
Passenger load factor (PLF), %	76.3	67.3	9.0 %-p	75.7	57.9	17.8 %-p	67.6
Customer-centric commercial and operational excellence							
Net Promoter Score (NPS)	35	42	-16.9	39	39	0.2	40
On-time performance, %	84.9	80.1	4.8 %-p	83.4	77.6	5.8 %-p	79.0
Share of passengers in modern channels, %	67.8	66.5	1.3 %-p	67.2	67.1	0.1 %-p	66.3
Average number of monthly visitors at finnair.com, millions	2.1	2.5	-17.0	2.1	2.4	-11.0	2.3
Active users for Finnair mobile app, thousands	868.0	735.0	18.1	832.0	650.0	28.0	711.0
Ancillary and retail revenue	33.1	27.7	19.4	66.2	54.4	21.6	123.2
Among industry sustainability leaders							
Jet fuel consumption, tonnes	242,143	193,624	25.1	469,352	367,330	27.8	788,104
Flight CO_2 emissions, tonnes	762,749	609,917	25.1	1,478,459	1,157,089	27.8	2,482,528
Flight CO_2 emissions, g/ASK	82.8	77.8	6.4	83.2	78.4	6.1	79.3
Flight CO_2 emissions, g/RTK	914.9	927.3	-1.3	926.9	971.1	-4.6	926.9
Adaptable Finnair culture driven by engaged people							
Average number of employees	5,211	5,404	-3.6	5,181	5,365	-3.4	5,336
Absences due to illness, %	3.85	4.47	-0.62 %-p	4.36	4.88	-0.52 %-p	5.37
Lost-time injury frequency (LTIF)	4.7	9.8	-51.6	6.3	8.2	-22.5	6.8
Attrition rate, LTM, %				4.7	8.1	-3.4 %-p	7.3

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	Unrealized 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 on A330 aircraft + 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 and impairment	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, depreciation and impairment.
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 capitalized 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	Q2 2023	Q2 2022	Change %	Q1-Q2 2023	Q1-Q2 2022	Change %	2022
Operating result	**65.8**	**-92.9**	**170.9**	**74.1**	**-257.8**	**128.8**	**-200.6**
Unrealized changes in foreign currencies of fleet overhaul provisions	0.2	11.6	-98.5	-3.0	15.0	-120.0	8.8
Fair value changes of derivatives where hedge accounting is not applied	0.6	-0.1	> 200	-1.0	-0.3	<-200	-0.9
Sales gains and losses on aircraft and other transactions	-0.2	-2.8	92.4	-3.0	-6.7	55.6	-6.6
Impairment on A330 aircraft			-		32.7	-100.0	32.7
Restructuring costs	-0.2		-	-0.1		-	2.6
Comparable operating result	**66.2**	**-84.2**	**178.7**	**67.1**	**-217.1**	**130.9**	**-163.9**
Depreciation and impairment	82.9	78.2	6.0	164.8	157.0	5.0	317.1
Comparable EBITDA	**149.1**	**-6.0**	**> 200**	**231.9**	**-60.1**	**> 200**	**153.2**

Equity ratio EUR in millions, unless otherwise indicated	30 Jun 2023	30 Jun 2022	Change %	31 Dec 2022
Equity total	551.6	304.6	81.1	410.7
Equity and liabilities total	4,210.7	4,210.3	0.0	4,133.0
Equity ratio, %	**13.1**	**7.2**	**5.9 %-p**	**9.9**

Gearing, interest-bearing net debt and interest-bearing net debt / Comparable EBITDA, LTM EUR in millions, unless otherwise indicated	30 Jun 2023	30 Jun 2022	Change %	31 Dec 2022
Lease liabilities	1,225.3	1,429.1	-14.3	1,330.7
Other interest-bearing liabilities	1,153.3	1,325.6	-13.0	1,298.5
Cross currency interest rate swaps*	0.1	-32.5	100.3	-10.7
Adjusted interest-bearing liabilities	**2,378.7**	**2,722.1**	**-12.6**	**2,618.4**
Other financial assets	-1,069.9	-707.7	-51.2	-738.6
Cash and cash equivalents	-460.7	-862.4	46.6	-785.8
Cash funds	**-1,530.6**	**-1,570.1**	**2.5**	**-1,524.4**
Interest-bearing net debt	**848.1**	**1,152.0**	**-26.4**	**1,094.0**
Equity total	551.6	304.6	81.1	410.7
Gearing, %	**153.7**	**378.2**	**-224.4 %-p**	**266.4**
Comparable EBITDA, LTM	445.3	-78.1	> 200	153.2
Interest-bearing net debt / Comparable EBITDA, LTM	**1.9**	**-14.7**	**16.6 %-p**	**7.1**

* 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	Q2 2023	Q2 2022	Change %	Q1-Q2 2023	Q1-Q2 2022	Change %	2022
Additions in fixed assets	51.3	20.7	148.1	118.2	58.9	100.6	125.8
New contracts in right-of-use assets	6.0	2.5	137.1	6.9	4.8	44.4	9.5
Reassessments and modifications in right-of-use assets	5.2	10.9	-52.4	11.1	36.6	-69.8	64.3
Gross capital expenditure	**62.5**	**34.1**	**83.1**	**136.2**	**100.3**	**35.8**	**199.6**

Return on capital employed (ROCE), LTM EUR in millions, unless otherwise indicated	30 Jun 2023	30 Jun 2022	Change %	31 Dec 2022
Result before taxes, LTM	46.8	-631.4	107.4	-370.7
Financial expenses, LTM	142.9	130.0	10.0	137.9
Exchange rate gains and losses, LTM	-25.3	76.9	-133.0	38.8
Return, LTM	**164.4**	**-424.5**	**138.7**	**-194.0**
Equity total	551.6	304.6	81.1	410.7
Lease liabilities	1,225.3	1,429.1	-14.3	1,330.7
Other interest-bearing liabilities	1,153.3	1,325.6	-13.0	1,298.5
Capital employed	**2,930.2**	**3,059.3**	**-4.2**	**3,039.8**
Capital employed, average of reporting period and comparison period	**2,994.8**	**3,083.4***	**-2.9**	**3,162.2***
Return on capital employed (ROCE), LTM, %	**5.5**	**-13.8**	**19.3 %-p**	**-6.1**

* Capital employed accounted was EUR 3,107.5 million as at 30 Jun 2021 and EUR 3,284.6 million as at 31 Dec 2021.

Cash to sales, LTM EUR in millions, unless otherwise indicated	30 Jun 2023	30 Jun 2022	Change %	31 Dec 2022
Other financial assets	1,069.9	707.7	51.2	738.6
Cash and cash equivalents	460.7	862.4	-46.6	785.8
Cash funds	**1,530.6**	**1,570.1**	**-2.5**	**1,524.4**
Revenue, LTM	2,850.4	1,563.1	82.4	2,356.6
Cash to sales, LTM, %	**53.7**	**100.5**	**-46.8 %-p**	**64.7**

OTHER PERFORMANCE INDICATORS

Revenue and profitability	
Earnings per share (EPS), basic	(Result for the period - Hybrid bond expenses net of tax) / Average number of outstanding shares during the period
Earnings per share (EPS), diluted	(Result for the period - Hybrid bond 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 × kilometres flown
Revenue passenger kilometres (RPK)	Number of revenue passengers × kilometres flown
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

Consolidated half-year financial report 1 Jan – 30 Jun 2023

CONSOLIDATED INCOME STATEMENT

EUR in millions	Note	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022	2022
Revenue	**5**	**749.2**	**550.3**	**1,443.9**	**950.1**	**2,356.6**
Other operating income	6	28.0	40.8	61.9	60.4	153.5
Operating expenses						
Staff and other crew related costs	7	-125.0	-113.9	-254.2	-215.6	-449.6
Fuel costs		-220.9	-229.0	-438.9	-365.7	-835.1
Capacity rents		-25.9	-24.7	-52.7	-47.6	-102.5
Aircraft materials and overhaul		-40.4	-50.2	-86.8	-88.4	-192.4
Traffic charges		-59.1	-50.0	-114.5	-101.6	-206.5
Sales, marketing and distribution costs		-29.1	-28.3	-60.3	-49.0	-103.1
Passenger and handling services		-99.6	-79.0	-203.0	-149.8	-348.0
Depreciation and impairment	8	-82.9	-78.2	-164.8	-189.7	-349.8
Property, IT and other expenses		-28.5	-30.6	-56.6	-60.9	-123.7
Operating result		**65.8**	**-92.9**	**74.1**	**-257.8**	**-200.6**
Financial income		13.4	-0.5	25.6	-0.9	6.5
Financial expenses		-36.1	-34.5	-72.8	-67.8	-137.9
Exchange rate gains and losses		0.5	-41.5	9.3	-54.9	-38.8
Result before taxes		**43.6**	**-169.3**	**36.2**	**-381.4**	**-370.7**
Income taxes	13	95.0	-110.2	105.4	-111.0	-105.4
Result for the period		**138.6**	**-279.5**	**141.6**	**-492.3**	**-476.2**
Attributable to						
Owners of the parent company		138.6	-279.5	141.6	-492.3	-476.2
Earnings per share attributable to shareholders of the parent company, EUR						
Basic earnings per share		0.09	-0.20	0.09	-0.36	-0.36
Diluted earnings per share		0.09	-0.20	0.08	-0.36	-0.36

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR in millions	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022	2022
Result for the period	**138.6**	**-279.5**	**141.6**	**-492.3**	**-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	9.0	3.8	-18.5	12.0	-13.8
Tax effect	-1.8	-0.8	6.4	-2.4	0.1
Items that will not be reclassified to profit or loss in subsequent periods					
Actuarial gains and losses from defined benefit plans	4.3	12.5	12.1	27.5	49.9
Tax effect	-0.9	-2.5	-2.4	-5.5	-10.0
Other comprehensive income items total	**10.6**	**13.0**	**-2.4**	**31.6**	**26.2**
Comprehensive income for the period	**149.2**	**-266.5**	**139.2**	**-460.7**	**-450.0**
Attributable to					
Owners of the parent company	149.2	-266.5	139.2	-460.7	-450.0

CONSOLIDATED BALANCE SHEET

EUR in millions	Note	30 Jun 2023	30 Jun 2022	31 Dec 2022
ASSETS				
Non-current assets				
Fleet	15	920.3	894.3	894.8
Right-of-use fleet	16	858.6	982.0	932.9
Fleet total		1,778.9	1,876.3	1,827.6
Other fixed assets	15	145.1	155.2	150.1
Right-of-use other fixed assets	16	146.4	153.8	145.4
Other fixed assets total		291.5	309.0	295.5
Pension assets	18	128.8	102.6	120.0
Other non-current assets		3.2	4.3	4.5
Deferred tax assets	13	190.0	72.8	80.6
Non-current assets total		**2,392.3**	**2,365.1**	**2,328.3**
Current assets				
Receivables related to revenue		144.3	129.2	134.9
Inventories and other current assets		130.2	74.4	122.0
Derivative financial instruments	10, 11	13.4	70.9	23.5
Other financial assets	11	1,069.9	707.7	738.6
Cash and cash equivalents		460.7	862.4	785.8
Current assets total		**1,818.4**	**1,844.7**	**1,804.8**
Assets held for sale			0.5	
Assets total		**4,210.7**	**4,210.3**	**4,133.0**
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital		75.4	75.4	75.4
Other equity		476.2	229.2	335.2
Equity total		**551.6**	**304.6**	**410.7**
Non-current liabilities				
Lease liabilities	19	1,026.7	1,232.2	1,128.0
Other interest-bearing liabilities	19	913.1	685.7	1,058.4
Pension obligations		0.7	0.7	0.7
Provisions and other liabilities	21	164.9	198.3	186.4
Non-current liabilities total		**2,105.3**	**2,116.9**	**2,373.5**
Current liabilities				
Lease liabilities	19	198.6	196.9	202.7
Other interest-bearing liabilities	19	240.2	639.9	240.1
Provisions	21	46.8	36.3	71.7
Trade payables		103.8	80.9	90.3
Derivative financial instruments	10, 11	43.6	7.1	36.7
Deferred income and advances received	22	657.1	553.4	452.0
Liabilities related to employee benefits		116.2	89.7	111.2
Other liabilities		147.3	184.5	144.4
Current liabilities total		**1,553.7**	**1,788.8**	**1,348.9**
Liabilities total		**3,659.1**	**3,905.7**	**3,722.4**
Equity and liabilities total		**4,210.7**	**4,210.3**	**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					141.6			141.6
Change in fair value of hedging instruments			-12.1					-12.1
Actuarial gains and losses from defined benefit plans			9.7					9.7
Comprehensive income for the period			**-2.4**		**141.6**			**139.2**
Share-based payments				1.8				1.8
Equity 30 Jun 2023	**75.4**	**168.1**	**40.4**	**765.1**	**-1,095.4**	**198.0**	**400.0**	**551.6**

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					-492.3			-492.3
Change in fair value of hedging instruments			9.6					9.6
Actuarial gains and losses from defined benefit plans			22.0					22.0
Comprehensive income for the period			**31.6**		**-492.3**			**-460.7**
Proceeds from hybrid bond							290.0	290.0
Share-based payments				-0.3				-0.3
Equity 30 Jun 2022	**75.4**	**168.1**	**48.2**	**761.6**	**-1,236.8**	**198.0**	**290.0**	**304.6**

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
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	Q2 2023	Q2 2022	Q1-Q2 2023	Q1-Q2 2022	2022
Cash flow from operating activities					
Result before taxes	43.6	-169.3	36.2	-381.4	-370.7
Depreciation and impairment	82.9	78.2	164.8	189.7	349.8
Financial income and expenses	22.2	76.4	37.9	123.6	170.2
Sales gains and losses on aircraft and other transactions	-0.2	-2.8	-3.0	-6.7	-6.6
Change in provisions	-5.0	17.3	-15.4	19.5	45.2
Employee benefits	3.6	3.2	7.4	5.7	12.7
Other adjustments	1.7	0.2	2.5	0.0	2.1
Non-cash transactions	0.3	20.6	-5.5	25.3	60.0
Changes in trade and other receivables	22.1	-13.2	-14.8	-36.7	-86.9
Changes in inventories	0.0	-4.1	-0.6	-7.7	-10.1
Changes in trade and other payables	39.4	217.4	225.7	356.4	249.5
Changes in working capital	61.5	200.1	210.2	312.0	152.5
Financial expenses paid, net	-34.5	-21.3	-58.1	-45.2	-96.1
Net cash flow from operating activities	**175.8**	**182.0**	**382.6**	**217.3**	**259.0**
Cash flow from investing activities					
Investments in fleet	-59.3	-13.0	-139.0	-41.2	-83.1
Investments in other fixed assets	-0.4	-0.5	-1.1	-2.1	-4.9
Divestments of fleet, other fixed assets and shares	0.0	11.6	0.4	25.2	25.5
Lease and lease interest payments received	0.1	0.1	0.2	0.2	0.4
Change in other current financial assets (maturity over 3 months)	-128.1	4.8	-191.9	-2.9	-12.8
Change in other non-current assets	0.0	0.0	0.0	0.0	-0.7
Net cash flow from investing activities	**-187.7**	**2.8**	**-331.4**	**-20.8**	**-75.5**
Cash flow from financing activities					
Loan repayments	-110.0	-12.8	-137.3	-124.0	-144.0
Repayments of lease liabilities	-49.0	-46.8	-100.2	-90.3	-193.4
Hybrid bond interests and expenses					-20.5
Proceeds from capital loan		290.0		290.0	400.0
Net cash flow from financing activities	**-158.9**	**230.5**	**-237.5**	**75.7**	**42.1**
Change in cash flows	**-170.8**	**415.3**	**-186.3**	**272.3**	**225.6**
Liquid funds, at beginning	1,360.1	1,006.9	1,375.6	1,150.0	1,150.0
Change in cash flows	-170.8	415.3	-186.3	272.3	225.6
Liquid funds, at end *	**1,189.3**	**1,422.2**	**1,189.3**	**1,422.2**	**1,375.6**
*** Liquid funds**					
Other financial assets	1,069.9	707.7	1,069.9	707.7	738.6
Cash and cash equivalents	460.7	862.4	460.7	862.4	785.8
Cash funds	**1,530.6**	**1,570.1**	**1,530.6**	**1,570.1**	**1,524.4**
Other current financial assets (maturity over 3 months)	-341.3	-147.9	-341.3	-147.9	-148.8
Liquid funds	**1,189.3**	**1,422.2**	**1,189.3**	**1,422.2**	**1,375.6**

Notes to the consolidated half-year financial report 1 Jan – 30 Jun 2023

1. BASIS OF PREPARATION

This consolidated half-year financial report has been prepared in accordance with the Interim Financial Reporting standard IAS 34 and its figures are unaudited. The consolidated half-year financial report has been authorized for publication on 20 July 2023.

2. ACCOUNTING PRINCIPLES

The accounting principles applied in the consolidated half-year financial report correspond to the principles disclosed in the Consolidated Financial Statements 2022. The figures presented in the half-year financial report 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 half-year financial report for the period ending 30 June 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 half-year financial report is issued. The assessment is based on Finnair's strategy and the management's latest business plan approved by the Board of Directors.

The positive development in Finnair's operating environment that started to show signs towards the end of the year 2022 has continued to pick up space, resulting in strong increase in passenger demand and profitability during the first six months of 2023. The strong operating cash flow resulting from the increased ticket sales is also having a positive impact on the company's liquidity. As a result of the improved business conditions and the successful implementation of the new strategy, the management considers the effects the COVID-19 pandemic and Russian airspace closure to be diminished and to be no longer material in terms of business continuity.

4. CRITICAL ACCOUNTING ESTIMATES AND SOURCES OF UNCERTAINTY

The preparation of the half-year financial report requires the company's management to make estimates and assumptions that influence the levels of reported assets and liabilities as well as the revenue and expenses. The actual outcome may differ from the estimates 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 half-year financial report, the management has also considered the impacts of climate related matters in the estimates used in this half-year report.

During the first half of 2023, the level of uncertainty relating to Finnair's business outlook and management estimates decreased significantly as a result of the continued easing of the pandemic's impacts and the successful execution of the company's strategy. As a result of the improved visibility, the management is using just one forecast scenario that it considers to be the most probable in connection with the preparation of the half-year financial report.

The improved business environment resulted in a significant increase in passenger revenue and profitability as compared to the prior year period and the company management expects the travel demand to continue stronger than previously anticipated. Although the closure of Russian airspace is expected to affect the routings and operating costs of Finnair flights to Asia for a longer time, the management estimates Finnair will reach its strategic comparable operating profit margin target of at least 5 per cent from mid-2024 onwards ca. 12–18 months earlier than anticipated. Further, in its strategy update carried out during the second quarter, Finnair increased its financial target to 6 per cent by the end of 2025.

While the exceptional risks related the COVID-19 pandemic and closure of Russian airspace have normalized, risks related to the effects of inflation and rising interest rates on demand and costs are still elevated causing uncertainty in the company's operating environment. Further, 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 of the other main critical accounting estimates and sources of uncertainty as well as the climate related impacts are disclosed in more detail in the 2022 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 second quarter revenue increased compared to the corresponding quarter of 2022 mainly due to increase in passenger revenues. The increase was due to the impact of the COVID-19 pandemic in the comparison period and, on the other hand, the passenger yields remaining at exceptionally high levels during the reporting period. The decrease in cargo revenue was mainly due to less flying to Asian destinations as well as reduced cargo yields.

Q2 2023, EUR in millions	Asia	North Atlantic	Europe	Middle East	Domestic	Un-allocated	Total	Share %
Passenger revenue	181.3	60.3	284.6	46.9	36.6	2.4	**612.1**	81.7
Ancillary and retail revenue	6.8	2.6	12.7	0.2	1.2	9.7	**33.1**	4.4
Cargo	34.8	7.5	5.5	0.1	0.1	-0.8	**47.3**	6.3
Travel services	0.1	0.3	56.1	0.1	0.0	0.1	**56.8**	7.6
Total	**223.1**	**70.7**	**358.9**	**47.3**	**37.9**	**11.4**	**749.2**	
Share %	29.8	9.4	47.9	6.3	5.1	1.5		

Q2 2022, EUR in millions	Asia	North Atlantic	Europe	Middle East	Domestic	Un-allocated	Total	Share %
Passenger revenue	78.8	63.9	211.1	1.8	26.5	11.6	**393.6**	71.5
Ancillary and retail revenue	4.1	3.5	9.0	0.1	1.6	9.5	**27.7**	5.0
Cargo	58.4	24.5	7.8	0.1	0.1	-1.1	**89.8**	16.3
Travel services	0.0	0.1	38.6	0.3	0.0	0.1	**39.1**	7.1
Total	**141.3**	**92.0**	**266.4**	**2.3**	**28.2**	**20.1**	**550.3**	
Share %	25.7	16.7	48.4	0.4	5.1	3.6		

Q1-Q2 2023, EUR in millions	Asia	North Atlantic	Europe	Middle East	Domestic	Un-allocated	Total	Share %
Passenger revenue	362.0	102.7	495.6	103.1	94.5	7.3	**1,165.4**	80.7
Ancillary and retail revenue	14.2	4.5	22.6	1.0	3.2	20.7	**66.2**	4.6
Cargo	70.2	16.1	14.2	1.0	0.2	-1.0	**100.7**	7.0
Travel services	15.9	0.7	90.4	4.7	0.0	0.1	**111.7**	7.7
Total	**462.3**	**124.0**	**622.7**	**109.8**	**98.0**	**27.1**	**1,443.9**	
Share %	32.0	8.6	43.1	7.6	6.8	1.9		

Q1-Q2 2022, EUR in millions	Asia	North Atlantic	Europe	Middle East	Domestic	Un-allocated	Total	Share %
Passenger revenue	127.5	93.1	320.3	6.2	58.9	15.3	**621.2**	65.4
Ancillary and retail revenue	7.8	5.6	15.4	0.5	3.5	21.7	**54.4**	5.7
Cargo	136.4	51.5	25.0	1.5	0.2	-4.2	**210.4**	22.1
Travel services	2.5	0.1	59.1	2.0	0.4	0.0	**64.1**	6.7
Total	**274.1**	**150.2**	**419.7**	**10.2**	**63.0**	**32.8**	**950.1**	
Share %	28.9	15.8	44.2	1.1	6.6	3.4		

2022, EUR in millions	Asia	North Atlantic	Europe	Middle East	Domestic	Un-allocated	Total	Share %
Passenger revenue	425.0	244.3	866.1	31.9	128.2	15.3	**1,710.7**	72.6
Ancillary and retail 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**	**1,105.4**	**40.7**	**134.4**	**59.3**	**2,356.6**	
Share %	28.7	14.4	46.9	1.7	5.7	2.5		

Key figures quarterly, last 24 months	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021
Revenue	**749.2**	**694.7**	**687.3**	**719.2**	**550.3**	**399.8**	**413.5**	**199.4**
Passenger revenue	612.1	553.4	535.5	553.9	393.6	227.6	218.9	113.9
Ancillary and retail revenue	33.1	33.0	32.4	36.3	27.7	26.7	19.4	10.5
Cargo	47.3	53.4	68.6	73.4	89.8	120.5	147.1	65.4
Travel services	56.8	54.9	50.8	55.5	39.1	25.0	28.1	9.7
Comparable EBITDA	**149.1**	**82.8**	**99.1**	**114.1**	**-6.0**	**-54.1**	**12.6**	**-30.7**
Comparable operating result	**66.2**	**0.9**	**17.9**	**35.2**	**-84.2**	**-132.9**	**-65.2**	**-109.1**
Operating result	**65.8**	**8.3**	**38.0**	**19.2**	**-92.9**	**-164.9**	**-60.2**	**-106.0**

6. OTHER OPERATING INCOME

Other operating income decreased when compared to the first quarter of 2022 mainly due to ending of the wet lease arrangements with Eurowings Discover in Q1 2023.

EUR in millions	Q2 2023	Q2 2022	Change %	Q1-Q2 2023	Q1-Q2 2022	Change %	2022
Lease income	22.5	27.6	-18.4	48.0	37.3	28.8	118.8
Sales gains on fixed assets	0.2	2.8	-91.3	3.0	6.8	-55.7	6.8
Other income	5.3	10.4	-49.6	10.9	16.3	-33.4	27.9
Total	**28.0**	**40.8**	**-31.4**	**61.9**	**60.4**	**2.5**	**153.5**

7. STAFF AND OTHER CREW RELATED COSTS

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

EUR in millions	Q2 2023	Q2 2022	Change %	Q1-Q2 2023	Q1-Q2 2022	Change %	2022
Wages and salaries	-86.8	-75.9	-14.3	-177.0	-142.9	-23.9	-297.3
Defined contribution schemes	-15.6	-17.8	12.6	-30.3	-28.9	-4.9	-55.4
Defined benefit schemes	-2.8	-3.0	8.2	-5.6	-6.1	8.2	-11.4
Pension expenses total	-18.4	-20.9	11.9	-35.9	-35.0	-2.6	-66.8
Other social expenses	-3.9	-3.9	-1.3	-8.4	-12.0	29.5	-31.6
Salaries, pension and social costs	**-109.1**	**-100.7**	**-8.4**	**-221.4**	**-189.8**	**-16.6**	**-395.7**
Operative staff related costs	-7.4	-7.4	1.2	-16.0	-12.9	-24.1	-27.6
Leased and outsourced crew	-6.5	-4.1	-58.5	-12.6	-9.6	-31.2	-19.0
Other personnel related costs	-2.0	-1.6	-25.5	-4.2	-3.2	-30.2	-7.3
Total	**-125.0**	**-113.9**	**-9.8**	**-254.2**	**-215.6**	**-17.9**	**-449.6**

8. DEPRECIATION AND IMPAIRMENT

EUR in millions	Q2 2023	Q2 2022	Change %	Q1-Q2 2023	Q1-Q2 2022	Change %	2022
Depreciation of owned fleet	-34.0	-29.8	-13.8	-66.0	-60.0	-9.9	-120.9
Depreciation of other fixed assets	-3.8	-4.4	13.4	-7.6	-9.8	21.6	-18.9
Depreciation of right-of-use fleet	-39.9	-38.5	-3.6	-80.6	-76.5	-5.3	-156.0
Depreciation of right-of-use other assets	-5.3	-5.5	4.0	-10.7	-10.7	0.6	-21.3
Depreciation	**-82.9**	**-78.2**	**-6.0**	**-164.8**	**-157.0**	**-5.0**	**-317.1**
Impairment					-32.7	100.0	-32.7
Total	**-82.9**	**-78.2**	**-6.0**	**-164.8**	**-189.7**	**13.1**	**-349.8**

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 Group reviews the assets for impairment at each reporting date or whenever there is any indication of impairment. If there is an indication that an asset may be impaired, then 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 recognized if the recoverable amount of an asset is below its carrying amount. The impairment testing process is described in more detail in the consolidated financial statements 2022.

Finnair's management has not identified indications of impairment in connection with the preparation of the half-year report and no impairment tests have been performed.

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 realize. In addition, gains and losses on aircraft and other transactions, the impairment of owned A330 aircraft and restructuring costs are not included in the comparable operating result.

EUR in millions	Reported	Q2 2023 Items affecting compa-rability	Compa-rable	Reported	Q2 2022 Items affecting compa-rability	Compa-rable
Revenue	**749.2**		**749.2**	**550.3**		**550.3**
Other operating income	28.0	-0.3	27.7	40.8	-2.8	38.0
Operating expenses						
Staff and other crew related costs	-125.0	0.0	-125.1	-113.9		-113.9
Fuel costs	-220.9	0.6	-220.3	-229.0	-0.1	-229.2
Capacity rents	-25.9		-25.9	-24.7		-24.7
Aircraft materials and overhaul	-40.4	0.2	-40.2	-50.2	11.6	-38.6
Traffic charges	-59.1		-59.1	-50.0		-50.0
Sales, marketing and distribution costs	-29.1		-29.1	-28.3		-28.3
Passenger and handling services	-99.6		-99.6	-79.0		-79.0
Property, IT and other expenses	-28.5	0.0	-28.5	-30.6	0.1	-30.5
EBITDA			**149.1**			**-6.0**
Depreciation and impairment	-82.9		-82.9	-78.2		-78.2
Operating result	**65.8**	**0.4**	**66.2**	**-92.9**	**8.7**	**-84.2**

EUR in millions	Reported	Q1-Q2 2023 Items affecting compa-rability	Compa-rable	Reported	Q1-Q2 2022 Items affecting compa-rability	Compa-rable	Reported	2022 Items affecting compa-rability	Compa-rable
Revenue	**1,443.9**		**1,443.9**	**950.1**		**950.1**	**2,356.6**		**2,356.6**
Other operating income	61.9	-3.1	58.8	60.4	-6.8	53.6	153.5	-6.8	146.7
Operating expenses									
Staff and other crew related costs	-254.2		-254.2	-215.6		-215.6	-449.6	2.5	-447.1
Fuel costs	-438.9	-1.0	-439.9	-365.7	-0.3	-366.0	-835.1	-0.9	-836.0
Capacity rents	-52.7		-52.7	-47.6		-47.6	-102.5		-102.5
Aircraft materials and overhaul	-86.8	-3.0	-89.7	-88.4	15.0	-73.4	-192.4	8.8	-183.6
Traffic charges	-114.5		-114.5	-101.6		-101.6	-206.5		-206.5
Sales, marketing and distribution costs	-60.3		-60.3	-49.0		-49.0	-103.1		-103.1
Passenger and handling services	-203.0		-203.0	-149.8		-149.8	-348.0		-348.0
Property, IT and other expenses	-56.6	0.1	-56.5	-60.9	0.1	-60.8	-123.7	0.4	-123.3
EBITDA			**231.9**			**-60.1**			**153.2**
Depreciation and impairment	-164.8		-164.8	-189.7	32.7	-157.0	-349.8	32.7	-317.1
Operating result	**74.1**	**-7.0**	**67.1**	**-257.8**	**40.7**	**-217.1**	**-200.6**	**36.6**	**-163.9**

Items affecting comparability include gain of 3.0 million euros on the unrealized exchange rate difference of aircraft maintenance provisions and gain of 3.1 million euros mainly related to the purchase of three leased aircraft. Gain on unrealised fair value changes of derivatives where hedge accounting is not applied was 1.0 million euros.

10. MANAGEMENT OF FINANCIAL RISKS

No significant changes have been made to the Group's risk management principles in the reporting period. The objectives and principles of risk management are consistent with the information presented in the Group's 2022 financial statements. 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 Q2 2023 was over 400 million dollars.

The appreciated US dollar against the euro has had a positive impact on the valuations of derivatives and the decreased price of jet fuel has had a negative impact on the valuations of derivatives. On a quarter-on-quarter basis, the US dollar depreciated 2.2% against the euro and jet fuel price decreased 41.5%.

Derivatives, EUR in millions	**30 Jun 2023**		**30 Jun 2022**		**31 Dec 2022**	
	Nominal value	Fair net value	Nominal value	Fair net value	Nominal value	Fair net value
Currency derivatives						
Operational cash flow hedging (forward contracts)	287.6	-0.4	176.1	4.9	284.7	-7.3
Operational cash flow hedging (options)						
Bought options	67.0	0.2				
Sold options	62.3	-0.4				
Fair value hedging of aircraft acquisitions	167.0	1.2	177.6	8.6	183.7	-11.6
Hedge accounting items total	584.0	0.5	353.7	13.5	468.4	-18.9
Balance sheet hedging (forward contracts)	565.3	2.0	342.1	6.4	337.7	-0.3
Items outside hedge accounting total	565.3	2.0	342.1	6.4	337.7	-0.3
Currency derivatives total	**1,149.3**	**2.5**	**695.7**	**19.9**	**806.1**	**-19.3**
Commodity derivatives						
Jet fuel forward contracts, tonnes	341,000	-22.8	56,000	11.7	209,000	-2.5
Options						
Bought options, jet fuel, tonnes	246,000	1.4	65,000	1.3	149,000	4.8
Sold options, jet fuel, tonnes	246,000	-13.2	45,000	-1.8	149,000	-7.8
Hedge accounting items total	833,000	-34.6	166,000	11.1	507,000	-5.6
Options						
Bought options, jet fuel, tonnes	246,000	1.9	45,000	0.3	149,000	0.9
Items outside hedge accounting total	246,000	1.9	45,000	0.3	149,000	0.9
Commodity derivatives total	**1,079,000**	**-32.7**	**211,000**	**11.4**	**656,000**	**-4.6**
Currency and interest rate swaps and options						
Cross currency interest rate swaps	95.8	-0.1	289.1	32.5	253.1	10.7
Items outside hedge accounting total	95.8	-0.1	289.1	32.5	253.1	10.7
Interest rate derivatives total	**95.8**	**-0.1**	**289.1**	**32.5**	**253.1**	**10.7**
Derivatives total		**-30.2**		**63.8**		**-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	30 Jun 2023	Level 1	Level 2
Financial assets at fair value through profit and loss			
Securities held for trading	1,069.9	877.0	192.9
Derivatives held for trading			
Currency derivatives	8.9		8.9
- of which in fair value hedge accounting	1.2		1.2
- of which in cash flow hedge accounting	4.7		4.7
Commodity derivatives	4.5		4.5
- of which in cash flow hedge accounting	2.3		2.3
Total	**1,083.2**	**877.0**	**206.2**
Financial liabilities recognised at fair value through profit and loss			
Derivatives held for trading			
Currency and interest rate swaps and options	0.1		0.1
Currency derivatives	6.4		6.4
- of which in cash flow hedge accounting	5.3		5.3
Commodity derivatives	37.1		37.1
- of which in cash flow hedge accounting	36.9		36.9
Total	**43.6**		**43.6**

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 (price) or indirectly observable data (derived from price) 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 management is continuously monitoring the probability of utilizing deferred tax assets and considers both positive and negative evidence in the assessment. In the second quarter of the year 2022, a write-down of 117 million euros was recognized from deferred tax assets related to confirmed tax losses for years 2020 and 2021 as a result of a deteriorated profitability outlook. The level of uncertainty in Finnair's operating environment has decreased significantly during the first half of 2023 as a result of the improved business conditions and the successful execution of the new strategy. This has resulted in significant increase in passenger revenue and profitability, on top of which the management's profitability outlook has improved. Although the closure of Russian airspace is expected to affect the routings and operating costs of Finnair flights to Asia for a longer time, the management estimates that Finnair will reach its strategic comparable operating profit margin target of at least 5 per cent from mid-2024 onwards ca. 12–18 months earlier than anticipated. In connection with its strategy update made in 2Q 2023, Finnair increased its financial target to 6 per cent by the end of 2025.

As a result, the management concluded at the time of the preparation of the half-year report that Finnair's re-established pattern of profitability together with the management forecasts of future taxable profit provide positive evidence about its ability to utilize the unused tax losses and other deductible temporary differences. 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-recognized a deferred tax assets of 99 million euro to its balance sheet in the second quarter of 2023.

Deferred tax assets EUR in millions	31 Dec 2022	Recognised in the income statement	Recognised in shareholders' equity	30 Jun 2023
Confirmed losses	93.7	92.0 *		185.7
Property, plant and equipment	59.7	-5.5		54.2
Leases	279.2	-30.8		248.4
Valuation of derivatives at fair value	0.0		6.4	6.4
Other temporary differences	17.6	-2.8		14.8
Total	**450.2**	**52.9**	**6.4**	**509.5**
Netted from deferred tax liabilities	-369.6	52.5	-2.4	-319.5
Deferred tax assets in balance sheet	**80.6**	**105.4**	**4.0**	**190.0**

Deferred tax liabilities EUR in millions	31 Dec 2022	Recognised in the income statement	Recognised in shareholders' equity	30 Jun 2023
Defined benefit pension plans	-24.0	0.7	-2.4	-25.7
Property, plant and equipment	-109.2	14.3		-94.9
Leases	-236.4	37.5		-198.9
Total	**-369.6**	**52.5**	**-2.4**	**-319.5**
Netted from deferred tax assets	369.6	-52.5	2.4	319.5
Deferred tax liabilities in balance sheet	**0.0**	**0.0**	**0.0**	**0.0**

* The deferred tax asset (99 million euros) related to confirmed losses recognized in the income statement during the reporting period is offset against the deduction of the deferred tax asset recognized against taxable profit for the reporting period (7 million euros).

The deferred tax asset is recognized up to the amount where it is probable that future taxable income will be generated against which the temporary difference can be utilized, also taking into account the tax planning methods available to Finnair relating to accumulated tax depreciations. The Board of Director's assessment of the future taxable profit is based on the latest forecasts scenario prepared by the management in connection with the half-year financial report.

Since estimates looking further into the future contain inherently more uncertainty, the management has considered it more prudent to re-recognize deferred tax assets in the balance sheet up to the amount that will be utilized in five years. According to the management's estimate, part of the losses can be deducted from taxable profit already during the current financial year. The statutory period of limitation relating to confirmed losses is 10 years and the respective deferred tax currently recognized in the balance sheet are expiring in 2030 and 2031.

Deferred tax assets and liabilities recognized 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.

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

Unrecognized deferred tax assets	30 Jun 2023			31 Dec 2022		
EUR in millions	Expiry year	Gross amount	Tax effect	Expiry year	Gross amount	Tax effect
Tax losses	2031–2032	259.9	52.0	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	57.5	11.5	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		**317.4**	**63.5**		**894.1**	**178.8**

14. DIVIDEND PER SHARE

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	30 Jun 2023	30 Jun 2022	31 Dec 2022
Carrying amount at the beginning of period	1,044.9	1,108.6	1,108.6
Additions	118.2	58.9	125.8
Change in advances	22.3	-15.5	-37.4
Currency hedging of aircraft acquisitions	-12.8	0.2	20.4
Disposals and reclassifications	-33.6	-0.3	0.0
Depreciation	-73.6	-69.8	-139.8
Impairment		-32.7	-32.7
Carrying amount at the end of period	**1,065.4**	**1,049.5**	**1,044.9**

Additions to fixed assets are mainly related to the purchase of three leased aircraft, the cabin renovation of Finnair's wide-body aircraft and investments on aircraft maintenance. Also, the increase in advances is mainly related to cabin renewal investments. Deductions and transfers are mainly related to maintenance provisions rebooked against the acquisition cost of purchased, formerly leased aircraft.

Assets held for sale

Finnair had no assets classified as held for sale in Q2 2023.

16. CHANGE IN RIGHT-OF-USE ASSETS

EUR in millions	30 Jun 2023	30 Jun 2022	31 Dec 2022
Carrying amount at the beginning of period	1,078.2	1,181.7	1,181.7
New contracts	6.9	4.8	9.5
Reassessments and modifications	11.1	36.6	64.3
Depreciation	-91.2	-87.2	-177.3
Carrying amount at the end of period	**1,005.0**	**1,135.8**	**1,078.2**

Reassessments and modifications are mainly related to index changes and changes of office space and parking slot contracts.

17. STATE AID RELATING TO FINNAIR'S REFINANCING

State aid in capital loan

Finnair and the State of Finland signed an agreement on 17 March 2021 on a hybrid loan of maximum 400 million euros to support Finnair, which has been converted into capital loan on 30 June 2022. The conversion was approved by the EU Commission's competition authority on 20 June 2022. The loan is currently fully withdrawn.

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.

18. PENSION ASSETS

Pension assets were 128.8 million euros (31 December 2022: 120.0). During the first half of 2023, total amount recognised in other comprehensive income was 12.1 million euros, which mainly consists of the gain on plan assets. Service costs of 5.6 million euros and net interest income of 2.2 million euros were recognised in the income statement.

19. INTEREST-BEARING LIABILITIES

During the second quarter of 2023 Finnair amortized its loans according to the loan instalment programs.

Interest-bearing liabilities		Fair value			Book value	
EUR in millions	30 Jun 2023	30 Jun 2022	31 Dec 2022	30 Jun 2023	30 Jun 2022	31 Dec 2022
Lease liabilities	1,225.3	1,429.1	1,330.7	1,225.3	1,429.1	1,330.7
Loans from financial institutions	476.5	599.7	512.9	499.3	599.7	598.8
Bonds	358.1	332.1	298.0	380.9	397.6	397.9
JOLCO loans* and other	246.7	331.4	217.3	273.1	328.3	301.8
Total	**2,306.6**	**2,692.3**	**2,358.9**	**2,378.6**	**2,754.7**	**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 (93.6).

Maturity dates of financial liabilities as at 30 Jun 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	136.3	143.6	127.3	97.4	73.2	315.4	**893.2**
Lease liabilities, variable interest	62.3	62.2	40.4	35.3	37.1	94.7	**332.1**
Loans from financial institutions, variable interest	200.0	300.0					**500.0**
Bonds, fixed interest		382.5					**382.5**
JOLCO loans and other, fixed interest		23.3	11.6				**34.9**
JOLCO loans and other, variable interest	40.4	98.3	37.1	10.1	10.2	45.1	**241.3**
Interest-bearing financial liabilities total*	**439.0**	**1,009.9**	**216.5**	**142.8**	**120.5**	**455.2**	**2,383.9**
Payments from interest rate and currency derivatives	904.6	112.1					**1,016.7**
Income from interest rate and currency derivatives	-906.5	-112.6					**-1,019.1**
Commodity derivatives	32.1	0.5					**32.7**
Trade payables and other liabilities	251.1						**251.1**
Interest payments	111.7	92.9	46.7	34.4	26.9	82.8	**395.5**
Total	**832.2**	**1,102.8**	**263.2**	**177.3**	**147.5**	**537.9**	**3,060.8**

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 1.6 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

0.7 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

Finnair has drawn 400 million euros of the capital loan. The drawn amount has been booked to the parent company's equity as its own tranche.

At the end of the second quarter of 2023 the margin of the capital loan was 3.5% and the reference rate was 1.851% according to the terms and conditions. Additionally, Finnair pays utilisation fee from the capital loan which is 3 per cent. In addition to the utilisation fee, Finnair pays commitment fee on the undrawn portion of the capital loan totalling to 20 per cent of capital loan margin.

Finnair has issued a 200-million-euro hybrid bond. The amount has been booked to the parent company's equity as its own tranche. The coupon for the hybrid bond is 10.25% and the step up date for the coupon is 3 September 2023 according to the terms and conditions. The coupon increases by 5% at the step up date and Finnair also has the possibility to redeem the hybrid bond at that time.

EUR in millions	30 Jun 2023	31 Dec 2022
Accrued interest from capital loan	32.8	15.9
Accrued interest from Hybrid bond	16.9	6.7

21. PROVISIONS

EUR in millions	30 Jun 2023	30 Jun 2022	31 Dec 2022
Aircraft maintenance provision			
Provision at the beginning of period	246.7	195.9	195.9
Provision for the period	16.5	18.8	56.1
Provision used	-25.6	-10.7	-16.6
Provision reversed	-1.2	-1.9	-3.1
Provision for right-of-use assets redelivery	1.3	-1.1	-0.9
Reclassifications	-34.5		
Unwinding of discount	3.9	2.1	6.4
Exchange rate differences	-3.0	15.0	8.8
Aircraft maintenance provision total	**204.1**	**218.2**	**246.7**
Of which non-current	159.2	184.2	178.7
Of which current	44.9	34.0	68.0
Other provisions			
Provision at the beginning of period	5.0	3.8	3.8
Provision for the period	0.5	0.6	4.8
Provision used	-2.4	-0.7	-2.6
Provision reversed	-0.1	-0.3	-1.0
Other provisions total	**3.0**	**3.4**	**5.0**
Of which non-current	1.1	1.1	1.4
Of which current	1.9	2.3	3.6
Total	**207.1**	**221.6**	**251.7**
Of which non-current	160.3	185.3	180.1
Of which current	46.8	36.3	71.7

Non-current aircraft maintenance provisions are expected to be used by 2035. Maintenance provisions of 34.5 million euros were reclassified against the acquisition cost of purchased, formerly leased aircraft.

In balance sheet, the non-current provisions and other liabilities totalling to 164.9 million euros (31 December 2022: 186.4) include, in addition to provisions, other non-current liabilities totalling to 4.6 million euros (31 December 2022: 6.3), which mainly consists of received lease deposits.

22. DEFERRED INCOME AND ADVANCES RECEIVED

EUR in millions	30 Jun 2023	30 Jun 2022	31 Dec 2022
Deferred revenue on ticket sales	545.2	455.8	356.4
Loyalty program Finnair Plus	55.0	41.0	51.3
Advances received for tour operations	44.0	35.9	27.9
Other items	12.9	20.7	16.4
Total	**657.1**	**553.4**	**452.0**

23. CONTINGENT LIABILITIES

EUR in millions	30 Jun 2023	30 Jun 2022	31 Dec 2022
Guarantees on behalf of group undertakings	61.1	58.4	52.5
Total	**61.1**	**58.4**	**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 30 June 2023 totalled 337.0 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, 54.1 million euro takes place within the next 12 months and 282.9 million euro during the following 1-5 years.

Off-balance sheet lease commitments as of 30 June 2023 totalled to 18.5 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 55.8% (31 December 2022: 55.9%) of Finnair's shares. 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. Capital loan and guarantee related to the pension premium loan from the State of Finland are described in the note 17. State aid relating to Finnair's refinancing.

EUR in millions	Q1-Q2 2023	Q1-Q2 2022	2022
Sales of goods and services			
Joint venture	12.6	13.1	25.7
Pension fund	0.0	0.1	0.3
Sickness fund	0.1	0.0	0.0
Employee benefits			
Pension fund	5.6	5.9	11.2
Sickness fund	0.4	0.3	0.6
CEO and Executive Board	4.0	0.9	4.1
The Board of Directors	0.2	0.2	0.4
Purchases of goods and services			
Joint venture	42.3	38.8	78.2
Pension fund	0.7	1.0	2.0
Financial income			
Pension fund	2.2	0.3	0.6
Receivables			
Joint venture	7.0	6.3	6.4
Pension fund	128.4	100.7	119.9
Liabilities			
Joint venture	6.1	4.6	4.3

25. EVENTS AFTER THE REVIEW PERIOD

There have not been any material events after the period.