FINNAIR GROUP HALF-YEAR REPORT

1 JANUARY – 30 JUNE 2022

19 July 2022

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Demand for travel started to normalise in many markets; closed Russian airspace and record high fuel price burden Finnair's profitability

April – June 2022

- Earnings per share were -0.20 euros (-0.09)*.
- Revenue increased by 392.0% to 550.3 million euros (111.8).
- Comparable operating result was -84.2 million euros (-151.3). Operating result was -92.9 million euros (-139.1).
- Record high fuel price had an adverse cost impact of c. 126 million euros** year-on-year.
- Cash funds were 1,570.1 million euros (31 Dec 2021: 1 265.7) and the equity ratio was 7.2 per cent (31 Dec 2021: 11.8).
- Net cash flow from operating activities was 182.0 million euros (-59.3), and net cash flow from investing activities was 2.8 million euros (13.8).***
- Number of passengers increased by 711.3% to 2.4 million (0.3).
- Available seat kilometres (ASK) increased by 452.9% to 7,841.2 million kilometres (1,418.2).
- Passenger load factor (PLF) was 67.3% (30.6).

January – June 2022

- Earnings per share were -0.36 euros (-0.19).
- Revenue increased by 321.5% to 950.1 million euros (225.4).
- Comparable operating result was -217.1 million euros (-294.5). Operating result was -257.8 million euros (-288.2).
- High fuel price had an adverse cost impact of 177 million euros** year-on-year.
- Net cash flow from operating activities was 217.3 million euros (-177.0), and net cash flow from investing activities was -20.8 million euros (19.0).***
- Number of passengers increased by 603.4% to 3.9 million (0.6).
- Available seat kilometres (ASK) increased by 463.3% to 14,756.4 million kilometres (2,619.7).
- Passenger load factor (PLF) was 57.9% (28.3).

** Unless otherwise stated, comparisons and figures in parentheses refer to the comparison period, i.e., the same period last year.*
*** Fuel price impact including impact of currencies and hedging*
**** In Q2, net cash flow from investing activities includes 4.8 million euros of redemptions (28.6 million euros of redemptions) in money market funds or other financial assets (maturity over three months). In H1, the investments, however, totalled in net terms to 2.9 million euros (37.9 million euros of redemptions). They are part of the Group's liquidity management.*

Outlook

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*

NEW GUIDANCE 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.

CEO Topi Manner:

During the second quarter of 2022, Finnair was impacted by one crisis after another. The impacts of the severe, two years-and-counting pandemic started to ease as demand recovered, but at the same time, we felt the full weight of the impacts of the war in Ukraine. Our comparable operating result remained negative and was -84 million euros. The result was affected by the longer flight routes following the Russian airspace closure and especially the historically high fuel price, which almost doubled from year-end 2021.

Air travel demand started to normalise during the second quarter in many markets, which was visible as clear growth in passenger volumes and passenger load factors. We operated c. 64 per cent of our capacity compared to 2019, as the Russian airspace closure restricted flying to our traditionally important markets of Japan and South Korea. Some 6 per cent of aircraft capacity was wet leased to partner airlines, providing work for around 600 Finnair employees.

Finnair is facing the impacts of the Ukrainian war as a company weakened by the pandemic. Due to these two crises, our operating result will be heavily negative for the third consecutive year. To confront this latest challenge, we continue to do what we have done during the pandemic: we adapt with active measures. We are preparing for the Russian airspace to remain closed for a long time. In addition, the fuel price is historically high, and our competitive environment has changed. The development of the COVID-19 pandemic and the strong growth in inflation adds to the uncertainty of our operating environment. These changes require a new strategy and significant structural renewal of Finnair. Therefore, we are working on a thorough strategy renewal and aim to communicate more about our direction and the changes it brings in the autumn.

As a part of our initial response to the Russian airspace closure, we updated our network in the spring, adding flights to North America and South Asia. Our new Dallas and Seattle routes have gotten off to a promising start during the summer. In spring, we also launched a new 60-million-euro additional cost savings programme, which has progressed as planned.

During the period, we strengthened our balance sheet by drawing 290 million euros of the capital loan granted by the State of Finland, and 110 million euros remain undrawn.

The rapid recovery of air travel has led to resourcing challenges in many airports around Europe, and these have impacted also our on-time performance. Our renewed home hub, Helsinki Airport, is nonetheless functioning well, and our relative on-time performance was on a good level also during the review period. This was also reflected in customer satisfaction, resulting in a net promoter score of 42, which is a very good score for an airline. I want to extend my warmest thanks to the Finnair team and all of our partners for their relentless commitment to ensuring a safe and smooth travel experience for our customers as the number of passengers rapidly increased.

Business environment in Q2

The COVID-19 pandemic continued to impact Finnair's operations especially in Asia in Q2 2022. Further, the Russian airspace was closed to EU carriers at the end of February due to the counter sanctions imposed by Russia related to the war in Ukraine, which resulted in route and frequency cancellations in Asian traffic, as well as to Russia, in Q2. Thanks to robust demand for air cargo, Finnair was, however, able to continue operating to most of its Asian destinations despite up to 40% longer routings. The Asian capacity, measured in ASKs, reached only c. 30% compared to Q2 2019. The longer routings and high jet fuel price increased the costs considerably, but the Asian market prices reacted positively especially as there were capacity constraints due to the travel restrictions. Demand in intra-European and North Atlantic markets recovered towards the end of Q2 as there were no travel restrictions, thus, resulting in healthy yields.

Scheduled market capacity, measured in ASKs, between origin Helsinki and Finnair's European destinations increased by 466.7 per cent (59.5) year-on-year. Direct market capacity between Finnair's Asian and European destinations increased by 54.7 per cent (102.7) and between Finnair's North Atlantic and European destinations by 163.7 per cent (170.9) year-on-year.

The strong recovery in demand for summer 2022 package holidays continued during Q2 as travel restrictions were almost completely removed from the European destinations. Therefore, Aurinkomatkat increased its capacity to popular summer destinations, such as Crete and Rhodes. Despite the increase in prices, demand remained strong also for last-minute deals. Customers also started booking trips further into the summer and the upcoming winter season. Demand for city holidays continued to grow strongly and June was one of the best sales months in Finnair's history. The warm weather in Finland, that started at the end of June, softened demand only temporarily. The war in Ukraine has not had a significant impact on demand for package holidays.

The global air freight market was impacted by COVID-19 and the war in Ukraine in Q2, as supply chain disruptions and lack of capacity resulted in delivery delays that continued to benefit air cargo. This resulted in strong demand for air cargo. Because of the increased capacity and the high market prices, cargo revenue surged year-on-year. Finnair estimates that the cargo demand will remain strong at least through Q3 2022.

The US dollar, which is the most significant expense currency for Finnair after the euro, strengthened by 11.6 per cent against the euro year-on-year. The US dollar-denominated market price of jet fuel was 116.5 per cent higher in the second quarter than in the comparison period, as the price has been impacted by the Ukrainian war and related sanctions.

Financial performance in Q2

REVENUE IN Q2

Finnair's total revenue increased year-on-year as the COVID-19 impact was even more drastic in Q2 2021 and, on the other hand, cargo operations were very strong in Q2 2022.

Revenue by product

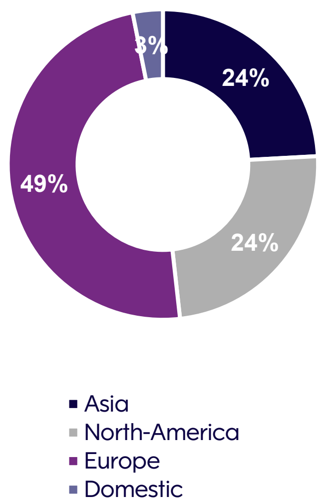
EUR million	Q2/2022	Q2/2021	Change %
Passenger revenue	393.6	44.9	776.3
Ancillary revenue	27.7	5.7	389.8
Cargo	89.8	61.2	46.7
Travel services	39.1	0.0	166,112.1
Total	**550.3**	**111.8**	**392.0**

Unit revenue (RASK) decreased by 11.0 per cent and amounted to 7.02 cents (7.89). The RASK decrease was mainly caused by the smaller share of cargo in the total revenue in Q2 2022 and the higher share of cargo-only flights in the comparison period, as these flights do not generate any ASKs.

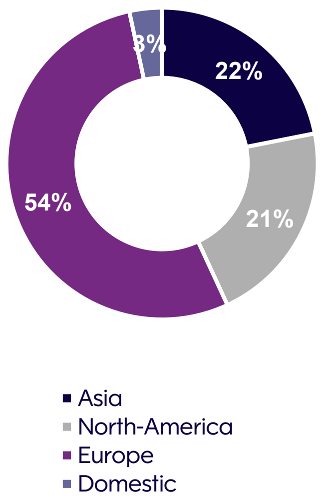
Passenger revenue and traffic data by area, Q2 2022

	Passenger revenue			ASK		RPK		PLF	
Traffic area	**Q2/2022 MEUR**	**Share %**	**Q2/2021 MEUR**	**Q2/2022 Mill. km**	**Q2/2021 Mill. km**	**Q2/2022 Mill. km**	**Q2/2021 Mill. km**	**%**	**Change %-p**
Asia	78.8	20.0	10.0	1,892.7	696.6	1,155.4	87.7	61.0	48.5
North Atlantic	63.9	16.2	1.9	1,889.5	142.6	1,118.3	32.6	59.2	36.3
Europe	212.8	54.1	27.6	3,812.6	493.0	2,822.3	254.7	74.0	22.4
Domestic	26.5	6.7	8.4	246.3	86.0	178.4	59.3	72.4	3.5
Unallocated	11.6	2.9	-3.0						
Total	**393.6**	**100.0**	**44.9**	**7,841.2**	**1,418.2**	**5,274.4**	**434.3**	**67.3**	**36.6**

Q2 capacity (ASKs)



Q2 traffic (RPKs)



Even though the passenger traffic figures continued to improve year-on-year and mostly quarter-on-quarter, the negative impact of the COVID-19 pandemic and related travel restrictions was still clearly visible in the figures especially in Asia. Further, the Russian airspace closure had a moderate negative impact on the figures in Q2 and this was visible mainly in Asian figures. Passenger revenue increased by 776.3 per cent and traffic capacity, measured in Available Seat Kilometres (ASK), increased by 452.9 per cent overall against the comparison period. The number of passengers increased by 711.3 per cent to 2,365,900 passengers. Traffic measured in Revenue Passenger Kilometres (RPK) increased by 1,114.4 per cent and the passenger load factor (PLF) increased by 36.6 percentage points to 67.3 per cent. The reported traffic figures do not take into account longer routings caused by the Russian airspace closure.

In Asian traffic, the number of scheduled passenger flights remained limited because of the pandemic impacts. Moreover, despite the Russian airspace closure, it was able to continue operating to most of the destinations using longer routings. The number of scheduled passenger flights was nonetheless clearly more than in the comparison period as in Q4 2021, with travel opened to e.g., Thailand, Singapore and India, and as Finnair commenced flights from Sweden to Thailand. Therefore, ASKs grew by 171.7 per cent and RPKs by 1,217.7 per cent. PLF increased by 48.5 percentage points to 61.0 per cent. Even though PLF remained below pre-pandemic era levels, which resulted in lower passenger revenue, revenue overall was supported by the strong cargo operations.

In addition to the scheduled passenger flights to New York, which were operated from March 2021, the Chicago and Los Angeles routes were reopened in June 2021 and the Miami route was reopened for the winter season 2021/2022. Finnair also commenced direct flights from Stockholm to New York, Los Angeles and Miami during Q4 2021 and from Helsinki to Dallas in March and to Seattle in June 2022. As a result, North Atlantic ASKs in Q2 2022 increased by more than 60 per cent compared to Q2 2019. Compared to Q2 2021, ASKs (1,224.7 per cent) and RPKs (3,325.3 per cent) surged in Q2 as only one weekly return flight to New York was operated in April and May 2021. PLF increased by 36.3 percentage points to 59.2 per cent. However, as in Asia, revenue overall was supported by the strong cargo operations.

ASKs grew by 673.3 per cent in European traffic, as loosened travel restrictions within Europe had a meaningful and positive effect on demand from late summer 2021 onwards; additionally, the comparison period traffic was low. Thus, RPKs grew by 1,008.0 per cent and the PLF by 22.4 percentage points to 74.0 per cent in European traffic.

Domestic traffic capacity increased by 186.6 per cent, RPKs by 201.2 per cent and the PLF by 3.5 percentage points to 72.4 per cent year-on-year.

Ancillary revenue increased to 27.7 million euros (5.7). Excess baggage, advance seat reservations and flight ticket fees were the largest ancillary categories.

As Finnair operated a lower number of scheduled passenger flights, especially to Asia, compared to the pre-pandemic era, due to the COVID-19 related restrictions as well as the closure of the Russian airspace at the end of February, Finnair's Q2 cargo volumes fell behind Q1 2022 and the pre-pandemic figures of Q2 2019. However, available scheduled cargo tonne kilometres increased by 265.7 per cent year-on-year, whereas revenue scheduled cargo tonne kilometres increased by 182.5 per cent. Cargo-related available tonne kilometres increased by 55.8 per cent, and revenue tonne kilometres increased by 20.1 per cent. Both include the cargo-only flights, operated mainly between Europe and Asia as well as between Europe and North America, which were mostly replaced by scheduled passenger flights carrying cargo in Q2 2022. Strong cargo demand continued as total cargo tonnes increased by 41.5 per cent and cargo revenue increased by as much as 46.7 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 but their impact was already very moderate in Q2. During the quarter, both international and domestic package holidays were produced whereas in the comparison period, only limited number of domestic ones were produced. As a result, the total number of Travel Services passengers surged and the load factor in allotment-based capacity was 96.7 per cent. Travel Services revenue increased to 39.1 million euros (0.0).

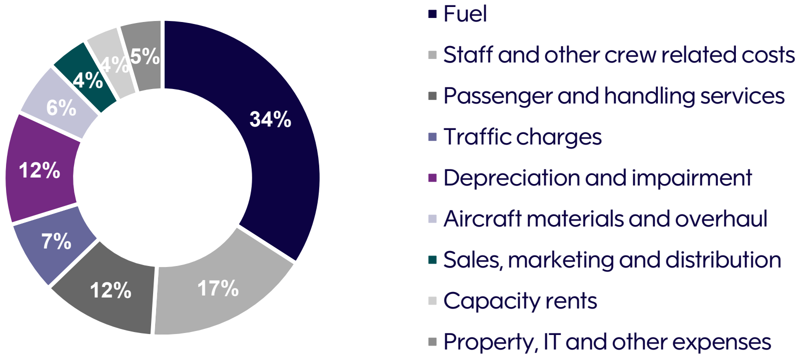
Other operating income increased to 38.0 million euros (7.8) mainly due to income related to the agreed wet leases, commenced during the period, with British Airways and Lufthansa-owned Eurowings Discover.

OPERATING EXPENSES INCLUDED IN COMPARABLE EBIT IN Q2

Finnair's operating expenses, included in the comparable operating result, increased by 148.2 per cent mainly due to increased capacity and record high jet fuel price. Finnair continued its significant cost adjustment initiatives in Q2.

Unit cost (CASK) decreased by 56.4 per cent and totalled 8.09 cents (18.55). CASK excluding fuel decreased by 68.4 per cent. Year-on-year, the decrease was caused by the clearly increased capacity and other operating income mainly related to wet leases, the higher share of cargo-only flights in the comparison period as well as the achieved cost savings.

Q2 operating expenses (€672.4 million in total) included in comparable operating result



EUR million	Q2/2022	Q2/2021	Change %
Staff and other crew related costs	113.9	53.9	111.4
Fuel costs	229.2	30.8	>200
Capacity rents	24.7	15.0	64.7
Aircraft materials and overhaul	38.6	19.5	98.3
Traffic charges	50.0	19.0	163.2
Sales, marketing and distribution costs	28.3	6.0	>200
Passenger and handling costs	79.0	22.5	>200
Property, IT and other expenses	30.5	23.0	32.7
Depreciation and impairment	78.2	81.2	-3.8
Total	**672.4**	**270.9**	**148.2**

Operating expenses included in the comparable operating result, excluding fuel, increased by 84.6 per cent.

Fuel costs, including hedging results and emissions trading costs, increased mainly due to the over five-fold capacity (measured in ASK) and the historically high fuel market price[1], which had an adverse impact of c. 126 million euros on costs year-on-year. Fuel efficiency (as measured in fuel consumption per ASK) improved by 39.4 per cent due to e.g., relatively fewer cargo-only flights in Q2 2022 that were not generating ASKs. Fuel consumption per RTK, which also accounts for developments in both passenger and cargo load factors, decreased by 1.2 per cent year-on-year.

Staff and other crew-related costs almost doubled due to the added capacity, although the achieved cost savings, including the COVID-19-related temporary and permanent layoffs, were visible. Further, there were certain staff related exceptional costs totalling c. 9 million euros during the period.

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 up due to the added capacity although updated USD-based discount rates of maintenance reserves had a declining impact. Depreciation and impairment costs declined slightly from 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 in Q2 2021, as capacity increased. Certain exceptional costs had an increasing impact on property, IT and other expenses.

RESULT IN Q2

Even though travel was open within Europe, and more open to the United States as well as certain countries in Asia during Q2, the result was still clearly impacted by the COVID-19 pandemic. Further, Finnair was forced to cut some of its routes and frequencies to Asia in March due to the Russian airspace closure, while the remaining flights were rerouted. The rerouted flights were longer, increasing staff, fuel and navigation costs. The result was also adversely impacted by the record high jet fuel price.

EUR million	Q2/2022	Q2/2021	Change %
Comparable EBITDA	**-6.0**	**-70.0**	**91.4**
Depreciation and impairment	-78.2	-81.2	3.8
Comparable operating result	**-84.2**	**-151.3**	**44.4**
Items affecting comparability	-8.7	12.1	-171.9
Operating result	**-92.9**	**-139.1**	**33.2**
Financial income	-0.5	7.4	-107.1
Financial expenses	-34.5	-27.1	-27.3
Exchange gains and losses	-41.5	8.6	<-200
Result before taxes	**-169.3**	**-150.2**	**-12.8**
Income taxes	-110.2	30.0	<-200
Result for the period	**-279.5**	**-120.1**	**-132.7**

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

Unrealised changes in foreign currencies relating to fleet overhaul provisions were -11.6 million euros (1.9) due to the strengthened US dollar. Other items affecting comparability consist of fair value changes of derivatives for which hedge accounting is not applied and sales gains or losses. These items totalled 2.9 million euros (-1.0) during the

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

quarter and related mostly to sales gains of two A321 aircraft. Unlike in the comparison period, there were no exceptional changes in defined benefit pension plans (12.9) or restructuring costs (-1.6) in Q2 2022.

The net financial expenses increased significantly from the comparison period in Q2 mainly because of the unrealised exchange losses related to aircraft lease liabilities as the US dollar strengthened. The company did not book any deferred tax assets based on the loss for the period due to the uncertainty relating to utilisation of these losses in taxation. Due to the same reason, the company recognised a deferred tax asset write-down of 117 million euros related to previous years' tax losses. Thus, Finnair's result after taxes declined clearly versus the comparison period.

Financial performance in H1

REVENUE IN H1

Finnair's total revenue increased year-on-year as the COVID-19 impact was more drastic in H1 2021 and, on the other hand, cargo operations were very strong in H1 2022.

Revenue by product

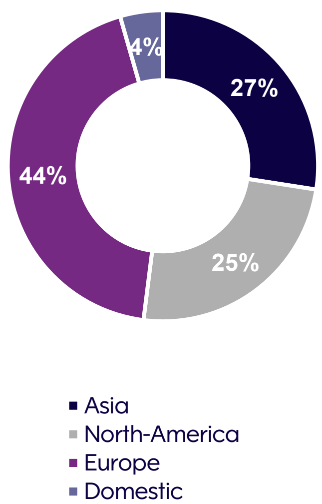
EUR million	H1/2022	H1/2021	Change %
Passenger revenue	621.2	88.1	605.3
Ancillary revenue	54.4	14.3	281.9
Cargo	210.4	122.2	72.2
Travel services	64.1	0.9	7,049.5
Total	**950.1**	**225.4**	**321.5**

Unit revenue (RASK) decreased by 25.2 per cent and amounted to 6.44 cents (8.60). The RASK decrease was mainly caused by the smaller share of cargo in the total revenue in H1 2022 and the higher share of cargo-only flights in the comparison period, as these flights do not generate any ASKs.

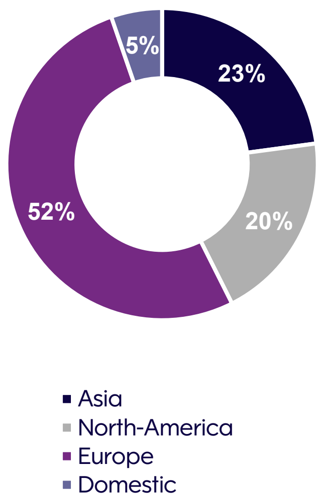
Passenger revenue and traffic data by area, H1 2022

	Passenger revenue			ASK		RPK		PLF	
Traffic area	**H1/2022 MEUR**	**Share %**	**H1/2021 MEUR**	**.**	**H1/2021 Mill. km**	**H1/2022 Mill. km**	**H1/2021 Mill. km**	**%**	**Change %-p**
Asia	127.5	20.5	16.7	4,050.1	1,360.8	1,954.7	155.6	48.3	36.8
North Atlantic	93.1	15.0	2.1	3,623.8	159.9	1,683.5	33.6	46.5	25.5
Europe	326.5	52.5	51.8	6,425.6	854.1	4,452.4	402..1	69.3	22.2
Domestic	58.9	9.5	21.0	656.9	244.9	453.0	149.5	69.0	7.9
Unallocated	15.3	2.5	-3.5						
Total	**621.2**	**100.0**	**88.1**	**14,756.4**	**2,619.7**	**8,543.6**	**740.8**	**57.9**	**29.6**

H1 capacity (ASKs)



H1 traffic (RPKs)



Even though the passenger traffic figures continued to improve year-on-year, the negative impact of the COVID-19 pandemic and related travel restrictions was still clearly visible in the figures. Further, the Russian airspace closure had a moderate negative impact on the figures in H1. Passenger revenue increased by 605.3 per cent and traffic capacity, measured in Available Seat Kilometres (ASK), increased by 463.3 per cent overall against the comparison period. The number of passengers increased by 603.4 per cent to 3,874,700 passengers. Traffic measured in Revenue Passenger Kilometres (RPK) increased by 1,053.3 per cent and the passenger load factor (PLF) increased by 29.6 percentage points to 57.9 per cent. The reported traffic figures do not take into account longer routings caused by the Russian airspace closure.

In Asian traffic, the number of scheduled passenger flights remained limited because of the pandemic impacts. Moreover, Finnair cancelled multiple flights to and from Asia in March following the Russian airspace closure even though it was able to continue operating most of the routes by using longer routings. The number of scheduled passenger flights was nevertheless clearly more than in the comparison period as in H1 2021, with travel opened to e.g., Thailand, Singapore and India, and as Finnair commenced flights from Sweden to Thailand. Therefore, ASKs grew by 197.6 per cent and RPKs by 1,156.2 per cent. PLF increased by 36.8 percentage points to 48.3 per cent, resulting in low passenger yields, though yields overall were supported by the strong cargo operations.

In addition to the scheduled passenger flights to New York, which were operated from March 2021, the Chicago and Los Angeles routes were reopened in June 2021 and the Miami route was reopened for the winter season 2021/2022. Finnair also commenced direct flights from Stockholm to New York, Los Angeles and Miami during Q4 2021 and from Helsinki to Dallas in March and to Seattle in June 2022. As a result, North Atlantic ASKs in H1 2022 almost doubled compared to H1 2019. Compared to H1 2021, ASKs and RPKs surged in H1 2022 as no passenger flights were operated during the first two months of 2021 and only one weekly return flight to New York was operated between March and May 2021. PLF increased by 25.5 percentage points to 46.5 per cent driving low passenger yields; however, as in Asia, yields overall were supported by the strong cargo operations.

ASKs grew by 652.3 per cent in European traffic, as loosened travel restrictions within Europe had a meaningful and positive effect on demand from late summer 2021 onwards. RPKs grew by 1,007.3 per cent and the PLF by 22.2 percentage points to 69.3 per cent in European traffic.

Domestic traffic capacity increased by 168.3 per cent, RPKs by 203.0 per cent and the PLF by 7.9 percentage points to 69.0 per cent.

Ancillary revenue increased to 54.4 million euros (14.3). Excess baggage, frequent flyer programme related revenue and advance seat reservations were the largest ancillary categories.

Although Finnair operated a lower number of scheduled passenger flights, especially to Asia, compared to the pre-pandemic era, due to the COVID-19 related restrictions as well as the closure of the Russian airspace at the end of February, available scheduled cargo tonne kilometres increased by 315.5 per cent year-on-year, whereas revenue scheduled cargo tonne kilometres increased by 208.3 per cent. Cargo-related available tonne kilometres increased by 86.9 per cent, and revenue tonne kilometres increased by 44.1 per cent; both include the cargo-only flights, which were operated mainly between Europe and Asia as well as between Europe and North America. Strong cargo demand continued as total cargo tonnes increased by 59.6 per cent and cargo revenue increased by as much as 72.2 per cent year-on-year.

In Q1, package holidays' financial development was significantly affected by the COVID-19 pandemic and the related travel restrictions and guidelines but their impact was already very moderate in Q2, thus, resulting in robust demand. During H1, both international and domestic package holidays were produced. The total number of Travel Services passengers grew by 4,686.1 per cent and the load factor in allotment-based capacity was 90.3 per cent. Travel Services revenue increased to 64.1 million euros (0.9).

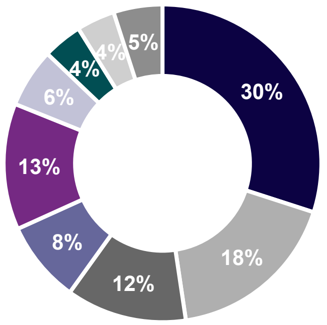
Other operating income increased to 53.6 million euros (16.6) mainly due to income related to the agreed wet leases, which were operated starting from Q2 2022, with British Airways and Lufthansa-owned Eurowings Discover.

OPERATING EXPENSES INCLUDED IN COMPARABLE EBIT IN H1

Finnair's operating expenses, included in the comparable operating result, increased by 127.5 per cent mainly due to the increased capacity and fuel price. Finnair continued its significant cost adjustment initiatives in H1.

Unit cost (CASK) decreased by 60.1 per cent and totalled 7.91 cents (19.85). CASK excluding fuel decreased by 69.0 per cent. Year-on-year, the decrease was caused by the clearly increased capacity and other operating income mainly related to wet leases as well as the achieved cost savings.

H1 operating expenses (€1,220.7 million in total) included in comparable operating result



EUR million	H1/2022	H1/2021	Change %
Staff and other crew related costs	215.6	106.4	102.6
Fuel costs	366.0	61.2	>200
Capacity rents	47.6	30.2	57.5
Aircraft materials and overhaul	73.4	34.2	114.7
Traffic charges	101.6	39.9	154.3
Sales, marketing and distribution costs	49.0	10.1	>200
Passenger and handling costs	149.8	46.3	>200
Property, IT and other expenses	60.8	44.7	36.1
Depreciation and impairment	157.0	163.6	-4.0
Total	**1,220.7**	**536.6**	**127.5**

Operating expenses included in the comparable operating result, excluding fuel, increased by 79.8 per cent.

Fuel costs, including hedging results and emissions trading costs, increased mainly due to the over five-fold capacity (measured in ASK) and a clearly higher fuel market price[2], which had an adverse impact of c. 177 million euros on costs year-on-year. Fuel efficiency (as measured in fuel consumption per ASK) improved by 41.7 per cent due to e.g., relatively fewer cargo-only flights in H1 2022 that were not generating ASKs. Fuel consumption per RTK, which also accounts for developments in both passenger and cargo load factors, increased by 0.2 per cent year-on-year.

Staff and other crew-related costs doubled due to the added capacity, although the achieved cost savings, including the COVID-19-related temporary and permanent layoffs, were visible. Further, there were certain staff related exceptional costs totalling c. 9 million euros during H1 2022.

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 up due to the added capacity although updated USD-based discount rates of maintenance reserves had a declining impact. Depreciation and impairment costs declined slightly from 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 in Q2 2021, as capacity increased. Certain exceptional costs had an increasing impact on property, IT and other expenses.

RESULT IN H1

Even though travel was open within Europe, and more open to the United States as well as certain countries in Asia during H1, the result was still clearly impacted by the COVID-19 pandemic. Further, Finnair was forced to cut routes and frequencies to Asia in March due to the Russian airspace closure, while the remaining flights were rerouted. The

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

rerouted flights were longer, increasing staff, fuel and navigation costs. The result was also adversely impacted by the higher price of jet fuel.

EUR million	H1/2022	H1/2021	Change %
Comparable EBITDA	**-60.1**	**-130.9**	**54.1**
Depreciation and impairment	-157.0	-163.6	4.0
Comparable operating result	**-217.1**	**-294.5**	**26.3**
Items affecting comparability	-40.7	6.3	<-200
Operating result	**-257.8**	**-288.2**	**10.6**
Financial income	-0.9	12.4	-107.6
Financial expenses	-67.8	-55.6	-21.8
Exchange gains and losses	-54.9	-0.5	<-200
Result before taxes	**-381.4**	**-331.9**	**-14.9**
Income taxes	-111.0	66.4	<-200
Result for the period	**-492.3**	**-265.5**	**-85.4**

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

Unrealised changes in foreign currencies relating to fleet overhaul provisions were -15.0 million euros (-4.4) due to the strengthened US dollar. In Q1, the company recognised an impairment totalling 32.7 million euros (none in the comparison period) relating to four owned A330 aircraft as based on the company's current estimate, the shorter-range wide-body fleet is unlikely be fully deployed as long as the Russian airspace remains closed. Other items affecting comparability consist of fair value changes of derivatives for which hedge accounting is not applied and sales gains or losses. These items totalled 7.0 million euros (-0.3) during H1 and related mostly to sales gains of four A321 aircraft. Unlike in the comparison period, there were no exceptional changes in defined benefit pension plans (12.9) and restructuring costs (-1.8) in H1 2022.

The net financial expenses increased significantly from the comparison period in H1 mainly because of the unrealised exchange losses related to aircraft lease liabilities as the US dollar strengthened. In H1, the company did not book any deferred tax assets based on the loss for the period due to the uncertainty relating to utilisation of these losses in taxation. Due to the same reason, the company recognised a deferred tax asset write-down of 117 million euros related to previous years' tax losses. Finnair's result after taxes declined accordingly versus the comparison period.

Financial position and capital expenditure

BALANCE SHEET

The Group's balance sheet totalled 4,210.3 million euros at the end of June (31 Dec 2021: 4,047.1). In spite of limited investments, the fleet book value decreased by 52.0 million euros due to the impairment relating to four A330 aircraft as well as depreciation of the fleet. Due to depreciation, the right-of-use fleet decreased by 43.3 million euros. Assets held for sale decreased to 0.5 million euros (31 Dec 2021: 18.7) as four A321 aircraft that were held for sale at the end of 2021 were sold during the period.

Receivables related to revenue increased to 129.2 million euros mainly due to improved ticket sales (31 Dec 2021: 110.9). Net deferred tax assets declined to 72.8 million euros (31 Dec 2021: 191.9) as loss for the period was not recognised as a deferred tax asset and as a 117-million-euro write-down was recognised due to the uncertainty related to utilisation of the losses in taxation. Further, deferred tax liabilities relating to derivatives and pensions were recognised. The pension assets rose to 102.6 million euros (31 Dec 2021: 80.9) mainly due to actuarial gains whereas pension obligations remained the same and were 0.7 million euros (31 Dec 2021: 0.7).

Deferred income and advances received increased to 553.4 million euros (31 Dec 2021: 291.1). This was mainly caused by an increase in the unflown ticket liability amounting to 455.8 million euros (31 Dec 2021: 202.7) due to improved sales intake.

The loss for the period decreased shareholders' equity, which totalled 304.6 million euros (31 Dec 2021: 475.7), or 0.22 euros per share (31 Dec 2021: 0.34). Finnair and the State of Finland signed an agreement on an unsecured hybrid loan of up to 400 million euros in 2021. This credit limit could be used in full by Finnair based on the state aid decisions made by the EU Commission in March 2021 and in February 2022. During the period, the hybrid loan was fully converted to a capital loan to support the parent company's equity position and, at the same time, Finnair made a 290-million-euro drawdown recognised as equity, as the conditions set in the agreement had been met. As a result, 110 million euros remain undrawn. 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 defined benefit plans according to IAS 19. The value of the item at the end of June was 48.2 million euros after deferred taxes (31 Dec 2021: 16.6) 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.

CASH FLOW AND FINANCIAL POSITION

Cash flow

EUR million	H1/2022	H1/2021
Net cash flow from operating activities	**217.3**	**-177.0**
Net cash flow from investing activities	**-20.8**	**19.0**
Net cash flow from financing activities	**75.7**	**200.0**

In H1, the impacts of COVID-19 and the Russian airspace closure were visible in net cash flow from operating activities, although it was clearly positive thanks to materially improved ticket sales despite the negative result for the period as well as lease and loan interest costs. Net cash flow from investments was negative mainly due to fleet related investments, despite the divestment of four A321 aircraft in H1. Net cash flow from financing was positive mainly due to the 290-million-euro capital loan drawdown in Q2, despite the c. 100-million-euro repayment in Q1 related to the old 200-million-euro unsecured senior bond which matured in March 2022.

Capital structure

%	30 Jun 2022	31 Dec 2021
Equity ratio	**7.2**	**11.8**
Gearing	**378.2**	**321.8**

The equity ratio on 30 June 2022 decreased from the year-end 2021 mainly due to the negative result for the period, even though the 290-million-euro capital loan and the positive change in the hedging reserve and other comprehensive income partially alleviated the impact. Gearing rose as equity weakened.

Liquidity and net debt

EUR million	30 Jun 2022	31 Dec 2021
Cash funds	1,570.1	1,265.7
Adjusted interest-bearing liabilities	2,722.1	2,796.6
Interest-bearing net debt	**1,152.0**	**1,530.9**

The company's liquidity remained strong at the end of the period under review. In addition to the positive net cash flow from operating activities in H1, Finnair Group's cash funds increased mainly due to the 290-million-euro capital loan even though the company repaid the remaining c. 100 million euros of the old 200-million-euro unsecured senior bond which matured at the end of March. In addition, Finnair has a 200-million-euro short-term, unsecured commercial paper programme, which was unused at the end of March.

Adjusted interest-bearing liabilities decreased from year-end 2021 mainly due to the c. 100-million-euro repayment of the old unsecured senior bond which matured in March. The share of lease liabilities increased slightly and totalled 1,429.1 million euros (31 Dec 2021: 1,381.0). Interest-bearing net debt decreased from the end of 2021 mainly due to the increased cash funds, despite the increasing impact of the strengthened US dollar on lease liabilities.

CAPITAL EXPENDITURE

Gross capital expenditure, excluding advance payments, totalled 100.3 million euros during H1 2022 (17.8) and was primarily related to fleet investments.

Cash flow from investments (including fixed asset investments and divestments, sublease payments received and advance payments) totalled -17.8 million euros (-18.9).

Change in other current financial assets (maturity over three months) totalled -2.9 million euros (37.9) also forming a part of the total net cash flow from investments, which amounted to -20.8 million euros (19.0).

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 -123 million euros. Investment cash flow includes both committed investments as well as estimates for planned, but not yet committed, investments.

The company has 33 unencumbered aircraft, which account for approximately 30.8 per cent of the balance sheet value of the entire fleet of 1,876.3 million euros.[3]

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 June, Finnair itself operated 56 aircraft, of which 25 were wide-body and 31 narrow-body aircraft. During the second quarter, Finnair completed the sale of two Airbus A321 aircraft. During the second quarter, Finnair also purchased one Airbus A330, which was already accounted for as owned, as the finance lease period ended.

At the end of June, the average age of the fleet operated by Finnair was 11.1 years.

Fleet operated by Finnair* 30.6.2022	Seats	#	Change from 31.12.2021	Own**	Leased	Average age 30.6.2022	Ordered
Narrow-body fleet							
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	
Wide-body fleet							
Airbus A330	289/263	8		4	4	12.7	
Airbus A350	297/336	17		5	12	4.6	2
Total		**56**	**-4**	**22**	**34**	**11.1**	**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 June, 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 380.8 million euros, include the upcoming investments in the wide-body fleet.

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* 30.6.2022	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	
Total		**24**	**0**	**15**	**9**	**13.5**	

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

Strategy implementation

Finnair re-evaluated its strategy to 2025 in Q3 2021 due to the adverse impacts of the COVID-19 pandemic. The company implemented the revised strategy in four focus areas, namely: Capture market growth; Modern premium offering, retailing and distribution; Cost efficiency; as well as Sustainability as a differentiator.

As Finnair expects its difficult operating environment, inclusive of the closed Russian airspace, to prevail for a longer period, the company is now preparing a new strategy to restore its profitability and to strengthen its financial position. The strategy will build upon the initial adjustments that were already made in Q1 and Q2 2022 to the network strategy by pivoting to the west and South Asia, and by introducing a new 60-million-euro cost savings programme. In addition to these actions, Finnair is preparing a new strategy related to network and fleet, cost

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

structures, revenue streams and balance sheet. Finnair aims to complete the strategy work during the autumn of 2022.

Finnair's long-term financial targets will be re-evaluated in connection with the new strategy work.

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 with which Finnair complies 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 half-year report.

Changes in company management

Tomi Pienimäki, Finnair's Chief Digital Officer and a member of Finnair's Executive Board, left Finnair at the end of January 2022.

Finnair announced on 2 March 2022 that Antti Kleemola (M.Sc. Business) has been appointed as Chief Information Officer and member of the Finnair Executive Board as of 1 June 2022. Most recently, he has worked as the CIO of Outokumpu and has also held leadership positions in digital and IT services among others in VR Group, Vapo Group and Posti Group.

Share price development and trading

Finnair's market capitalisation was 575.6 million euros at the end of June (31 Dec 2021: 837.7). The closing price of the share on 30 June 2022 was 0.41 euros (31 Dec 2021: 0.60). During January – June, the highest price for the Finnair Plc share on the Nasdaq Helsinki was 0.68 euros, the lowest price 0.36 euros and the average price 0.51 euros. Some 431.7 million company shares, with a total value of 222.0 million euros, were traded on the Nasdaq Helsinki exchange.

The number of Finnair shares recorded in the Trade Register was 1,407,401,265 at the end of the period. The Finnish state owned 55.9 per cent (31 Dec 2021: 55.9) of Finnair's shares, while 5.8 per cent (31 Dec 2021: 4.6) were held by foreign investors or in the name of a nominee at the end of the period.

Own shares

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.

In February, Finnair transferred, using the authorisation granted by the AGM 2021, a total of 902,093 own shares as incentives to the participants of the FlyShare employee share savings plan. It also transferred 119,737 own shares as a reward to the key personnel included in Finnair's share-based incentive scheme 2019–2021 in March.

On 30 June 2022, Finnair held a total of 399,303 own shares, representing 0.03 per cent of the total number of shares and votes.

Effective authorisations granted by the Annual General Meeting 2022

Finnair's Annual General Meeting was held in Vantaa after the period on 7 April 2022 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 regarding the repurchase of own shares and/or on the acceptance as pledge shall not exceed 50,000,000 shares, which corresponds to approximately 3.6 per cent of all the shares in the company, and the authorisation regarding the issuance of shares shall not exceed 8,000,000 shares, which corresponds to approximately 0.6 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-2022.

Significant risks and uncertainties

In the implementation of its strategy and business, 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.

Factors such as geopolitical uncertainty, the threat of trade wars, the threat of terrorism and cyber-attacks 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. The war in Ukraine has already dramatically impacted the global trade in the form of sanctions and countersanctions, and as regards civil aviation, closures of the airspace. For Finnair's Asian traffic, the duration of the closure of the Russian airspace is a key risk factor. Further routes between Europe and Asia may become impossible to operate and / or commercially unviable. The impact of a prolonged closure of the Russian airspace on Finnair's business, financial result and future outlook depends on the company's ability to adapt its network, costs and revenue sources in a new business environment.

Macroeconomic factors continue to be a key driver of air transportation demand, 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.

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 travellers' 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 Russian airspace closure, COVID-19 pandemic and travel restrictions, resource challenges in the European aviation system caused by the pandemic 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 and its weakened supply, fluctuation in demand for air travel 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, rise in prevailing high inflation, recession, 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, which Finnair can partially affect, are operating costs and the volume of production. Due to the considerable effect of the COVID-19 pandemic, Finnair has carried out an extensive 200-million-euro cost savings programme and has also introduced a new cost savings programme of 60 million euros due to the continued effects of the COVID-19 pandemic and the closed Russian airspace. 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 e.g., due to the impacts of the Ukrainian war. Finnair's ability to pass on the increased costs of jet fuel to its customers by increasing fares is limited by the fierce competition in 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. Due to market volatility impacting the pricing and availability of hedging instruments, Finnair's hedging ratio is currently below the pre-pandemic levels but within the range defined in the treasury policy.

Further prolongation of the COVID-19 pandemic especially in Japan and China as well as closed Russian airspace would have an adverse impact on the company's profitability, cash funds and equity. Weakened profitability also increases the risk of fleet and other asset impairment.

Prolonged unprofitability and depletion of equity may have an adverse effect on the availability and terms of new funding.

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 oneworld 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 and revenue. Outbreaks of epidemics or pandemics, as COVID-19 has demonstrated, 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.

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.

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.

As a result of the weak visibility in Finnair's business operations primarily caused by the impacts of the Ukrainian war, a reliable forecast is not available. Thus, sensitivities in business operations and fuel and their impact on comparable operating result as well as currency sensitivities and their impact on operational cash flows, which Finnair would report in a normal situation, are not available.

Fuel hedging and average hedged price (rolling 12 months from date of financial statements)	**Hedged fuel, tonnes***	**Average hedge price, USD/ton* ****
June 2022	10,000	993
Q3 2022	36,000	1,120
Q4 2022	33,000	1,218
Q1 2023	21,000	1,134
Q2 2023 and after	18,000	1,220
Total	**118,000**	**1,154**

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

Currency distribution, %	Q2 2022	Q2 2021	H1 2022	H1 2021	2021
Sales currencies					
EUR	59	33	57	39	46
USD	8	4	7	3	5
JPY	5	17	5	16	9
CNY	1	9	2	9	7
KRW	2	7	3	7	5
SEK	4	3	5	3	4
Other	20	26	22	23	25
Purchase currencies					
EUR	54	71	56	72	69
USD	42	25	39	23	26
Other	4	5	5	5	5

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 by partly investing liquidity in foreign currency money market funds or other financial assets 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 June, the hedging ratio of USD denominated interest-bearing liabilities (including IFRS 16) was approximately 70 per cent.

Events after the financial period

There have not been any material events after the review period.

Financial reporting in 2022

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

- 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 19 July 2022 at 11:00 a.m. at its office at Tietotie 9. It is also possible to participate in the press conference via a live webcast at https://finnairgroup.videosync.fi/2022-0719-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 79383632#. To join the live webcast, please register at https://finnairgroup.videosync.fi/2022-q2.

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Key performance indicators

EUR in millions, unless otherwise indicated	Q2 2022	Q2 2021	Change %	Q1-Q2 2022	Q1-Q2 2021	Change %	2021
Revenue and profitability							
Revenue	550.3	111.8	> 200	950.1	225.4	> 200	838.4
Comparable operating result	-84.2	-151.3	44.4	-217.1	-294.5	26.3	-468.9
Comparable operating result, % of revenue	-15.3	-135.3	120.0 %-p	-22.8	-130.7	107.8 %-p	-55.9
Operating result	-92.9	-139.1	33.2	-257.8	-288.2	10.6	-454.4
Comparable EBITDA, % of revenue	-1.1	-62.6	61.5 %-p	-6.3	-58.1	51.8 %-p	-17.8
Earnings per share (EPS), basic, EUR	-0.20	-0.09	-128.3	-0.36	-0.19	-82.9	-0.34
Earnings per share (EPS), diluted, EUR	-0.20	-0.09	-128.3	-0.36	-0.19	-82.9	-0.34
Unit revenue per available seat kilometre (RASK), cents/ASK	7.02	7.89	-11.0	6.44	8.60	-25.2	6.93
Unit revenue per revenue passenger kilometre (yield), cents/RPK	7.46	10.34	-27.8	7.27	11.89	-38.8	8.13
Unit cost per available seat kilometre (CASK), cents/ASK	8.09	18.55	-56.4	7.91	19.85	-60.1	10.81
CASK excluding fuel, cents/ASK	5.17	16.38	-68.4	5.43	17.51	-69.0	9.06
Capital structure							
Equity ratio, %				7.2	18.9	-11.7 %-p	11.8
Gearing, %				378.2	231.8	146.4 %-p	321.8
Interest-bearing net debt				1,152.0	1,587.2	-27.4	1,530.9
Interest-bearing net debt / Comparable EBITDA, LTM				-14.7	-5.6	-9.2 %-p	-10.3
Gross capital expenditure	34.1	6.4	> 200	100.3	17.8	> 200	434.5
Return on capital employed (ROCE), LTM, %				-13.8	-15.4	1.7 %-p	-13.9
Traffic							
Passengers, 1,000	2,366	292	> 200	3,875	551	> 200	2,852
Flights, number	22,776	6,025	> 200	41,008	12,212	> 200	41,392
Available seat kilometres (ASK), million	7,841	1,418	> 200	14,756	2,620	> 200	12,094
Revenue passenger kilometres (RPK), million	5,274	434	> 200	8,544	741	> 200	5,178
Passenger load factor (PLF), %	67.3	30.6	36.6 %-p	57.9	28.3	29.6 %-p	42.8
Modern premium offering, retailing and distribution							
Net Promoter Score (NPS)	42	46	-9.5	39	49	-20.4	38
Share of digital direct ticket sales, %	45.0	56.0	-11.0 %-p	46.0	55.0	-9.0 %-p	51.0
Average number of monthly visitors at finnair.com, millions	2.5	0.8	> 200	2.4	0.7	> 200	1.1
Active users for Finnair mobile app, thousands	735.0	251.0	192.8	650.0	245.0	165.3	326.0
Ancillary and retail revenue	27.7	5.7	> 200	54.4	14.3	> 200	44.1
Cost efficiency							
Jet fuel consumption, tonnes	193,743	57,829	> 200	367,552	111,839	> 200	364,478
On-time performance, %	80.1	91.6	-11.5 %-p	77.6	88.6	-11.0 %-p	82.3
Sustainability as a differentiator							
Flight CO_2 emissions, tonnes	610,291	182,162	> 200	1,157,789	352,292	> 200	1,148,107
Flight CO_2 emissions, tonnes/ASK	0.0778	0.1284	-39.4	0.0785	0.1345	-41.7	0.0949
Flight CO_2 emissions, tonnes/RTK	0.9279	0.9394	-1.2	0.9717	0.9697	0.2	0.9317
People							
Average number of employees	5,404	5,612	-3.7	5,365	5,814	-7.7	5,614
Absences due to illness, %	4.47	1.93	2.54 %-p	4.88	1.83	3.05 %-p	2.31
Lost-time injury frequency (LTIF)	9.1	6.1	48.3	7.8	6.0	30.2	5.6
Attrition rate, LTM, %				8.5	7.1	1.4 %-p	7.1

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		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.
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	Q2 2022	Q2 2021	Change %	Q1-Q2 2022	Q1-Q2 2021	Change %	2021
Operating result	**-92.9**	**-139.1**	**33.2**	**-257.8**	**-288.2**	**10.6**	**-454.4**
Unrealized changes in foreign currencies of fleet overhaul provisions	11.6	-1.9	> 200	15.0	4.4	> 200	11.7
Fair value changes of derivatives where hedge accounting is not applied	-0.1	0.1	<-200	-0.3	0.0	<-200	0.0
Sales gains and losses on aircraft and other transactions	-2.8	0.9	<-200	-6.7	0.3	<-200	-5.6
Impairment on A330 aircraft			-	32.7		-	
Changes in defined benefit pension plans		-12.9	100.0		-12.9	100.0	-20.6
Restructuring costs		1.6	-100.0		1.8	-100.0	0.0
Comparable operating result	**-84.2**	**-151.3**	**44.4**	**-217.1**	**-294.5**	**26.3**	**-468.9**
Depreciation and impairment	78.2	81.2	-3.8	157.0	163.6	-4.0	319.8
Comparable EBITDA	**-6.0**	**-70.0**	**91.4**	**-60.1**	**-130.9**	**54.1**	**-149.0**

Equity ratio EUR in millions, unless otherwise indicated	30 Jun 2022	30 Jun 2021	Change %	31 Dec 2021
Equity total	304.6	684.8	-55.5	475.7
Equity and liabilities total	4,210.3	3,618.9	16.3	4,047.1
Equity ratio, %	**7.2**	**18.9**	**-11.7 %-p**	**11.8**

Gearing, interest-bearing net debt and interest-bearing net debt / Comparable EBITDA, LTM EUR in millions, unless otherwise indicated	30 Jun 2022	30 Jun 2021	Change %	31 Dec 2021
Lease liabilities	1,429.1	982.7	45.4	1,381.0
Other interest-bearing liabilities	1,325.6	1,439.9	-7.9	1,427.9
Cross currency interest rate swaps*	-32.5	-1.2	<-200	-12.3
Adjusted interest-bearing liabilities	**2,722.1**	**2,421.5**	**12.4**	**2,796.6**
Other financial assets	-707.7	-364.8	-94.0	-531.4
Cash and cash equivalents	-862.4	-469.4	-83.7	-734.3
Cash funds	**-1,570.1**	**-834.3**	**-88.2**	**-1,265.7**
Interest-bearing net debt	**1,152.0**	**1,587.2**	**-27.4**	**1,530.9**
Equity total	304.6	684.8	-55.5	475.7
Gearing, %	**378.2**	**231.8**	**146.4 %-p**	**321.8**
Comparable EBITDA, LTM	-78.1	-284.6	72.5	-149.0
Interest-bearing net debt / Comparable EBITDA, LTM	**-14.7**	**-5.6**	**-9.2 %-p**	**-10.3**

* 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	Q2 2022	Q2 2021	Change %	Q1-Q2 2022	Q1-Q2 2021	Change %	2021
Additions in fixed assets	20.7	1.5	> 200	58.9	12.5	> 200	28.7
New contracts in right-of-use assets	2.5	6.3	-60.1	4.8	6.6	-27.3	380.6
Reassessments and modifications in right-of-use assets	10.9	-1.3	> 200	36.6	-1.3	> 200	25.3
Gross capital expenditure	**34.1**	**6.4**	**> 200**	**100.3**	**17.8**	**> 200**	**434.5**

Return on capital employed (ROCE), LTM EUR in millions, unless otherwise indicated	30 Jun 2022	30 Jun 2021	Change %	31 Dec 2021
Result before taxes, LTM	-631.4	-593.0	-6.5	-581.9
Financial expenses, LTM	130.0	160.6	-19.1	117.8
Exchange rate gains and losses, LTM	76.9	-26.9	> 200	22.5
Return, LTM	**-424.5**	**-459.4**	**7.6**	**-441.6**
Equity total	304.6	684.8	-55.5	475.7
Lease liabilities	1,429.1	982.7	45.4	1,381.0
Other interest-bearing liabilities	1,325.6	1,439.9	-7.9	1,427.9
Capital employed	**3,059.3**	**3,107.5**	**-1.6**	**3,284.6**
Capital employed, average of reporting period and comparison period	**3,083.4**	**2,976.4***	**3.6**	**3,180.0***
Return on capital employed (ROCE), LTM, %	**-13.8**	**-15.4**	**1.7 %-p**	**-13.9**

* Capital employed accounted was EUR 2,845.4 million as at 30 Jun 2020.

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 potentially diluting shares
Unit revenue per available seat kilometre (RASK)	Unit revenue (RASK) represents the Group's revenue divided by available seat kilometres (ASK).
Unit revenue per revenue passenger kilometre (yield)	Passenger revenue by product divided by Revenue passenger kilometres (RPK).
Unit cost per available seat kilometre (CASK)	Unit cost (CASK) represents the Group's operational costs divided by available seat kilometres. Other operating income is deducted from operational costs.
CASK excluding fuel	(Comparable operating result - Revenue - Fuel costs) / ASK x 100

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

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

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

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

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

Consolidated half-year financial report 1 Jan - 30 Jun 2022

CONSOLIDATED INCOME STATEMENT

EUR in millions	Note	Q2 2022	Q2 2021	Q1-Q2 2022	Q1-Q2 2021	2021
Revenue	**5**	**550.3**	**111.8**	**950.1**	**225.4**	**838.4**
Other operating income		40.8	7.8	60.4	17.3	62.5
Operating expenses						
Staff and other crew related costs	6	-113.9	-42.4	-215.6	-95.2	-229.3
Fuel costs		-229.0	-30.9	-365.7	-61.2	-211.4
Capacity rents		-24.7	-15.0	-47.6	-30.2	-71.3
Aircraft materials and overhaul		-50.2	-17.6	-88.4	-38.6	-117.2
Traffic charges		-50.0	-19.0	-101.6	-39.9	-120.4
Sales, marketing and distribution costs		-28.3	-6.0	-49.0	-10.1	-38.1
Passenger and handling services		-79.0	-22.5	-149.8	-46.3	-148.0
Depreciation and impairment	7	-78.2	-81.2	-189.7	-163.6	-319.8
Property, IT and other expenses		-30.6	-24.1	-60.9	-45.8	-99.7
Operating result		**-92.9**	**-139.1**	**-257.8**	**-288.2**	**-454.4**
Financial income		-0.5	7.4	-0.9	12.4	12.8
Financial expenses		-34.5	-27.1	-67.8	-55.6	-117.8
Exchange rate gains and losses		-41.5	8.6	-54.9	-0.5	-22.5
Result before taxes		**-169.3**	**-150.2**	**-381.4**	**-331.9**	**-581.9**
Income taxes	12	-110.2	30.0	-111.0	66.4	117.6
Result for the period		**-279.5**	**-120.1**	**-492.3**	**-265.5**	**-464.3**
Attributable to						
Owners of the parent company		-279.5	-120.1	-492.3	-265.5	-464.3
Earnings per share attributable to shareholders of the parent company, EUR						
Basic earnings per share		-0.20	-0.09	-0.36	-0.19	-0.34
Diluted earnings per share		-0.20	-0.09	-0.36	-0.19	-0.34

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR in millions	Q2 2022	Q2 2021	Q1-Q2 2022	Q1-Q2 2021	2021
Result for the period	**-279.5**	**-120.1**	**-492.3**	**-265.5**	**-464.3**
Other comprehensive income items **Items that may be reclassified to profit or loss in subsequent periods**					
Change in fair value of hedging instruments	3.8	7.6	12.0	34.7	30.1
Tax effect	-0.8	-1.5	-2.4	-6.9	-6.0
Items that will not be reclassified to profit or loss in subsequent periods					
Actuarial gains and losses from defined benefit plans	12.5	10.7	27.5	32.4	43.0
Tax effect	-2.5	-2.1	-5.5	-6.5	-8.6
Other comprehensive income items total	**13.0**	**14.6**	**31.6**	**53.7**	**58.4**
Comprehensive income for the period	**-266.5**	**-105.5**	**-460.7**	**-211.8**	**-405.9**
Attributable to					
Owners of the parent company	-266.5	-105.5	-460.7	-211.8	-405.9

CONSOLIDATED BALANCE SHEET

EUR in millions	Note	30 Jun 2022	30 Jun 2021	31 Dec 2021
ASSETS				
Non-current assets				
Fleet	14, 16	894.3	1,347.4	946.3
Right-of-use fleet	15, 16	982.0	713.5	1,025.3
Fleet total		1,876.3	2,061.0	1,971.6
Other fixed assets	14, 16	155.2	175.3	162.3
Right-of-use other fixed assets	15, 16	153.8	142.9	156.4
Other fixed assets total		309.0	318.1	318.7
Pension assets	18	102.6	69.8	80.9
Other non-current assets		4.3	21.3	6.9
Deferred tax assets	12	72.8	137.7	191.9
Non-current assets total		**2,365.1**	**2,608.0**	**2,569.9**
Current assets				
Receivables related to revenue		129.2	53.8	110.9
Inventories and other current assets		74.4	95.2	55.8
Derivative financial instruments	9, 10	70.9	26.3	26.1
Other financial assets	10	707.7	364.8	531.4
Cash and cash equivalents		862.4	469.4	734.3
Current assets total		**1,844.7**	**1,009.7**	**1,458.5**
Assets held for sale		0.5	1.2	18.7
Assets total		**4,210.3**	**3,618.9**	**4,047.1**
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent				
Share capital		75.4	75.4	75.4
Other equity		229.2	609.4	400.2
Equity total		**304.6**	**684.8**	**475.7**
Non-current liabilities				
Lease liabilities	19	1,232.2	839.5	1,204.1
Other interest-bearing liabilities	19	685.7	1,291.0	986.2
Pension obligations		0.7	2.0	0.7
Provisions and other liabilities	21	198.3	163.4	200.7
Non-current liabilities total		**2,116.9**	**2,296.0**	**2,391.6**
Current liabilities				
Lease liabilities	19	196.9	143.2	176.9
Other interest-bearing liabilities	19	639.9	148.9	441.7
Provisions	21	36.3	18.1	13.8
Trade payables		80.9	30.0	53.5
Derivative financial instruments	9, 10	7.1	8.7	0.4
Deferred income and advances received	22	553.4	171.8	291.1
Liabilities related to employee benefits		89.7	65.8	74.4
Other liabilities		184.5	51.5	128.1
Current liabilities total		**1,788.8**	**638.0**	**1,179.8**
Liabilities total		**3,905.7**	**2,934.0**	**3,571.4**
Equity and liabilities total		**4,210.3**	**3,618.9**	**4,047.1**

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	Capital loan	Equity total
Equity 1 Jan 2022	**75.4**	**168.1**	**16.6**	**762.0**	**-744.5**	**198.0**		**475.7**
Result for the period					-492.3			-492.3
Change in fair value of hedging instruments			9.6					9.6
Actuarial gains and losses from defined benefit plans			22.0					22.0
Comprehensive income for the period			**31.6**		**-492.3**			**-460.7**
Proceeds from capital loan							290.0	290.0
Share-based payments				-0.3				-0.3
Equity 30 Jun 2022	**75.4**	**168.1**	**48.2**	**761.6**	**-1,236.8**	**198.0**	**290.0**	**304.6**

EUR in millions	Share capital	Other restricted funds	Hedging reserve and other OCI items	Unrestricted equity funds	Retained earnings	Hybrid bond	Capital loan	Equity total
Equity 1 Jan 2021	**75.4**	**168.1**	**-41.8**	**759.5**	**-262.6**	**198.0**		**896.6**
Result for the period					-265.5			-265.5
Change in fair value of hedging instruments			27.8					27.8
Actuarial gains and losses from defined benefit plans			25.9					25.9
Comprehensive income for the period			**53.7**		**-265.5**			**-211.8**
Acquisitions of own shares					-1.1			-1.1
Share-based payments				1.2				1.2
Equity 30 Jun 2021	**75.4**	**168.1**	**11.9**	**760.7**	**-529.3**	**198.0**		**684.8**

EUR in millions	Share capital	Other restricted funds	Hedging reserve and other OCI items	Unrestricted equity funds	Retained earnings	Hybrid bond	Capital loan	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**

CONSOLIDATED CASH FLOW STATEMENT

EUR in millions	Q2 2022	Q2 2021	Q1-Q2 2022	Q1-Q2 2021	2021
Cash flow from operating activities					
Result before taxes	-169.3	-150.2	-381.4	-331.9	-581.9
Depreciation and impairment	78.2	81.2	189.7	163.6	319.8
Financial income and expenses	76.4	11.0	123.6	43.7	127.5
Sales gains and losses on aircraft and other transactions	-2.8	0.9	-6.7	0.3	-19.4
Change in provisions	17.3	-0.9	19.5	-0.3	19.8
Employee benefits	3.2	-8.3	5.7	-3.9	-4.3
Other adjustments	0.2	0.1	0.0	-0.1	3.3
Non-cash transactions	20.6	-9.2	25.3	-4.2	18.9
Changes in trade and other receivables	-13.2	10.9	-36.7	-0.3	-49.9
Changes in inventories	-4.1	0.8	-7.7	2.5	1.9
Changes in trade and other payables	217.4	33.8	356.4	26.4	257.3
Changes in working capital	200.1	45.4	312.0	28.7	209.2
Financial expenses paid, net	-21.3	-38.6	-45.2	-77.1	-99.3
Net cash flow from operating activities	**182.0**	**-59.3**	**217.3**	**-177.0**	**-25.3**
Cash flow from investing activities					
Investments in fleet	-13.0	-18.4	-41.2	-24.8	-70.3
Investments in other fixed assets	-0.5	-0.7	-2.1	-3.1	-6.0
Divestments of fleet, other fixed assets and shares	11.6	0.9	25.2	1.5	441.7
Lease and lease interest payments received	0.1	3.5	0.2	7.5	11.7
Change in other current financial assets (maturity over 3 months)	4.8	28.6	-2.9	37.9	-67.5
Change in other non-current assets	0.0	0.0	0.0	0.0	0.0
Net cash flow from investing activities	**2.8**	**13.8**	**-20.8**	**19.0**	**309.6**
Cash flow from financing activities					
Proceeds from loans		396.7		396.7	396.7
Loan repayments	-12.8	-116.4	-124.0	-128.0	-154.8
Repayments of lease liabilities	-46.8	-34.2	-90.3	-67.5	-146.8
Hybrid bond interests and expenses					-20.5
Proceeds from capital loan	290.0		290.0		
Acquisitions of own shares				-1.1	-1.1
Net cash flow from financing activities	**230.5**	**246.1**	**75.7**	**200.0**	**73.4**
Change in cash flows	**415.3**	**200.6**	**272.3**	**42.1**	**357.8**
Liquid funds, at beginning	1,006.9	633.7	1,150.0	792.2	792.2
Change in cash flows	415.3	200.6	272.3	42.1	357.8
Liquid funds, at end *	**1,422.2**	**834.3**	**1,422.2**	**834.3**	**1,150.0**
*** Liquid funds**					
Other financial assets	707.7	364.8	707.7	364.8	531.4
Cash and cash equivalents	862.4	469.4	862.4	469.4	734.3
Cash funds	**1,570.1**	**834.3**	**1,570.1**	**834.3**	**1,265.7**
Other current financial assets (maturity over 3 months)	-147.9		-147.9		-115.7
Liquid funds	**1,422.2**	**834.3**	**1,422.2**	**834.3**	**1,150.0**

NOTES TO THE CONSOLIDATED HALF-YEAR FINANCIAL REPORT 1 JAN - 30 JUN 2022

1. BASIS OF PREPARATION

This consolidated half-year financial report has been prepared in accordance with the Interim Financial Reporting standard IAS 34 and its figures are unaudited. The consolidated half-year financial report has been authorized for publication on 18 July 2022.

2. ACCOUNTING PRINCIPLES

The accounting principles applied in the half-year financial report correspond to the principles disclosed in the Consolidated Financial Statements 2021. The figures presented in the half-year report are rounded and consequently the sum of individual figures may not precisely add up to the corresponding totals stated herein. The reported key figures have been calculated using exact figures.

3. CRITICAL ACCOUNTING ESTIMATES AND SOURCES OF UNCERTAINTY

The preparation of the consolidated half-year financial report requires the company's management to make estimates and assumptions that influence the levels of reported assets and liabilities as well as the revenue and expenses. The actual outcome may differ from the estimates made. The main identified items requiring the use of critical accounting estimates and assumptions include impairment testing, leasing arrangements, pension obligations, maintenance reserves of the fleet, Finnair Plus - customer loyalty program, derivates and hedge accounting as well as deferred tax assets. In addition, the assessment 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 assessment. 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 and in this note.

Finnair's operating environment has become significantly more difficult since the publication of the 2021 financial statements, due to the escalation of the geopolitical situation in Eastern Europe resulting from Russia's attack against Ukraine. The resulting sanctions, and countersanctions, have led to the closure of Russian airspace which has a significant impact on the routings and operating costs of Finnair's flights to Asia. Also, the price of jet fuel is at historically high level in addition to which the future fuel price development, impact of inflation on passenger demand and operational costs as well as the changes in the competitive environment are subject to increased uncertainty. At the same time, the COVID-19 pandemic continues to have an impact on Finnair's business, especially in the Asian markets, which is contributing to the uncertainty relating to the near- and long-term development of its operating environment.

Finnair's management is continuously monitoring the impacts of the war in Ukraine and the other changes in the operating environment and updates its estimates and assumptions based on the latest available information. 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.

Due to the changes in the operating environment and the difficulty of predicting them, the management's estimates and assumptions used in this half-year report as well as the amount of reported assets and liabilities and income and expenses, are subject to greater uncertainty. It is especially difficult to forecast the duration of the Russian airspace closure and therefore, its impact on Finnair's future profitability, financial position and cash flows may differ from the current management estimates and assumptions made. The latest forecast scenarios used in this half-year report as well as their effect on the assessment of the going concern and impairment testing are described in more detail in the notes 4. Board's assessment of Finnair as a going concern and 16. Impairment testing.

4. THE BOARD OF DIRECTORS' ASSESSMENT OF FINNAIR AS A GOING CONCERN

The consolidated half-year financial report for the period ending 30 June 2022 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 on the Group's ability to meet its obligations as they fall due at least 12 months after the half-year financial report is issued. The Board of Directors' assessment is based on the latest business plan approved by the Board of Directors which also considers impacts of the Russian airspace closure and the COVID-19 pandemic on the Group's financial situation. Due to the uncertainty embedded in the economic environment and the difficulty of forecasting its duration, the Board of Directors has considered three different forecast scenarios prepared by the management that cover a period of 30 months from July 2022 until December 2024. The scenarios have been sensitized to reflect differences in the duration of the Russian airspace closure and its impact on the company's scope of business, network and fleet as well as profitability. The main identified uncertainties and management assumptions relating to the forecast scenarios and the going concern assessment are described in more detail in the consolidated financial statements 2021 and in the above note 3. Critical accounting estimates and sources of uncertainty.

Revenue and profitability are expected to improve slower in 2022 and in the following years than what was estimated at the time of the preparation of the 2021 financial statements, which is caused by the closure of the Russian airspace and increased jet fuel prices. According to the optimistic scenario updated in connection with the half-year report, the airspace would open in three years, while in connection with this year's first interim report, the airspace was estimated to open in two years. Correspondingly, under the two more pessimistic scenarios, the Russian airspace would remain closed for the foreseeable future whereas in connection with the earlier interim report, the Russian airspace was estimated to be closed for three or four years. Under the two more pessimistic scenarios, the company expects to optimize its capacity and network taking into account the effects of the Russian airspace closure, and to be able to materially streamline its operations during the years 2022-2024. Under the optimistic scenario, Finnair expects to operate at ca. 70% capacity in 2022 and ca. 89% capacity in 2023 (measured in annual available seat kilometres) as compared to the pre-pandemic levels of 2019. Under the two more pessimistic scenarios, Finnair expects to operate at 69% capacity in 2022 and at 81% capacity in 2023. In the optimistic scenario, the operations are expected to return to the pre-pandemic levels of 2019 in 2025, while under the more pessimistic scenarios, the 2025 annual operational capacity is expected to remain around 84% of the 2019 levels. Finnair will be able to meet its obligations as they fall due at least 12 months after the date that the consolidated half-year report is issued under all scenarios.

While the duration of the Russian airspace closure or COVID-19 pandemic is not in the sphere of Finnair's influence, Finnair continues to adjust its operational capacity and reducing costs. Finnair is also 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.

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 closure of the Russian airspace and 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 half-year report. The Board of Director's conclusion is based on the information available as at the date of the issuance of the half-year financial report and an assessment conducted based on the information assuming, that the company is able to conduct its adjusted business operations according to the plan and to maintain sufficient financing for a period of at least 12 months after the date that the consolidated half-year report is issued. The management and the Board of Directors have also considered events and developments taking place after the balance sheet date and concluded that there is no material impact on the scenarios approved by the Board of Directors and the going concern assessment of the Group.

Despite the various mitigating measures implemented by Finnair, its financial performance in the upcoming months will be significantly affected by the closure of Russian airspace, the pandemic, and high jet fuel prices, leading to weaker financial performance as compared to the pre-pandemic levels, 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, separate segment information is not reported.

Finnair's quarterly revenue increased when compared to the second quarter of 2021 due to cargo operations' strong performance and due to the fact that the COVID-19 impact was more drastic in Q2 2021. The negative impact of COVID-19 pandemic and the related travel restrictions was still clearly visible in the passenger traffic figures especially in Asia. Also, the Russian airspace closure had a moderate negative impact on the Q2 figures which was mainly visible in the revenue from Asian routes.

Revenue by product and traffic area

Q2 2022, EUR in millions	Asia	North Atlantic	Europe	Domestic	Un-allocated	Total	Share %
Passenger revenue	78.8	63.9	212.8	26.5	11.6	**393.6**	71.5
Ancillary and retail revenue	4.1	3.5	9.1	1.6	9.5	**27.7**	5.0
Cargo	58.5	24.5	7.8	0.1	-1.1	**89.8**	16.3
Travel services	0.0	0.1	38.9	0.0	0.1	**39.1**	7.1
Total	**141.4**	**92.0**	**268.6**	**28.2**	**20.1**	**550.3**	
Share %	25.7	16.7	48.8	5.1	3.6		

Q2 2021, EUR in millions	Asia	North Atlantic	Europe	Domestic	Un-allocated	Total	Share %
Passenger revenue	10.0	1.9	27.6	8.4	-3.0	**44.9**	40.2
Ancillary and retail revenue	1.5	0.0	0.9	0.2	2.9	**5.7**	5.1
Cargo	48.5	7.5	7.0	0.1	-1.9	**61.2**	54.8
Travel services	0.0	0.0	-0.1	0.1	0.0	**0.0**	0.0
Total	**60.1**	**9.4**	**35.4**	**8.8**	**-1.9**	**111.8**	
Share %	53.7	8.4	31.7	7.9	-1.7		

Q1-Q2 2022, EUR in millions	Asia	North Atlantic	Europe	Domestic	Un-allocated	Total	Share %
Passenger revenue	127.5	93.1	326.5	58.9	15.3	**621.2**	65.4
Ancillary and retail revenue	7.8	5.6	15.7	3.5	21.8	**54.4**	5.7
Cargo	137.9	51.5	25.0	0.2	-4.2	**210.4**	22.1
Travel services	2.5	0.1	61.1	0.4	0.0	**64.1**	6.7
Total	**275.7**	**150.2**	**428.3**	**63.0**	**32.9**	**950.1**	
Share %	29.0	15.8	45.1	6.6	3.5		

Q1-Q2 2021, EUR in millions	Asia	North Atlantic	Europe	Domestic	Un-allocated	Total	Share %
Passenger revenue	16.7	2.1	51.8	21.0	-3.5	**88.1**	39.1
Ancillary and retail revenue	4.2	-0.5	1.0	0.7	8.8	**14.3**	6.3
Cargo	92.2	13.0	13.2	0.1	3.7	**122.2**	54.2
Travel services	0.0	0.0	-0.1	0.9	0.0	**0.9**	0.4
Total	**113.0**	**14.6**	**65.9**	**22.8**	**9.0**	**225.4**	
Share %	50.1	6.5	29.2	10.1	4.0		

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		

Key figures quarterly, last 24 months	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Revenue	**550.3**	**399.8**	**413.5**	**199.4**	**111.8**	**113.6**	**102.0**	**97.4**
Passenger revenue	393.6	227.6	218.9	113.9	44.9	43.2	36.4	54.7
Ancillary and retail revenue	27.7	26.7	19.4	10.5	5.7	8.6	5.2	8.8
Cargo	89.8	120.5	147.1	65.4	61.2	60.9	59.9	31.7
Travel services	39.1	25.0	28.1	9.7	0.0	0.9	0.5	2.3
Comparable EBITDA	**-6.0**	**-54.1**	**12.6**	**-30.7**	**-70.0**	**-60.9**	**-71.7**	**-81.9**
Comparable operating result	**-84.2**	**-132.9**	**-65.2**	**-109.1**	**-151.3**	**-143.2**	**-162.9**	**-167.0**
Operating result	**-92.9**	**-164.9**	**-60.2**	**-106.0**	**-139.1**	**-149.1**	**-14.6**	**-183.1**

6. STAFF AND OTHER CREW RELATED COSTS

Staff and other crew-related costs increased due to the added capacity, although the achieved cost savings, including the COVID-19-related temporary and permanent layoffs, were visible.

EUR in millions	Q2 2022	Q2 2021	Change %	Q1-Q2 2022	Q1-Q2 2021	Change %	2021
Wages and salaries	-75.9	-46.5	-63.4	-142.9	-86.2	-65.7	-185.8
Defined contribution schemes	-17.8	-7.5	-136.4	-28.9	-14.3	-101.9	-30.1
Defined benefit schemes	-3.0	9.0	-134.0	-6.1	5.0	<-200	6.6
Pension expenses total	-20.9	1.4	<-200	-35.0	-9.3	<-200	-23.4
Other social expenses	-3.9	5.4	-172.0	-12.0	6.4	<-200	-0.6
Salaries, pension and social costs	**-100.7**	**-39.6**	**-154.2**	**-189.8**	**-89.1**	**-113.1**	**-209.9**
Operative staff related costs	-7.4	-1.5	<-200	-12.9	-2.9	<-200	-8.3
Leased and outsourced crew	-4.1	-0.5	<-200	-9.6	-1.4	<-200	-7.2
Other personnel related costs	-1.6	-0.7	-127.6	-3.2	-1.8	-79.6	-3.9
Total	**-113.9**	**-42.4**	**-168.7**	**-215.6**	**-95.2**	**-126.5**	**-229.3**

7. DEPRECIATION AND IMPAIRMENT

EUR in millions	Q2 2022	Q2 2021	Change %	Q1-Q2 2022	Q1-Q2 2021	Change %	2021
Depreciation of owned fleet	-29.8	-43.0	30.6	-60.0	-86.6	30.7	-155.7
Depreciation of other fixed assets	-4.4	-5.3	18.0	-9.8	-10.6	7.7	-20.5
Depreciation of right-of-use fleet	-38.5	-28.6	-34.4	-76.5	-57.6	-32.9	-123.2
Depreciation of right-of-use other assets	-5.5	-4.3	-27.0	-10.7	-8.9	-20.9	-18.5
Depreciation	**-78.2**	**-81.2**	**3.8**	**-157.0**	**-163.6**	**4.0**	**-317.8**
Impairment			-	-32.7		-	-2.0
Total	**-78.2**	**-81.2**	**3.8**	**-189.7**	**-163.6**	**-16.0**	**-319.8**

Impairment for the period is presented more in detail in the note 16. Impairment testing.

8. ITEMS AFFECTING COMPARABILITY

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, the impairment of owned A330 aircraft, certain changes in defined benefit pension plans and restructuring costs are not included in the comparable operating result.

EUR in millions	Q2 2022 Reported	Q2 2022 Items affecting compa-rability	Q2 2022 Compa-rable	Q2 2021 Reported	Q2 2021 Items affecting compa-rability	Q2 2021 Compa-rable
Revenue	**550.3**		**550.3**	**111.8**		**111.8**
Other operating income	40.8	-2.8	38.0	7.8	0.0	7.8
Operating expenses						
Staff and other crew related costs	-113.9		-113.9	-42.4	-11.5	-53.9
Fuel costs	-229.0	-0.1	-229.2	-30.9	0.1	-30.8
Capacity rents	-24.7		-24.7	-15.0		-15.0
Aircraft materials and overhaul	-50.2	11.6	-38.6	-17.6	-1.9	-19.5
Traffic charges	-50.0		-50.0	-19.0		-19.0
Sales, marketing and distribution costs	-28.3		-28.3	-6.0		-6.0
Passenger and handling services	-79.0		-79.0	-22.5		-22.5
Property, IT and other expenses	-30.6	0.1	-30.5	-24.1	1.1	-23.0
EBITDA			**-6.0**			**-70.0**
Depreciation and impairment	-78.2		-78.2	-81.2		-81.2
Operating result	**-92.9**	**8.7**	**-84.2**	**-139.1**	**-12.1**	**-151.3**

EUR in millions	Q1-Q2 2022 Reported	Q1-Q2 2022 Items affecting compa-rability	Q1-Q2 2022 Compa-rable	Q1-Q2 2021 Reported	Q1-Q2 2021 Items affecting compa-rability	Q1-Q2 2021 Compa-rable	2021 Reported	2021 Items affecting compa-rability	2021 Compa-rable
Revenue	**950.1**		**950.1**	**225.4**		**225.4**	**838.4**		**838.4**
Other operating income	60.4	-6.8	53.6	17.3	-0.6	16.6	62.5	-23.3	39.2
Operating expenses									
Staff and other crew related costs	-215.6		-215.6	-95.2	-11.3	-106.4	-229.3	-19.5	-248.9
Fuel costs	-365.7	-0.3	-366.0	-61.2	0.0	-61.2	-211.4	0.0	-211.4
Capacity rents	-47.6		-47.6	-30.2		-30.2	-71.3		-71.3
Aircraft materials and overhaul	-88.4	15.0	-73.4	-38.6	4.4	-34.2	-117.2	25.5	-91.7
Traffic charges	-101.6		-101.6	-39.9		-39.9	-120.4		-120.4
Sales, marketing and distribution costs	-49.0		-49.0	-10.1		-10.1	-38.1		-38.1
Passenger and handling services	-149.8		-149.8	-46.3		-46.3	-148.0		-148.0
Property, IT and other expenses	-60.9	0.1	-60.8	-45.8	1.1	-44.7	-99.7	2.9	-96.8
EBITDA			**-60.1**			**-130.9**			**-149.0**
Depreciation and impairment	-189.7	32.7	-157.0	-163.6		-163.6	-319.8		-319.8
Operating result	**-257.8**	**40.7**	**-217.1**	**-288.2**	**-6.3**	**-294.5**	**-454.4**	**-14.4**	**-468.9**

Items affecting comparability include an impairment of 32.7 million euros related to four owned A330 aircraft, unrealized exchange rate difference of 15.0 million euros related to aircraft maintenance provisions and sales gain of 6.8 million euros on four A321 aircraft.

9. MANAGEMENT OF FINANCIAL RISKS

No significant changes have been made to the Group's risk management principles in the reporting period. The objectives and principles of risk management are consistent with the information presented in the Group's 2021 financial statements. The tables below present the nominal value or the amount and net fair value of derivative contracts used in Group's hedge accounting. In addition to derivates Finnair has also used USD denominated investments and deposits to hedge its balance sheet exposure. The amount of these investments and deposits at the end of Q2 2022 was over 400 million dollars.

The appreciated US dollar against the euro and the increased price of jet fuel has had a positive impact on the valuations of derivatives. On a quarter-on-quarter basis, the US dollar appreciated 11.6% against the euro and jet fuel price increased 116.5%.

Derivatives, EUR in millions	**30 Jun 2022**		**30 Jun 2021**		**31 Dec 2021**	
	Nominal value	Fair net value	Nominal value	Fair net value	Nominal value	Fair net value
Currency derivatives						
Operational cash flow hedging (forward contracts)	176.1	4.9	138.6	0.5	57.4	0.7
Operational cash flow hedging (options)						
Bought options			18.7	0.0	4.5	0.0
Sold options			16.6	-0.1	4.3	0.0
Fair value hedging of aircraft acquisitions	177.6	8.6	161.4	2.2	162.9	8.8
Hedge accounting items total	353.7	13.5	335.3	2.6	229.2	9.5
Operational cash flow hedging (forward contracts)			43.3	1.9		
Balance sheet hedging (forward contracts)	342.1	6.4	261.8	0.6	270.1	0.0
Items outside hedge accounting total	342.1	6.4	305.1	2.6	270.1	0.0
Currency derivatives total	**695.7**	**19.9**	**640.5**	**5.2**	**499.3**	**9.5**
Commodity derivatives						
Jet fuel forward contracts, tonnes	56,000	11.7	137,000	9.2	68,000	3.9
Options						
Bought options, jet fuel, tonnes	65,000	1.3				
Sold options, jet fuel, tonnes	45,000	-1.8				
Hedge accounting items total	166,000	11.1	137,000	9.2	68,000	3.9
Jet fuel forward contracts, tonnes			136,000	2.1		
Options						
Bought options, jet fuel, tonnes	45,000	0.3				
Items outside hedge accounting total	45,000	0.3	136,000	2.1		
Commodity derivatives total	**211,000**	**11.4**	**273,000**	**11.3**	**68,000**	**3.9**
Currency and interest rate swaps and options						
Cross currency interest rate swaps	289.1	32.5	281.3	1.2	280.3	12.3
Items outside hedge accounting total	289.1	32.5	281.3	1.2	280.3	12.3
Interest rate derivatives total	**289.1**	**32.5**	**281.3**	**1.2**	**280.3**	**12.3**
Derivatives total		**63.8**		**17.6**		**25.7**

10. FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE

Fair value hierarchy of financial assets and liabilities valued at fair value			
Fair values at the end of the reporting period, EUR in millions	30 Jun 2022	Level 1	Level 2
Financial assets at fair value through profit and loss			
Securities held for trading	707.7	697.7	10.0
Derivatives held for trading			
Currency and interest rate swaps and options	32.5		32.5
Currency derivatives	20.0		20.0
- of which in fair value hedge accounting	8.6		8.6
- of which in cash flow hedge accounting	5.0		5.0
Commodity derivatives	18.4		18.4
- of which in cash flow hedge accounting	17.9		17.9
Total	**778.6**	**697.7**	**80.9**
Financial liabilities recognised at fair value through profit and loss			
Derivatives held for trading			
Currency derivatives	0.1		0.1
- of which in cash flow hedge accounting	0.1		0.1
Commodity derivatives	7.0		7.0
- of which in cash flow hedge accounting	6.8		6.8
Total	**7.1**		**7.1**

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 second quarter of the year 2022.

12. INCOME TAXES

The group's effective tax rate in the reporting period Q1-Q2 2022 was -29.1% (-20.0%) as Finnair has not recognized deferred tax assets arising from the first and second quarter's taxable losses due to the significant uncertainty caused by the closure of the Russian airspace.

In addition, the company's Board of Directors expects, that based on the forecast scenarios and their expected probabilities updated in connection with the half-year report, Finnair will probably not be able to use all of the confirmed 706-million-euro taxable losses from 2020 and the unconfirmed 376-million-euro taxable losses from 2021 before their 10-year statute of limitations. Thus, a deferred tax asset write-down of 117 million euros was recognized in the reporting period, corresponding to taxable losses of approximately EUR 585 million euros. The change in the estimate of the utilization of the deferred tax asset is mainly due to the lengthening of the estimated duration of the closure of the Russian airspace, which weakens the predicted taxable income accumulated in the future against which the losses could be used. In connection with the first interim report of 2022, the closure of Russian airspace was estimated to last two to four years, while according to the forecast scenarios updated in connection with the half-year report, it is estimated to last from 3 years up until foreseeable future. Forecast scenarios are described in more detail in note 4. Board's assessment of Finnair as a going concern and note 16. Impairment testing.

The netted deferred tax asset recognized in the consolidated balance sheet at the end of the reporting period was 72.8 million euros (31 December 2021: 191.9) which includes the remaining deferred tax assets of 99 million euros related to the taxable losses of 2020 and 2021. Deferred tax assets and liabilities recognized in the balance sheet are netted as they are levied by the same taxing authority and Finnair has a legally enforceable right to set off the balances. Deferred tax assets of the first half of the financial year 2022 were not recognized for the estimated tax losses of approximately 175 million euros and the lease contract related losses of 104 million euros, which were mainly derived from exchange rate differences. The deferred tax asset is recognized up to the amount where it is probable that future taxable income will be generated against which the temporary difference can be utilized, also taking into account the tax planning methods available to Finnair relating to accumulated tax depreciations. The Board's assessment of the future taxable profit is based on the latest forecasts scenarios which are described in more detail in note 4. Board's assessment of Finnair as a going concern and note 16. Impairment testing.

13. DIVIDEND PER SHARE

In accordance with the proposal of the Board of Directors, the Annual General Meeting on 7 April 2022 resolved that no dividend was paid for the year 2021. 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.

14. CHANGE IN FIXED ASSETS

EUR in millions	30 Jun 2022	30 Jun 2021	31 Dec 2021
Carrying amount at the beginning of period	1,108.6	1,625.5	1,625.5
Additions	58.9	12.5	28.7
Change in advances	-15.5	3.2	26.3
Currency hedging of aircraft acquisitions	0.2	-16.0	-22.6
Disposals and reclassifications	-0.3	-5.4	-371.0
Depreciation	-69.8	-97.1	-176.2
Impairment	-32.7		-2.0
Carrying amount at the end of period	**1,049.5**	**1,522.7**	**1,108.6**

The additions to fixed assets are mainly related to the cabin renewal of Finnair's widebody aircraft which was launched during the first quarter of the year.

Assets held for sale

During Q4 2021, Finnair transferred four A321 aircraft to assets held for sale of which two aircraft were sold in February 2022 and the other two in April 2022. The sales gain from all four aircraft transactions totalled to 6.8 million euros.

15. CHANGE IN RIGHT-OF-USE ASSETS

EUR in millions	30 Jun 2022	30 Jun 2021	31 Dec 2021
Carrying amount at the beginning of period	1,181.7	917.5	917.5
New contracts	4.8	6.6	380.6
Reassessments and modifications	36.6	-1.3	25.3
Depreciation	-87.2	-66.4	-141.6
Carrying amount at the end of period	**1,135.8**	**856.4**	**1,181.7**

In Q2 2022, the reassessments and modifications are mainly due to changes in the index rates. Additionally, in June, Finnair used the early termination option for one A319 narrowbody aircraft which decreased both the right-of-use asset and the lease liability by 1.8 million euros.

16. IMPAIRMENT TESTING

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. The recoverable amount is determined as the higher of the asset's fair value less costs to sell or its value in use. Finnair applies the value in use model as its primary method for determining the recoverable amount of the assets. Finnair's impairment testing based on the value in use model is described in more detail in the consolidated financial statements 2021 and below.

Finnair considers the various adverse economic and business implications relating to the COVID-19 pandemic and the closure of the Russian airspace following the war in Ukraine as indications of possible impairment, and therefore, impairment test has been carried out as of 30 June 2022. Such indicators include the unprecedented global market disruptions caused by the pandemic and the war in Ukraine as well as their negative impacts on the Group's operating environment, financial performance, and lower capacity utilization rates. The impairment review based on value in use approach is carried out at the level of a cash generating unit ('CGU') and is based on Finnair's current business model and fleet as at the reporting date. 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 have been identified to belong to the CGU for impairment testing purposes. The intangible assets with indefinite useful life amount to 1.4 million euros (31 March 2022: 1.4). Assets that are held for sale are excluded from the 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 on 30 June 2022 was 1,800.5 million euros (31 March 2022: 1,950.3) and the carrying amount of the assets 1,551.0 million euros (31 March 2022: 1,807.3).

The value in use measurement is based on a discounted cash flow model where the cash flow projections are based on the latest business plan approved by the Board of Directors and a management forecast covering a five-year period. The cash flows beyond the five-year period are projected to increase in line with management's long-term growth assumptions. In order to consider the increased uncertainty caused by the war in Ukraine and the COVID-19 pandemic on the future outlook, Finnair is utilizing the expected cash flow approach, which is using multiple, probability-weighted cash flow projections based on the 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 interim financial report. In determining the probabilities of the scenarios, the management has considered, in particular, the heightened uncertainty surrounding the duration of the airspace closure in Russia, but also the uncertainty of the pace of the post-pandemic recovery.

The modelling of cash flows is based on the latest forecast scenarios prepared by the management which are described in note 4. The Board of Directors' assessment of Finnair as a going concern. The scenarios differ mainly in the duration of the Russian airspace closure which is, under the optimistic scenario, estimated to last around 3 years and under the more pessimistic scenarios the closure is expected to last until foreseeable future. In the optimistic scenario, which is considered to have a probability of 40%, the operations are expected to return to the pre-pandemic levels of 2019 in 2025. Under the two more pessimistic scenarios, each of which are considered to have a 30% probability, the 2025 annual operational capacity is expected to be ca. 84% of the of the 2019 levels.

Key assumptions used in impairment review	30 Jun 2022	31 Mar 2022	31 Dec 2021
Discount rate (post-tax, long-term weighted average cost of capital), %	7.9	7.5	7.7
Discount rate (pre-tax, long-term weighted average cost of capital), %	9.0	8.5	8.8
Long-term growth rate, %	2.6	2.8	2.8
Fuel cost range per ton (USD)	1014–1300	912–1021	768–864

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 the consolidated financial statements 2021 and in this interim report's note 3. Critical accounting estimates and uncertainties. The main factors requiring significant management judgement include, in particular, estimating a duration for the Russian airspace closure as well as the speed of the post-pandemic demand recovery and unit revenue development. It is especially difficult to predict the duration of the Russian airspace closure. Finnair has considered the impact of these management estimates on the impairment testing by using the 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, the cost of jet fuel, the terminal growth rate, and changes in the discount rate, which are the key assumptions used in the calculation.

The estimated business growth and EBITDA are based on the management's best assessment of the duration of the Russian airspace closure, the pace of recovery from the pandemic as well as the development of market demand and environment. The estimates are benchmarked against external information sources when available, such as long-term average growth estimates for the industry. The increased uncertainty related to the COVID-19 is considered through the multiple scenarios and the expected cash flow approach used in impairment testing as well as in the discount rate. 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. Fuel price is based on hedge-weighted fuel price based on the 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 the impairment testing would react to the changes in key assumptions. The sensitivity analysis considers changes in one assumption at the time, whereby the other assumptions are kept unchanged. The result of the sensitivity analysis reflects the sensitivity of the recoverable amount based on expected cash flow model.

Sensitivities of the key assumptions	30 Jun 2022	31 Mar 2022	31 Dec 2021
EBITDA margin%, per cent point	-0.5	-0.2	-1.1
Discount rate, per cent point	+0.8	+0.3	+1.4
Long-term growth rate, per cent point	-1.1	-0.4	-1.5
Fuel cost, per cent	+1	+1	+4

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 Commission's 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.

The EU Commission's competition authority approved the extension of the 540-million-euro guarantee related to the pension premium loan on 20 June 2022.

State aid in hybrid loan and conversion to capital loan

Finnair and the State of Finland signed an agreement on 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.

The EU Commission's competition authority approved the remaining, approximately 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.

On 22 June 2022, Finnair withdrew 290 million euros of hybrid bond, which was converted into capital loan on 30 June 2022 based on the decision of the States Council. The EU Commission's competition authority approved the conversion of the hybrid loan facility into capital loan on 20 June 2022. More information about the capital loan can be found under the section 20. Capital loan.

18. PENSION ASSETS

Pension assets were 102.6 million euros (31 December 2021: 80.9). During the first half of 2022, total amount recognised in other comprehensive income was 27.5 million euros, which includes the gain of 67.0 million euros caused by change in discount rate to 3.04% (31 December 2021: 0.74%), the loss of 35.5 million euros on plan assets and the loss of 4.1 million euros caused by professional disability pensions. Service costs of 5.8 million euros were recognised in income statement.

19. INTEREST-BEARING LIABILITIES

Appreciated US dollar has increased the amount of lease liabilities as majority of the lease liabilities are US dollar denominated.

Interest-bearing liabilities		Fair value			Book value	
EUR in millions	30 Jun 2022	30 Jun 2021	31 Dec 2021	30 Jun 2022	30 Jun 2021	31 Dec 2021
Non-current interest-bearing liabilities						
Lease liabilities	1,232.2	839.5	1,204.1	1,232.2	839.5	1,204.1
Loans from financial institutions		599.2	299.7		599.2	299.7
Bonds	332.1	408.9	406.2	397.6	396.8	397.2
JOLCO loans* and other	288.1	295.1	289.4	288.1	295.1	289.4
Total	**1,852.4**	**2,142.7**	**2,199.3**	**1,917.9**	**2,130.6**	**2,190.3**
Current interest-bearing liabilities						
Lease liabilities	196.9	143.2	176.9	196.9	143.2	176.9
Loans from financial institutions	599.7		299.8	599.7		299.8
Bonds		99.8	98.9		98.8	98.9
JOLCO loans* and other	40.3	50.0	43.1	40.3	50.0	43.1
Total	**836.8**	**293.0**	**618.6**	**836.8**	**292.1**	**618.6**

* 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. The transactions are treated as loans and owned aircraft in Finnair's accounting.

Maturity dates of financial liabilities as at 30 Jun 2022 EUR in millions	1-12 months	13-24 months	25-36 months	37-48 months	49-60 months	Later	Total
Lease liabilities, fixed interest	146.3	150.8	155.7	134.5	97.1	408.6	**1,093.1**
Lease liabilities, variable interest	50.5	52.5	53.1	35.3	30.9	113.8	**336.0**
Loans from financial institutions, variable interest	600.0						**600.0**
Bonds, fixed interest			400.0				**400.0**
JOLCO loans and other, fixed interest			25.9	12.9			**38.8**
JOLCO loans and other, variable interest	40.3	42.3	102.8	38.9	10.5	57.9	**292.6**
Interest-bearing financial liabilities total*	**837.1**	**245.6**	**737.5**	**221.6**	**138.5**	**580.2**	**2,760.5**
Payments from interest rate and currency derivatives	695.8						**695.8**
Income from interest rate and currency derivatives	-736.3	-11.3					**-747.6**
Commodity derivatives	-11.4	0.1					**-11.4**
Trade payables and other liabilities	265.4						**265.4**
Interest payments	118.2	87.9	79.9	42.8	31.6	103.6	**463.9**
Total	**1,168.8**	**322.2**	**817.4**	**264.3**	**170.2**	**683.8**	**3,426.7**

Finnair has 600 million euros of pension premium loan maturing during the next year. 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. In accordance with the loan terms, the pension premium loan is required to have a guarantee. The guarantee granted to Finnair by the State of Finland is described in more detail in note 17. State aid related to Finnair's refinancing.

* The bonds maturing do not include the amortised cost of 2.6 million euros paid in 2021 and due in 2025. Respectively, JOLCO loans do not include the amortised cost of 3.1 million euros paid on 2016 and due in 2025. Loans from financial institutions do not include the amortised cost of 0.3 million euros paid in 2020 and due in 2022. Therefore, the total amount of interest-bearing financial liabilities differs from the book value by the amount equal to the amortised costs.

20. CAPITAL LOAN

Finnair has withdrawn 290 million euros of hybrid bond on 22 June 2022, which has been converted into capital loan on 30 June 2022. After the withdrawal and conversion there is still 110 million euros of undrawn capital loan available for Finnair if its cash or equity position would drop below the limits defined in the capital loan's terms and conditions. The withdrawn amount has been booked to the parent company's equity as its own tranche.

Finnair pays from the facility a reference interest rate added with margin defined in the capital loan agreement. At the time of the withdrawal the margin of the capital loan was 3.5% and reference rate was 0% according to the terms and conditions. Margin of the capital loan will increase annually based on the margin ratchet included in the terms and conditions of the capital loan agreement. Additionally, Finnair pays utilisation fee for the capital loan. The amount of the utilisation fee is tied to the amount of withdrawn capital loan according to its terms and conditions. At the time of withdrawal, the annual cost from the utilisation fee was 2 per cent. In addition to the utilisation fee, Finnair pays commitment fee on the undrawn portion of the capital loan totalling to 20 per cent of capital loan margin.

The capital loan does not have a determined maturity date, and it can be repaid in accordance with the Limited Liability Companies Act and terms and conditions specified in the capital loan agreement. Finnair can pay accrued interest and other payments from the loan if the conditions and the rules of the Limited Liability Companies Act are met. The interest accrued on the capital loan has not been recorded as an expense.

EUR in millions	30 Jun 2022	31 Mar 2022
Accrued interest from capital loan	0.2	

21. PROVISIONS

EUR in millions	30 Jun 2022	30 Jun 2021	31 Dec 2021
Aircraft maintenance provision			
Provision at the beginning of period	195.9	162.8	162.8
Provision for the period	18.8	7.0	32.0
Provision used	-10.7	-5.2	-12.7
Provision reversed	-1.9	-0.5	-1.3
Provision for right-of-use assets redelivery	-1.1	0.2	2.2
Unwinding of discount	2.1	0.5	1.4
Exchange rate differences	15.0	4.4	11.7
Aircraft maintenance provision total	**218.2**	**169.3**	**195.9**
Of which non-current	184.2	156.5	184.6
Of which current	34.0	12.8	11.3
Other provisions			
Provision at the beginning of period	3.8	13.0	13.0
Provision for the period	0.6	2.5	1.9
Provision used	-0.7	-7.9	-9.0
Provision reversed	-0.3	-0.7	-2.1
Other provisions total	**3.4**	**7.0**	**3.8**
Of which non-current	1.1	1.6	1.4
Of which current	2.3	5.4	2.5
Total	**221.6**	**176.3**	**199.8**
Of which non-current	185.3	158.1	186.0
Of which current	36.3	18.1	13.8

Non-current aircraft maintenance provisions are expected to be used by 2034.

In balance sheet, the non-current provisions and other liabilities totalling to 198.3 million euros (31 December 2021: 200.7) include, in addition to provisions, other non-current liabilities totalling to 13.0 million euros (31 December 2021: 14.7), which mainly consists of long-term incentives for the Executive Board and other personnel as well as received lease deposits.

22. DEFERRED INCOME AND ADVANCES RECEIVED

EUR in millions	30 Jun 2022	30 Jun 2021	31 Dec 2021
Deferred revenue on ticket sales	455.8	92.3	202.7
Loyalty program Finnair Plus	41.0	52.6	55.1
Advances received for tour operations	35.9	7.6	15.2
Other items	20.7	19.3	18.1
Total	**553.4**	**171.8**	**291.1**

23. CONTINGENT LIABILITIES

EUR in millions	30 Jun 2022	30 Jun 2021	31 Dec 2021
Guarantees on behalf of group undertakings	58.4	46.1	51.0
Total	**58.4**	**46.1**	**51.0**

Investment commitments for property, plant and equipment as of 30 June 2022 totalled 380.8 million euros (31 December 2021: 355.3). In Q2 2022, the guarantees on behalf of group undertakings increased as the tour operations bookings has increased.

Lease commitments as of 30 June 2022 totalled to 18.4 million euros (31 December 2021: 18.0). These include VAT obligations., short-term leases of facilities and lease contracts of IT equipment that do not qualify as IFRS 16 leases.

24. RELATED PARTY TRANSACTIONS

Related parties of the Finnair group include 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 2021: 55.9%) of Finnair's shares. All the transactions with other government owned companies and other related parties are on arm's length basis and are on similar terms than transactions carried out with independent parties.

EUR in millions	Q1-Q2 2022	Q1-Q2 2021	2021
Sales of goods and services			
Associates and joint ventures	13.1	7.6	18.2
Pension fund	0.1	0.0	0.1
Employee benefits			
Pension fund	5.9	-5.5	-7.4
CEO and Executive Board	0.9	2.4	4.6
The Board of Directors	0.2	0.2	0.4
Purchases of goods and services			
Associates and joint ventures	38.8	32.8	73.0
Pension fund	1.0	1.0	2.0
Financial income			
Associates and joint ventures		1.0	1.6
Pension fund	0.3	0.0	0.1
Receivables			
Associates and joint ventures	6.3	33.0	17.0
Pension fund	100.7	68.9	78.9
Liabilities			
Associates and joint ventures	4.6	4.7	6.1

25. EVENTS AFTER THE REVIEW PERIOD

There have not been any material events after the review period.