FINNAIR GROUP FINANCIAL STATEMENTS RELEASE

1 JANUARY – 31 DECEMBER 2021

17 February 2022

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Travel increased and EBITDA turned positive; Omicron's negative impact notable but short-term.

October – December 2021

- Earnings per share were -0.06 euros (-0.01)*.
- Revenue increased by 305.5% to 413.5 million euros (102.0).
- Comparable operating result was -65.2 million euros (-162.9). Operating result was -60.2 million euros (-14.6).
- Cash funds were 1,265.7 million euros (823.7) and equity ratio was 11.8 per cent (24.6).
- Net cash flow from operating activities was 124.6 million euros (-178.6), and net cash flow from investing activities was -66.8 million euros (135.3).**
- Number of passengers increased by 447.2% to 1.5 million (0.3).
- Available seat kilometres (ASK) increased by 392.3%.
- Passenger load factor (PLF) was 49.6% (29.2).

January – December 2021

- Earnings per share were -0.34 euros (-0.51).
- Revenue increased by 1.1% to 838.4 million euros (829.2).
- Comparable operating result was -468.9 million euros (-595.3). Operating result was -454.4 million euros (-464.5).
- Net cash flow from operating activities was -25.3 million euros (-1.043.1), and net cash flow from investing activities was 309.6 million euros (351.6).**
- Number of passengers decreased by 18.2% to 2.9 million (3.5).
- ASK declined by 6.5%.
- PLF was 42.8% (63.0).
- The Board of Directors proposes to the Annual General Meeting that no dividend be distributed for 2021.

** Unless otherwise stated, comparisons and figures in parentheses refer to the comparison period, i.e., the same period last year.*
*** In Q4, net cash flow from investing activities includes 79.2 million euros of investments (57.3 million euros of redemptions) in money market funds or other financial assets (maturity over three months). In 2021, the investments totalled in net terms 67.5 million euros (439.9 million euros of redemptions). They are part of the Group's liquidity management.*

Outlook

GUIDANCE ISSUED 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.

NEW GUIDANCE ON 17 FEBRUARY 2022:

Travelling in Europe and to the United States is open but Asia remains highly restricted for travel, exclusive of countries such as Thailand, Singapore and India. There is prolonged uncertainty of when China or Hong Kong would be opening for travel. Due to e.g., the Omicron variant, Finnair now estimates that other Asian markets would gradually open for travel towards the end of Q2 2022.

In comparison to Q4 2021, Omicron is having a notable but short-lived adverse effect on revenue and costs in Q1 2022. Further, the ongoing travel restrictions will continue to soften demand, particularly to and from Asia going forward. Due to these factors as well as increased fuel price and incremental costs caused by the need to ramp up capacity for summer 2022, Finnair's comparable operating loss in Q1 2022 is expected to be of a similar magnitude as in Q1 2021. Finnair reiterates its previous estimate that the comparable operating losses will continue also during the entire first half of 2022.

The latter half of 2021 demonstrated that there is robust pent-up demand for travel. During the first half of 2022, the impact of travel restrictions on Finnair's business is expected to fade. Therefore, the company still estimates that the operational environment in the second half of 2022 will be closer to the pre-pandemic era, exclusive of China and Hong Kong, and 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 Q1 2022 interim report.

CEO Topi Manner:

During the last quarter of 2021, our recovery continued. The number of our flights grew from October onwards, and passenger numbers improved every month. Our long-haul passenger numbers also started to recover as the United States, Thailand, Singapore, and India opened for travel. Finnair also launched non-stop flights to Thailand and the United States from Stockholm Arlanda. Towards the end of the quarter, the impacts of the Omicron variant started to be visible in air traffic and in December, several countries reintroduced tighter travel restrictions, further impacting demand for air travel. Increased Omicron-related sick leaves caused unexpected resourcing issues not only at Finnair but also in our partners' operations.

We took the first steps in Finnair's recovery during 2021 and continued to rebuild the company. Our revenue totaled 838.4 million euros, still less than 30 per cent of the 2019 level. The comparable operating result for the year remained heavily negative at -469.9 million euros. The gradual recovery of passenger traffic started in late summer as vaccination coverage improved and travel restrictions were partially removed. Due to global supply chain disruptions, cargo demand was exceptionally strong throughout the year.

We continued our comprehensive financing measures throughout the year. In early 2021, we signed an agreement on a 400-million-euro hybrid loan with the State of Finland. This facility is still undrawn, but it will have a stabilising effect on Finnair's balance sheet. We also implemented an over 400-million-US dollar sale and leaseback arrangement covering four Airbus A350 aircraft and issued a 400-million-euro bond. I want to thank sincerely both the state owner and all our other investors for the trust they have placed in us. We had c. 116,000 shareholders at the end 2021, and the number grew by more than 35 per cent year-on-year.

Our cost savings programme proceeded well and we reached our target of 200 million euros of permanent annual cost savings, based on 2019 volumes. The achieved cost savings decreased our loss already this year, and their full run-rate impact will be visible starting from 2022.

We aim to be a modern premium airline. A vital element of this is our new long-haul customer experience, which we introduced after the period. We are renewing the cabins of all our long-haul aircraft and are introducing a new premium economy travel class. This 200-million-euro investment has been in development for years and it is essential to secure our competitiveness.

Our net promoter score remained at a high level, 38, for the whole year. Finnair was chosen as the best airline in Northern Europe in the Skytrax customer survey for the eleventh consecutive time, for which we are grateful to our customers. Ramping up flights after a long period of low traffic brought operational challenges, which were further amplified by the unanticipated impacts of the Omicron variant at the end of the year. This was reflected in weaker on-time performance and in congestion in our customer service channels when many customers changed their travel dates. This year, ensuring high-quality customer service and on-time performance are in special focus for us, as they are integral for Finnair's recovery from the pandemic.

Omicron has proven to be milder than the previous variants and as the Omicron wave starts to wane, European countries are removing restrictions. The pandemic is turning into an endemic phase, where COVID-19 is treated as a regular respiratory infection.

We estimate that, aside from China and Hong Kong, by next summer we will be closer to a normal operating environment, even though the opening of Asia is delayed from our earlier estimate. The latter half of 2021 proved that there is great pent-up demand. We are preparing for the increasing demand for summer 2022 by calling employees back from furloughs and the opening of our new long-haul routes to Busan, Dallas, Seattle, and Tokyo Haneda.

The year 2021 was, like its predecessor, a difficult one for Finnair. The prolonged pandemic and the rapid changes in our operating environment were wearing for our personnel. I want to deliver my special thanks to the entire Finnair team for their commitment and for delivering a high-quality customer experience under these strenuous circumstances. I believe that 2022 will bring better predictability and joy of achievement to our employees as we take significant steps forward in recovering from the pandemic.

Business environment in Q4

As in the six previous quarters, the COVID-19 pandemic continued to impact Finnair's operations – as well as the global aviation sector - in Q4 2021. Even though Finnair was able to gradually also increase its long-haul passenger traffic quarter-on-quarter due to a reduction in travel restrictions e.g., to the United States, Thailand, Singapore and India, it continued to operate a more limited network compared to the pre-pandemic period.

Market capacity between Helsinki and many European destinations remained low, despite the increase in scheduled market capacity, measured in ASKs, between origin Helsinki and Finnair's European destinations of 305.1 per cent (-86.9) year-on-year. Though demand strengthened starting from late summer because of improved coronavirus vaccination coverage and eased travel restrictions, it remained clearly softer in Q4 compared to the pre-pandemic era. Direct market capacity between Finnair's Asian and European destinations increased by 38.9 per cent (-82.6) year-on-year. Due to travel restrictions, demand between Europe and the majority of Finnair's Asian destinations remained soft during the period.

In Q4, Aurinkomatkat's foreign winter package holidays production restarted after a suspension of over one year caused by COVID-19. Aurinkomatkat primarily offered destinations in the Canary Islands, mainland Spain, Portugal, the United Arab Emirates and Thailand. Package holidays were also produced for domestic destinations, as in the previous quarters. Demand for foreign winter package holidays was strong in the beginning of the quarter, as the travel restrictions were eased, but was softening by the end of the quarter as travel restrictions, caused in particular by the Omicron variant, returned. The demand was primarily focused on travel in the winter season 2021–2022 and in summer 2022.

The global air freight market was likewise heavily impacted by COVID-19 in Q4, as pandemic-related supply chain disruptions and lack of capacity resulted in delivery delays that continued to benefit air cargo. This resulted in exceptionally strong demand for air cargo and surging market prices, as the scheduled passenger traffic capacity remained at a lower level than in the pre-pandemic era, thus, limiting the volume available to carry belly cargo. This consistently strong cargo demand enabled some markets to remain open for cargo-only operations in Q4; Finnair was therefore 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 increase in capacity and the high market prices, cargo revenue surged year-on-year, reaching a record high. Finnair's total cargo load factor remained somewhat flat compared to Q4 2020, despite the increase in capacity. Finnair estimates that the cargo demand will remain strong at least through H1 2022.

The US dollar, which is the most significant expense currency for Finnair after the euro, strengthened by 4.3 per cent against the euro year-on-year. The US dollar-denominated market price of jet fuel was 91.7 per cent higher in the fourth quarter than in the comparison period, as the price was at its lowest pandemic-era point in Q2 2020 and was already rebounding in Q4 2020 from its April low.

Financial performance in Q4

REVENUE IN Q4

Finnair's total revenue increased year-on-year as the COVID-19 impact was even more drastic in Q4 2020 and, on the other hand, cargo operations were very strong in Q4 2021.

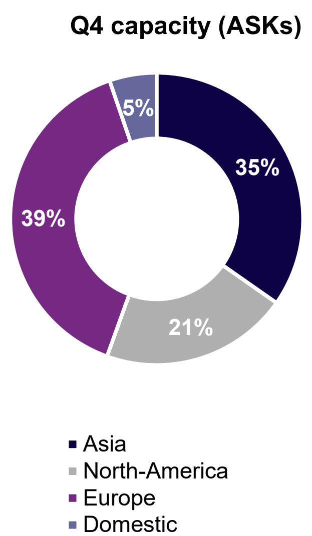
Revenue by product

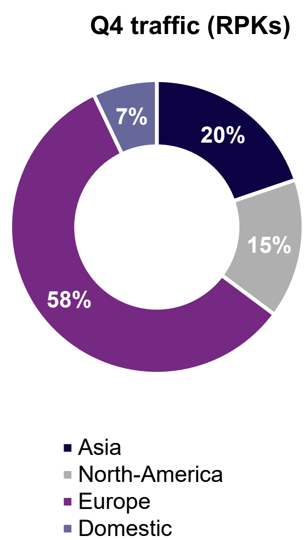
EUR million	Q4/2021	Q4/2020	Change %
Passenger revenue	218.9	36.4	501.5
Ancillary revenue	19.4	5.2	270.3
Cargo	147.1	59.9	145.7
Travel services	28.1	0.5	5,667.3
Total	**413.5**	**102.0**	**305.5**

Unit revenue (RASK) decreased by 17.6 per cent and amounted to 6.69 cents (8.12). The RASK decrease was mainly caused by the smaller cargo share of the total revenue in Q4 2021 and the higher share of cargo-only flights in the comparison period, as these flights do not generate any ASKs.

Passenger revenue and traffic data by area, Q4 2021

	Passenger revenue			ASK		RPK		PLF	
Traffic area	MEUR	Share %	Change %	Mill. km	Change %	Mill. km	Change %	%	Change %-p
Asia	38.9	17.8	524.4	2,147.9	208.8	607.0	507.8	28.3	13.9
North Atlantic	24.7	11.3	23,860.8	1,283.9	N/A	472.6	N/A	36.8	N/A
Europe	122.0	55.7	416.7	2,427.0	493.5	1,771.3	868.5	73.0	28.3
Domestic	27.1	12.4	123.0	322.1	113.2	217.3	160.3	67.5	12.2
Unallocated	6.1	2.8	-207.4						
Total	**218.9**	**100.0**	**501.5**	**6,180.9**	**392.3**	**3,068.2**	**737.7**	**49.6**	**20.5**





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 501.5 per cent and traffic capacity, measured in Available Seat Kilometres (ASK), increased by 392.3 per cent overall against the comparison period. The number of passengers increased by 447.2 per cent to 1,523,000 passengers. Traffic measured in Revenue Passenger Kilometres (RPK) increased by 737.7 per cent and the passenger load factor (PLF) increased by 20.5 percentage points to 49.6 per cent.

In Asian traffic, the number of scheduled passenger flights was still limited, but was nevertheless more than in the comparison period as travel opened to e.g., Thailand, Singapore and India, and as Finnair commenced flights from Sweden to Thailand. Therefore, ASKs grew by 208.8 per cent and RPKs by 507.8 per cent. PLF increased by 13.9 percentage points to 28.3 per cent, resulting in low passenger yields, though yields overall were supported by the strong cargo operations and a high cargo load factor.

In addition to the scheduled passenger flights to New York, which were operated from March, the Chicago and Los Angeles routes were reopened in June and the Miami route was reopened for the winter season. Finnair also commenced direct flights from Stockholm to New York, Los Angeles and Miami during Q4. North Atlantic ASKs in Q4 2021 exceeded those of Q4 2019; however, as no North Atlantic scheduled passenger flights were operated in the comparison period, neither the growth rates of ASKs and RPKs, nor the change in PLF percentage, can be calculated. The PLF was 36.8 per cent in Q4 2021, driving low passenger yields; however, as in Asia, yields overall were supported by the strong cargo operations.

ASKs grew by 493.5 per cent in European traffic, as loosened travel restrictions within Europe had a meaningful and positive effect on demand from late summer onwards; additionally, the comparison period traffic was low. Thus, RPKs grew by 868.5 per cent and the PLF by 28.3 percentage points to 73.0 per cent in European traffic.

Domestic traffic capacity increased by 113.2 per cent, RPKs by 160.3 per cent and the PLF by 12.2 percentage points to 67.5 per cent.

Ancillary revenue increased by 270.3 per cent. Excess baggage and advance seat reservations were the largest ancillary categories.

The impact of the COVID-19 pandemic was also visible in Finnair's Q4 cargo volumes, due to the 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 349.9 per cent year-on-year, whereas revenue scheduled cargo tonne kilometres increased by 275.6 per cent. Cargo-related available tonne kilometres increased by 146.3 per cent, and revenue tonne kilometres increased by 112.5 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 increase the number of 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 December being a record month, as measured by revenue. Q4 was also a record-breaking quarter, as cargo revenue increased by as much as 145.7 per cent year-on-year.

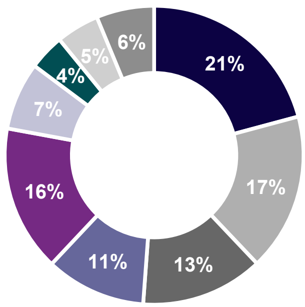
Package holidays' financial development has been significantly affected by the COVID-19 pandemic and the related travel restrictions and guidelines. During Q4, only a limited number of international and domestic package holidays was produced. The total number of Travel Services passengers grew by 3,587.3 per cent and the load factor in allotment-based capacity was 90.0 per cent. Travel Services revenue increased to 28.1 million euros (0.5).

OPERATING EXPENSES INCLUDED IN COMPARABLE EBIT IN Q4

Finnair's operating expenses, included in the comparable operating result, increased by 77.4 per cent mainly due to the increased capacity. Finnair continued its significant cost adjustment initiatives in Q4.

Unit cost (CASK) decreased by 63.3 per cent and totalled 7.75 cents (21.10). CASK excluding fuel decreased by 67.9 per cent. The decrease was mainly caused by the clearly increased capacity year-on-year.

Q4 operating expenses (€491.7 million in total) included in comparable operating result



EUR million	Q4/2021	Q4/2020	Change %
Staff and other crew related costs	84.0	42.1	99.7
Fuel costs	102.4	26.5	>200
Capacity rents	22.9	17.9	27.9
Aircraft materials and overhaul	36.1	27.9	29.4
Traffic charges	53.4	18.7	185.7
Sales, marketing and distribution costs	19.0	5.1	>200
Passenger and handling costs	65.2	23.8	173.8
Property, IT and other expenses	30.8	24.0	28.3
Depreciation and impairment	77.9	91.2	-14.6
Total	**491.7**	**277.1**	**77.4**

Operating expenses included in the comparable operating result, excluding fuel, increased by 55.3 per cent.

Fuel costs, including hedging results and emissions trading costs, increased mainly due to the nearly five-fold capacity increase (measured in ASK) and a higher fuel market price[1]. Fuel efficiency (as measured in fuel consumption per ASK) improved by 38.9 per cent due to e.g., relatively fewer cargo-only flights in Q4 2021 that were not generating ASKs. Fuel consumption per RTK, which also accounts for developments in both passenger and cargo load factors, decreased by 8.8 per cent year-on-year.

Staff and other crew-related costs doubled due to the added capacity, even though Finnair continued its cost savings initiatives, including the COVID-19-related temporary and permanent layoffs in Q4.

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 declined due to disposal-related write-offs in the comparison period. Traffic charges rose due to the increase in the number of flights.

Capacity rents, covering purchased traffic from Norra and any wet leases or potential cargo rents, increased from the comparison period despite renegotiated agreements with Norra as capacity increased. Certain one-off costs increased property, IT and other expenses.

RESULT IN Q4

Even though travel was more open in Europe, and it also opened to the United States as well as certain countries in Asia during Q4, the result was still heavily impacted by the COVID-19 pandemic. Finnair was forced to continue cutting its routes and frequencies due to travel restrictions especially in its long-haul destinations.

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

EUR million	Q4/2021	Q4/2020	Change %
Comparable EBITDA	**12.6**	**-71.7**	**117.6**
Depreciation and impairment	-77.9	-91.2	14.6
Comparable operating result	**-65.2**	**-162.9**	**60.0**
Items affecting comparability	5.1	148.3	-96.6
Operating result	**-60.2**	**-14.6**	**<-200**
Financial income	0.1	4.5	-97.2
Financial expenses	-33.6	-20.7	-62.4
Exchange gains and losses	-11.2	19.1	-158.5
Result before taxes	**-104.8**	**-11.7**	**<-200**
Income taxes	21.2	2.6	>200
Result for the period	**-83.7**	**-9.1**	**<-200**

As revenue increased clearly more than operating expenses, Finnair's comparable EBITDA and comparable operating result both improved year-on-year. Comparable EBITDA was positive for the first time since Q4 2019.

Unrealised changes in foreign currencies relating to fleet overhaul provisions were -3.4 million euros (6.3) due to the strengthened US dollar. Exceptional changes in the defined benefit pension plans were 7.7 million euros, relating to pilots' withdrawn early retirement announcements. In the comparison period (132.8), the exceptional changes in defined benefit pension plans related to changes in defined benefit plans caused by the net impact of Finnair's pension fund index increment removals, and pilots' early retirement costs. Other items affecting comparability consist of fair value changes of derivatives for which hedge accounting is not applied, sales gains or losses and restructuring costs. These items totalled 0.8 million euros (9.2) during the quarter.

The net financial income and expenses increased, and exchange gains turned to losses (mainly related to USD denominated aircraft lease payments and liabilities) in Q4. Thus, Finnair's result before taxes, as well as its result after taxes, deteriorated versus the comparison period.

Financial performance in 2021

REVENUE IN 2021

Finnair's total revenue increased slightly from the comparison period due to the record cargo performance in 2021.

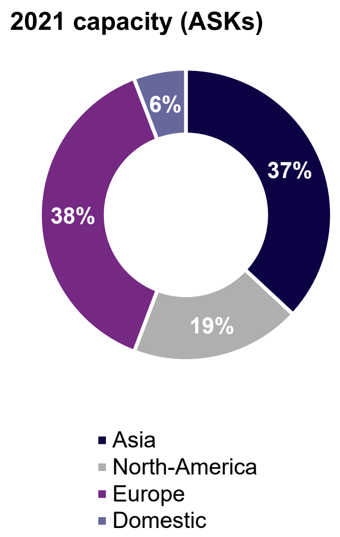
Revenue by product

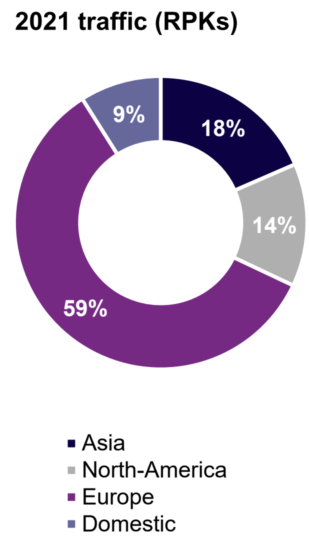
EUR million	2021	2020	Change %
Passenger revenue	420.8	528.1	-20.3
Ancillary revenue	44.1	62.3	-29.2
Cargo	334.7	177.7	88.3
Travel services	38.7	61.1	-36.7
Total	**838.4**	**829.2**	**1.1**

Unit revenue (RASK) increased by 8.2 per cent and amounted to 6.93 cents (6.41). The RASK increase was caused by the decline in ASKs due to the COVID-19 pandemic; therefore, the strong cargo operations – of which cargo-only flights did not generate any ASKs – had an outsize contribution to the increase.

Passenger revenue and traffic data by area, 2021

	Passenger revenue			ASK		RPK		PLF	
Traffic area	MEUR	Share %	Change %	Mill. km	Change %	Mill. km	Change %	%	Change %-p
Asia	75.3	17.9	-59.5	4,463.0	-27.5	956.3	-75.1	21.4	-40.9
North Atlantic	38.6	9.2	46.0	2,282.5	168.9	703.5	8.7	30.8	-45.4
Europe	243.6	57.9	-0.4	4,644.7	-8.2	3,053.8	-2.8	65.7	3.7
Domestic	60.3	14.3	-12.8	704.0	-19.2	464.6	-11.4	66.0	5.8
Unallocated	3.0	0.7	59.7						
Total	**420.8**	**100.0**	**-20.3**	**12,094.2**	**-6.5**	**5,178.2**	**-36.5**	**42.8**	**-20.2**





The COVID-19 pandemic and related travel restrictions had a significant negative impact on almost all 2021 passenger traffic figures. As the pandemic impact was more visible starting from the end of Q1 2020, passenger revenue decreased by 20.3 per cent and traffic capacity, measured in Available Seat Kilometres (ASK), declined by 6.5 per cent overall against the comparison period. The number of passengers decreased by 18.2 per cent to 2,852,300 passengers. Traffic measured in Revenue Passenger Kilometres (RPK) decreased by 36.5 per cent and the passenger load factor (PLF) by 20.2 percentage points to 42.8 per cent.

In Asian traffic, the number of scheduled passenger flights was limited in 2021 despite e.g., Thailand, Singapore and India opening for travel in Q4, and the number of Finnair flights to those destinations increasing. ASKs were down by 27.5 per cent, and RPKs by 75.1 per cent. PLF declined by 40.9 percentage points to 21.4 per cent, causing low passenger 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 restarted in March (only to New York), capacity in the North Atlantic traffic increased by 168.9 per cent year-on-year. The Chicago and Los Angeles routes were reopened in June 2021 and the Miami route was reopened for the winter season. Travel restrictions from Finland and Sweden to the United States were eased in Q4, when Finnair also commenced direct flights from Stockholm to Miami, Los Angeles and New York. RPKs increased by 8.7 per cent. On the other hand, the PLF decreased by 45.4 percentage points to 30.8 per cent, with low passenger yields, but the strong cargo operations also supported the North Atlantic traffic.

ASKs fell by 8.2 per cent and RPKs by 2.8 per cent but the PLF increased by 3.7 percentage points to 65.7 per cent in European traffic.

Domestic traffic capacity decreased by 19.2 per cent, and RPKs by 11.4 per cent, but the PLF increased by 5.8 percentage points to 66.0 per cent.

Ancillary revenue decreased by 29.2 per cent due to the COVID-19 impact. Excess baggage and frequent flyer programme related revenue were the largest ancillary categories.

The impact of the COVID-19 pandemic was also visible in Finnair's 2021 cargo volumes, due to the limited number of scheduled passenger flights, even though available scheduled cargo tonne kilometres increased by 16.9 per cent and revenue scheduled cargo tonne kilometres increased by 47.0 per cent. Cargo-related available tonne kilometres grew by 36.5 per cent and revenue tonne kilometres by 58.9 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 88.3 per cent year-on-year, with December being a record month as measured by revenue.

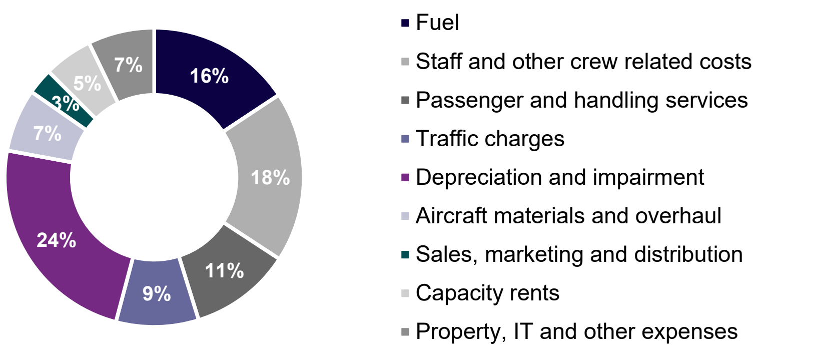
Travel Services' financial development has been significantly affected by the COVID-19 pandemic and the related travel restrictions and guidelines. During Q1–Q2, only domestic destinations were in production but in Q3 and Q4, international package holidays were included in production as demand improved significantly due to reduced travel restrictions. The total number of Travel Services passengers declined by 0.7 per cent and the load factor in Aurinkomatkat's allotment-based capacity was 89.1 per cent. Travel Services revenue decreased, however, by 36.7 per cent.

OPERATING EXPENSES INCLUDED IN COMPARABLE EBIT IN 2021

Finnair's operating expenses included in the comparable operating result decreased by 8.6 per cent despite the increase in revenue. Finnair continued its significant cost adjustment initiatives during 2021, including temporary and permanent layoffs, which were visible in the decline in operating expenses.

Unit cost (CASK) decreased by 1.8 per cent and totalled 10.81 cents (11.01). CASK excluding fuel also decreased by 1.6 per cent.

2021 operating expenses (€1,346.4 million in total) included in comparable operating result



EUR million	2021	2020	Change %
Staff and other crew related costs	248.9	283.5	-12.2
Fuel costs	211.4	232.7	-9.1
Capacity rents	71.3	89.3	-20.1
Aircraft materials and overhaul	91.7	104.7	-12.4
Traffic charges	120.4	112.4	7.1
Sales, marketing and distribution costs	38.1	28.2	35.0
Passenger and handling costs	148.0	168.6	-12.2
Property, IT and other expenses	96.8	109.7	-11.8
Depreciation and impairment	319.8	343.8	-7.0
Total	**1,346.4**	**1,472.9**	**-8.6**

Operating expenses included in the comparable operating result excluding fuel decreased by 8.5 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, which commenced in Q2 2020, increased fuel consumption while they did not generate ASKs. Fuel efficiency (as measured in fuel consumption per ASK) weakened by 6.7 per cent for the same reason. Fuel consumption per RTK, which also accounts for developments in both passenger and cargo load factors, decreased, however, by 1.8 per cent.

Staff and other crew related costs decreased as capacity was down and, therefore, Finnair continued the COVID-19-related temporary and permanent layoffs during 2021. Further, other staff-related savings had a decreasing impact.

Passenger and handling costs (including tour operation expenses related to e.g., hotels) were driven down by the volume decline, particularly in passenger traffic. Sales, marketing and distribution costs remained low, even though they increased year-on-year due to increases in marketing activities and sales intake as a result of the ramp-up in traffic together with stronger demand.

Aircraft materials and overhaul costs decreased due to the decline in capacity and updated USD-based discount rates of maintenance reserves. Depreciation and impairment costs remained closer to the comparison period level. Traffic charges increased 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, declined more than capacity from the comparison period due to renegotiated agreements with Norra. Property, IT and other expenses were closer to the comparison period level as they mainly consist of fixed costs, even though notable cost savings were achieved.

RESULT IN 2021

Finnair's 2021 result was heavily impacted by the COVID-19 pandemic due to extensive route and frequency cuts caused by travel restrictions in many countries worldwide.

EUR million	2021	2020	Change %
Comparable EBITDA	**-149.0**	**-251.5**	**40.7**
Depreciation and impairment	-319.8	-343.8	7.0
Comparable operating result	**-468.9**	**-595.3**	**21.2**
Items affecting comparability	14.4	130.8	-89.0
Operating result	**-454.4**	**-464.5**	**2.2**
Financial income	12.8	38.7	-67.0
Financial expenses	-117.8	-255.2	53.8
Exchange gains and losses	-22.5	26.6	-184.5
Result before taxes	**-581.9**	**-654.4**	**11.1**
Income taxes	117.6	131.1	-10.3
Result for the period	**-464.3**	**-523.2**	**11.3**

Because of cost adjustment initiatives, Finnair's comparable EBITDA and comparable operating result both improved year-on-year.

Unrealised changes in foreign currencies of fleet overhaul provisions were -11.7 million euros (12.2) due to the strengthening US dollar. Exceptional changes in defined benefit pension plans booked as items affecting comparability totalled 20.6 million euros and they related to amendments in the collective labour agreement relating to the curtailment of the occupational disability pensions, as well as to pilots' withdrawn early retirement announcements. In the comparison period (132.8), the exceptional changes in defined benefit pension plans related to changes in defined benefit plans caused by the net impact of Finnair's pension fund index increment removals, and pilots' early retirement costs. Other items affecting comparability consist of fair value changes in derivatives where hedge accounting is not applied, sales gains or losses and restructuring costs totalled 5.6 million euros (-14.3) during 2021. Due to the items affecting comparability being clearly lower in 2021, the operating result was close to the 2020 level.

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 other comprehensive income to 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 4,047.1 million euros at the end of 2021 (3,646.5). Fleet book value decreased by 494.0 million euros due to depreciation and the sale and leaseback transaction of four Airbus A350 aircraft finalised in September. Despite depreciation, the right-of-use fleet increased by 252.8 million euros similarly due to the same sale and leaseback transaction as well as due to a leased A350 aircraft that was delivered to Finnair in Q4. Both transactions increased lease liabilities. Assets held for sale totalled 18.7 million euros (none in the comparison period) relating to four A321 aircraft.

Receivables related to revenue increased to 110.9 million euros mainly due to improved ticket sales and strong cargo operations (57.5). Net deferred tax assets increased to 191.9 million euros (84.8), resulting from estimated tax losses caused by the COVID-19 impact on Finnair's result. The pension assets rose to 80.9

million euros (31.8) mainly due to actuarial gains and the curtailment of the occupational disability pensions whereas pension obligations remained at the same level and were 0.7 million euros (1.5).

Deferred income and advances received increased to 291.1 million euros (133.6). This was mainly caused by an increase in the unflown ticket liability amounting to 202.7 million euros (55.7) due to 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 December was 16.6 million euros after deferred taxes (-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 475.7 million euros (896.6), or 0.34 euros per share (0.64).

CASH FLOW AND FINANCIAL POSITION

Cash flow

EUR million	2021	2020
Net cash flow from operating activities	**-25.3**	**-1,043.1**
Net cash flow from investing activities	**309.6**	**351.6**
Net cash flow from financing activities	**73.4**	**1,001.9**

In 2021, 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 H2 was already positive by 151.7 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 that was issued in May and will mature 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

%	31 Dec 2021	31 Dec 2020
Equity ratio	**11.8**	**24.6**
Gearing	**321.8**	**153.2**

The equity ratio on 31 December 2021 decreased from the year-end 2020 mainly due to the negative result for the period, even though the positive change in the hedging reserve and other comprehensive income alleviated the impact, and the impact of the sale and leaseback transaction finalised in September as well as the new unsecured senior bond on total liabilities. Gearing, on the contrary, rose as interest-bearing net debt increased and equity weakened.

Liquidity and net debt

EUR million	31 Dec 2021	31 Dec 2020
Cash funds	1,265.7	823.7
Adjusted interest-bearing liabilities	2,796.6	2,197.5
Interest-bearing net debt	**1,530.9**	**1,373.8**

The company's liquidity was very strong at the end of the period under review. Despite the negative net cash flow from operating activities in 2021, 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.

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 could be used by Finnair based on the state aid decision made by the EU Commission in March. The remaining approximately 50-million-euro share was approved by the EU Commission after the period. 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. In addition, Finnair has a 200-million-euro short-term, unsecured commercial paper programme, which was unused at the end of December. In October, 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 year-end 2020 mainly due to the sale and leaseback transaction finalised in September, the new senior unsecured bond and the leased A350 aircraft that was delivered to Finnair in Q4. The share of lease liabilities amounted to 1,381.0 million euros (1,016.2). Interest-bearing net debt increased from the end of 2020 mainly due to the A350 aircraft delivered in Q4, negative net cash flow from operating activities but also due to the strengthened US dollar.

CAPITAL EXPENDITURE

Gross capital expenditure, excluding advance payments, totalled 434.5 million euros during 2021 (515.9) and was primarily related to fleet investments. This figure includes also changes in the right-of-use fleet consisting of e.g., the sale and leaseback transaction finalised in September as well as the A350 aircraft delivered in Q4.

Cash flow from investments (including fixed asset investments and divestments, sublease payments received and advance payments) totalled 377.2 million euros (-88.3).

Change in other current financial assets (maturity over three months) totalled -67.5 million euros (439.9) also forming a part of the net cash flow from investments, which amounted to 309.6 million euros (351.6).

Cash flow from investments (including only fixed asset investments and advance payments) for the financial year 2022 relates mainly to the fleet and is expected to total approximately -180 million euros. Investment cash flow includes both committed investments as well as estimates for planned, but not yet committed, investments.

The company has 35 unencumbered aircraft, which account for approximately 30.5 per cent of the balance sheet value of the entire fleet of 1,971.6 million euros.[2]

Dividend policy and the Board's proposal for the distribution of profit

The aim of Finnair's dividend policy is to pay, on average, at least one-third of the earnings per share as a dividend over an economic cycle. The aim is to take into account the company's earnings trend and outlook, financial situation and capital needs in the distribution of dividends.

In 2021, earnings per share were -0.34 euros (-0.51). Finnair Plc's distributable equity amounted to 73,709,760.76 euros on 31 December 2021. The Board of Directors proposes to the Annual General Meeting that no dividend be distributed for 2021.

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 year, Finnair itself had 60 aircraft, of which 25 were wide-body and 35 narrow-body aircraft. During the fourth quarter, Finnair took delivery of its 17th Airbus A350 aircraft which was financed with an operating lease during the first quarter and at that time planned for delivery in the second quarter of 2022. The delivery was advanced in response to widebody aircraft capacity requirements. During the fourth quarter, Finnair also purchased one Airbus A330, which was already accounted for as owned, as the finance lease period ended.

At the end of 2021, the average age of the fleet operated by Finnair was 11.4 years.

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

Fleet operated by Finnair* 31.12.2021	Seats	#	Change from 31.12.2020	Own**	Leased	Average age 31.12.2021	Ordered
Narrow-body fleet							
Airbus A319	144	6		5	1	20.1	
Airbus A320	174	10		8	2	19.4	
Airbus A321	209	19		4	15	10.6	
Wide-body fleet							
Airbus A330	289/263	8		4	4	12.2	
Airbus A350	297/336	17	1	5	12	4.1	2
Total		**60**	**1**	**26**	**34**	**11.4**	**2**

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

FLEET RENEWAL

At the end of the year, Finnair had seventeen A350 aircraft, which have been delivered between 2015–2021 and two A350 aircraft on order from Airbus. These aircraft are scheduled to be delivered to Finnair in Q4 2024 and Q1 2025.

Finnair's investment commitments for property, plant and equipment, totalling 355.0 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 the aircraft operated by Norra are leased from Finnair Aircraft Finance Oy.

Fleet operated by Norra* 31.12.2021	Seats	#	Change from 31.12.2020	Own	Leased	Average age 31.12.2021	Ordered
ATR	68–70	12		6	6	12.4	
Embraer E190	100	12		9	3	13.5	
Total		**24**	**0**	**15**	**9**	**13.0**	

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

Strategy implementation

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 once visibility on the business environment, particularly in Asia, improves.

CAPTURE MARKET GROWTH

Finnair continues to focus on transfer traffic between the essential Asian mega cities and Europe. The company also continues to leverage its home hub's unique geographical location, enabling fast connections via the short northern route and maximising 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, a 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 Q4, the average monthly number of unique Finnair website visitors continued to recover as it totalled 2.0 million (0.6). The number of active users of the Finnair mobile application surged by 275.4 per cent to 473,000 from Q4 2020. Direct sales in Finnair's digital channels remained at 49.0 per cent (49.0) 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 still at a fair level with a score of 29 (51) in Q4. The drop in NPS related mainly to surveys conducted in December and was caused by the decline in on-time performance, issues at airports caused by e.g., sick leaves, and a backlog in customer care channels.

In Q4, certain pre-pandemic services were reinstated as the non-Schengen lounge was reopened, pre-order sales were restarted, and priority boarding was reintroduced. Sisu-chatbot, a completely new customer service channel, was added to the Finnair App. After the period, Finnair revealed the long-prepared, new long-haul experience in which the company invested c. 200 million euros. It covers all Finnair's wide-body aircraft and, as a result, business and economy classes are refurbished and a completely new premium economy class is introduced.

Finnair also continued its COVID-19-related actions by prolonging Book with Confidence sales until 28 February 2022 and, after the period, further until 31 May 2022. Finnair also introduced a digital service, with which customers can confirm their COVID-19-certificates before their journey from Finland to 10 European countries, and a digital travel requirements map presenting the latest travel requirements and guidelines.

COST EFFICIENCY

In Q4, it was confirmed that Finnair will achieve the targeted permanent, annual cost savings of c. 200 million euros by 2022, calculated 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 Q4 was 72.3% (91.8). The decline was mainly related to events in December; in addition to severe weather conditions, on-time performance was impacted by COVID-19-related challenges such as new travel restrictions, which required additional travel document checks, and higher-than-normal sick leaves, which caused resourcing challenges both internally and for external service providers in the home hub as well as in outstations.

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 ambitious sustainability targets remain 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. Meeting the global climate challenge requires long-term planning, and in the short-term, the company will have to rely more on economic measures before it can, in the longer term, take advantage of the improvements in the emissions efficiency of new technologies.

Finnair aims to increase the use of SAF together with the oneworld Alliance and other stakeholders. The oneworld Alliance set a common goal of achieving a 10 per cent level in sustainable aviation fuel (SAF) uptake by 2030, well above the designed 5 per cent EU mandate target. Achieving this goal will require a joint effort with both legislators and various industrial sectors. As a first concrete step, the members of the oneworld Alliance intend to purchase more than 11 million tons of blended sustainable aviation fuel from renewable fuels company Aemetis for their operations at San Francisco International Airport. Finnair has already signed a Memorandum of Understanding with Aemetis in Q4. Finnair has earlier partnered with Neste in Finland to increase to use of SAF and, hence, reduce carbon emissions of flying. The oneworld agreement does not change that collaboration, as multiple partners are needed in SAF supply.

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 5,365 (6,234) people in Q4 2021, which is 13.9 per cent less than in the comparison period. The number of employees decreased during Q4 by 101 or 1.9 per cent, totalling 5,325 at the end of the year (6,105). In total, 60 new persons were hired at Finnair in Q4 2021. The increase in personnel was mostly due to growth in the number of Finnair Business Services (FBS), Aurinkomatkat Travel Guides and Digital Services personnel. The attrition rate for the last 12 months was 6.8 per cent (7.4). The number of absences due to illness was 3.3 per cent (2.3) in Q4.

Sustainability and corporate responsibility

Economic, social and environmental aspects have for a long time been integral to Finnair's overall business strategy and operations. Finnair is a responsible global citizen and responds to its stakeholders' needs, including those concerned with corporate sustainability. The strength in sustainability is important in order to stay relevant and to be able to run a long-lasting and successful business. As certain global challenges become more difficult to address, companies 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 financial statements release.

Changes in company management

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

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.

Share price development and trading

Finnair's market capitalisation was 837.7 million euros at the end of December (1,066.1). The closing price of the share on 31 December 2021 was 0.60 euros (0.76). In 2021, the highest price for the Finnair Plc share on the Nasdaq Helsinki was 0.81 euros, the lowest price 0.56 euros and the average price 0.68 euros. Some 1,143.8 million company shares, with a total value of 780.5 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 (55.9) of Finnair's shares, while 4.6 per cent (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.

In Q2 or Q3, Finnair did not exercise the authorisation granted by the AGM 2020 or 2021 to acquire or dispose of its own shares.

In October, Finnair transferred, using the authorisation granted by the AGM 2021, a total of 16,060 own shares as incentives to the participants of the FlyShare employee share savings plan.

On 31 December 2021, Finnair held a total of 1,421,133 own shares, representing 0.10 per cent 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 risks and uncertainties

The demand for air transportation is generally driven by macroeconomic factors, as there has historically been a strong correlation between air travel and the development of macroeconomic factors such as GDP. Due to this correlation, aviation is an industry which is highly sensitive to global economic cycles and reacts quickly to external disruptions, seasonal variations and economic trends, as the global COVID-19 pandemic 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 with the next 12 months. This list is not intended to be exhaustive.

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

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

The key factors affecting revenue and operating result, that Finnair can affect, are operating cost adjustments and the ability to respond to changes in demand. Due to the immense effect of the COVID-19 pandemics, Finnair has carried out an extensive cost-saving program. The current inflationary pressure poses a risk to retaining the cost level achieved.

As jet fuel costs are the largest variable expense item, the jet fuel price development has a material effect on profitability. Fuel price fluctuations may result in increased uncertainty around Finnair's financial performance and cash flow. Jet fuel prices have historically fluctuated significantly, and fluctuations are expected to continue in the future beyond the current COVID-19 crisis. Finnair's ability to pass on the increased costs of jet fuel to its customers by increasing fares is limited by the competitive nature of the airline industry. Finnair's jet fuel costs are also subject to foreign exchange rate risk as international prices for jet fuel are denominated in U.S. dollars. The residual effect of jet fuel price fluctuations is determined by the hedges in use at a given point in time. Increasing jet fuel costs, disruptions in fuel supplies and ineffective hedging in relation to changes in market prices may result in increased expenses, which may have a material adverse effect on Finnair's business, financial result and future outlook. Derivatives used to hedge against adverse price movements in jet fuel may prove to be inefficient resulting in increased jet fuel price in relation to market prices.

The COVID-19 pandemic potentially continuing during most of the 2022 would have an adverse impact on the company's profitability, cash funds and equity. Further, prolonged unprofitability and depletion of equity may have an adverse effect on the availability and terms of funding and may also increase the risk of fleet and other fixed asset impairment.

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

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

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

Factors such as geopolitical uncertainty, the threat of trade wars, the threat of terrorism, cyber-attacks and pandemics as well as other potential external disruptions may, if they materialise, significantly affect Finnair's operations. Geopolitical tensions may have an adverse effect on the global economic environment, and on Finnair's network and profitability. 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.

The overall labour market situation in Finland is challenging and it may have an impact on Finnair's operations. Strikes and other work-related disruptions may, if they materialise, significantly affect Finnair's operations.

Seasonal variation and sensitivities in business operations

Due to the seasonality of the airline business, the Group's revenue and result are, 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. Finnair's policy is to hedge its fuel purchases 12 months forward on a rolling basis. The maximum hedging ratio for the 12-month period is 50 per cent and the lower limit is 0 per cent while the target hedging ratio is set to 25 per cent.

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 27 million
Average yield of passenger traffic	EUR 18 million
Unit cost (CASK excl. fuel)	EUR 19 million

Fuel sensitivities (rolling 12 months from date of financial statements)	**10% change without hedging**	**10% change, taking hedging into account**
Fuel	EUR 59 million	EUR 57 million

Fuel hedging and average hedged price (rolling 12 months from date of financial statements)	**Hedged fuel, tonnes***	**Average hedge price, USD/ton* ****
December 2021	15,000	528
Q1 2022	20,000	632
Q2 2022	15,000	685
Q3 2022	12,000	647
Q4 2022 and after	6,000	651
Total	**68,000**	**625**

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

Currency distribution, %	**Q4 2021**	**Q4 2020**	**2021**	**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	49	35	46	55	-	-	-
USD*	5	2	5	4	see below	see below	see below
JPY	7	13	9	7	EUR 21 m	EUR 21 m	7%
CNY	6	12	7	6	-	-	-
KRW	4	8	5	3	-	-	-
SEK	4	3	4	3	-	-	-
Other	25	27	25	21	-	-	-
Purchase currencies							
EUR	65	64	69	59	-	-	-
USD*	31	32	26	35	EUR 70 m	EUR 67 m	14%
Other	5	4	5	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 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 10 February 2022 its new long-haul experience in which the company invested c. 200 million euros. It covers all Finnair's wide-body aircraft and, as a result, business and economy classes are refurbished and a completely new premium economy class is introduced.

Finnair announced on 17 March 2021 that the company and the State of Finland had signed an agreement on a hybrid loan of maximum 400 million euros to support Finnair. The company also stated that of this credit limit, approximately 350 million euros can be used by Finnair based on the state aid decision made by the European Commission on 12 March 2021 and that the remaining approximately 50-million-euro share will be brought to approval by the Commission at a later stage. Finnair announced on 17 February 2022 that the Commission has approved the remaining 50-million-euro share. The company is able to access the funds, if its cash or equity position would drop below the limits that have been defined in the facility's terms and conditions.

The increased uncertainty related to the COVID-19 pandemic is still evolving and will have a significant impact on Finnair's operating environment also after the review period. In addition, the price of fuel is subject to higher than average uncertainty at the time of the publication of the financial statements, which is further increased by the intensified geopolitical situation in Eastern Europe. The escalation and prolongation of the geopolitical situation in Eastern Europe could have a strongly negative effect not only on the price of fuel, but also on the usage of airspace, routings and costs of Finnair's flights to Asia.

Financial reporting in 2022

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

- 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 17 February 2022 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/2022-0217-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 11247595#. To join the live webcast, please register at https://finnairgroup.videosync.fi/2021-q4.

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Key performance indicators

EUR in millions, unless otherwise indicated	Q4 2021	Q4 2020	Change %	2021	2020	Change %
Revenue and profitability						
Revenue	413.5	102.0	> 200	838.4	829.2	1.1
Comparable operating result	-65.2	-162.9	60.0	-468.9	-595.3	21.2
Comparable operating result at 2018 constant currency and fuel price	-58.9	-166.2	64.6	-466.0	-558.9	16.6
Comparable operating result at 2019 constant currency and fuel price	-62.2	-167.2	62.8	-476.5	-575.5	17.2
Comparable operating result, % of revenue	-15.8	-159.7	143.9 %-p	-55.9	-71.8	15.9 %-p
Operating result	-60.2	-14.6	<-200	-454.4	-464.5	2.2
Comparable EBITDA, % of revenue	3.1	-70.3	73.4 %-p	-17.8	-30.3	12.5 %-p
Earnings per share (EPS), basic, EUR	-0.06	-0.01	<-200	-0.34	-0.51	33.5
Earnings per share (EPS), diluted, EUR	-0.06	-0.01	<-200	-0.34	-0.51	33.5
Unit revenue per available seat kilometre (RASK), cents/ASK	6.69	8.12	-17.6	6.93	6.41	8.2
RASK at 2018 constant currency, cents/ASK	6.63	8.22	-19.3	6.91	6.40	7.9
RASK at 2019 constant currency, cents/ASK	6.72	8.33	-19.4	6.99	6.43	8.7
Unit revenue per revenue passenger kilometre (yield), cents/RPK	7.14	9.94	-28.2	8.13	6.48	25.4
Unit cost per available seat kilometre (CASK), cents/ASK	7.75	21.10	-63.3	10.81	11.01	-1.8
CASK excluding fuel, cents/ASK	6.09	18.99	-67.9	9.06	9.21	-1.6
CASK at 2018 constant currency and fuel price, cents/ASK	7.58	21.45	-64.7	10.76	10.72	0.4
CASK at 2019 constant currency and fuel price, cents/ASK	7.72	21.65	-64.3	10.93	10.88	0.5
Capital structure						
Equity ratio, %				11.8	24.6	-12.8 %-p
Gearing, %				321.8	153.2	168.6 %-p
Interest-bearing net debt				1,530.9	1,373.8	11.4
Interest-bearing net debt / Comparable EBITDA, LTM				-10.3	-5.5	-4.8 %-p
Gross capital expenditure	128.7	91.5	40.6	434.5	515.9	-15.8
Return on capital employed (ROCE), LTM, %				-13.9	-15.2	1.3 %-p
Traffic						
Passengers, 1,000	1,523	278	> 200	2,852	3,486	-18.2
Flights, number	17,919	6,525	174.6	41,392	46,094	-10.2
Available seat kilometres (ASK), million	6,181	1,256	> 200	12,094	12,937	-6.5
Revenue passenger kilometres (RPK), million	3,068	366	> 200	5,178	8,150	-36.5
Passenger load factor (PLF), %	49.6	29.2	20.5 %-p	42.8	63.0	-20.2 %-p
Modern premium offering, retailing and distribution						
Net Promoter Score (NPS)	29	51	-43.0	38	47	-18.3
Share of digital direct ticket sales, %	49.0	49.0	0.0 %-p	51.0	40.7	10.3 %-p
Average number of monthly visitors at finnair.com, millions	2.0	0.6	> 200	1.1	1.1	4.8
Active users for Finnair mobile app, thousands	473.0	126.0	> 200	326.0	187.3	74.1
Ancillary and retail revenue	19.4	5.2	> 200	44.1	62.3	-29.2
Cost efficiency						
Jet fuel consumption, tonnes*	163,446	54,362	> 200	364,478	365,492	-0.3
On-time performance, %	72.3	91.8	-19.5 %-p	82.3	90.2	-7.9 %-p
Sustainability as a differentiator						
Flight CO_2 emissions, tonnes*	514,856	171,241	> 200	1,148,107	1,151,299	-0.3
Non-flight CO_2 emissions, tonnes				8,870	7,632	16.2
Flight CO_2 emissions, tonnes/ASK*	0.0833	0.1364	-38.9	0.0949	0.0890	6.7
Flight CO_2 emissions, tonnes/RTK*	0.8942	0.9801	-8.8	0.9317	0.9486	-1.8
People						
Average number of employees	5,365	6,234	-13.9	5,614	6,573	-14.6
Employee Net Promoter Score (eNPS)				-31	-1	<-200 %
Absences due to illness, %	3.28	2.31	0.97 %-p	2.31	3.81	-1.50 %-p
Lost-time injury frequency (LTIF)	5.4	4.3	24.6	5.6	4.4	27.0
Attrition rate, LTM, %				6.8	7.4	-0.6 %-p

* The effect of renewable jet fuel has not been adjusted.

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	**Q4 2021**	**Q4 2020**	**Change %**	**2021**	**2020**	**Change %**
Operating result	**-60.2**	**-14.6**	**<-200**	**-454.4**	**-464.5**	**2.2**
Unrealized changes in foreign currencies of fleet overhaul provisions	3.4	-6.3	154.8	11.7	-12.2	195.9
Fair value changes of derivatives where hedge accounting is not applied		0.0	100.0	0.0	0.2	-95.5
Sales gains and losses on aircraft and other transactions	0.3	-0.8	134.8	-5.6	-0.8	<-200
Changes in defined benefit pension plans	-7.7	-132.8	94.2	-20.6	-132.8	84.5
Restructuring costs	-1.1	-8.4	86.9	0.0	14.9	-99.8
Comparable operating result	**-65.2**	**-162.9**	**60.0**	**-468.9**	**-595.3**	**21.2**
Depreciation and impairment	77.9	91.2	-14.6	319.8	343.8	-7.0
Comparable EBITDA	**12.6**	**-71.7**	**117.6**	**-149.0**	**-251.5**	**40.7**

Comparable operating result, RASK and CASK at 2018 constant currency and fuel price EUR in millions, unless otherwise indicated	**Q4 2021**	**Q4 2020**	**Change %**	**2021**	**2020**	**Change %**
Revenue	413.5	102.0	> 200	838.4	829.2	1.1
Currency impact adjustment at 2018 currency	-3.7	1.2	<-200	-2.5	-0.8	<-200
Revenue at 2018 constant currency	409.8	103.2	> 200	835.9	828.4	0.9
Other operating income	13.0	12.3	5.6	39.2	48.4	-19.0
Operating expenses included in comparable operating result	-491.7	-277.1	-77.4	-1,346.4	-1,472.9	8.6
Currency and fuel price impact adjustment at 2018 currency and price	10.1	-4.5	> 200	5.3	37.2	-85.7
Costs at 2018 constant currency and fuel price	-468.7	-269.3	-74.0	-1,301.9	-1,387.3	6.2
Comparable operating result at 2018 constant currency and fuel price	**-58.9**	**-166.2**	**64.6**	**-466.0**	**-558.9**	**16.6**
Available seat kilometres (ASK), million	6,181	1,256	> 200	12,094	12,937	-6.5
RASK at 2018 constant currency, cents/ASK	**6.63**	**8.22**	**-19.3**	**6.91**	**6.40**	**7.9**
CASK at 2018 constant currency and fuel price, cents/ASK	**7.58**	**21.45**	**-64.7**	**10.76**	**10.72**	**0.4**

Comparable operating result, RASK and CASK at 2019 constant currency and fuel price **EUR in millions, unless otherwise indicated**	**Q4 2021**	**Q4 2020**	**Change %**	**2021**	**2020**	**Change %**
Revenue	413.5	102.0	> 200	838.4	829.2	1.1
Currency impact adjustment at 2019 currency	1.7	2.6	-34.2	7.2	2.7	168.5
Revenue at 2019 constant currency	415.3	104.6	> 200	845.6	831.9	1.6
Other operating income	13.0	12.3	5.6	39.2	48.4	-19.0
Operating expenses included in comparable operating result	-491.7	-277.1	-77.4	-1,346.4	-1,472.9	8.6
Currency and fuel price impact adjustment at 2019 currency and price	1.3	-6.9	119.4	-14.8	17.1	-186.9
Costs at 2019 constant currency and fuel price	-477.4	-271.8	-75.7	-1,322.1	-1,407.4	6.1
Comparable operating result at 2019 constant currency and fuel price	**-62.2**	**-167.2**	**62.8**	**-476.5**	**-575.5**	**17.2**
Available seat kilometres (ASK), million	6,181	1,256	> 200	12,094	12,937	-6.5
RASK at 2019 constant currency, cents/ASK	**6.72**	**8.33**	**-19.4**	**6.99**	**6.43**	**8.7**
CASK at 2019 constant currency and fuel price, cents/ASK	**7.72**	**21.65**	**-64.3**	**10.93**	**10.88**	**0.5**

Equity ratio **EUR in millions, unless otherwise indicated**	**2021**	**2020**	**Change %**
Equity total	475.7	896.6	-46.9
Equity and liabilities total	4,047.1	3,646.5	11.0
Equity ratio, %	**11.8**	**24.6**	**-12.8 %-p**

Gearing, interest-bearing net debt and interest-bearing net debt / Comparable EBITDA, LTM **EUR in millions, unless otherwise indicated**	**31 Dec 2021**	**31 Dec 2020**	**Change %**
Lease liabilities	1,381.0	1,016.2	35.9
Other interest-bearing liabilities	1,427.9	1,162.6	22.8
Cross currency interest rate swaps*	-12.3	18.8	-165.3
Adjusted interest-bearing liabilities	**2,796.6**	**2,197.5**	**27.3**
Other financial assets	-531.4	-358.3	-48.3
Cash and cash equivalents	-734.3	-465.3	-57.8
Cash funds	**-1,265.7**	**-823.7**	**-53.7**
Interest-bearing net debt	**1,530.9**	**1,373.8**	**11.4**
Equity total	475.7	896.6	-46.9
Gearing, %	**321.8**	**153.2**	**168.6 %-p**
Comparable EBITDA, LTM	-149.0	-251.5	40.7
Interest-bearing net debt / Comparable EBITDA, LTM	**-10.3**	**-5.5**	**-4.8 %-p**

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

Gross capital expenditure **EUR in millions**	**Q4 2021**	**Q4 2020**	**Change %**	**2021**	**2020**	**Change %**
Additions in fixed assets	11.2	16.1	-30.3	28.7	348.3	-91.8
New contracts in right-of-use assets	117.0	79.9	46.6	380.6	173.3	119.6
Reassessments and modifications in right-of-use assets	0.4	-4.5	110.0	25.3	-5.7	> 200
Gross capital expenditure	**128.7**	**91.5**	**40.6**	**434.5**	**515.9**	**-15.8**

Return on capital employed (ROCE), LTM EUR in millions, unless otherwise indicated	31 Dec 2021	31 Dec 2020	Change %
Result before taxes, LTM	-581.9	-654.4	11.1
Financial expenses, LTM	117.8	255.2	-53.8
Exchange rate gains and losses, LTM	22.5	-26.6	184.5
Return, LTM	**-441.6**	**-425.8**	**-3.7**
Equity total	475.7	896.6	-46.9
Lease liabilities	1,381.0	1,016.2	35.9
Other interest-bearing liabilities	1,427.9	1,162.6	22.8
Capital employed	**3,284.6**	**3,075.4**	**6.8**
Capital employed, average of reporting period and comparison period	**3,180.0**	**2,808.3***	**13.2**
Return on capital employed (ROCE), LTM, %	**-13.9**	**-15.2**	**1.3 %-p**

* Capital employed accounted was 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
Non-flight CO_2 emissions	CO_2 emissions from electricity and heating consumption of facilities and fuel consumption of ground equipment

People	
Employee Net Promoter Score (eNPS)	Employee Net Promoter Score (eNPS) is based on a question: "How likely would you be to recommend Finnair as an employer 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.
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

Financial statements release - Consolidated financial report 1 Jan - 31 Dec 2021

CONSOLIDATED INCOME STATEMENT

EUR in millions	Note	Q4 2021	Q4 2020 *	2021	2020 *
Revenue	**5**	**413.5**	**102.0**	**838.4**	**829.2**
Other operating income		13.4	13.1	62.5	49.3
Operating expenses					
Staff and other crew related costs	6	-76.4	96.9	-229.3	-163.9
Fuel costs		-102.4	-26.5	-211.4	-232.8
Capacity rents		-22.9	-17.9	-71.3	-89.3
Aircraft materials and overhaul		-39.5	-21.6	-117.2	-92.5
Traffic charges		-53.4	-18.7	-120.4	-112.4
Sales, marketing and distribution costs		-19.0	-5.1	-38.1	-28.2
Passenger and handling services		-65.2	-23.8	-148.0	-168.6
Depreciation and impairment	7	-77.9	-91.2	-319.8	-343.8
Property, IT and other expenses		-30.4	-21.9	-99.7	-111.6
Operating result		**-60.2**	**-14.6**	**-454.4**	**-464.5**
Financial income		0.1	4.5	12.8	38.7
Financial expenses		-33.6	-20.7	-117.8	-255.2
Exchange rate gains and losses		-11.2	19.1	-22.5	26.6
Result before taxes		**-104.8**	**-11.7**	**-581.9**	**-654.4**
Income taxes	12	21.2	2.6	117.6	131.1
Result for the period		**-83.7**	**-9.1**	**-464.3**	**-523.2**
Attributable to					
Owners of the parent company		-83.7	-9.1	-464.3	-523.2
Earnings per share attributable to shareholders of the parent company, EUR					
Basic earnings per share		-0.06	-0.01	-0.34	-0.51
Diluted earnings per share		-0.06	-0.01	-0.34	-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	Q4 2021	Q4 2020	2021	2020
Result for the period	**-83.7**	**-9.1**	**-464.3**	**-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	-5.6	18.9	30.1	-29.9
Translation differences		-0.7		-0.7
Tax effect	1.1	-3.8	-6.0	6.0
Items that will not be reclassified to profit or loss in subsequent periods				
Actuarial gains and losses from defined benefit plans	18.3	-4.1	43.0	-13.1
Tax effect	-3.7	0.8	-8.6	2.6
Other comprehensive income items total	**10.2**	**11.1**	**58.4**	**-35.1**
Comprehensive income for the period	**-73.5**	**2.0**	**-405.9**	**-558.4**
Attributable to				
Owners of the parent company	-73.5	2.0	-405.9	-558.4

CONSOLIDATED BALANCE SHEET

EUR in millions	Note	2021	2020
ASSETS			
Non-current assets			
Fleet	14, 16	946.3	1,440.3
Right-of-use fleet	15, 16	1,025.3	772.5
Fleet total		1,971.6	2,212.7
Other fixed assets	14, 16	162.3	185.3
Right-of-use other fixed assets	15, 16	156.4	145.0
Other fixed assets total		318.7	330.2
Pension assets	18	80.9	31.8
Other non-current assets		6.9	25.1
Deferred tax assets	12	191.9	84.8
Non-current assets total		**2,569.9**	**2,684.7**
Current assets			
Receivables related to revenue		110.9	57.5
Inventories and other current assets		55.8	68.1
Derivative financial instruments	9, 10	26.1	12.4
Other financial assets	10	531.4	358.3
Cash and cash equivalents		734.3	465.3
Current assets total		**1,458.5**	**961.8**
Assets held for sale		18.7	
Assets total		**4,047.1**	**3,646.5**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		75.4	75.4
Other equity		400.2	821.2
Equity total		**475.7**	**896.6**
Non-current liabilities			
Lease liabilities	19	1,204.1	880.6
Other interest-bearing liabilities	19	986.2	1,111.0
Pension obligations		0.7	1.5
Provisions and other liabilities	20	200.7	161.1
Non-current liabilities total		**2,391.6**	**2,154.2**
Current liabilities			
Lease liabilities	19	176.9	135.6
Other interest-bearing liabilities	19	441.7	51.5
Provisions	20	13.8	20.0
Trade payables		53.5	24.8
Derivative financial instruments	9, 10	0.4	99.7
Deferred income and advances received	21	291.1	133.6
Liabilities related to employee benefits		74.4	70.7
Other liabilities		128.1	59.8
Current liabilities total		**1,179.8**	**595.7**
Liabilities total		**3,571.4**	**2,749.9**
Equity and liabilities total		**4,047.1**	**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					-464.3		-464.3
Change in fair value of hedging instruments			24.0				24.0
Actuarial gains and losses from defined benefit plans			34.4				34.4
Comprehensive income for the period			**58.4**		**-464.3**		**-405.9**
Hybrid bond interests and expenses					-16.4		-16.4
Acquisitions of own shares					-1.1		-1.1
Share-based payments				2.4			2.4
Equity 31 Dec 2021	**75.4**	**168.1**	**16.6**	**762.0**	**-744.5**	**198.0**	**475.7**

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	Q4 2021	Q4 2020 **	2021	2020 **
Cash flow from operating activities				
Result before taxes	-104.8	-11.7	-581.9	-654.4
Depreciation and impairment	77.9	91.2	319.8	343.8
Financial income and expenses	44.6	-2.9	127.5	189.9
Sales gains and losses on aircraft and other transactions	0.3	-0.8	-19.4	-0.8
Change in provisions	4.9	-19.3	19.8	3.5
Employee benefits	-5.4	-132.1	-4.3	-120.8
Other adjustments	3.4	0.1	3.3	0.7
Non-cash transactions	2.9	-151.3	18.9	-116.6
Changes in trade and other receivables	-28.4	17.8	-49.9	112.3
Changes in inventories	-1.0	4.0	1.9	4.6
Changes in trade and other payables	150.6	-53.1	257.3	-672.0
Changes in working capital	121.3	-31.3	209.2	-555.2
Financial expenses paid, net	-17.6	-71.9	-99.3	-243.4
Income taxes paid				-6.4
Net cash flow from operating activities	**124.6**	**-178.6**	**-25.3**	**-1,043.1**
Cash flow from investing activities				
Investments in fleet	-27.0	-26.0	-70.3	-300.7
Investments in other fixed assets	-0.5	-4.9	-6.0	-24.7
Divestments of fleet, other fixed assets and shares	37.8	104.9	441.7	221.1
Lease and lease interest payments received	2.1	4.0	11.7	16.1
Change in other current financial assets (maturity over 3 months)	-79.2	57.3	-67.5	439.9
Change in other non-current assets	0.0	0.0	0.0	0.0
Net cash flow from investing activities	**-66.8**	**135.3**	**309.6**	**351.6**
Cash flow from financing activities				
Proceeds from loans		297.8	396.7	872.8
Loan repayments	-15.0	-11.1	-154.8	-218.0
Repayments of lease liabilities	-42.4	-39.4	-146.8	-134.9
Share issue				511.7
Share issue costs		-0.4		-11.1
Hybrid bond repayments		-42.2		-200.0
Proceeds from hybrid bond				200.0
Hybrid bond interests and expenses		-4.9	-20.5	-18.5
Acquisitions of own shares			-1.1	
Net cash flow from financing activities	**-57.4**	**199.7**	**73.4**	**1,001.9**
Change in cash flows	**0.4**	**156.4**	**357.8**	**310.5**
Liquid funds, at beginning	1,149.6	635.9	792.2	481.7
Change in cash flows	0.4	156.4	357.8	310.5
Liquid funds, at end *	**1,150.0**	**792.2**	**1,150.0**	**792.2**
*** Liquid funds**				
Other financial assets	531.4	358.3	531.4	358.3
Cash and cash equivalents	734.3	465.3	734.3	465.3
Cash funds	**1,265.7**	**823.7**	**1,265.7**	**823.7**
Other current financial assets (maturity over 3 months)	-115.7	-31.5	-115.7	-31.5
Liquid funds	**1,150.0**	**792.2**	**1,150.0**	**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 FINANCIAL STATEMENTS RELEASE - CONSOLIDATED FINANCIAL REPORT 1 JAN - 31 DEC 2021

1. BASIS OF PREPARATION

This consolidated financial statements release has been prepared in accordance with the Interim Financial Reporting standard IAS 34 and its figures are based on the Finnair Plc's audited financial statements 2021. The financial statements release has been authorized for publication on 16 February, 2022.

2. ACCOUNTING PRINCIPLES

The accounting principles applied in the financial statements release 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 and the change in accounting policy for cloud computing arrangements described below. The figures presented in this financial statements release are rounded and consequently the sum of individual figures may not precisely add up to the corresponding totals stated herein. The reported key figures have been calculated using exact figures.

On 1 January 2021, Finnair changed the presentation of its consolidated income statement in order to clarify the structure and presents 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. 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 had no effect on the Group's reported operating result or profit for the period in the current or previous financial year. The change had also no effect on the consolidated balance sheet.

IFRS IC (IFRIC) 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. Finnair adopted the new IFRIC agenda decision in its financial statements 2021. The change in accounting principles cloud computing arrangements had no material impact on Finnair's financial result or position.

3. CRITICAL ACCOUNTING ESTIMATES AND SOURCES OF UNCERTAINTY

The preparation of the consolidated financial statements 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. The main critical accounting estimates and sources of uncertainty are disclosed in more detail in the 2021 financial statements.

The COVID-19 pandemic, which started at the end of the first quarter 2020, has caused significant uncertainty relating to the near- and long-term development of the aviation industry's operating environment. Finnair's management is continuously monitoring the impacts of the pandemic and those of the mitigating actions on its business, and updates its estimates and assumptions based on the latest available information. The company's management has updated its forecast scenarios also during 2021 in connection with each interim report due to the evolving pandemic situation and frequent changes in travel restrictions. The forecast scenarios used have been described in connection with each interim report published during the financial year.

The forecast scenarios have been updated also in connection with the preparation of the 2021 financial statements, basing on the Group's latest strategy and business plan approved by the Board of Directors. The latest scenarios as well as their effect on the assessment of the Group's going concern assessment and impairment testing are described in more detail in Notes 4 and 16.

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 financial statements release. In addition, the price of fuel is subject to higher than average uncertainty, which is further increased by the possibility of an escalation of the geopolitical situation in Eastern Europe. The escalation and prolongation of the geopolitical situation could affect the overflight permits, routings and costs of Finnair's flights to Asia. Given the unpredictability of the duration and the reach of the pandemic, price of jet fuel and the geopolitical situation, their impact on Finnair's future profitability, financial position and cash flows may eventually differ from the current management estimates and assumptions made.

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

The consolidated financial statements release for the period ending 31st December, 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 financial statements release is issued. The Board of Directors' assessment is based on the Group's strategy and the latest three-year business plan approved by the Board of Directors and the management'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 three different forecast scenarios prepared by the management that cover a 36 month period from January 2022 until December 2024. The scenarios have been sensitised to reflect differences in the pace of the recovery and unit revenue development. The main identified uncertainties and management assumptions relating to the going concern assessment are described in more detail in the consolidated financial statements 2021.

In connection with the financial statements 2021, the demand and revenue are expected to recover somewhat slower during 2022 than what was estimated at the time of the preparation of the 2020 financial statements, which is caused by the prolonged impacts of the COVID-19 pandemic on travel restrictions. Under the base case scenario, Finnair expects to operate around 83% of its capacity in 2022 as compared to the operational levels (measured in annual available seat kilometres) of 2019. In the optimistic scenario, the capacity is expected to reach 87% of the 2019 levels in 2022 whereas in the most pessimistic scenario, it is expected to remain at 75%. Despite the differences in the pace of the recovery, the business is expected to return to the pre-covid levels of 2019 in 2023 under all but the pessimistic scenario, in which the 2023 annual operational capacity is expected to reach 98% of the pre-pandemic levels. 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, Finnair has continued to safeguard its strong cash position by optimizing investments, reducing costs, adjusting capacity to meet the demand and executing new funding transactions also in 2021.

In the first quarter 2021, Finnair completed a lease arrangement relating to its next A350 aircraft delivery which had 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 signed in March 2021 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 2021.

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 starting from the beginning of 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 terminated its undrawn 175 million euro revolving credit facility during the financial year, after which it has now covenants relating to financing agreements.

Considering the circumstances and uncertainties mentioned in the consolidated financial statements 2021 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 and financial statements release. The Board of Director's conclusion is based on the information available as at the date of the issuance of the financial statements 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 financial statements 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 the passenger demand continued to recover during the last quarter of 2021, the negative impact of the COVID-19 pandemic was still clearly visible in the passenger volumes and revenue.

Revenue by product and traffic area

Q4 2021, EUR in millions	Asia	North Atlantic	Europe	Domestic	Un-allocated	Total	Share %
Passenger revenue	38.9	24.7	122.0	27.1	6.1	**218.9**	52.9
Ancillary and retail revenue	3.5	1.5	6.5	1.3	6.6	**19.4**	4.7
Cargo	101.1	23.4	16.9	0.1	5.7	**147.1**	35.6
Travel services	1.5	0.0	26.4	0.2	0.0	**28.1**	6.8
Total	**145.0**	**49.7**	**171.8**	**28.6**	**18.4**	**413.5**	
Share %	35.1	12.0	41.5	6.9	4.5		

Q4 2020, EUR in millions	Asia	North Atlantic	Europe	Domestic	Un-allocated	Total	Share %
Passenger revenue	6.2	0.1	23.6	12.2	-5.7	**36.4**	35.7
Ancillary and retail revenue	2.0	-0.4	0.3	0.5	2.9	**5.2**	5.1
Cargo	47.6	3.6	7.7	0.0	0.9	**59.9**	58.7
Travel services	0.0	0.0	0.0	0.5	0.0	**0.5**	0.5
Total	**55.9**	**3.3**	**31.6**	**13.2**	**-2.0**	**102.0**	
Share %	54.8	3.2	31.0	12.9	-1.9		

2021, EUR in millions	Asia	North Atlantic	Europe	Domestic	Un-allocated	Total	Share %
Passenger revenue	75.3	38.6	243.6	60.3	3.0	**420.8**	50.2
Ancillary and retail revenue	9.7	1.8	10.7	2.5	19.4	**44.1**	5.3
Cargo	236.3	49.8	35.9	0.2	12.6	**334.7**	39.9
Travel services	1.5	0.0	35.8	1.3	0.0	**38.7**	4.6
Total	**322.8**	**90.2**	**326.0**	**64.4**	**35.0**	**838.4**	
Share %	38.5	10.8	38.9	7.7	4.2		

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	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Revenue	**413.5**	**199.4**	**111.8**	**113.6**	**102.0**	**97.4**	**68.6**	**561.2**
Passenger revenue	218.9	113.9	44.9	43.2	36.4	54.7	13.7	423.3
Ancillary and retail revenue	19.4	10.5	5.7	8.6	5.2	8.8	5.5	42.8
Cargo	147.1	65.4	61.2	60.9	59.9	31.7	49.5	36.7
Travel services	28.1	9.7	0.0	0.9	0.5	2.3	0.0	58.4
Comparable EBITDA	**12.6**	**-30.7**	**-70.0**	**-60.9**	**-71.7**	**-81.9**	**-89.2**	**-8.6**
Comparable operating result	**-65.2**	**-109.1**	**-151.3**	**-143.2**	**-162.9**	**-167.0**	**-174.3**	**-91.1**
Operating result	**-60.2**	**-106.0**	**-139.1**	**-149.1**	**-14.6**	**-183.1**	**-171.2**	**-95.6**

6. STAFF AND OTHER CREW RELATED COSTS

Staff and other crew related costs include one-off items which had a positive 19.5 million euro (119.7) impact on the Group’s result. This mainly consists of amendmends made to the collective labour agreement relating to a curtailment of occupational disability pensions and withdrawn pilots’ early retirement announcements. In 2020, the one-off items included a 132.8 million euro positive effect relating to amendments made to Finnair’s pension fund terms and pilots’ early retirement announcements as well as termination benefit costs of 13.1 million euro.

EUR in millions	Q4 2021	Q4 2020	Change %	2021	2020	Change %
Wages and salaries	-57.7	-33.0	-74.7	-185.8	-231.9	19.9
Defined contribution schemes	-8.8	-3.2	-177.6	-30.1	-35.4	15.0
Defined benefit schemes	6.2	131.7	-95.3	6.6	120.3	-94.5
Pension expenses total	-2.6	128.5	-102.0	-23.4	84.9	-127.6
Other social expenses	-6.5	5.5	<-200	-0.6	12.8	-104.9
Salaries, pension and social costs	**-66.8**	**101.0**	**-166.2**	**-209.9**	**-134.1**	**-56.5**
Operative staff related costs	-3.6	-1.6	-124.1	-8.3	-15.8	47.2
Leased and outsourced crew	-4.7	-1.0	<-200	-7.2	-6.6	-9.0
Other personnel related costs	-1.3	-1.5	12.3	-3.9	-7.3	47.3
Total	**-76.4**	**96.9**	**-178.8**	**-229.3**	**-163.9**	**-40.0**

7. DEPRECIATION AND IMPAIRMENT

EUR in millions	Q4 2021	Q4 2020	Change %	2021	2020	Change %
Depreciation of owned fleet	-31.0	-47.2	34.4	-155.7	-184.1	15.4
Depreciation of other fixed assets	-4.8	-5.5	12.0	-20.5	-23.8	14.1
Depreciation of right-of-use fleet	-35.6	-27.7	-28.3	-123.2	-107.2	-15.0
Depreciation of right-of-use other assets	-5.0	-4.9	-1.5	-18.5	-20.5	10.2
Depreciation	**-76.4**	**-85.3**	**10.5**	**-317.8**	**-335.6**	**5.3**
Impairment	-1.5	-5.9	74.1	-2.0	-8.2	75.4
Total	**-77.9**	**-91.2**	**14.6**	**-319.8**	**-343.8**	**7.0**

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 belong 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'.

EUR in millions	Q4 2021 Reported	Q4 2021 Items affecting compa-rability	Q4 2021 Compa-rable	Q4 2020 Reported	Q4 2020 Items affecting compa-rability	Q4 2020 Compa-rable
Revenue	**413.5**		**413.5**	**102.0**		**102.0**
Other operating income	13.4	-0.4	13.0	13.1	-0.8	12.3
Operating expenses						
Staff and other crew related costs	-76.4	-7.7	-84.0	96.9	-139.0	-42.1
Fuel costs	-102.4		-102.4	-26.5	0.0	-26.5
Capacity rents	-22.9		-22.9	-17.9		-17.9
Aircraft materials and overhaul	-39.5	3.4	-36.1	-21.6	-6.3	-27.9
Traffic charges	-53.4		-53.4	-18.7		-18.7
Sales, marketing and distribution costs	-19.0		-19.0	-5.1		-5.1
Passenger and handling services	-65.2		-65.2	-23.8		-23.8
Property, IT and other expenses	-30.4	-0.4	-30.8	-21.9	-2.2	-24.0
EBITDA	**-**		**12.6**	**-**		**-71.7**
Depreciation and impairment	-77.9		-77.9	-91.2		-91.2
Operating result	**-60.2**	**-5.1**	**-65.2**	**-14.6**	**-148.3**	**-162.9**

EUR in millions	2021 Reported	2021 Items affecting compa-rability	2021 Compa-rable	2020 Reported	2020 Items affecting compa-rability	2020 Compa-rable
Revenue	**838.4**		**838.4**	**829.2**		**829.2**
Other operating income	62.5	-23.3	39.2	49.3	-0.9	48.4
Operating expenses						
Staff and other crew related costs	-229.3	-19.5	-248.9	-163.9	-119.7	-283.5
Fuel costs	-211.4	0.0	-211.4	-232.8	0.2	-232.7
Capacity rents	-71.3		-71.3	-89.3		-89.3
Aircraft materials and overhaul	-117.2	25.5	-91.7	-92.5	-12.2	-104.7
Traffic charges	-120.4		-120.4	-112.4		-112.4
Sales, marketing and distribution costs	-38.1		-38.1	-28.2		-28.2
Passenger and handling services	-148.0		-148.0	-168.6		-168.6
Property, IT and other expenses	-99.7	2.9	-96.8	-111.6	1.9	-109.7
EBITDA	**-**		**-149.0**	**-**		**-251.5**
Depreciation and impairment	-319.8		-319.8	-343.8		-343.8
Operating result	**-454.4**	**-14.4**	**-468.9**	**-464.5**	**-130.8**	**-595.3**

Items affecting comparability of 23.3 million euro (0.9) in other operating income mainly consist of the gain on the sale and leaseback of four A350 aircraft and the sale of Suomen Ilmailuopisto Oy. Items affecting the comparability of -25.5 million euro (12.2) in aircraft materials and overhaul include maintenance provisions related to the sale and leaseback arrangement of four A350 aircraft in addition to unrealised exchange rate differences.

Staff and other crew related costs include items affecting the Group's result positively by 19.5 million euro (119.7). This mainly consists of amendments made to the collective labour agreement relating to a curtailment of occupational disability pensions and withdrawn pilots' early retirement announcements. In 2020, these costs included a 132.8 million euro positive one-off effect relating to amendments made to Finnair's pension fund terms and pilots' early retirement announcements as well as termination benefit costs of 13.1 million euro.

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	Q4 2020 Reported	Q4 2020 Items affecting compa-rability	Q4 2020 Restated	2020 Reported	2020 Items affecting compa-rability	2020 Restated
Items affecting comparability	-148.3	148.3		-130.8	130.8	
Sales gains and losses on aircraft and other transactions		-0.8	-0.8		-0.8	-0.8
Change in provisions	-4.6	-14.7	-19.3	0.8	2.7	3.5
Employee benefits	0.8	-132.8	-132.1	12.0	-132.8	-120.8
Other adjustments	0.1	0.0	0.1	0.6	0.2	0.7
Non-cash transactions	-3.8	-147.5	-151.3	13.4	-130.0	-116.6

9. MANAGEMENT OF FINANCIAL RISKS

Group’s risk management principles were reviewed and updated during the last quarter of 2021. Updated risk management principles mainly concern the hedging horizon and hedging limits in jet fuel and foreign exchange. The hedging horizon was lowered permanently from 24 months to 12 months for jet fuel and foreign exchange and lower bound of hedging limits for jet fuel and foreign exchance were lowered to zero. Higher bound of hedging limit is set to 50% throuhgout the hedging horizon for jet fuel and foreign exhange, while keeping the target level in 25%. Additionally, balance sheet hedging limit was lowered to 0%, with target level remaining at 50%. The tables below present the nominal value or the amount and net fair value of derivative contracts used in Group's hedge accounting. In addition to derivates Finnair has also used USD denominated investments and deposits to hedge its balance sheet exposure. The amount of these investments and deposits at the end of Q4 2021 was approximately 400 million dollars.

Derivatives, EUR in millions	**2021**		**2020**	
	Nominal value	Fair net value	Nominal value	Fair net value
Currency derivatives				
Operational cash flow hedging (forward contracts)	57.4	0.7	268.4	-8.8
Operational cash flow hedging (options)				
Bought options	4.5	0.0	80.5	0.0
Sold options	4.3	0.0	74.3	-1.9
Fair value hedging of aircraft acquisitions	162.9	8.8	180.4	-13.8
Hedge accounting items total	229.2	9.5	603.7	-24.5
Operational cash flow hedging (forward contracts)			173.9	1.0
Operational cash flow hedging (options)				
Bought options			20.3	0.1
Sold options			20.3	0.0
Balance sheet hedging (forward contracts)	270.1	0.0	267.1	-0.4
Items outside hedge accounting total	270.1	0.0	481.6	0.7
Currency derivatives total	**499.3**	**9.5**	**1,085.3**	**-23.8**
Commodity derivatives				
Jet fuel forward contracts, tonnes	68,000	3.9	240,000	-14.2
Hedge accounting items total	68,000	3.9	240,000	-14.2
Jet fuel forward contracts, tonnes			336,000	-30.5
Items outside hedge accounting total			336,000	-30.5
Commodity derivatives total	**68,000**	**3.9**	**576,000**	**-44.6**
Currency and interest rate swaps and options				
Cross currency interest rate swaps	280.3	12.3	286.0	-18.8
Items outside hedge accounting total	280.3	12.3	286.0	-18.8
Interest rate derivatives total	**280.3**	**12.3**	**286.0**	**-18.8**
Derivatives total		**25.7**		**-87.2**

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	2021	Level 1	Level 2
Financial assets at fair value through profit and loss			
Securities held for trading	531.4	512.4	19.0
Derivatives held for trading			
Currency and interest rate swaps and options	12.3		12.3
Currency derivatives	9.7		9.7
- of which in fair value hedge accounting	8.8		8.8
- of which in cash flow hedge accounting	0.8		0.8
Commodity derivatives	4.1		4.1
- of which in cash flow hedge accounting	4.1		4.1
Total	**557.5**	**512.4**	**45.1**
Financial liabilities recognised at fair value through profit and loss			
Derivatives held for trading			
Currency derivatives	0.2		0.2
- of which in cash flow hedge accounting	0.1		0.1
Commodity derivatives	0.2		0.2
- of which in cash flow hedge accounting	0.2		0.2
Total	**0.4**		**0.4**

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

There were no business acquisitions or disposals during the last quarter of the year 2021.

12. INCOME TAXES

The effective tax rate for 2021 was -20.2% (-20.0%). Deferred tax asset 117.6 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 -14.6 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 191.9 million euro (31 Dec 2020: 84.8).

Tax receivables for the confirmed tax losses in 2020 were 141 million euro, which will expire in 2030. Tax receivables for the confirmed tax losses in 2021 are estimated to be approximately 75 million euro, which will expire in 2031. Finnair expects that these can be used against its future taxable results. The assessment is based on Finnair’s latest management forecasts that consider different plausible scenarios relating to the expected pace of the recovery. 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	2021	2020
Carrying amount at the beginning of period	1,625.5	1,711.7
Additions	28.7	348.3
Change in advances	26.3	-30.4
Currency hedging of aircraft acquisitions	-22.6	32.4
Disposals and reclassifications	-371.0	-220.3
Depreciation	-178.2	-216.1
Carrying amount at the end of period	**1,108.6**	**1,625.5**

Fixed assets has decreased due to disposals and reclassifications made during 2021 which include sale and leaseback transactions of four A350 aircraft executed in September 2021 having an impact of 330 million euros on Finnair's fixed assets. Additionally, four A321 aircraft were reclassified to assets held for sale in the end of November 2021. The amount transferred to assets held for sale was 18.5 million euros.

15. CHANGE IN RIGHT-OF-USE ASSETS

EUR in millions	2021	2020
Carrying amount at the beginning of period	917.5	877.5
New contracts	380.6	173.3
Reassessments and modifications	25.3	-5.7
Depreciation	-141.6	-127.7
Carrying amount at the end of period	**1,181.7**	**917.5**

The amount of new contracts has increased due to sale and leaseback transactions of four A350 aircraft executed in September 2021 and a leasing arrangement of an A350 aircraft that took place in November 2021. The impact of the sale and leaseback transactions on Finnair's right-of-use assets was ca. 240 million euros and the lease arrangement increased the amount of right-of-use assets by 104.1 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 2021.

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 31 December 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 31 December 2021 was 2,748.6 million euro (2,897.3) and the carrying amount of the assets 2,155.8 million euro (2,498.3).

The value in use measurement is based on a discounted cash flow model where the cash flow projections are based on the Group's strategy and the latest, updated management forecast covering a four year period. The cash flows beyond the four-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. The scenarios and probabilities allocated to each scenario have been reviewed and approved by the Board of Directors in connection with the preparation of the financial statements 2021. When determining the probabilities, the management has reflected on the uncertainty caused by the duration of the COVID-19 pandemic and the uncertainty related to the speed of recovery. The optimistic scenario, in which the annual capacity is expected to reach 87% of the pre-covid 2019 levels in 2022 (measured in annual available seat kilometres), is considered to have a probability weight of 5%. The base case scenario, which expects Finnair to be able to operate around 83% of its 2019 capacity in 2022, is considered to have a probability of 60%. The pessimistic scenario, which has a probability of 35%, is assumed to reach 75% of the 2019 operational volumes in 2022. The business is expected to return to the pre-covid levels of 2019 in 2023 under all but the pessimistic scenario, in which the 2023 annual operational capacity is expected to reach 98% of the pre-pandemic levels.

Key assumptions used in impairment review	31 Dec 2021	30 Sep 2021	31 Dec 2020
Discount rate (post-tax, long-term weighted average cost of capital), %	7.7	7.9	8.2
Discount rate (pre-tax, long-term weighted average cost of capital), %	8.8	9.0	9.3
Long-term growth rate, %	2.8	2.8	2.4
Fuel cost range per ton (USD)	768-864	660-835	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. Uncertainty and related management judgement are described in more detail in consolidated financial statements 2021. 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	31 Dec 2021	30 Sep 2021	31 Dec 2020
EBITDA margin%, per cent point	-1.1	-1.0	-1.0
Discount rate, per cent point	+1.4	+1.2	+0.9
Long-term growth rate, per cent point	-1.5	-1.3	-1.0
Fuel cost, per cent	+4.0	+4.0	+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 defined in the facility's terms and conditions.

As also disclosed in the note 24. Events after the review period, the EU Commission's competition authority approved the remaining, ca. 50-million-euro share of the hybrid loan facility on 10 February 2022. Therefore, the whole 400 million euro hybrid loan facility is at the company's disposal according to the terms and conditions of the facility at the time of the publication of the financial statements release.

18. PENSION ASSETS

Pension assets were 80.9 million euro (31 December 2020: 31.8). The change during 2021 mainly is due to net return of 31.6 million euro on plan assets recognized in other comprehensive income and the saving of 20.6 million euro recognized in income statement, which comprises of the amendments made to the collective labour agreement relating to a curtailment of occupational disability pensions and withdrawn pilots' early retirement announcements.

19. INTEREST-BEARING LIABILITIES

Finnair does not publish information regarding financial covenants anymore as Finnair has retired its undrawn revolving credit facility of 175 million euros on 4th of October 2021. After retiring the facility Finnair does not have any financial covenants in place.

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

Interest-bearing liabilities	Fair value		Book value	
EUR in millions	**2021**	**2020**	**2021**	**2020**
Non-current interest-bearing liabilities				
Lease liabilities	1,204.1	880.6	1,204.1	880.6
Loans from financial institutions	299.7	599.0	299.7	599.0
Bonds	406.2	197.2	397.2	199.8
JOLCO loans* and other	289.4	312.2	289.4	312.2
Total	**2,199.3**	**1,988.9**	**2,190.3**	**1,991.6**
Current interest-bearing liabilities				
Lease liabilities	176.9	135.6	176.9	135.6
Loans from financial institutions	299.8		299.8	
Bonds	98.9		98.9	
JOLCO loans* and other	43.1	51.5	43.1	51.5
Total	**618.6**	**187.2**	**618.6**	**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 two A330 aircraft. The transactions are treated as loans and owned aircraft in Finnair's accounting.

Maturity dates of financial liabilities as at 31 Dec 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	133.8	135.9	137.5	138.4	95.4	416.7	**1,057.7**
Lease liabilities, variable interest	43.0	44.6	46.5	40.6	26.8	121.6	**323.3**
Loans from financial institutions, variable interest	300.0	300.0					**600.0**
Bonds, fixed interest	98.9			400.0			**498.9**
JOLCO loans and other, fixed interest				28.1	14.0		**42.1**
JOLCO loans and other, variable interest	43.1	38.2	39.4	83.8	31.1	57.9	**293.5**
Interest-bearing financial liabilities total*	**618.9**	**518.7**	**223.4**	**690.9**	**167.3**	**596.2**	**2,815.5**
Payments from interest rate and currency derivatives	490.2						**490.2**
Income from interest rate and currency derivatives	-506.2	-1.9	-3.9				**-512.0**
Commodity derivatives	-3.8	-0.1					**-3.9**
Trade payables and other liabilities	181.5						**181.5**
Interest payments	104.8	91.0	70.8	57.1	33.5	107.8	**465.1**
Total	**885.4**	**607.8**	**290.4**	**748.0**	**200.8**	**704.0**	**3,436.4**

Finnair has a 600 million euros of pension premium loan maturing during the next two years. The loan matures in two 300 million euro instalments. The first instalment is due during the last quarter of 2022 and the second one is due during the second quarter of 2023.

* The bonds maturing do not include the amortised cost of EUR 43 thousand paid in 2017 and due on 2022 and EUR 2.8 million paid in 2021 and due on 2025. Respectively, JOLCO loans do not include the amortised cost of EUR 3.1 million paid on 2016 and due on 2025. Loans from financial institutions do not include the amortised cost of EUR 0.6 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	2021	2020
Aircraft maintenance provision		
Provision at the beginning of period	162.8	166.3
Provision for the period	32.0	25.4
Provision used	-12.7	-18.3
Provision reversed	-1.3	-1.3
Provision for right-of-use assets redelivery	2.2	2.1
Unwinding of discount	1.4	0.9
Exchange rate differences	11.7	-12.2
Aircraft maintenance provision total	**195.9**	**162.8**
Of which non-current	184.6	153.6
Of which current	11.3	9.2
Other provisions		
Provision at the beginning of period	13.0	3.1
Provision for the period	1.9	27.2
Provision used	-9.0	-6.7
Provision reversed	-2.1	-10.6
Other provisions total	**3.8**	**13.0**
Of which non-current	1.4	2.2
Of which current	2.5	10.8
Total	**199.8**	**175.8**
Of which non-current	186.0	155.8
Of which current	13.8	20.0

Non-current aircraft maintenance provisions are expected to be used by 2033. Items related to restructuring actions due to COVID-19 impacts included in other provisions were mainly used by the end of 2021.

In balance sheet, non-current provisions and other liabilities 200.7 million euro (31 December 2020: 161.1) includes, in addition to provisions, other non-current liabilities 14.7 million euro (31 December 2020: 5.2), which mainly consists of long-term incentives for the Executive Board and other personnel as well as received lease deposits.

21. DEFERRED INCOME AND ADVANCES RECEIVED

EUR in millions	2021	2020
Deferred revenue on ticket sales	202.7	55.7
Loyalty program Finnair Plus	55.1	51.9
Advances received for tour operations	15.2	3.4
Other items	18.1	22.5
Total	**291.1**	**133.6**

22. CONTINGENT LIABILITIES

EUR in millions	2021	2020
Guarantees on behalf of group undertakings	51.0	32.1
Total	**51.0**	**32.1**

Investment commitments for property, plant and equipment as at 31 December 2021 totaled 355.3 million euros (31 December 2020: 429). During 2021, guarantees on behalf of group undertakings increased as the tour operations bookings started to increase. Lease commitments as at 31 December 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 18.0 million euros (31 December 2020: 19.1).

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	2021	2020
Sales of goods and services		
Associates and joint ventures	18.2	28.4
Pension fund	0.1	0.4
Employee benefits		
Pension fund	-7.4	-121.5
CEO and Executive Board	4.6	3.9
The Board of Directors	0.4	0.4
Purchases of goods and services		
Associates and joint ventures	73.0	88.2
Pension fund	2.0	1.9
Financial income and expenses		
Associates and joint ventures	1.6	2.8
Pension fund	0.1	-0.6
Receivables		
Non-current receivables from joint ventures	2.4	19.6
Non-current receivables from pension fund	78.9	31.0
Current receivables from associates and joint ventures	14.5	15.9
Liabilities		
Non-current liabilities to joint ventures	2.8	3.6
Current liabilities to associates and joint ventures	3.3	2.1

24. EVENTS AFTER THE REVIEW PERIOD

The increased uncertainty related to the COVID-19 pandemic is still evolving and will have a significant impact on Finnair's operating environment also after the review period. In addition, the price of fuel is subject to higher than average uncertainty at the time of the publication of the financial statements, which is further increased by the intensified geopolitical situation in Eastern Europe. The escalation and prolongation of the geopolitical situation in Eastern Europe could have a strongly negative effect not only on the price of fuel, but also on the usage of airspace, routings and costs of Finnair's flights to Asia.

Finnair announced on 17 March 2021 that the company and the State of Finland had signed an agreement on a hybrid loan of maximum 400 million euros to support Finnair. The company also stated that of this credit limit, approximately 350 million euros can be used by Finnair based on the state aid decision made by the European Commission on 12 March 2021 and that the remaining approximately 50-million-euro share will be brought to approval by the Commission at a later stage. Finnair announced on 17 February 2022 that the Commission has approved the remaining 50-million-euro share. The company is able to access the funds, if its cash or equity position would drop below the limits that have been defined in the facility's terms and conditions.