Annual Report 2022

VIKING LINE

Contents

We have ended an exceptional year with faith in the future

Like 2021, 2022 was an exceptional year for the entire world, and for Viking Line as well. Due to the pandemic, the business environment at the start of the year was very unfavourable, as were the economic consequences of this. Results for the first quarter were weak. Starting in late February, Russia's war on Ukraine brought sharply higher energy prices and uncertainty in our markets. Meanwhile, demand for travel – especially in nearby areas – was on the rise. The summer months were characterized by high travel volumes, and demand in the passenger market was also strong in the autumn. During our peak season, there was a major labour shortage on board our vessels, but we were nonetheless able to maintain service at a satisfactory level. The resilience and engagement of staff were crucial here.

We will remember 2022 as the year when we welcomed a new vessel to our fleet, and at the same time said farewell to our trusted vessel Amorella and reached an agreement to sell Rosella. In March, we launched the new climate-smart vessel Viking Glory on the Turku–Åland–Stockholm route. This very popular vessel had 945,000 passengers during its first ten months of service. It has set a new standard in passenger service both internationally and in our own Baltic Sea service area. Viking Glory has been well received in the market and has also performed well, making a significant contribution to the company's sales and earnings.

In October, Amorella was sold to Corsica Ferries, and in December an agreement was reached to sell Rosella to the Aegean Sealines Maritime Company in Greece. Both vessels served the company faithfully for many years. Rosella started service at Viking Line in 1980, and Amorella in 1988. It always feels sad to say farewell to a vessel that has been part of operations for so long, but this is inevitable in our industry.

During the autumn, the decision was made to reflag Viking XPRS under a Finnish flag. In November, Viking Line was invited to acquire 17.2% of the shares in the company Rederiaktiebolaget Eckerö. To ensure that share ownership remains in Åland, we chose to make this acquisition.

The trend of operations was favourable in 2022. Demand in the passenger market was good, and passenger volumes exceeded our expectations. Nearly five million passengers sailed with the company, which corresponds to an increase of 114% compared to 2021. The Turku–Åland–Stockholm route, which was served by Viking Grace and Viking Glory, had the biggest increase.

We managed to almost completely offset the income effect of high bunker (vessel fuel) costs, which are a consequence of the war in Ukraine. Our results for 2022 should be characterized as good.

The new financial year 2023 will be both demanding and engaging. We are closely following economic developments and adapting operations to meet the challenges we face, particularly concerning new environmental norms. Meanwhile, we are optimistic about the future.

I would like to extend my warm thanks to our customers and business partners for the faith they have shown in us and for our good collaboration. An especially big thank you to our staff, for their great efforts and patience during this eventful year.

Jan Hanses, President and CEO
Viking Line

Report of the Directors

Financial review

Sales and earnings

Consolidated sales increased 91.6% to EUR 494.7 M during the period January 1–December 31, 2022 (EUR 258.2 M January 1–December 31, 2021). Operating income totalled EUR 38.3 M (EUR 32.1 M). Amorella was sold during the period, which had a positive income effect of EUR 15.0 M. During the comparative year 2021, Mariella and the lease on the Turku terminal were sold, which had a positive income effect of EUR 23.8 M.

Passenger-related revenue increased 106.6% to EUR 444.4 M (EUR 215.1 M), while cargo revenue was EUR 47.4 M (EUR 41.1 M) and other revenue was EUR 2.9 M (EUR 2.0 M). The sales contribution was EUR 377.3 M (EUR 195.6 M). Operating expenses increased 76.4% to EUR 336.5 M (EUR 190.8 M).

Fourth quarter results were characterized by growing demand in the passenger sector and continued stable demand for cargo transport. Consolidated sales increased 39.5% to EUR 124.5 M during the period (EUR 89.3 M October 1–December 31, 2021). Operating income totalled EUR 19.4 M (EUR 1.6 M). Amorella was sold during the period, which had a positive income effect of EUR 15.0 M. There was significant uncertainty due to the geopolitical situation throughout the period.

In January and February, the Group received aid for public service obligations from Traficom, the Finnish Transport and Communications Agency, for the Group's vessels on the Turku–Mariehamn/Långnäs–Stockholm and Mariehamn-Kapellskär routes. During the same period in 2021, aid was also received for the Helsinki–Tallinn route. In June, the Group received EUR 2.1 M in State aid, which consists of aid for uncovered fixed costs during the period December 2021–February 2022. The aid is recognized as State aid under other operating revenue.

Information about the Group's financial position and earnings over a five-year period is presented in the section "Five-year financial review".

Quarterly consolidated income statement

EUR M	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
SALES	**124.5**	**170.4**	**141.0**	**58.8**	**89.3**
Other operating revenue	15.2	0.5	2.4	6.0	2.2
Expenses					
Goods and services	29.4	39.9	34.6	13.5	22.2
Salary and other employment benefit expenses	25.4	28.9	29.6	20.7	22.1
Depreciation, amortization and impairment losses	7.2	6.7	6.9	5.8	4.9
Other operating expenses	58.4	68.5	62.1	42.9	40.8
	120.3	144.0	133.3	82.9	89.9
OPERATING INCOME	**19.4**	**26.9**	**10.1**	**-18.1**	**1.6**
Financial income	0.3	-0.2	0.0	0.2	0.0
Financial expenses	-4.0	-2.6	-3.2	-2.6	-1.6
Share of net profit of associate companies accounted for using the equity method	1.2	-0.1	0.7	0.2	1.2
INCOME BEFORE TAXES	**16.9**	**24.1**	**7.6**	**-20.3**	**1.2**
Income taxes	-3.3	-4.9	-1.3	4.1	0.5
INCOME FOR THE PERIOD	**13.6**	**19.3**	**6.3**	**-16.2**	**1.7**
Income attributable to:					
Parent company shareholders	13.6	19.3	6.3	-16.2	1.7
Earnings per share before and after dilution, EUR	0.79	1.12	0.37	-0.93	0.14

Quarterly consolidated statement of comprehensive income

EUR M	2022 Q4	2022 Q3	2022 Q2	2022 Q1	2021 Q4
INCOME FOR THE PERIOD	**13.6**	**19.3**	**6.3**	**-16.2**	**1.7**
Items that may be reclassified to the income statement					
Translation differences	-0.5	-0.4	-0.9	-0.2	-0.2
Items that will not be reclassified to the income statement					
Changes in the fair value of financial assets recognized at fair value through other comprehensive income	-	-	-	-	0,0
Other comprehensive income	**-0.5**	**-0.4**	**-0.9**	**-0.2**	**-0.2**
COMPREHENSIVE INCOME FOR THE PERIOD	**13.1**	**18.9**	**5.5**	**-16.4**	**1.5**
Comprehensive income attributable to:					
Parent company shareholders	13.1	18.9	5.5	-16.4	1.5

Service and market

During the year, the Viking Line Group provided passenger and cargo carrier services using seven vessels on the northern Baltic Sea and in the Gulf of Finland.

Viking Glory was launched in service on the Turku-Mariehamn/Långnäs-Stockholm route on March 1, operating in tandem with Viking Grace. Amorella ended its service on the same route on February 28 and after a brief pause launched service on the Helsinki-Mariehamn-Stockholm route on April 1, operating in tandem with Gabriella until September 18, when it was then taken out of service.

Viking Cinderella served the Turku-Mariehamn/Långnäs-Stockholm route during the period January 17 to February 23 and then resumed its regular day cruise service between Stockholm and Mariehamn on February 24.

During the summer period, both Gabriella and Viking Cinderella made a number of destination cruises, including to Visby, Sweden's High Coast, Bornholm, Tallinn and Åland.

During the period June 18 to August 13, the Helsinki vessels also served Tallinn.

Rosella operated its regular route between Kapellskär and Mariehamn except for the period March 7 to April 21, when it was out of service.

In 2021, the vessels that normally serve the Helsinki-Mariehamn-Stockholm route were dry-docked to some extent, and Gabriella was placed in service to some extent on other routes.

The total number of passengers on the Group's vessels during the report period was 4,945,564 (2,315,137). The Group had a total market share in its service area of approximately 37.2% (34.1%).

Market demand for travel at the beginning of the year was greatly limited due to COVID-related restrictions. In February and March, the Finnish and Swedish governments announced that the majority of restrictions would be lifted. That had a positive effect on demand in March and the following period. During the rest of the year, demand was good in our main markets but did not fully reach pre-pandemic levels since the number of international passengers was significantly lower than in previous years.

The Group's total cargo volume was 117,777 cargo units (129,278). The Group's share of the cargo market was approximately 14.7% (16.3%). Demand for cargo in our service area varied during the year, and the situation prevailing in Europe makes it especially sensitive.

The market share for passenger cars was approximately 32.8% (33.3%).

Financing and cash flow

The Group's non-current interest-bearing liabilities on December 31, 2022 totalled 186.3 EUR M (EUR 235.1 M). During the period, a new EUR 40 M credit facility was drawn and at the same time four different loan facilities totalling EUR 33 M were repaid. The State guarantees for the liquidity loans entered into in 2020 were ended. During the pandemic period, deferred loan payments totalling EUR 28.3 M were also repaid, and Viking Line Abp was consequently released from the loan repayment terms set by Finnish Export Credit/Finnvera on the existing credit for Viking Grace.

The debt/equity ratio was 47.0% compared to 42.0% in 2021.

The Group's cash and cash equivalents at the end of December totalled EUR 89.0 M (EUR 114.6 M). Three overdraft facilities totalling EUR 15.0 M were closed during the period. Unutilized credit lines in the Group totalled EUR 0.1 M (EUR 15.1 M).

Net cash flow from operating activities was EUR 28.4 M (EUR 34.3 M). Net cash flow from investing activities was EUR 0.2 M (EUR -130.4 M) and net cash flow from financing activities was EUR -54.1 M (EUR 181.0 M).

Most of the Group's loan agreements include loan covenants according to market terms. The financial covenants in the loan agreements consist of minimum requirements for liquidity and solvency and a maximum net financial debt-to-EBITDA ratio. The company has an agreement with its financiers on a waiver for the full-year 2022 of the covenant term concerning the maximum total net financial debt-to-EBITDA ratio.

In accordance with the terms for drawing the loan to finance Viking Glory in 2022, Viking Line Abp undertook not to pay a dividend or pay out any funds. The dividend restriction on the financing of Viking Glory only applies to payments in 2022 but also subsequently if the Group's debt-to-EBITDA ratio exceeds 5.0.

Investments

The Group's investments for the period January 1 to December 31, 2022, amounted to EUR 25.5 M (EUR 168.7 M). The Group's total investments represent 5.2% of sales (65.3%). Most are attributable to the completion of Viking Glory and the dry-dockings of Cinderella, Gabriella, Viking XPRS and Rosella as well as the investment in Rederiaktiebolaget Eckerö.

Board of Directors, Group Management and auditors

The Board of Directors consists of Chairman Ben Lundqvist, Christina Dahlblom, Nils-Erik Eklund, Jakob Johansson, Stefan Lundqvist, Lars G Nordström and Peter Wiklöf. The deputy members are Ulrica Danielsson, Casper Lundqvist and Gert Sviberg.

The President and CEO of the company is Jan Hanses. Peter Hellgren is the Deputy CEO. Group Management consists of Jan Hanses, Peter Hellgren, Johanna Boijer-Svahnström, Mats Engblom, Henrik Grönvik, Ulf Hagström and Wilhelm Hård af Segerstad.

PricewaterhouseCoopers Oy serves as the company's auditing firm, with Martin Grandell (CGR) serving as Principal Auditor.

Information about related party transactions can be found in Note 6.1 to the consolidated financial statements.

Corporate Governance Statement

Viking Line applies the Finnish Corporate Governance Code, which was approved by the Securities Market Association. The Code is available on the Securities Market Association's website, Cgfinland.fi. Viking Line complies with the Code in full and deviations are explained ("comply or explain reporting"). The Corporate Governance Statement for 2022 is published separately. Information about Viking Line's corporate governance is available on Vikingline.com.

Non-financial report

Operations

The COVID-19 pandemic still affected the Group's business conditions during the first quarter. During this time, a large share of the Group's employees were furloughed. Viking Line's markets recovered during the second quarter, and it was possible to terminate the furlough scheme that was in place throughout the pandemic.

Russia's war against Ukraine gave rise to an energy crisis in Europe, which among other effects led to sharply higher fuel prices. Fuel prices have an immediate effect on the Group's operating conditions. During the year, Viking Line informed its supplier that it does not accept oil and natural gas of Russian origin and ended all sale of goods produced in Russia.

During the third quarter, Viking Line and Corsica Ferries SAS signed an agreement on the sale of Viking Line's M/S Amorella. During the first quarter, Amorella was replaced in its scheduled service between Turku and Stockholm by the newbuild Viking Glory. Amorella then continued in service between Helsinki and Stockholm. The decision to sell Amorella was part of the plan to rejuvenate the company's fleet. During the third quarter, Amorella ended its service, and the vessel's regular staff were reassigned to the company's other Finnish-flagged vessels.

During the fourth quarter, Viking Line and Aegean Sealines Maritime Co. reached an agreement on the sale of Viking Line's M/S Rosella. Delivery of the vessel took place in January 2023. The sale of Rosella is another part of the plan to rejuvenate the fleet, and as a result scheduled service between Mariehamn and Kapellskär was terminated. Because of the change in the traffic situation, change negotiations for land-based staff affected were initiated. The vessel's regular staff were reassigned to the company's other Finnish-flagged vessels.

During the fourth quarter, Viking Line announced the reflagging of Viking XPRS from an Estonian to a Finnish flag. Because of the change in flags, the jobs on board Viking XPRS will be re-opened to applicants. The reflagging will make HR administration easier in the long term and enable the company to reassign staff who worked on Amorella and Rosella.

Organisation and personal

The average number of full-time employees in the Group was 2,203 (1,536), 1,679 (1,068) of whom worked for the parent company. Land-based personnel totalled 458 (371) and shipboard personnel totalled 1,745 (1,165).

In addition to the Group's own employees, Viking XPRS was crewed by an average of 185 (152) people employed by a staffing company.

At year-end 2022, the Group had a total of 2,428 (2,333) employees, 1,927 (1,869) of whom resided in Finland. The number of employees residing in Sweden was 424 (391). The number of employees residing in Estonia was 70 (67) and the number residing in other countries was 7 (6).

Men made up 56.4% (58.7%) of employees, and women made up 43.6% (41.3%). Women made up 23.1% (27.8%) of employees in foreman positions. The average age of employees was 45.7 (46.1) years old.

Social issues

Viking Line strives to act responsibly in the countries and contexts the company operates in. Viking Line shall always be associated with respect for human rights, equal treatment, good labour conditions, social consideration and sustainable environmental work. The Group has established ethical business principles to promote equality in the workplace.

Viking Line strives to offer employees and suppliers a healthy, safe work environment. Viking Line carries out extensive work to prevent the occurrence of workplace accidents through formal risk assessments and deviation management programmes. Suppliers complete the Group's work safety training programme prior to carrying out work on board the Group's vessels. All of the companies in the Group have occupational health and safety programmes in place in compliance with local laws.

The war in Ukraine has affected the mobility of people, especially refugees, in Viking Line's service area. Viking Line has provided sea crossings for Ukrainian refugees and for relief supplies to Ukraine free of charge.

During the COVID-19 pandemic, Viking Line was verified by the certified classification society DNV GL in accordance with that company's My Care methodology. The verification affirms Viking Line's capability to manage and mitigate infection risks, including for COVID-19.

Respect for human rights

Viking Line supports and respects fundamental human values in accordance with the UN's Universal Declaration of Human Rights. Viking Line does not accept forced or child labour in any form. Viking Line respects the right of employees to join associations and organizations and to participate in trade unions. The basic assumption in all of the Group's recruitment, skills development, promotions and other collaborations is that people are of equal value. Viking Line's values with respect to human rights and labour rights are reflected in the Group's business principles for suppliers, which all suppliers agree to.

Anti-corruption and bribery

Viking Line's policy against bribes prohibits the Group's employees from offering or receiving any kind of benefit whatsoever that can be considered to influence behaviour and from acting in a way that can lead to a conflict of interest. Viking Line shall observe the anti-corruption laws in effect in all business environments, and any cases of corruption and bribery shall be reported.

The Group has set up an internal whistleblower channel which employees can use safely and anonymously to report any suspicions of irregularities that are an infringement of public interest and are in certain areas of EU law. All of the Group's employees are also encouraged to report any irregularities.

Environment, safety and security

Viking Line's goal is to reduce the environmentally-related consequences of its business activities. The Group strives to reduce its environmental impact by continuously improving the energy efficiency of its vessels and reducing the generation of emissions and waste. Viking Line strives to increase the share of circular material flows, in which third parties can utilize waste from operations as raw materials for their own production. All of the Group's vessels, its headquarters and the subsidiary Viking Line Buss Ab are certified in compliance with the ISO 14001 environmental management system. Viking Line's organization and all of its vessels are also certified in compliance with the International Safety Management (ISM) Code, which stipulates organizational rules for the safe operation of vessels and pollution prevention.

Viking Line's environmental policy expressly prohibits any discharge of wastewater into the sea. All wastewater generated on board the vessels is pumped ashore to municipal water treatment facilities. The Group's environmental policy emphasizes the sorting, recycling and reuse of solid waste, such as glass, metal, paper and biowaste, to the greatest extent possible. In 2022, 1,307 (470) tonnes of biowaste were collected for biogas production.

The increase in greenhouse gas emissions in 2022 is due to traffic returning to a more normal level. The vessels' greenhouse gas emissions were 268,701 (217,418) tonnes of carbon dioxide, 134 (104) tonnes of sulphur oxides and 4,278 (2,909) tonnes of nitrogen oxides. Emissions are generated mainly as a result of the combustion of fossil fuels for the vessels' propulsion and energy supply.

In 2022, Viking Line's vessels used 74,478 (58,003) tonnes of oil, 12,155 (12,523) tonnes of liquefied natural gas (LNG) and 237,737 (133,832) tonnes of fresh water.

The company is responsible for ensuring that the vessels, their crew and all parts of the land-based organization comply with the regulations in effect for passenger and cargo transport. Maritime authorities have overview of the vessels' safety equipment, fire safety equipment, communication equipment, stability and safety organization. Safety preparedness on board is maintained by a safety organization that undergoes continuous training and participates in exercises to perform their duties. Viking Line also has a safety and crisis management plan that is continuously updated and further developed. The plan is tested on a continuous basis through realistic exercises both on board and on land.

Risks and risk management

Viking Line's operations are exposed to different kinds of risks, which vary in their scope and impact on operations, financial results and the company's ability to meet certain social and environmental objectives. The relevant risks have been classified into four categories: strategic, operational, damage and financial risks.

Strategic risks

Changes in the geopolitical situation and the impact of this on energy prices and inflation, in maritime policy, regulations and other laws, in climate change, in the competition situation and the market trend can have a negative and significant impact on demand for the Group's products and services and on its earnings, cash flow and financial position. Due to the spread of the coronavirus (COVID-19) both globally and within the company's geographic areas at the start of the financial year, government authorities and individual actors continued to apply restrictions and safety measures to prevent the spread of disease. There can be a risk in how the spread of COVID-19 affects operations going forward.

Demand for the company's services and products is also affected by megatrends. For example, increased awareness of climate change and environmental protection can affect the public's view of ferry service.

Seasonal fluctuations during the year affect Viking Line's business operations. Third quarter earnings usually account for the largest share of earnings for the year.

Political decisions can change Viking Line's operating conditions with potentially negative consequences for business operations. However, Åland's tax exemption, which enables duty-free sales on board vessels in service to and from the Åland Islands, is permanent. The European Commission's guidelines to promote maritime transport, which enable the net salary system for seafarers, are in effect until further notice.

Finnish maritime transport is governed by environmental regulations in the International Maritime Organization (IMO)'s rules, EU directives, HELCOM recommendations and national laws. We actively monitor the drafting of environmental regulations, advances in environmental technology and the solutions that research provides for compliance with ever more stringent environmental regulations.

The EU Sulphur Directive entered into force on January 1, 2015, for the Baltic Sea and stipulates a switch to fuel with a 0.1% maximum sulphur content. The IMO also decided to designate the Baltic Sea as a so-called nitrogen oxide emission control area (NECA) with more stringent emissions requirements for newbuild vessels beginning January 1, 2021. Furthermore, the EU has introduced requirements for the monitoring, reporting and verification (MRV) of carbon dioxide emissions from large vessels (more than 5,000 gross tonnes) that serve EU ports.

In 2022, the European Commission, the EU Parliament and member countries on the European Council decided to include maritime transport in the EU Emissions Trading System (ETS) for greenhouse gas emissions. ETS is one of the instruments the EU uses to achieve its own climate goals and meet its international commitments in the Paris Agreement. Greenhouse gas emissions of vessels will gradually be phased into the ETS between 2024 and 2026, after which time all emissions will be included. Starting in 2024, Viking Line will surrender allowances that cover 40% (70% in 2025 and 100% in 2026) of its fleet's verified GHG emissions to the relevant regulatory authority, which is the Finnish Energy Authority. The price of emission allowances is affected by a number of factors, including a gradual reduction in total emission allowances in the free market, which is built into the ETS. The price may also be affected by various external factors, such as geopolitical or energy policy decisions.

Operational risks

The Group's business operations are dependent on functioning logistics and IT systems for both external communication and the day-to-day management of operations. Cyber intrusions, malfunctions and disruptions can cause interruptions in operations and have potential consequences. Cyberattacks are a growing and ever-changing global problem. Disruptions in service or IT communication can have a negative impact on the Group's earnings. Viking Line endeavours to minimize the risk of lengthy unplanned service interruptions by means of continuous vessel maintenance, a well-developed safety and security system, training and regular exercises. Risks in information management are minimized by developing appropriate security systems and alternative working methods as well as efforts to ensure the reliability of computer systems.

Hiring, retaining and developing a skilled labour force are critical to success. During the COVID-19 pandemic, Viking Line furloughed and laid off employees, and the increased risk of a loss of key employees and inability to attract new employees can harm the Group's operations.

Damage risks

Maritime safety and security is guided by our safety and security policy, which has top priority in Viking Line's operations. Through our International Safety Management Code (ISMC) and International Ship & Port Facility Security Code (ISPS) management systems, we work systematically to identify potential risk situations and consequently prevent accidents. Our goal is to continuously improve safety and security.

Viking Line has a zero vision when it comes to different kinds of crime, harassment and disorderly conduct on board. We work on a continuous basis to realize this vision. A group that has worked with these issues meets regularly, while a team of external experts has also been hired.

Viking Line maintains a crisis preparedness plan to prevent and mitigate the consequences of adverse events and crises with serious consequences for passengers, staff, traffic, property, the environment, operations and trust in the company. The crisis preparedness plan is characterized by an effective alert system that quickly establishes the central crisis management organization in the company. In crisis situations, this central crisis management organization works in close cooperation with the relevant government agencies.

Various organizations, companies and specialists are hired as needed to provide support and assistance in the crisis work. Communication, information and crisis support are key aspects of the crisis management organization's work. In order to be effective and maintain stamina despite the physical and mental pressure, the organization undergoes training on a continuous basis. The work of the crisis management organization is aimed at saving lives, avoiding injuries and damage to the environment and property, and ensuring that rescue measures are so effective that operations can return to a normal situation as soon as possible without damaging the company's brand.

The Group's vessels are recognized in the balance sheet at a carrying amount of EUR 429.6 M (445.2 M). The vessels have hull and machinery insurance plus increased value insurance totalling EUR 686.0 M (716.0 M). In addition, all vessels have strike/delay insurance, protection and indemnity (P&I) and Passenger Liability Regulation (PLR) insurance.

Financial risks

The Group is also exposed to various financial risks, among them fluctuations in currency exchange rates. The COVID-19 pandemic continued to have a significant impact on Viking Line's earnings and liquidity early in the year and, above all, during the comparative year 2021.

Sales revenue is generated in euros and Swedish kronor. Most of the operating inflow and outflow of cash and cash equivalents consist of euros. Purchase prices of goods for sale and bunker (vessel fuel) are affected by other currencies, especially the US dollar.

Fluctuations in bunker prices have a direct effect on consolidated earnings.

The company's ability to meet the requirements set in existing financial agreements depends on its ability to generate a positive cash flow and earnings from its operations, which depends in part on factors beyond the company's control.

The company's interest-bearing liabilities amounted to EUR 223.1 M on December 31, 2022, 76.1% of which have a variable interest rate. The total variable interest rate consists of the market interest rate plus a margin that is specific to the company. Fluctuations in interest rates can have a negative effect on the company's costs of funding and increase funding costs in the future.

Further information about the management of financial risks can be found in Note 5.5 to the consolidated financial statements.

Disclosures under the EU's Taxonomy Regulation

Viking Line discloses information in accordance with Regulation (EU) 2020/852 of the European Parliament and of the Council from June 18, 2020, concerning the constitution of a framework to facilitate sustainable investments and changes in Regulation 2019/2088 of the European Union (the Taxonomy Regulation). For the financial year 2021, Viking Line reported on the parts of its operations that were included in the EU's taxonomy (taxonomy-eligible), and for the financial year 2022 also reports on the alignment of its operations in accordance with EU taxonomy requirements (taxonomy-aligned). The Taxonomy Regulation sets out a classification system (taxonomy), which includes a list of economic activities that fall under six environmental objectives: 1) climate change mitigation, 2) climate change adaptation, 3) sustainable use and protection of water and marine resources, 4) transition to a circular economy, 5) pollution prevention and control and 6) protection and restoration of biodiversity and ecosystems. At present, only delegated acts on the first two objectives have been formally approved and published.

Under Article 8 of the Taxonomy Regulation, companies subject to the existing Non-Financial Reporting Directive must report certain key performance indicators (KPIs) concerning the extent to which their activities are subject to and eligible for the EU's Taxonomy. These companies are obliged to report what proportion of sales (turnover), capital expenditure (CapEx) and operational expenditure (OpEx) are derived from or related to economic activities considered to be eligible for and compliant with Article 8 of the Taxonomy Regulation and Article 10 (2) of the Disclosures Delegated Act on reporting obligations. In order to be in compliance with the taxonomy requirements, Viking must meet the technical screening criteria developed by the EU Technical Expert Group, comply with the Do No Significant Harm principle and meet minimum safeguards.

The Taxonomy Regulation and reporting practices will continue to be developed in the years ahead. Viking Line is closely following this development process and will disclose information in accordance with these requirements and meet the criteria to the extent this is possible in the future as well.

Information about conformity with Regulation (EU) 2020/852

Technical screening criteria

Viking Line has identified two economic activities in the taxonomy that are related to the Group's primary operations: Provision of passenger service and goods cargo service by vessel – 6.10 "Sea and coastal freight water transport, vessels for port operations and auxiliary activities" and 6.11 "Sea and coastal passenger water transport". For the financial year 2022, Viking Line has assessed the Group's compliance with the taxonomy requirements for these activities. In its interpretation of the EU's Taxonomy Regulation, the company has identified two of the fleet's vessels – Viking Glory and Viking Grace – as being close to compliance with the taxonomy requirements for activities 6.10 and 6.11. However, based on a detailed review in line with the taxonomy guidance published in December 2022, none of Viking Line's vessels is fully compliant with the taxonomy requirements at present.

Viking Line cannot meet the technical screening criteria at present, although none of the company's vessels is intended for fossil fuel transport, and the Energy Efficiency Design Index (EEDI) voluntarily calculated for Viking Glory and Viking Grace is 10% below the EEDI requirements that entered into force on April 1, 2022. However, Viking Line cannot use the EEDI calculation to demonstrate how energy-efficient the vessels are since Viking Glory and Viking Grace are diesel-electric and because their non-conventional propulsion systems are exempt from EEDI and EEXI regulations in accordance with MARPOL Annex VI Regulation 2.

This means that Viking Line cannot report compliance for these two vessels. However, Viking Line is certain that the energy-efficiency of the two vessels is higher than the level required by the taxonomy since the vessels represent modern technology and are subject to continuous efficiency improvements.

DNSH and minimum safeguards

The taxonomy assessment carried out in 2022 involved an evaluation of each DNSH criterion at the Group level. The DNSH criteria include criteria for climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and biological diversity.

In order for Viking Line to run successful operations, nature, the company's carbon footprint and any climate risks are important and are issues at the top of the company's agenda. Concerning climate change adaptation, Viking Line has noted that a change in wind patterns, rising sea levels and storms can affect the company's earnings. During the financial year 2023, Viking Line will carry out an evaluation of climate risks and vulnerabilities as well as an assessment of any adaptation solutions.

Sustainable use and protection of water and marine resources is one of Viking Line's core values, and the company has ensured that its operations have not degraded the water quality of the Baltic Sea. Viking Line has processes in place to prevent the erosion of biodiversity and the environmental status of ecosystems. In addition, the company works to minimize any negative effect that its operations have on biodiversity and ecosystems, in part by controlling discharges of ballast water and minimizing noise and vibrations from its vessels.

Viking Line's measures follow the principle of a circular economy, and waste management follows systematic procedures based on the company's waste hierarchy, with a focus on preventive measures. Waste produced in the company's operations is reused, recycled or handled properly; this also includes the handling of black and grey water.

Viking Line has analysed the requirements for pollution prevention and protection of biodiversity. The sulphur content of the fuel used by the company's vessels does not exceed the requirements specified, and sulphur emissions are within the limits specified in the IMO's MARPOL Convention. Viking Line complies with relevant laws and regulations, and strives to prevent environmental damage in part through close monitoring and audits.

Viking Line has undertaken to run operations that respect human rights, follow processes to fight corruption and promote fair competition. The company has established a Code of Conduct that describes its expectations to employees and suppliers. Moreover, Viking Line will further develop its due diligence processes concerning human rights and its current whistleblowing system during the financial year 2023.

Key performance indicators used in the taxonomy

Viking Line reports on two activities, 6.10 "Sea and coastal freight water transport, vessels for port operations and auxiliary activities" and 6.11 "Sea and coastal passenger water transport". As the company interprets it, the descriptions of these operations exclude economic activities that are significant to the Group, such as hotel operations and other on-board sales. The company has thus adopted a relatively cautious position on the Group's operations regarding the scope of the taxonomy. As the company interprets it, activities that are not directly related to or do not facilitate the transport of passengers or goods are considered to be operations not subject to the taxonomy. The company has not included activities related to the bus transport of passengers.

Viking Line has restricted sales (turnover) from activities under 6.10 and 6.11 – in other words, activities subject to the taxonomy – mainly to turnover from ticket sales and from freight and vehicle sales. The company has thus excluded retail sales and hotel revenue, except in cases where cabins constitute a significant proportion of services sold. Capital expenditure (CapEx) is based on investments following the cash flow principle, which also includes Viking Line's investments in new vessels. Only expenditure directly related to vessels and their maintenance is included in CapEx. Operational expenditure (OpEx) consists primarily of vessel maintenance and repair costs. Only costs directly related to the transport of passengers or goods are included, so salary expenses for employees in service jobs are excluded from OpEx.

In compiling Viking Line's key performance indicators (KPIs), turnover and expenditure items have been taken into account only once to avoid double-counting. Research and development related to vessel technology is carried out mainly by the manufacturers. The Group has no actual expenses for research and development. There have been no changes in how Viking Line compiles its most important KPIs since the financial year 2021.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities

				Substantial contribution criteria						"DNSH criteria ('Does Not Significantly Harm')"										
	Code(s)	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	"Taxonomy-aligned proportion of turnover, year N"	"Taxonomy-aligned proportion of turnover, year N-1"	Category (enabling activity or)	Category (transitional activity)
Economic activities		EUR M	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
"A.1. Environmentally sustainable activities (Taxonomy-aligned)"																				
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	6.10	0	0%	0%	0%	-	-	-	-		Y	Y	Y	Y	Y	Y	0%	-	-	T
Sea and coastal passenger water transport	6.11	0	0%	0%	0%	-	-	-	-		Y	Y	Y	Y	Y	Y	0%	-	-	T
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	-	-	-	-		Y	Y	Y	Y	Y	Y	**0%**	-	-	T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	6.10	53.9	10.9%																	
Sea and coastal passenger water transport	6.11	46.8	9.5%																	
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		100.7	20.3%																	
Total (A.1 + A.2)		**100.7**	**20.3%**																	
"B. TAXONOMY-NON-ELIGIBLE ACTIVITIES"																				
"Turnover of Taxonomy-non-eligible activities (B)"		394.0	79.7%																	
Total (A + B)		**494.7**	**100%**																	

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities

				Substantial contribution criteria						"DNSH criteria ('Does Not Significantly Harm')"										
	Code(s)	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	"Taxonomy-aligned proportion of turnover, year N"	"Taxonomy-aligned proportion of turnover, year N-1"	Category (enabling activity or)	Category (transitional activity)
Economic activities		EUR M	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
"A.1. Environmentally sustainable activities (Taxonomy-aligned)"																				
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	6.10	0	0%	0%	0%	-	-	-	-		Y	Y	Y	Y	Y	Y	0%	-	-	T
Sea and coastal passenger water transport	6.11	0	0%	0%	0%	-	-	-	-		Y	Y	Y	Y	Y	Y	0%	-	-	T
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	-	-	-	-		Y	Y	Y	Y	Y	Y	**0%**	-	-	T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	6.10	7.1	49.5%																	
Sea and coastal passenger water transport	6.11	6.2	43.0%																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		13.3	92.5%																	
Total (A.1 + A.2)		**13.3**	**92.5%**																	
"B. TAXONOMY-NON-ELIGIBLE ACTIVITIES"																				
"Turnover of Taxonomy-non-eligible activities (B)"		1.1	7.5%																	
Total (A + B)		**14.4**	**100%**																	

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities

				Substantial contribution criteria						"DNSH criteria ('Does Not Significantly Harm')"										
	Code(s)	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	"Taxonomy-aligned proportion of turnover, year N"	"Taxonomy-aligned proportion of turnover, year N-1"	Category (enabling activity or)	Category (transitional activity)
Economic activities		EUR M	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
"A.1. Environmentally sustainable activities (Taxonomy-aligned)"																				
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	6.10	0	0%	0%	0%	-	-	-	-		Y	Y	Y	Y	Y	Y	0%	-	-	T
Sea and coastal passenger water transport	6.11	0	0%	0%	0%	-	-	-	-		Y	Y	Y	Y	Y	Y	0%	-	-	T
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	0%	0%	-	-	-	-		Y	Y	Y	Y	Y	Y	**0%**	-	-	T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	6.10	33.0	19.1%																	
Sea and coastal passenger water transport	6.11	28.7	16.6%																	
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		61.6	35.7%																	
Total (A.1 + A.2)		**61.6**	**35.7%**																	
"B. TAXONOMY-NON-ELIGIBLE ACTIVITIES"																				
"Turnover of Taxonomy-non-eligible activities (B)"		110.9	64.3%																	
Total (A + B)		**172.5**	**100%**																	

Five-year financial review

The Group	2022	2021	2020	2019	2018
Sales, EUR M	494.7	258.2	188.8	496.4	497.8
Operating income, EUR M	38.3	32.1	-49.3	17.4	9.3
– as % of sales	7.7%	12.4%	-26.1%	3.5%	1.9%
Income before taxes, EUR M	28.3	28.3	-52.9	13.6	6.5
– as % of sales	5.7%	11.0%	-28.0%	2.7%	1.3%
Return on equity (ROE)	18.1%	10.5%	-19.7%	4.7%	2.4%
Return on investment (ROI)	9.1%	7.4%	-13.8%	4.8%	2.9%
Equity/assets ratio	46.4%	42.0%	46.4%	50.7%	49.4%
Debt/equity ratio (gearing)	62.7%	62.2%	62.7%	28.1%	28.3%
Gross capital spending, EUR M	25.5	168.7	15.0	29.9	15.9
– as % of sales	5.2%	65.3%	7.9%	6.0%	3.2%
Average number of employees	2,203	1,536	1,640	2,632	2,671
– of whom shipboard employees	1,745	1,165	1,243	2,038	2,037
– of whom land-based employees	458	371	397	594	634
Salaries etc, EUR M	110.5	75.9	79.6	122.2	121.9

Share-related financial ratios

	2022	2021	2020	2019	2018
Earnings per share, EUR	1.33	1.97	-3.41	0.87	0.44
Equity per share, EUR	16.81	21.67	15.63	18.92	18.56
Dividend per share, EUR*	0.40	0.00	0.00	0.00	0.20
Dividend/earnings	30.0%	0.0%	0.0%	0.0%	45.2%
Dividend/share price	3.2%	0.0%	0.0%	0.0%	1.4%
Price/earnings (P/E) ratio	9	6	-5	22	31
Share price on December 31, EUR	12.55	11.50	15.90	19.00	13.90
Highest share price, EUR	12.85	19.25	20.00	19.80	18.00
Lowest share price, EUR	11.10	10.20	13.90	13.90	12.50
Average share price, EUR	12.17	14.02	16.39	17.95	14.83
Market capitalization, EUR M	216.86	198.72	171.72	205.20	150.12
Number of shares traded	736,473	639,372	344,598	2,206,985	232,371
Percentage of shares traded	4.3%	3.7%	3.2%	20.4%	2.2%
Dividend paid for financial year, EUR M*	6.91	0.00	0.00	0.00	2.16
Average number of shares	17,280,000	14,040,000	10,800,000	10,800,000	10,800,000
Number of shares on December 31	17,280,000	17,280,000	10,800,000	10,800,000	10,800,000

* The Board of Directors´ proposal to the Annual General Meeting for the year 2022.

Definitions of financial ratios

Return on equity (ROE), % =	(Income before taxes – income taxes) / Equity including minority interest (average for the year)
Return on investment (ROI), % =	(Income before taxes + interest and other financial expenses) / (Total assets – interest-free liabilities [average for the year])
Equity/assets ratio, % =	Equity including minority interest / (Total assets – advances received)
Debt/equity ratio (gearing), % =	(Interest-bearing liabilities – cash and cash equivalents) / Equity including minority interest
Earnings per share =	(Income before taxes – income taxes +/– minority interest) / Weighted average number of shares
Equity per share =	Equity attributable to parent company shareholders / Weighted average number of shares
Dividend/earnings, % =	Dividend per share / Earnings per share
Dividend/share price, % =	Dividend per share / Share price on December 31
Price/earnings (P/E) ratio =	Share price on December 31 / Earnings per share

Shares and shareholders

Shares

Since July 5, 1995, the shares of Viking Line Abp have been listed on NASDAQ Helsinki. The share capital is EUR 1,816,429.61. The minimum share capital of the company is EUR 720,000.00 and the maximum share capital is EUR 4,800,000.00. Within these limits, share capital may be increased or decreased without amending the Articles of Association. The minimum number of shares is 3,600,000 and the maximum number is 18,000,000.

During the comparative year 2021, Viking Line Abp invited its shareholders to subscribe for 6,480,000 shares in a share issue with pre-emption rights at an issue price of EUR 8.00 a share. The share issue with pre-emption rights was fully subscribed, and 6,480,000 new shares were registered in the Finnish Trade Register. The total number of shares in Viking Line Abp was 17,280,000. With the proceeds of the issue, unrestricted equity increased EUR 49,642,521.14 after a deduction for transaction costs.

All 17,280,000 shares constitute a single series, in which all shares are of equal value. Each share is equivalent to one vote when voting on motions and candidates at shareholder meetings. However, no shareholder may vote on behalf of more than 1/4 of the shares represented at a shareholder meeting. The company has not issued warrants or bonds. The Board of Directors has not requested authorization from a shareholder meeting to change the share capital, to issue warrants or bonds, or to acquire or sell the company's own shares. The company and its subsidiaries do not own any of their own shares.

Shareholders

At the end of the financial year, the company had 5,784 registered shareholders.

Largest shareholders, December 31, 2022		**Number of shares**	**Percentage of total**
1.	Ångfartygs Ab Alfa	2,650,400	15.3%
2.	Rederi Ab Hildegaard	1,777,283	10.3%
3.	Citibank Europe Plc (nominee-registered shares)	1,765,376	10.2%
4.	Skandinaviska Enskilda Banken AB (Publ) Helsingin Sivukonttori (nominee-registered shares)	1,637,738	9.5%
5.	Lundqvist Ben	664,465	3.8%
6.	Eklund Nils-Erik	625,930	3.6%
7.	Danske Bank A/S Helsinki Branch (nominee-registered shares)	603,645	3.5%
8.	Sviberg Marie-Louise	588,136	3.4%
9.	Alandia Försäkring Abp	268,464	1.6%
10.	Nordnet Bank AB (nominee-registered shares)	250,119	1.5%

Viking Line Abp's shareholders, by sector	**Number of shareholders**	**Percentage of total**	**Number of shares**	**Percentage of total**
Companies	182	3.1%	5,226,525	30.2%
Credit institutions and insurance companies	6	0.1%	368,361	2.1%
Public sector entities	1	0.1%	112,336	0.7%
Households	5,421	93.7%	6,785,368	39.3%
Non-profit entities	18	0.3%	41,954	0.2%
Foreign shareholders	147	2.3%	346,442	2.0%
Nominee-registered shares	9	0.4%	4,398,818	25.5%
Not transferred to book-entry securities account system			196	0.0%
Total	**5,784**	**100.0%**	**17,280,000**	**100.0%**

Distribution of share capital	Number of shareholders	Percentage	Number of shares	Percentage
1–99	3,146	54.4%	91,131	0.5%
100–999	1,727	29.8%	472,171	2.7%
1,000–9,999	795	13.7%	1,841,940	10.7%
10,000–99,999	96	1.7%	2,495,851	14.4%
100,000–999,999	16	0.3%	4,547,914	26.3%
1,000,000–	4	0.1%	7,830,797	45.3%

Board and top management shareholdings

The members and deputy members of the Board of Directors, the President and Chief Executive Officer, and the Deputy Chief Executive Officer own or control, in the manner described in Chapter 2, Section 4 of the Finnish Securities Market Act, 5,380,643 shares in the company, equivalent to a voting power of 31.1%. Viking Line applies the provisions of Finland's Securities Market Act on insider information, NASDAQ Helsinki's insider regulations and insider rules under the EU Market Abuse Regulation (MAR).

Trading volume and share price

During the financial year, trading in Viking Line on NASDAQ Helsinki totalled 736,473 shares, which corresponds to 4.3% of shares. The year's highest share price was EUR 12.85 and the lowest was EUR 11.10. On December 31, 2022, the quoted share price was EUR 12.55. The company's market capitalization on that date was EUR 216.9 M.

Events after the balance sheet date

On December 8, 2022, Viking Line Abp signed an agreement on the sale of M/S Rosella to the Greek shipping company Aegean Sealines Maritime Company for EUR 11.2 M. The vessel's book value is EUR 2.4 M. Delivery took place on January 17, 2023.

In February 2023, the company also initiated change negotiations with some of its land-based staff to adjust its administration in view of the reduction in Viking Line's fleet.

Otherwise, the Board of Directors knows of no other events after the balance sheet date that could affect the Year-End Report.

Outlook for the financial year 2023

There continues to be significant uncertainty due to the geopolitical situation and the impact this has on energy prices, inflation, interest rates and currencies as well as the effects these uncertainty factors may have on propensity to travel, demand, consumption patterns and costs. M/S Amorella was sold in 2022, and at the end of the year an agreement was reached on the sale of M/S Rosella for delivery in January 2023. Provided that energy prices remain at their current level and taking into account that capital gains are expected to be lower than in 2022, the Board of Directors estimates that income before taxes will be somewhat lower than in 2022.

The Board's proposal on distribution of earnings

According to the balance sheet of Viking Line Abp on December 31, 2022, unrestricted equity totalled EUR 134,317,360.83.

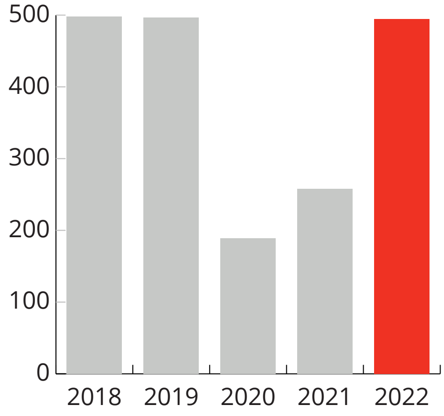
The Board of Directors proposes to the Annual General Meeting that:

A dividend of 40 cents per share be paid	EUR 6,912,000.00
The remainder should be retained in unrestricted equity	EUR 127,405,360.83

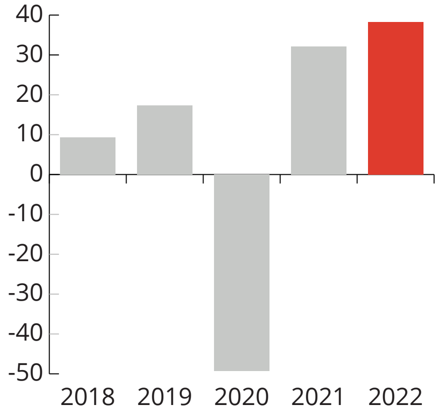
There have been no material changes in the company's economic position since the end of the report period. In the Board of Directors' view, the dividend is justified given the requirements that the nature, scope, financing and risks of operations place on Viking Line's equity.

Financial review

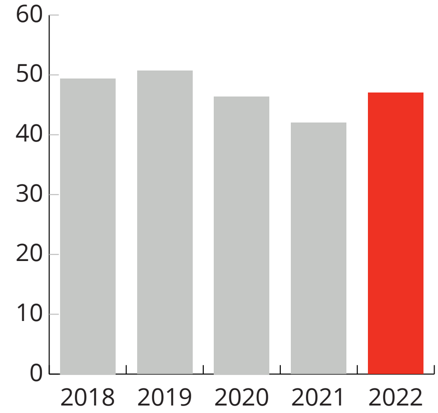
Sales (EUR M)



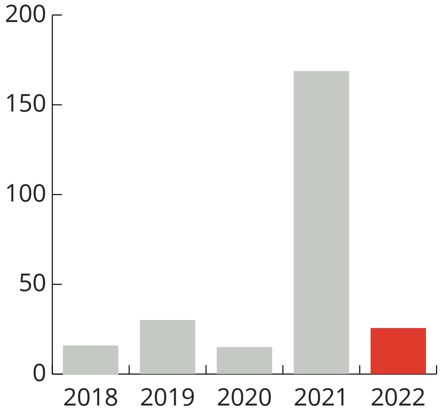
Operating income(EUR M)



Equity/assets ratio (%)



Gross capital spending (EUR M)



Consolidated financial statements

Consolidated income statement

EUR M	Note	Jan 1, 2022- Dec 31, 2022	Jan 1, 2021- Dec 31, 2021
SALES	2.2	**494.7**	**258.2**
Other operating revenue	2.3	24.1	46.8
Expenses			
Goods and services	2.4	117.4	62.6
Salary and other employment benefit expenses	2.5	104.7	68.7
Depreciation, amortization and impairment losses	2.6	26.5	19.6
Other operating expenses	2.7	231.8	122.0
		480.5	273.0
OPERATING INCOME		**38.3**	**32.1**
Financial income	5.1	0.3	0.0
Financial expenses	5.1	-12.3	-5.5
Share of net profit of associate companies accounted for using the equity method		2.0	1.7
INCOME BEFORE TAXES		**28.3**	**28.3**
Income taxes	3.1	-5.3	-3.8
INCOME FOR THE PERIOD		**23.0**	**24.4**
Income attributable to:			
Parent company shareholders		23.0	24.4
Earnings per share before and after dilution, EUR	5.4	1.33	1.97

Consolidated statement of comprehensive income

EUR M	Jan 1, 2022-Dec 31, 2022	Jan 1, 2021-Dec 31, 2021
INCOME FOR THE PERIOD	**23.0**	**24.4**
Items that may be reclassified to the income statement		
Translation differences	-1.9	-0.5
Items that will not be reclassified to the income statement		
Changes in the fair value of financial assets recognized at fair value through other comprehensive income	0.0	1.6
Other comprehensive income	**-1.9**	**1.1**
COMPREHENSIVE INCOME FOR THE PERIOD	**21.1**	**25.5**
Comprehensive income attributable to:		
Parent company shareholders	21.1	25.5

Consolidated balance sheet

EUR M	Note	Dec 31, 2022	Dec 31, 2021
ASSETS			
Non-current assets			
Intangible assets	4.1	2.8	3.1
Land	4.2	0.5	0.5
Buildings and structures	4.2	1.6	1.7
Renovation costs for rented properties	4.2	1.1	1.5
Vessels	4.2	429.6	445.2
Machinery and equipment	4.2	2.3	2.6
Right-of-use assets	4.4	4.4	5.7
Financial assets recognized at fair value through other comprehensive income	5.2	10.6	0.0
Investments accounted for using the equity method		34.6	33.9
Receivables		-	4.7
Total non-current assets		**487.3**	**498.8**
Current assets			
Inventories	5.3	14.0	10.0
Income tax assets		0.1	0.1
Trade and other receivables	5.2	36.7	26.6
Cash and cash equivalents	5.2	89.0	114.6
Total current assets		**139.8**	**151.3**
Non-current assets held for sale	4.5	2.4	-
TOTAL ASSETS		**629.5**	**650.1**
EQUITY AND LIABILITIES			
Equity	5.4		
Share capital		1.8	1.8
Reserves		49.7	49.7
Translation differences		-3.4	-2.2
Retained earnings		242.4	220.1
Equity attributable to parent company shareholders		290.5	269.4
Total equity		**290.5**	**269.4**
Non-current liabilities			
Deferred tax liabilities	3.2	36.1	30.9
Interest-bearing liabilities	5.2	186.3	235.1
Lease liabilities	4.4, 5.2	4.5	6.2
Total non-current liabilities		**226.8**	**272.2**
Current liabilities	5.2		
Interest-bearing liabilities		36.7	38.3
Lease liabilities	4.4	2.4	2.6
Income tax liabilities		0.0	0.0
Trade and other payables		73.0	67.5
Total current liabilities		**112.2**	**108.5**
Total liabilities		**339.0**	**380.7**
TOTAL EQUITY AND LIABILITIES		**629.5**	**650.1**

Consolidated cash flow statement

EUR M	Note	Jan 1, 2022-Dec 31, 2022	Jan 1, 2021-Dec 31, 2021
OPERATING ACTIVITIES			
Income for the period		23.0	24.4
Adjustments			
Depreciation, amortization and impairment losses		26.5	19.6
Capital gains/losses from non-current assets		-13.1	-25.6
Income from investments in associate companies		-2.0	-1.7
Other items not included in cash flow		-2.8	0.3
Interest expenses and other financial expenses		10.8	5.1
Interest income and other financial income		-0.3	0.0
Dividend income		0.0	-4.9
Income taxes		5.3	3.8
Change in working capital			
Change in trade and other receivables		-11.0	2.5
Change in inventories		-4.0	0.9
Change in trade and other payables		5.8	14.7
Interest paid		-7.0	-3.4
Financial expenses paid		-3.1	-1.5
Financial income received		0.3	0.0
Taxes paid		0.0	-0.1
NET CASH FLOW FROM OPERATING ACTIVITIES		**28.4**	**34.3**
INVESTING ACTIVITIES			
Investments in vessels		-14.1	-165.5
Investments in other intangible assets, property, plant and equipment		-0.8	-1.2
Investments in financial assets recognized at fair value through other comprehensive income		-10.6	-
Investments in holdings accounted for using the equity method		-	-2.0
Divestments of vessels		18.0	13.2
Divestments of other non-current assets		0.4	20.2
Payments received for non-current receivables		5.9	-
Dividends received from associate companies		1.4	-
Dividends received from others		0.0	4.9
NET CASH FLOW FROM INVESTING ACTIVITIES		**0.2**	**-130.4**
FINANCING ACTIVITIES	5.2		
Increase in paid-in capital		0.0	49.6
Increase in loans		40.0	172.2
Principal payments		-91.4	-30.6
Change in current interest-bearing liabilities		0.0	-8.0
Depreciation of lease liabilities		-2.7	-2.2
NET CASH FLOW FROM FINANCING ACTIVITIES		**-54.1**	**181.0**
CHANGE IN CASH AND CASH EQUIVALENTS		**-25.5**	**84.9**
Cash and cash equivalents at the beginning of the period		114.6	29.7
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**89.0**	**114.6**

Statement of changes in consolidated equity

EUR M	Equity attributable to parent company shareholders Share capital	Reserves	Translation differences	Retained earnings	Total equity
EQUITY, JAN 1, 2022	**1.8**	**49.7**	**-2.2**	**220.1**	**269.4**
Income for the period				23.0	23.0
Translation differences		0.0	-1.1	-0.8	-1.9
Remeasurement of financial assets recognized at fair value through other comprehensive income		0.0		0.0	0.0
Comprehensive income for the period	**-**	**0.0**	**-1.1**	**22.3**	**21.1**
EQUITY, DEC 31, 2022	**1.8**	**49.7**	**-3.4**	**242.4**	**290.5**

EUR M	Equity attributable to parent company shareholders Share capital	Reserves	Translation differences	Retained earnings	Total equity
EQUITY, JAN 1, 2022	**1.8**	**2.5**	**-1.8**	**191.8**	**194.2**
Income for the period				24.4	24.4
Translation differences		0.0	-0.4	-0.1	-0.5
Remeasurement of financial assets recognized at fair value through other comprehensive income		-2.5		4.1	1.6
Comprehensive income for the period	**-**	**-2.5**	**-0.4**	**28.4**	**25.5**
Contributed capital less transaction costs		49.6			49.6
Dividend to shareholders				-	-
Transactions with owners of the parent company	**-**	**49.6**	**-**	**-**	**49.6**
EQUITY, DEC 31, 2022	**1.8**	**49.7**	**-2.2**	**220.1**	**269.4**

Notes to the consolidated financial statements

1. Accounting principles

1.1 Company information

The Viking Line Group provides passenger and cargo carrier operations in the northern Baltic Sea service area and in the Gulf of Finland, with the Finnish mainland, Sweden, the Åland Islands (a Swedish-speaking province of Finland) and the three Baltic countries as its main markets. The Group includes the subsidiary Viking Line Buss Ab as well. The parent company of the Group is Viking Line Abp, domiciled in Mariehamn, Åland. The shares of the parent company are listed on NASDAQ Helsinki. The registered address of the Head Office is Norragatan 4, AX-22100 Mariehamn, Åland, Finland. The financial statements are available on Vikingline.com and at the Group's Head Office.

These financial statements were approved for publication and signed by the Board of Directors on February 16, 2023, and will be submitted to the Annual General Meeting for adoption.

1.2. General principles

The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRSs). In drawing them up, the International Accounting Standards (IASs) and IFRSs as well as the interpretations of the Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) that were in force on December 31, 2022, have been applied. In the Finnish Accounting Act and in the regulations issued on the basis of this Act, "IFRSs" refers to standards that have been adopted for application in the European Community in compliance with the acts of the European Parliament and the European Council.

Changes in IAS and IFRS standards as well as IFRIC interpretations that went into effect during the financial year did not have any material effect on the Group's financial statements.

The consolidated financial statements have been prepared on the basis of original costs unless otherwise stated in the accounting principles or notes below.

The auditor has not performed an attestation audit of Viking Line's ESEF annual accounts for 2022.

1.3 Estimates and judgements

In preparing the consolidated financial statements in compliance with IFRSs, the Management of the company must make judgements and estimates about the future that affect the reported amounts for assets and liabilities, revenue and expenses as well as other information. The judgements and estimates contained in the financial statements are based on the best assessment of Management on the date of the financial statements.

The COVID-19 pandemic caused a deterioration in the Group's operating conditions during the first part of the year and had a negative impact on both the income statement and balance sheet. Later in the year, the impact of the pandemic eased. However, the geopolitical situation, with considerably higher energy prices, affected both the income statement and balance sheet. It is difficult at present to predict whether the pandemic will affect the company going forward, and it is equally difficult to determine how long energy prices will be unnaturally high and what effects this will have on Viking Line's future earnings, financial position and cash flow. The actual outcome may deviate from estimates and judgements made.

The most important area that entails judgements is valuation of the Group's vessels. The vessels' residual values and estimated periods of use are examined yearly and adjusted if they deviate significantly from earlier values.

The Group's shareholdings are accounted for under financial assets recognized at fair value through other comprehensive income and now consist mainly of one investment, a 17.2% equity holding in the company Rederiaktiebolaget Eckerö.

Until June 30, 2021, the holding in Alandia Försäkring Abp was also included. When the ownership structure changed, Viking Line's influence in the company increased, and the investment is now accounted for as an associate company using the equity method.

In valuing the Group's leases, judgements are made as to how the Group will capitalize on any opportunity to extend the lease period or terminate the lease. Judgements are also made as to what discount rate is to be used in calculating the present value of the Group's lease liability. The size of the Group's lease liabilities and right-of-use assets, as well as payments on its lease liabilities and depreciation of right-of-use assets, is affected by those judgements.

Based on the Management's judgements, there is no need for any significant impairment losses on the income statement in the annual accounts on December 31, 2022.

1.4 Risks and liquidity

The Group's cash and cash equivalents at the end of December 2022 totalled EUR 89.0 M (EUR 114.6 M). Unutilized credit lines in the Group totalled EUR 0.1 M on December 31, 2022 (EUR 15.1 M). Net cash flow from operating activities was EUR 28.4 M (EUR 34.3 M). Net cash flow from investing activities was EUR 0.2 M (EUR -130.4 M) and net cash flow from financing activities was EUR -54.1 M (EUR 181.0 M).

During the period, a new credit facility of EUR 40.0 M was drawn, and at the same time four loan facilities totalling EUR 33.0 M were repaid. The State guarantees for the liquidity loans entered into in 2020 were ended, and as a result Viking Line was released from the restrictions entailed by the terms and conditions of the State guarantees.

In 2020-21, Viking Line Abp signed an agreement with Finnvera Abp and Finland Export Credit on a loan payment deferral for payments during the period July 1, 2020–January 31, 2022 totalling EUR 29.8 M. The loan payments were made during the autumn of 2022, and as a result the company has now been released from all terms and conditions set by Finnvera/Finland Export Credit for the financing of Viking Grace.

During the last quarter of 2021, the company took out a loan with a consortium consisting of Nordea Bank Abp, KfW IPEX-Bank GmbH and Export-Import Bank of China to finance the final payment for Viking Glory. The amount of the loan was EUR 150.7 M. The loan agreement runs for 11.5 years from the time the loan is drawn, and the loan shall be repaid in equal semi-annual instalments thereafter, with each tranche equal to an amount corresponding to 1/23 of the loan. Two payments were made in 2022. As security for the loan, China Export & Credit Insurance Corporation gave a guarantee for at least 90 per cent of the total principal outstanding and the interest under the loan agreement. In the terms and conditions for drawing the loan to finance Viking Glory, Viking Line Abp undertook not to pay a dividend or pay out any funds until its obligations related to the guarantees and loans have been repaid in full. The dividend restriction on the financing of Viking Glory only applies to payments in 2022 but also subsequently if the Group's debt-to-EBITDA ratio exceeds 5.0.

Most of the Group's loan agreements include loan covenants according to market terms. The financial covenants in the loan agreement consist of a minimum liquidity requirement and a maximum total net debt-to-EBITDA ratio for the Group. The company has an agreement with its financiers on a waiver for the full-year 2022 of the covenant term concerning the maximum total net financial debt-to-EBITDA ratio.

The company's ability to meet the requirements set in existing financial agreements depends on its ability to generate cash flow from its operations, which depends in part on factors that are beyond the company's control. There is a risk, especially if the pandemic affects the company again or if energy prices continue to rise further, that the company may not generate sufficient cash flow or obtain additional financing to meet its obligations in accordance with its financial agreements.

Viking Line's operations are exposed to different kinds of risks, which vary in their scope and impact on operations, financial results and the company's ability to meet certain social and environmental objectives. The relevant risks have been classified into four categories: strategic, operational, damage and financial risks. Bunker (vessel fuel) prices have increased substantially as a result of Russia's war against Ukraine, which has a direct effect on the Group's earnings. On December 31, 2022, the Group did not have any fixed price contracts for bunker purchases or corresponding derivative contracts.

1.5 Principles of consolidation

The consolidated financial statements encompass the parent company, Viking Line Abp, and those subsidiaries which the parent company controls. For subsidiaries controlled by the parent company, the Group has direct or indirect rights to variable returns and can affect returns by exercising its control. Group companies are reported in the consolidated accounts from the time the Group gains control until the time it ceases to have control. All subsidiaries are wholly owned; see Note 6.1.1. The financial statements of Group companies encompass the period January 1–December 31, 2022.

Subsidiaries are reported according to the acquisition method. This means that all assets that have been acquired, liabilities that have been taken over and contingent liabilities are recognized at fair value on the date the business was acquired. All subsidiaries were acquired before the transition to IFRS reporting. These acquisitions have been reported as previously in compliance with Finnish generally accepted accounting principles (GAAP).

Internal business transactions as well as receivables and liabilities are eliminated in the consolidated accounts. The accounting principles of the subsidiaries are adjusted if necessary, so that they correspond to the accounting principles of the Group.

An associate company is a company over which the investor company has a significant influence. Holdings in an associate company shall be accounted for using the equity method in the balance sheet. The equity method is an accounting method that entails accounting for the investment in a company initially at cost and subsequently adjusting it by the investor company's proportional share of the change in the investee's net assets. The investor company's income subsequently includes the investor company's proportional share of the investee's income, and the investor company's other comprehensive income includes its share of the investee's other comprehensive income.

During the comparative year 2021, the Group reclassified its previous 19.5% holding in Alandia Försäkring Abp as an associate company since, as of 2021, the Group also owns 18.3% of the shares in Alandia Holding Ab, a company that was formed during the second quarter of 2021 for the purpose of owning shares in Alandia Försäkring Abp. Viking Line's direct and indirect ownership of Alandia Försäkring Abp was 24.1% on the balance sheet date.

Until June 30, 2021, the holding in Alandia Försäkring Abp was accounted for based on the present value of future cash flows under financial assets recognized at fair value through other comprehensive income. The valuation of the holding in Alandia Försäkring Abp had a EUR 1.6 M effect on comprehensive income in 2021.

Depending on the nature of State aid received, it is recognized as other operating revenue, as employee compensation or as a decrease in advance payments, vessels under construction; see Notes 2.3, 2.5 and 4.2.

1.6 Items in foreign currency

The consolidated financial statements have been prepared in euros, which is the parent company's functional currency and financial reporting currency. Business transactions in foreign currencies are recognized in the functional currency of each company according to the exchange rate on the transaction date.

When rounding off items to the nearest EUR 1,000,000, rounding-off differences of EUR ±0.1 M may occur.

Monetary items in foreign currencies have been translated into euros according to the exchange rates prevailing on the balance sheet date, while non-monetary items have been translated according to the exchange rate on the transaction date. Exchange rate differences that have arisen from translation are recognized in the income statement.

The income statements of foreign subsidiaries have been translated into euros according to monthly average rates, while their balance sheets have been translated at the exchange rates on the balance sheet date. Exchange rate differences that have arisen from translation are recognized in equity and in other comprehensive income. Translation differences that have arisen since the transition to IFRS are recognized as a separate balance sheet item under equity.

1.7 Application of renewed or amended IFRS standards

The Group begins to apply each standard and interpretation from the date it enters into force or from the beginning of the following accounting period, if the initial date of application is a date other than the first day of the accounting period.

Future changes in IASs, IFRSs and IFRIC interpretations that the EU has approved are not expected to have any material effect on the consolidated financial statements.

2. Operating income

2.1 Operating segments

Group Management has established operating segments based on the information that is dealt with by the Management. In Viking Line's organization, the vessels are the primary profit centres and the land-based units constitute support functions for the vessels. Both passenger and cargo operations are conducted on the vessels. Operations, financial earnings forecasts and plans are followed up in these areas for all vessels and are assessed from a comprehensive perspective. The vessels also fulfil all aggregation criteria. The Group's operations have thus been divided into two operating segments:

- **Vessels:** comprises direct revenue and expenses including depreciation that is attributable to vessel operations.
- **Unallocated:** mainly comprises unallocated marketing and administrative expenses. Unallocated also includes the subsidiary Viking Line Buss Ab, which has constituted a support function for vessel operations and accounted for less than 10 per cent of consolidated sales, operating income and assets.

Information on revenue from external customers allocated by geographic area is not available. Assets and liabilities by operating segment are not reported to Group Management.

EUR M	Jan 1, 2022–Dec 31, 2022	Jan 1, 2021–Dec 31, 2021
Sales		
Vessels	486.7	253.5
Unallocated	8.1	4.9
Total, operating segments	494.8	258.4
Eliminations	-0.1	-0.1
Total sales of the Group	494.7	258.2
Operating income		
Vessels	93.1	43.0
Unallocated	-54.8	-10.9
Total operating income of the Group	38.3	32.1

2.2 Sales

Sales revenue is recognized in accordance with IFRS 15. The standard provides a five-step model, with the critical point in time for revenue recognition being when the customer is passed control of the good or service sold. Based on specific criteria, revenue is recognized either at one point in time or over time.

Consolidated sales consist of passenger-related revenue, cargo revenue and other sales revenue. Passenger-related revenue consists mostly of sales on board and ticket sales. The bulk of ticket sales is paid in advance before the trip. Most sales on board are paid during the trip. Charter operators and cargo customers are invoiced afterwards.

Sales are calculated on the basis of sales revenue minus discounts and indirect taxes, adjusted for exchange rate differences. The bulk of the Group's sales revenue normally consists of sales of goods and services, where either cash or card is used as the form of payment. Sales are recognized after goods or services have been received by the customer and benefits associated with ownership of goods or performance of services have been transferred to the purchaser and the Group has thus performed what the customer has paid for.

Advance payments are carried in the balance sheet as contract liabilities under other current liabilities; see Note 5.2.8. These consist mostly of prepaid passenger-related sales revenue. Any credit losses or provisions for future estimated credit losses and other decreases in the value of receivables are recognized as expenses in the income statement.

The Group has a customer loyalty programme, in which passengers collect bonus points that can be used to pay for bookings or services on board. Bonus points are recognized as contract liabilities when they are earned, and sales are reduced by the corresponding amount. When points are used or when it is no longer considered likely that they will be used, the liability for these points is reduced and the corresponding amount is recognized as revenue. Contract liabilities are recognized under other current liabilities; see Note 5.2.8.

EUR M	Jan 1, 2022– Dec 31, 2022	Jan 1, 2021– Dec 31, 2021
Passenger-related revenue	444.4	215.1
Cargo revenue	47.4	41.1
Miscellaneous sales revenue	2.9	2.0
Total	494.7	258.2

2.3 Other operating revenue

During the first two months of the year, the Group received aid for public service obligations from Traficom, the Finnish Transport and Communications Agency, for the Group's vessels on the Turku–Mariehamn/Långnäs–Stockholm and Mariehamn-Kapellskär routes. During the year the company also received aid for uncovered fixed costs of EUR 2.1 M. The aid is recognized as public aid under other operating revenue.

In October, Viking Line Abp sold and delivered M/S Amorella to Corsica Ferries. The total sale price was EUR 19.1 M and the vessel's book value was EUR 3.2 M. The sale had a EUR 15.0 M effect on income.

During the comparative period, Viking Line's lease on its Turku terminal was sold to the Port of Turku, which entailed an accounting profit under IFRS of EUR 10.7 M. The company also entered a bareboat hire/purchase agreement for Mariella. The total sale price was EUR 19.6 M, and the sale had a EUR 13.1 M effect on income.

Viking Line Abp received a dividend from Alandia Försäkring Abp in 2021 before its reclassification as an associate company. The dividend is accounted for as other operating revenue.

EUR M	Jan 1, 2022– Dec 31, 2022	Jan 1, 2021– Dec 31, 2021
State aid	7.8	16.1
Rents received on properties	0.1	0.1
Capital gains	15.2	25.6
Insurance claim payments, accidents	0.8	0.1
Dividend income	-	4.9
Miscellaneous other operating revenue	0.1	0.1
Total	24.1	46.8

2.4 Goods and services

EUR M	Jan 1, 2022– Dec 31, 2022	Jan 1, 2021– Dec 31, 2021
Goods	111.0	59.3
Externally purchased services	6.4	3.3
Total	117.4	62.6

2.5 Compensation to employees

Viking Line has various pension arrangements in the countries where the Group operates. External pension companies are responsible for the legally mandated pension liability in Group companies. All of the Group's pension plans are classified as defined-contribution. Pension premiums are recognized as expenses in the income statement for the accounting period to which they are attributable.

Compensation related to dismissals is recognized among salary and other employment benefit expenses, and outstanding compensation is accounted for among current liabilities in the balance sheet. The President and CEO receives 8 months of salary and other members of the Group Management team 6 months of salary in case of termination by the company. Otherwise the Group has no defined-benefit pension arrangements or other benefits after employment has ceased. The Group has no incentive or bonus systems. No specific pension agreement has been made for Group Management.

The Group receives government restitution from Finland and Sweden related to taxes and social security contributions for shipboard employees in keeping with European Union guidelines. During the comparative year 2021, the Group received short-term furlough aid in Sweden and Estonia for furloughs utilized. Restitution received and short-term aid for furloughs have been recognized in the income statement under salary and other employment benefit expenses for the period in which the basis for the restitution and aid arose.

The number of employees for 2022 is higher than for 2021, since a large share of staff was furloughed in 2021. Furloughs were carried out as part-time furloughs and on vessels to a large extent as full-time furloughs. In addition to the furloughs, redundancies in the land-based organization and on Viking Cinderella affected the number of employees, mainly during the comparative year 2021.

EUR M	Jan 1, 2022– Dec 31, 2022	Jan 1, 2021– Dec 31, 2021
Salaries	110.5	75.9
Expenses of defined-contribution pensions	12.8	8.5
Other payroll overhead	11.3	8.6
	134.6	93.0
Government restitution	-30.1	-20.4
Aid for furloughs	0.2	-3.9
Total	104.7	68.7

Average number of full-time employees	Jan 1, 2022– Dec 31, 2022	Jan 1, 2021– Dec 31, 2021
Shipboard employees	1,745	1,165
Land-based employees	458	371
Total	2,203	1,536

In addition to the Group's own employees, Viking XPRS was crewed by an average of 185 (152) people employed by a staffing company. The expenses for them are recognized among other operating expenses.

Disclosures on compensation to the Group's key individuals in leading positions are found in Note 6.1.4.

2.6 Depreciation, amortization and impairment losses

The depreciation period for the vessels' hull, machinery and other long-term components was extended from 25 years to 30 years as of January 1, 2021, since the period of use for the vessels is considered to be longer than 25 years. The residual values have remained unchanged.

EUR M	Jan 1, 2022– Dec 31, 2022	Jan 1, 2021– Dec 31, 2021
Depreciation and amortization		
Intangible assets	0.4	0.3
Buildings and structures	0.1	0.3
Renovation costs for rented properties	0.4	0.4
Vessels	21.9	15.6
Machinery and equipment	0.7	0.8
Right-of-use assets	3.0	2.3
Total	26.5	19.6
Total depreciation, amortization and impairment losses	26.5	19.6

A description of the Group's depreciation principles is found in Note 4.

2.7 Other operating expenses

EUR M	Jan 1, 2022–Dec 31, 2022	Jan 1, 2021–Dec 31, 2021
Sales and marketing expenses	18.4	8.9
Washing and cleaning expenses	21.2	9.3
Repairs and maintenance	10.9	7.6
Public port expenses and vessel charges	37.0	24.3
Fuel expenses	96.6	41.6
Miscellaneous expenses	47.7	30.3
Total	231.8	122.0

2.7.1 Compensation to the auditors

EUR M	Jan 1, 2022–Dec 31, 2022	Jan 1, 2021–Dec 31, 2021
Auditing	0.1	0.1
Audit-related services	0.0	0.1
Tax advice	0.0	0.0
Miscellaneous consulting	0.0	0.2
Total	0.2	0.4

PricewaterhouseCoopers Oy provided non-audit services to the Viking Line Group during the financial year 2022 for a total of EUR 0.1 M. These services included audit-related services (EUR 0.0 M), tax advice (EUR 0.0 M) and other services (EUR 0.0 M). A share issue with pre-emption rights was carried out in 2021, which accounts for the high amount for other services. In 2021, on the basis of PricewaterhouseCoopers Oy's application, the Finnish Patent and Registration Office's auditor oversight granted the auditing firm permission to deviate from the maximum amount of other remuneration than auditor's fees referred to in the Finnish Auditing Act, Chapter 5, section 4.

3. Taxes

3.1 Income taxes

Income taxes in the income statement consist of taxes based on the taxable income for the period, adjustment of taxes for previous periods and deferred taxes.

Taxes based on the taxable income for the period are calculated according to the applicable tax rate in each country. Income taxes are recognized in the income statement except when underlying transactions have been recognized directly in equity and in other comprehensive income, in which case the related tax effects are recognized in equity and in other comprehensive income.

Deferred taxes are calculated for all temporary differences between carrying amount and tax base. The largest temporary differences are attributable to differences between the carrying amount of property, plant and equipment and their value for tax purposes. Deferred taxes are estimated according to the tax rates that were established before the balance sheet date.

EUR M	Jan 1, 2022–Dec 31, 2022	Jan 1, 2021–Dec 31, 2021
Tax for the financial year	0.0	0.0
Tax attributable to previous financial years	0.0	-
Change in deferred taxes and liabilities	5.3	3.8
Total	5.3	3.8

Reconciliation of tax expense in the income statement and taxes estimated according to tax rate in the Group's home country

Income before taxes	28.3	28.3
Taxes estimated according to Finnish tax rate (20.0%)	5.7	5.7
Tax attributable to previous financial years	0.0	-
Tax effect of		
divergent tax rates in foreign subsidiaries	0.0	-0.1
tax-exempt revenue and non-deductible expenses	-0.2	-1.0
deferred tax, other changes	-0.1	-0.7
Taxes in the income statement	5.3	3.8

3.2 Deferred tax assets and liabilities

As of December 31, 2022, the Group recognized net deferred tax liabilities of EUR 36.1 M, of which EUR 37.0 M is deferred tax liabilities and EUR 1.1 M is deferred tax assets. A loss recognized in taxation for the financial year 2020 can be deducted from taxable income over 10 years. Based on the Management's estimates and judgements, Viking Line expects that it will be possible to use the loss against future taxable income.

EUR M

Deferred tax liabilities	Differences between recognized value of fixed assets and their value for tax purposes	Losses recognized in taxation	Other temporary differences	Total
Jan 1, 2022	36.7	-5.7	-0.1	30.9
Translation differences	-0.2	-	-	-0.2
Recognized in income statement	0.5	4.6	0.2	5.3
Recognized directly in equity	-	-	0.0	0.0
Dec 31, 2022	37.0	-1.1	0.1	36.1
Jan 1, 2021	36.9	-10.2	0.5	27.1
Translation differences	0.0	-	-	0.0
Recognized in income statement	-0.2	4.6	-0.5	3.8
Recognized directly in equity	-	-	0.0	0.0
Dec 31, 2021	36.7	-5.7	-0.1	30.9

4. Intangible assets, property, plant and equipment, and leases

4.1 Intangible assets

Intangible assets mainly comprise computer software programmes. These are recognized at their original cost and are amortized on a straight-line basis during their estimated useful life of 5-10 years.

The Group has no recognized goodwill as of the balance sheet date. Research and development concerning vessel technology are mainly carried out by manufacturers. The Group has no actual research and development expenditures.

EUR M	2022	2021
Cost, Jan 1	6.6	6.6
Translation differences	0.0	0.0
Increases	0.3	0.3
Decreases	-0.5	-0.4
Cost, Dec 31	6.4	6.6
Accumulated amortization, Jan 1	-3.5	-3.3
Translation differences	0.0	0.0
Accumulated amortization on decreases	0.2	0.1
Amortization for the financial year	-0.4	-0.3
Accumulated amortization, Dec 31	-3.7	-3.5
Carrying amount, Jan 1	3.1	3.3
Carrying amount, Dec 31	2.8	3.1

Intangible assets consist mainly of computer software programmes.

4.2 Property, plant and equipment

Property, plant and equipment are recognized at historical cost less accumulated depreciation and any impairment loss. Cost includes purchase price as well as expenses directly attributable to the asset. The cost of vessels also includes financial expenses during construction. The residual values and estimated useful life of the assets are examined yearly and are adjusted if they deviate substantially from previous values.

The Group's vessels constitute most of its property, plant and equipment. For vessels, an estimated residual value at the end of their useful life is taken into account in calculating depreciation. The vessels are divided into component parts. Depreciation occurs mainly on a straight-line basis over the expected useful life of the parts. For vessels the hull, machinery and other long-term component parts are depreciated on a straight-line basis over 30 years, while short-term component parts are depreciated on a straight-line basis over 15 years.

Viking Line's vessels are dry-docked at 2–3 year intervals. Dry-docking expenses are capitalized for each vessel and depreciated until the next planned dry-docking.

Normal expenditures for repairs and maintenance are expensed on a current basis. Expenditures for large-scale renovation projects are capitalized in the balance sheet if it is likely that the future economic benefits associated with the project will flow to the Group. These renovation projects are depreciated together with the asset to which the work is attributable, over its remaining useful life. Renovation projects for vessels whose remaining useful life is less than five years are depreciated over five years.

Capitalized renovation costs for rented properties are depreciated on a straight-line basis. Land is not depreciated. Buildings and motor vehicles are depreciated on a declining balance basis. Other property, plant and equipment are depreciated on a straight-line basis.

Depreciation for property, plant and equipment is calculated according to the following principles:

Vessels	30 years, straight-line
Vessels, short-term component parts	15 years, straight-line
Vessel dry-docking	2–3 years, straight-line
Vessels, machinery and equipment	5–10 years, straight-line
Buildings	4–7% of remaining expenditure
Structures	10 years, straight-line
Renovation costs for rented properties	5–10 years, straight-line
Machinery and equipment	5-15 years, straight-line
Cars	25% of remaining expenditure

Gains or losses on the sale or transfer of property, plant and equipment are recognized in the income statement.

Viking Line Abp delivered and sold M/S Amorella to Corsica Ferries on October 13, 2022. The vessel's book value was EUR 3.2 M when it was sold.

On December 8, 2022, Viking Line Abp signed an agreement on the sale of M/S Rosella to the Greek shipping company Aegean Sealines Maritime Company for EUR 11.2 M. The vessel's book value is EUR 2.4 M. Delivery took place on January 17, 2023.

In the comparative year 2021, Viking Line Abp entered a bareboat hire/purchase agreement for Mariella. Also that year, Viking Line's lease on its Turku terminal was sold to the Port of Turku and the office building on Storagatan in Mariehamn was sold.

Viking Glory was delivered on December 23, 2021. On December 31, 2022, there were still open and unsettled guarantee issues with Xiamen Shipbuilding Industry Ltd, the scope of which it is still too soon to quantify.

EUR M	2022	2021
Land		
Cost, Jan 1	0.5	0.6
Decreases	-	-0.1
Cost, Dec 31	0.5	0.5
Carrying amount, Jan 1	0.5	0.6
Carrying amount, Dec 31	0.5	0.5

EUR M	2022	2021
Buildings and structures		
Cost, Jan 1	5.9	21.3
Translation differences	0.0	0.0
Decreases	0.0	-15.4
Cost, Dec 31	5.9	5.9
Accumulated depreciation, Jan 1	-4.2	-14.5
Translation differences	0.0	0.0
Accumulated depreciation on decreases	0.0	10.6
Depreciation for the financial year	-0.1	-0.3
Accumulated depreciation, Dec 31	-4.3	-4.2
Carrying amount, Jan 1	1.7	6.8
Carrying amount, Dec 31	1.6	1.7

EUR M	2022	2021
Renovation costs for rented properties		
Cost, Jan 1	11.8	11.8
Increases	0.0	0.1
Decreases	-0.3	-
Cost, Dec 31	11.6	11.8
Accumulated depreciation, Jan 1	-10.3	-10.0
Accumulated depreciation on decreases	0.3	-
Depreciation for the financial year	-0.4	-0.4
Accumulated depreciation, Dec 31	-10.5	-10.3
Carrying amount, Jan 1	1.5	1.8
Carrying amount, Dec 31	1.1	1.5

EUR M	2022	2021
Vessels		
Cost, Jan 1	905.9	790.1
Transfer from Advance payment	-	54.2
Translation differences	-5.0	-1.4
Increases	14.1	158.5
Decreases	-109.8	-95.6
Cost, Dec 31	805.2	905.9
Accumulated depreciation, Jan 1	-460.7	-536.0
Translation differences	2.6	0.7
Accumulated depreciation on decreases	104.5	90.2
Depreciation for the financial year	-21.9	-15.6
Accumulated depreciation, Dec 31	-375.6	-460.7
Carrying amount, Jan 1	445.2	254.1
Carrying amount, Dec 31	429.6	445.2

EUR M	2022	2021
Machinery and equipment		
Cost, Jan 1	11.8	14.1
Translation differences	0.0	0.0
Increases	0.5	0.8
Decreases	-1.8	-3.1
Cost, Dec 31	10.4	11.8
Accumulated depreciation, Jan 1	-9.2	-11.3
Translation differences	0.0	0.0
Accumulated depreciation on decreases	1.7	3.0
Depreciation for the financial year	-0.7	-0.8
Accumulated depreciation, Dec 31	-8.2	-9.2
Carrying amount, Jan 1	2.6	2.7
Carrying amount, Dec 31	2.3	2.6

EUR M	2022	2021
Advance payments, vessels under construction		
Cost, Jan 1	-	54.2
Transfer to Vessels	-	-54.2
Cost, Dec 31	-	-
Carrying amount, Jan 1	-	54.2
Carrying amount, Dec 31	-	-

EUR M	2022	2021
Total property, plant and equipment		
Carrying amount, Jan 1	451.5	320.3
Carrying amount, Dec 31	435.0	451.5

4.3 Impairment losses on intangible assets and property, plant and equipment

The carrying amounts of intangible assets and property, plant and equipment are tested regularly to discover any external or internal indications of impairment. If such indications are observed for any asset item, its recoverable amount is estimated. One of the most important areas involving judgements is valuation of the Group's vessels.

The recoverable amount of intangible assets and property, plant and equipment refers to their fair value minus costs to sell or value in use, whichever is higher. When estimating value in use, future cash flows are discounted to their present value on the basis of the discount rates that describe the average pre-tax capital costs of the asset in question. Discount rates shall reflect the time value of money and the risks that the specific asset is subjected to and that have not been taken into account in future cash flows.

An impairment loss is recognized in the income statement if the carrying amount of the asset item exceeds its recoverable amount.

An impairment loss attributable to intangible assets and property, plant and equipment, except for goodwill, is reversed if a change has occurred in the values used in determining the recoverable amount of the asset item. The impairment loss is reversed to the extent that the carrying amount of the asset after reversal does not exceed the carrying amount that the asset would have had if no impairment loss had been recognized, taking into account the depreciation that would then have been carried out.

During the financial year 2022, small impairment losses on property, plant and equipment were taken.

4.4 Leases

4.4.1 The Group as lessee

The Group's leases are recognized in accordance with IFRS 16. Under this standard, all leases are recognized in the lessee's balance sheet apart from a few exceptions and simplification rules.

The Group recognizes a lease liability measured at the present value of the remaining lease charges, discounted by the rate implicit in the lease or the Group's incremental borrowing rate at the lease commencement date. At the same time, a right-of-use asset is recognized at an amount that corresponds to the lease liability. Right-of-use assets are depreciated on a straight-line basis during the lease term. The interest on the lease liability is recognized as a financial expense.

After the lease commencement date, the lease liability is reassessed if there is any change in the lease conditions or in the reassessment of other assumptions. The right-of-use asset is recognized after a deduction for accumulated depreciation, taking into account adjustments for any reassessments of the lease liability.

A contract is classified as a lease if it transfers the right to determine the use of an identified asset during a given period in exchange for payment. The lease term is established as the non-cancellable period, including an assessment of the reasonable certainty of any cancellation or extension of the contract in question. Lease charges are discounted using the rate implicit in the contracts or else the lessee's incremental borrowing rate. When contracts include both lease and non-lease components, these are distinguished. The relationship between the components is determined based on an estimated stand-alone price. The lease components are included in leases.

The Group's leases include the leasing of land and parking spaces, premises for sales and other administrative purposes, and machinery and equipment on land and on board the Group's vessels. The leases vary in their lease terms, indexing, renewal and other conditions. The Group has no leases that include residual value guarantees, sale-and-leaseback transactions or stipulated compensation to be paid if the lease is cancelled. The Group did not have any sub-leasing of right-of-use assets during the financial year.

During the comparative year 2021, the lease on the Turku terminal and the office building at Storagatan 3 were sold, and both were classified as sale and leaseback transactions. The transfer of the assets is recognized as a sale under IFRS 15. The Group measures the right of use as the proportion of the asset's previous carrying amount that relates to the right of use retained by the company. The gain on the sale only relates to the rights transferred to the buyer. The lease liability and right of use related to the redemption are accounted for under IFRS 16 in the balance sheet, which gave rise to a larger increase in lease liabilities as of December 31, 2021.

Some of the Group's leases include index adjustments of lease charges. In a lease adjustment, a reassessment is made of the Group's lease liabilities from the date the adjustment takes effect.

EUR M	2022	2021
Right-of-use assets, land		
Cost, Jan 1	1.2	0.9
Translation differences	0.0	0.0
Increases	0.1	2.1
Decreases	-0.3	-1.8
Cost, Dec 31	0.9	1.2
Accumulated depreciation, Jan 1	-0.4	-0.3
Translation differences	0.0	0.0
Accumulated depreciation on decreases	0.1	0.2
Depreciation for the financial year	-0.2	-0.3
Accumulated depreciation, Dec 31	-0.5	-0.4
Carrying amount, Jan 1	0.8	0.6
Carrying amount, Dec 31	0.5	0.8

EUR M	2022	2021
Right-of-use assets, buildings and structures		
Cost, Jan 1	6.9	5.2
Translation differences	0.0	0.0
Increases	1.5	2.5
Decreases	-1.7	-0.9
Cost, Dec 31	6.6	6.9
Accumulated depreciation, Jan 1	-3.0	-2.3
Translation differences	0.0	0.0
Accumulated depreciation on decreases	1.0	0.7
Depreciation for the financial year	-2.2	-1.4
Accumulated depreciation, Dec 31	-4.1	-3.0
Carrying amount, Jan 1	3.9	2.9
Carrying amount, Dec 31	2.5	3.9

EUR M	2022	2021
Right-of-use assets, vessels (machinery and equipment)		
Cost, Jan 1	0.4	0.7
Increases	0.7	0.0
Decreases	-0.1	-0.3
Cost, Dec 31	1.0	0.4
Accumulated depreciation, Jan 1	-0.3	-0.2
Accumulated depreciation on decreases	0.1	0.2
Depreciation for the financial year	-0.3	-0.2
Accumulated depreciation, Dec 31	-0.4	-0.3
Carrying amount, Jan 1	0.2	0.4
Carrying amount, Dec 31	0.6	0.2

EUR M	2022	2021
Right-of-use assets, machinery and equipment (land)		
Cost, Jan 1	1.5	1.3
Translation differences	0.0	0.0
Increases	0.4	0.7
Decreases	-0.5	-0.5
Cost, Dec 31	1.4	1.5
Accumulated depreciation, Jan 1	-0.6	-0.6
Translation differences	0.0	0.0
Accumulated depreciation on decreases	0.5	0.3
Depreciation for the financial year	-0.4	-0.4
Accumulated depreciation, Dec 31	-0.5	-0.6
Carrying amount, Jan 1	0.9	0.7
Carrying amount, Dec 31	0.8	0.9

EUR M	2022	2021
Total right-of-use assets		
Carrying amount, Jan 1	5.7	4.7
Carrying amount, Dec 31	4.4	5.7

EUR M		
Lease liabilities	**Dec 31, 2022**	**31.12.2021**
Current lease liabilities	2.4	2.6
Non-current lease liabilities	4.5	6.2
Total	6.9	8.8
	2022	**2021**
Interest expenses on lease liabilities	0.5	0.2
Depreciation of lease liabilities	2.7	2.2
Cash outflow for leases, total	3.2	2.5

EUR M	
Future cash flows for lease liabilities	**Total**
2023	2.6
2024	2.2
2025	2.0
2026	0.3
2027	0.1
2028 -	0.2
Total	7.3

4.4.2 The Group as lessor

All leases in which the Group is lessor are classified as operational leases since the economic risks and benefits associated with ownership of the underlying asset are not transferred to the lessee. Lease revenue is recognized in the income statement on a straight-line basis over the lease term.

The Group's leases are for the leasing of space in parts of the Group's properties to different businesses. Most leases on properties are in effect until further notice with a period of notice of less than one year. Leases for fixed periods run for between 1 and 4 years, and the leases normally include the option of extending after the end of the lease term. Some leases include index adjustments of rent.

EUR M	2022	2021
Lease revenue, operational leases	0.1	0.1
- of which variable lease charges that do not depend on indexing or interest rates	0.0	-

EUR M	
Future cash flows for lease revenue	**Total**
2023	0.0
2024	-
2025	-
2026	-
2027	-
2028 -	-
Total	0.0

4.5 Non-current assets held for sale

A non-current asset held for sale is to be classified as held for sale if its carrying amount will be recovered principally through a transaction, under IFRS 5. No depreciation is made from the time an asset is allocated as a non-current asset held for sale. The asset is recognized at the lower of its carrying amount and fair value less cost to sell.

Non-current assets held for sale on December 31, 2022, consisted of M/S Rosella, for which Viking Line Abp signed a sale agreement. Delivery took place on January 17, 2023.

EUR M	2022	2021
Non-current assets held for sale	2.4	-

5. Capital structure

5.1 Financial income and expenses

EUR M	Jan 1, 2022– Dec 31, 2022	Jan 1, 2021– Dec 31, 2021
Dividend income from financial assets recognized at fair value through other comprehensive income	0.0	0.0
Exchange gains	-	0.0
Other financial income	0.3	0.0
Total financial income	0.3	0.0
Interest expenses on financial liabilities recognized at amortized cost	4.8	3.4
Interest expenses on lease liabilities	0.3	0.2
Exchange losses	1.5	0.4
Guarantee commissions and other financial expenses	5.6	1.5
Total financial expenses	12.3	5.5
Total financial income and expenses	-12.0	-5.5

5.2 Financial assets and liabilities

5.2.1 Classification and recognition of financial assets and liabilities

Under IFRS 9, financial assets are classified into the following categories:

- recognized at amortized cost,
- recognized at fair value through other comprehensive income and
- recognized at fair value through profit or loss.

The classification is based on the company’s business model for financial asset management and the characteristics of the contractual cash flows from the financial asset.

Financial liabilities are classified according to IFRS 9 as recognized at amortized cost, with a number of exceptions specified in the standard.

Non-current assets and liabilities have an expected maturity longer than one year, while current assets and liabilities have a maturity less than one year.

The Group applies the following hierarchy to determine the fair value of financial assets and liabilities according to various measurement methods:

- Level 1: Listed (unadjusted) prices in active markets for identical assets and liabilities.
- Level 2: Other measurement methods in which all data that have a significant impact on fair value can be observed either directly or indirectly.
- Level 3: Those measurement methods that require judgements by Group Management.

Acquisitions and divestments of financial assets are reported on the settlement date.

EUR M		
Classification of fair value, financial assets recognized at fair value through other comprehensive income	**Dec 31, 2022**	**Dec 31, 2021**
Level 1	-	-
Level 2	-	-
Level 3	10.6	0.0

Financial assets and liabilities by category		
Financial assets Dec 31, 2022	**Recognized at amortized cost**	**Recognized at value through other comprehensive income**
Financial assets recognized at fair value through other comprehensive income		10.6
Trade receivables	11.1	
Cash and cash equivalents	89.0	
Total	100.1	10.6
Financial assets Dec 31, 2021		
Financial assets recognized at fair value through other comprehensive income		0.0
Trade receivables	8.2	
Cash and cash equivalents	114.6	
Total	122.8	0.0

Financial liabilities Dec 31, 2022	**Recognized at amortized cost**
Non-current interest-bearing liabilities	186.3
Current interest-bearing liabilities	36.7
Trade payables	25.2
Total	248.2
Financial liabilities Dec 31, 2021	
Non-current interest-bearing liabilities	235.1
Current interest-bearing liabilities	38.3
Trade payables	18.4
Total	291.9

5.2.2 Financial assets recognized at fair value through other comprehensive income

The classification of financial assets recognized at fair value through other comprehensive income is based on a business model whose objectives can be achieved by collecting contractual cash flows and selling financial assets.

The Group's holdings of unlisted shares and participations are classified as financial assets recognized at fair value through other comprehensive income. The items in question are long-term strategic investments that are not intended to be sold in the short term.

During the comparative year 2021, the Group reclassified its previous 19.5% holding in Alandia Försäkring Abp as an associate company since, as of 2021, the Group also owns 18.3% of the shares in Alandia Holding Ab. Alandia Holding Ab is a company that was formed during the second quarter of 2021 for the purpose of owning shares in Alandia Försäkring Abp. Viking Line's direct and indirect ownership of Alandia Försäkring Abp was 24.1% on the balance sheet date, and the holding is recognized as an associate company.

The shares in Rederiaktiebolaget Eckerö acquired at the end of the year were recognized at acquisition cost.

For other unlisted shares and participations, fair value is determined based on information about transactions recently carried out, the price of similar instruments, external valuation or estimates of expected cash flows.

Changes in fair value are recognized in other comprehensive income and in the fair value reserve under equity. When a sale is made, these changes are transferred from the fair value reserve to retained earnings.

Dividend income from the investments is recognized in the consolidated income statement.

EUR M		
Unlisted shares and participations	**Dec 31, 2022**	**Dec 31, 2021**
Rederiaktiebolaget Eckerö	10.6	-
Other unlisted shares and participations	0.0	0.0
Total	10.6	0.0
	2022	**2021**
Financial assets recognized at fair value through other comprehensive income, Jan 1	0.0	28.6
Increases	10.6	-
Decreases	-	-28.6
Change in fair value	0.0	0.0
Financial assets recognized at fair value through other comprehensive income, Dec 31	10.6	0.0
Income from unlisted shares and participations recognized in the income statement		
Dividend income from reclassified shares and participations that was received before the reclassification and is recognized under other operating revenue	-	4.9
Dividend income from shares and participations held on Dec 31 that is recognized under financial income	0.0	0.0

5.2.3 Holdings accounted for using the equity method

An associate company is a company over which the investor company has a significant influence. Holdings in an associate company shall be accounted for using the equity method in the balance sheet. The equity method is an accounting method that entails recognizing the investment in a company initially at cost and subsequently adjusting it by the investor company's proportional share of the change in the investee's net assets. The investor company's income subsequently includes the investor company's proportional share of the investee's income, and the investor company's other comprehensive income includes its share of the investee's other comprehensive income.

During the financial year, Viking Line Abp's investment in Alandia Försäkring Abp and Alandia Holding Abp generated income of EUR 2.0 M. Under IAS 28.10, the dividend of EUR 1.4 M received from Alandia Försäkring Abp for the Group only results in a positive cash flow.

During the comparative year 2021, the Group reclassified its previous 19.5% holding in Alandia Försäkring Abp as an associate company since, as of 2021, the Group also owns 18.3% of the shares in Alandia Holding Ab. Alandia Holding Ab is a company that was formed during the second quarter of 2021 for the purpose of owning shares in Alandia Försäkring Abp. On the balance sheet date, Viking Line's direct and indirect ownership of Alandia Försäkring Abp totalled 24.1%, and the holding is accounted for as an associate company.

Until June 30, 2021, the holding in Alandia Försäkring Abp was accounted for under financial assets recognized at fair value through other comprehensive income.

5.2.4 Non-current receivables

The Group's non-current receivables at year-end 2021 consisted of a receivable related to Mariella's sale to Corsica Ferries which arose through a so-called bareboat hire/purchase agreement. Some of the purchase price was to be paid monthly over four years starting June 1, 2022. The agreement was amended in 2022 so that the instalments were paid in full, and full right of ownership of Mariella was thus transferred to the buyer.

5.2.5 Trade and other receivables

Trade receivables are recognized at amortized cost according to IFRS 9. The carrying amount of trade and other receivables is considered equal to fair value based on the short-term nature of the items.

For expected credit losses on trade receivables, a loss provision is recognized. Adjustments in the loss provision are recognized in the consolidated income statement. Additional information about the Group's handling of credit losses is found in Note 5.5.4.

EUR M	Dec 31, 2022	Dec 31, 2021
Trade receivables	11.1	8.2
Accrued income and prepaid expenses	22.5	15.8
Other receivables	3.1	2.6
Total	36.7	26.6
Accrued income and prepaid expenses		
Employee-related items	18.9	11.3
Other accrued income and prepaid expenses	3.6	4.5
Total	22.5	15.8
Trade receivables		
Trade receivables	11.2	8.3
Provision for expected credit losses	-0.1	-0.1
Total	11.1	8.2
Provision for expected credit losses, Jan 1	-0.1	-0.2
Change for the year recognized in the consolidated income statement	-	0.1
Provision for expected credit losses, Dec 31	-0.1	-0.1
Age analysis, trade receivables		
Not overdue	9.6	7.2
Overdue 1-30 days	1.4	0.6
Overdue more than 30 days	0.1	0.4
Total	11.1	8.2
Trade and other receivables by currency		
EUR	31.2	21.3
SEK	5.4	5.0
CHF	0.1	0.0
GBP	0.0	0.1
NOK	0.0	-
USD	0.0	0.1
Total	36.7	26.6

5.2.6 Cash and cash equivalents

Cash and cash equivalents consist of cash and bank accounts and highly liquid short-term investments whose maturity from the acquisition date is no more than three months. For cash and cash equivalents with a short maturity, the carrying amount is regarded as being equivalent to fair value.

EUR M	Dec 31, 2022	Dec 31, 2021
Funds held in escrow	0.0	16.2
Cash and bank accounts	64.3	98.4
Short-term investments	24.7	-
Total	89.0	114.6

5.2.7 Interest-bearing liabilities

The Group has both current and non-current interest-bearing liabilities. All liabilities are denominated in euros. Some of these liabilities have fixed interest rates and some have floating interest rates. The total floating interest rate consists of the market interest rate and a company-specific margin.

Interest-bearing liabilities are initially recognized at fair value based on the amount received. Transaction costs are included in the original carrying amount of financial liabilities. After the acquisition date, the liabilities are carried at amortized cost according to the effective interest method. The carrying amount of interest-bearing liabilities is equivalent to fair value.

EUR M	Dec 31, 2022	Dec 31, 2021
Non-current interest-bearing liabilities		
Loans from credit institutions	172.3	219.1
Liabilities to pension companies	14.0	16.0
Total	186.3	235.1
Current interest-bearing liabilities		
Loans from credit institutions, principal payments	34.7	36.3
Liabilities to pension companies, repayment	2.0	2.0
Total	36.7	38.3
	2022	**2021**
Interest-bearing liabilities, Jan 1	273.5	146.8
Cash flow		
Borrowing	50.0	172.2
Change in bank overdraft facility	0.0	-8.0
Principal payments	-101.4	-30.6
Total	-51.4	133.6
Changes that do not affect cash flow		
Valuation at amortized cost, change	0.9	-6.9
Interest-bearing liabilities, Dec 31	223.1	273.5
Lease liabilities, Jan 1	8.8	4.8
Cash flow		
Depreciation	-2.7	-2.2
Changes that do not affect cash flow		
Translation differences	-0.1	0.0
Increase in lease liabilities	0.9	6.2
Lease liabilities, Dec 31	6.9	8.8

5.2.8 Trade and other payables

Trade payables are recognized at amortized cost in accordance with IFRS 9. The carrying amount of trade and other payables is considered equal to fair value based on the short-term nature of the items.

EUR M	Dec 31, 2022	Dec 31, 2021
Trade payables	25.2	18.4
Accrued expenses and prepaid income	38.9	41.5
Other payables	8.9	7.6
Total	73.0	67.5
Accrued expenses and prepaid income		
Employee-related expenses	24.5	24.3
Contract liabilities	12.4	9.3
Other accrued expenses and prepaid income	2.0	7.9
Total	38.9	41.5

	2022	2021
Contract liabilities, Jan 1	9.3	6.8
Increases	12.4	9.3
Decreases	-9.3	-6.8
Contract liabilities, Dec 31	12.4	9.3

Trade and other payables by currency	Dec 31, 2022	Dec 31, 2021
EUR	60.2	53.0
SEK	12.8	14.4
GBP	0.0	0.0
NOK	0.0	0.0
USD	0.1	0.2
Total	73.0	67.5

Most other payables consist of employee-related items.

5.3 Inventories

Inventories are recognized at the lower of cost using the first in, first out (FIFO) method or a likely net realizable amount.

Based on Group Management's judgements in 2022, no significant impairment losses were charged to the income statement.

EUR M	Dec 31, 2022	Dec 31, 2021
Inventories of goods for sale	12.2	8.3
Supplies	-	0.1
Stocks of vessel fuel	1.8	1.5
Total	14.0	10.0

5.4 Equity

During the comparative year 2021, Viking Line Abp invited its shareholders to subscribe for 6,480,000 shares in a share issue with pre-emption rights at a price of 8.00 euros per share. The share issue was fully subscribed. A total of 6,480,000 new shares were registered in the Finnish Trade Register. As a result, the total number of shares in Viking Line Abp is 17,280,000. The share issue increased paid-up unrestricted equity by EUR 49,642,521.14 after deducting transaction costs.

Under Sec 11 of the Finnish Act on Temporary Cost Support (508/2020), the amount of aid that a company is granted reduces the unrestricted equity that can be used to pay out funds in the financial accounts prepared for the accounting period then ending if the company does not pay back the aid the company received from the Finnish State before the financial accounts are adopted. In 2022, the company received aid for uncovered fixed costs of EUR 2.1 M, which is to be included in the recalculation of equity under Chap 2 Sec 1 Para 1 in the Finnish Accounting Ordinance (1339/1997).

5.4.1 Earnings per share

Earnings per share is calculated based on 17,280,000 equally weighted shares. In accordance with IFRS, the number of shares for 2021 was adjusted retroactively due to the fact that the issue price in 2021 was lower than the fair value of the shares.

Viking Line has no share option, convertible debenture or share-based incentive programmes, so no dilution can occur.

5.4.2 Share capital

The minimum share capital of Viking Line Abp is EUR 720,000.00 and the maximum share capital is EUR 4,800,000.00. Within these limits, share capital may be increased or decreased without amending the Articles of Association. The minimum number of shares is 3,600,000 and the maximum number is 18,000,000. The share capital of Viking Line Abp has been EUR 1,816,429. All the shares constitute a single series in which all shares are of equal value. Each share is equivalent to one vote when voting on motions and candidates at shareholder meetings. However, no shareholder may vote on behalf of more than 1/4 of the shares represented at a shareholder meeting.

The company has not issued any warrants or bonds. Since the share issue in 2021, the Board of Directors has not requested authorization to change the share capital or to issue warrants or bonds or to acquire the company's own shares. The company and its subsidiaries do not own any of their own shares.

5.4.3 Funds

EUR M	Dec 31, 2022	Dec 31, 2021
Reserves		
Legal reserve	0.0	0.0
Share premium reserve	0.0	0.0
Paid-up unrestricted equity fund	49.6	49.6
Fair value reserve	0.0	0.0
Total	49.7	49.7

5.4.4 Translation differences

Translation differences consist of differences that have arisen when consolidating the financial statements of foreign subsidiaries. These differences are recognized in other comprehensive income.

5.4.5 Dividend

No dividend was paid for the financial year 2021 (no dividend was paid for the financial year 2020). After the balance sheet date, the Board of Directors proposed that a dividend of 40 cents a share be paid for the financial year 2022. The dividend payment is entered as a liability in the balance sheet until a decision is made at the Annual General Meeting.

Viking Line Abp no longer has any restrictions on the payment of dividends apart from the constraint on paying dividends included in the financing for Viking Glory in the event the Group's debt-to-EBITDA ratio exceeds 5.0.

5.5 Management of financial risks

In its normal business operations, the Group is exposed to various financial risks. The main financial risks are foreign exchange risk, liquidity risk, interest rate risk, credit and counterparty risk, and bunker price risk. The Board of Directors of the parent company has approved a policy document for the Group's financing and management of financial risks. The Group's financial position and risk exposure are reported regularly to the Board of Directors.

The Group had no derivative contracts in 2021 or 2022.

5.5.1 Foreign exchange risk

The Group's foreign exchange risk consists of sales and purchases as well as balance sheet items in foreign currencies and net investments in foreign subsidiaries. The impact of changes in currency exchange rates on net investments in foreign subsidiaries is reflected as translation differences in consolidated equity and in other comprehensive income.

The most important foreign currencies for the Group are Swedish kronor (SEK) and American dollars (USD). In the financial year 2022, SEK-denominated sales accounted for about 22% of total consolidated sales. Salary and other employment benefit expenses and purchases denominated in SEK accounted for about 20% of the Group's total salary and other employment benefit expenses and purchases. The USD exchange rate affects the Group's earnings mainly through bunker (vessel fuel) purchases.

The Group's trade and other receivables and its trade and other payables per currency are shown in Notes 5.2.5 and 5.2.8. In addition, the Group has cash and cash equivalents in various currencies. The Group's loans are entirely denominated in euros. The currency position is monitored continuously and the Group endeavours to achieve a matching of the currency flows. When an imbalance between the Group's inflows and outflows of SEK arises, this is managed primarily by a continuous sale of SEK. The Group had no form of currency hedging on the balance sheet date.

A 5 per cent change in the exchange rate of the euro against the Swedish krona on December 31, 2022, would have an estimated effect of EUR +/- 0.3 M (+/- EUR 0.3 M on December 31, 2021) on consolidated income after taxes and equity.

5.5.2 Liquidity risk

Viking Line evaluates and continuously monitors the financing that is required in its business operations in order to always have sufficient funds for day-to-day activities, principal payments and investments. Liquidity risk is also managed through efficient cash management, by ensuring market-priced financing sources and by dispersing a sufficient portion of financial investments among liquid financial instruments. Vessel investments are financed with long-term credit agreements.

The Group's non-current interest-bearing liabilities amounted to EUR 186.3 M on December 31, 2022 (EUR 235.1 M on December 31, 2021). The Group's cash and cash equivalents amounted to EUR 89.0 M on December 31, 2022 (EUR 114.6 M). Unutilized credit lines in the Group totalled EUR 0.1 M on December 31, 2022 (EUR 15.1 M). Information on the dates when interest-bearing liabilities fall due for payment is found in the table below.

Most of the Group's loan agreements include financial loan covenants according to market terms. The financial covenant terms in its loan agreements consist of minimum requirements for liquidity and solvency (equity/assets ratio) and a maximum net debt-to-EBITDA ratio.

The company has signed an agreement with its financiers on a waiver for the full-year 2022 of the covenant term concerning the maximum total net financial debt-to-EBITDA ratio. On December 31, all covenant terms were met.

EUR M Future cash flows related to financial liabilities (incl. financial expenses)	Trade payables	Interest-bearing liabilities	Total
Jan 1, 2023 - June 30, 2023	25.2	22.7	47.8
Jul 1, 2023 - Dec 31, 2023		22.4	22.4
Jan 1, 2024 - Dec 31, 2024		43.8	43.8
Jan 1, 2025 - Dec 31, 2025		34.9	34.9
Jan 1, 2026 - Dec 31, 2026		34.4	34.4
Jan 1, 2027 - Dec 31, 2027		23.5	23.5
Jan 1, 2028 -		79.7	79.7
Total	25.2	261.4	286.5

5.5.3 Interest rate risk

The company's interest-bearing liabilities totalled EUR 223.1 M on December 31, 2022, 76.1% of which have fixed interest rates. The total floating interest rate consists of the market interest rate and a company-specific margin. Fluctuations in interest rates may have a negative effect on the Group's financial expenses and increase financial expenses in the future.

A one percentage point change in the market interest rates on the Group's interest-bearing liabilities with floating interest rates on December 31, 2022, would have an estimated effect of EUR +1.4 M/EUR -1.4 M (EUR +0.0 M/EUR -1.4 M on December 31, 2021) on consolidated income after taxes and equity.

5.5.4 Credit and counterparty risk

Credit risk in operational activities is continuously monitored.

Cash is invested in financial instruments that are liquid and exposed to low risk. Investments in financial instruments are made only with counterparties deemed to have good solvency and creditworthiness.

For expected credit losses on the Group's trade receivables, a loss provision is recognized. Adjustments in the provision for credit losses are recognized in the consolidated income statement.

The Group applies the simplified method for recognizing provisions for credit losses in accordance with IFRS 9 so that the Group's provision is recognized at an amount corresponding to its expected credit losses for the remaining maturity of the assets in question. Recognition shall be an objective, probability-weighted estimation, reflect the time value of money and be based on reasonable and supported information about previous events, current conditions and forecasts for future economic conditions.

A write-off of the book value of a financial asset is made when there are no reasonable expectations of repayment. Trade receivables are assessed individually based on overdue payments. Write-offs are recognized in the consolidated income statement.

The balance sheet carrying amount of the Group's trade and other receivables plus financial assets at fair value through other comprehensive income is equivalent to its maximum credit exposure. Credit risk in the Group's trade and other receivables is regarded as low, since these are dispersed among a large number of customers.

The Group had no substantial credit losses during the financial year.

The changes in the Group's expected credit loss provision for trade receivables are presented in Note 5.2.5.

An age analysis of trade receivables can be found in Note 5.2.5.

5.5.5 Bunker price risk

Bunker (vessel fuel) costs are a substantial risk for the Group. Most of the price of the Group's bunker purchases is determined by world market prices for bunker oil and natural gas. Bunker oil purchases are made in euros. The bunker oil price for a specific delivery date is determined based on an average of market price listings of Platts Gas oil for the three previous days according to the European Central Bank's USD/EUR reference exchange rates for the same period. The liquefied natural gas (LNG) price is determined based on the market listing for NBP ICIS Heren's average price for the month before delivery. NBP is converted into EUR/MWh using a fixed factor based on the European Central Bank's EUR/GBP rate for the first trading date in the delivery month. No fixed-price agreements were entered into for 2022.

Vessel bunker costs amounted to EUR 94.9 M in 2022 (EUR 40.6 M in 2021), which is equivalent to 19.2% (15.7%) of Group sales. Bunker consumption totalled about 73,000 tonnes of oil and about 12,000 tonnes of liquefied natural gas (LNG) in 2022 (about 56,700 tonnes of oil and about 12,600 tonnes of LNG in 2021). The increase in bunker use is related to the increased traffic in 2022 compared to 2021.

A 10 per cent change in the bunker price of LNG on December 31, 2022, and the bunker oil quality that is used, based on projected bunker consumption in 2023, would have an estimated effect of EUR +/- 5.0 M on consolidated income after taxes and equity.

5.6 Asset management

The Group strives to manage its capital in a way that supports the profitable growth of operations by ensuring sufficient liquidity and capitalization. The objective is to maintain a capital structure that contributes to shareholder value creation and supports the dividend policy. The capital structure shall also provide support and ensure compliance with the company's financial loan covenants, which consist of minimum liquidity and solvency requirements and as well as a maximum total net financial debt-to-EBITDA ratio. The management of liquidity, loans and financial investments is handled at the Group level in accordance with the company's Treasury Policy.

The company's Board of Directors assesses the Group's capital structure on a regular basis via the business plan approved by the Board of Directors.

5.7 Pledged assets and contingent liabilities

EUR M	Dec 31, 2022	Dec 31, 2021
Contingent liabilities		
Loans and credit lines for which vessel, vehicle and chattel mortgages were provided as collateral	223.2	288.6
Other contingent liabilities not included in the balance sheet		
Covered by site leasehold and chattel mortgages	0.1	0.1
Covered by funds held in escrow	0.0	0.7
Total	223.4	289.4
Assets pledged for own debt		
Vessel mortgages	413.0	505.1
Real estate mortgages	-	0.5
Chattel mortgages	-	4.0
Site leasehold mortgages	0.4	0.4
Funds held in escrow	0.0	16.2
Total	413.4	526.3
Other off-balance-sheet liabilities	3.2	3.3

In addition to the capital injection, Alandia Holding Ab has taken a loan to finance the purchase of the shares in Alandia Försäkring Abp. To the extent Alandia Holding needs liquid assets to make principal payments, Viking Line Abp has undertaken, through a shareholder agreement, to provide liquid assets commensurate with its shareholding in Alandia Holding Ab.

6. Other information in the notes

6.1. Related parties

The Group's related parties include all Group companies, the parent company's Board of Directors and the Group Management plus their close family members and companies controlled by all the above parties.

The members of the parent company's Board of Directors and of the Group Management consist of the Group's key individuals in leading positions.

The Group's internal business transactions that are eliminated in the consolidated accounts are not recognized as transactions with related parties.

6.1.1 Subsidiaries

Subsidiaries are accounted for using the acquisition method; see Note 1.5.

	Domicile	Holding	Voting power
Owned by the parent company, Viking Line Abp	**Mariehamn, Finland**		
Viking Rederi AB	Norrtälje, Sweden	100%	100%
OÜ Viking Line Eesti	Tallinn, Estonia	100%	100%
Viking Line Buss Ab	Mariehamn, Finland	100%	100%
Viking Line Skandinavien AB	Stockholm, Sweden	100%	100%
Viking Line Finnlandverkehr GmbH	Lübeck, Germany	100%	100%
Oy Viking Tours Ruotsinmatkat - Sverigecenter Ab *	Mariehamn, Finland	100%	100%
Oy Ruotsinsatama - Sverigehamnen Ab *	Naantali, Finland	100%	100%
Owned by subsidiaries			
Finlandshamnen Stuveri AB	Stockholm, Sweden	100%	100%

* Inactive company

6.1.2 Associate companies

Associate companies are accounted for using the equity method; see Note 1.5.

	Domicile	Holding	Voting power
Owned by the parent company, Viking Line Abp	Mariehamn		
Alandia Försäkring Abp	Mariehamn	19.5%	19.5%
Alandia Holding Ab	Mariehamn	18.3%	18.3%

Summary of financial information for associate companies

	Alandia Försäkring Abp	Alandia Holding Ab	Total
			2022
Assets	400.4	32.0	432.5
Liabilities	237.0	17.6	254.6
			Jan 1, 2022–Dec 31, 2022
Income for the period	8.7	1.8	10.5
Comprehensive income for the period	8.7	1.8	10.5
The Group's share of comprehensive income	0.3	0.3	0.7
			2022
Net assets of associate companies	163.5	14.4	177.9
The Group's share of net assets	31.9	2.6	34.5
Carrying amount of associate companies	31.9	2.6	34.6

6.1.3 Transactions with companies that are controlled by the Group's key individuals in leading positions

Transactions with related parties are carried out on market terms. The Group has no loan arrangements, guarantees, contingent liabilities provided/received or other liabilities associated with related parties.

EUR M	Jan 1, 2022–Dec 31, 2022	Jan 1, 2021–Dec 31, 2021
Sale of services to associate companies*	0.0	0.0
Purchase of services from associate companies*	2.0	0.8

*July 1 - December 31, 2021 (associate company as of July 1, 2021)

	Dec 31, 2022	Dec 31, 2021
Amounts payable to associate companies	0.0	0.4

6.1.4 Compensation to the Group's key individuals in leading positions

EUR	Jan 1, 2022–Dec 31, 2022	Jan 1, 2021–Dec 31, 2021
Salaries and other short-term compensation to Group Management	1,162,343	1,697,444
Total	1,162,343	1,697,444

Compensation and other benefits, 2022, EUR	Base salary/ Board fee	Other benefits	Statutory pension expenses	Total
Ben Lundqvist, Chairman of the Board	43,000.00			43,000.00
Christina Dahlblom, Board member	37,000.00			37,000.00
Nils-Erik Eklund, Board member	35,000.00			35,000.00
Jakob Johansson, Board member	37,000.00			37,000.00
Stefan Lundqvist, Board member	37,000.00			37,000.00
Lars G Nordström, Board member	32,000.00			32,000.00
Peter Wiklöf, Board member	37,000.00			37,000.00
Ulrica Danielsson, deputy Board member	10,000.00			10,000.00
Casper Lundqvist, deputy Board member	6,000.00			6,000.00
Gert Sviberg, deputy Board member	8,000.00			8,000.00
	282,000.00	0.00	0.00	282,000.00
President and CEO	340,280.00	842.43	52,908.09	394,030.52
Deputy CEO	160,587.26	7,033.18	38,494.71	206,115.15
Other key individuals in leading positions	651,504.00	2,095.90	103,774.12	757,374.02
	1,152,371.26	9,971.51	195,176.92	1,357,519.69
Total	1,434,371.26	9,971.51	195,176.92	1,639,519.69

Compensation and other benefits, 2021, EUR	Base salary/ Board fee	Other benefits	Statutory pension expenses	Total
Ben Lundqvist, Chairman of the Board	51,000.00			51,000.00
Christina Dahlblom, Board member from May 27, 2021	37,000.00			37,000.00
Nils-Erik Eklund, Board Member	44,000.00			44,000.00
Jakob Johansson, Board member	45,000.00			45,000.00
Stefan Lundqvist, Board member	45,000.00			45,000.00
Lars G Nordström, Board member	38,000.00			38,000.00
Laura Tarkka, Board member until May 27,2021	7,000.00			7,000.00
Peter Wiklöf, Board member	45,000.00			45,000.00
Erik Grönberg, deputy Board member until May 27, 2021	2,000.00			2,000.00
Ulrica Danielsson, deputy Board member	8,000.00			8,000.00
Casper Lundqvist, deputy Board member	5,000.00			5,000.00
Gert Sviberg, deputy Board member from May 27, 2021	7,000.00			7,000.00
	334,000.00	0.00	0.00	334,000.00
President and CEO	490,072.80	480.00	69,413.22	559,966.02
Deputy CEO	198,988.92	9,769.51	40,808.51	249,566.94
Other key individuals in leading positions	996,024.76	2,108.40	140,471.29	1,138,604.45
	1,685,086.48	12,357.91	250,693.03	1,948,137.42
Total	2,019,086.48	12,357.91	250,693.03	2,282,137.42

The President and CEO and other Group Management members are paid monthly salaries that are reviewed by the Board yearly. The President and CEO also receives the following benefits in kind: telephone benefits and group life insurance coverage, including insurance for medical expenses. In 2021, the CEO and Deputy CEO were paid some of their accrued holiday pay. In addition, a one-time payment equivalent to one month's salary was paid to the CEO and Deputy CEO due to the extraordinary workload.

The Group has no incentive or bonus systems.

The Group has only defined-contribution pension plans. Pension expenses refer to the expenses that have affected the year's income. For the President and CEO and other Group Management members, public pension terms and the lowest legal retirement age in effect at each point in time apply.

The President and CEO has a termination notice period of 8 months. The company's Board is entitled to terminate the President and CEO's contract, but the President and CEO will receive 8 months of salary after the termination date. Other Group Management members receive 6 months of salary in case of termination by the company. Otherwise the Group has made no individual agreements on termination-related benefits.

The President and CEO of the company is Jan Hanses. Peter Hellgren is the Deputy CEO.

No benefits other than salaries and short-term compensation were paid to key individuals in leading positions.

6.2 Litigation and disputes

Viking Line Abp is involved in a few legal actions and cases whose outcome cannot be predicted, but taking into account the information that is available at present, their outcome is not expected to have any substantial impact on consolidated earnings.

6.3 Events after the balance sheet date

On December 8, 2022, Viking Line Abp signed an agreement on the sale of M/S Rosella to the Greek shipping company Aegean Sealines Maritime Company for EUR 11.2 M. The vessel's book value is EUR 2.4 M. Delivery took place on January 17, 2023.

In February 2023, the company also initiated change negotiations with some of its land-based staff to adjust its administration in view of the reduction in Viking Line's fleet.

Otherwise, the Board of Directors knows of no other events after the balance sheet date that could affect the Year-End Report.

Parent company financial statements

Parent company income statement

EUR M	Note	Jan 1, 2022– Dec 31, 2022	Jan 1, 2021– Dec 31, 2021
SALES		**501.3**	**265.3**
Other operating revenue	2	23.4	45.0
Operating expenses			
Goods and services	3	117.4	62.6
Employee expenses	4	82.7	52.5
Depreciation and amortization	5	21.4	14.9
Other operating expenses	6	270.3	155.8
		491.8	285.7
OPERATING INCOME		**32.9**	**24.6**
Financial income and expenses	7	-9.2	-0.2
INCOME BEFORE APPROPRIATIONS AND TAXES		**23.7**	**24.4**
Appropriations	8	0.0	3.5
Group contribution		0.2	0.1
Income taxes	9	0.0	-
INCOME FOR THE FINANCIAL YEAR		**24.0**	**28.0**

Parent company balance sheet

EUR M	Note	Dec 31, 2022	Dec 31, 2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	10	3.9	4.5
Property, plant and equipment	11		
Land		0.7	0.7
Buildings and structures		1.4	1.4
Vessels		410.6	420.3
Machinery and equipment		1.2	1.4
		413.9	423.8
Shares and participations	12		
Shares in Group companies		1.1	1.1
Capital contribution to Group companies		17.6	17.6
Other shares and participations		38.7	28.1
		57.4	46.8
TOTAL NON-CURRENT ASSETS		**475.2**	**475.2**
CURRENT AND FINANCIAL ASSETS			
Inventories	13	14.0	10.0
Non-current receivables			
Other non-current receivables		0.0	5.2
		0.0	5.2
Current receivables			
Trade receivables		10.6	7.9
Group receivables		0.6	5.0
Other current receivables		2.6	2.1
Accrued income and prepaid expenses	14	19.0	11.9
		32.9	26.8
Cash and cash equivalents		86.3	111.4
TOTAL CURRENT AND FINANCIAL ASSETS		**133.1**	**153.4**
TOTAL ASSETS		**608.4**	**628.6**

EUR M	Note	Dec 31, 2022	Dec 31, 2021
EQUITY AND LIABILITIES			
EQUITY	15		
Share capital		1.8	1.8
Unrestricted equity fund		51.8	51.8
Retained earnings		60.6	32.7
Income for the financial year		24.0	28.0
TOTAL EQUITY		**138.2**	**114.3**
ACCUMULATED APPROPRIATIONS			
Accumulated depreciation differences		**173.5**	**173.5**
LIABILITIES			
Non-current liabilities	16		
Liabilities to credit institutions		178.5	226.2
Liabilities to pension companies		14.0	16.0
		192.5	242.2
Current liabilities			
Principal payments to credit institutions		34.7	36.3
Principal payments to pension companies		2.0	2.0
Accounts payable		24.5	17.9
Group liabilities		1.7	0.8
Other current liabilities		7.8	6.4
Accrued expenses and prepaid income	17	33.4	35.1
		104.1	98.6
TOTAL LIABILITIES		**296.6**	**340.8**
TOTAL EQUITY AND LIABILITIES		**608.4**	**628.6**

Parent company cash flow statement

EUR M	Jan 1, 2022– Dec 31, 2022	Jan 1, 2021– Dec 31, 2021
OPERATING ACTIVITIES		
Income for the financial year	24.0	28.0
Adjustments		
Depreciation and amortization	21.4	14.9
Capital gains from non-current assets	-15.0	-28.8
Other items not included in cash flow	-	-3.5
Interest expenses and other financial expenses	9.3	4.8
Interest income and other financial income	-0.3	-0.1
Dividend income	-1.4	-4.9
Group contribution received	-0.2	-0.1
Change in working capital		
Change in current receivables	-5.8	4.2
Change in inventories	-4.0	0.9
Change in non-interest-bearing liabilities	7.4	14.9
Interest paid	-6.7	-3.2
Financial expenses paid	-2.9	-1.5
Interest received	0.2	0.1
Financial income received	0.2	0.0
NET CASH FLOW FROM OPERATING ACTIVITIES	**26.1**	**25.8**
INVESTING ACTIVITIES		
Investments in vessels	-13.5	-165.3
Investments in other non-current assets	-0.6	-0.7
Investments in shares and participations	-10.6	-
Investments in holdings accounted for using the equity method	0.0	-2.0
Divestments of vessels	18.0	14.0
Divestments of other non-current assets	0.2	20.4
Change in non-current receivables	5.2	2.2
Dividends received	1.4	4.9
NET CASH FLOW FROM INVESTING ACTIVITIES	**0.1**	**-126.6**
FINANCING ACTIVITIES		
Increased in paid-in capital	-	51.8
Increase in loans	40.0	172.2
Principal payments	-91.3	-30.5
Change in current interest-bearing liabilities	0.0	-8.0
Dividends paid	-	-
NET CASH FLOW FROM FINANCING ACTIVITIES	**-51.3**	**185.5**
CHANGE IN CASH AND CASH EQUIVALENTS	**-25.1**	**84.6**
Cash and cash equivalents at the beginning of the year	111.4	26.8
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**86.3**	**111.4**

Notes to the parent company's financial statements

1. Accounting principles

1.1 Company information

Viking Line Abp, domiciled in Mariehamn, Åland, is the parent company of the Viking Line Group. The company's Business Identity Code is 0144983-8.

1.2 General

The financial statements of Viking Line Abp have been prepared in compliance with Finnish accounting legislation as well as other national rules and regulations concerning financial statements.

The financial statements of the company encompass the period January 1–December 31, 2022.

1.3 Risks and liquidity

Viking Line Abp's cash and cash equivalents at the end of December 2022 totalled EUR 86.3 M (EUR 111.4 M). Unutilized credit lines in the Group totalled EUR 0.0 M on December 31, 2022 (EUR 15.0 M). Net cash flow from operating activities was EUR 26.1 M (EUR 25.8 M). Net cash flow from investing activities was EUR 0.1 M (EUR -126.6 M) and net cash flow from financing activities was EUR -51.3 M (EUR 185.5 M).

During the period, a new credit facility of EUR 40 M was drawn, and at the same time four loan facilities totalling EUR 33 M were repaid. The State guarantees for the liquidity loans entered into in 2020 were ended, and as a result Viking Line was released from the restrictions entailed by the terms and conditions of the State guarantees.

In 2020-21, Viking Line Abp signed an agreement with Finnvera Abp and Finland Export Credit on a loan payment deferral for payments during the period July 1, 2020–January 31, 2022 totalling EUR 29.8 M. The loan payments were made during the autumn of 2022, and as a result the company has now been released from all terms and conditions set by Finnvera/Finland Export Credit for repayments on the existing credit drawn in 2013 to finance the final payment for Viking Grace.

During the last quarter of 2021, the company drew a loan with a syndicate consisting of Nordea Bank Abp, KfW IPEX-Bank GmbH and Export-Import Bank of China. The amount of the loan was EUR 150.7 M. The loan agreement runs for 11.5 years from the time the loan was drawn and the loan shall be repaid in equal semi-annual instalments, with each tranche equal to an amount corresponding to 1/23 of the loan, with two payments made in 2022. As security for the loan, China Export & Credit Insurance Corporation has given a guarantee for at least 90% of the total principal outstanding and the interest under the loan agreement.

In accordance with the terms to draw the loan to finance Viking Glory, Viking Line Abp Viking Line Abp undertook not to pay a dividend or pay out any other funds. The dividend restriction on the financing of Viking Glory only applies to payments in 2022 but also subsequently if the Group's debt-to-EBITDA ratio exceeds 5.0.

Most of the Group's loan agreements include loan covenants according to market terms . The financial covenant terms in its loan agreements consist of minimum requirements for liquidity and solvency (equity/assets ratio) and a maximum net debt-to-EBITDA ratio. The company has signed an agreement with its financiers on a waiver for the full-year 2022 of the covenant term concerning the maximum total net financial debt-to-EBITDA ratio.

The company's ability to meet the requirements set in existing financial agreements depends on its ability to generate cash flow from its operations, which depends in part on factors that are beyond the company's control. There is a risk, especially if the pandemic affects the company again or if energy prices continue to rise further, that the company cannot generate sufficient cash flow or obtain additional financing to meet its obligations in accordance with its financial agreements.

Viking Line's operations are exposed to different kinds of risks, which vary in their scope and impact on operations, financial results and the company's ability to meet certain social and environmental objectives. The relevant risks have been classified into four categories: strategic, operational, damage and financial risks. Bunker prices have increased substantially as a result of Russia's war against Ukraine, which has a direct effect on the Group's earnings. On December 31, 2022, the Group did not have any fixed price contracts for bunker purchases or corresponding derivative contracts.

1.4 Items in foreign currencies

Transactions in foreign currencies are translated at the exchange rate on the transaction date. Receivables and liabilities in foreign currencies are recognized at the exchange rate on the balance sheet date.

1.5 Revenue

The company's revenue is recognized minus discounts, indirect taxes and exchange rate differences.

1.6 Pension expenses

External pension companies are responsible for the legally mandated pension liability in the company. Pension premiums are recognized as expenses in the income statement for the accounting period to which they are attributable.

1.7 Income taxes

Income taxes recognized in the income statement are attributable to income for the year as well as to earlier accounting periods.

1.8 Intangible assets, property, plant and equipment, and amortization/depreciation

Intangible assets and property, plant and equipment are recognized at historical cost less accumulated scheduled depreciation/amortization, which has been calculated on the basis of the probable economic life of the assets. Acquisition cost includes the purchase price and expenses directly attributable to the asset. The acquisition cost of vessels includes financial expenses during their construction period as well. Carrying amounts in the balance sheet also include revaluations on parcels of land, based on appraisals made by external appraisers.

Intangible assets mainly comprise computer software programmes and capitalized renovation expenses for leased properties and are amortized on a straight-line basis.

Vessels, which comprise the largest asset item in the balance sheet, are depreciated on a straight-line basis. For vessels, an estimated residual value at the end of their economic life has been taken into account in calculating depreciation. For vessels, the hull, engine and other long-term component parts will be depreciated on a straight-line basis over 30 years, while short-term component parts will be depreciated on a straight-line basis over 15 years. Additional capital expenditures for vessels are depreciated over the remaining scheduled economic life of the vessels. Renovation projects for vessels whose remaining scheduled economic life is less than five years are depreciated over five years.

Viking Line's vessels are dry-docked at 2-3 year intervals. Dry-docking expenses are capitalized for each vessel and depreciated until the next planned dry-docking.

Normal expenditures for repairs and maintenance are expensed on a current basis. Land is not depreciated. Buildings and motor vehicles are depreciated on a declining balance basis. Other property, plant and equipment are depreciated on a straight-line basis.

Depreciation for property, plant and equipment and amortization for intangible assets are calculated according to the following principles:

Vessels	30 years, straight-line
Vessels, short-term component parts	15 years, straight-line
Vessels, dry-docking	2–3 years, straight-line
Vessels, machinery and equipment	5–10 years, straight-line
Buildings	4–7% of remaining expenditure
Structures	10 years, straight-line
Machinery and equipment	5–15 years, straight-line
Intangible assets (amortization)	5–10 years, straight-line
Cars	25% of remaining expenditure

Viking Line Abp sold and delivered M/S Amorella to Corsica Ferries on October 13, 2022. The vessel's book value was EUR 3.2 M when it was sold.

On December 8, 2022, Viking Line Abp signed an agreement on the sale of M/S Rosella to the Greek shipping company Aegean Sealines Maritime Company for EUR 11.2 M. The vessel's book value is EUR 2.4 M. Delivery took place on January 17, 2023.

During the comparative period 2021, Viking Glory was delivered on December 23. On December 31, 2022, there were still open and unsettled guarantee issues with Xiamen Shipbuilding Industry Ltd, the scope of which it is still too soon to quantify.

1.9 Investments

Viking Line Abp's investments are recognized at acquisition cost with the exception of Alandia Försäkring Abp, the value of whose shares was determined based on present value of future cash flows on the acquisition date. If the value of the shares decreases significantly and over the long term, an impairment loss is recognized in financial expenses.

1.10 Inventories

Inventories are recognized at the lower of cost using the first in, first out (FIFO) method or a likely net realizable amount.

1.11 Non-current receivables

Non-current receivables are recognized at acquisition cost.

2. Other operating revenue

EUR M	Jan 1, 2022–Dec 31, 2022	Jan 1, 2021–Dec 31, 2021
State aid	7.8	16.0
Rents received on properties	0.1	0.1
Capital gains	14.7	28.8
Insurance claim payments, accidents	0.8	0.1
Miscellaneous operating revenue	0.0	0.0
Total	23.4	45.0

3. Goods and services

EUR M	Jan 1, 2022–Dec 31, 2022	Jan 1, 2021–Dec 31, 2021
Purchases during the financial year	114.9	57.8
Change in inventories	-3.9	1.4
Externally purchased services	6.4	3.3
Total	117.4	62.6

4. Employee expenses

EUR M	Jan 1, 2022–Dec 31, 2022	Jan 1, 2021–Dec 31, 2021
Salaries etc	89.1	56.5
Pension expenses	11.0	6.8
Other employee expenses	4.2	3.2
	104.3	66.5
Government restitution	-21.6	-14.1
Total	82.7	52.5

Average numbers of employees

Shipboard employees	1,368	841
Land-based employees	311	227
Total	1,679	1,068

5. Depreciation and amortization

EUR M	Jan 1, 2022–Dec 31, 2022	Jan 1, 2021–Dec 31, 2021
Intangible assets	0.8	0.7
Buildings and structures	0.1	0.3
Vessels	20.2	13.4
Machinery and equipment	0.4	0.5
Total	21.4	14.9

6. Auditors' fees

EUR M	Jan 1, 2022– Dec 31, 2022	Jan 1, 2021– Dec 31, 2021
Auditing	0.1	0.1
Audit-related services	0.0	0.0
Tax advice	0.0	0.0
Miscellaneous consulting	0.0	0.2
Total	0.1	0.4

7. Financial income and expenses

EUR M	Jan 1, 2022– Dec 31, 2022	Jan 1, 2021– Dec 31, 2021
Dividend income from others	1.4	4.9
Interest income from Group companies	0.0	0.1
Exchange gains	0.0	0.0
Other financial income	0.3	0.0
Total financial income	1.7	5.0
Interest expenses to others	6.4	3.3
Exchange losses	1.5	0.4
Other financial expenses	2.9	1.5
Total financial expenses	10.8	5.2
Total financial income and expenses	-9.2	-0.2

8. Appropriations

EUR M	Jan 1, 2022– Dec 31, 2022	Jan 1, 2021– Dec 31, 2021
Difference between scheduled depreciation and depreciation for tax purposes	-	3.5
Total	0.0	3.5

9. Income taxes

EUR M	Jan 1, 2022– Dec 31, 2022	Jan 1, 2021– Dec 31, 2021
Income tax on actual operations	-	-

10. Intangible assets

EUR M	2022	2021
Intangible rights		
Acquisition cost, Jan 1	6.5	6.5
Increases	0.3	0.3
Decreases	-0.3	-0.4
Acquisition cost, Dec 31	6.5	6.5
Accumulated amortization, Jan 1	-3.4	-3.2
Accumulated amortization on decreases	0.1	0.1
Amortization for the period	-0.4	-0.3
Accumulated amortization, Dec 31	-3.7	-3.4
Book value, Jan 1	3.1	3.3
Book value, Dec 31	2.8	3.1

EUR M	2022	2021
Other long-term expenditures		
Acquisition cost, Jan 1	11.8	11.8
Increases	0.0	0.1
Decreases	-0.3	-
Acquisition cost, Dec 31	11.6	11.8
Accumulated amortization, Jan 1	-10.3	-10.0
Accumulated amortization on decreases	0.3	-
Amortization for the period	-0.4	-0.4
Accumulated amortization, Dec 31	-10.5	-10.3
Book value, Jan 1	1.5	1.8
Book value, Dec 31	1.1	1.5
Total intangible assets	**3.9**	**4.5**

11. Property, plant and equipment

EUR M	2022	2021
Land		
Acquisition cost, Jan 1	0.5	0.6
Decreases	-	-0.1
Acquisition cost, Dec 31	0.5	0.5
Revaluations, Jan 1	0.2	0.5
Decreases	-	-0.2
Revaluations, Dec 31	0.2	0.2
Book value, Jan 1	0.7	1.0
Book value, Dec 31	0.7	0.7

EUR M	2022	2021
Buildings and structures		
Acquisition cost, Jan 1	5.2	20.6
Decreases	0.0	-15.4
Acquisition cost, Dec 31	5.2	5.2
Accumulated depreciation, Jan 1	-3.8	-14.1
Accumulated depreciation on decreases	0.0	10.6
Depreciation for the period	-0.1	-0.3
Accumulated depreciation, Dec 31	-3.8	-3.8
Book value, Jan 1	1.4	6.6
Book value, Dec 31	1.4	1.4

EUR M	2022	2021
Vessels		
Acquisition cost, Jan 1	849.4	725.4
Transfer from Advance payments	-	54.2
Increases	13.5	165.3
Decreases	-72.7	-95.6
Acquisition cost, Dec 31	790.2	849.4
Accumulated depreciation, Jan 1	-429.1	-505.9
Accumulated depreciation on decreases	69.7	90.2
Depreciation for the period	-20.2	-13.4
Accumulated depreciation, Dec 31	-379.6	-429.1
Book value, Jan 1	420.3	219.4
Book value, Dec 31	410.6	420.3

EUR M	2022	2021
Machinery and equipment		
Acquisition cost, Jan 1	8.2	10.7
Increases	0.3	0.3
Decreases	-1.4	-2.8
Acquisition cost, Dec 31	7.2	8.2
Accumulated depreciation, Jan 1	-6.9	-9.0
Accumulated depreciation on decreases	1.4	2.7
Depreciation for the period	-0.4	-0.5
Accumulated depreciation, Dec 31	-5.9	-6.9
Book value, Jan 1	1.4	1.7
Book value, Dec 31	1.2	1.4

EUR M	2022	2021
Advance payments, vessels under construction		
Acquisition cost, Jan 1	-	54.2
Transfer to Vessels	-	-54.2
Acquisition cost, Dec 31	-	-
Book value, Jan 1	-	54.2
Book value, Dec 31	-	-
Total property, plant and equipment	**413.9**	**423.8**

12. Shares and participations

EUR M	2022	2021
Shares in Group Companies		
Acquisition cost, Jan 1	1.1	1.1
Acquisition cost, Dec 31	1.1	1.1
Capital contribution to Group companies		
Acquisition cost, Jan 1	17.6	17.6
Acquisition cost, Dec 31	17.6	17.6
Shares in associate companies		
Acquisition cost, Jan 1	28.1	-
Increases	-	2.0
Reclassification	-	26.1
Acquisition cost, Dec 31	28.1	28.1
Other shares and participations		
Acquisition cost, Jan 1	0.0	26.1
Increases	10.6	-
Reclassification	-	-26.1
Acquisition cost, Dec 31	10.6	0.0
Total shares and participations	**57.4**	**46.8**

13. Inventories

EUR M	Dec 31, 2022	Dec 31, 2021
Stocks of goods for sale	12.2	8.3
Supplies	-	0.1
Stocks of vessel fuel	1.8	1.5
Total	14.0	10.0

14. Accrued income and prepaid expenses

EUR M	Dec 31, 2022	Dec 31, 2021
Employee-related items	16.6	8.5
Other accrued income and prepaid expenses	2.4	3.3
Total	19.0	11.9

15. Equity

EUR M	2022	2021
Share capital, Jan 1	1.8	1.8
Share capital, Dec 31	1.8	1.8
Paid-up unrestricted equity fund, Jan 1	51.8	-
Share issue	-	51.8
Paid-up unrestricted equity fund, Dec 31	51.8	51.8
Retained earnings, Jan 1	32.7	83.9
Income for the previous financial year	28.0	-51.2
Dividend paid to shareholders	-	-
Retained earnings, Dec 31	60.6	32.7
Income for the financial year	24.0	28.0
Total equity	138.2	114.3
Distributable items		
Paid-up unrestricted equity fund, Dec 31	51.8	51.8
Retained earnings, Dec 31	60.6	32.7
Cost aid received	-2.1	-1.0
Income for the financial year	24.0	28.0
Total	134.3	111.5

16. Loans that fall due later than after 5 years

EUR M	Dec 31, 2022	Dec 31, 2021
Liabilities to credit institutions	77.1	85.2
Total	77.1	85.2

17. Accrued expenses and prepaid income

EUR M	Dec 31, 2022	Dec 31, 2021
Employee-related items	19.1	18.4
Other accrued expenses and prepaid income	14.3	16.8
Total	33.4	35.1

18. Pledged assets and other contingent liabilities

EUR M	Dec 31, 2022	Dec 31, 2021
Contingent liabilities		
Loans and credit lines for which vessel mortgages were provided as collateral	229.2	295.5
Covered by pledged bank balances	0.0	0.7
Total	229.2	295.5
Assets pledged for own debt		
Vessel mortgages	413.0	505.1
Real estate mortgages	-	4.0
Pledged bank balances	0.0	16.2
Total	413.0	525.3
Leasing liabilities		
Amounts that fall due during the following accounting period	1.7	1.6
Amounts that fall due later	3.4	4.0
Total	5.0	5.6
Other off-balance-sheet liabilities	3.2	3.3

In addition to the capital injection, Alandia Holding Ab has taken a loan to finance the purchase of the shares in Alandia Försäkring Abp. To the extent Alandia Holding needs liquid assets to make principal payments, Viking Line Abp has undertaken, through a shareholder agreement, to provide liquid assets commensurate with its shareholding to Alandia Holding Ab.

Signatures

Signatures of the Board of Directors and the President and CEO

Mariehamn, February 16, 2023

Ben Lundqvist
Chairman of the Board

Christina Dahlblom

Nils-Erik Eklund

Jakob Johansson

Stefan Lundqvist

Gert Sviberg

Peter Wiklöf

Jan Hanses
President and CEO

Auditors' note

Our auditors' report was issued today.
Mariehamn, February 16, 2023

Pricewaterhouse Coopers Oy
Authorized Public Accountants

Martin Grandell, Authorized Public Accountant (CGR)

Auditors' Report

Auditor's Report (Translation of the Swedish Original)

To the Annual General Meeting of Viking Line Abp

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

What we have audited

We have audited the financial statements of Viking Line Abp (business identity code 0144983-8) for the year ended 31 December 2022. The financial statements comprise:

- the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies
- the parent company's balance sheet, income statement, statement of cash flows and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 2.7.1 to the Financial Statements.

Our Audit Approach

Overview

Materiality

- We have applied an overall group audit materiality of € 2,6 million

Scope

- The group audit included the parent company covering the vast majority of the group's net sales, assets and liabilities.

Key Audit Matters

- Valuation of vessels
- Financial liabilities and loan covenants

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	€ 2,6 million (previous year € 1,5 million)

How we determined it	0,5% of the group's total income
Rationale for the materiality benchmark applied	We chose the total operating revenue as a benchmark when calculating the materiality. In our view, it is the benchmark which users of the financial statements measure the group's performance. Total operating revenue is a generally accepted benchmark and 0,5 % which is within the range of acceptable quantitative materiality thresholds in auditing standards.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of Viking Line group and the size, complexity and risks of individual subsidiaries. Based on these criteria we assessed that the audit of the parent company covers the vast majority of the group's net sales, assets and liabilities. In addition, we have conducted certain audit procedures and analytical procedures on group level to identify unexpected movements in the subsidiaries.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Valuation of vessels *Refer to notes 1.3, 4.2 and 4.3 to the consolidated financial statements* Vessels are valued based on cost less accumulated depreciation and possible impairment. The depreciation expense is based on expected economic useful lives and the estimated residual value of the vessels, and thereby reflects management judgement thereon. We consider valuation of the vessels to be a key audit matter in the audit because it is impacted by management's judgement and because the vessels constitute a material part of the group's assets.	To ensure that the vessels are not carried at a value in excess of their fair value, we compared their respective carrying value to a valuation performed by an external expert engaged by the group and we gained an understanding of their valuation methods. Our procedures covered all the group's vessels, i.e. Viking Glory, Viking Grace, Viking XPRS, Gabriella, Viking Cinderella och Rosella.

Financial liabilities and loan covenants *Refer to notes 5.2 and 5.6 to the consolidated financial statements* The Group has restructured its loans and raised a new loan by the end of last year for financing Viking Glory. Most of the Group's loans include market-based loan covenants. When preparing the financial statements management assesses whether the company complies with all covenants, how this impacts classification of the loans to short-term or long-term liabilities and what information about the finance arrangements need to be disclosed in the notes to the consolidated financial statements. We consider financial liabilities and related covenants to be a key audit matter due to their importance for the Group's liquidity position.	We familiarised ourselves with the conditions in the Group's loan agreements and with how management monitored compliance with the loan covenants. We held discussions with management throughout the year to keep us informed about the loan situation and the related liquidity position. We obtained external confirmations from the credit institutions used by the company. We paid special attention to the classification of loans into long-term and short-term liabilities and assessed if the information in the notes to the consolidated financial statements are sufficient from an IFRS reporting perspective.

We have no key audit matters to report with respect to our audit of the parent company financial statements.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company’s or the group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors’ and the Managing Director’s use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company’s or the group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Appointment

Authorised public accountants from PricewaterhouseCoopers Oy have been acting, without interruption, as the auditors for Viking Line Abp since the Annual General Meeting 11 February 2010. Authorised public accountant (KHT) Martin Grandell has been nominated by PricewaterhouseCoopers Oy as the auditor of charge since the Annual General Meeting 27 April 2022.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

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

In our opinion

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 16 February 2023

PricewaterhouseCoopers Oy
Authorised Public Accountants

Martin Grandell
Authorised Public Accountant (KHT)

Corporate governance statement

Corporate governance statement

This corporate governance statement was approved by the Board of Directors of Viking Line Abp on February 16, 2023. The corporate governance statement and the Report of the Directors for the financial year 2022 are published as separate reports.

The parent company, Viking Line Abp, is listed on NASDAQ Helsinki. The wholly owned subsidiaries Viking Line Skandinavien AB together with its subsidiary, Viking Rederi AB, OÜ Viking Line Eesti, Viking Line Finnlandverkehr GmbH and Viking Line Buss Ab belong to the Viking Line Group.

Viking Line applies the Finnish Corporate Governance Code, which was approved by the Securities Market Association and is available on the Securities Market Association's website, Cgfinland.fi.
Viking Line complies with the Code in full. Viking Line's corporate governance statement and other information about Viking Line's corporate governance are also available on Vikingline.com.

Annual General Meeting

Viking Line Abp is a public limited company domiciled in Finland which is governed by the Finnish Companies Act and the company's Articles of Association. In compliance with the Companies Act, the Annual General Meeting (AGM) is the company's highest decision-making body, where the owners exercise their influence.

All Viking Line Abp shares constitute a single series, in which all shares are of equal value. Each share is represented by one vote when voting on motions and candidates at shareholder meetings. However, no shareholder may vote on behalf of more than 1/4 of the shares represented at a shareholder meeting. On December 31, 2022, Viking Line Abp had 5,786 (5,554) shareholders.

The AGM decides on matters such as the adoption of the financial statements for the preceding financial year, the distribution of the company's profit or loss and discharge of the Board of Directors as well as the chief executive officer (CEO) from liability for that year. The AGM also elects the Chairman of the Board, the other Board members and auditors and decides on their fees in accordance with the company's compensation policy. The compensation policy describes Viking Line's main principles for compensation for the Board of Directors, the CEO and the Deputy CEO. Proposals for a compensation policy shall be submitted to the Annual General Meeting (AGM) at least every four years. The AGM decided to approve the Board's proposal for a compensation policy on May 13, 2020. The AGM decides on Board fees in accordance with the compensation policy.

The AGM also makes decisions concerning the company's shares and share capital as well as changes in the company's Articles of Association. The minimum share capital of Viking Line Abp is EUR 720,000.00 and the maximum share capital is EUR 4,800,000.00. Within these limits, share capital may be increased or decreased without amending the Articles of Association.

An extraordinary general meeting (EGM) shall be held if the Board of Directors or the AGM has so decided, or if an auditor or owners of at least 1/10 of all shares require this in writing to address a given matter.

In accordance with the Articles of Association, the AGM is held in Mariehamn before the end of June. The latest such meeting took place on April 27, 2022. The next AGM will be held on April 27, 2023. During the comparative year 2021, one extraordinary general meeting was held in which the Board of Directors was authorized to carry out a share issue.

The invitation to the AGM occurs through an announcement that appears in a newspaper published in the company's place of domicile. This invitation is also published on Vikingline.com. The invitation shall be issued no earlier than three months before the AGM record date and no later than three weeks before the AGM.

In addition to disclosing the items of business that will be discussed at the meeting, the invitation shall include candidates proposed for the Board and their compensation in accordance with the compensation policy as well as candidates proposed for the position of auditor. The invitation shall also include proposals as above submitted by shareholders representing at least 1/10 of shares, provided that any candidates have agreed to serve on the Board and the proposal has been delivered to the company in such a way that it can be included in the invitation. Similar proposals submitted after the invitation has been published shall be published separately.

At the AGM, each shareholder is entitled to ask questions and submit proposals for a decision on matters included in the AGM's agenda. A shareholder is entitled to have a matter considered at the AGM if that person requests it in writing no later than the date indicated by the company on Vikingline.com.

The CEO, the Chairman of the Board, the other Board members and any individuals who are first-time candidates for service as members of the Board shall be present at the AGM. The auditor shall be present at the regular AGM.

Board of Directors

The company is headed by the Board of Directors and by the CEO. In the CEO's absence, the Deputy CEO substitutes for the CEO. The CEO works with a Group Management team appointed by the Board of Directors.

The Board of Directors consists of the Chairman and six members as well as three deputy members. The Chairman, members and deputy members are elected by the AGM for the period until the end of the next AGM. In case the Chairman or a Board member will be absent, he or she has the primary responsibility for nominating the deputy who will be summoned in his/her place. The Articles of Association have not established any special system for the appointment of Board members. The Board has not appointed any committees.

The Board has not appointed any audit committee. Instead, all information related to audits is dealt with directly by the Board.

A person who is elected to the Board must be sufficiently competent for the task and have sufficient time to handle it. Board members or candidates must provide the Board with enough information to assess their competency and independence as well as any changes in this information and present their own assessment of their independence.

Board members represent all shareholders, not only those shareholders who have nominated them. The number of members and the composition of the Board shall enable the effective management of the Board's duties.

The diversity of the Board of Directors' composition supports the company in achieving strategic goals and ensuring that the Board fulfils its duties. The objective is for the Board to include members with knowledge and experience from different industries and duties. It is important that both genders are represented on the Board.

The Board assesses the members' independence annually. The majority of Board members shall be independent of the company. At least two Board members who are independent of the company shall also be independent of the company's significant shareholders. The majority of Board members are independent of the company, and two Board members who are independent of the company are also independent of the company's significant shareholders.

The Board assesses the members' independence annually. The majority of Board members shall be independent of the company, with at least two of them also independent of significant shareholders. All members of the sitting Board are independent of the company, and the majority are also independent of the company's significant shareholders.

The Board has not appointed any nomination committee but instead proposes a candidate to the Board itself, taking into consideration the above principles.

The Board of Directors is in charge of the administration of the company's affairs. It leads and oversees the company's operational management, appoints and dismisses the CEO and the other members of Group Management, approves the company's strategic goals and risk management principles, and ensures that the management system is functioning. The Board establishes the company's vision and values, which are observed in its operations.

The Chairman of the Board is appointed at the regular AGM. The Chairman is responsible for organizing the Board's work and ensures that the Board meets as required. The Group's Senior Vice President of Finance serves as secretary of the Board.

At its statutory meeting after the AGM, the Board of Directors adopts rules of procedure for the financial year. These rules of procedure shall contain information about and indicative dates for:

- discussion of vision and strategy,
- discussion of financial statements, Half-Year Financial Report and Business Reviews for the first and third quarter,
- discussion of audit reports,
- discussion of the Group's business plan,
- appointment of any Board committees and
- evaluation of the work of the Board.

In addition, as appropriate, the Board deals with:

- other items of business which are incumbent on the Board according to the Companies Act, the Articles of Association and other rules and regulations,
- significant investments and divestments and
- other items of business submitted by the operational management or by individual Board members.

The company shall ensure that all Board members receive sufficient information about the company's operations, operating environment and financial position and that new Board members are familiar with the company's operations. At each Board meeting, the CEO provides information about the company's operations. In addition, the Board continuously receives information in the form of regular reports and the minutes of Group Management meetings.

The Board monitors and assesses the company's transactions with related parties, which are defined in accordance with the Finnish Companies Act. The company maintains a register of people and legal entities that constitute the company's close circle in order to identify transactions with related parties and assess the nature and terms of business transactions. Such transactions with related parties that are not part of the company's customary operations or that deviate from normal market terms require a Board decision. In its decision, the Board shall take into account conflict-of-interest provisions since a Board member may not participate in any decision-making on a matter of personal concern.

The Board of Directors elected at the Annual General Meeting on April 27, 2022, consists of Chairman Ben Lundqvist and members Christina Dahlblom, Nils-Erik Eklund, Jakob Johansson, Stefan Lundqvist, Lars G Nordström and Peter Wiklöf. The deputy members of the Board are Ulrica Danielsson, Casper Lundqvist and Gert Sviberg.

During the financial year 2022, 15 Board meetings were held. The average attendance rate of the Board members was 93.3%.

Name	Position	Board meetings	Attendance
Ben Lundqvist	Chairman	15/15	100.0%
Nils-Erik Eklund	Member	13/15	86.7%
Christina Dahlblom	Member	15/15	100.0%
Jakob Johansson	Member	15/15	100.0%
Stefan Lundqvist	Member	15/15	100.0%
Lars G Nordström	Member	10/15	66.7%
Peter Wiklöf	Member	15/15	100.0%
Average attendance rate			**93.3%**

Board members

Ben Lundqvist
Born in 1943. Chairman of the Board since 1995. Board member since 1978.
Dependent on the company. Not independent of significant shareholders.
Ben Lundqvist is employed by Ångfartygs Ab Alfa and Rederi Ab Hildegaard, which each own more than ten per cent of all shares in Viking Line Abp.
Education and main occupation
Master of Business Administration. Master of Laws. Managing Director, Ångfartygs Ab Alfa, Rederi Ab Hildegaard and Lundqvist Rederierna Ab. Honorary Maritime Counsellor.
Shareholdings Dec 31, 2022*
664,465 shares

Nils-Erik Eklund
Born in 1946. Board member since 1997.
Dependent on the company. Independent of significant shareholders.
Education and main occupation
University studies in economics. Managing Director, Viking Line Abp 1990-2010.
Shareholdings Dec 31, 2022*
625,930 shares

Christina Dahlblom
Born in 1978. Board member since 2021.
Independent of the company. Independent of significant shareholders.
Education and main occupation
PhD in Economics. Professor of Practice, Hanken School of Economics, Helsinki.
Entrepreneur and leadership coach, Flo Co.
Shareholdings Dec 31, 2022*
2,000 shares

Jakob Johansson
Born in 1981. Board member since 2020.
Independent of the company. Not independent of significant shareholders.
Jakob Johansson is Managing Director of Maelir AB, which owns more than 20 per cent of all shares in Viking Line Abp.
Education and main occupation
Master of Laws. Managing Director, Maelir AB.
Shareholdings Dec 31, 2022*
3,748,108 shares

Stefan Lundqvist
Born in 1971. Board member since 2020.
Independent of the company. Not independent of significant shareholders.
Stefan Lundqvist is employed by Ångfartygs Ab Alfa and Rederi Ab Hildegaard, which each own more than ten per cent of all shares in Viking Line Abp.
Education and main occupation
Master of Business Administration. Manager Ship Operations & HR, Ångfartygs Ab Alfa and Rederi Ab Hildegaard.
Shareholdings Dec 31, 2022*
181,520 shares

Lars G Nordström
Born in 1943. Board member since 2006.
Dependent on the company. Independent of significant shareholders.
Education and main occupation
University studies in law.
Chairman of the Board, Finnish-Swedish Chamber of Commerce.
Shareholdings Dec 31, 2022*
0 shares

Peter Wiklöf
Born in 1966. Board member since 2017.
Independent of the company. Independent of significant shareholders.
Education and main occupation
Master of Laws.
Managing Director, Ålandsbanken Abp.
Shareholdings Dec 31, 2022*
525 shares

Gert Sviberg
Born in 1967. Deputy member since 2021.
Independent of the company. Independent of significant shareholders.
Education and main occupation
Engineering degree (engineer first class).
Entrepreneur.
Shareholdings Dec 31, 2022*
93,441 shares

Casper Lundqvist
Born in 1982. Deputy Board member since 2020.
Independent of the company. Not independent of significant shareholders.
Casper Lundqvist is employed by Ångfartygs Ab Alfa and Rederi Ab Hildegaard, which each own more than ten per cent of all shares in Viking Line Abp.
Education and main occupation
Accountant, university studies in economics.
Head of Accounting, Ångfartygs Ab Alfa and Rederi Ab Hildegaard.
Shareholdings Dec 31, 2022*
55,500 shares

Ulrica Danielsson
Born in 1965. Deputy Board member since 2013.
Independent of the company. Independent of significant shareholders.
Education and main occupation
Master of Business Administration.
Entrepreneur.
Shareholdings Dec 31, 2022*
0 shares

* Shares in Viking Line Abp as of December 31, 2022, held by the Board member and/or by companies that the person has a controlling interest in.

CEO

The CEO handles the company's day-to-day management in accordance with the Board's instructions and rules and is responsible for ensuring that the Board's decisions are executed. Under the Companies Act, the CEO is also responsible for ensuring that the company's accounting is in compliance with the law and that the management of finances is carried out in a satisfactory manner.

The CEO is appointed and dismissed by the Board of Directors. The terms of his employment relationship including compensation and other benefits are established in a written contract that is approved by the Board in accordance with the compensation policy. The CEO may be elected to the Board, but not as its Chairman.

The CEO of the company is Jan Hanses. The Deputy CEO of the company is Peter Hellgren.

Group Management

In addition to the CEO, the Board also appoints the Deputy CEO and the other members of Group Management. Under the leadership of the CEO, Group Management is responsible for directing the company's operating activities as well as strategic and financial planning. Group Management meets regularly.

Group Management consists of Jan Hanses, Peter Hellgren, Johanna Boijer-Svahnström, Mats Engblom, Henrik Grönvik, Ulf Hagström and Wilhelm Hård af Segerstad.

Members of Group Management

Jan Hanses
Born in 1961. Joined the company in 1988.
Master of Laws. LL.M.
Areas of responsibility
CEO since 2014.
Shareholdings Dec 31, 2022*
7,005 shares

Peter Hellgren
Born in 1967. Joined the company in 1994.
University studies in communication.
Areas of responsibility
Executive Vice President since 2014. Deputy CEO since 2018.
Sales and marketing.
Shareholdings Dec 31, 2022*
2,125 shares

Johanna Boijer-Svahnström
Born in 1965. Joined the company in 1990.
Master of Business Administration. Studies in communication.
Areas of responsibility
Senior Vice President since 2015.
Public affairs and external communication, land-based personnel and sustainability.
Shareholdings Dec 31, 2022*
2,125 shares

Mats Engblom
Born in 1977. Joined the company in 2011.
Master of Business Administration.
Areas of responsibility
Senior Vice President since 2018.
Finance.
Shareholdings Dec 31, 2022*
3,793 shares

Henrik Grönvik
Born in 1963. Joined the company in 1997.
Sea Captain.
Areas of responsibility
Vessel Manager since 2018.
Master.
Shareholdings Dec 31, 2022*
525 shares

Ulf Hagström
Born in 1969. Rejoined the company in 2015, earlier employment 1996-2012.
Engineer in machinery and energy technology.
Areas of responsibility
Senior Vice President since 2015.
Marine Operations & Newbuildings.
Shareholdings Dec 31, 2022*
2,925 shares

Wilhelm Hård af Segerstad
Born in 1964. Joined the company in 1984.
Areas of responsibility
Senior Vice President since 2014.
Shipboard commercial operations and shipboard personnel.
Shareholdings Dec 31, 2022*
1,675 shares

* Shares in Viking Line Abp as of December 31, 2022, held by the Board member and/or by companies that the person has a controlling interest in.

Auditors

The company has one Auditor who is elected at the Annual General Meeting for a term expiring at the end of the next Annual General Meeting. The Auditor examines the company's accounts and financial statements. After completion of this examination, the Board receives a review report, and an Auditor's Report is submitted to the Annual General Meeting.

The company's Regular Auditor is:

The auditing firm PricewaterhouseCoopers Oy with CGR Martin Grandell as principal auditor

The auditor's fees are adopted by the Annual General Meeting. According to the decision in force, fees are paid based on periodic invoices. The Group's auditing expenses amounted to EUR 134,721.28 in 2022 (EUR 127,157.58 in 2021), of which EUR 101,213.00 (EUR 96,505.19 in 2021) was related to the parent company. The expenses of other services provided by the Group's auditors and their auditing firm were EUR 50,091.41 in 2022 (EUR 266,738.90 in 2021).

Other services refers mostly to the share issue with pre-emption rights carried out in 2021. At the request of PricewaterhouseCoopers Oy, the Finnish Patent and Registration Office's Auditor Oversight Unit has granted the auditing firm an exemption from the maximum amount of fees for non-audit services referred to in the Finnish Auditing Act, Chapter 5, section 4.

The Board performs the duties of an audit committee.

Internal control and risk management

The objective of the internal oversight for which the Board of Directors and the operative management are responsible is to ensure efficient, profitable operations, reliable information and compliance with regulations and business principles. Risk management is an integral element of the Group's controls and oversight of operations.

The Board of Directors continuously monitors the Group's trend of earnings and its financial position by means of the internal reporting system. The internal control system consists of detailed internal accounts, which are reconciled with the business accounts. The Group's Finance Department is responsible for external reporting and works in close cooperation with the Business Control Department, which handles internal reporting, including financial monitoring, analysis and business planning.

The Group has a Treasury Policy, which was adopted by the Board. The policy concerns, among other matters, principles for the Group's liquidity and funding as well as management of financial risks. Operational responsibility for this lies with the Group's Treasury Department. The Group Treasurer compiles a Treasury report for the Board, the CEO and the Group's Senior Vice President of Finance on a regular basis. The scope and frequency of the report are specified in the policy document and include monitoring of the Group's liquidity, financing and risk exposure.

A report on financial risk management is provided in the information contained in the notes to the Group's financial statements. A section on business risks can be found in the Report of the Directors.

Insider management

Viking Line manages insider information and insiders in accordance with the requirements under the EU's Market Abuse Regulation (MAR), the Finnish Securities Market Act, NASDQ Helsinki's insider regulations, the regulations and instructions of the European Securities and Markets Authority and the Finnish Financial Supervisory Authority, and Viking Line's insider instructions.

Viking Line's insider management includes

- internal distribution of information about insider issues,
- internal training on insider issues,
- processing of insider notifications,
- establishment and maintenance of insider lists,
- monitoring of insider issues and
- updating of information published on the Internet.

The information received based on the management's notification requirements and the transactions involving the company's financial instruments carried out by management is examined on a continuous basis. In addition, a comprehensive review is conducted once a year, and a personal print-out of the list of notifications is sent annually to be examined by each member of management.

The Group's CEO is responsible for insider issues at the company. The practical tasks concerning insider management are handled by people designated by that person.

Insider information is published as soon as possible, via a stock exchange release. For someone who has access to insider information, carrying out transactions involving the company's financial instruments is always prohibited. In addition to this general restriction on trading, management and the people who belong to the company's financial reporting group are prohibited from trading the company's financial instruments during a silent period of thirty days before the publication of the Group's financial reports and on the day they are published.

In compliance with MAR requirements, Viking Line publishes information about transactions involving the company's financial instruments carried out by the management and their related parties. This is done in stock exchange releases and a notification submitted to the Finnish Financial Supervisory Authority within three business days of the transaction date at the latest. In this respect, Viking Line's management is considered to be members and deputy members of the Board as well as the CEO.

In preparing for substantial projects, a list of insiders for the project in question is drawn up. The people listed there are to be informed of this and receive information about the obligations that arise from this.

Compensation statement

Compensation statement 2022

Introduction

Viking Line Abp's highest decision-making body is the Annual General Meeting (AGM). The company shall have a compensation policy that describes Viking Line's main principles for compensation for the Board of Directors, the CEO and the Deputy CEO. The compensation policy shall be submitted to the AGM at least every four years. The compensation policy was approved by Viking Line's AGM on May 13, 2020. This compensation policy is therefore in effect until the AGM 2024 unless changes are warranted before then.

Compensation to the Board

Fees adopted by the Annual General Meeting are paid as compensation for the Board's work. Reasonable travel expenses are paid as invoiced. The Board's compensation is a monetary payment. The Board has not appointed any committees; instead all duties are performed directly by the Board. The following fees are paid to the Board in accordance with the AGM's decisions:

EUR	2022
Annual fee, Chairman of the Board	28,000
Annual fee, other regular Board members	22,000
Annual fee, deputy Board members	5,000
Fee per meeting attended, Board and deputy members	1,000

For the financial year 2022, a total of EUR 282,000 (EUR 334,000 in 2021) was paid in Board fees. Otherwise, no temporary deviations from the compensation policy were made in 2022 or 2021.

EUR	Annual fee	Meeting fees	Total
Ben Lundqvist	28,000	15,000	43,000
Nils-Erik Eklund	22,000	13,000	35,000
Christina Dahlblom	22,000	15,000	37,000
Jakob Johansson	22,000	15,000	37,000
Stefan Lundqvist	22,000	15,000	37,000
Lars G Nordström	22,000	10,000	32,000
Peter Wiklöf	22,000	15,000	37,000
Gert Sviberg	5,000	3,000	8,000
Casper Lundqvist	5,000	1,000	6,000
Ulrica Danielsson	5,000	5,000	10,000
Total	**175,000**	**107,000**	**282,000**

Compensation to the CEO and Deputy CEO

The Board determines compensation and other benefits for the CEO and the Deputy CEO. The CEO and the Deputy CEO are paid a monthly salary, which is determined each year by the Board. The CEO, Jan Hanses, is paid a monthly salary of EUR 27,000 and the following additional benefits in kind: telephone benefits and group life insurance coverage, including insurance for medical expenses. In 2021, some of the earned holiday pay liability was paid to the CEO and the Deputy CEO, and a one-off payment equivalent to one month's salary was paid to the CEO and Deputy CEO due to the extraordinary workload. No other temporary deviations from the compensation policy were made in 2022 or 2021.

The Group has only defined-contribution pension plans. The CEO and the Deputy CEO are subject to public pension terms and the lowest legal retirement age in effect at each point in time.

The CEO has a termination notice period of 8 months. The company's Board is entitled to terminate his contract, after which the CEO receives 8 months of salary from the termination date. The Deputy CEO receives 6 months of salary in the event the company terminates his contract. Otherwise the Group has made no individual agreements on termination-related benefits.

The Group has no incentive scheme or bonus systems.

Compensation to the CEO and Deputy CEO in 2022, EUR	Fixed salary	Total compensation in
CEO	340,280	340,280
Deputy CEO	160,587	160,587
Total	500,867	500,867

Comparative data

Group	2018	2019	2020	2021	2022
Compensation to the Board, EUR M	0.2	0.3	0.3	0.3	0.3
Compensation to the CEO, EUR M	0.3	0.3	0.3	0.5	0.3
Compensation to the Deputy CEO, EUR M	0.2	0.2	0.2	0.2	0.2
Salaries, EUR M	121.9	122.2	79.6	75.9	110.4
Personnel during the year (average number)	2,671	2,632	1,640	1,536	2,203
Operating income, EUR M	9.3	17.4	-49.3	32.1	38.3

In 2021, the Group's business conditions deteriorated significantly due to the COVID-19 pandemic. A large percentage of the staff in Finland were furloughed. In Sweden and Estonia, State-subsidized short-term furloughs were utilized. The furloughs were carried out in the form of part-time furloughs and for shipboard staff largely as full-time furloughs. During the second quarter of 2022, the furlough schemes for both land-based and shipboard staff ended.

Further information about compensation for the Group's key individuals in management positions can be found at Vikingline.com and in Note 6.1.4 to the consolidated financial statements.