Corporate Governance and Financial Review

2021

VIKING LINE

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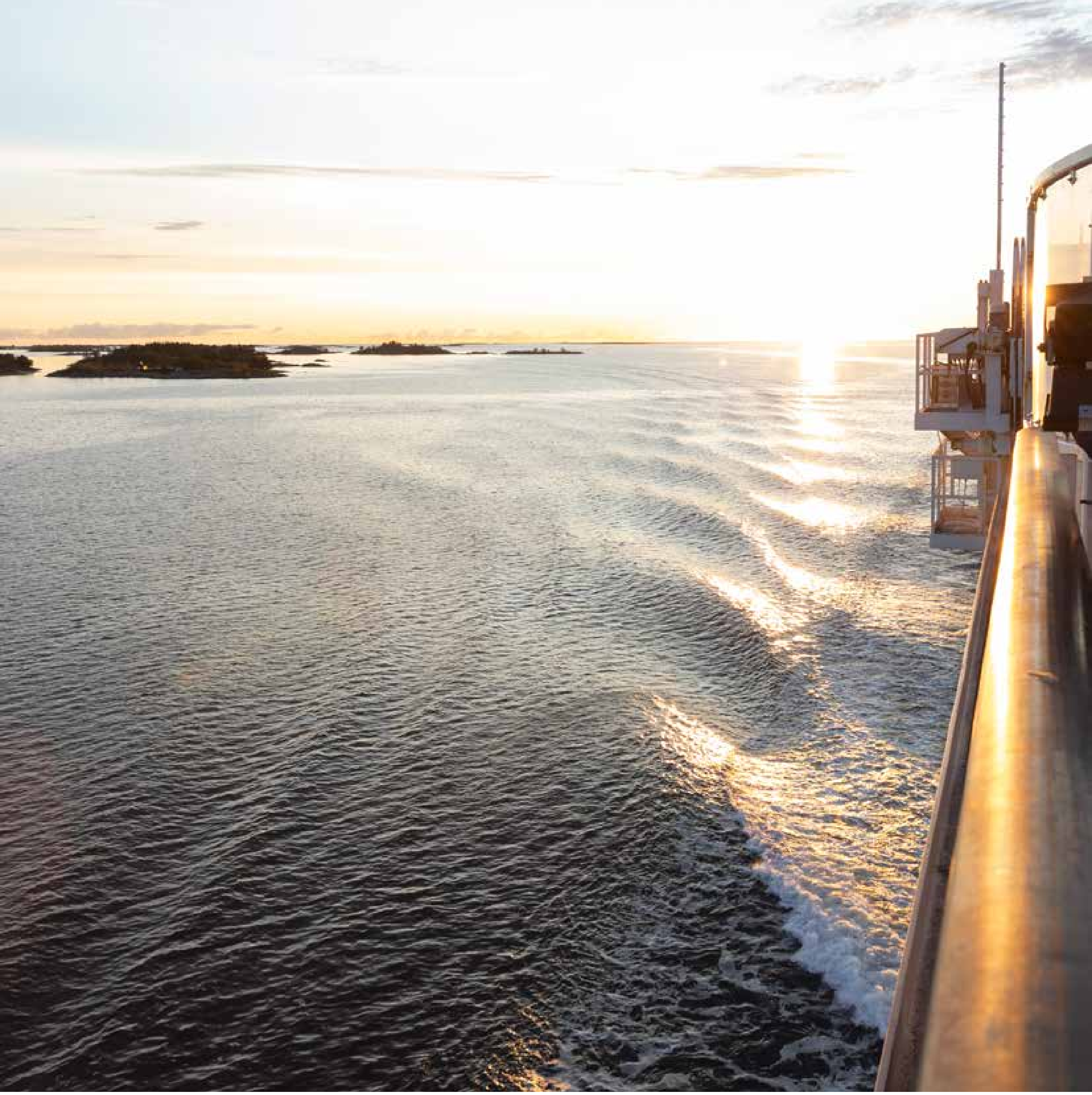
VIKING LINE

Corporate governance statement



This corporate governance statement was approved by the Board of Directors of Viking Line Abp on February 17, 2022. The corporate governance statement and the Report of the Directors for the financial year 2021 are published as separate reports.

The parent company, Viking Line Abp, is listed on NASDAQ Helsinki. The wholly owned subsidiaries Viking Line Skandinavien AB and 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, 2021, Viking Line Abp had 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 May 27, 2021. The next AGM will be held on April 27, 2022. In 2021, an Extraordinary General Meeting was held on November 22 in which the Board of Directors was authorized to carry out a share issue. For further information, see Vikingline.com.

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 his 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, 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, the Half-Year Financial Report and Business Reviews for the first and third quarter,

• discussion of audit reports,

• discussion of the Group's budget and plan of operations,

• 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 Annual General Meeting on May 27, 2021, elected the following Board of Directors: 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 2021, 23 Board meetings were held. The average attendance rate of the Board members was 94.4%.

Name	Position	Board meetings	Attendance
Ben Lundqvist	Chairman	23/23	100.0%
Christina Dahlblom **	Member	15/15	100.0%
Nils-Erik Eklund	Member	22/23	95.7%
Jakob Johansson	Member	23/23	100.0%
Stefan Lundqvist	Member	23/23	100.0%
Lars G Nordström	Member	16/23	69.6%
Laura Tarkka *	Member	7/8	87.5%
Peter Wiklöf	Member	23/23	100.0%
Average attendance rate			**94.4%**

* Member until May 27, 2021

** Member as of May 27, 2021

Board members

BEN LUNDQVIST

Born in 1943. Chairman of the Board since 1995. Board member since 1978. Independent of 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, 2021*
664,489 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 management coach, Flo Co.

Shareholdings Dec 31, 2021*
2,000 shares

NILS-ERIK EKLUND

Born in 1946. Board member since 1997. Independent of the company. Independent of significant shareholders.

Education and main occupation
University studies in economics. Managing Director, Viking Line Abp 1990-2010.

Shareholdings Dec 31, 2021*
625,930 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 ten per cent of all shares in Viking Line Abp.

Education and main occupation
Master of Laws. Managing Director, Maelir AB.

Shareholdings Dec 31, 2021*
3,638,220 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 of Operations, Ångfartygs Ab Alfa and Rederi Ab Hildegaard.

Shareholdings Dec 31, 2021*
181,520 shares

LARS G NORDSTRÖM

Born in 1943. Board member since 2006. Independent of the company. Independent of significant shareholders.

Education and main occupation
University studies in law. Chairman of the Board, Vattenfall AB.

Shareholdings Dec 31, 2021*
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, 2021*
525 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, 2021*
0 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, 2021*
55,500 shares

GERT SVIBERG

Born in 1967. Independent of the company.
Independent of significant shareholders.

Education and main occupation
Engineering degree (engineer first class). Entrepreneur.

Shareholdings Dec 31, 2021*
93,441 shares

* Shares in Viking Line Abp as of December 31, 2021 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, 2021*
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, 2021*
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, 2021*
2,033 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, 2021*
2,011 shares

HENRIK GRÖNVIK

Born in 1963. Joined the company in 1997. Sea Captain.

Areas of responsibility
Vessel Manager since 2018. Master.

Shareholdings Dec 31, 2021*
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, 2021*
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, 2021*
1,225 shares

* Shares in Viking Line Abp as of December 31, 2021, held by that person 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 Ylva Eriksson 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 127,157.58 in 2021 (EUR 175,360.15 in 2020), of which EUR 96,505.19 (EUR 114,690.00 in 2020) was related to the parent company. The expenses for other services provided by the Group's auditors and their auditing firm were EUR 266,738.90 in 2021 (EUR 40,866.84 in 2020).

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 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

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	2021
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 2021, a total of EUR 334,000 (EUR 294,000 in 2020) was paid in Board fees. Due to the impact of the COVID-19 pandemic on the Group's strained financial situation, the Board of Directors took no meeting fees during the period March 10-May 13, 2020. No other temporary deviations from the compensation policy were made in 2020 and 2021.

EUR	Annual fee	Meeting fees	Total
Ben Lundqvist	28,000	23,000	51,000
Christina Dahlblom, member as of May 27, 2021	22,000	15,000	37,000
Nils-Erik Eklund	22,000	22,000	44,000
Jakob Johansson	22,000	23,000	45,000
Stefan Lundqvist	22,000	23,000	45,000
Lars G Nordström	22,000	16,000	38,000
Laura Tarkka, member until May 27, 2021		7,000	7,000
Peter Wiklöf	22,000	23,000	45,000
Ulrica Danielsson	5,000	3,000	8,000
Erik Grönberg, deputy member until May 27, 2021		2,000	2,000
Casper Lundqvist	5,000	0	5,000
Gert Sviberg, deputy member as of May 27, 2021	5,000	2,000	7,000
Total	**175,000**	**159,000**	**334,000**

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 25,420 and the following additional benefits in kind: telephone benefits and group life insurance coverage, including insurance for medical expenses. The CEO and the Deputy CEO decreased their salaries by about EUR 47,000 during the period April–June 2020 due to the impact of the COVID-19 pandemic on the Group's strained financial situation. In 2021, some of the earned holiday pay liability was paid to the CEO and Deputy CEO and his replacement. 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. No other temporary deviations from the compensation policy were made in 2020 and 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 2021, EUR	Fixed salary	Total compensation in 2021
CEO	490,073	490,553
Deputy CEO	198,989	208,758
Total	**689,062**	**699,311**

Comparative data

Group	**2017**	**2018**	**2019**	**2020**	**2021**
Compensation to the Board, EUR M	0.3	0.2	0.3	0.3	0.3
Compensation to the CEO, EUR M	0.3	0.3	0.3	0.3	0.5
Compensation to the Deputy CEO, EUR M	0.2	0.2	0.2	0.2	0.2
Salaries, EUR M	123.5	121.9	122.2	79.6	75.9
Personnel during the year (average number)	2,746	2,671	2,632	1,640	1,536
Operating income, EUR M	10.0	9.3	17.4	-49.3	32.1

The Group's operating conditions deteriorated significantly in 2021 due to the COVID-19 pandemic. A large percentage of the staff in Finland has been 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.

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.

Report of the Directors

Sales and earnings

Consolidated sales of the Viking Line Group totalled EUR 258.2 M during the period January 1–December 31, 2021 (188.8 January 1–December 31, 2020). Other operating revenue was EUR 46.8 M (26.9). Operating income totalled EUR 32.1 M (-49.3). Net financial items were EUR -3.8 M (-3.6). Consolidated income before taxes amounted to EUR 28.3 M (-52.9). Income after taxes was EUR 24.4 M (-42-3).

Passenger-related revenue totalled EUR 215.1 M (148.2), while cargo revenue amounted to EUR 41.1 M (38.8). Net sales revenue was EUR 195.6 M (137.9). Consolidated operating expenses increased by 0.7% to EUR 190.8 M (189.4).

Results for the fourth quarter were characterized by a steady increase in demand in the passenger segment and continued stable demand for cargo transport. In late December, the passenger sector was hampered by a resurgence in the spread of COVID and more stringent regulatory restrictions.

During the financial 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–Långnäs–Stockholm, Mariehamn-Kapellskär and Helsinki–Tallinn routes, most of which was received in the first and second quarter. During the period June 1– December 31, no aid was received for the Helsinki–Tallinn route. Furthermore, aid was received during the year from the Development and Management Centre of Finland's Centres for Economic Development, Transport and the Environment (known as ELY centres) and from Finland's Local Employment and Economic Development Offices, alongside aid for costs from the State Treasury of Finland. The aid is recognized as State aid under other operating revenue.

The section "Five-year financial review" presents information about the Group's financial position and earnings over a five-year period.

Quarterly consolidated income statement

EUR M	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4
SALES	**89.3**	**97.5**	**46.9**	**24.6**	**34.6**
Other operating revenue	2.2	11.0	23.3	10.3	10.2
Expenses					
Goods and services	22.2	24.1	11.3	5.0	11.6
Salary and other employment benefit expenses	22.1	18.0	15.2	13.5	16.3
Depreciation, amortization and impairment losses	4.9	4.7	5.0	5.1	6.6
Other operating expenses	40.8	35.8	26.4	19.0	24.4
	89.9	82.5	58.0	42.5	58.9
OPERATING INCOME	**1.6**	**26.0**	**12.2**	**-7.7**	**-14.1**
Financial income	0.0	0.0	0.0	0.0	0.4
Financial expenses	-1.6	-1.5	-1.1	-1.3	-0.8
Share of net profit of associate companies accounted for using the equity method	1.2	0.5	-	-	-
INCOME BEFORE TAXES	**1.2**	**24.9**	**11.1**	**-8.9**	**-14.5**
Income taxes	0.5	-4.9	-1.2	1.8	2.9
INCOME FOR THE PERIOD	**1.7**	**20.0**	**9.8**	**-7.2**	**-11.6**
Income attributable to:					
Parent company shareholders	1.7	20.0	9.8	-7.2	-11.6
Earnings per share before and after dilution, EUR	0.14	1.60	0.79	-0.57	-0.93

Quarterly consolidated statement of comprehensive income

EUR M	2021 Q4	2021 Q3	2021 Q2	2021 Q1	2020 Q4
INCOME FOR THE PERIOD	**1.7**	**20.0**	**9.8**	**-7.2**	**-11.6**
Items that may be reclassified to the income statement					
Translation differences	-0.2	-0.1	0.3	-0.5	1.1
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	-	0.6
Other comprehensive income	**-0.2**	**-0.1**	**1.9**	**-0.5**	**1.7**
COMPREHENSIVE INCOME FOR THE PERIOD	**1.5**	**19.9**	**11.8**	**-7.6**	**-9.9**
Comprehensive income attributable to:					
Parent company shareholders	1.5	19.9	11.8	-7.6	-9.9

Service and market

The Viking Line Group provides passenger and cargo carrier services using six vessels on the northern Baltic Sea and in the Gulf of Finland. During the second quarter, a bare-boat hire/purchase agreement was entered into for M/S Mariella. The Group's remaining vessels served the same routes as in 2020, although the vessels that normally sail between Helsinki and Stockholm and between Stockholm and Mariehamn were taken out of service to some extent due to the COVID-19 pandemic. On June 12, Gabriella resumed service on the Helsinki–Stockholm route and was also used for special cruises. During the fourth quarter, all of the vessels were in service.

The total number of passengers on Viking Line's vessels during the report period was 2,315,137 (1,927,302). The Group had a total market share in its service area of approximately 34.1% (26.6%).

Viking Line's cargo volume was 129,278 cargo units (125,693). Viking Line's share of the cargo market was approximately 16.3% (17.1%). The market share for passenger cars was approximately 33.3% (27.0%).

Due to the ongoing pandemic, travel has been limited. Market demand for travel was very weak early in the year but increased continuously until summer and was subsequently relatively high – given the operating environment – during the autumn. At the end of the year, travel restrictions were once again tightened, with the result being a reversal in the trend and a negative impact on December bookings.

Financing and cash flow

Due to Viking Glory's delivery in December 2021, the Group's non-current interest-bearing liabilities increased to EUR 235.1 M (EUR 108.2 M) on December 31, 2021. The equity/assets ratio was 42.0% compared to 46.4% a year earlier.

At the end of December, the Group's cash and cash equivalents amounted to EUR 114.6 M (EUR 29.7 M). Unutilized credit lines in the Group totalled EUR 15.1 M on December 31, 2021 (EUR 7.1 M). Net cash flow from operating activities was EUR 34.3 M (EUR -42.3 M). Net cash flow from investing activities was EUR -130.4 M (EUR -12.3 M) and net cash flow from financing activities was EUR 181.0 M (EUR 21.5 M).

The company's share issue with pre-emption rights, in which 6,480,000 new shares were issued at a price of 8.00 euros per share, was completed during the fourth quarter. As a result of the share issue, taking into account share issue costs, a total of EUR 49.6 M was transferred to unrestricted equity.

Most of the Group's loan agreements include loan covenants according to market terms. The covenant terms entail minimum requirements for liquidity and solvency and a maximum net financial debt-to-EBITDA ratio. The Group has been granted a time-limited exemption from the covenant terms that were breached during the year for those loans already drawn. As of December 31, 2021, all covenant terms were met. 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.

In accordance with the terms in the State guarantees for liquidity loans drawn in the autumn of 2020, with the requirements in the waiver of covenant terms and loan payment deferrals granted by Finnvera, and in the financing taken on to fund the final payment for Viking Glory, Viking Line Abp has undertaken 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 in 2022 but also subsequently if the Group's debt-to-EBITDA ratio exceeds 5.0.

In May, Viking Line Abp entered a bareboat hire/purchase agreement for Mariella. The total sale price was EUR 19.6 M. The vessel's book value was EUR 5.6 M. The sale had a EUR 13.1 M effect on income, and liquidity was strengthened by EUR 13.5 M. The remainder of the purchase price will be paid on a monthly basis over four years beginning June 1, 2022. The present value is calculated by discounting future payments at a 3% interest rate.

During the period, the City of Turku redeemed the terminal and related fixtures and fittings owned by Viking Line. This entailed a book profit under IFRS of EUR 10.7 M. At the same time, the company signed a lease for the terminal and related facilities which runs until December 31, 2025, and the company will thus continue to use the current terminal and facilities in Turku. After that, the plan is to place the new Turku terminal in service, with the company using the terminal and other related buildings. The company has also entered a 10-year traffic agreement with the Port of Turku on market terms.

Investments

The Group's investments amounted to EUR 168.7 M (EUR 15.0 M). The Group's total investments represent 65.3% of sales (7.9%).

On December 23, 2021, Viking Line Abp took delivery of M/S Viking Glory from Xiamen Shipbuilding Industry Co, Ltd. The vessel was ordered on April 5, 2017 and was built in Xiamen, China. Viking Line's total investment in the project is approximately EUR 225 M. The plan is for the vessel to launch service on the Stockholm-Åland-Turku route in early March 2022.

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 Ylva Eriksson, Authorized Public Accountant (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 2021 is published separately. Information about Viking Line's corporate governance is available on Vikingline.com.

Non-financial report

ORGANIZATION AND PERSONNEL

The average number of full-time employees in the Group was 1,536 (1,640), 1,068 (1,113) of whom worked for the parent company. Land-based personnel totalled 371 (397) and shipboard personnel totalled 1,165 (1,243).

In addition to the Group's own employees, Viking XPRS was crewed by an average of 152 (157) people employed by a staffing company.

At year-end 2021, the Group had a total of 2,333 (2,156) employees, 1,869 (1,693) of whom resided in Finland. The number of employees residing in Sweden was 391 (354). The number of employees residing in Estonia was 67 (100) and the number residing in other countries was 6 (9).

Men made up 58.7% (55.9%) of employees, and women made up 41.3% (44.1%). Women made up 27.8% (28.3%) of employees in a foreman position. The average age of employees was 46.1 (46.5) years.

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.

In 2020, 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's employees are encouraged to report any irregularities to their immediate supervisor and/or the legal department.

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 2021, 494 (470) tonnes of biowaste were collected for biogas production.

In 2020, the vessels' greenhouse gas emissions were 217,418 (203,074) tonnes of carbon dioxide, 104 (93) tonnes of sulphur oxides and 2,909 (2,603) 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 2020, Viking Line's vessels used 58,003 (51,698) tonnes of oil, 12,523 (14,609) tonnes of liquefied natural gas (LNG) and 133,832 (125,663) 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 general economic situation – with the spread of the coronavirus (COVID-19) both globally and in the company's geographic areas during the financial year leading to the introduction of restrictions and safety measures by government agencies and individual operators to prevent the spread of disease – and changes 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.

Demand for the company's products and services varies due to macroeconomic factors, and the travel and consumption behaviour of consumers is particularly affected by different consumption trends. The pandemic had a sharply negative impact on the economic situation in the company's market area during the financial year. 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. The market for cruises and ferry service on the Baltic Sea in 2021 was affected by the travel restrictions imposed by authorities due to the COVID-19 pandemic and by uncertainties about consumer buying behaviour.

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 EU 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 to meet 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.

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 intrusion, 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 has 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 445.2 M (EUR 254.1 M). The vessels have hull and machinery insurance plus increased value insurance totalling EUR 716.0 M (EUR 598.0 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 has had a significant impact on Viking Line's earnings and liquidity.

Sales revenue is generated in euros and Swedish kronor. Most of the operating inflow of cash and cash equivalents consists 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 income from its operations, which depends in part on factors that are beyond the company's control. There is a risk, especially if the pandemic is long-lasting, that the company cannot generate sufficient cash flow or obtain additional financing to meet its obligations in accordance with its financial agreements.

The company's interest-bearing liabilities amounted to EUR 273.5 M on December 31, 2021, 64.2% of which have a variable interest rate. The total variable interest rate consists of the market interest rate plus a company-specific margin. 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 European Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 ("the Taxonomy Regulation"). The Taxonomy Regulation establishes a classification system ("the taxonomy"), which includes a list of environmentally sustainable economic activities that fall under six environmental objectives. The taxonomy will be implemented gradually through complementary delegated acts. The first delegated act with technical screening criteria for the two climate-related objectives (the climate delegated act) was adopted in 2021. Another delegated act for the four remaining environmental objectives ("the environmental delegated act") will be published in 2022.

Under Article 8 of the Taxonomy Regulation, companies covered by the existing Non-Financial Reporting Directive as well as companies covered by the proposed Corporate Sustainability Reporting Directive shall disclose certain indicators regarding the extent to which their activities are sustainable according to the definition in the EU's taxonomy. These companies shall disclose what share of their turnover (sales), capital expenditure and operational expenditure stems from or is related to economic activities that are considered to be environmentally sustainable under Article 8 of the Taxonomy Regulation and Article 10 (2) of the Disclosures Delegated Act regarding the disclosure of obligations.

Viking Line has assessed to what extent the Group's activities are taxonomy-eligible according to the descriptions in Annex I (climate change mitigation) and Annex II (climate change adaptation) in the climate delegated act (document: C(2021) 2800 final, 4.6.2021 Brussels). Viking Line has focused its analysis on climate change mitigation. Viking Line has not assessed the Group's taxonomy alignment for the financial year 2021. The Taxonomy Regulation will be developed in the years ahead. Disclosure requirements regarding taxonomy alignment entered into effect starting with the financial year 2022. In 2022, the European Commission will publish requirements for the four other environmental objectives. Based on our initial analyses, the share of taxonomy-aligned activities is expected to be significantly lower than the share of taxonomy-eligible activities. Viking Line will continue to monitor the development of the EU's Taxonomy Regulation and make disclosures in accordance with the requirements.

Key performance indicators used in the taxonomy

Viking Line has identified two economic activities in the taxonomy that are related to the Group's primary operations, the provision of passenger service and cargo service with vessels: 6.10 "Sea and coastal freight water transport, vessels for port operations and auxiliary activities" and 6.11 "Sea and coastal passenger water transport". Viking Line has interpreted the descriptions of these operations as excluding significant economic activities for the Group, such as hotel operations and other shipboard sales. Viking Line has thus adopted a relatively modest position regarding the Group's operations vis-à-vis the scope of the taxonomy. Viking Line's interpretation is that those activities not directly related to or not facilitating the transport of passengers or goods are considered taxonomy-non-eligible activities. Viking Line has not included activities related to the bus transport of passengers.

Viking Line has limited the sales (turnover) from activities under 6.10 and 6.11, that is, activities that are taxonomy-eligible, mostly to income related to transport tickets and sales from cargo and vehicles. Capital expenditure (CaPex), which also includes Viking Line's new vessel investment, is based on investments following the cash flow principle. Operational expenditure (OpEx) consists primarily of costs for vessel maintenance and repair. In compiling these key performance indicators, items of revenue and expenditure have been taken into account only once to avoid double counting. Research and development related to vessel technology is carried out primarily by the manufacturers. The Group has no actual R&D expenditure.

Key performance indicators for economic activities that are taxonomy-eligible and taxonomy-non-eligible

	Jan 1–Dec 31, 2021 EUR M	**Taxonomy-eligible**	**Taxonomy-non-eligible**
Turnover[1]	258.2	25.4%	74.6%
Capital expenditure (CapEx) [2]	166.7	98.9%	1.1%
Operational expenditure (OpEx)	111.1	17.3%	82.7%

[1] See the consolidated income statement for the Group's turnover (sales) during the period

[2] See the consolidated cash flow statement for CapEx (investments) during the period

Five-year financial review

The Group	2021	2020	2019	2018	2017
Sales, EUR M	258.2	188.8	496.4	497.8	513.6
Operating income, EUR M	32.1	-49.3	17.4	9.3	10.0
– as % of sales	12.4%	-26.1%	3.5%	1.9%	2.0%
Income before taxes, EUR M	28.3	-52.9	13.6	6.5	6.6
– as % of sales	11.0%	-28.0%	2.7%	1.3%	1.3%
Return on equity (ROE)	10.5%	-19.7%	4.7%	2.4%	2.4%
Return on investment (ROI)	7.4%	-13.8%	4.8%	2.9%	2.9%
Equity/assets ratio	42.0%	46.4%	50.7%	49.4%	46.2%
Debt/equity ratio (gearing)	62.2%	62.7%	28.1%	28.3%	36.9%
Gross capital spending, EUR M	168.7	15.0	29.9	15.9	34.7
– as % of sales	65.3%	7.9%	6.0%	3.2%	6.8%
Average number of employees	1,536	1,640	2,632	2,671	2,746
– of whom shipboard employees	1,165	1,243	2,038	2,037	2,086
– of whom land-based employees	371	397	594	634	660
Salaries etc, EUR M	75.9	79.6	122.2	121.9	123.5

Share-related financial ratios

	2021	2020	2019	2018	2017
Earnings per share, EUR	1.97	-3.41	0.87	0.44	0.43
Equity per share, EUR	21.67	15.63	18.92	18.56	18.03
Dividend per share, EUR*	0.00	0.00	0.00	0.20	0.20
Dividend/earnings	0.0%	0.0%	0.0%	45.2%	47.0%
Dividend/share price	0.0%	0.0%	0.0%	1.4%	1.2%
Price/earnings (P/E) ratio	6	-5	22	31	38
Share price on December 31, EUR	11.50	15.90	19.00	13.90	16.25
Highest share price, EUR	19.25	20.00	19.80	18.00	22.29
Lowest share price, EUR	10.20	13.90	13.90	12.50	15.90
Average share price, EUR	14.02	16.39	17.95	14.83	18.65
Market capitalization, EUR M	198.72	171.72	205.20	150.12	175.50
Number of shares traded	639,372	344,598	2,206,985	232,371	222,546
Percentage of shares traded	3.7%	3.2%	20.4%	2.2%	2.1%
Dividend paid for financial year, EUR M*	0.00	0.00	0.00	2.16	2.16
Average number of shares	14,040,000	10,800,000	10,800,000	10,800,000	10,800,000
Number of shares on December 31	17,280,000	10,800,000	10,800,000	10,800,000	10,800,000

* For the financial year 2021, proposed by the Board of Directors for approval by the Annual General Meeting.

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.

On November 30, 2021, Viking Line Abp invited its shareholders to subscribe for 6,480,000 shares in a share issue with pre-emption rights. On December 29, 2021, 6,480,000 new shares were registered in the Finnish Trade Register. After the registration, the total number of shares in Viking Line Abp is 17,280,000. 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 5,554 registered shareholders.

Largest shareholders, December 31, 2021		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)	1,766,036	10.2%
4.	Skandinaviska Enskilda Banken AB (Publ) Helsingin Sivukonttori (nominee-registered shares)	1,506,827	8.7%
5.	Nordnet Bank AB (nominee-registered shares)	793,403	4.6%
6.	Lundqvist Ben	664,465	3.8%
7.	Eklund Nils-Erik	613,930	3.6%
8.	Sviberg Marie-Louise	588,136	3.4%
9.	Alandia Försäkring Abp	268,464	1.6%
10.	Lundqvist Dick	230,400	1.3%

Viking Line Abp's shareholders, by sector	Number of shareholders	Percentage of total	Number of shares	Percentage of total
Companies	198	3.6%	5,271,342	30.5%
Credit institutions and insurance companies	7	0.1%	362,933	2.1%
Public sector entities	3	0.1%	113,386	0.7%
Households	5,183	93.3%	6,938,725	40.2%
Non-profit entities	18	0.3%	59,492	0.3%
Foreign shareholders	136	2.4%	328,294	1.9%
Nominee-registered shares	9	0.2%	4,205,632	24.3%
Not transferred to book-entry securities account system			196	0.0%
Total	**5,554**	**100.0%**	**17,280,000**	**100,0%**

Distribution of share capital	Number of shareholders	Distribution of share capital	Number of shares	Distribution of share capital
1–99	2,848	51.3%	86,446	0.5%
100–999	1,813	32.6%	527,725	3.0%
1,000–9,999	772	13.9%	1,884,127	10.9%
10,000–99,999	102	1.8%	2,607,872	15.1%
100,000–999,999	15	0.3%	4,473,088	25.9%
1,000,000–	4	0.1%	7,700,546	44.6%

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, 5,270,755 shares in the company, equivalent to a voting power of 30.5 per cent. 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 639,372 shares. This meant that 3.7 per cent of all shares changed hands. The year's highest share price was EUR 19.25, the lowest EUR 10.20. On December 31, 2021, the quoted share price was EUR 11.50. The company's market capitalization on that date was EUR 198.7 M.

Events after the balance sheet date

The Board knows of no important events after the balance sheet date that could affect the financial statements.

Outlook for the full financial year 2022

The COVID-19 pandemic continues to have an impact on Viking Line's results. Uncertainty about regulatory requirements, aid, the effects of vaccination programmes and thus related limitations for passenger traffic, and market demand will affect Viking Line's operations, results and financial position in 2022 as well. In 2021, a number of fixed assets were sold, which led to a strengthening of the company's liquidity and had a positive effect on income. We do not foresee similar asset sales in 2022. Taking into account the non-recurring nature of the items mentioned above, the uncertainty about the course of the pandemic - which so far has had a significant negative impact on the first quarter - and more stringent regulatory requirements, and the current geopolitical situation, it is still too soon to quantify the impact on results so no earnings forecast for 2022 has been provided.

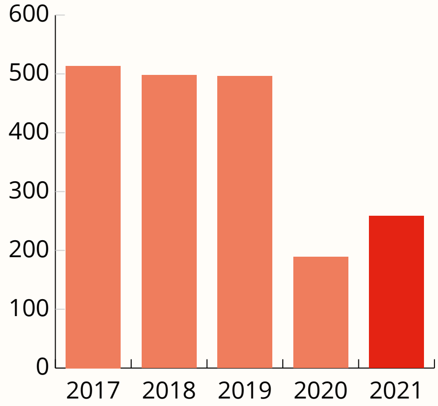
The Board's proposal on distribution of earnings

According to the balance sheet of Viking Line Abp on December 31, 2021, unrestricted equity totalled EUR 112,468,273.23.

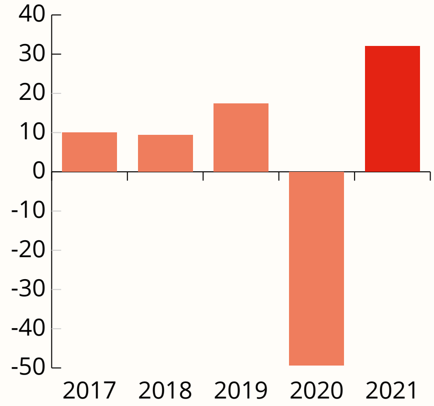
The Board of Directors proposes to the Annual General Meeting that:

No dividend is to be paid for the financial year 2021, and there remains a total of 112,468,273.23 euros in unrestricted equity.

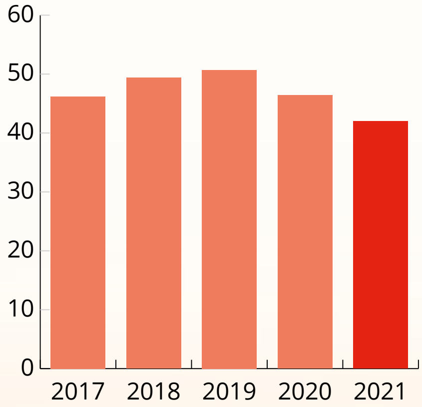
Sales (EUR M)



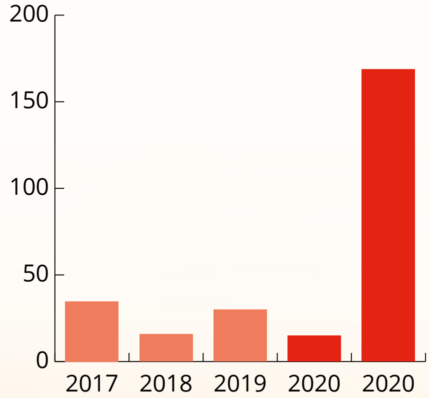
Operating income (EUR M)



Equity/assets ratio (%)



Gross capital spending (EUR M)



Consolidated financial statements

Consolidated income statement

EUR M	Note	Jan 1, 2021–Dec 31, 2021	Jan 1, 2020–Dec 31, 2020
SALES	2.2	**258.2**	**188.8**
Other operating revenue	2.3	46.8	26.9
Expenses			
Goods and services	2.4	62.6	50.8
Salary and other employment benefit expenses	2.5	68.7	72.9
Depreciation, amortization and impairment losses	2.6	19.6	24.8
Other operating expenses	2.7	122.0	116.5
		273.0	265.0
OPERATING INCOME		**32.1**	**-49.3**
Financial income	5.1	0.0	0.4
Financial expenses	5.1	-5.5	-3.9
Share of net profit of associate companies accounted for using the equity method		1.7	0.0
INCOME BEFORE TAXES		**28.3**	**-52.9**
Income taxes	3.1	-3.8	10.5
INCOME FOR THE PERIOD		**24.4**	**-42.3**
Income attributable to:			
Parent company shareholders		24.4	-42.3
Earnings per share before and after dilution, EUR	5.4	1.97	-3.41

Consolidated statement of comprehensive income

EUR M	Jan 1, 2021–Dec 31, 2021	Jan 1, 2020–Dec 31, 2020
INCOME FOR THE PERIOD	**24.4**	**-42.3**
Items that may be reclassified to the income statement		
Translation differences	-0.5	0.8
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	1.6	0.6
Other comprehensive income	**1.1**	**1.4**
COMPREHENSIVE INCOME FOR THE PERIOD	**25.5**	**-40.9**
Comprehensive income attributable to:		
Parent company shareholders	25.5	-40.9

Consolidated balance sheet

EUR M	Note	Dec 31, 2021	Dec 31, 2020
ASSETS			
Non-current assets			
Intangible assets	4.1	3.1	3.3
Land	4.2	0.5	0.6
Buildings and structures	4.2	1.7	6.8
Renovation costs for rented properties	4.2	1.5	1.8
Vessels	4.2	445.2	254.1
Machinery and equipment	4.2	2.6	2.7
Right-of-use assets	4.4	5.7	4.7
Advance payments, vessels under construction	4.2	-	54.2
Financial assets recognized at fair value through other comprehensive income	5.2	0.0	28.6
Investments accounted for using the equity method		33.9	-
Receivables		4.7	-
Total non-current assets		**498.8**	**356.8**
Current assets			
Inventories	5.3	10.0	10.9
Income tax assets		0.1	0.1
Trade and other receivables	5.2	26.6	28.2
Cash and cash equivalents	5.2	114.6	29.7
Total current assets		**151.3**	**68.8**
TOTAL ASSETS		**650.1**	**425.6**
EQUITY AND LIABILITIES			
Equity	5.4		
Share capital		1.8	1.8
Reserves		49.7	2.5
Translation differences		-2.2	-1.8
Retained earnings		220.1	191.8
Equity attributable to parent company shareholders		269.4	194.2
Total equity		**269.4**	**194.2**
Non-current liabilities			
Deferred tax liabilities	3.2	30.9	27.1
Interest-bearing liabilities	5.2	235.1	108.2
Lease liabilities	4.4, 5.2	6.2	3.0
Total non-current liabilities		**272.2**	**138.3**
Current liabilities	5.2		
Interest-bearing liabilities		38.3	38.6
Lease liabilities	4.4	2.6	1.8
Income tax liabilities		0.0	0.0
Trade and other payables		67.5	52.7
Total current liabilities		**108.5**	**93.1**
Total liabilities		**380.7**	**231.4**
TOTAL EQUITY AND LIABILITIES		**650.1**	**425.6**

Consolidated cash flow statement

EUR M	Note	Jan 1, 2021–Dec 31, 2021	Jan 1, 2020–Dec 31, 2020
OPERATING ACTIVITIES			
Income for the period		24.4	-42.3
Adjustments			
Depreciation, amortization and impairment losses		19.6	24.8
Capital gains/losses from non-current assets		-25.6	0.0
Other items not included in cash flow		-1.4	-0.4
Interest expenses and other financial expenses		5.1	3.9
Interest income and other financial income		0.0	0.0
Dividend income		-4.9	0.0
Income taxes		3.8	-10.5
Change in working capital			
Change in trade and other receivables		2.5	-0.2
Change in inventories		0.9	6.0
Change in trade and other payables		14.7	-17.5
Interest paid		-3.4	-3.1
Financial expenses paid		-1.5	-1.1
Financial income received		0.0	0.0
Taxes paid		-0.1	-1.8
NET CASH FLOW FROM OPERATING ACTIVITIES		**34.3**	**-42.3**
INVESTING ACTIVITIES			
Investments in vessels		-165.5	-6.7
Investments in other intangible and tangible assets		-1.2	-0.9
Advance payments, vessels under construction		-	-7.4
EU funding		-	2.6
Investments in holdings accounted for using the equity method		-2.0	-
Divestments of vessels		13.2	-
Divestments of other intangible and tangible assets		20.2	0.0
Divestments of financial assets recognized at fair value through other comprehensive income		-	0.0
Repayment of financial assets recognized at fair value through other comprehensive income		-	0.1
Dividends received		4.9	0.0
NET CASH FLOW FROM INVESTING ACTIVITIES		**-130.4**	**-12.3**
FINANCING ACTIVITIES	5.2		
Increased in paid-in capital		49.6	-
Increase in loans		172.2	31.5
Principal payments		-30.6	-16.0
Change in current interest-bearing liabilities		-8.0	8.0
Depreciation of lease liabilities		-2.2	-2.0
Dividends paid		-	-
NET CASH FLOW FROM FINANCING ACTIVITIES		**181.0**	**21.5**
CHANGE IN CASH AND CASH EQUIVALENTS		**84.9**	**-33.1**
Cash and cash equivalents at the beginning of the period		29.7	62.8
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**114.6**	**29.7**

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, 2021	**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, 2021	**1.8**	**49.7**	**-2.2**	**220.1**	**269.4**

EUR M	Equity attributable to parent company shareholders Share capital	Reserves	Translation differences	Retained earnings	Total equity
EQUITY, JAN 1, 2020	**1.8**	**1.9**	**-2.5**	**233.9**	**235.1**
Income for the period				-42.3	-42.3
Translation differences		0.0	0.6	0.2	0.8
Divestments of financial assets recognized at fair value through other comprehensive income		-		0.0	0.0
Remeasurement of financial assets recognized at fair value through other comprehensive income		0.6			0.6
Comprehensive income for the period	**-**	**0.6**	**0.6**	**-42.1**	**-40.9**
Dividend to shareholders				-	-
Transactions with owners of the parent company	**-**	**-**	**-**	**-**	**-**
EQUITY, DEC 31, 2020	**1.8**	**2.5**	**-1.8**	**191.8**	**194.2**

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 17, 2022 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 drafting them, 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, 2021 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 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.

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 has caused a deterioration in the Group's operating conditions and affects both the income statement and balance sheet. An account of the greatest changes is given in the notes below. It is difficult to estimate at present how long the pandemic will last and what impact it will have on Viking Line's future results, financial position and cash flow. The actual outcome may deviate from estimates and judgements made.

The most important area involving judgements is the 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 depreciation period for the vessels' hull, machinery and other long-term components has been 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. Residual values have remained unchanged; see Notes 7 and 11.

The Group's shareholdings were recognized under financial assets at fair value through other comprehensive income until June 30, 2021, when Alandia Försäkring Abp's ownership structure changed. After that, Viking Line's significant influence in the company increased, and the investment is 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 Management's judgements in 2021, no significant impairment losses were recognized in the income statement.

1.4 Going concern, risks and liquidity

The COVID-19 pandemic will continue to affect the company’s business conditions. Based on the Board of Directors’ judgements, the measures taken by the company to adjust to the change in conditions entailed by the pandemic have given the company a stable financial and operational base to safeguard the company’s continued ability to run profitable operations. The Board of Directors is convinced that Viking Line, with its long-term strategy and focus on profitability, plays an important and competitive role in passenger traffic on the Baltic Sea.

The financial statement have been prepared in accordance with the going concern principle. In the view of Viking Line’s Board of Directors, the company can continue its operations and meet its obligations over the foreseeable future, at least 12 months from the date of approval of this report. This view is based on the business plan approved by the Board of Directors.

In May, Viking Line Abp entered a bareboat hire/purchase agreement for Mariella. The sale had a EUR 13.1 M effect on income, and liquidity was strengthened by EUR 13.5 M. The remainder of the purchase price will be paid on a monthly basis over four years beginning June 1, 2022.

During the period, the City of Turku redeemed the terminal and related fixtures and fittings owned by Viking Line. This entailed a book profit under IFRS of EUR 10.7 M.

The company’s share issue with pre-emption rights, in which 6,480,000 new shares were issued at a price of 8.00 euros per share, was completed during the fourth quarter. As a result of the share issue, taking into account share issue costs, a total of EUR 49.6 M was transferred to unrestricted equity. The proceeds from the share issue will be used to strengthen Viking Line’s capital structure as well as its financing and liquidity position.

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 Board of Directors has judged that the company’s measures to strengthen its financial position are sufficient, and as a result there is no longer any significant doubt about the company’s ability to continue operations.

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, 2021.

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 values 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 as a holding accounted for using the equity method. 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.

Viking Line Abp is one of the founders of the company Alandia Holding Ab, which signed an agreement on April 1, 2021 to purchase Investeringsbolaget Rettig's shares in Alandia Försäkring Abp. Alandia Holding Ab completed the purchase of all of Rettig Group's shares in Alandia Försäkring (24.9 per cent) on June 30. Viking Line Abp accounts for Alandia Holding Ab as an associate company because Viking Line Abp has a significant influence in the company. Since the transaction, Viking Line Abp's influence in Alandia Försäkring Abp has increased, and as a result Alandia Försäkring Abp was reclassified as an associate company as of June 30, 2021. Until June 30, 2021, the holding in Alandia Försäkring Abp was recognized based on the present value of future cash flows under financial assets valued 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 during the reporting period.

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 currencies

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 when 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, 2021–Dec 31, 2021	Jan 1, 2020–Dec 31, 2020
Sales		
Vessels	253.5	185.1
Unallocated	4.9	3.8
Total, operating segments	258.4	188.9
Eliminations	-0.1	-0.1
Total sales of the Group	258.2	188.8
Operating income		
Vessels	43.0	-23.2
Unallocated	-10.9	-26.1
Total operating income of the Group	32.1	-49.3

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, 2021– Dec 31, 2021**	**Jan 1, 2020– Dec 31, 2020**
Passenger-related revenue	215.1	148.2
Cargo revenue	41.1	38.8
Miscellaneous sales revenue	2.0	1.8
Total	258.2	188.8

2.3 Other operating revenue

During the financial 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, Mariehamn-Kapellskär and Helsinki–Tallinn routes.

We also received aid from the Development and Management Centre of Finland's Centres for Economic Development, Transport and the Environment (known as ELY centres) and from Finland's Local Employment and Economic Development Offices as well as aid for costs from the State Treasury of Finland. The aid is recognized as public aid under other operating revenue.

In May, Viking Line Abp entered a bareboat hire/purchase agreement for Mariella. The total sale price was EUR 19.6 M. The vessel's book value was EUR 5.6 M. The sale had a EUR 13.1 M effect on income, and liquidity was strengthened by EUR 13.5 M. The remainder of the purchase price is to be paid on a monthly basis over four years beginning June 1, 2022. The present value is calculated by discounting future payments at a 3% interest rate.

During the period, the City of Turku redeemed the terminal and related fixtures and fittings owned by Viking Line. The redemption entailed a book profit under IFRS of EUR 10.7 M. At the same time, the company signed a lease for the terminal and related facilities which runs until December 31, 2025, and the company will thus continue to use the current terminal and facilities in Turku. After that, the plan is to place the new terminal building in Turku in service, with the company using the terminal and other related facilities. The company has also entered a 10-year traffic agreement with the Port of Turku on market terms.

Viking Line Abp received a dividend from Alandia Försäkring Abp prior to its reclassification as an associate company. The dividend is recognized under other operating revenue.

EUR M	Jan 1, 2021–Dec 31, 2021	Jan 1, 2020–Dec 31, 2020
State aid	16.1	25.9
Rents received on properties	0.1	0.1
Capital gains	25.6	0.0
Insurance claim payments, accidents	0.1	0.9
Dividend income	4.9	-
Miscellaneous other operating revenue	0.1	0.1
Total	46.8	26.9

2.4 Goods and services

EUR M	Jan 1, 2021–Dec 31, 2021	Jan 1, 2020–Dec 31, 2020
Goods	59.3	48.1
Externally purchased services	3.3	2.7
Total	62.6	50.8

2.5 Employee compensation

Viking Line has various pension arrangements in the countries where the Group operates. Outside 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 under 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 receive 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 financial years 2020 and 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 2021 is lower than for 2020, since a large share of staff continued to be furloughed during the period. The 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.

EUR M	Jan 1, 2021–Dec 31, 2021	Jan 1, 2020–Dec 31, 2020
Salaries	75.9	79.6
Expenses of defined-contribution pensions	8.5	8.6
Other payroll overhead	8.6	9.7
	93.0	97.9
Government restitution	-20.4	-18.4
Aid for furloughs	-3.9	-6.6
Total	68.7	72.9

Average number of full-time employees	Jan 1, 2021–Dec 31, 2021	Jan 1, 2020–Dec 31, 2020
Shipboard employees	1,165	1,243
Land-based employees	371	397
Total	1,536	1,640

In addition to the Group's own employees, Viking XPRS was crewed by an average of 152 (157) people employed by a staffing company. The expenses for them are recognized under 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. The change compared to last year is mostly due to a change in depreciation periods.

EUR M	**Jan 1, 2021– Dec 31, 2021**	**Jan 1, 2020– Dec 31, 2020**
Depreciation and amortization		
Intangible assets	0.3	0.3
Buildings and structures	0.3	0.5
Renovation costs for rented properties	0.4	0.4
Vessels	15.6	19.8
Machinery and equipment	0.8	1.8
Right-of-use assets	2.3	2.0
Total	19.6	24.8
Total depreciation, amortization and impairment losses	19.6	24.8

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

2.7 Other operating expenses

EUR M	**Jan 1, 2021– Dec 31, 2021**	**Jan 1, 2020– Dec 31, 2020**
Sales and marketing expenses	8.9	9.7
Washing and cleaning expenses	9.3	7.2
Repairs and maintenance	7.6	9.8
Public port expenses and vessel charges	24.3	25.2
Fuel expenses	41.6	32.8
Miscellaneous expenses	30.3	31.7
Total	122.0	116.5

2.7.1 Compensation to the auditors

EUR M	Jan 1, 2021– Dec 31, 2021	Jan 1, 2020– Dec 31, 2020
Auditing	0.1	0.2
Audit-related services	0.1	0.0
Tax advice	0.0	0.0
Miscellaneous consulting	0.2	0.0
Total	0.4	0.2

PricewaterhouseCoopers Oy provided non-audit services to entities of the Viking Line Group for a total of EUR 0.3 M during the financial year 2021. These services included audit-related services (EUR 0.1 M), tax advice (EUR 0.0 M) and miscellaneous consulting (EUR 0.2 M). Other services refers mostly to the share issue with pre-emption rights carried out 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 recognized value of fixed assets 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, 2021–Dec 31, 2021	Jan 1, 2020–Dec 31, 2020
Tax for the financial year	0.0	0.0
Tax attributable to previous financial years	-	0.0
Change in deferred taxes and liabilities	3.8	-10.6
Total	3.8	-10.5
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	-52.9
Taxes estimated according to Finnish tax rate (20.0%)	5.7	-10.6
Tax attributable to previous financial years	-	0.0
Tax effect of		
divergent tax rates in foreign subsidiaries	-0.1	0.0
tax-exempt revenue and non-deductible expenses	-1.0	0.0
deferred tax, other changes	-0.7	0.1
Taxes in the income statement	3.8	-10.5

3.2 Deferred tax assets and liabilities

As of December 31, 2021, the Group recognized net deferred tax liabilities of EUR 30.9 M, of which EUR 36.6 M is deferred tax liabilities and EUR 5.7 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 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, 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
Jan 1, 2020	37.3	-	0.4	37.7
Translation differences	0.0	-	-	0.0
Recognized in income statement	-0.4	-10.2	0.1	-10.6
Recognized directly in equity	-	-	0.0	0.0
Dec 31, 2020	36.9	-10.2	0.5	27.1

4. INTANGIBLE ASSETS, FIXED ASSETS 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	2021	2020
Cost, Jan 1	6.6	6.4
Translation differences	0.0	0.0
Increases	0.3	0.3
Decreases	-0.4	-0.1
Cost, Dec 31	6.6	6.6
Accumulated amortization, Jan 1	-3.3	-3.1
Translation differences	0.0	0.0
Accumulated amortization on decreases	0.1	0.1
Amortization for the financial year	-0.3	-0.3
Accumulated amortization, Dec 31	-3.5	-3.3
Carrying amount, Jan 1	3.3	3.3
Carrying amount, Dec 31	3.1	3.3

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 comprise 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

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. Residual values have remained unchanged.

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.

Advance payments are related to vessels under construction. These consist of advance payments in compliance with vessel construction (newbuilding) contracts, planning and monitoring expenses and capitalized borrowing expenses. Planning and monitoring expenses consist of architect fees, salary and travel expenses plus other attributable costs for planning and technical monitoring of vessel construction. EU funding received is recognized under advance payments. Advance payments are not depreciated.

In 2021, Viking Line Abp entered a bareboat hire/purchase agreement for Mariella. During the period, the City of Turku also redeemed the terminal and related fixtures and fittings owned by Viking Line, and the office building on Storagatan in Mariehamn was sold.

In December 2021, Viking Line Abp took delivery of M/S Viking Glory from Xiamen Shipbuilding Industry Co. Ltd.'s shipyard. The vessel is expected to launch service in early March 2022.

EUR M	2021	2020
Land		
Cost, Jan 1	0.6	0.6
Decreases	-0.1	-
Cost, Dec 31	0.5	0.6
Carrying amount, Jan 1	0.6	0.6
Carrying amount, Dec 31	0.5	0.6

EUR M	2021	2020
Buildings and structures		
Cost, Jan 1	21.3	21.3
Translation differences	0.0	0.0
Increases	-	0.0
Decreases	-15.4	-
Cost, Dec 31	5.9	21.3
Accumulated depreciation, Jan 1	-14.5	-14.0
Translation differences	0.0	0.0
Accumulated depreciation on decreases	10.6	-
Depreciation for the financial year	-0.3	-0.5
Accumulated depreciation, Dec 31	-4.2	-14.5
Carrying amount, Jan 1	6.8	7.3
Carrying amount, Dec 31	1.7	6.8

EUR M	2021	2020
Renovation costs for rented properties		
Cost, Jan 1	11.8	11.8
Increases	0.1	-
Cost, Dec 31	11.8	11.8
Accumulated depreciation, Jan 1	-10.0	-9.6
Depreciation for the financial year	-0.4	-0.4
Accumulated depreciation, Dec 31	-10.3	-10.0
Carrying amount, Jan 1	1.8	2.2
Carrying amount, Dec 31	1.5	1.8

EUR M	2021	2020
Vessels		
Cost, Jan 1	790.1	787.8
Transfer from Advance payment	54.2	-
Translation differences	-1.4	2.5
Increases	158.5	6.7
Decreases	-95.6	-6.9
Cost, Dec 31	905.9	790.1
Accumulated depreciation, Jan 1	-536.0	-521.9
Translation differences	0.7	-1.2
Accumulated depreciation on decreases	90.2	6.9
Depreciation for the financial year	-15.6	-19.8
Accumulated depreciation, Dec 31	-460.7	-536.0
Carrying amount, Jan 1	254.1	266.0
Carrying amount, Dec 31	445.2	254.1

EUR M	2021	2020
Machinery and equipment		
Cost, Jan 1	14.1	15.0
Translation differences	0.0	0.0
Increases	0.8	0.6
Decreases	-3.1	-1.5
Cost, Dec 31	11.8	14.1
Accumulated depreciation, Jan 1	-11.3	-11.0
Translation differences	0.0	0.0
Accumulated depreciation on decreases	3.0	1.5
Depreciation for the financial year	-0.8	-1.8
Accumulated depreciation, Dec 31	-9.2	-11.3
Carrying amount, Jan 1	2.7	3.9
Carrying amount, Dec 31	2.6	2.7

EUR M	2021	2020
Advance payments, vessels under construction		
Cost, Jan 1	54.2	49.5
Transfer to Vessels	-54.2	-
Increases	-	7.4
EU funding	-	0.0
Cost, Dec 31	-	56.9
Carrying amount, Jan 1	54.2	49.5
Carrying amount, Dec 31	-	56.9

EUR M	2021	2020
Total property, plant and equipment		
Carrying amount, Jan 1	320.3	329.4
Carrying amount, Dec 31	451.5	322.9

4.3 Impairment losses of intangible assets and fixed assets

The recognized values of intangible assets and fixed assets 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 fixed assets 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 fixed assets, 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 2021, no impairment losses on intangible assets or fixed assets were recognized.

The COVID-19 pandemic has had a serious impact on the Group's operating conditions and financial position. As a result, independent valuations of the Group's vessels were made. In the view of Viking Line's Management, based on these independent valuations, there is currently no need for impairment, since the fair value of vessels is substantially higher than the book value. Management has also made the assessment that there is no need for impairment for the Group's other non-current assets.

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.

The redemption of the Turku terminal and partial sale of the office building at Storagatan 3 are 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 recognized under IFRS 16 in the balance sheet, which gives 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	2021	2020
Right-of-use assets, land		
Cost, Jan 1	0.9	0.6
Translation differences	0.0	0.0
Increases	2.1	0.4
Decreases	-1.8	-0.1
Cost, Dec 31	1.2	0.9
Accumulated depreciation, Jan 1	-0.3	-0.1
Translation differences	0.0	0.0
Accumulated depreciation on decreases	0.2	0.0
Depreciation for the financial year	-0.3	-0.2
Accumulated depreciation, Dec 31	-0.4	-0.3
Carrying amount, Jan 1	0.6	0.4
Carrying amount, Dec 31	0.8	0.6

EUR M	2021	2020
Right-of-use assets, buildings and structures		
Cost, Jan 1	5.2	5.1
Translation differences	0.0	0.0
Increases	2.5	0.3
Decreases	-0.9	-0.2
Cost, Dec 31	6.9	5.2
Accumulated depreciation, Jan 1	-2.3	-1.2
Translation differences	0.0	0.0
Accumulated depreciation on decreases	0.7	0.1
Depreciation for the financial year	-1.4	-1.2
Accumulated depreciation, Dec 31	-3.0	-2.3
Carrying amount, Jan 1	2.9	4.0
Carrying amount, Dec 31	3.9	2.9

EUR M	2021	2020
Right-of-use assets, vessels (machinery and equipment)		
Cost, Jan 1	0.7	0.3
Increases	0.0	0.5
Decreases	-0.3	-0.1
Cost, Dec 31	0.4	0.7
Accumulated depreciation, Jan 1	-0.2	-0.2
Translation differences	-	0.0
Accumulated depreciation on decreases	0.2	0.1
Depreciation for the financial year	-0.2	-0.2
Accumulated depreciation, Dec 31	-0.3	-0.2
Carrying amount, Jan 1	0.4	0.2
Carrying amount, Dec 31	0.2	0.4

EUR M	2021	2020
Right-of-use assets, machinery and equipment (land)		
Cost, Jan 1	1.3	1.0
Translation differences	0.0	0.0
Increases	0.7	0.5
Decreases	-0.5	-0.2
Cost, Dec 31	1.5	1.3
Accumulated depreciation, Jan 1	-0.6	-0.3
Translation differences	0.0	0.0
Accumulated depreciation on decreases	0.3	0.2
Depreciation for the financial year	-0.4	-0.4
Accumulated depreciation, Dec 31	-0.6	-0.6
Carrying amount, Jan 1	0.7	0.7
Carrying amount, Dec 31	0.9	0.7

EUR M	2021	2020
Total right-of-use assets		
Carrying amount, Jan 1	4.7	5.2
Carrying amount, Dec 31	5.7	4.7

EUR M		
Lease liabilities	**Dec 31, 2021**	**Dec 31, 2020**
Current lease liabilities	2.6	1.8
Non-current lease liabilities	6.2	3.0
Total	8.8	4.8
	2021	**2020**
Interest expenses on lease liabilities	0.2	0.2
Depreciation of lease liabilities	2.2	2.0
Cash outflow for leases, total	2.5	2.2

EUR M	
Future cash flows for lease liabilities	**Total**
2022	2.9
2023	2.3
2024	2.0
2025	1.8
2026	0.1
2027 -	0.3
Total	9.3

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	**2021**	**2020**
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**
2022	0.0
2023	0.0
2024	-
2025	-
2026	-
2027 -	-
Total	0.0

5. CAPITAL STRUCTURE

5.1 Financial income and expenses

EUR M	Jan 1, 2021–Dec 31, 2021	Jan 1, 2020–Dec 31, 2020
Dividend income from financial assets recognized at fair value through other comprehensive income	0.0	0.0
Exchange gains	0.0	0.4
Other financial income	0.0	0.0
Total financial income	0.0	0.4
Interest expenses on financial liabilities recognized at amortized cost	3.4	2.7
Interest expenses on lease liabilities	0.2	0.2
Exchange losses	0.4	0.0
Guarantee commissions and other financial expenses	1.5	1.1
Total financial expenses	5.5	3.9
Total financial income and expenses	-5.5	-3.6

5.2 Financial assets and liabilities

5.2.1 Classification and recognition of financial assets and liabilities

Financial assets are classified according to IFRS 9 in 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, 2021	Dec 31, 2020
Level 1	-	-
Level 2	-	-
Level 3	0.0	28.6

Financial assets and liabilities by category

Financial assets Dec 31, 2021	Recognized at amortized cost	Recognized at fair value through other comprehensive income
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 assets Dec 31, 2020		
Financial assets recognized at fair value through other comprehensive income	-	28.6
Trade receivables	3.7	-
Cash and cash equivalents	29.7	-
Total	33.4	28.6

Financial liabilities Dec 31, 2021	Recognized at amortized cost
Non-current interest-bearing liabilities	235.1
Current interest-bearing liabilities	38.3
Trade payables	18.4
Total	291.9

Financial liabilities Dec 31, 2020	
Non-current interest-bearing liabilities	108.2
Current interest-bearing liabilities	38.6
Trade payables	11.0
Total	157.8

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.

Viking Line Abp is one of the founders of the company Alandia Holding Ab, which signed an agreement on April 1, 2021 to purchase Investeringsbolaget Rettig's shares in Alandia Försäkring Abp. Alandia Holding Ab completed the purchase of all of Rettig Group's shares in Alandia Försäkring (24.9 per cent) on June 30. Viking Line Abp accounts for Alandia Holding Ab as an associate company because Viking Line Abp has a significant influence in the company. Since the transaction, Viking Line Abp's influence in Alandia Försäkring Abp has increased and as a result Alandia Försäkring Abp was reclassified as an associate company as of June 30, 2021. Until June 30, 2021, the holding in Alandia Försäkring Abp was recognized based on the present value of future cash flows under financial assets valued at fair value through other comprehensive income.

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 sold, 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, 2021**	**Dec 31, 2020**
Alandia Försäkring Abp	-	28.6
Other unlisted shares and participations	0.0	0.0
Total	0.0	28.6
	2021	**2020**
Financial assets recognized at fair value through other comprehensive income, Jan 1	28.6	28.1
Decreases	-28.6	-0.1
Change in fair value	0.0	0.6
Financial assets recognized at fair value through other comprehensive income, Dec 31	0.0	28.6
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 as a holding accounted for using the equity method. 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.

Viking Line Abp is one of the founders of the company Alandia Holding Ab, which signed an agreement on April 1, 2021 to purchase Investeringsbolaget Rettig's shares in Alandia Försäkring Abp. Alandia Holding Ab completed the purchase of all of Rettig Group's shares in Alandia Försäkring (24.9 per cent) on June 30. Viking Line Abp accounts for Alandia Holding Ab as an associate company because Viking Line Abp has a significant influence in the company. Since the transaction, Viking Line Abp's influence in Alandia Försäkring Abp has increased, and as a result Alandia Försäkring Abp was reclassified as an associate company as of June 30, 2021. Until June 30, 2021, the holding in Alandia Försäkring Abp was recognized based on the present value of future cash flows under financial assets valued at fair value through other comprehensive income.

5.2.4 Non-current receivables

The Group's non-current receivables consist of a receivable related to Mariella's sale to Corsica Ferries SAS. The receivable will be paid on a monthly basis over four years starting June 1, 2022. The present value is calculated by discounting future payments at a 3% interest rate as stipulated in the agreement. The Board of Directors has made the judgement that the credit risk is minimal since the vessel is still owned by the Group and the value of the vessel well exceeds the receivable entered in the accounts.

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, 2021	Dec 31, 2020
Trade receivables	8.2	3.7
Accrued income and prepaid expenses	15.8	23.0
Other receivables	2.6	1.5
Total	26.6	28.2
Accrued income and prepaid expenses		
Employee-related items	11.3	12.2
Other accrued income and prepaid expenses	4.5	10.8
Total	15.8	23.0
Trade receivables		
Trade receivables	8.3	3.9
Provision for expected credit losses	-0.1	-0.2
Total	8.2	3.7
Provision for expected credit losses, Jan 1	-0.2	0.0
Change for the year recognized in the consolidated income statement	0.1	-0.1
Provision for expected credit losses, Dec 31	-0.1	-0.2
Age analysis, trade receivables		
Not overdue	7.2	2.9
Overdue 1-30 days	0.6	0.5
Overdue more than 30 days	0.4	0.3
Total	8.2	3.7
Trade and other receivables by currency		
EUR	21.3	22.8
SEK	5.0	5.3
CHF	0.0	0.0
GBP	0.1	0.0
USD	0.1	0.1
Total	26.6	28.2

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, 2021	Dec 31, 2020
Funds held in escrow	16.2	-
Cash and bank accounts	98.4	29.7
Total	114.6	29.7

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, 2021	Dec 31, 2020
Non-current interest-bearing liabilities		
Loans from credit institutions	219.1	90.2
Liabilities to pension companies	16.0	18.0
Total	235.1	108.2
Current interest-bearing liabilities		
Loans from credit institutions, principal payments	36.3	36.6
Liabilities to pension companies, repayment	2.0	2.0
Total	38.3	38.6
	2021	**2020**
Interest-bearing liabilities, Jan 1	146.8	123.5
Cash flow		
Borrowing	172.2	31.5
Change in bank overdraft facility	-8.0	8.0
Principal payments	-30.6	-16.0
Total	133.6	23.5
Changes that do not affect cash flow		
Valuation at amortized cost, change	-6.9	-0.2
Interest-bearing liabilities, Dec 31	273.5	146.8
Lease liabilities, Jan 1	4.8	5.3
Cash flow		
Depreciation	-2.2	-2.0
Changes that do not affect cash flow		
Translation differences	0.0	0.0
Increase in lease liabilities	6.2	1.4
Lease liabilities, Dec 31	8.8	4.7

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, 2021**	**Dec 31, 2020**
Trade payables	18.4	11.0
Accrued expenses and prepaid income	41.5	36.5
Other payables	7.6	5.2
Total	67.5	52.7
Accrued expenses and prepaid income		
Employee-related expenses	24.3	26.3
Contract liabilities	9.3	6.8
Other accrued expenses and prepaid income	7.9	3.4
Total	41.5	36.5
	2021	**2020**
Contract liabilities, Jan 1	6.8	10.1
Increases	9.3	6.8
Decreases	-6.8	-10.1
Contract liabilities, Dec 31	9.3	6.8
Trade and other payables by currency	**Dec 31, 2021**	**Dec 31, 2020**
EUR	53.0	42.2
SEK	14.4	10.4
CHF	-	0.0
DKK	-	0.0
GBP	0.0	0.0
NOK	0.0	0.1
USD	0.2	0.1
Total	67.5	52.8

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.

In 2020, Group Management judged that there were obsolete assets in the sales inventory due to slower turnover and reduced demand as a direct result of COVID-19. Based on Management's judgements in 2021, no material impairment losses were recognized in the income statement.

EUR M	Dec 31, 2021	Dec 31, 2020
Inventories of goods for sale	8.3	9.8
Supplies	0.1	0.2
Stocks of vessel fuel	1.5	1.0
Total	10.0	10.9

5.4 Equity

On November 30, 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.

On December 29, 2021, 6,480,000 new shares were registered in the Finnish Trade Register. After the registration, 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; see Note 5.4.3.

5.4.1 Earnings per share

Earnings per share is calculated based on the weighted average number of shares. The number of shares has been restated retroactively in accordance with IFRS due to the fact that the issue price was less than the fair value of the share. All shares are of equal value. 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 2,880,000.00. 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. After the share issue with pre-emption rights, the total number of shares is 17,280,000. 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. The Board of Directors has not requested authorization from a shareholder meeting 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, 2021	Dec 31, 2020
Reserves		
Legal reserve	0.0	0.0
Share premium reserve	0.0	0.0
Paid-up unrestricted equity fund	49.6	-
Fair value reserve	0.0	2.5
Total	49.7	2.5

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 (no dividend was paid for the financial year 2020).

In accordance with the terms in the State guarantees for liquidity loans drawn in the autumn of 2020, with the requirements in the waiver of covenant terms and loan payment deferrals granted by Finnvera, and in the financing taken on to fund the final payment for Viking Glory, Viking Line Abp has undertaken 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 in 2022 but also subsequently if 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 during 2020 or 2021.

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 Group equity and in other comprehensive income.

The most important foreign currencies for the Group are Swedish kronor (SEK) and American dollars (USD). During 2020 SEK-denominated sales accounted for about 30 per cent of total consolidated sales. Salary and other employment benefit expenses and purchases denominated in SEK accounted for about 20 per cent 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 has no form of currency hedging.

A 5 per cent change in the exchange rate of the euro against the Swedish krona on December 31, 2021 would have an estimated effect of EUR ±0.3 M (EUR ±0.0 M on December 31, 2020) 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 235.1 M on December 31, 2021 (EUR 108.2 M on December 31, 2020). The Group's cash and cash equivalents amounted to EUR 114.6 M on December 31, 2021 (EUR 29.7 M on December 31, 2020). Unutilized credit lines in the Group totalled EUR 15.1 M on December 31, 2021 (EUR 7.1 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. Among the financial covenant terms are minimum requirements for liquidity and solvency (equity/assets ratio), a maximum net debt-to-EBITDA ratio, and the value of assets pledged relative to outstanding debt. The Group has been granted a time-limited exemption from the covenant terms that were breached during the year for those loans already drawn. As of December 31, 2021, all covenant terms were met. 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 COVID-19 pandemic will continue to affect the company's business conditions. However, based on the Board of Directors' judgements, the measures taken by the company to adjust to the change in conditions entailed by the pandemic have given the company a stable financial and operational base to safeguard the company's continued ability to run profitable operations. During the year, the company strengthened its liquidity through the sale of Mariella, redemption of the Turku terminal and completion of its share issue with pre-emption rights.

In 2020-21, Viking Line Abp signed an agreement with Finnvera Abp and Finlands Exportkredit Ab on a loan payment deferral for payments during the period July 1, 2020–January 31, 2022 totalling EUR 29.8 M. Three of the four loan payments fall due by January 10, 2025 – which is when final payment is due – while the fourth loan payment is divided up so that it falls due in conjunction with the other payments. This is shown in the table below for future cash flows related to financial liabilities on December 31, 2021. The deferred loan payments may be paid in advance, and the interest rate and maturity of the loan remain unchanged.

On December 23, the company drew the loan for which a loan agreement was originally signed on July 3, 2017 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.

EUR M

Future cash flows related to financial liabilities (incl. financial expenses)	Trade payables	Interest-bearing liabilities	Total
Jan 1, 2022 – June 30, 2022	18.4	14.1	32.5
Jul 1, 2022 – Dec 31, 2022		28.8	28.8
Jan 1, 2023 – Dec 31, 2023		40.7	40.7
Jan 1, 2024 – Dec 31, 2024		55.3	55.3
Jan 1, 2025 – Dec 31, 2025		45.7	45.7
Jan 1, 2026 – Dec 31, 2026		23.4	23.4
Jan 1, 2027 –		85.2	85.2
Total	18.4	293.2	311.6

The regulations concerning State and other aid are subject to interpretation, and it cannot be ruled out that the aid the company has received will be judged to be in contravention of the regulations at a later date. As a result, claims for repayment with interest may be made from the company for aid judged to be in contravention. For example, Finnlines has filed an objection with the Administrative Court and the European Commission regarding the support the company received from the Finnish National Emergency Supply Agency as well as an objection with the Finnish Market Court regarding the aid the company received from Traficom, the Finnish Transport and Communications Agency, and has argued that the aid would distort competition.

5.5.3 Interest rate risk

The company's interest-bearing liabilities totalled EUR 273.5 M on December 31, 2021, 64.2 per cent 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 affect the Group's interest expenses and interest income.

A one percentage point change in the market interest rates on the Group's interest-bearing liabilities with floating interest rates on December 31, 2021 would have an estimated effect of EUR +0.0 M / -1.4 M (EUR +0.1 M / -0.3 M on December 31, 2020) 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 valued 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 2021.

Vessel bunker costs amounted to EUR 40.6 M during the financial year 2021 (EUR 31.0 M during 2020), which is equivalent to 15.7 per cent (16.4) of Group sales. Bunker consumption totalled about 56,700 tonnes of oil and about 12,600 tonnes of LNG during 2021 (about 51,700 tonnes of oil and 14,600 tonnes of LNG during 2020). The increase in bunker use is related to the increased traffic in 2021 compared to 2020.

A 10 per cent change in the bunker price of LNG on December 31, 2021 and the bunker oil quality that is used, based on projected bunker consumption in 2021, would have an estimated effect of EUR ±4.9 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 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, 2021	Dec 31, 2020
Contingent liabilities		
Loans and credit lines for which vessel, vehicle and		
chattel mortgages were provided as collateral	288.6	153.9
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	0.7	-
Total	289.4	154.1
Assets pledged for own debt		
Vessel mortgages	505.1	353.1
Real estate mortgages	0.5	0.5
Chattel mortgages	4.0	-
Site leasehold mortgages	0.4	23.3
Funds held in escrow	16.2	-
Total	526.3	376.9
Investment commitments not included in the accounts		
Commitments, vessel orders	-	158.7
– Contractual amount	-	200.7
Other off-balance-sheet liabilities	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 comprise 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 Group companies

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

	Domicile	Holding	Share of 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	Share of 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 2021
Assets	378.9	30.8	409.7
Liabilities	217.0	18.1	235.2
			Jul 1, 2021–Dec 31, 2021
Income for the period	7.2	1.6	8.9
Comprehensive income for the period	7.2	1.6	8.9
The Group's share of comprehensive income	1.4	0.3	1.7
			2021
Net assets of associate companies	161.9	12.7	174.5
The Group's share of net assets	31.6	2.3	33.9
Carrying amount of associate companies	31.6	2.3	33.9

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, 2021–Dec 31, 2021	Jan 1, 2020–Dec 31, 2020
Sale of services to associate companies*	0.0	-
Sale of services to other related parties	-	-
Purchase of services from associate companies*	0.8	-
Purchase of services from other related parties	-	0.2

** Jul 1-Dec 31, 2021*

EUR M	Jan 1, 2021–Dec 31, 2021	Jan 1, 2020–Dec 31, 2020
Amounts receivable from associate companies	-	-
Amounts receivable from other related parties	-	-
Amounts payable to associate companies	0.4	-
Amounts payable to other related parties	-	-

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

EUR	Jan 1, 2021–Dec 31, 2021	Jan 1, 2020–Dec 31, 2020
Salaries and other short-term compensation to Group Management	1,697,444	1,163,416
Total	1,697,444	1,163,416

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

Compensation and other benefits, 2020, EUR	Base salary/ Board fee	Other benefits	Statutory pension expenses	Total
Ben Lundqvist, Chairman of the Board	45,000.00			45,000.00
Nils-Erik Eklund, Board member	39,000.00			39,000.00
Erik Grönberg, Board member until May 13, 2020, deputy Board member from May 13, 2020	10,000.00			10,000.00
Jakob Johansson, Board member from May 13, 2020	36,000.00			36,000.00
Agneta Karlsson, Board member until May 13, 2020	3,000.00			3,000.00
Dick Lundqvist, Board member until May 13, 2020	3,000.00			3,000.00
Stefan Lundqvist, Board member from May 13, 2020, deputy Board member until May 13, 2020	36,000.00			36,000.00
Lars G Nordström, Board member	37,000.00			37,000.00
Laura Tarkka, Board member from May 13, 2020	36,000.00			36,000.00
Peter Wiklöf, Board member	39,000.00			39,000.00
Ulrica Danielsson, deputy Board member	5,000.00			5,000.00
Casper Lundqvist, deputy Board member from May 13, 2020	5,000.00			5,000.00
	294,000.00	0.00	0.00	294,000.00
President and CEO	286,864.00	736.19	36,366.50	323,966.69
Deputy CEO	151,155.64	9,535.69	19,631.89	180,323.22
Other key individuals in leading positions	713,073.78	2,050.80	96,714.19	811,838.77
	1,151,093.42	12,322.68	152,712.58	1,316,128.68
Total	1,445,093.42	12,322.68	152,712.58	1,610,128.68

Fees adopted by the Annual General Meeting are paid as compensation for the work of the Board. Reasonable travel expenses are paid as invoiced. Due to the impact of the COVID-19 pandemic on the Group's strained financial situation, the Board of Directors took no Board fees during the period March 10-May 13, 2020.

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. The President and CEO and other Group Management members lowered their salaries during the period April–June due to the impact of the COVID-19 pandemic on the Group's strained financial situation. 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 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

The Board knows of no important events after the balance sheet date that could affect the financial statements.

Parent company financial statements

Parent company income statement

EUR M	Note	Jan 1, 2021–Dec 31, 2021	Jan 1, 2020–Dec 31, 2020
SALES		**265.3**	**195.3**
Other operating revenue	2	45.0	26.8
Operating expenses			
Goods and services	3	62.6	50.9
Employee expenses	4	52.5	55.4
Depreciation and amortization	5	14.9	19.5
Other operating expenses	6	155.8	147.8
		285.7	273.5
OPERATING INCOME		**24.6**	**-51.5**
Financial income and expenses	7	-0.2	-3.6
INCOME BEFORE APPROPRIATIONS AND TAXES		**24.4**	**-55.1**
Appropriations	8	3.5	3.7
Group contribution		0.1	0.1
Income taxes	9	0.0	-
INCOME FOR THE FINANCIAL YEAR		**28.0**	**-51.2**

Parent company balance sheet

EUR M	Note	Jan 1, 2021–Dec 31, 2021	Jan 1, 2020–Dec 31, 2020
ASSETS			
FIXED ASSETS			
Intangible assets	10	4.5	5.1
Tangible assets	11		
Land		0.7	1.0
Buildings and structures		1.4	6.6
Vessels		420.3	219.4
Machinery and equipment		1.4	1.7
Advance payments, vessels under construction		0.0	54.2
		423.8	283.0
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		28.1	26.1
		46.8	44.8
TOTAL FIXED ASSETS		**475.2**	**332.9**
CURRENT AND FINANCIAL ASSETS			
Inventories	13	10.0	10.9
Non-current receivables			
Group receivables		0.0	2.2
Other non-current receivables		5.2	0.0
		5.2	2.2
Current receivables			
Trade receivables		7.9	3.6
Group receivables		5.0	8.2
Other current receivables		2.1	1.2
Accrued income and prepaid expenses	14	11.9	18.0
		26.8	30.9
Cash and cash equivalents		111.4	26.8
TOTAL CURRENT AND FINANCIAL ASSETS		**153.4**	**70.8**
TOTAL ASSETS		**628.6**	**403.6**

EUR M	Note	Jan 1, 2021– Dec 31, 2021	Jan 1, 2020– Dec 31, 2020
EQUITY AND LIABILITIES			
EQUITY	15		
Share capital		1.8	1.8
Unrestricted equity fund		51.8	0.0
Retained earnings		32.7	83.9
Income for the financial year		28.0	-51.2
TOTAL EQUITY		**114.3**	**34.5**
ACCUMULATED APPROPRIATIONS			
Accumulated depreciation differences		**173.5**	**177.0**
LIABILITIES			
Non-current liabilities	16		
Liabilities to credit institutions		226.2	90.4
Liabilities to pension companies		16.0	18.0
		242.2	108.4
Current liabilities			
Principal payments to credit institutions		36.3	36.5
Principal payments to pension companies		2.0	2.0
Accounts payable		17.9	10.6
Group liabilities		0.8	0.9
Other current liabilities		6.4	4.1
Accrued expenses and prepaid income	17	35.1	29.6
		98.6	83.8
TOTAL LIABILITIES		**340.8**	**192.1**
TOTAL EQUITY AND LIABILITIES		**628.6**	**403.6**

Parent company cash flow statement

EUR M	Jan 1, 2021–Dec 31, 2021	Jan 1, 2020–Dec 31, 2020
OPERATING ACTIVITIES		
Income for the financial year	28.0	-51.2
Adjustments		
Depreciation and amortization	14.9	19.5
Capital gains from tangible assets	-28.8	0.0
Capital gains/losses from shares and participations	-	0.0
Other items not included in cash flow	-3.5	-3.7
Interest expenses and other financial expenses	4.8	3.9
Interest income and other financial income	-0.1	-0.2
Dividend income	-4.9	0.0
Group contribution received	-0.1	-0.1
Change in working capital		
Change in current receivables	4.2	0.5
Change in inventories	0.9	6.0
Change in non-interest-bearing liabilities	14.9	-18.8
Interest paid	-3.2	-3.0
Financial expenses paid	-1.5	-1.1
Interest received	0.1	0.2
Financial income received	0.0	0.0
Taxes paid	-	-2.0
NET CASH FLOW FROM OPERATING ACTIVITIES	**25.8**	**-49.9**
INVESTING ACTIVITIES		
Investments in vessels	-165.3	-5.5
Investments in other intangible and tangible assets	-0.7	-0.6
Advance payments, vessels under construction	-	-7.4
EU funding	-	2.6
Investments in holdings accounted for using the equity method	-2.0	-
Divestments of vessels	14.0	-
Divestments of other intangible and tangible assets	20.4	0.0
Divestments of shares and participations	-	0.0
Repayments of investments	-	0.1
Change in non-current receivables	2.2	4.3
Dividends received	4.9	0.0
NET CASH FLOW FROM INVESTING ACTIVITIES	**-126.6**	**-6.4**
FINANCING ACTIVITIES		
Increased in paid-in capital	51.8	-
Increase in loans	172.2	31.5
Principal payments	-30.5	-16.0
Change in current interest-bearing liabilities	-8.0	8.0
Dividends paid	-	-
NET CASH FLOW FROM FINANCING ACTIVITIES	**185.5**	**23.6**
CHANGE IN CASH AND CASH EQUIVALENTS	**84.6**	**-32.8**
Cash and cash equivalents at the beginning of the year	26.8	59.5
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**111.4**	**26.8**

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 principles

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, 2021.

1.3 Going concern, risks and liquidity

The COVID-19 pandemic will continue to affect the company's business conditions. Based on the Board of Directors' judgements, the measures taken by the company to adjust to the change in conditions entailed by the pandemic have given the company a stable financial and operational base to safeguard the company's continued ability to run profitable operations. The Board of Directors is convinced that Viking Line, with its long-term strategy and focus on profitability, plays an important and competitive role in passenger traffic on the Baltic Sea.

These financial statements have been prepared in accordance with the going concern principle. In the view of Viking Line's Board of Directors, the company can continue its operations and meet its obligations over the foreseeable future, at least 12 months from the date of approval of this report. This view is based on the business plan approved by the Board of Directors.

A number of measures to strengthen liquidity were taken in 2021. In May, Viking Line Abp entered a bareboat hire/purchase agreement for Mariella. The purchase price will be paid on a monthly basis over four years beginning June 1, 2022. During the period, the City of Turku redeemed the terminal and related fixtures and fittings owned by Viking Line. During the fourth quarter, the company carried out a share issue with pre-emption rights through which 6,480,000 new issues were issued at a share price of 8.00 euros per share. The proceeds from the share issue will be used to strengthen Viking Line's capital structure as well as its financing and liquidity position.

The Board of Directors has judged that the company's measures to strengthen its financial position are sufficient, and as a result there is no longer any significant doubt about the company's ability to continue operations.

In 2020–21, Viking Line Abp signed an agreement with Finnvera Abp and Finlands Exportkredit Ab on a loan payment deferral for payments during the period July 1, 2020–January 31, 2022 totalling EUR 29.8 M. Three of the four loan payments fall due by January 10, 2025, which is when final payment is due, while the fourth loan payment is divided up so that it falls due in conjunction with the other payments.

On December 23, the company drew the loan for which a loan agreement was originally signed on July 3, 2017 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 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, and the first principal repayment made six months from the date the loan was drawn. As security for the loan, China Export & Credit Insurance Corporation has given a guarantee for at least 90 per cent of the total principal outstanding and the interest under the loan agreement.

In accordance with the terms in the State guarantees given as security for liquidity loans drawn in the autumn of 2020, the requirements in the waiver of covenant terms and loan payment deferrals granted by Finnish Export Credit/Finnvera, and the financing taken on to fund the final payment for Viking Glory, Viking Line Abp has undertaken 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 in 2022 but also subsequently if the Group's debt-to-EBITDA ratio exceeds 5.0.

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 is long-lasting, that the company cannot generate sufficient cash flow or obtain additional financing to meet its obligations in accordance with its financial agreements.

1.4 Items in foreign currencies

Transactions in foreign currencies are translated according to the exchange rate on the transaction date. Receivables and liabilities in foreign currencies are recognized at the exchange rate prevailing 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

Outside 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 Tangible and intangible assets and depreciation/amortization

Tangible and intangible assets 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 outside 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.

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. The change compared to last year is mostly due to a change in depreciation periods.

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 tangible assets are depreciated on a straight-line basis.

Depreciation for fixed assets is 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

1.9 Financial assets and liabilities

Viking Line Abp's shareholding in Försäkringsaktiebolaget Alandia is 19.5 per cent of the total. The acquisition cost of the shares was established on the basis of the present value of future cash flows at initial recognition. The shareholding is recognized under shares and participations in the company's balance sheet. If the value of the shares decreases substantially and in the long term, an impairment loss is recognized under financial expenses.

Alandia Holding Ab is recognized at acquisition cost.

Other financial assets and liabilities are recognized at acquisition cost.

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 valued at cost.

2. Other operating revenue

EUR M	Jan 1, 2021–Dec 31, 2021	Jan 1, 2020–Dec 31, 2020
State aid	16.0	25.7
Rents received on properties	0.1	0.1
Capital gains	28.8	0.0
Insurance claim payments, accidents	0.1	0.9
Miscellaneous operating revenue	0.0	0.0
Total	45.0	26.8

3. Goods and services

EUR M	Jan 1, 2021–Dec 31, 2021	Jan 1, 2020–Dec 31, 2020
Purchases during the financial year	57.8	42.4
Change in inventories	1.4	5.7
Externally purchased services	3.3	2.7
Total	62.6	50.9

4. Employee expenses

EUR M	Jan 1, 2021–Dec 31, 2021	Jan 1, 2020–Dec 31, 2020
Salaries etc	56.5	59.1
Pension expenses	6.8	6.9
Other employee expenses	3.2	2.9
	66.5	68.9
Government restitution	-14.1	-13.5
Total	52.5	55.4

Average numbers of employees		
Shipboard employees	841	887
Land-based employees	227	226
Total	1,068	1,113

5. Depreciation and amortization

EUR M	Jan 1, 2021–Dec 31, 2021	Jan 1, 2020–Dec 31, 2020
Intangible assets	0.7	0.7
Buildings and structures	0.3	0.4
Vessels	13.4	17.1
Machinery and equipment	0.5	1.3
Total	14.9	19.5

6. Auditors' fees

EUR M	Jan 1, 2021–Dec 31, 2021	Jan 1, 2020–Dec 31, 2020
Auditing	0.1	0.1
Audit related services	0.0	0.0
Tax advice	0.0	0.0
Miscellaneous consulting	0.2	0.0
Total	0.4	0.1

7. Financial income and expenses

EUR M	Jan 1, 2021–Dec 31, 2021	Jan 1, 2020–Dec 31, 2020
Dividend income from others	4.9	0.0
Interest income from Group companies	0.1	0.2
Exchange gains	0.0	0.1
Other financial income	0.0	0.0
Total financial income	5.0	0.4
Interest expenses to others	3.3	2.9
Exchange losses	0.4	0.0
Other financial expenses	1.5	1.1
Total financial expenses	5.2	4.0
Total financial income and expenses	-0.2	-3.6

8. Appropriations

EUR M	Jan 1, 2021–Dec 31, 2021	Jan 1, 2020–Dec 31, 2020
Difference between scheduled depreciation and depreciation for tax purposes	3.5	3.7
Total	3.5	3.7

9. Income taxes

EUR M	Jan 1, 2021–Dec 31, 2021	Jan 1, 2020–Dec 31, 2020
Income tax on actual operations	-	-

10. Intangible assets

EUR M	2021	2020
Intangible rights		
Acquisition cost, Jan 1	6.5	6.3
Increases	0.3	0.3
Decreases	-0.4	-0.1
Acquisition cost, Dec 31	6.5	6.5
Accumulated amortization, Jan 1	-3.2	-3.0
Accumulated amortization on decreases	0.1	0.1
Amortization for the period	-0.3	-0.3
Accumulated amortization, Dec 31	-3.4	-3.2
Book value, Jan 1	3.3	3.3
Book value, Dec 31	3.1	3.3

EUR M	2021	2020
Other long-term assets		
Acquisition cost, Jan 1	11.8	11.8
Increases	0.1	-
Acquisition cost, Dec 31	11.8	11.8
Accumulated amortization, Jan 1	-10.0	-9.6
Amortization for the period	-0.4	-0.4
Accumulated amortization, Dec 31	-10.3	-10.0
Book value, Jan 1	1.8	2.2
Book value, Dec 31	1.5	1.8
Total intangible assets	**4.5**	**5.1**

11. Tangible assets

EUR M	2021	2020
Land		
Acquisition cost, Jan 1	0.6	0.6
Decreases	-0.1	-
Acquisition cost, Dec 31	0.5	0.6
Revaluations, Jan 1	0.5	0.5
Decreases	-0.2	-
Revaluations, Dec 31	0.2	0.5
Book value, Jan 1	1.0	1.0
Book value, Dec 31	0.7	1.0

EUR M	2021	2020
Buildings and structures		
Acquisition cost, Jan 1	20.6	20.6
Decreases	-15.4	-
Acquisition cost, Dec 31	5.2	20.6
Accumulated depreciation, Jan 1	-14.1	-13.6
Accumulated depreciation on decreases	10.6	-
Depreciation for the period	-0.3	-0.4
Accumulated depreciation, Dec 31	-3.8	-14.1
Book value, Jan 1	6.6	7.0
Book value, Dec 31	1.4	6.6

EUR M	2021	2020
Vessels		
Acquisition cost, Jan 1	725.4	726.3
Transfer from Advance payments	54.2	-
Increases	165.3	5.5
Decreases	-95.6	-6.4
Acquisition cost, Dec 31	849.4	725.4
Accumulated depreciation, Jan 1	-505.9	-495.2
Accumulated depreciation on decreases	90.2	6.4
Depreciation for the period	-13.4	-17.1
Accumulated depreciation, Dec 31	-429.1	-505.9
Book value, Jan 1	219.4	231.1
Book value, Dec 31	420.3	219.4

EUR M	2021	2020
Machinery and equipment		
Acquisition cost, Jan 1	10.7	11.9
Increases	0.3	0.3
Decreases	-2.8	-1.5
Acquisition cost, Dec 31	8.2	10.7
Accumulated depreciation, Jan 1	-9.0	-9.2
Accumulated depreciation on decreases	2.7	1.5
Depreciation for the period	-0.5	-1.3
Accumulated depreciation, Dec 31	-6.9	-9.0
Book value, Jan 1	1.7	2.7
Book value, Dec 31	1.4	1.7

EUR M	2021	2020
Advance payments, vessels under construction		
Acquisition cost, Jan 1	54.2	49.5
Transfer to Vessels	-54.2	-
Increases	-	7.4
EU funding	-	-2.6
Acquisition cost, Dec 31	-	54.2
Book value, Jan 1	54.2	49.5
Book value, Dec 31	-	54.2
Total tangible assets	**423.8**	**283.0**

12. Shares and participations

EUR M	2021	2020
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	-	-
Increases	2.0	-
Reclassification	26.1	-
Acquisition cost, Dec 31	28.1	-
Other shares and participations		
Acquisition cost, Jan 1	26.1	26.2
Reclassification	-26.1	-
Decreases	-	-0.1
Acquisition cost, Dec 31	0.0	26.1
Total shares and participations	**46.8**	**44.8**

13. Inventories

EUR M	Dec 31, 2021	Dec 31, 2020
Stocks of goods for sale	8.3	9.8
Supplies	0.1	0.2
Stocks of vessel fuel	1.5	1.0
Total	10.0	10.9

14. Accrued income and prepaid expenses

EUR M	Dec 31, 2021	Dec 31, 2020
Employee-related items	8.5	10.1
Other accrued income and prepaid expenses	3.3	7.8
Total	11.9	18.0

15. Equity

EUR M	2021	2020
Share capital, Jan 1	1.8	1.8
Share capital, Dec 31	1.8	1.8
Paid-up unrestricted equity fund, Jan 1	-	-
Share issue	51.8	-
Paid-up unrestricted equity fund, Dec 31	51.8	-
Retained earnings, Jan 1	83.9	74.0
Income for the previous financial year	-51.2	9.9
Retained earnings, Dec 31	32.7	83.9
Income for the financial year	28.0	-51.2
Total equity	114.3	34.5
Distributable items		
Paid-up unrestricted equity fund, Dec 31	51.8	-
Retained earnings, Dec 31	32.7	83.9
Income for the financial year	28.0	-51.2
Total	112.5	32.7

16. Loans that fall due later than after 5 years

EUR M	Dec 31, 2021	Dec 31, 2020
Liabilities to credit institutions	85.2	-
Liabilities to pension companies	-	10.0
Total	85.2	10.0

17. Accrued expenses and prepaid income

EUR M	Dec 31, 2021	Dec 31, 2020
Employee-related items	18.4	19.7
Other accrued expenses and prepaid income	16.8	10.0
Total	35.1	29.6

18. Pledged assets and other contingent liabilities

EUR M	Dec 31, 2021	Dec 31, 2020
Contingent liabilities		
Loans and credit lines for which vessel mortgages were provided as collateral	295.5	153.9
Covered by funds held in escrow	0.7	-
Total	296.2	153.9
Assets pledged for own debt		
Vessel mortgages	505.1	353.1
Real estate mortgages	4.0	-
Funds held in escrow	16.2	-
Site leasehold mortgages	-	22.9
Total	525.3	376.0
Leasing liabilities		
Amounts that fall due during the following accounting period	1.6	0.7
Amounts that fall due later	4.0	0.9
Total	5.6	1.6
Investment commitments not included in the accounts		
Commitments, vessel orders	-	158.7
– Contractual amount	-	200.7
Other off-balance-sheet liabilities	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. The plan is to repay the loan with future payments received from 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 17, 2022

Ben Lundqvist
Chairman of the Board

Christina Dahlblom

Nils-Erik Eklund

Jakob Johansson

Stefan Lundqvist

Lars G Nordström

Peter Wiklöf

Jan Hanses
President and CEO

Auditor's note

Our auditor's report was issued today.

Mariehamn, February 17, 2022

Pricewaterhouse Coopers Oy
Authorized Public Accountants

Ylva Eriksson, Authorized Public Accountant (CGR)

Auditor's 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 2021. 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 € 1,5 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	€ 1,5 million (previous year € 2,0 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. Capitalised costs for vessels under construction are not depreciated.	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.
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 reviewed capitalised costs for vessels under construction to validate that they fulfil the criteria for capitalisation.
The COVID-19 pandemic has impacted the operations significantly which can lead to a risk of impairment of the value of the vessels.	Our procedures covered all the group's vessels, i.e. Rosella, Amorella, Gabriella, Viking Cinderella,

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.	Viking XPRS, Viking Grace and the newbuilding Viking Glory.
Financial liabilities and loan covenants *Refer to notes 5.2 and 5.6 to the consolidated financial statements* The Group has renegotiated its loans and raised new loans to finance the current operations until the business is back to normal conditions. 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) Ylva Erikson has been the auditor of the company since the Annual General Meeting 22 April 2015 and as the auditor in charge nominated by PricewaterhouseCoopers Oy since the Annual General Meeting 13 May 2020, in total seven years.

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 17 February 2022

PricewaterhouseCoopers Oy
Authorised Public Accountants

Ylva Eriksson
Authorised Public Accountant (KHT)