FINNAIR GROUP INTERIM REPORT

1 JANUARY – 30 SEPTEMBER 2021

26 October 2021

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Travel restarted in Europe – half of Finnair markets are open. Operating cash flow turned positive for the first time since Q4 2019.

July – September 2021

- Earnings per share were -0.08 euros (-0.15)*.
- Revenue increased by 104.7% to 199.4 million euros (97.4).
- Comparable operating result was -109.1 million euros (-167.0). Operating result was -106.0 million euros (-183.1).
- Cash funds were 1,181.4 million euros (31 Dec 2020: 823.7) and equity ratio was 14.1 per cent (31 Dec 2020: 24.6).
- Net cash flow from operating activities was 27.1 million euros (-267.3), and net cash flow from investing activities was 357.4 million euros (21.6).**
- Number of passengers increased by 71.6% to 0.8 million (0.5).
- Available seat kilometres (ASK) increased by 97.6%.
- Passenger load factor (PLF) was 41.6% (38.7).

January – September 2021

- Earnings per share were -0.28 euros (-0.56).
- Revenue decreased by 41.6% to 424.9 million euros (727.2).
- Comparable operating result was -403.6 million euros (-432.4). Operating result was -394.2 million euros (-449.9).
- Net cash flow from operating activities was -149.8 million euros (-864.5), and net cash flow from investing activities was 376.4 million euros (216.4).**
- Number of passengers decreased by 58.6% to 1.3 million (3.2).
- ASK declined by 49.4%.
- PLF was 35.7% (66.6).

** Unless otherwise stated, comparisons and figures in parentheses refer to the comparison period, i.e. the same period last year.*
*** In Q3, net cash flow from investing activities includes 26.3 million euros of investments (11.3 million euros of redemptions) in money market funds or other financial assets (maturity over three months). In Q1-Q3, the redemptions, however, totalled in net terms to 11.7 million euros (382.6). They are part of the Group's liquidity management.*

Outlook

GUIDANCE ISSUED ON 15 JULY 2021:

Travel restrictions have been lifted at a slower pace than expected and, therefore, the recovery in demand has also been delayed. We expect that demand will increase gradually during the fall 2021 as now Finland is also opening to travel. The company estimates that the monthly operating cash flow will turn positive by the end of the year 2021.

The travel restrictions will, however, continue to have a softening impact on demand especially in Asia, which is expected to open to travelers some months later than Europe. Due to the travel restrictions and incremental costs caused by the increased capacity, the comparable operating loss in Q3 2021 will be of a similar magnitude as in the five previous quarters despite the gradual increase in revenue.

As a result of the pandemic situation, inclusive of virus variants, visibility remains weak and there are several scenarios of the timing of the recovery and, thus, the company will not provide guidance on full year 2021 revenue.

Finnair will update its outlook and guidance in connection with the Q3 2021 interim report.

NEW GUIDANCE ON 26 OCTOBER 2021:

Even though travelling in Europe has opened and will open to the United States and Thailand in November, the travel restrictions will continue to have a dampening impact on demand especially in Asia. Based on an increased level of vaccinations, Finnair expects Asia to open to travelers more meaningfully early 2022 - exclusive of China, which is expected to open only after the first half of 2022. While cargo continues to be strong and the cost savings programme delivers as planned, due to the travel restrictions, incremental costs caused by the ramped-up capacity and higher fuel price, the comparable operating loss in Q4 2021 is expected to be of a similar magnitude as in Q3 2021 despite the gradual increase in revenue. The company estimates that the operating cash flow remains positive in Q4 2021.

Further, due to the slow recovery of Asian traffic, Finnair estimates that the comparable operating losses will continue also during the first half of 2022. Even though Finnair estimates that the operational environment in the second half of 2022 will be closer to the pre-pandemic era, the company expects a return to its 2019 traffic levels, as measured in annual ASKs, in 2023.

Finnair will update its outlook and guidance in connection with the financial statements bulletin for 2021.

CEO Topi Manner:

The negative impact of the pandemic continued in the third quarter, and our passenger numbers and revenue remained considerably below the pre-pandemic levels. Our result was still heavily negative.

Restrictions on travel between Finland and the rest of Europe were finally lifted in late July, much later than travel restrictions in the rest of Europe. Pent-up demand and the increase in vaccination coverage began to be positively reflected in bookings, especially from September onwards. Nevertheless, we are still far from the pre-pandemic passenger numbers. Our main market Asia continues to be largely closed to international travel, and the United States will not open before 8 November. Only approximately half of our markets are, thus, open for travel, which is clearly less than for many other European airlines.

Air cargo demand was exceptionally strong, especially at the end of the reporting period, due to global supply chain issues. Finnair Cargo achieved record revenues and enabled us to further increase the number of passenger flights to our long-haul destinations in Asia and the United States. We expect the strong cargo demand to continue at least until the end of the year.

Thanks to the improved booking situation and strong cargo operations, our operating cash flow for the third quarter turned positive for the first time since the fourth quarter of 2019.

We continued our financing measures and completed a sale and leaseback arrangement of four A350 aircraft, using the related proceeds of more than 400 million USD to strengthen our cash reserves with a view to future loan repayments. During the pandemic, we have raised approximately 3 billion euros of new financing. Our cash position is strong. This enables us to focus on the ramp-up of our traffic.

Early November will see significant development as Thailand and the United States are opening for quarantine-free travel as our first long-haul markets. Importantly, we have also seen positive steps towards the opening of Asia-Pacific, with Singapore and Australia now allowing international travel in addition to Thailand. We estimate that South Korea and Japan will follow within a few months due to their improved vaccination coverage. China is likely to open only after the first half of 2022. We continue to closely monitor the development of travel restrictions and demand and are adding capacity to both Europe and our long-haul destinations during the winter season when the situation warrants.

We have started normalising the customer experience, reopening amenities such as our lounges at Helsinki Airport. We restarted in-flight sales, at the same time renewing our in-flight service concept to focus more on pre-order which gives more customer choice and helps to reduce food waste and aircraft weight. Health and safety measures, such as the usage of masks onboard, will continue on our flights. Our customer satisfaction remained at an excellent level. This was reflected in customers voting Finnair the best airline in the Northern Europe for the 11th consecutive time in the Skytrax World Airline Awards.

As traffic increases, we have been able to call more employees back to work from furlough, which makes us all happy. We are also preparing to launch our new direct service from Stockholm to the United States and Thailand, a major new initiative for Finnair. Together with the entire Finnair team, I welcome our customers to our flights. We are waiting for you at the departure gate.

Business environment in Q3

As in the five previous quarters, the COVID-19 pandemic continued to impact Finnair's operations - and the global aviation sector - in Q3 2021. Airlines the world over were still forced to limit capacity due to the ongoing travel restrictions imposed by governments and weaker demand. The same also applied to Finnair. Even though the company continued to gradually increase the number of flights, it still operated a limited network compared to the pre-pandemic period during the quarter. Many countries have already lifted COVID-19 related restrictions, but the virus and its variants are still present globally, which in particular limits Finnair's long-haul operations. As the COVID-19 vaccination coverage in Finland is about to reach the targeted 80% threshold, Finnair is able to increase its traffic during Q4 2021, especially to Europe and North America, whereas Asia remains more restricted. The company expects a return to its 2019 traffic levels, as measured in ASKs, in 2023.

Market capacity between Helsinki and many European destinations remained on a low level even though measured in ASKs, scheduled market capacity between origin Helsinki and Finnair's European destinations increased by 59.9 per cent (-81.2) year-on-year. Even though demand strengthened starting from late summer because of improved coronavirus vaccination coverage and eased travel restrictions, it remained clearly softer in Q3 compared to the pre-pandemic era due to route and frequency cancellations as well as travel restrictions. Direct market capacity between Finnair's Asian and European destinations increased by 35.8 per cent (-85.7) year-on-year. Due to travel restrictions caused by COVID-19, demand between Europe and Finnair's Asian destinations remained soft during the period. In Q3, Finnair and Juneyao Air commenced a Joint Business partnership on flights between Helsinki and Shanghai as well as between Chinese and European destinations. The Joint Business demonstrates Finnair's commitment to China as a strategic market. Further, Finnair and Turkish Airlines launched codeshares at the end of September enabling more choice for their customers.

In Q3, Aurinkomatkat's foreign package holidays production restarted after a halt of almost one year caused by COVID-19. Aurinkomatkat mainly had Mediterranean destinations on offer, increasing from five to 15 during the quarter. Package holidays were also produced for domestic destinations, as in the previous quarters. Demand for foreign package holidays strengthened rapidly from mid-quarter, as the travel restrictions were eased, and was primarily focused on last-minute departures, autumn 2021 and winter season 2021–2022. Based on the Q4 outlook, the company believes that demand should remain robust.

The global air freight market was likewise heavily impacted by COVID-19 in Q3 as pandemic-related supply chain disruptions and lack of capacity resulted in delivery delays that continued to benefit air cargo. This resulted in an exceptionally strong demand and surging market prices for air cargo, as the scheduled passenger traffic capacity (limiting the volume available to carry belly cargo) remained at a lower level than in the pre-pandemic era. This consistently strong cargo demand enabled some markets to remain open for cargo-only operations in Q3 and Finnair was also able to increase the number of scheduled Asian and North Atlantic flights carrying belly cargo along with a limited number of passengers. As a result of this and the high market prices, cargo revenue surged year-on-year and reached a record high. Finnair's total cargo load factor remained somewhat flat compared to Q3 2020 despite the clear increase in capacity. Finnair estimates that the cargo demand will remain exceptionally strong at least during Q4 2021.

The US dollar, which is the most significant expense currency for Finnair after the euro, depreciated by 0.8 per cent against the euro year-on-year. The US dollar-denominated market price of jet fuel was 83.1 per cent higher in the third quarter than in the comparison period as the price was at pandemic's lowest point in Q2 2020 and was slowly rebounding in Q3 2020 from April lows. This increase does not fully impact Finnair's Q3 fuel costs due to its hedging policy. Finnair hedges part of its fuel purchases and key foreign currency items; hence, market fluctuations are not reflected directly in its result.

Financial performance in Q3

REVENUE IN Q3

Finnair's total revenue increased year-on-year as the COVID-19 impact was even more drastic in Q3 2020 and, on the other hand, cargo operations were very strong in Q3 2021.

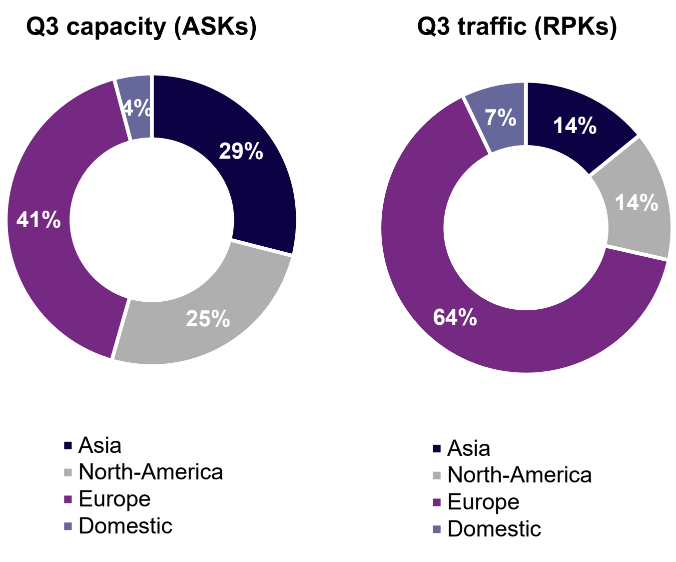
Revenue by product

EUR million	Q3/2021	Q3/2020	Change %
Passenger revenue	113.9	54.7	108.2
Ancillary revenue	10.5	8.8	19.6
Cargo	65.4	31.7	106.5
Travel services	9.7	2.3	324.5
Total	**199.4**	**97.4**	**104.7**

Unit revenue (RASK) increased by 3.6 per cent and amounted to 6.06 cents (5.85). The RASK increase was mainly caused by the increased cargo revenue, which did not generate any ASKs.

Passenger revenue and traffic data by area, Q3 2021

	Passenger revenue			ASK		RPK		PLF	
Traffic area	MEUR	Share %	Change %	Mill. km	Change %	Mill. km	Change %	%	Change %-p
Asia	19.7	17.3	87.3	954.3	23.0	193.7	20.8	20.3	-0.4
North Atlantic	11.8	10.4	2,730.1	838.6	N/A	197.3	N/A	23.5	N/A
Europe	69.8	61.3	99.5	1,363.6	75.2	880.5	115.1	64.6	12.0
Domestic	12.1	10.7	26.0	137.1	21.5	97.8	30.8	71.3	5.0
Unallocated	0.4	0.4	3,567.0						
Total	**113.9**	**100.0**	**108.2**	**3,293.5**	**97.6**	**1,369.3**	**112.4**	**41.6**	**2.9**



Even though the passenger traffic figures continued to improve year-on-year and quarter-on-quarter, the negative impact of the COVID-19 pandemic and related travel restrictions was still clearly visible in the figures. Passenger revenue increased by 108.2 per cent and traffic capacity, measured in Available Seat Kilometres (ASK), increased by 97.6 per cent overall against the comparison period. The number of passengers increased by 71.6 per cent to 778,500 passengers. Traffic measured in Revenue Passenger Kilometres (RPK) increased by 112.4 per cent and the passenger load factor (PLF) increased by 2.9 percentage points to 41.6 per cent.

In Asian traffic, the number of scheduled passenger flights was still limited but nevertheless more than in the comparison period and, therefore, ASKs grew by 23.0 per cent and RPKs by 20.8 per cent. PLF declined by 0.4

percentage points to 20.3 per cent causing low yields but it was supported by the strong cargo operations and a high cargo load factor.

In addition to the scheduled passenger flights to New York operated from March, the Chicago and Los Angeles routes were re-opened in June, and compared to Q3 2019 ASKs, the North Atlantic capacity exceeded already 70 per cent in Q3 2021. However, as no North Atlantic scheduled passenger flights were operated in the comparison period, neither ASK and RPK growth rates, nor the change in PLF percentage can be calculated. The PLF was 23.5 per cent in Q3 2021, driving low yields; however, as in Asia, it was supported by the strong cargo operations.

ASKs grew by 75.2 per cent in European traffic, as loosened travel restrictions within Europe had a meaningful effect on demand from late summer onwards. Thus, RPKs grew by 115.1 per cent and the PLF by 12.0 percentage points to 64.6 per cent in European traffic.

Domestic traffic capacity increased by 21.5 per cent, RPKs by 30.8 per cent and the PLF by 5.0 percentage points to 71.3 per cent.

Ancillary revenue increased by 19.6 per cent. Excess baggage and flight ticket related fees were the largest ancillary categories.

The impact of the COVID-19 pandemic was also visible in Finnair's Q3 cargo volumes, due to the clearly lower number of scheduled passenger flights compared to pre-pandemic era, even though the impact was even greater in the comparison period. Thus, available scheduled cargo tonne kilometres increased by 145.2 per cent year-on-year, whereas revenue scheduled cargo tonne kilometres increased by 128.5 per cent. Cargo-related available tonne kilometres increased by 119.2 per cent, and revenue tonne kilometres increased by 108.3 per cent; both include the cargo-only flights, which were operated mainly between Europe and Asia as well as between Europe and North America. Finnair was also able to continue operating scheduled Asian and North Atlantic passenger flights, despite their low PLF, carrying belly cargo as these flights had high cargo load factors. Strong cargo demand continued, with September being a record month, as measured by revenue. Q3 was also a record-breaking quarter, as cargo revenue increased by as much as 106.5 per cent year-on-year.

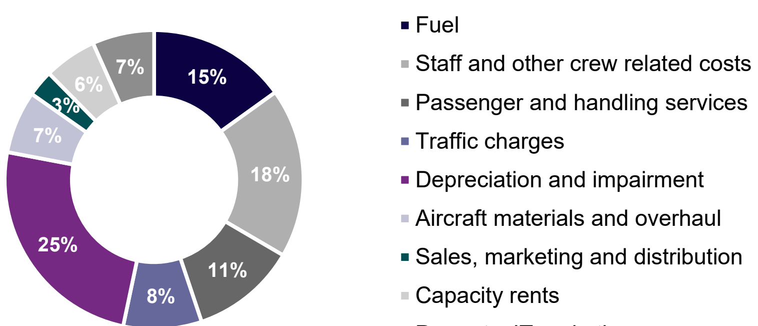
Package holidays' financial development has been significantly affected by the COVID-19 pandemic and the related travel restrictions and guidelines. During Q3, only a limited number of international and domestic package holidays was produced. The total number of Travel Services passengers grew by 412.6 per cent and the load factor in allotment-based capacity was 86.3 per cent. Travel Services revenue increased to 9.7 million euros (2.3).

OPERATING EXPENSES INCLUDED IN COMPARABLE EBIT IN Q3

Finnair's operating expenses included in comparable operating result increased by 15.4 per cent mainly due to the increased capacity. Finnair continued its significant cost adjustment initiatives in Q3, including temporary layoffs.

Unit cost (CASK) decreased by 40.9 per cent and totalled 9.37 cents (15.86). CASK excluding fuel decreased by 44.0 per cent. The decrease was mainly caused by the increased capacity year-on-year.

Q3 operating expenses (€318.1 million in total) included in comparable operating result



EUR million	Q3/2021	Q3/2020	Change %
Staff and other crew related costs	58.4	57.2	2.1
Fuel costs	47.9	29.0	64.8
Capacity rents	18.2	23.7	-23.0
Aircraft materials and overhaul	21.5	17.2	25.1
Traffic charges	27.0	17.3	55.8
Sales, marketing and distribution costs	9.1	0.6	>200
Passenger and handling costs	36.4	22.4	62.8
Property, IT and other expenses	21.3	23.2	-8.3
Depreciation and impairment	78.4	85.0	-7.8
Total	**318.1**	**275.6**	**15.4**

Operating expenses included in comparable operating result, excluding fuel, increased by 9.6 per cent.

Fuel costs, including hedging results and emissions trading costs, increased mainly due to almost doubled capacity (measured in ASK). Fuel efficiency (as measured in fuel consumption per ASK) improved by 9.9 per cent due to e.g. relatively fewer cargo-only flights in Q3 2021 that were not generating ASKs. Fuel consumption per RTK, which also accounts for developments in both passenger and cargo load factors, decreased by 15.3 per cent year-on-year.

Staff and other crew related costs remained at the same level as in the comparison period, despite the added capacity, as Finnair continued its cost savings initiatives, including the COVID-19-related temporary and permanent layoffs in Q3.

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

Aircraft materials and overhaul costs went slightly up due to the added capacity, but depreciation and impairment costs remained at the same level as in the comparison period. Traffic charges increased due to the traffic increase.

Capacity rents, covering purchased traffic from Norra and any wet leases or potential cargo rents, declined from the comparison period due to renegotiated agreements with Norra. The same applied to property, IT and other expenses as cost savings were achieved.

RESULT IN Q3

Even though travel opened in Europe during Q3, the result was heavily impacted by the COVID-19 pandemic. Finnair was forced to continue the extensive route and frequency cancellations caused by travel restrictions especially in its long-haul destinations.

EUR million	Q3/2021	Q3/2020	Change %
Comparable EBITDA	**-30.7**	**-81.9**	**62.5**
Depreciation and impairment	-78.4	-85.0	7.8
Comparable operating result	**-109.1**	**-167.0**	**34.7**
Items affecting comparability	3.1	-16.1	>200
Operating result	**-106.0**	**-183.1**	**42.1**
Financial income	0.3	9.6	-97.3
Financial expenses	-28.6	-84.2	66.1
Exchange gains and losses	-10.8	8.3	<-200
Result before taxes	**-145.2**	**-249.4**	**41.8**
Income taxes	30.1	49.9	-39.7
Result for the period	**-115.1**	**-199.5**	**42.3**

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

Unrealised changes in foreign currencies of fleet overhaul provisions were -3.9 million euros (6.4) due to strengthened US dollar, whereas there were no fair value changes of derivatives where hedge accounting is not applied (0.0). Similarly to the comparison period, there were no exceptional changes in the defined benefit pension plans. Other items affecting comparability consisting of sales gains or losses and restructuring costs totalled 7.0 million euros (-22.6) during the quarter.

Net of financial income and expenses as well as exchange gains (mainly related to USD denominated aircraft lease payments and liabilities) declined significantly especially due to lower financial expenses which in the comparison period related mainly to reclassified jet fuel and foreign exchange hedges from the other comprehensive income to the profit and loss. Thus, Finnair's result before taxes and result after taxes improved significantly from the comparison period.

Financial performance in January–September

REVENUE IN JANUARY–SEPTEMBER

Finnair's total revenue decreased significantly from the comparison period due to the COVID-19 impact, which had a negative effect only since the latter part of Q1 2020.

Revenue by product

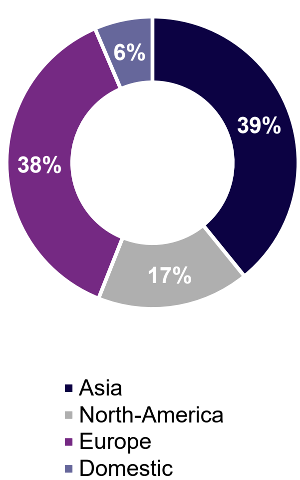
EUR million	Q1–Q3/2021	Q1–Q3/2020	Change %
Passenger revenue	201.9	491.7	-58.9
Ancillary revenue	24.7	57.1	-56.7
Cargo	187.6	117.8	59.2
Travel services	10.6	60.6	-82.5
Total	**424.9**	**727.2**	**-41.6**

Unit revenue (RASK) increased by 15.4 per cent and amounted to 7.18 cents (6.23). The RASK increase was caused by the decline in ASKs due to the COVID-19 pandemic; therefore, the strong cargo revenue - which did not generate any ASKs - had an outsize contribution to the increase.

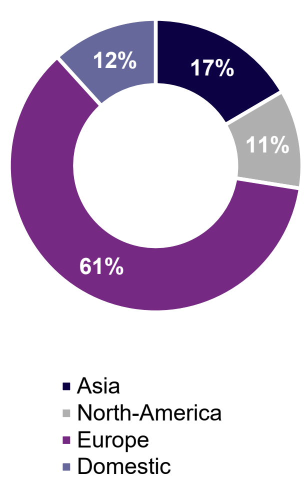
Passenger revenue and traffic data by area, Q1–Q3 2021

	Passenger revenue			ASK		RPK		PLF	
Traffic area	MEUR	Share %	Change %	Mill. km	Change %	Mill. km	Change %	%	Change %-p
Asia	36.4	18.0	-79.7	2,315.1	-57.6	349.3	-90.7	15.1	-53.4
North Atlantic	13.9	6.9	-47.3	998.6	17.6	230.9	-64.3	23.1	-53.1
Europe	121.6	60.2	-45.0	2,217.7	-52.3	1,282.6	-56.6	57.8	-5.7
Domestic	33.2	16.4	-41.8	381.9	-47.0	247.3	-43.9	64.7	3.5
Unallocated	-3.1	-1.5	-140.8						
Total	**201.9**	**100.0**	**-58.9**	**5,913.3**	**-49.4**	**2,110.1**	**-72.9**	**35.7**	**-30.9**

Q1–Q3 capacity (ASKs)



Q1–Q3 traffic (RPKs)



The COVID-19 pandemic and related travel restrictions had a significant negative impact on all Q1–Q3 2021 passenger traffic figures as the pandemic impact was more drastic only since the end of Q1 2020. Passenger revenue decreased by 58.9 per cent and traffic capacity, measured in Available Seat Kilometres (ASK), declined by 49.4 per cent overall against the comparison period. The number of passengers decreased by 58.6 per cent to 1,329,300 passengers. Traffic measured in Revenue Passenger Kilometres (RPK) decreased by 72.9 per cent and the passenger load factor (PLF) by 30.9 percentage points to 35.7 per cent.

In Asian traffic, the number of scheduled passenger flights was limited in Q1–Q3. As a result, ASKs were down by 57.6 per cent and RPKs by 90.7 per cent. PLF declined by 53.4 percentage points to 15.1 per cent causing low yields but it was supported by the strong cargo operations and a high cargo load factor.

Even though the first North Atlantic passenger flights since June 2020 were started in March and solely to New York, capacity in North Atlantic traffic increased by 17.6 per cent year-on-year due to the re-opened Chicago and Los Angeles routes commencing in June 2021. On the other hand, RPKs decreased by 64.3 per cent and the PLF by 53.1 percentage points to 23.1 per cent resulting in low yields but the strong cargo operations supported also the North Atlantic traffic.

ASKs fell by 52.3 per cent, RPKs by 56.6 per cent and the PLF by 5.7 percentage points to 57.8 per cent in European traffic.

Domestic traffic capacity decreased by 47.0 per cent and RPKs by 43.9 per cent whereas the PLF increased by 3.5 percentage points to 64.7 per cent.

Ancillary revenue decreased by 56.7 per cent due to the COVID-19 impact. Frequent flyer program related revenue and excess baggage were the largest ancillary categories.

The impact of the COVID-19 pandemic was also visible in Finnair's Q1–Q3 cargo volumes due to the limited number of scheduled passenger flights. Available scheduled cargo tonne kilometres decreased by 30.6 per cent and revenue scheduled cargo tonne kilometres decreased by 3.9 per cent. However, cargo-related available tonne kilometres grew by 5.1 per cent and revenue tonne kilometres by as much as 36.6 per cent as they both include the cargo-only flights, which were operated mainly between Europe and Asia as well as between Europe and North America. Finnair was also able to continue operating scheduled Asian and North Atlantic passenger flights carrying belly cargo, despite their low PLF, as these flights had high cargo load factors due to continued strong cargo demand. As a result, cargo revenue increased by as much as 59.2 per cent year-on-year, with September being a record month as measured by revenue.

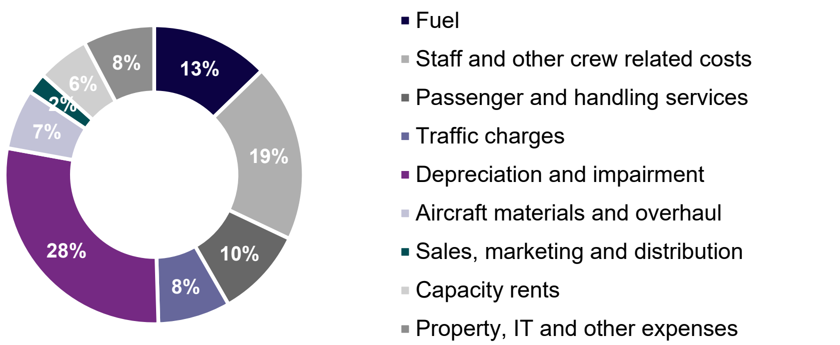
Package holidays' financial development has been significantly affected by the COVID-19 pandemic and the related travel restrictions and guidelines. During Q1–Q2, only domestic destinations were in production but in Q3, also international package holidays were included in production as demand improved significantly. The total number of Travel Services passengers declined by 66.1 per cent and the load factor in Aurinkomatkat's allotment-based capacity was 87.4 per cent. Travel Services revenue decreased by 82.5 per cent.

OPERATING EXPENSES INCLUDED IN COMPARABLE EBIT IN JANUARY–SEPTEMBER

Finnair's operating expenses included in comparable operating result decreased by 28.5 per cent, which is less than the decline in revenue, due primarily to fixed cost items such as e.g., depreciation and impairment, which were at approximately the same level as during the comparison period. Finnair continued its significant cost adjustment initiatives during Q1–Q3, including temporary layoffs, which were visible in the decline in operating expenses.

Unit cost (CASK) increased by 41.1 per cent and totalled 14.01 cents (9.93). CASK excluding fuel also increased by 49.1 per cent. This was caused by the limited capacity and certain fixed cost items.

Q1–Q3 operating expenses (€854.7 million in total) included in comparable operating result



EUR million	Q1–Q3/2021	Q1–Q3/2020	Change %
Staff and other crew related costs	164.8	241.4	-31.7
Fuel costs	109.0	206.2	-47.1
Capacity rents	48.4	71.4	-32.2
Aircraft materials and overhaul	55.7	76.9	-27.5
Traffic charges	67.0	93.7	-28.5
Sales, marketing and distribution costs	19.1	23.1	-17.3
Passenger and handling costs	82.7	144.7	-42.8
Property, IT and other expenses	66.0	85.7	-23.0
Depreciation and impairment	241.9	252.7	-4.2
Total	**854.7**	**1,195.7**	**-28.5**

Operating expenses included in comparable operating result excluding fuel decreased by 24.6 per cent.

Fuel costs, including hedging results and emissions trading costs, decreased almost in line with capacity (measured in ASK) although the cargo-only flights commenced in Q2 2020 increased fuel consumption while they do not generate ASKs. Fuel efficiency (as measured in fuel consumption per ASK) weakened by 27.6 per cent due to the same reason. Fuel consumption per RTK, which also accounts for developments in both passenger and cargo load factors, increased by 2.2 per cent due to low passenger load factors during Q1–Q3 2021.

Staff and other crew related costs decreased as capacity was significantly down and, therefore, Finnair continued the COVID-19-related temporary and permanent layoffs during Q1–Q3.

Passenger and handling costs (including also tour operation expenses related to e.g., hotels) were driven down by the volume decline especially in passenger traffic. Sales, marketing and distribution costs were at a very low level due to low marketing activities and limited sales intake.

Aircraft materials and overhaul costs decreased due to the decline in capacity and updated USD-based discount rates of maintenance reserves. On the other hand, certain cost items were fixed. Depreciation and impairment costs remained at the same level as in the comparison period. Traffic charges decreased less than the traffic decline, as the traffic mix was structurally different due to the relatively increased wide-body operations caused by cargo-only flights, which led to additional costs.

Capacity rents, covering purchased traffic from Norra and any wet leases or potential cargo rents, were somewhat closer to the comparison period’s level due to Norra’s significant operations. The same applied to property, IT and other expenses; they mainly consist of fixed costs, even though notable cost savings were achieved.

RESULT IN JANUARY–SEPTEMBER

Finnair’s Q1–Q3 result was heavily impacted by the COVID-19 pandemic due to extensive route and frequency cancellations caused by travel restrictions in many countries worldwide.

EUR million	Q1–Q3/2021	Q1–Q3/2020	Change %
Comparable EBITDA	**-161.7**	**-179.7**	**10.0**
Depreciation and impairment	-241.9	-252.7	4.2
Comparable operating result	**-403.6**	**-432.4**	**6.7**
Items affecting comparability	9.4	-17.5	153.7
Operating result	**-394.2**	**-449.9**	**12.4**
Financial income	12.7	34.2	-63.0
Financial expenses	-84.2	-234.5	64.1
Exchange gains and losses	-11.3	7.5	<-200
Result before taxes	**-477.1**	**-642.7**	**25.8**
Income taxes	96.5	128.5	-25.0
Result for the period	**-380.7**	**-514.2**	**26.0**

Because of cost adjustment initiatives, Finnair's comparable EBITDA and comparable operating result both improved year-on-year even though operating expenses did not decline in line with revenue, mainly due to fixed costs.

Unrealised changes in foreign currencies of fleet overhaul provisions were -8.3 million euros (6.0) due to the strengthening US dollar and fair value changes of derivatives where hedge accounting is not applied totalled 0.0 million euros (-0.2). Exceptional changes in defined benefit pension plans booked as items affecting comparability totalled 12.9 million euros (none in the comparison period) and they related to terms amendments in the Finnair pension fund relating to curtailment of occupational disability pensions. Other items affecting comparability consisting of sales gains or losses and restructuring costs totalled 4.8 million euros (-23.3) during Q1–Q3.

The net of financial income and expenses as well as exchange gains (mainly related to USD denominated aircraft lease payments and liabilities) declined significantly especially due to lower financial expenses which in the comparison period related mainly to reclassified jet fuel and foreign exchange hedges from the other comprehensive income to the profit and loss. Thus, Finnair's result before taxes and result after taxes improved year-on-year.

Financial position and capital expenditure

BALANCE SHEET

The Group's balance sheet totalled 3,876.7 million euros at the end of September (31 Dec 2020: 3,646.5). Fleet book value decreased 457.4 million euros due to depreciation and the sale and leaseback transaction of four Airbus A350 aircraft finalised in September. The right-of-use fleet increased by 183.7 million euros similarly due to the same sale and leaseback transaction. Receivables related to revenue increased to 85.0 million euros mainly due to improved ticket sales and strong cargo operations (31 Dec 2020: 57.5). Net deferred tax assets increased to 173.0 million euros (31 Dec 2020: 84.8) resulting from estimated tax losses caused by the COVID-19 impact on Finnair's result. The pension assets rose to 57.8 million euros (31 Dec 2020: 31.8) mainly due to actuarial gains and curtailment of the occupational disability pensions whereas pension obligations remained at the same level and were 2.3 million euros (31 Dec 2020: 1.5).

Deferred income and advances received increased to 221.8 million euros (31 Dec 2020: 133.6). This was mainly caused by an increase in the unflown ticket liability amounting to 133.3 million euros (31 Dec 2020: 55.7) due to clearly improved sales intake.

The loss for the period as well as the hybrid bond coupon payment in Q3 decreased shareholders' equity. Shareholders' equity also includes a fair value reserve that is affected by changes in the fair values of jet fuel and currency derivatives used for hedging as well as actuarial gains and losses related to pilots' defined benefit plans according to IAS 19. The value of the item at the end of September was 6.4 million euros after deferred taxes (31 Dec 2020: -41.8) as the increase in the fair value of hedge instruments had an increasing effect on equity especially due to the increase in the jet fuel price and actuarial gains from defined benefit pension plans.

Shareholders' equity totalled 548.3 million euros (31 Dec 2020: 896.6), or 0.39 euros per share (31 Dec 2020: 0.64).

CASH FLOW AND FINANCIAL POSITION

Cash flow

EUR million	Q1–Q3/2021	Q1–Q3/2020
Net cash flow from operating activities	**-149.8**	**-864.5**
Net cash flow from investing activities	**376.4**	**216.4**
Net cash flow from financing activities	**130.8**	**802.2**

During Q1–Q3, the COVID-19 impact was clearly visible in net cash flow from operating activities, which remained negative due the negative result for the period, lease and loan interest costs as well as payments related to unwound fuel and foreign exchange hedges even though Q3 was already positive by 27.1 million euros. Net cash flow from investments remained positive mainly due to fleet divestments related to the sale and leaseback transaction in September. Net cash flow from financing was positive due to c. 400-million-euro proceeds from the new unsecured senior bond issued in May and maturing in May 2025. On the other hand, approximately half of the refinanced, old 200-million-euro unsecured senior bond was redeemed in May, which had a negative impact on the net cash flow from financing, and the other half will be repaid in March 2022 when it matures.

Capital structure

%	30 Sep 2021	31 Dec 2020
Equity ratio	**14.1**	**24.6**
Gearing	**279.1**	**153.2**

The equity ratio on 30 September 2021 decreased from the year-end 2020 due to the negative result for the period even though the positive change in the hedging reserve and other comprehensive income alleviated the impact. Gearing, on the contrary, rose as interest-bearing net debt increased and equity weakened.

Liquidity and net debt

EUR million	30 Sep 2021	31 Dec 2020
Cash funds	1,181.4	823.7
Adjusted interest-bearing liabilities	2,711.4	2,197.5
Interest-bearing net debt	**1,530.1**	**1,373.8**

The company's liquidity remained strong during the period under review. Despite the negative net cash flow from operating activities, Finnair Group's cash funds increased due to the divestments of more than 400 million euros mainly related to the sale and leaseback transaction finalised in September and the new unsecured senior bond of c. 400 million euros although it was netted by the partial redemption of the old unsecured senior bond. Thanks to the strong cash funds, Finnair is prepared for the estimated 2022 loan repayments and lease payments totalling more than 600 million euros.

Finnair and the State of Finland signed an agreement on an unsecured hybrid loan of up to 400 million euros in Q1. Of this credit limit, approximately 350 million euros can be used by Finnair based on the state aid decision made by the EU Commission in March. Finnair can access the funds, if its cash or equity position would drop below the limits defined in the facility agreement's terms and conditions. The remaining approximately 50-million-euro share is being brought for approval by the EU Commission. In addition, Finnair has a 200-million-euro short-term, unsecured commercial paper programme, which was unused at the end of September. After the period, Finnair announced that it has retired the undrawn 175-million-euro revolving credit facility which was maturing in January 2023.

Adjusted interest-bearing liabilities increased from 2020 year-end mainly due to the sale and leaseback transaction and the new senior unsecured bond. The share of lease liabilities amounted to 1,281.8 million euros (31 Dec 2020: 1,016.2). Interest-bearing net debt increased from the end of 2020 mainly due to the negative net cash flow from operating activities but also due to the strengthened US dollar.

CAPITAL EXPENDITURE

Gross capital expenditure, excluding advance payments, totalled 305.8 million euros during Q1–Q3 (424.4) and was primarily related to fleet investments.

Cash flow from investments (including fixed asset investments and divestments, sublease payments received and advance payments) totalled 364.8 million euros (-166.2).

Change in other current financial assets (maturity over three months) totalled 11.7 million euros (382.6) also forming a part of the net cash flow from investments, which amounted to 376.4 million euros (216.4).

Cash flow from investments (including only fixed asset investments and advance payments) for the financial year 2021 relates mainly to fleet and is expected to total approximately -103 million euros. Investment cash flow includes both committed investments as well as estimates for planned, but not yet committed, investments.

The company has 34 unencumbered aircraft, which account for approximately 31.1 per cent of the balance sheet value of the entire fleet of 1,939.0 million euros.[1]

Fleet

FINNAIR'S OPERATING FLEET

Finnair's fleet is managed by Finnair Aircraft Finance Oy, a wholly-owned subsidiary of Finnair. At the end of the third quarter, Finnair itself had 59 aircraft, of which 24 were wide-body and 35 narrow-body aircraft. During the third quarter, Finnair moved forward with its refinancing plan and closed a sale and leaseback of four owned Airbus A350 aircraft. After the transaction, 26 aircraft were owned by Finnair Aircraft Finance Oy and 33 were leased.

At the end of the third quarter, the average age of the fleet operated by Finnair was 11.3 years.

Fleet operated by Finnair* 30.9.2021	Seats	#	Change from 31.12.2020	Own**	Leased	Average age 30.9.2021	Ordered
Narrow-body fleet							
Airbus A319	144	6		5	1	19.8	
Airbus A320	174	10		8	2	19.1	
Airbus A321	209	19		4	15	10.3	
Wide-body fleet							
Airbus A330	289/263	8		4	4	11.9	
Airbus A350	297/336	16		5	11	4.2	3
Total		**59**	**0**	**26**	**33**	**11.3**	**3**

* Finnair's Air Operator Certificate (AOC).
** Includes JOLCO-financed (Japanese Operating Lease with Call Option) A350 aircraft.

FLEET RENEWAL

At the end of the third quarter, Finnair had sixteen A350 aircraft, which have been delivered between 2015–2020 and three A350 aircraft on order from Airbus of which the next delivery has been financed with a lease. These aircraft are scheduled to be delivered to Finnair in Q2 2022, Q4 2024 and Q1 2025.

Finnair's investment commitments for property, plant and equipment, totalling 337.6 million euros, include the upcoming investments in the wide-body fleet.

Finnair has the possibility to adjust the size of its fleet in line with demand forecasts through the staggered maturities of its lease agreements and changes in the number of owned aircraft.

FLEET OPERATED BY NORRA (PURCHASED TRAFFIC)

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

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

Fleet operated by Norra* 30.9.2021	Seats	#	Change from 31.12.2020	Own	Leased	Average age 30.9.2021	Ordered
ATR	68-70	12		6	6	12.2	
Embraer E190	100	12		9	3	13.3	
Total		**24**	**0**	**15**	**9**	**12.7**	

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

Strategy implementation

Finnair is targeting sustainable, profitable growth. In Q3, Finnair has re-evaluated its strategy, which is valid until 2025, due to the pandemic impact. The company implements the strategy in four focus areas, namely: Capture market growth; Modern premium offering, retailing and distribution; Cost efficiency; as well as Sustainability as a differentiator.

Finnair's long-term financial targets will be re-evaluated during H1 2022 once visibility on the business environment and especially on Asia improves.

CAPTURE MARKET GROWTH

Finnair continues to focus primarily on the most profitable Asian mega cities and transfer traffic between Asia and Europe. Finnair also continues to leverage its home hub's unique geographical location, maximizing its efficiencies. The company now expects annual capacity growth of c. 3% which is in line with the anticipated growth of Finnair's main markets.

Currently committed wide-body aircraft investments will be made. As a result of the negative financial impact of the pandemic, Finnair will, however, postpone the narrow-body fleet renewal investment by some years as it concentrates on optimising the life of its current fleet.

MODERN PREMIUM OFFERING, RETAILING AND DISTRIBUTION

Finnair aims to be defined as a modern, premium airline. The company's customer promise emphasises freedom of choice, smooth travel experience and sustainability. Finnair supports the customer experience with the help of digital services. Finnair is also targeting more dynamic retailing, increased share of direct sales in digital channels and renewal of its distribution channels.

During Q3, the average monthly number of unique Finnair website visitors started to recover as it totalled 1.3 million (0.7). The number of active users of the Finnair mobile application surged by 130.6 per cent to 339,000 from Q3 2020. Direct sales in Finnair's digital channels increased to 52.0 per cent (46.0) of all tickets sold.

To win in the competitive airline market, Finnair must also excel in everyday customer experience. Finnair's Net Promoter Score (NPS), measuring customer satisfaction, was at an excellent level with a score of 44 (55) in Q3. The customers have especially appreciated Finnair's service and the restart of onboard sales. This appreciation was reflected in customers voting Finnair the best airline in the Northern Europe for the 11th consecutive time in the Skytrax World Airline Awards.

In Q3, Finnair renewed its service concept onboard. Streamlined, more uniform inflight selection supports the company's sustainability targets and helps to cut the amount of food waste. Further, Finnair reopened some of its lounges in Q3 and their food selection is now more vegetarian-oriented.

To support the ramp-up, Finnair continued its corona-related actions by introducing affordable PCR and rapid antigen testing services, which are available at Finnair's headquarters near Helsinki Airport.

COST EFFICIENCY

Finnair has announced that it is targeting permanent, annual cost savings of c. 200 million euros by 2022, based on 2019 operational volumes. It will also continue to seek savings through continuous operational improvement and efficiency.

Particular focus will be on fuel efficiency and on-time performance, which have a significant impact on both cost and productivity as well as customer experience. In terms of on-time performance and fuel efficiency, Finnair aims to being among the industry leaders. The company's on-time performance in Q3 was excellent at 91.5% (96.0).

Finnair is recognised as one of the world's safest airlines. The strong safety culture, as well as the reliability and productivity of Finnair's operations are at the core of the company's strategy. More effort will be put into technology, automation, utilising data and working together cross-functionally as they support safety and cost efficiency.

SUSTAINABILITY AS A DIFFERENTIATOR

Sustainability is an essential part of Finnair, and the company's sustainability targets remained unchanged. Finnair's long-term goal is carbon neutrality by 2045, with a 50% reduction in net emissions in 2025 compared to the 2019 level. As a priority, Finnair strives to reduce the direct emissions of its operations, i.e., reducing actual emissions whenever reasonably possible. Global climate challenge requires long-term planning, and in the short-term, the company will have to rely on economic measures relatively more before it can, in the longer term, take advantage of the improvements in emissions efficiency of new technologies.

Finnair's renewed onboard service is more sustainable. Plastic cutlery was replaced with a wooden version and the share of vegetarian options was increased. Further, the previous target of halving the amount of food waste produced has already been met and was extended by another 30%. The actions making this possible are the streamlined menu selection and the shift to pre-ordering fresh food items. In Q3, Finnair also finished a recycling project of one of its retired Airbus A319 aircraft. The final recovery rate was very high: 99.2% of the aircraft was either recycled or reused.

PEOPLE

Genuine collaboration, target-oriented leadership and utilising new working methods such as lean and agile are important tools when implementing the strategy. These measures are emphasised in Finnair's people plan. The number of employees has decreased because of the COVID-19 impact and, therefore, new, more effective ways of working as well as extensive and cross-organisational collaboration are necessary.

Finnair employed an average of 5,462 (6,568) people in Q3 2021, which is 16.8 per cent less than in the comparison period. The number of employees decreased during Q3 by 112 or 2.0 per cent, totalling 5,426 at the end of September (6,535). In total, 46 new persons were hired at Finnair in Q3 2021. The attrition rate for the last 12 months was 11.2 per cent (9.2) which is higher than in the comparison period due to temporary layoffs and, thus, lower number of active employees. The number of absences due to illness was 2.5 per cent (2.6) in Q3.

Sustainability and corporate responsibility

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

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

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

The biggest expectations towards Finnair are on reducing the CO2 emissions of flights. Finnair is committed to the sector's common goal of carbon-neutral growth from 2020 onwards but sees this commitment as only a starting point. Finnair commits to becoming carbon neutral by 2045, with an interim goal of reducing the CO2 net emissions by 50% in 2025. This is a challenging target, but Finnair considers it important for the future of the company and a means to challenge the industry as a whole even further.

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

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

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

The key performance indicators for corporate sustainability are presented in the Key Performance Indicators table of this interim report.

Changes in company management

During Q1–Q3, there were no changes in the company's management.

Share price development and trading

Finnair's market capitalisation was 957.0 million euros at the end of September (31 Dec 2020: 1,066.1). The closing price of the share on 30 September 2021 was 0.68 euros (31 Dec 2020: 0.76 euros). During January–September, the highest price for the Finnair Plc share on the Nasdaq Helsinki was 0.81 euros, the lowest price 0.59 euros and the average price 0.69 euros. Some 884.4 million company shares, with a total value of 614.5 million euros, were traded on the Nasdaq Helsinki exchange.

The number of Finnair shares recorded in the Trade Register was 1,407,401,265 at the end of the period. The Finnish state owned 55.9 per cent (31 Dec 2020: 55.9) of Finnair's shares, while 5.3 per cent (31 Dec 2020: 7.4) were held by foreign investors or in the name of a nominee at the end of the period.

Own shares

On 31 December 2020, Finnair held a total of 170,660 own shares, representing 0.01 per cent of the total number of shares and votes.

The Board of Directors of Finnair exercised the authorisation granted by the 2020 AGM to acquire own shares. Finnair completed the repurchase of own shares on 22 February 2021, which started on 19 February 2021. During that time, Finnair acquired a total of 1,800,000 own shares for an average price of 0.64 euros per share. The shares were acquired in public trading on Nasdaq Helsinki Ltd. at the market price prevailing at the time of purchase. The repurchased shares were acquired based on the authorisation given by the Annual General Meeting on 29 May 2020 and shall be used as a part of the Company's incentive programmes.

Following the repurchase, Finnair Plc held a total of 1,970,660 own shares, corresponding to 0.14 per cent of the total number of shares and votes.

In February, Finnair transferred, using the authorisation granted by the AGM 2020, a total of 496,564 own shares as incentives to the participants of the FlyShare employee share savings plan. It also transferred 36,903 own shares as a reward to the key personnel included in Finnair's share-based incentive scheme 2018–2020 in March.

On 30 September 2021, Finnair held a total of 1,437,193 own shares (30 Sep 2020: 209,600), representing 0.10 per cent (0.01) of the total number of shares and votes.

Effective authorisations granted by the Annual General Meeting 2021

Finnair's Annual General Meeting was held in Vantaa on 17 March 2021 under special arrangements due to the COVID-19 pandemic.

The AGM authorised the Board of Directors to decide on the repurchase of the company's own shares and/or on the acceptance as pledge and on the issuance of shares (concerns both the issuance of new shares as well as the transfer of treasury shares). The authorisation shall not exceed 50,000,000 shares, which corresponds to approximately 3.6 per cent of all the shares in the company. The authorisations are effective for a period of 18 months from the resolution of the AGM.

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

The resolutions of the AGM are available in full on the company's website https://investors.finnair.com/en/governance/general-meetings/agm-2021.

Significant near-term risks and uncertainties

Aviation is an industry that is sensitive to global economic cycles and reacts quickly to external disruptions, seasonal variations and economic trends, as the global COVID-19 pandemic starting in Q1 2020 has demonstrated. In the implementation of its strategy, Finnair is faced with various risks and opportunities. Finnair has a comprehensive risk management process to ensure that risks are identified and mitigated as much as possible, although many risks are not within the company's full control.

The risks and uncertainties described below are considered as potentially having a significant impact on Finnair's business, financial result and future outlook within the next 12 months. This list is not intended to be exhaustive.

Uncertainties related to the recovery of air traffic pose a risk to Finnair's revenue development.
The key factors affecting revenue and operating loss, that Finnair can affect, are operating cost adjustments and the ability to respond to changes in demand. Factors beyond Finnair's control are mainly related to the duration of the COVID-19 pandemic, and the measures to fight the pandemic, as well as the recovery of air traffic and demand. Other general risk factors in the industry and business, such as the fluctuation in prices of jet fuel, fluctuation in demand, currency exchange fluctuations as well as regulatory and tax changes are also beyond Finnair's control.

Exceptional variations in the fuel price (including the impact of currencies and hedging) might affect capacity in Finnair's main markets. This, together with changes in ticket prices, pose a risk to Finnair's revenue development, as do sudden changes in the foreign exchange rates and slowing growth in demand. Generally, Finnair aims to pass exceptional variations in the fuel price to customers via ticket prices, however, the market conditions prevailing from time to time may not allow this.

Capacity increases and product improvements among Finnair's existing or new competitors may have an impact on the demand for, and yield of, Finnair's services. In addition, joint operations involving closer cooperation than airline alliances and joint businesses are expected to develop further. Industry consolidation could have a significant impact on the competitor landscape. Introduction of new digital distribution technologies and channels in Finnair's distribution strategy, including transition towards differentiation of fare content and availability between the channels, involves implementation and commercial risks.

The aviation industry is affected by a number of regulatory trends. Estimating the impacts of the regulatory changes on airlines' operational activities and/or costs in advance is difficult. Examples of such regulatory trends include regulation related to emissions trading, noise regulation and other environmental regulation, as well as regulations on privacy and consumer protection. Due to the extraordinary circumstances caused by the COVID-19 pandemic, uncertainties related to agreements and authority policies as well as interpretation and implementation of legislation, such as approval of state aid, may increase. This may increase the likelihood of litigation processes.

Geopolitical uncertainty, the threat of trade wars, the threat of terrorism, cyber-attacks and pandemic risks (such as COVID-19) as well as other potential external disruptions may, if they materialise, significantly affect the demand for air travel and Finnair's operations. The COVID-19 pandemic had a significant negative impact on Finnair's operations in 2020 and the negative impact is continuing throughout 2021. A prolonged COVID-19 pandemic would result in a deterioration in Finnair's cash funds, although the company has acted to mitigate this risk by introducing a funding package consisting of a 600-million-euro premium pension loan, refinancing of the 200-million-euro hybrid bond as well as e.g., sale and leaseback arrangements and export credit agency financing of aircraft. In case of a prolonged pandemic, it will also reduce the company's equity significantly. Further, prolonged unprofitability will increase the risk of fleet and other fixed asset impairments. As a result, Finnair has an ongoing, significant cost adjustment programme (it targets c. 200-million-euro permanent cost base decline by 2022, based on 2019 operational volumes), including e.g., renegotiating of vendor agreements. Further, the company was forced to reduce 600 employees globally. Along with these actions, Finnair executed a 512-million-euro rights offering to strengthen the equity and cash funds in the summer of 2020. In Q1, Finnair and the State of Finland signed an agreement on an unsecured hybrid loan of up to 400 million euros in Q1. Of this credit limit, approximately 350 million euros can be used by Finnair based on the state aid decision made by the EU Commission in March. Finnair can access the funds, if its cash or equity position would drop below the limits defined in the facility's terms and conditions. The remaining approximately 50-million-euro share is being brought to approval by the EU Commission. In May 2021, Finnair partly refinanced its 200-million-euro senior unsecured bond maturing in March 2022 by issuing a new senior unsecured bond the totalling 400 million euros and maturing in May 2025. In September 2021, Finnair finalised a sale and leaseback arrangement for four of its Airbus A350 aircraft resulting in cash proceeds of more than 400 million US dollars. The company has executed these measures to better ensure that it will weather a prolonged pandemic and the resulting impacts within the next 12 months.

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

Finnair's risk management and risks related to the company's operations are described in more detail on the company's website at https://investors.finnair.com/en/governance/risk-management.

Seasonal variation and sensitivities in business operations

Due to the seasonality of the airline business, the Group's revenue and result are, in a normal situation, generally at their lowest in the first quarter and at their highest in the third quarter of the year. The growing proportional share of Asian traffic increases seasonal fluctuation due to destination-specific seasons in Asian leisure and business travel.

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

The company hedges its currency, interest rate and jet fuel exposure using a variety of derivative instruments, such as forward contracts, swaps and options, in compliance with the risk management policy approved annually by the Board of Directors. Under normal circumstances, fuel purchases are hedged for 24 months forward on a rolling basis, and the degree of hedging decreases towards the end of the hedging period. The higher and lower limits of the degree of hedging would normally be 90 and 60 per cent for the following six months but due to the uncertainty caused by COVID-19, Finnair has temporarily changed the lower limit from 60 per cent to 0 per cent during the hedging period. Currently, Finnair has hedged part of its fuel purchases for the next 6 months.

Sensitivities in business operations, impact on comparable operating profit (rolling 12 months from date of financial statements)	1 percentage (point) change
Passenger load factor (PLF, %)	EUR 26 million
Average yield of passenger traffic	EUR 14 million
Unit cost (CASK excl. fuel)	EUR 18 million

Fuel sensitivities (rolling 12 months from date of financial statements)	10% change without hedging	10% change, taking hedging into account
Fuel	EUR 47 million	EUR 43 million

Fuel hedging and average hedged price (rolling 12 months from date of financial statements)	Hedged fuel, tonnes*	Average hedge price, USD/ton* **
September 2021	18,000	418
Q4 2021	45,000	528
Q1 2022	20,000	632
Q2 2022 and after	-	-
Total	**83,000**	**529**

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

Currency distribution, %	Q3 2021	Q3 2020	Q1–Q3 2021	Q1–Q3 2020	2020	Currency sensitivities USD and JPY (rolling 12 months from date of financial statements for operational cash flows)		Hedging ratio for operational cash flows (rolling next 12 months)
Sales currencies						10% change without hedging	10% change, taking hedging into account	
EUR	48	56	43	58	55	-	-	-
USD*	6	2	4	4	4	see below	see below	see below
JPY	6	4	11	7	7	EUR 21 m	EUR 19 m	9%
CNY	6	6	7	5	6	-	-	-
KRW	4	4	5	3	3	-	-	-
SEK	3	3	3	3	3	-	-	-
Other	27	26	25	21	21	-	-	-
Purchase currencies								
EUR	72	62	72	58	59	-	-	-
USD*	24	35	23	35	35	EUR 59 m	EUR 53 m	10%
Other	4	3	4	7	6	-	-	-

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

HEDGING OF FOREIGN CURRENCY EXPOSURE IN BALANCE SHEET

Due to the introduction of IFRS 16 in 2019, Finnair's asset-related foreign currency exposure increased with the recognition of the present value of qualifying operating lease liabilities in the balance sheet as right-of-use assets. Unrealised foreign exchange losses/gains caused by the translation of the USD denominated liability will have an impact on Finnair's net result. In the future, the effect and amount of the foreign currency exchange could be positive or negative, depending on the USD-rate at the closing date. Finnair has mitigated the foreign exchange volatility introduced by this difference by using derivatives as well as natural hedges where possible. The annual effect in net result going forward is dependent on the size of the qualifying operating lease portfolio, the duration of the leases and hedging ratio. At the end of September 2021, the hedging ratio of USD denominated aircraft lease payments and liabilities was approximately 50 per cent.

Events after the financial period

Finnair announced on 5 October 2021 that the company has retired its undrawn, 175-million-euro revolving credit facility on 4 October 2021.

Finnair announced on 13 October 2021 that Tomi Pienimäki, Finnair's Chief Digital Officer and a member of Finnair's Executive Board, will leave Finnair by the end of January 2022.

Financial reporting in 2022

The publication dates of Finnair's financial reports in 2022 are the following:

- Financial Statements Bulletin for 2021 on Thursday 17 February 2022
- Interim Report for January–March 2022 on Wednesday 27 April 2022
- Half-year Report for January–June 2022 on Tuesday 19 July 2022
- Interim Report for January–September 2022 on Friday 28 October 2022

FINNAIR PLC
Board of Directors

Briefings

Finnair will hold a results press conference (in Finnish) on 26 October 2021 at 11:00 a.m. at its office on Tietotie 9. It is also possible to participate in the press conference via a live webcast at https://finnairgroup.videosync.fi/2021-1026-press.

An English-language telephone conference and webcast will begin at 1:00 p.m. Finnish time. The conference may be attended by dialling your local access number +358 (0)9 8171 0310 (Finland), 08 5664 2651 (Sweden), 033 3300 0804 (UK) or +44 (0)33 3300 0804 (all other countries). The confirmation code is 11610691#. To join the live webcast, please register at https://finnairgroup.videosync.fi/2021-q3.

For further information, please contact:

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Key performance indicators

EUR in millions, unless otherwise indicated	Q3 2021	Q3 2020	Change %	Q1-Q3 2021	Q1-Q3 2020	Change %	2020
Revenue and profitability							
Revenue	199.4	97.4	104.7	424.9	727.2	-41.6	829.2
Comparable operating result	-109.1	-167.0	34.7	-403.6	-432.4	6.7	-595.3
Comparable operating result at 2018 constant currency and fuel price	-113.5	-167.5	32.2	-407.2	-392.7	-3.7	-558.9
Comparable operating result at 2019 constant currency and fuel price	-117.0	-171.1	31.6	-414.4	-408.3	-1.5	-575.5
Comparable operating result, % of revenue	-54.7	-171.4	116.7 %-p	-95.0	-59.5	-35.5 %-p	-71.8
Operating result	-106.0	-183.1	42.1	-394.2	-449.9	12.4	-464.5
Comparable EBITDA, % of revenue	-15.4	-84.1	68.7 %-p	-38.1	-24.7	-13.3 %-p	-30.3
Earnings per share (EPS), basic, EUR	-0.08	-0.15	42.2	-0.28	-0.56	50.5	-0.51
Earnings per share (EPS), diluted, EUR	-0.08	-0.15	42.2	-0.28	-0.56	50.5	-0.51
Unit revenue per available seat kilometre (RASK), cents/ASK	6.06	5.85	3.6	7.18	6.23	15.4	6.41
RASK at 2018 constant currency, cents/ASK	6.04	5.87	3.0	7.21	6.21	16.1	6.40
RASK at 2019 constant currency, cents/ASK	6.13	5.92	3.5	7.28	6.23	16.9	6.43
Unit revenue per revenue passenger kilometre (yield), cents/RPK	8.31	8.49	-2.0	9.57	6.32	51.5	6.48
Unit cost per available seat kilometre (CASK), cents/ASK	9.37	15.86	-40.9	14.01	9.93	41.1	11.01
CASK excluding fuel, cents/ASK	7.91	14.12	-44.0	12.17	8.16	49.1	9.21
CASK at 2018 constant currency and fuel price, cents/ASK	9.49	15.92	-40.4	14.09	9.57	47.2	10.72
CASK at 2019 constant currency and fuel price, cents/ASK	9.68	16.19	-40.2	14.28	9.72	46.9	10.88
Capital structure							
Equity ratio, %				14.1	25.9	-11.8 %-p	24.6
Gearing, %				279.1	125.7	153.4 %-p	153.2
Interest-bearing net debt				1,530.1	1,182.0	29.5	1,373.8
Interest-bearing net debt / Comparable EBITDA, LTM				-6.6	-20.0	13.5 %-p	-5.5
Gross capital expenditure	288.0	220.6	30.6	305.8	424.4	-27.9	515.9
Return on capital employed (ROCE), LTM, %				-12.8	-13.9	1.1 %-p	-15.2
Traffic							
Passengers, 1,000	778	454	71.6	1,329	3,207	-58.6	3,486
Flights, number	11,261	8,589	31.1	23,473	39,569	-40.7	46,094
Available seat kilometres (ASK), million	3,294	1,667	97.6	5,913	11,682	-49.4	12,937
Revenue passenger kilometres (RPK), million	1,369	645	112.4	2,110	7,784	-72.9	8,150
Passenger load factor (PLF), %	41.6	38.7	2.9 %-p	35.7	66.6	-30.9 %-p	63.0
Modern premium offering, retailing and distribution							
Net Promoter Score (NPS)	44	55	-19.4	46	46	1.2	47
Share of digital direct ticket sales, %	52.0	46.0	6.0 %-p	55.0	37.9	17.1 %-p	40.7
Average number of monthly visitors at finnair.com, millions	1.3	0.7	88.6	0.9	1.2	-27.9	1.1
Active users for Finnair mobile app, thousands	339.0	147.0	130.6	277.0	207.7	33.4	187.3
Ancillary and retail revenue	10.5	8.8	19.6	24.7	57.1	-56.7	62.3
Cost efficiency							
Jet fuel consumption, tonnes	89,260	50,147	78.0	200,961	311,130	-35.4	365,492
On-time performance, %	91.5	96.0	-4.5 %-p	90.0	89.9	0.1 %-p	90.2
Sustainability as a differentiator							
Flight CO_2 emissions, tonnes	281,169	157,964	78.0	633,028	980,058	-35.4	1,151,299
Flight CO_2 emissions, tonnes/ASK	0.0854	0.0948	-9.9	0.1071	0.0839	27.6	0.0890
Flight CO_2 emissions, tonnes/RTK	0.9592	1.1327	-15.3	0.9644	0.9434	2.2	0.9486
People							
Average number of employees	5,462	6,568	-16.8	5,697	6,686	-14.8	6,573
Absences due to illness, %	2.54	2.60	-0.06 %-p	2.15	4.14	-1.99 %-p	3.81
Lost-time injury frequency (LTIF)	5.4		-	5.8	4.5	29.2	4.4
Attrition rate, LTM, %				11.2	9.2	2.0 %-p	7.4

PERFORMANCE INDICATORS CLASSIFIED AS ALTERNATIVE PERFORMANCE MEASURES

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

Alternative performance measures	Calculation	Reason to use the measure
Items affecting comparability	Unrealized changes in foreign currencies of fleet overhaul provisions + Fair value changes of derivatives where hedge accounting is not applied + Sales gains and losses on aircraft and other transactions + Changes in defined benefit pension plans + Restructuring costs	Component used in calculating comparable operating result.
Comparable operating result	Operating result - Items affecting comparability	Comparable operating result is presented to better reflect the Group's business performance when comparing results to previous periods.
Comparable operating result, % of revenue	Comparable operating result / Revenue x 100	Comparable operating result is presented to better reflect the Group's business performance when comparing results to previous periods.
Revenue at 2018/2019 constant currency	Revenue + Currency impact adjustment at 2018/2019 currency	Component used in calculating comparable operating result at constant currency and fuel price and RASK at constant currency. All changes in currency levels and hedging results since 2018/2019 are excluded from the measurement.
Costs at 2018/2019 constant currency and fuel price	Other operating income + Operating expenses included in comparable operating result + Currency and fuel price impact adjustment at 2018/2019 currency and price	Component used in calculating comparable operating result at constant currency and fuel price and CASK at constant currency and fuel price. All changes in fuel price, currency levels and hedging results since 2018/2019 are excluded from the measurement.
Comparable operating result at 2018/2019 constant currency and fuel price	Revenue at 2018/2019 constant currency + Costs at 2018/2019 constant currency and fuel price	Comparable operating result at constant currency and fuel price aims to provide a comparative, currency and fuel price neutral measurement for comparable operating result. All changes in fuel price, currency levels and hedging results since 2018/2019 are excluded from the measurement.
RASK at 2018/2019 constant currency	Revenue at 2018/2019 constant currency / Available seat kilometres (ASK)	Unit revenue (RASK) at constant currency aims to provide a comparative, currency neutral measurement for unit revenues. All changes in currency levels and hedging results since 2018/2019 are excluded from the measurement.
CASK at 2018/2019 constant currency and fuel price	Costs at 2018/2019 constant currency and fuel price / Available seat kilometres (ASK)	Unit cost (CASK) at constant currency and fuel price aims to provide a comparative, currency and fuel price neutral measurement for unit costs. All changes in fuel price, currency levels and hedging results since 2018/2019 are excluded from the measurement.
Comparable EBITDA	Comparable operating result + Depreciation and impairment	Comparable EBITDA is presented to better reflect the Group's business performance when comparing results to previous periods. Comparable EBITDA is a common measure in airline business which aims to reflect comparable operating result excluding capital cost.
Comparable EBITDA, % of revenue	Comparable EBITDA / Revenue x 100	Comparable EBITDA is presented to better reflect the Group's business performance when comparing results to previous periods. Comparable EBITDA is a common measure in airline business which aims to reflect comparable operating result excluding capital cost.

Equity ratio, %	Equity total / Equity and liabilities total x 100	Equity ratio provides information on the financial leverage used by the Group to fund its assets.
Adjusted interest-bearing liabilities	Lease liabilities + Other interest-bearing liabilities + Cross currency interest rate swaps in derivative financial instruments	Component used in calculating gearing.
Cash funds	Cash and cash equivalents + Other financial assets	Component used in calculating gearing. Cash funds represent the total amount of financial assets that are available for use within short notice. Therefore, cash funds provide the true and fair view of the Group's financial position.
Interest-bearing net debt	Adjusted interest-bearing liabilities - Cash funds	Interest-bearing net debt provides view of the Group's total external debt financing.
Gearing, %	Interest-bearing net debt / Equity total x 100	Gearing provides view of the level of the Group's indebtedness.
Interest-bearing net debt / Comparable EBITDA, LTM	Interest-bearing net debt / Comparable EBITDA, for the last twelve months	The ratio provides information on the Group's leverage by comparing the Group's net debt to the amount of income generated before covering interest, taxes, depreciation and impairment.
Gross capital expenditure	Additions in fixed assets + New contracts in right-of-use assets + Reassessments and modifications in right-of-use assets	Gross capital expenditure provides information on the Group's capitalized investments and lease modifications.
Return on capital employed (ROCE), LTM, %	(Result before taxes + Financial expenses + Exchange rate gains and losses, for the last twelve months) / (Equity total + Lease liabilities + Other interest-bearing liabilities, average of reporting period and comparison period)	The ratio provides a view to monitor the return of capital employed.

RECONCILIATION OF PERFORMANCE INDICATORS CLASSIFIED AS ALTERNATIVE PERFORMANCE MEASURES

Items affecting comparability EUR in millions	Q3 2021	Q3 2020	Change %	Q1-Q3 2021	Q1-Q3 2020	Change %	2020
Operating result	**-106.0**	**-183.1**	**42.1**	**-394.2**	**-449.9**	**12.4**	**-464.5**
Unrealized changes in foreign currencies of fleet overhaul provisions	3.9	-6.4	160.5	8.3	-6.0	> 200	-12.2
Fair value changes of derivatives where hedge accounting is not applied		0.0	-100.0	0.0	0.2	-95.7	0.2
Sales gains and losses on aircraft and other transactions	-6.2	-0.1	<-200	-5.9	0.0	<-200	-0.8
Changes in defined benefit pension plans			-	-12.9		-	-132.8
Restructuring costs	-0.7	22.7	-103.2	1.1	23.4	-95.2	14.9
Comparable operating result	**-109.1**	**-167.0**	**34.7**	**-403.6**	**-432.4**	**6.7**	**-595.3**
Depreciation and impairment	78.4	85.0	-7.8	241.9	252.7	-4.2	343.8
Comparable EBITDA	**-30.7**	**-81.9**	**62.5**	**-161.7**	**-179.7**	**10.0**	**-251.5**

Comparable operating result, RASK and CASK at 2018 constant currency and fuel price EUR in millions, unless otherwise indicated	Q3 2021	Q3 2020	Change %	Q1-Q3 2021	Q1-Q3 2020	Change %	2020
Revenue	199.4	97.4	104.7	424.9	727.2	-41.6	829.2
Currency impact adjustment at 2018 currency	-0.4	0.4	<-200	1.2	-2.0	160.5	-0.8
Revenue at 2018 constant currency	199.1	97.8	103.5	426.1	725.2	-41.3	828.4
Other operating income	9.6	11.2	-14.7	26.2	36.1	-27.4	48.4
Operating expenses included in comparable operating result	-318.1	-275.6	-15.4	-854.7	-1,195.7	28.5	-1,472.9
Currency and fuel price impact adjustment at 2018 currency and price	-4.0	-0.9	<-200	-4.8	41.7	-111.4	37.2
Costs at 2018 constant currency and fuel price	-312.5	-265.3	-17.8	-833.2	-1,117.9	25.5	-1,387.3
Comparable operating result at 2018 constant currency and fuel price	**-113.5**	**-167.5**	**32.2**	**-407.2**	**-392.7**	**-3.7**	**-558.9**
Available seat kilometres (ASK), million	3,294	1,667	97.6	5,913	11,682	-49.4	12,937
RASK at 2018 constant currency, cents/ASK	**6.04**	**5.87**	**3.0**	**7.21**	**6.21**	**16.1**	**6.40**
CASK at 2018 constant currency and fuel price, cents/ASK	**9.49**	**15.92**	**-40.4**	**14.09**	**9.57**	**47.2**	**10.72**

Comparable operating result, RASK and CASK at 2019 constant currency and fuel price EUR in millions, unless otherwise indicated	Q3 2021	Q3 2020	Change %	Q1-Q3 2021	Q1-Q3 2020	Change %	2020
Revenue	199.4	97.4	104.7	424.9	727.2	-41.6	829.2
Currency impact adjustment at 2019 currency	2.3	1.2	88.2	5.4	0.1	> 200	2.7
Revenue at 2019 constant currency	201.8	98.7	104.5	430.3	727.3	-40.8	831.9
Other operating income	9.6	11.2	-14.7	26.2	36.1	-27.4	48.4
Operating expenses included in comparable operating result	-318.1	-275.6	-15.4	-854.7	-1,195.7	28.5	-1,472.9
Currency and fuel price impact adjustment at 2019 currency and price	-10.2	-5.4	-89.2	-16.2	24.0	-167.5	17.1
Costs at 2019 constant currency and fuel price	-318.8	-269.8	-18.2	-844.7	-1,135.6	25.6	-1,407.4
Comparable operating result at 2019 constant currency and fuel price	**-117.0**	**-171.1**	**31.6**	**-414.4**	**-408.3**	**-1.5**	**-575.5**
Available seat kilometres (ASK), million	3,294	1,667	97.6	5,913	11,682	-49.4	12,937
RASK at 2019 constant currency, cents/ASK	**6.13**	**5.92**	**3.5**	**7.28**	**6.23**	**16.9**	**6.43**
CASK at 2019 constant currency and fuel price, cents/ASK	**9.68**	**16.19**	**-40.2**	**14.28**	**9.72**	**46.9**	**10.88**

Equity ratio EUR in millions, unless otherwise indicated	30 Sep 2021	30 Sep 2020	Change %	31 Dec 2020
Equity total	548.3	940.3	-41.7	896.6
Equity and liabilities total	3,876.7	3,629.0	6.8	3,646.5
Equity ratio, %	**14.1**	**25.9**	**-11.8 %-p**	**24.6**

Gearing, interest-bearing net debt and interest-bearing net debt / Comparable EBITDA, LTM EUR in millions, unless otherwise indicated	30 Sep 2021	30 Sep 2020	Change %	31 Dec 2020
Lease liabilities	1,281.8	1,018.3	25.9	1,016.2
Other interest-bearing liabilities	1,436.6	879.7	63.3	1,162.6
Cross currency interest rate swaps*	-6.9	9.2	-175.2	18.8
Adjusted interest-bearing liabilities	**2,711.4**	**1,907.2**	**42.2**	**2,197.5**
Other financial assets	-370.3	-311.0	-19.1	-358.3
Cash and cash equivalents	-811.1	-414.3	-95.8	-465.3
Cash funds	**-1,181.4**	**-725.3**	**-62.9**	**-823.7**
Interest-bearing net debt	**1,530.1**	**1,182.0**	**29.5**	**1,373.8**
Equity total	548.3	940.3	-41.7	896.6
Gearing, %	**279.1**	**125.7**	**153.4 %-p**	**153.2**
Comparable EBITDA, LTM	-233.4	-59.0	<-200	-251.5
Interest-bearing net debt / Comparable EBITDA, LTM	**-6.6**	**-20.0**	**13.5 %-p**	**-5.5**

* Cross-currency interest rate swaps are used for hedging the currency and interest rate risk of interest-bearing loans, but hedge accounting is not applied. Changes in fair net value correlate with changes in the fair value of interest-bearing liabilities. Therefore, the fair net value of cross-currency interest rate swaps recognised in derivative assets/liabilities and reported in Note 9, is considered an interest-bearing liability in the net debt calculation.

Gross capital expenditure EUR in millions	Q3 2021	Q3 2020	Change %	Q1-Q3 2021	Q1-Q3 2020	Change %	2020
Additions in fixed assets	4.9	137.4	-96.4	17.4	332.1	-94.7	348.3
New contracts in right-of-use assets	257.0	90.8	183.0	263.6	93.5	182.0	173.3
Reassessments and modifications in right-of-use assets	26.1	-7.6	> 200	24.8	-1.2	> 200	-5.7
Gross capital expenditure	**288.0**	**220.6**	**30.6**	**305.8**	**424.4**	**-27.9**	**515.9**

Return on capital employed (ROCE), LTM EUR in millions, unless otherwise indicated	30 Sep 2021	30 Sep 2020	Change %	31 Dec 2020
Result before taxes, LTM	-488.8	-612.3	20.2	-654.4
Financial expenses, LTM	104.9	254.9	-58.8	255.2
Exchange rate gains and losses, LTM	-7.8	-22.4	65.1	-26.6
Return, LTM	**-391.7**	**-379.8**	**-3.1**	**-425.8**
Equity total	548.3	940.3	-41.7	896.6
Lease liabilities	1,281.8	1,018.3	25.9	1,016.2
Other interest-bearing liabilities	1,436.6	879.7	63.3	1,162.6
Capital employed	**3,266.7**	**2,838.3**	**15.1**	**3,075.4**
Capital employed, average of reporting period and comparison period	**3,052.5**	**2,733.1***	**11.7**	**2,808.3***
Return on capital employed (ROCE), LTM, %	**-12.8**	**-13.9**	**1.1 %-p**	**-15.2**

* Capital employed accounted was EUR 2,627.8 million as at 30 Sep 2019 and EUR 2,541.1 million as at 31 Dec 2019.

OTHER PERFORMANCE INDICATORS

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

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

Cost efficiency	
On-time performance	The share of flights arrived less than 15 minutes late

Modern premium offering, retailing and distribution	
Net Promoter Score (NPS)	Net Promoter Score is based on a question: "Thinking about all aspects of this journey, how likely would you be to recommend Finnair to a relative, friend or colleague?" Scale is 0-10: The share of detractors (ratings 0-6) is deducted from the share of promoters (ratings 9-10). Result is between +100 and -100.
Share of digital direct ticket sales	Share of ticket sales in Finnair's own direct channels in relation to total ticket sales for the period. Direct channels include Finnair.com, Finnair mobile app, New Distribution Capability (NDC) solutions and Finnair Holidays.

Sustainability as a differentiator	
Flight CO_2 emissions	CO_2 emissions from jet fuel consumption

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

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CONSOLIDATED INCOME STATEMENT

EUR in millions	Note	Q3 2021	Q3 2020 *	Q1-Q3 2021	Q1-Q3 2020 *	2020 *
Revenue	**5**	**199.4**	**97.4**	**424.9**	**727.2**	**829.2**
Other operating income		31.9	11.3	49.2	36.2	49.3
Operating expenses						
Staff and other crew related costs	6	-57.8	-75.9	-153.0	-260.8	-163.9
Fuel costs		-47.9	-29.1	-109.0	-206.3	-232.8
Capacity rents		-18.2	-23.7	-48.4	-71.4	-89.3
Aircraft materials and overhaul		-39.1	-10.8	-77.8	-70.9	-92.5
Traffic charges		-27.0	-17.3	-67.0	-93.7	-112.4
Sales, marketing and distribution costs		-9.1	-0.6	-19.1	-23.1	-28.2
Passenger and handling services		-36.4	-22.4	-82.7	-144.7	-168.6
Depreciation and impairment	7	-78.4	-85.0	-241.9	-252.7	-343.8
Property, IT and other expenses		-23.5	-27.2	-69.3	-89.7	-111.6
Operating result		**-106.0**	**-183.1**	**-394.2**	**-449.9**	**-464.5**
Financial income		0.3	9.6	12.7	34.2	38.7
Financial expenses		-28.6	-84.2	-84.2	-234.5	-255.2
Exchange rate gains and losses		-10.8	8.3	-11.3	7.5	26.6
Result before taxes		**-145.2**	**-249.4**	**-477.1**	**-642.7**	**-654.4**
Income taxes	12	30.1	49.9	96.5	128.5	131.1
Result for the period		**-115.1**	**-199.5**	**-380.7**	**-514.2**	**-523.2**
Attributable to						
Owners of the parent company		-115.1	-199.5	-380.7	-514.2	-523.2
Earnings per share attributable to shareholders of the parent company, EUR						
Basic earnings per share		-0.08	-0.15	-0.28	-0.56	-0.51
Diluted earnings per share		-0.08	-0.15	-0.28	-0.56	-0.51

* The presentation of income statement has been clarified and the figures for the comparison period have been updated to correspond to the presentation adopted at the beginning of 2021. The changes are described more detailed in the notes 2. Accounting principles and 8. Items affecting comparability and changes in the presentation of income statement and cash flow statement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR in millions	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020	2020
Result for the period	**-115.1**	**-199.5**	**-380.7**	**-514.2**	**-523.2**
Other comprehensive income items					
Items that may be reclassified to profit or loss in subsequent periods					
Change in fair value of hedging instruments	0.9	43.3	35.7	-48.8	-29.9
Translation differences					-0.7
Tax effect	-0.2	-8.7	-7.1	9.8	6.0
Items that will not be reclassified to profit or loss in subsequent periods					
Actuarial gains and losses from defined benefit plans	-7.7	-1.2	24.7	-9.0	-13.1
Tax effect	1.5	0.2	-4.9	1.8	2.6
Other comprehensive income items total	**-5.4**	**33.7**	**48.3**	**-46.2**	**-35.1**
Comprehensive income for the period	**-120.6**	**-165.9**	**-332.4**	**-560.4**	**-558.4**
Attributable to					
Owners of the parent company	-120.6	-165.9	-332.4	-560.4	-558.4

CONSOLIDATED BALANCE SHEET

EUR in millions	Note	30 Sep 2021	30 Sep 2020	31 Dec 2020
ASSETS				
Non-current assets				
Fleet	14, 16	982.9	1,574.3	1,440.3
Right-of-use fleet	15, 16	956.1	723.1	772.5
Fleet total		1,939.0	2,297.3	2,212.7
Other fixed assets	14, 16	169.7	181.2	185.3
Right-of-use other fixed assets	15, 16	148.6	151.8	145.0
Other fixed assets total		318.3	332.9	330.2
Pension assets	18	57.8		31.8
Other non-current assets		8.8	28.8	25.1
Deferred tax assets	12	173.0	84.1	84.8
Non-current assets total		**2,497.0**	**2,743.2**	**2,684.7**
Current assets				
Receivables related to revenue		85.0	56.3	57.5
Inventories and other current assets		85.8	92.9	68.1
Derivative financial instruments	9, 10	27.2	11.3	12.4
Other financial assets	10	370.3	311.0	358.3
Cash and cash equivalents		811.1	414.3	465.3
Current assets total		**1,379.3**	**885.8**	**961.8**
Assets held for sale		0.5		
Assets total		**3,876.7**	**3,629.0**	**3,646.5**
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital		75.4	75.4	75.4
Other equity		472.9	864.9	821.2
Equity total		**548.3**	**940.3**	**896.6**
Non-current liabilities				
Lease liabilities	19	1,117.7	878.3	880.6
Other interest-bearing liabilities	19	1,289.6	835.8	1,111.0
Pension obligations		2.3	97.8	1.5
Provisions and other liabilities	20	184.9	161.1	161.1
Non-current liabilities total		**2,594.5**	**1,973.0**	**2,154.2**
Current liabilities				
Lease liabilities	19	164.1	140.1	135.6
Other interest-bearing liabilities	19	147.0	43.8	51.5
Provisions	20	15.9	37.7	20.0
Trade payables		35.4	44.6	24.8
Derivative financial instruments	9, 10	1.0	135.4	99.7
Deferred income and advances received	21	221.8	176.3	133.6
Liabilities related to employee benefits		67.1	80.1	70.7
Other liabilities		81.8	57.7	59.8
Current liabilities total		**733.9**	**715.6**	**595.7**
Liabilities total		**3,328.4**	**2,688.6**	**2,749.9**
Equity and liabilities total		**3,876.7**	**3,629.0**	**3,646.5**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR in millions	Share capital	Other restricted funds	Hedging reserve and other OCI items	Unrestricted equity funds	Retained earnings	Hybrid bond	Equity total
Equity 1 Jan 2021	**75.4**	**168.1**	**-41.8**	**759.5**	**-262.6**	**198.0**	**896.6**
Result for the period					-380.7		-380.7
Change in fair value of hedging instruments			28.5				28.5
Actuarial gains and losses from defined benefit plans			19.7				19.7
Comprehensive income for the period			**48.3**		**-380.7**		**-332.4**
Hybrid bond interests and expenses					-16.4		-16.4
Acquisitions of own shares					-1.1		-1.1
Share-based payments				1.6			1.6
Equity 30 Sep 2021	**75.4**	**168.1**	**6.4**	**761.1**	**-660.8**	**198.0**	**548.3**

EUR in millions	Share capital	Other restricted funds	Hedging reserve and other OCI items	Unrestricted equity funds	Retained earnings	Hybrid bond	Equity total
Equity 1 Jan 2020	**75.4**	**168.1**	**-6.7**	**256.1**	**275.2**	**198.2**	**966.4**
Result for the period					-514.2		-514.2
Change in fair value of hedging instruments			-39.0				-39.0
Actuarial gains and losses from defined benefit plans			-7.2				-7.2
Comprehensive income for the period			**-46.2**		**-514.2**		**-560.4**
Share issue				511.7			511.7
Share issue costs				-8.7			-8.7
Proceeds from hybrid bond						200.0	200.0
Hybrid bond repayments						-157.8	-157.8
Hybrid bond interests and expenses					-10.4	-0.6	-11.0
Share-based payments				0.0			0.0
Equity 30 Sep 2020	**75.4**	**168.1**	**-52.9**	**759.2**	**-249.4**	**239.8**	**940.3**

EUR in millions	Share capital	Other restricted funds	Hedging reserve and other OCI items	Unrestricted equity funds	Retained earnings	Hybrid bond	Equity total
Equity 1 Jan 2020	**75.4**	**168.1**	**-6.7**	**256.1**	**275.2**	**198.2**	**966.4**
Result for the period					-523.2		-523.2
Change in fair value of hedging instruments			-23.9				-23.9
Actuarial gains and losses from defined benefit plans			-10.5				-10.5
Translation differences			-0.7				-0.7
Comprehensive income for the period			**-35.1**		**-523.2**		**-558.4**
Share issue				511.7			511.7
Share issue costs				-8.8			-8.8
Proceeds from hybrid bond						200.0	200.0
Hybrid bond repayments						-200.0	-200.0
Hybrid bond interests and expenses					-14.6	-0.2	-14.8
Share-based payments				0.6			0.6
Equity 31 Dec 2020	**75.4**	**168.1**	**-41.8**	**759.5**	**-262.6**	**198.0**	**896.6**

CONSOLIDATED CASH FLOW STATEMENT

EUR in millions	Q3 2021	Q3 2020 **	Q1-Q3 2021	Q1-Q3 2020 **	2020 **
Cash flow from operating activities					
Result before taxes	-145.2	-249.4	-477.1	-642.7	-654.4
Depreciation and impairment	78.4	85.0	241.9	252.7	343.8
Financial income and expenses	39.2	66.3	82.9	192.8	189.9
Sales gains and losses on aircraft and other transactions	-20.0	-0.1	-19.7	0.0	-0.8
Change in provisions	15.2	11.7	14.9	22.8	3.5
Employee benefits	5.0	4.1	1.1	11.2	-120.8
Other adjustments	0.0	0.6	-0.1	0.7	0.7
Non-cash transactions	20.2	16.4	15.9	34.7	-116.6
Changes in trade and other receivables	-21.2	13.1	-21.5	94.5	112.3
Changes in inventories	0.3	0.5	2.8	0.5	4.6
Changes in trade and other payables	80.2	-106.2	106.6	-618.9	-672.0
Changes in working capital	59.3	-92.6	87.9	-523.9	-555.2
Financial expenses paid, net	-4.6	-92.9	-81.7	-171.6	-243.4
Income taxes paid		0.0		-6.4	-6.4
Net cash flow from operating activities	**27.1**	**-267.3**	**-149.8**	**-864.5**	**-1,043.1**
Cash flow from investing activities					
Investments in fleet	-18.5	-105.0	-43.3	-274.7	-300.7
Investments in other fixed assets	-2.4	-2.9	-5.5	-19.9	-24.7
Divestments of fleet, other fixed assets and shares	402.4	114.1	404.0	116.3	221.1
Lease and lease interest payments received	2.1	4.0	9.6	12.0	16.1
Change in other current financial assets (maturity over 3 months)	-26.3	11.3	11.7	382.6	439.9
Change in other non-current assets	0.0	0.0	0.0	0.0	0.0
Net cash flow from investing activities	**357.4**	**21.6**	**376.4**	**216.4**	**351.6**
Cash flow from financing activities					
Proceeds from loans		200.0	396.7	575.0	872.8
Loan repayments	-11.8	-185.1	-139.8	-206.9	-218.0
Repayments of lease liabilities	-36.9	-32.5	-104.4	-95.5	-134.9
Share issue		131.3		511.7	511.7
Share issue costs		-10.6		-10.6	-11.1
Hybrid bond repayments		-157.8		-157.8	-200.0
Proceeds from hybrid bond		200.0		200.0	200.0
Hybrid bond interests and expenses	-20.5	-13.6	-20.5	-13.6	-18.5
Acquisitions of own shares			-1.1		
Net cash flow from financing activities	**-69.2**	**131.6**	**130.8**	**802.2**	**1,001.9**
Change in cash flows	**315.3**	**-114.1**	**357.4**	**154.1**	**310.5**
Liquid funds, at beginning	834.3	750.0	792.2	481.7	481.7
Change in cash flows	315.3	-114.1	357.4	154.1	310.5
Liquid funds, at end *	**1,149.6**	**635.9**	**1,149.6**	**635.9**	**792.2**
*** Liquid funds**					
Other financial assets	370.3	311.0	370.3	311.0	358.3
Cash and cash equivalents	811.1	414.3	811.1	414.3	465.3
Cash funds	**1,181.4**	**725.3**	**1,181.4**	**725.3**	**823.7**
Other current financial assets (maturity over 3 months)	-31.7	-89.4	-31.7	-89.4	-31.5
Liquid funds	**1,149.6**	**635.9**	**1,149.6**	**635.9**	**792.2**

** Due to the change in the presentation of consolidated income statement, the presentation of net cash flow from operating activities has been clarified and the figures for the comparison period have been updated to correspond to the presentation adopted at the beginning of 2021. Sales gains and losses on aircraft and other transactions, which previously was included in items affecting comparability, is presented separately. The changes are described more detailed in the notes 2. Accounting principles and 8. Items affecting comparability and changes in the presentation of income statement and cash flow statement.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT 1 JAN - 30 SEP 2021

1. BASIS OF PREPARATION

This consolidated interim financial report has been prepared in accordance with the Interim Financial Reporting standard IAS 34 and its figures are unaudited. The consolidated interim financial report has been authorized for publication on 26 October, 2021.

2. ACCOUNTING PRINCIPLES

The accounting principles applied in the interim report correspond to the accounting principles disclosed in the Consolidated Financial Statements 2020 except for the changes in the presentation of the consolidated income statement relating to items affecting comparability described below. The figures presented in this interim report are rounded and consequently the sum of individual figures may not precisely add up to the corresponding totals stated herein. The reported key figures have been calculated using exact figures.

On 1 January 2021, Finnair has changed the presentation of its consolidated income statement in order to clarify the structure and will present the items 'Comparable EBITDA' and 'Comparable operating result' previously reported on the face of the income statement only in the notes to the financial statements. Similarly, items affecting comparability previously individually identified on the face of the income statement are included in those line items in the income statement to which they belong by their nature. Due to the change in the presentation of the income statement, the line item 'Items affecting comparability' and 'Comparable EBITDA' are no longer presented in the consolidated cash flow statement. In connection with the change in presentation, the income statement and cash flow statement for the comparison period 2020 have been adjusted accordingly to facilitate comparability between the periods. The changes are presented in more detail in Note 8. 'Items affecting comparability and changes in the presentation of the income statement and cash flow statement'. The change has no effect on the Group's reported operating result or profit for the period in the current or previous financial year. The change also has no effect on the consolidated balance sheet.

IFRS IC finalized in April 2021 its agenda decision Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets). In this agenda decision IFRS IC considered, whether, applying IAS 38, the customer recognises an intangible asset in relation to configuration or customisation of the application software, and if an intangible asset is not recognized, how the customer accounts for the configuration or customisation costs. IFRIC agenda decisions have no effective date, so they are expected to be applied as soon as possible. As Finnair has cloud computing arrangements in place, it has started to analyse, if this agenda decision has an impact to the accounting policies applied to implementation costs in cloud computing arrangements. Finnair will undertake this analysis under the fall 2021, and the possible impacts will be implemented retrospectively in the financial statements 2021 at the latest.

3. CRITICAL ACCOUNTING ESTIMATES AND SOURCES OF UNCERTAINTY

The preparation of the consolidated interim financial report requires the company’s management to make estimates and assumptions that influence the levels of reported assets and liabilities as well as the revenue and expenses. The actual outcome may differ from the estimates made. The main identified items requiring the use of critical accounting estimates and assumptions include impairment testing, leasing arrangements, pension obligations, maintenance reserves of the fleet, Finnair Plus - customer loyalty program, derivates and hedge accounting as well as deferred tax assets. In addition, the assessesment of going concern is based on management estimates about the future events and developments and other information available to the management at the time of the preparation of the financial statements. The Board of Directors assessment of going concern has been described in more detail in note 4.

In connection with the half-year report published on 15 July 2021, the company's management updated its previous forecast scenarios used in the 2020 financial statements due to the prolonged impacts of the COVID-19 pandemic. The most significant changes related to the predicted timing of the passenger demand and revenue recovery, which were estimated to take place later. The changes had no material effect on the Group's reported assets and liabilities or reported revenue and expenses.

In connection with the interim report for the period ending 30 September 2021, the management estimates and forecast scenarios have been updated based on the Group's latest strategy approved by the Board of Directors in September 2021. The updated strategy covers a period from October 2021 until December 2025. In connection with the updated strategy and the related financial forecasts, also the network and fleet plan has been updated. This included, among others, postponing of the narrow-body fleet renewal investments by some years and concentrating on optimizing the life and maintenance investments of the fleet. The positive impact of the changes in the fleet and maintenance investment program on Finnair's income statement in the current and future years is estimated to amount to ca. 12-18 million euro on an annual basis. Further, the estimated cost savings resulting from the optimized maintenance investment program had an effect on the impairment test results performed as at 30.9.2021, which can be seen as an improvement in the estimated recoverable amount of the assets. The impairment testing performed as at 30 September 2021 is dislosed in more detail in note 16.

The main critical accounting estimates and sources of uncertainty are disclosed in more detail in the 2020 financial statements. The uncertainty caused by the COVID-19 pandemic relating to the near- and long-term development of the economy and its impact on Finnair's future operating environment remains high at the time of the preparation of the interim financial report. Given the unpredictability of the duration and reach of the pandemic, it's impact on Finnair's future profitability, financial position and cash flows may differ from the current management estimates and assumptions made.

4. COVID-19 AND BOARD'S ASSESSMENT OF FINNAIR AS A GOING CONCERN

The consolidated interim financial report for the period ending 30th September, 2021 has been prepared based on the going concern assumption. The Finnair Board of Directors has assessed the Group’s ability to continue as a going concern based the Group’s ability to meet its obligations as they fall due at least 12 months after the interim financial report is issued. The Board of Directors’ assessment is based on the Group’s latest strategy approved by the Board of Directors and it's continous assessment of COVID-19 impacts on the Group's financial situation. Due to the current uncertainty embedded in the economic environment and the difficulty in forecasting the ultimate duration and impact of the COVID-19 pandemic, the Board of Directors has considered different forecast scenarios prepared by the management that cover a period from October 2021 until December 2025. The scenarios have been sensitised to reflect differences in the timing of the expected begin and pace of the recovery. The main identified uncertainties and management assumptions relating to the going concern assessment are described in more detail in the consolidated financial statements 2020.

In connection with the half-year report published on 15 July 2021, the company's management updated its previous forecast scenarios used in the 2020 financial statements due to the prolonged impacts of the COVID-19 pandemic resulting in slower revenue recovery than earlier anticipated. Based on the updated forecast scenarios, the timing of the revenue recovery was estimated to take place later, with the recovery under the most likely base scenario expected to materially start from October 2021 (previous estimate in August 2021). Based on the actual demand and revenue development during the third quarter, the revenue started to recover already in September and the management's forecast scenarios differ now mostly in regards to the estimated pace of the recovery. Despite of the variances in the pace of the recovery, the business is expected to return to the annual operational levels (measured in available seat kilometres) comparable to 2019 earliest in year 2023 under all of the scenarios. Under all of the three scenarios, Finnair will be able to meet its obligations as they fall due at least 12 months after the date that the financial statements are issued.

While the continued spread of the COVID-19 and its impact on travel restrictions and passenger demand is not in the sphere of Finnair’s influence, the company has continued to undertake measures to mitigate the negative impacts of the pandemic and actively adjust its operations and strenghten its financial position and funding also in 2021.

In the first quarter 2021, Finnair completed a lease arrangement relating to its next A350 aircraft delivery which will have a total positive cash effect for Finnair in excess of 100 million US dollars in the last quarter 2021. In addition, Finnair and the State of Finland have in March 2021 signed an agreement on a hybrid loan amounting to a maximum of 400 million euros. The arrangement is described in more detail in the note 17. State aid relating to Finnair's refinancing.

During the second quarter of 2021, Finnair issued a senior unsecured bond of 400 million euros. This is disclosed in more detail in the note 19. Interest-bearing debt. The note 19. Interest-bearing liabilities provides also information on the current maturities of the Group's interest-bearing liabilities. The Group's liquidity risk management is described in more detail in the consolidated financial statements 2020.

In addition to the above measures to ensure adequate funding and liquidity, Finnair announced on 15 July, 2021 that it will target c. 200-million-euro permanent, annual cost base reductions by 2022 (based on 2019 operational volumes). The previous cost savings target announced in April 2021 was 170 million euros.

On 28th of September 2021, Finnair announced the finalization of a sale and leaseback arrangement for four of its Airbus A350 aircraft which had an immediate positive cash effect in excess of 400 million US dollars. In addition, Finnair has terminated its undrawn 175 million euro revolving credit facility after the reporting period (4 October 2021), after which it has now covenants relating to financing agreements.

Considering the circumstances and uncertainties mentioned in the consolidated financial statements 2020 and above, as well as the already realized and planned measures to mitigate the impacts of the COVID-19 pandemic, the Board of Directors has concluded that the assessment does not cast significant doubt on the Group's ability to continue as a going concern and that consequently, the Group continues to adopt the going concern basis of accounting in preparing the consolidated financial statements. The Board of Director's conclusion is based on the information available as at the date of the issuance of the interim financial report and an assessment conducted based on the information assuming, that the company is able to conduct its adjusted business operations according to the plan and to maintain sufficient financing for a period of at least 12 months after the date that the interim report is issued. The management and the Board of Directors have also considered events and developments taking place after the balance sheet date and concluded that there is no material impact on the scenarios approved by the Board of Directors and the going concern assessment of the Group.

Despite the various mitigating measures implemented by Finnair, the upcoming months will continue to be significantly affected by decreased demand for air travel resulting in lower revenues and weaker financial performance for a duration that is currently uncertain. Should future events or conditions cause the Group to be unable to continue its operations in accordance with the Board of Director's current assessment, using the going concern principle may prove to be no longer justified and the carrying values as well as the classification of the Group's assets and liabilities would have to be adjusted accordingly.

5. SEGMENT INFORMATION AND REVENUE

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

Even though many countries have started to lift their travel restrictions, the negative impact of the COVID-19 pandemic is still visible in the revenue.

Revenue by product and traffic area

Q3 2021, EUR in millions	Asia	North Atlantic	Europe	Domestic	Un-allocated	Total	Share %
Passenger revenue	19.7	11.8	69.8	12.1	0.4	**113.9**	57.1
Ancillary and retail revenue	2.1	0.7	3.1	0.5	4.0	**10.5**	5.3
Cargo	43.0	13.4	5.8	0.0	3.1	**65.4**	32.8
Travel services	0.0		9.5	0.2	0.0	**9.7**	4.9
Total	**64.8**	**25.9**	**88.3**	**12.9**	**7.6**	**199.4**	
Share %	32.5	13.0	44.3	6.5	3.8		

Q3 2020, EUR in millions	Asia	North Atlantic	Europe	Domestic	Un-allocated	Total	Share %
Passenger revenue	10.5	-0.4	35.0	9.6	0.0	**54.7**	56.1
Ancillary and retail revenue	2.6	-0.2	1.3	0.3	4.8	**8.8**	9.0
Cargo	25.2	3.1	3.5	0.1	-0.1	**31.7**	32.5
Travel services	0.0	0.0	2.2	0.0	0.0	**2.3**	2.3
Total	**38.3**	**2.5**	**42.0**	**10.0**	**4.6**	**97.4**	
Share %	39.3	2.6	43.1	10.3	4.7		

Q1-Q3 2021, EUR in millions	Asia	North Atlantic	Europe	Domestic	Un-allocated	Total	Share %
Passenger revenue	36.4	13.9	121.6	33.2	-3.1	**201.9**	47.5
Ancillary and retail revenue	6.3	0.3	4.1	1.3	12.8	**24.7**	5.8
Cargo	135.2	26.4	19.0	0.2	6.9	**187.6**	44.2
Travel services	0.0	0.0	9.5	1.1	0.0	**10.6**	2.5
Total	**177.8**	**40.6**	**154.2**	**35.7**	**16.6**	**424.9**	
Share %	41.9	9.5	36.3	8.4	3.9		

Q1-Q3 2020, EUR in millions	Asia	North Atlantic	Europe	Domestic	Un-allocated	Total	Share %
Passenger revenue	179.8	26.3	221.0	57.0	7.6	**491.7**	67.6
Ancillary and retail revenue	16.5	1.8	9.1	2.0	27.7	**57.1**	7.8
Cargo	98.2	7.5	14.3	0.2	-2.4	**117.8**	16.2
Travel services	19.0	8.1	33.8	0.0	-0.2	**60.6**	8.3
Total	**313.4**	**43.6**	**278.2**	**59.2**	**32.7**	**727.2**	
Share %	43.1	6.0	38.3	8.1	4.5		

2020, EUR in millions	Asia	North Atlantic	Europe	Domestic	Un-allocated	Total	Share %
Passenger revenue	186.0	26.4	244.6	69.1	1.9	**528.1**	63.7
Ancillary and retail revenue	18.5	1.4	9.4	2.4	30.6	**62.3**	7.5
Cargo	145.8	11.1	22.0	0.3	-1.5	**177.7**	21.4
Travel services	19.0	8.1	33.8	0.5	-0.2	**61.1**	7.4
Total	**369.3**	**47.0**	**309.8**	**72.4**	**30.8**	**829.2**	
Share %	44.5	5.7	37.4	8.7	3.7		

Key figures quarterly, last 24 months	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
Revenue	**199.4**	**111.8**	**113.6**	**102.0**	**97.4**	**68.6**	**561.2**	**774.9**
Passenger revenue	113.9	44.9	43.2	36.4	54.7	13.7	423.3	615.9
Ancillary and retail revenue	10.5	5.7	8.6	5.2	8.8	5.5	42.8	44.6
Cargo	65.4	61.2	60.9	59.9	31.7	49.5	36.7	57.2
Travel services	9.7	0.0	0.9	0.5	2.3	0.0	58.4	57.3
Comparable EBITDA	**-30.7**	**-70.0**	**-60.9**	**-71.7**	**-81.9**	**-89.2**	**-8.6**	**120.7**
Comparable operating result	**-109.1**	**-151.3**	**-143.2**	**-162.9**	**-167.0**	**-174.3**	**-91.1**	**31.2**
Operating result	**-106.0**	**-139.1**	**-149.1**	**-14.6**	**-183.1**	**-171.2**	**-95.6**	**34.7**

6. STAFF AND OTHER CREW RELATED COSTS

During the second quarter of 2021, a positive effect of 12.9 million euro was recognized in defined benefit schemes relating to term amendments in the Finnair pension fund, which resulted to a curtailment of occupational disability pensions.

EUR in millions	Q3 2021	Q3 2020	Change %	Q1-Q3 2021	Q1-Q3 2020	Change %	2020
Wages and salaries	-41.9	-61.2	31.6	-128.1	-198.8	35.6	-231.9
Defined contribution schemes	-7.0	-9.2	24.4	-21.3	-32.2	33.9	-35.4
Defined benefit schemes	-4.6	-3.8	-20.2	0.5	-11.4	104.1	120.3
Pension expenses total	-11.5	-13.0	11.4	-20.8	-43.6	52.2	84.9
Other social expenses	-0.6	1.3	-144.1	5.9	7.4	-20.5	12.8
Salaries, pension and social costs	**-54.0**	**-72.9**	**25.9**	**-143.1**	**-235.1**	**39.1**	**-134.1**
Operative staff related costs	-1.8	-1.3	-45.2	-4.8	-14.2	66.4	-15.8
Leased and outsourced crew	-1.2	-0.4	<-200	-2.5	-5.7	55.0	-6.6
Other personnel related costs	-0.8	-1.4	45.4	-2.6	-5.9	56.2	-7.3
Total	**-57.8**	**-75.9**	**23.9**	**-153.0**	**-260.8**	**41.3**	**-163.9**

7. DEPRECIATION AND IMPAIRMENT

EUR in millions	Q3 2021	Q3 2020	Change %	Q1-Q3 2021	Q1-Q3 2020	Change %	2020
Depreciation of owned fleet	-38.2	-45.6	16.3	-124.7	-136.9	8.9	-184.1
Depreciation of other fixed assets	-5.6	-5.5	-0.5	-16.1	-18.3	12.0	-23.8
Depreciation of right-of-use fleet	-30.0	-26.6	-13.0	-87.6	-79.4	-10.3	-107.2
Depreciation of right-of-use other assets	-4.6	-5.0	7.7	-13.5	-15.6	13.8	-20.5
Depreciation	**-78.4**	**-82.7**	**5.2**	**-241.9**	**-250.3**	**3.3**	**-335.6**
Impairment of aircraft		-2.3	100.0		-2.3	100.0	-8.2
Total	**-78.4**	**-85.0**	**7.8**	**-241.9**	**-252.7**	**4.2**	**-343.8**

8. ITEMS AFFECTING COMPARABILITY AND CHANGES IN THE PRESENTATION OF INCOME STATEMENT AND CASH FLOW STATEMENT

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

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

In the tables below, 'Reported' corresponds to the presentation of consolidated income statement adopted on 1 January 2021. Items affecting comparability previously individually indentified on the income statement have been included in those line items in the income statement to which they belond by their nature. 'Comparable' corresponds to the presentation of consolidated income statement previously used, which presented items affecting comparability, 'Comparable EBITDA' and 'Comparable operating result'.

	Q3 2021			Q3 2020		
EUR in millions	Reported	Items affecting compa-rability	Compa-rable	Reported	Items affecting compa-rability	Compa-rable
Revenue	**199.4**		**199.4**	**97.4**		**97.4**
Other operating income	31.9	-22.3	9.6	11.3	-0.1	11.2
Operating expenses						
Staff and other crew related costs	-57.8	-0.6	-58.4	-75.9	18.7	-57.2
Fuel costs	-47.9		-47.9	-29.1	0.0	-29.0
Capacity rents	-18.2		-18.2	-23.7		-23.7
Aircraft materials and overhaul	-39.1	17.7	-21.5	-10.8	-6.4	-17.2
Traffic charges	-27.0		-27.0	-17.3		-17.3
Sales, marketing and distribution costs	-9.1		-9.1	-0.6		-0.6
Passenger and handling services	-36.4		-36.4	-22.4		-22.4
Property, IT and other expenses	-23.5	2.2	-21.3	-27.2	3.9	-23.2
EBITDA	**-**		**-30.7**	**-**		**-81.9**
Depreciation and impairment	-78.4		-78.4	-85.0		-85.0
Operating result	**-106.0**	**-3.1**	**-109.1**	**-183.1**	**16.1**	**-167.0**

EUR in millions	Q1-Q3 2021 Reported	Q1-Q3 2021 Items affecting compa-rability	Q1-Q3 2021 Compa-rable	Q1-Q3 2020 Reported	Q1-Q3 2020 Items affecting compa-rability	Q1-Q3 2020 Compa-rable	2020 Reported	2020 Items affecting compa-rability	2020 Compa-rable
Revenue	**424.9**		**424.9**	**727.2**		**727.2**	**829.2**		**829.2**
Other operating income	49.2	-23.0	26.2	36.2	-0.1	36.1	49.3	-0.9	48.4
Operating expenses									
Staff and other crew related costs	-153.0	-11.8	-164.8	-260.8	19.4	-241.4	-163.9	-119.7	-283.5
Fuel costs	-109.0	0.0	-109.0	-206.3	0.2	-206.2	-232.8	0.2	-232.7
Capacity rents	-48.4		-48.4	-71.4		-71.4	-89.3		-89.3
Aircraft materials and overhaul	-77.8	22.1	-55.7	-70.9	-6.0	-76.9	-92.5	-12.2	-104.7
Traffic charges	-67.0		-67.0	-93.7		-93.7	-112.4		-112.4
Sales, marketing and distribution costs	-19.1		-19.1	-23.1		-23.1	-28.2		-28.2
Passenger and handling services	-82.7		-82.7	-144.7		-144.7	-168.6		-168.6
Property, IT and other expenses	-69.3	3.3	-66.0	-89.7	4.1	-85.7	-111.6	1.9	-109.7
EBITDA	**-**		**-161.7**	**-**		**-179.7**	**-**		**-251.5**
Depreciation and impairment	-241.9		-241.9	-252.7		-252.7	-343.8		-343.8
Operating result	**-394.2**	**-9.4**	**-403.6**	**-449.9**	**17.5**	**-432.4**	**-464.5**	**-130.8**	**-595.3**

Due to the change in the presentation of consolidated income statement, the lines of consolidated cash flow statement have been adjusted for items affecting comparability as presented in the table below. Sales gains and losses on aircraft and other transactions which were included in items affecting comparability are presented separately. Items affecting comparability related to changes in provisions, employee benefits and other adjustments are presented in non-cash transactions.

EUR in millions	Q3 2020 Reported	Q3 2020 Items affecting compa-rability	Q3 2020 Restated	Q1-Q3 2020 Reported	Q1-Q3 2020 Items affecting compa-rability	Q1-Q3 2020 Restated	2020 Reported	2020 Items affecting compa-rability	2020 Restated
Items affecting comparability	16.1	-16.1		17.5	-17.5		-130.8	130.8	
Sales gains and losses on aircraft and other transactions		-0.1	-0.1		0.0	0.0		-0.8	-0.8
Change in provisions	-4.5	16.2	11.7	5.4	17.4	22.8	0.8	2.7	3.5
Employee benefits	4.1		4.1	11.2		11.2	12.0	-132.8	-120.8
Other adjustments	0.6	0.0	0.6	0.5	0.2	0.7	0.6	0.2	0.7
Non-cash transactions	0.2	16.2	16.4	17.2	17.5	34.7	13.4	-130.0	-116.6

9. MANAGEMENT OF FINANCIAL RISKS

No significant permanent changes have been made to the Group’s risk management principles in the reporting period. However, a temporary amendment regarding hedging levels was executed in Q4 2020, which is in force until treasury policy is reviewed during 2021. Lower bound of hedging limits for jet fuel and foreign exchance were lowered to zero. This change was done to avoid a situation were Finnair would be forced to hedge even that the COVID-19 related uncertainty would still be significant. Additionally, balance sheet hedging limit was lowered to 0%, with target level remaining at 50%. Due to the COVID-19 Finnair has unwound a significant amount of fuel and foreign exhange hedges, which has been recognized in the P&L statement instead of OCI. The objectives and principles of risk management are consistent with the information presented in the Group’s 2020 financial statements. The tables below present the nominal value or the amount and net fair value of derivative contracts used in Group's hedge accounting. In addition to derivates Finnair has also used USD denominated investments and deposits to hedge its balance sheet exposure. The amount of these investments and deposits at the end of Q3 2021 was approximately 400 million dollars.

Derivatives, EUR in millions	**30 Sep 2021**		**30 Sep 2020**		**31 Dec 2020**	
	Nominal value	Fair net value	Nominal value	Fair net value	Nominal value	Fair net value
Currency derivatives						
Operational cash flow hedging (forward contracts)	81.0	1.1	299.4	-1.6	268.4	-8.8
Operational cash flow hedging (options)						
Bought options	4.7		112.3	0.2	80.5	0.0
Sold options	4.2	0.0	103.6	-1.0	74.3	-1.9
Fair value hedging of aircraft acquisitions	162.9	4.8	208.4	-7.5	180.4	-13.8
Hedge accounting items total	252.8	5.9	723.7	-9.9	603.7	-24.5
Operational cash flow hedging (forward contracts)			358.8	0.6	173.9	1.0
Operational cash flow hedging (options)						
Bought options			45.2	0.0	20.3	0.1
Sold options			45.2	0.1	20.3	0.0
Balance sheet hedging (forward contracts)	265.0	2.1	506.4	-2.0	267.1	-0.4
Items outside hedge accounting total	265.0	2.1	955.6	-1.4	481.6	0.7
Currency derivatives total	**517.8**	**8.0**	**1,679.3**	**-11.2**	**1,085.3**	**-23.8**
Commodity derivatives						
Jet fuel forward contracts, tonnes	83,000	9.3	277,000	-41.1	240,000	-14.2
Hedge accounting items total	83,000	9.3	277,000	-41.1	240,000	-14.2
Jet fuel forward contracts, tonnes	30,000	1.9	592,000	-62.6	336,000	-30.5
Items outside hedge accounting total	30,000	1.9	592,000	-62.6	336,000	-30.5
Commodity derivatives total	**113,000**	**11.2**	**869,000**	**-103.7**	**576,000**	**-44.6**
Currency and interest rate swaps and options						
Cross currency interest rate swaps	281.5	6.9	194.7	-9.2	286.0	-18.8
Items outside hedge accounting total	281.5	6.9	194.7	-9.2	286.0	-18.8
Interest rate derivatives total	**281.5**	**6.9**	**194.7**	**-9.2**	**286.0**	**-18.8**
Derivatives total		**26.2**		**-124.1**		**-87.2**

The uncertainty caused by the COVID-19 pandemic decreased the nominal amount of derivatives in jet fuel and foreign exchange in comparison to the second quarter of 2020.

10. FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

Fair value hierarchy of financial assets and liabilities valued at fair value			
Fair values at the end of the reporting period, EUR in millions	30 Sep 2021	Level 1	Level 2
Financial assets at fair value through profit and loss			
Securities held for trading	370.3	370.3	
Derivatives held for trading			
Currency and interest rate swaps and options	6.9		6.9
Currency derivatives	8.6		8.6
- of which in fair value hedge accounting	4.8		4.8
- of which in cash flow hedge accounting	1.6		1.6
Commodity derivatives	11.7		11.7
- of which in cash flow hedge accounting	9.3		9.3
Total	**397.4**	**370.3**	**27.2**
Financial liabilities recognised at fair value through profit and loss			
Derivatives held for trading			
Currency derivatives	0.6		0.6
- of which in fair value hedge accounting			
- of which in cash flow hedge accounting	0.6		0.6
Commodity derivatives	0.4		0.4
Total	**1.0**		**1.0**

During the reporting period no significant transfers took place between fair value hierarchy Levels 1 and 2.

The fair values of hierarchy Level 1 are based fully on quoted (unadjusted) prices in active markets of the same assets and liabilities.

The fair values of Level 2 instruments are, to a significant extent, based on input data other than the quoted prices included in Level 1, but still mainly based directly observable data (price) or indirectly observable data (derived from price) for the particular asset or liability.

11. COMPANY ACQUISITIONS AND DIVESTMENTS

On 1 July 2021, Finnair sold its 49.5% share of Suomen Ilmailuopisto Oy to the city of Pori and to the Government of Finland. The transaction had no material effect on Finnair's profitability.

12. INCOME TAXES

The effective tax rate for Q1-Q3 2021 was -20.2% (-20.0%). Deferred tax asset 96.5 million euro have been capitalized in full for the losses during the financial year. In addition, the effect of deferred taxes relating to other comprehensive income was -12.1 million euro and the effect of deferred taxes relating to hybrid bond interests paid was 4.1 million euro. Deferred tax asset at the end of reporting period was 173.0 million euro (31 Dec 2020: 84.8).

Tax receivables for the confirmed tax losses in 2020 are estimated to be approximately 141 million euro, which will expire in 2030. Finnair expects that these can be used against its future taxable results. The assessment is based on Finnair’s latest strategy which is utilizing three different forecast scenarios. Forecast scenarios are described in more detail in note 4. Covid-19 and Board's assessment of Finnair as a going concern. Finnair expects to be able to use the tax losses in advance of the 10 year expiry date under all of the forecast scenarios. This is based on both the expected future profits and tax planning methods relating to accumulated tax depreciations.

13. DIVIDEND PER SHARE

In accordance with the proposal of the Board of Directors, the Annual General Meeting on 17 March 2021 resolved that no dividend was paid for the year 2020.

In accordance with the proposal of the Board of Directors, the Annual General Meeting on 29 May 2020 resolved that no dividend was paid for the year 2019.

14. CHANGE IN FIXED ASSETS

EUR in millions	30 Sep 2021	30 Sep 2020	31 Dec 2020
Carrying amount at the beginning of period	1,625.5	1,711.7	1,711.7
Additions	17.4	332.1	348.3
Change in advances	10.9	-40.6	-30.4
Currency hedging of aircraft acquisitions	-18.6	26.0	32.4
Disposals and reclassifications	-341.8	-116.3	-220.3
Depreciation	-140.9	-157.6	-216.1
Carrying amount at the end of period	**1,152.5**	**1,755.4**	**1,625.5**

Disposals and reclassifications include sale and leaseback transactions of four A350 aircraft which were executed in September 2021. The impact of the transactions on Finnair's fixed assets was ca. 330 million euros.

15. CHANGE IN RIGHT-OF-USE ASSETS

EUR in millions	30 Sep 2021	30 Sep 2020	31 Dec 2020
Carrying amount at the beginning of period	917.5	877.5	877.5
New contracts	263.6	93.5	173.3
Reassessments and modifications	24.8	-1.2	-5.7
Depreciation	-101.1	-95.1	-127.7
Carrying amount at the end of period	**1,104.8**	**874.7**	**917.5**

New contracts include sale and leaseback transactions of four A350 aircraft which were executed in September 2021. The impact of the transactions on right-of-use assets was ca. 240 million euros.

16. IMPAIRMENT TEST

Fleet and other non-current assets subject to depreciation, including the right-of-use assets, are stated at historical cost less accumulated depreciation and impairment loss, when applicable. The Group reviews the assets for impairment at each reporting date or whenever there is any indication of impairment. Goodwill and intangible assets with indefinite useful life are not subject to depreciation but to annual impairment review at each reporting date. An impairment loss is recognized if the recoverable amount of an asset is below its carrying amount. Recoverable amount is determined as the higher of the asset’s fair value less costs to sell or its value in use. Approach to impairment testing is described in more detail in the consolidated financial statements 2020.

Finnair considers the various adverse economic and business implications relating to the COVID-19 pandemic as indications of possible impairment, and therefore, impairment test has been carried out as at the balance sheet date. Such indicators include the unprecedented global market disruption, the negative impacts of the pandemic on the Group’s own operating environment as well as the impact of the currently extremely low passenger demand on the Group’s financial performance and low capacity utilization rates. The impairment review is carried out at the level of a cash generating unit (‘CGU’). Finnair is a network carrier with highly integrated fleet operations and considers all its fleet and other closely related assets as one CGU. The intangible assets with indefinite useful life, including goodwill, have been identified to belong to the CGU for impairment testing purposes. As of 30 September 2021, Finnair's balance sheet does not contain goodwill (0,5). The other intangible assets with indefinite useful life amount to 1.4 million euro (1.7). Assets, that are held for sale are excluded from CGU and reviewed separately for impairment.

The cash generating unit has been tested for impairment using value in use model based on which the recoverable amount of the CGU exceeds its carrying value at the balance sheet date. The recoverable amount of the CGU as at 30 September 2021 was 2,716.6 million euro and the carrying amount of the assets 2,244.5 million euro. The recoverable amount in half-year report as at 30 June 2021 amounted to 2,629.6 million euro. The increase in the recoverable amount as compared to the earlier amount reported in the half-year report is mainly driven by the updated network and fleet plan and the resulting optimization of the maintenance investment program.

The value in use measurement is based on a discounted cash flow model where the cash flow projections are based on the latest management forecast, covering a five year period. The cash flows beyond the five-year period are projected to increase in line with management's long-term growth assumptions. In order to consider the uncertainty related to COVID-19 pandemic and the future outlook, Finnair is utilizing the expected cash flow approach which is using multiple, probability-weighted cash flow projections based on three different forecast scenarios prepared by the management. Based on the actual demand and revenue development during the third quarter, the revenue started to recover already in September and the management's forecast scenarios differ now mostly in regards to the estimated pace of the recovery. In the interim report for the period ending 30 September 2021, Finnair's management has updated the weights assigned to different forecast scenarios on the basis of the latest available information. The new weight for the optimistic forecast scenario is 8% (10% as of 30 June 2021), the base scenario 72% (60%) and the pessimistic scenario 20% (30%). The recovery in the pessimistic scenario is expected to be clearly slower than in the other two scenarios. The operational level in 2023 under the pessimistic scenario is expected to be around 88% of the 2019 level, whereas in the base scenario it is expected to stay slightly below the 2019 level. In the optimistic scenario, the operational level is expected to reach 100% of the 2019 levels in 2023. Despite differences in the pace of the recovery, the management expects the business to return to the annual operational levels (measured in available seat kilometers, ASK) comparable to 2019 earliest in year 2023 under all of the scenarios. Scenarios are described in more detail in the section 4. COVID-19 and board's assessment of Finnair as a going concern.

Key assumptions used in impairment review	30 Sep 2021	30 Jun 2021	31 Dec 2020
Discount rate (post-tax, long-term weighted average cost of capital), %	7.9	7.9	8.2
Discount rate (pre-tax, long-term weighted average cost of capital), %	9.0	9.0	9.3
Long-term growth rate, %	2.8	2.4	2.4
Fuel cost range per ton (USD)	660-835	645-702	540-610

The preparation of the calculations used for impairment testing requires significant management judgement and the use of management estimates. These estimates are based on budgets and forecasts, which already inherently contain some degree of uncertainty, and the level of uncertainty is further increased due to COVID-19. Uncertainty and related management judgement are described in more detail in consolidated financial statements 2020. The main factors requiring significant management judgement are the ultimate duration of the pandemic and the speed of recovery and unit revenue development. Finnair has considered the impact of these management estimates on the impairment testing by using abovementioned forecast scenarios and expected cash flow approach in the testing. Additionally, the value in use calculation is sensitive to changes in the EBITDA margin, cost of jet fuel, terminal growth rate and changes in discount rate, which are the key assumptions used in the calculation.

The estimated business growth and EBITDA are based on management’s best assessment of the speed of recovery from the current COVID-19 pandemic as well as the future market demand and environment, which are benchmarked against external information sources, such as long-term average growth estimates for industry. The discount rate used is based on the weighted average cost of capital (WACC), which reflects the market assessment of the time value of money and the risks specific in Finnair’s business. The increased uncertainty related to the COVID-19 is considered through the multiple scenarios and the expected cash flow approach used in impairment testing rather than in discount rate. Fuel price is based on hedge-weighted fuel price based on forward curve, estimated fuel consumption based on planned flights and the historical data of fuel consumption for each aircraft type.

Due to increased uncertainties related to the use of key assumptions and management estimates, Finnair has prepared a sensitivity analysis to reflect how the result of impairment test would react to the changes in key assumptions. The sensitivity analysis considers changes in one assumption at the time, whereby the other assumptions are kept unchanged. The result of the sensitivity analysis reflects the sensitivity of the recoverable amount based on expected cash flow model.

Sensitivities of the key assumptions	30 Sep 2021	30 Jun 2021	31 Dec 2020
EBITDA margin%, per cent point	-1.0	-0.5	-1.0
Discount rate, per cent point	+1.2	+0.4	+0.9
Long-term growth rate, per cent point	-1.3	-0.5	-1.0
Fuel cost, per cent	+4.0	+2.0	+15.0

17. STATE AID RELATING TO FINNAIR'S REFINANCING

State aid in pension premium loan and rights offering

The European Commission has concluded that the State of Finland's guarantee of Finnair's pension premium loan up to EUR 540 million, which was approved by the European Commission on 18 May 2020, and the State of Finland's participation in the rights offering are so closely linked that they must be regarded as an overall transaction that constitutes State aid within the meaning of Article 107(1) of the Treaty on the Functioning of the European Union. Under the Commission's decision, the Company has agreed to certain conditions following the offering, which include, among other things, a ban on acquisitions, restricting the Company from acquiring a stake of more than 10 per cent in competitors or other operators in the same line of business, including upstream or downstream operations for a period of three years from the offering.

As a result of the restrictions based on the Commissions decision, the remuneration of each member of Finnair's management will not go beyond the fixed part of his/her remuneration on 31 December 2019. For persons becoming members of the management on or after the rights issue, the applicable limit of the remuneration for such new member will be benchmarked to the remuneration of comparable managerial positions and areas of responsibility in Finnair applied on 31 December 2019. Finnair will not pay bonuses and other variable or comparable remuneration elements during the three fiscal years 2020-2022 to the members of the management.

Further, Finnair is committed to publishing information about the use of the aid received within 12 months from the date of the offering and thereafter periodically every 12 months, for a period of three years. In particular, this should include information on how the company's use of the aid received supports its activities in line with EU objectives and national obligations linked to the green and digital transformation, including the EU objective of climate neutrality by 2050.

State aid in hybrid loan

Finnair and the State of Finland signed an agreement in 17 March 2021 on a hybrid loan of maximum 400 million euros to support Finnair. The decision was made by the Plenary Session of the Government on 18 February 2021. The arrangement has the approval of the EU Commission's competition authority in line with the European Union's state aid rules. Of the credit limit, approximately 350 million euros can be used by Finnair based on the state aid decision made by the Commission on 12 March 2021. Finnair is able to access the funds, if its cash or equity position would drop below the limits to be defined in the facility's terms and conditions. The process for procuring the remaining approximately 50-million-euro share from the Commission is currently ongoing.

18. PENSION ASSETS

Pension assets were 57.8 million euro (31 December 2020: 31.8). Change in discount rate to 0.60% (31 December 2020: 0.25%) increased pension assets by 13.6 million euro, net return on plan assets by 19.4 million euro and the amendments to the terms of Finnair pension fund relating to curtailment of occupational disability pensions by 12.9 million euro. Other service cost decreased pension assets by 11.6 million euro, experience adjustments by 6.4 million euro and the change in salary increase assumptions by 1.9 million euro.

19. INTEREST-BEARING LIABILITIES

Finnair had a revolving credit facility of EUR 175 million in place during the reporting period which included a financial covenant. In the first quarter of 2021 Finnair negotiated a new covenant waiver with the syndicate banks. The waiver removed the financial covenant of adjusted gearing completely and replaced it with covenants based on the measures of equity and cash funds. The new covenant levels for cash funds and shareholder's equity was EUR 400 million. In addition, the covenant level for a separate measure 'book equity', defined as the equity within the meaning of the Finnish Companies Act but excluding any hybrid instruments and any capital loans, was EUR 150 million. The newly negotiated terms had an additional subsequent condition in place, based on which the fully undrawn 175 million euro revolving credit facility maturing in January 2023 would be available to Finnair once the EU Commission's approval for the remaining 50 million euro of the hybrid loan was received. The amended covenant agreement was signed on 31 March 2021 with an effective date of 13 April 2021 after fulfilling the requirements detailed in the waiver agreement.

Finnair announced on 28th of September 2021, that it plans to retire its undrawn revolving credit facility of 175 million euros. In the same release Finnair also announced a completed sale and leaseback arrangement for four of its Airbus A350 aircraft. In the arrangement, Finnair sold these aircraft delivered between June 2017 and February 2019 and has leased them back for its own operation. The average operating lease period is 12 years.

Covenant, EUR in millions	Covenant limit	30 Sep 2021
Equity	400.0	548.3
Cash funds	400.0	1,181.4
Book equity	150.0	350.3

The existing loans are being amortized according to the loan instalment programs.

Interest-bearing liabilities		Fair value			Book value	
EUR in millions	**30 Sep 2021**	**30 Sep 2020**	**31 Dec 2020**	**30 Sep 2021**	**30 Sep 2020**	**31 Dec 2020**
Non-current interest-bearing liabilities						
Lease liabilities	1,117.7	878.3	880.6	1,117.7	878.3	880.6
Loans from financial institutions	599.3	398.9	599.0	599.3	398.9	599.0
Bonds	408.9	195.9	197.2	397.0	199.8	199.8
JOLCO loans* and other	293.3	237.2	312.2	293.3	237.2	312.2
Total	**2,419.2**	**1,710.2**	**1,988.9**	**2,407.3**	**1,714.1**	**1,991.6**
Current interest-bearing liabilities						
Lease liabilities	164.1	140.1	135.6	164.1	140.1	135.6
Bonds	99.8			98.9		
JOLCO loans* and other	48.1	43.8	51.5	48.1	43.8	51.5
Total	**312.0**	**183.9**	**187.2**	**311.1**	**183.9**	**187.2**

* JOLCO loans and other include the JOLCO loans (Japanese Operating Lease with Call Option) for three A350 aircraft and Export Credit Support for one A350 and three A330 aircraft. The transactions are treated as loans and owned aircraft in Finnair's accounting.

Maturity dates of financial liabilities as at 30 Sep 2021							
EUR in millions	1-12 months	13-24 months	25-36 months	37-48 months	49-60 months	Later	Total
Lease liabilities, fixed interest	122.4	125.5	125.2	128.7	94.4	356.6	**952.7**
Lease liabilities, variable interest	41.7	43.5	45.3	42.2	28.9	127.5	**329.1**
Loans from financial institutions, variable interest		600.0					**600.0**
Bonds, fixed interest	98.9			400.0			**498.9**
JOLCO loans and other, fixed interest				28.2	14.1		**42.3**
JOLCO loans and other, variable interest	48.1	37.1	38.2	87.1	32.6	59.0	**302.2**
Interest-bearing financial liabilities total*	**311.1**	**806.1**	**208.7**	**686.2**	**170.1**	**543.1**	**2,725.3**
Payments from interest rate and currency derivatives	507.4						**507.4**
Income from interest rate and currency derivatives	-515.4	-5.1	-1.8				**-522.3**
Commodity derivatives	-11.2						**-11.2**
Trade payables and other liabilities	117.1						**117.1**
Interest payments	91.0	94.3	66.8	62.7	30.1	96.8	**441.7**
Total	**500.0**	**895.3**	**273.7**	**748.9**	**200.2**	**639.9**	**3,257.9**

* The bonds maturing do not include the amortised cost of EUR 0.1 million paid in 2017 and due on 2022 and EUR 3.0 million paid in 2021 and due on 2025. Respectively, JOLCO loans do not include the amortised cost of EUR 3.2 million paid on 2016 and due on 2025. Loans from financial institutions do not include the amortised cost of EUR 0.7 million paid in 2020 and due on 2022. Therefore, the total amount of interest-bearing financial liabilities differs from the book value by the amount equal to the amortised costs.

20. PROVISIONS

EUR in millions	30 Sep 2021	30 Sep 2020	31 Dec 2020
Aircraft maintenance provision			
Provision at the beginning of period	162.8	166.3	166.3
Provision for the period	24.2	20.9	25.4
Provision used	-8.1	-14.0	-18.3
Provision reversed	-1.2	-0.6	-1.3
Provision for right-of-use assets redelivery	2.2	1.3	2.1
Unwinding of discount	0.9	0.7	0.9
Exchange rate differences	8.3	-6.0	-12.2
Aircraft maintenance provision total	**189.0**	**168.8**	**162.8**
Of which non-current	176.4	155.4	153.6
Of which current	12.6	13.4	9.2
Other provisions			
Provision at the beginning of period	13.0	3.1	3.1
Provision for the period	1.7	25.5	27.2
Provision used	-8.5	-2.0	-6.7
Provision reversed	-1.5	-1.1	-10.6
Other provisions total	**4.8**	**25.5**	**13.0**
Of which non-current	1.5	1.2	2.2
Of which current	3.2	24.3	10.8
Total	**193.8**	**194.2**	**175.8**
Of which non-current	177.9	156.5	155.8
Of which current	15.9	37.7	20.0

Non-current aircraft maintenance provisions are expected to be used by 2033. Other provisions include mainly items related to restructuring actions due to COVID-19 impacts, which are expected to be used mainly by the end of 2021. Provision for the period relating to aircraft maintenance provision were significantly lower due to decreased flight operations during COVID-19 pandemic.

In balance sheet, non-current provisions and other liabilities 184.9 million euro (31 December 2020: 161.1) includes, in addition to provisions, other non-current liabilities 7.0 million euro (31 December 2020: 5.2), which mainly consists of received lease deposits.

21. DEFERRED INCOME AND ADVANCES RECEIVED

EUR in millions	30 Sep 2021	30 Sep 2020	31 Dec 2020
Deferred revenue on ticket sales	133.3	101.8	55.7
Loyalty program Finnair Plus	53.0	47.1	51.9
Advances received for tour operations	16.9	3.6	3.4
Other items	18.6	23.7	22.5
Total	**221.8**	**176.3**	**133.6**

22. CONTINGENT LIABILITIES

EUR in millions	30 Sep 2021	30 Sep 2020	31 Dec 2020
Guarantees on behalf of group undertakings	49.4	41.2	32.1
Total	**49.4**	**41.2**	**32.1**

Investment commitments for property, plant and equipment as at 30 September 2021 totaled EUR 338 million (31 December 2020: 429). Guarantees on behalf of group undertakings decreased during 2020 due to reduced guarantee amounts required by the Finnish Competition and Consumer Authority as a result of lower bookings in tour operations caused by the COVID-19, and they remained stable during the reporting period. Lease commitments as at 30 September 2021 including VAT obligations, short-term leases of facilities and leases of low value IT equipment, that do not qualify as IFRS 16 leases, totaled EUR 32.0 million (31 December 2020: 19.1).

Finnair has committed to a leasing arrangement of one A350 aircraft that is scheduled to be delivered to Finnair in Q2 2022. The lease period starts in Q4 2021 and the impact of the arrangement on Finnair's right-of-use assets and lease liabilities will be approximately 100 million euro.

23. RELATED PARTY TRANSACTIONS

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

The State of Finland which has control over Finnair owns 55.9% (31 December 2020: 55.9%) of Finnair’s shares. All the transactions with other government owned companies and other related parties are on arm's length basis, and are on similar terms than transactions carried out with independent parties.

EUR in millions	Q1-Q3 2021	Q1-Q3 2020	2020
Sales of goods and services			
Associates and joint ventures	12.9	21.4	28.4
Pension fund	0.0	0.4	0.4
Employee benefits			
Pension fund	-1.2	10.4	-121.5
CEO and Executive Board	3.6	2.8	3.9
The Board of Directors	0.3	0.3	0.4
Purchases of goods and services			
Associates and joint ventures	52.0	68.4	88.2
Pension fund	1.5	1.4	1.9
Financial income and expenses			
Associates and joint ventures	1.3	2.2	2.8
Pension fund	0.1	-0.5	-0.6
Receivables			
Non-current receivables from joint ventures	4.4	23.2	19.6
Non-current receivables from pension fund	56.9		31.0
Current receivables from associates and joint ventures	8.2	22.5	15.9
Liabilities			
Non-current liabilities to joint ventures	2.8	3.6	3.6
Non-current liabilities to pension fund		97.0	
Current liabilities to associates and joint ventures	2.0	2.9	2.1

24. EVENTS AFTER THE REVIEW PERIOD

Finnair announced on 5th October 2021, that the company has retired its undrawn, 175 million euro revolving credit facility on 4th October 2021.