

***FINNAIR***

A photograph of a Finnair airplane on a runway. The aircraft is white with a dark blue stripe and the word 'FINNAIR' written in large, stylized letters along the fuselage. The background shows a clear blue sky with scattered white clouds and a flat landscape. The text is overlaid on the lower half of the image.

**Q2 2022: Demand started to normalise;  
closed Russian airspace, record high fuel  
price burden Finnair's profitability**

19.7.2022 Topi Manner, Finnair

## Q2: Pent-up demand materialised

- Number of passengers increased to 2.4 million, as pent-up demand for air travel began to materialise
- We operated 64% of Q2 2019 ASKs as our own flights, 6% wet leased for our partners
- PLF improved in all traffic categories
- Capacity challenges in European aviation system; on-time performance was on a good level thanks to well-functioning Helsinki hub
- Sale of Premium Economy commenced on long-haul routes



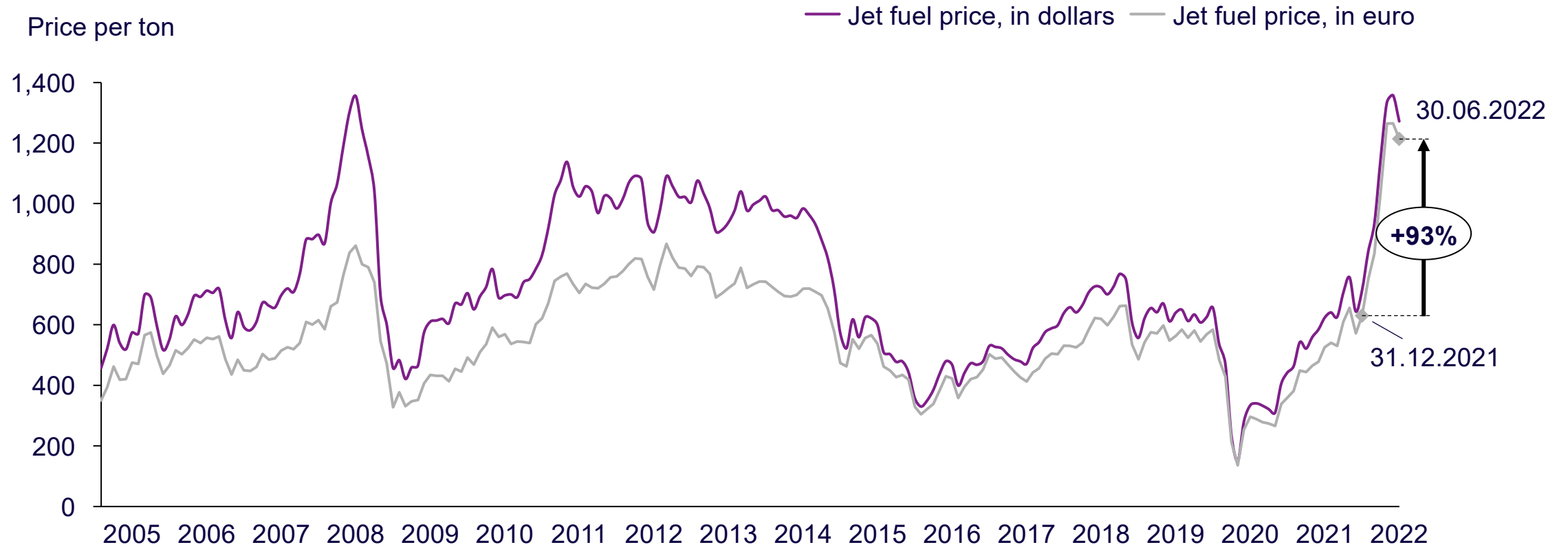
# Operating environment dramatically changed

- Significant uncertainty in the operating environment prevails
  - Historically high fuel price
  - Uncertainty related to the duration of Russian airspace closure
  - Development of the COVID-19 pandemic
  - Impact of inflation on demand and costs
  - Notable change in competitive environment
- Change in operating environment requires completely new strategy – work is ongoing





# Fuel cost was impacted by record high prices and strong USD





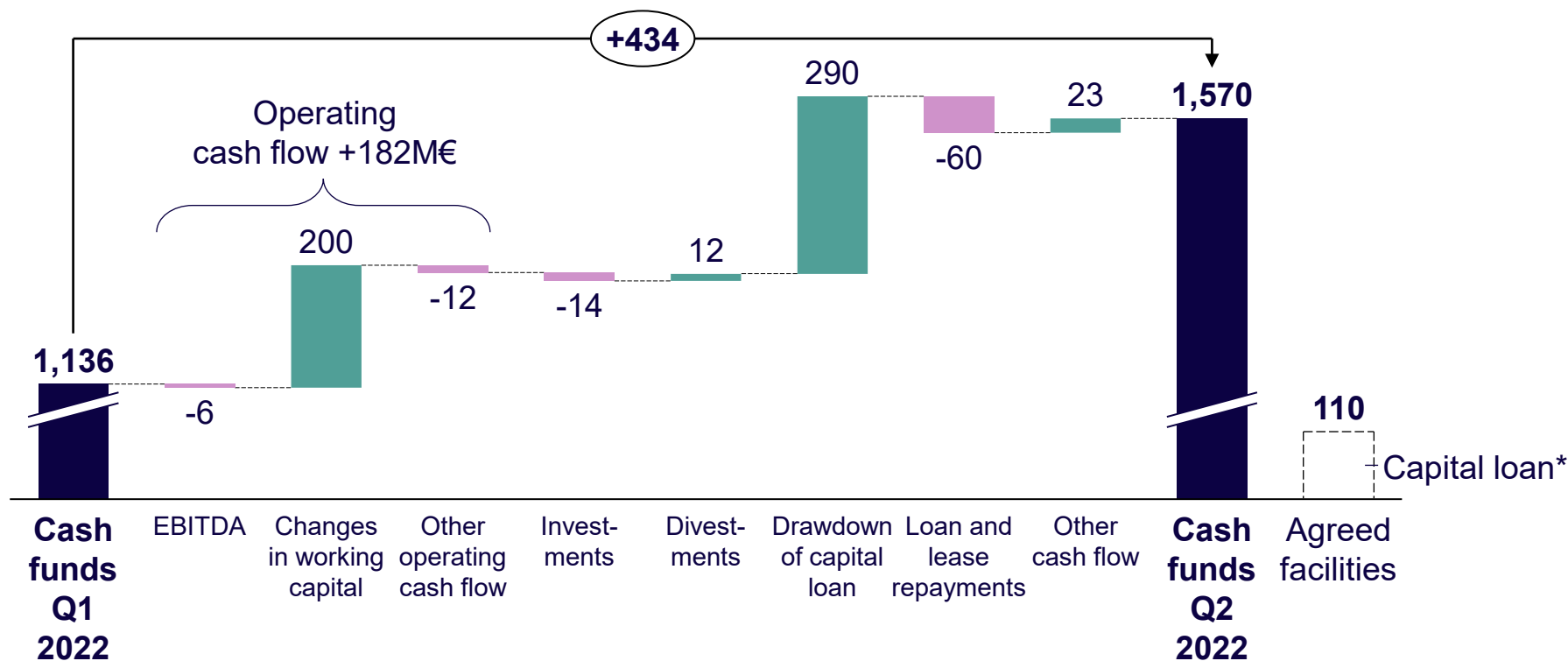
# Comparable operating loss -84M€

Income statement, M€	Q2 2022	Q1 2022	Q2 2021
Revenue	550	400	112
Other operating income	38	16	8
Operating expenses excl. depreciation and impairment	-594	-469	-190
<b>Comparable EBITDA</b>	<b>-6</b>	<b>-54</b>	<b>-70</b>
Depreciation and impairment	-78	-79	-81
<b>Comparable operating result</b>	<b>-84</b>	<b>-133</b>	<b>-151</b>
Items affecting comparability	-9	-32	12
<b>Operating result</b>	<b>-93</b>	<b>-165</b>	<b>-139</b>
Financial income and expenses	-76	-47	-11
<b>Result before taxes</b>	<b>-169</b>	<b>-212</b>	<b>-150</b>
Income taxes	-110	-1	30
<b>Result for the period</b>	<b>-280</b>	<b>-213</b>	<b>-120</b>

- Positive development in ticket prices and RASK, which was visible in revenue
- Expense management was successful. However, volume-impacted costs increased notably, crew stand-by costs grew, record-high fuel price decreased profitability and there were c. 10M€ of exceptional costs
- Financial expenses increased from Q2 2022 mainly due to exchange rate fluctuations of USD-denominated liabilities
- No income taxes and related deferred tax assets were recognised and prior deferred tax assets related to tax losses were written down as there is increased uncertainty relating to utilisation of the tax losses



# Operating cash flow clearly positive, 290 M€ drawdown of capital loan



Comparable figures where applicable.

- EBITDA was negative, but operating cash flow remained positive
- The positive change in working capital is related to increased unflown ticket liability
- 290 M€ drawdown of capital loan

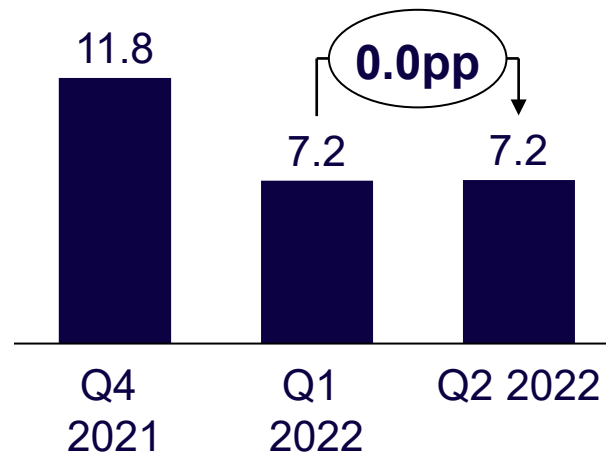
\* Finnair and the State of Finland have agreed on a 400-million-euro capital loan to support the company. The company has made a 290-million-euro drawdown, but the full amount can be used by Finnair based on the state aid decision made by the EU Commission. Finnair can access the remaining funds, when its cash or equity position drops below the limits defined in the facility's terms and conditions.



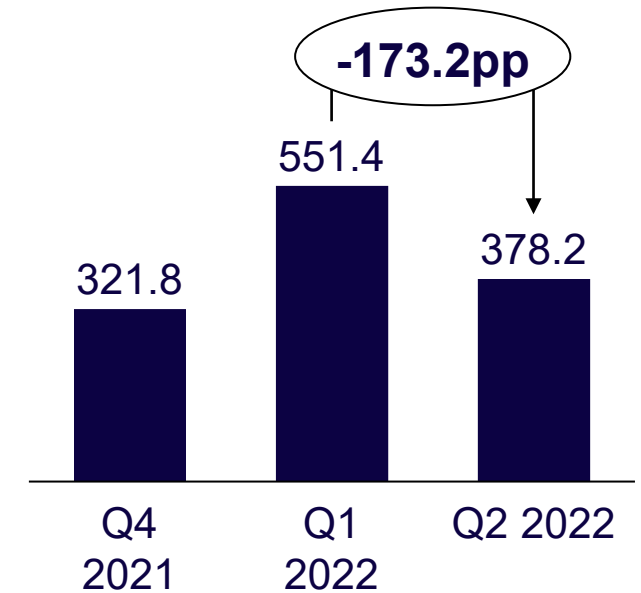
# 290 M€ drawdown of capital loan decreased gearing

- 290 M€ of the 400 M€ capital loan between Finnair and the State of Finland was drawn down
- No new covenants included in the capital loan
- Equity ratio remained unchanged due to losses for the period

Equity ratio\*, %:



Gearing\*, %:



\* The figures include the drawn 290 million euros of the 400-million-euro capital loan between Finnair and the State of Finland. The credit limit, which is treated as equity, can be fully used by Finnair based on the state aid decision made by the EU Commission. Finnair can access the remaining funds, when its cash or equity position drops below the limits defined in the facility's terms and conditions.



# New cost savings programme proceeding according to plan

- The first step of our new cost savings programme targets annual permanent savings\* of 60 million euros:
  - Continuous improvement of operations
  - Distribution agreements
  - Aircraft financing
- More efficient distribution results in savings, NDC co-operation now also with Amadeus and Sabre
- Ongoing strategy work includes also reassessed cost structures





# Outlook and guidance

## New guidance issued on 19 July 2022:

Demand has almost normalised particularly in Europe and in the United States. Finnair estimates that in Q3 2022, it will operate an average capacity of c. 70 per cent, as measured in ASKs, compared to the corresponding period in 2019 and in Q4 2022, it will operate similar or slightly higher volumes than in Q3. With the leases of aircraft with crew to other airlines, the total capacity deployed would be more than 80 per cent in Q3 and c. 80 – 85 per cent in Q4, depending on future lease agreements.

Significant uncertainty in Finnair's operating environment prevails, however, as the market price of fuel is historically high and the length of Russian airspace closure, the impact of inflation on demand and costs, as well as the development of the COVID-19 pandemic and related measures are unclear.

Even though the impacts of the pandemic on Finnair's operations have partially eased, the 2022 comparable operating result will be significantly negative for a third consecutive year due to the impacts of the Ukrainian war. Further, Finnair estimates that the difficult operating environment, inclusive of the closed Russian airspace, will prevail for a longer period and, therefore, the company is preparing a new strategy to improve its weak profitability and to strengthen its financial position. The company's target is to complete the strategy work during the autumn of 2022.

Finnair will update its outlook and guidance in connection with the Q3 2022 interim report.

## Guidance issued on 27 April 2022:

Finnair's operating environment is two-sided. In Europe, the United States and South Asia\*, travel is normalising as the impacts of the pandemic have eased. In contrast, travel restrictions in North Asia\*\*, combined with the closed Russian airspace, have a significant impact on Finnair's operating environment.

Finnair estimates that during the summer season in Q2 and Q3 2022, it will operate an average capacity of c. 70 per cent, as measured in ASKs, compared to the corresponding period in 2019. With the leases of aircraft with crew to other airlines that have now been agreed for the summer season, the total capacity deployed would be almost 80 per cent.

Finnair estimates that the comparable operating result in Q2 2022 will improve from Q1 2022 and be of a similar magnitude as in Q4 2021 (-65 million euros) supported by the strong rebound of demand in Finnair network yet burdened by the significant increase in fuel price and the continuing low level of North Asian traffic.

The company estimates that in Q3 2022, demand will be closer to the pre-pandemic levels in Europe, North America and South Asia.

Finnair will update its outlook and guidance in connection with the Half-year report 2022.

\* India, Singapore and Thailand

\*\* Japan, South Korea and China

***FINNAIR***



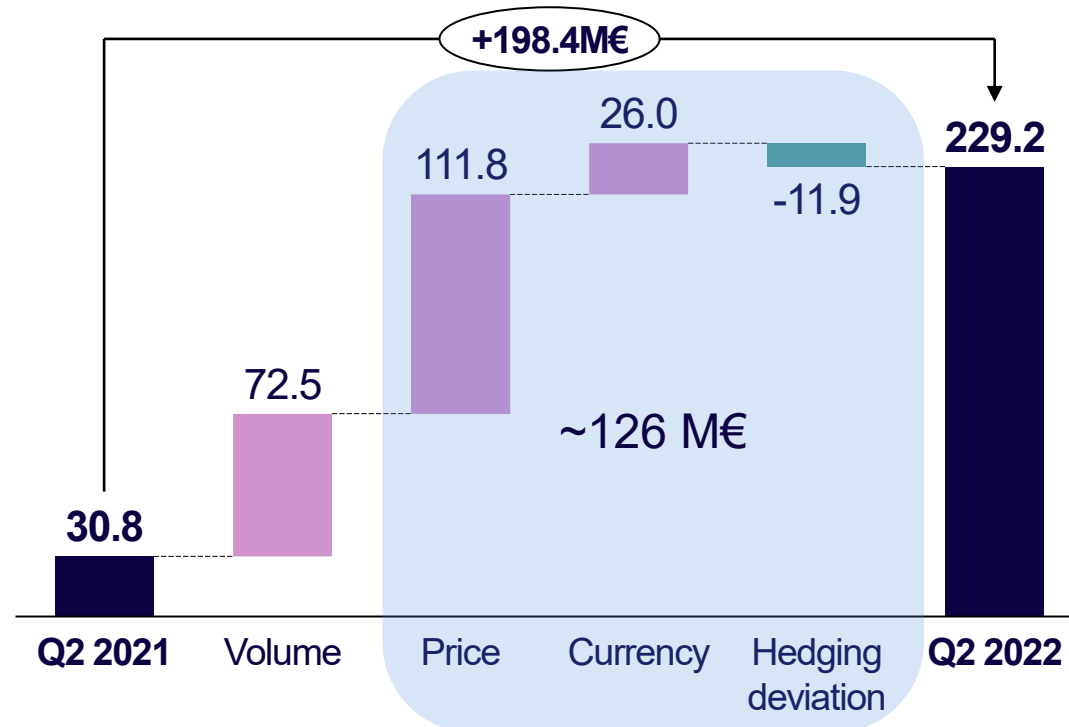
# Appendices





# Record high price, more volume increased fuel costs; hedges partially mitigate cost effect

Fuel costs Q2/22 vs. Q2/21, M€

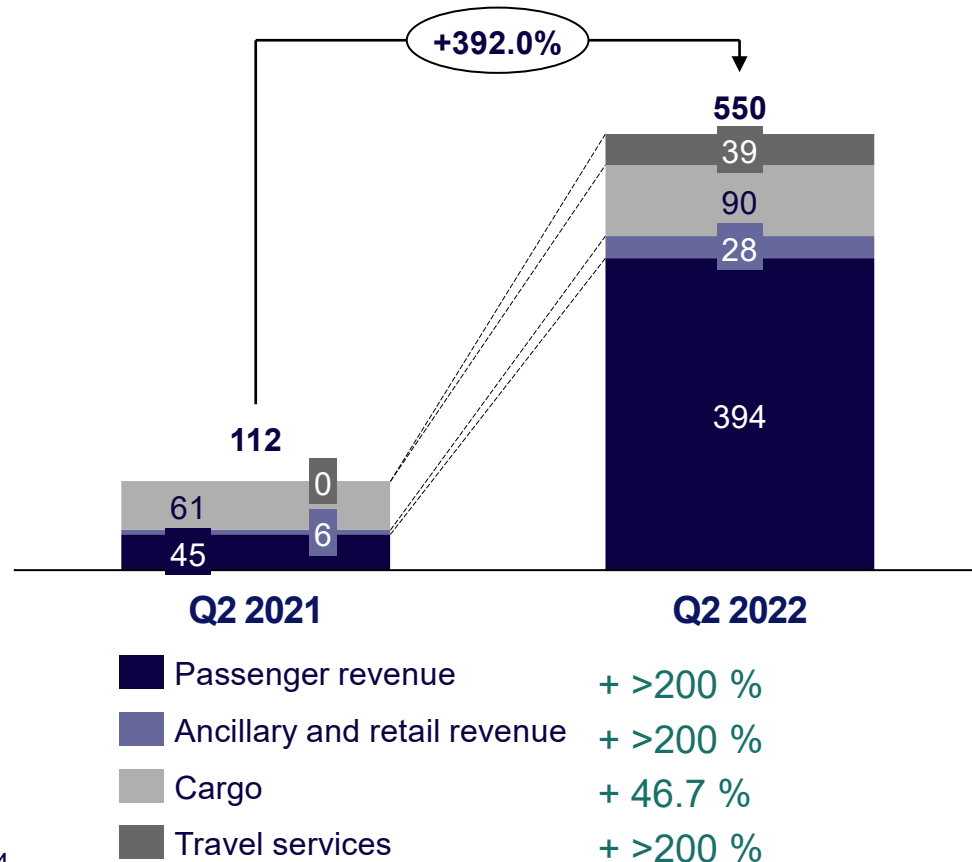


- Fuel price was historically high
- Despite the closed Russian airspace and COVID-19, traffic volumes increased
- Operational volumes were exceptionally low during the comparison period



# Revenue increased due to materialised pent-up demand

Revenue by product, M€

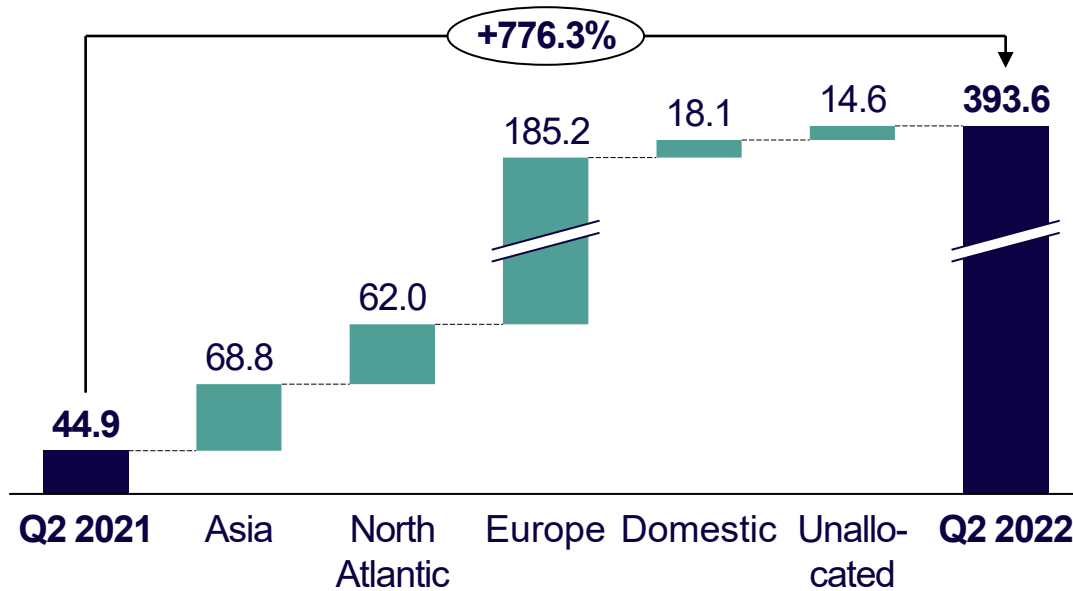


- Passenger revenue increased from previous year due to increased capacity as well as improved vaccination coverage and eased travel restrictions in Europe and in the United States which strengthened demand
- Supply chain disruptions and lack of capacity resulted in delivery delays that continued to benefit air cargo in Q2 2022
- Demand for Aurinkomatkat's foreign package holidays was robust and was primarily focused on summer season 2022. Demand in the comparison period was very limited

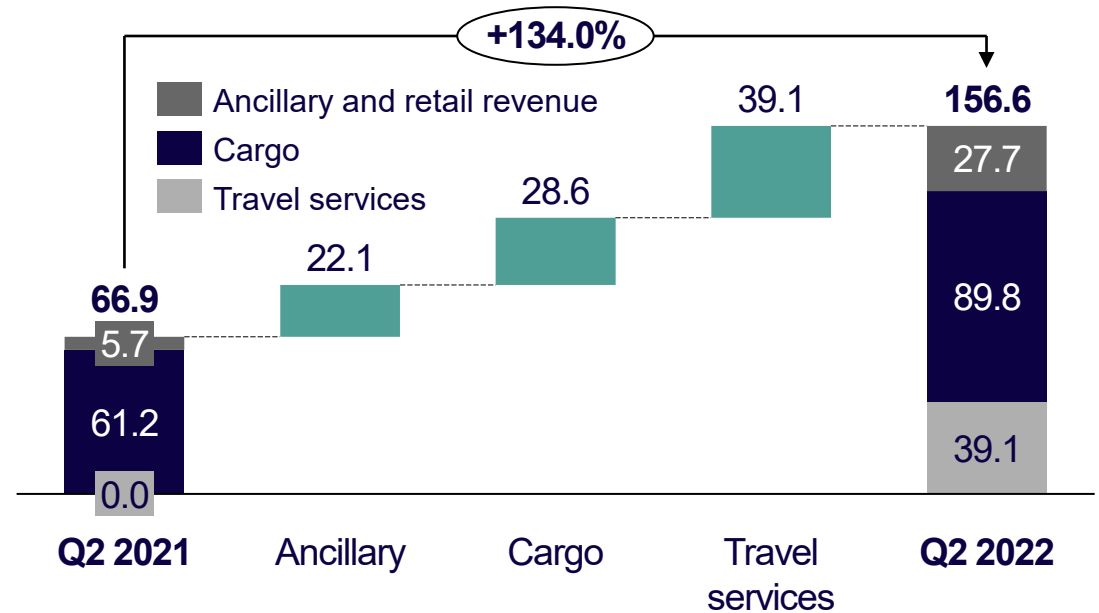


# Passenger revenue increased especially in European traffic, cargo still strong

Passenger revenue Q2/22 vs Q2/21, M€



Other revenue Q2/22 vs Q2/21, M€

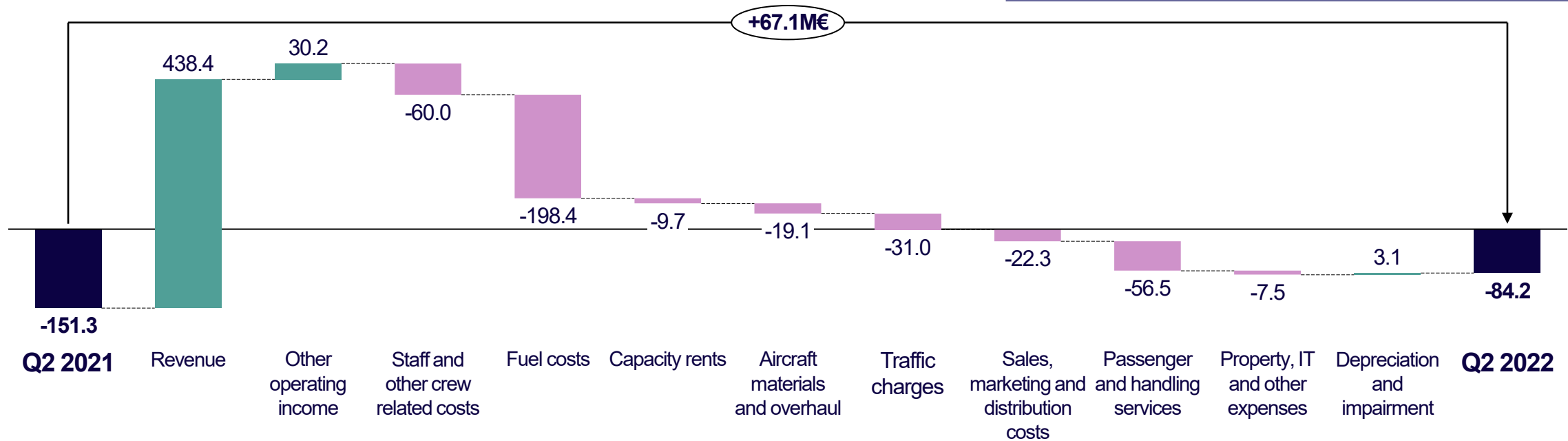




# Cost mitigating measures decreased losses, but record high fuel price had an opposite impact

Comparable EBIT Q2/22 vs Q2/21, M€

- Operating expenses 672.4M€ in total
- Capacity increased >200 %
- Revenue increased >200 %
- Operating expenses +148.2%
- Operating expenses excluding fuel +84.6%

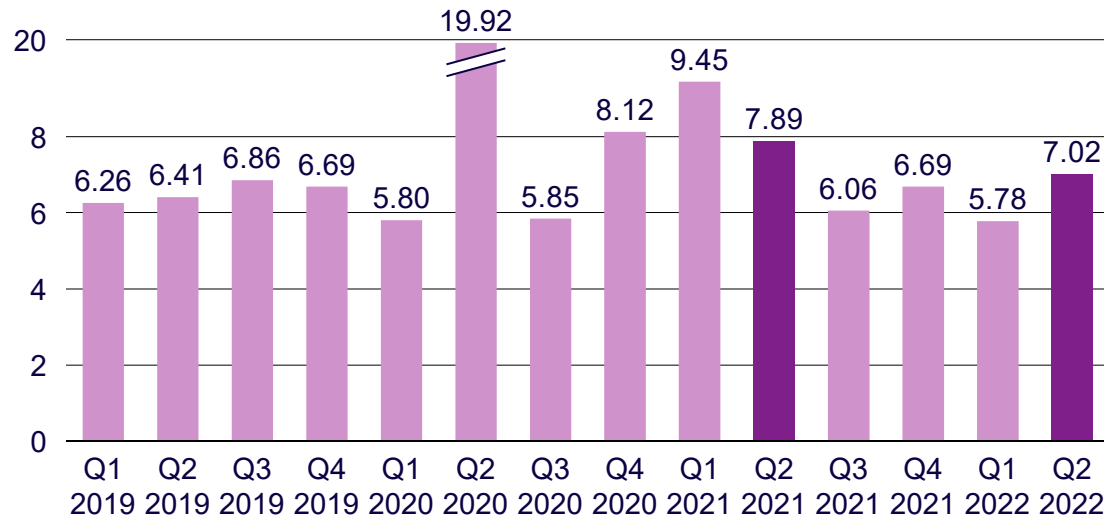






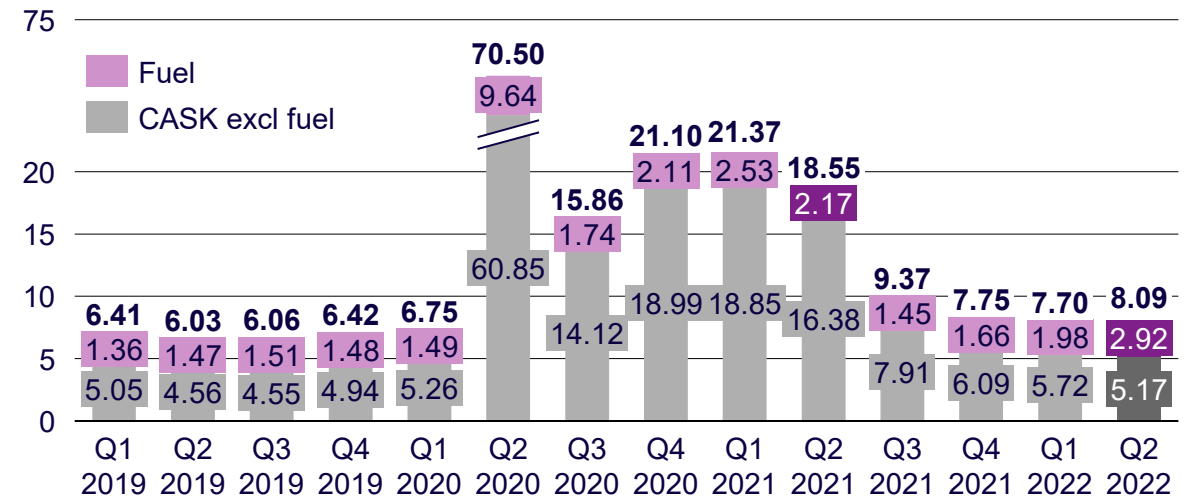
# COVID-19 impacted unit revenue and cost significantly

## RASK development, € cents



Unit revenue (RASK) decreased from 7.89 € cents in Q2 2021 to 7.02 € cents in Q2 2022. Cargo share of comparison period revenue was over 50%

## CASK development, € cents



Unit cost (CASK) decreased from 18.55 € cents in Q2 2021 to 8.09 € cents in Q2 2022, due to cost savings programme and improved asset utilisation



# Comparable income statement

in mill, EUR	Q2 2022	Q2 2021	Change %	Q1-Q2 2022	Q1-Q2 2021	Change %
<b>Revenue</b>	<b>550.3</b>	<b>111.8</b>	<b>&gt; 200</b>	<b>950.1</b>	<b>225.4</b>	<b>&gt; 200</b>
Other operating income	38.0	7.8	> 200	53.6	16.6	> 200
<b>Operating expenses</b>						
Staff and other crew related costs	-113.9	-53.9	-111.4	-215.6	-106.4	-102.6
Fuel costs	-229.2	-30.8	<-200	-366.0	-61.2	<-200
Capacity rents	-24.7	-15.0	-64.7	-47.6	-30.2	-57.5
Aircraft materials and overhaul	-38.6	-19.5	-98.3	-73.4	-34.2	-114.7
Traffic charges	-50.0	-19.0	-163.2	-101.6	-39.9	-154.3
Sales, marketing and distribution costs	-28.3	-6.0	<-200	-49.0	-10.1	<-200
Passenger and handling services	-79.0	-22.5	<-200	-149.8	-46.3	<-200
Property, IT and other expenses	-30.5	-23.0	-32.7	-60.8	-44.7	-36.1
<b>Comparable EBITDA</b>	<b>-6.0</b>	<b>-70.0</b>	<b>91.4</b>	<b>-60.1</b>	<b>-130.9</b>	<b>54.1</b>
Depreciation and impairment	-78.2	-81.2	3.8	-157.0	-163.6	4.0
<b>Comparable operating result</b>	<b>-84.2</b>	<b>-151.3</b>	<b>44.4</b>	<b>-217.1</b>	<b>-294.5</b>	<b>26.3</b>
Items affecting comparability	-8.7	12.1	-171.9	-40.7	6.3	<-200
<b>Operating result</b>	<b>-92.9</b>	<b>-139.1</b>	<b>33.2</b>	<b>-257.8</b>	<b>-288.2</b>	<b>10.6</b>
Financial income	-0.5	7.4	-107.1	-0.9	12.4	-107.6
Financial expenses	-34.5	-27.1	-27.3	-67.8	-55.6	-21.8
Exchange rate gains and losses	-41.5	8.6	<-200	-54.9	-0.5	<-200
<b>Result before taxes</b>	<b>-169.3</b>	<b>-150.2</b>	<b>-12.8</b>	<b>-381.4</b>	<b>-331.9</b>	<b>-14.9</b>
Income taxes	-110.2	30.0	<-200	-111.0	66.4	<-200
<b>Result for the period</b>	<b>-279.5</b>	<b>-120.1</b>	<b>-132.7</b>	<b>-492.3</b>	<b>-265.5</b>	<b>-85.4</b>



## Finnair fleet Q2 2022

Fleet operated by Finnair*	Seats	#	Change from 31.12.2021	Own**	Leased	Average age 30.6.2022	Ordered
<b>Narrow-body fleet</b>							
Airbus A319	144	6		5	1	20.6	
Airbus A320	174	10		8	2	19.9	
Airbus A321	209	15	-4	0	15	7.9	
<b>Wide-body fleet</b>							
Airbus A330	289/263	8		4	4	12.7	
Airbus A350	297/336	17		5	12	4.6	2
<b>Total</b>		<b>56</b>	<b>-4</b>	<b>22</b>	<b>34</b>	<b>11.1</b>	<b>2</b>

\* Finnair's Air Operator Certificate (AOC).

\*\* Includes JOLCO-financed (Japanese Operating Lease with Call Option) and ECA (Export Credit Agency) financed aircraft.

Fleet operated by Norra*	Seats	#	Change from 31.12.2021	Own	Leased	Average age 30.6.2022	Ordered
ATR	68–70	12		6	6	12.9	
Embraer E190	100	12		9	3	14.0	
<b>Total</b>		<b>24</b>	<b>0</b>	<b>15</b>	<b>9</b>	<b>13.5</b>	

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

**Thank You.**  
Have a wonderful day.

Contact us:

Finnair IR and financial communications  
[investor.relations@finnair.com](mailto:investor.relations@finnair.com)



***FINNAIR***