

Half-Year Financial Report

VIKING LINE

for the period January-June 2023

A half-year that exceeds expectations

JANUARY-JUNE 2023

(compared to January-June 2022)

- Sales amounted to EUR 226.3 M (EUR 199.8 M).
- Other operating revenue was EUR 8.9 M (EUR 8.3 M).
- Operating income totalled EUR 17.1 M (EUR -8.0 M).
- Net financial items were EUR -7.9 M (-4.7 M).
- Income before taxes totalled EUR 9.2 M (EUR -12.7 M).
- Income after taxes totalled EUR 6.9 M (EUR -9.8 M).

Outlook for the full financial year 2023

The Board of Directors has decided to revise its earnings outlook for 2023. Provided that energy prices remain at current levels, Viking Line's Board of Directors believes that income before taxes will be significantly better than last year.

On June 21, 2023, the outlook was:

Provided that energy prices remain at current levels, Viking Line's Board of Directors believes that income before taxes will be better than last year.

SECOND QUARTER 2023

(compared to second quarter 2022)

- Sales amounted to EUR 132.4 M (EUR 141.0 M).
- Other operating revenue was EUR 0.1 M (EUR 2.4 M).
- Operating income totalled EUR 18.0 M (EUR 10.1 M).
- Net financial items were EUR -4.4 M (EUR -2.5 M).
- Income before taxes totalled EUR 13.6 M (EUR 7.6 M).
- Income after taxes totalled EUR 10.6 M (EUR 6.3 M).

COMMENTS FROM PRESIDENT AND CEO JAN HANSES

Results for the first half of the year exceeded expectations and give cause for an improved full-year outlook. Passenger and cargo volumes continued to rise, despite a smaller number of vessels, while the planned price levels were reached. Bunker (vessel oil) prices have gradually fallen but are still very high relative to before the pandemic and Russia's war of aggression against Ukraine.

On January 17, Rosella was sold and delivered to a Greek buyer. The capital gain from the sale boosted earnings for the first half of the year. In March 2023, Viking XPRS was reflagged to a Finnish flag. As a result, it was possible to transfer staff onboard Rosella to the company's other vessels, while restructuring negotiations were conducted in order to adapt the land-based organization to the situation after the sale of Viking Line's vessels. Despite these measures, staff performance has been excellent and contributed to half-year earnings.

For Viking Line, traffic on the short-haul route between Mariehamn and Kapellskär ended with the sale of Rosella. We see that some passengers on this route have chosen to sail on our other vessels from Stockholm to Åland. Starting in 2024, our traffic will fall under the EU Emissions Trading System, which means a cost will be imposed on us that we can only partly offset in the medium term through continued energy efficiency work. Fossil-free fuels are not available in a quantity and at prices that are economically viable. The introduction of a temporary island exemption from the EU Emissions Trading System for traffic between Finland and Åland is thus well justified since the transition to fossil-free fuels is not determined by the cost of emissions rights but by the supply of alternative fossil-free fuels. We do not intend to lower our ambitions to reduce emissions from our traffic because the introduction of the island exemption. On the contrary, we will use the cost savings for the continued work aimed at transitioning to fossil-free fuels and increasing energy efficiency.

During the first six months of the year, nearly 2.2 million passengers sailed with Viking Line's vessels. Occupancy rates have been good on all the vessels. On the route between Turku, Åland and Stockholm, travel was intense on Viking Grace and the new Viking Glory. Market share for the first six months was over 73%. To sum up, I can note that the first six months of 2023 were very strong, even excluding the income effect of the sale of Rosella.

We are really pleased that we have now also been able to announce our plans to partner with Gotlandsbolaget, for which we see great potential.

I would like to extend my warm thanks to our customers and partners for their faith and good collaboration. I would also like to give a big thank you to our engaged staff, who contributed to our half-year earnings with their good work.

KEY RATIOS, SUMMARY

EUR M	Apr 1, 2023- Jun 30, 2023	Apr 1, 2022- Jun 30, 2022	Jan 1, 2023- Jun 30, 2023	Jan 1, 2022- Jun 30, 2022	Jan 1, 2022- Dec 31, 2022
Sales	132.4	141.0	226.3	199.8	494.7
Other operating revenue	0.1	2.4	8.9	8.3	24.1
Operating income	18.0	10.1	17.1	-8.0	38.3
Income before taxes	13.6	7.6	9.2	-12.7	28.3
Income for the period	10.6	6.3	6.9	-9.8	23.0

SERVICE AND MARKET

During the first half of the year, the Viking Line Group provided passenger and cargo carrier services using five vessels in the northern Baltic Sea and the Gulf of Finland.

Viking Grace was dry-docked during the period January 16 to February 12. During this time, it was replaced by Viking Cinderella on the Turku-Mariehamn/Långnäs-Stockholm route. After that, Viking Cinderella resumed its regular day cruise service between Stockholm and Mariehamn.

Rosella sailed between Mariehamn and Kapellskär until January 8, when it was taken out of service. Viking XPRS was out of service for three days in conjunction with the vessel's delisting from Estonia's register of bareboat charterers and entry in the Åland Register of Ships on March 6. The vessel now sails under the Finnish flag.

Last year, on March 1, 2022, Viking Glory was launched on the Turku-Mariehamn/Långnäs-Stockholm route, since which time it serves in tandem with Viking Grace. Amorella ceased operating the same route on February 28, 2022.

During the comparative period, Viking Cinderella served the Turku-Mariehamn/Långnäs-Stockholm route from January 17 to February 23, 2022, after which time it resumed its regular day cruise service between Stockholm and Mariehamn on February 24.

During the first half of last year, Viking Cinderella, Viking XPRS, Gabriella and Rosella were dry-docked.

The total number of passengers on the Group's vessels during the report period was 2,185,843 (1,875,706). The Group had a total market share in its service area of approximately 34.8% (35.4%).

Market demand for travel since the beginning of the year has been significantly higher compared to the same period last year, which was affected by pandemic restrictions.

The Group's total cargo volume was 64,872 cargo units (59,522). The Group's share of the cargo market was approximately 16.9% (14.5%). Demand for cargo in our service area during the period was high but characterized by great weekly variations, and the prevailing situation in Europe makes it especially sensitive. Viking Line increased its cargo market share under these conditions.

The market share for passenger cars was approximately 27.3% (29.4%).

SALES AND EARNINGS FOR JANUARY – JUNE 2023

Consolidated sales increased 13.3% to EUR 226.3 M during the period January 1– June 30, 2023 (EUR 199.8 M January 1–June 30, 2022). Operating income totalled EUR 17.1 M (EUR -8.0 M). During the period, Rosella was sold, which had a positive income effect of EUR 8.6 M.

Passenger-related revenue increased 14.7% to EUR 201.1 M (EUR 175.2 M), while cargo sales were EUR 23.6 M (EUR 23.2 M) and other operating revenue was EUR 1.6 M (EUR 1.4 M). The sales contribution was EUR 172.4 M (EUR 151.7 M).

Operating expenses decreased 3.0% to EUR 150.7 M (EUR 155.4 M). Salary and other employment benefit expenses increased 5.4% or EUR 2.7 M, while other operating expenses decreased 7.1% or EUR 7.4 M. The decrease in operating expenses is due to lower fuel costs, which decreased 27.5% or EUR 11.7 M.

In January and February 2022, the Group received aid for public service obligations from Traficom, the Finnish Transport and Communications Agency, for the Group's vessels on the Turku-Mariehamn/Långnäs–Stockholm and Mariehamn-Kapellskär routes. In June 2022, the Group received EUR 2.1 M in State aid which consists of aid for uncovered fixed costs. This aid is recognized as State aid under other operating revenue.

SALES AND EARNINGS FOR THE SECOND QUARTER 2023

Consolidated sales decreased 6.1% to EUR 132.4 M during the period April 1– June 30, 2023 (EUR 141.0 M April 1–June 30, 2022). Operating income totalled EUR 18.0 M (EUR 10.1 M).

Passenger-related revenue decreased 5.7% to EUR 120.7 M (EUR 128.0 M), while cargo-related revenue was EUR 10.9 M (EUR 12.3 M) and other revenue was EUR 0.8 M (EUR 0.7 M). The sales contribution was EUR 101.1 M (EUR 106.4 M). Operating expenses decreased 16.7% to EUR 76.4 M (EUR 91.8 M).

Salary and other employment benefit expenses decreased 3.3% or EUR 1.0 M while operating expenses decreased 23.1% or EUR 14.3 M, with fuel costs decreasing 47.6% or EUR 12.4 M.

INVESTMENTS AND FINANCE

The Group's investments for the period January 1 to June 30, 2023, amounted to EUR 7.7 M (EUR 12.7 M). The Group's total investments represent 3.4% of sales (6.4%). Most are attributable to the dry-docking of Viking Grace and cabin upgrades on both Gabriella and Cinderella.

The Group's long-term interest-bearing liabilities on June 30, 2023, totalled EUR 168.5 M (EUR 227.3 M).

The debt/equity ratio was 47.6% compared to 40.2% for the same period in 2022.

The Group's cash and cash equivalents at the end of June totalled EUR 97.7 M (EUR 103.6 M). Unutilized credit lines in the Group totalled EUR 0.1 M (EUR 15.1 M).

Net cash flow from operating activities was EUR 30.7 M (EUR 13.3 M). Net cash flow from investing activities was EUR 4.5 M (EUR -11.1 M) and net cash flow from financing activities was EUR -26.6 M (EUR -13.2 M).

Most of the Group's loan agreements include loan covenants according to market terms. The financial covenants in the loan agreements consist of minimum requirements for liquidity and solvency and a maximum net financial debt-to-EBITDA ratio.

The dividend restriction in one of the Group's loan agreements continues to apply in the event the Group's debt-to-EBITDA ratio exceeds 5.0.

ORGANIZATION AND PERSONNEL

The average number of employees in the Group was 2,138 (2,035), 1,611 (1,547) of whom worked in the parent company. Land-based personnel totalled 469 (434) and shipboard personnel totalled 1,669 (1,601). In addition to the Group's own employees, Viking XPRS was crewed by an average of 65 (166) people employed by a staffing company. Since the reflagging of the vessel to the Finnish flag on March 6, 2023, the vessel is staffed with Viking Line employees.

During the winter, the company held restructuring negotiations with Finnish land-based staff and co-determination negotiations with Swedish land-based staff on account of the reduction in the company's fleet. Costs have had to be adjusted as a result.

During the comparative period, some shipboard and land-based staff were also made redundant.

RISK FACTORS

Viking Line's operations are exposed to different kinds of risks, which vary in their scope and impact on operations, financial results and the company's ability to meet certain social and environmental objectives. The relevant risks have been classified into four categories: strategic,

operational, damage and financial risks. The risks continue to be the same since Viking Line's financial statements for the financial year 2022 were published.

As of June 30, 2023, the Group had no fixed-price agreements for bunker purchases or equivalent derivative contracts, but the company has an agreement for liquefied natural gas (LNG) deliveries in effect until September 2024. Rising market interest rates have a negative impact on net financial items. Some 78% of the Group's credits have variable interest rates, while 22% have fixed interest rates.

OUTLOOK FOR THE FINANCIAL YEAR 2023

The Board of Directors has decided to revise its earnings outlook for 2023. Provided that energy prices remain at current levels, Viking Line's Board of Directors believes that income before taxes will be significantly better than last year.

On June 21, 2023, the outlook was:

Provided that energy prices remain at current levels, Viking Line's Board of Directors believes that income before taxes will be better than last year.

EVENTS AFTER THE BALANCE SHEET DATE

On August 9, Viking Line together with Gotlandsbolaget announced that the companies intend to form a joint venture entrusted with the task of developing and providing cruises with

M/S Birka Stockholm between Stockholm-Mariehamn and Stockholm-Mariehamn-Visby.

Gotlandsbolaget acquired M/S Birka Stockholm in March 2023 for EUR 38 M and has now agreed to sell 50 per cent of the vessel to Viking Line for EUR 19 M. The aim is for service to be launched in spring 2024. The completion of this business transaction and the start-up of the new joint venture are contingent on the approval of the Swedish Competition Authority. On August 23, the Swedish Competition Authority announced that it has decided not to take any action on this concentration, which means the business transaction will proceed as planned.

The Board of Directors knows of no other significant events after the balance sheet date that could affect the Half-Year Report.

Mariehamn, August 24, 2023

VIKING LINE ABP

The Board of Directors

Financial information

The Board of Directors' Half-Year Report was prepared in accordance with IFRS accounting standards and valuation principles. The accounting principles and measurement principles applied are the same as for the year-end financial statements for 2022. The figures have not been audited.

Consolidated income statement

EUR M	Note	Apr 1, 2023- Jun 30, 2023	Apr 1, 2022- Jun 30, 2022	Jan 1, 2023- Jun 30, 2023	Jan 1, 2022- Jun 30, 2022	Jan 1, 2022- Dec 31, 2022
SALES	4	132.4	141.0	226.3	199.8	494.7
Other operating revenue	5	0.1	2.4	8.9	8.3	24.1
Expenses						
Goods and services		31.3	34.6	53.9	48.1	117.4
Salary and other employment benefit expenses	6	28.6	29.6	53.1	50.4	104.7
Depreciation, amortization and impairment losses	7	6.8	6.9	13.5	12.7	26.5
Other operating expenses	8	47.8	62.1	97.6	105.0	231.8
		114.5	133.3	218.0	216.2	480.5
OPERATING INCOME		18.0	10.1	17.1	-8.0	38.3
Financial income		0.6	0.0	0.9	0.2	0.3
Financial expenses	9	-3.4	-3.2	-6.2	-5.8	-12.3
Share of net profit of associate companies accounted for using the equity method		-1.6	0.7	-2.6	0.9	2.0
INCOME BEFORE TAXES		13.6	7.6	9.2	-12.7	28.3
Income taxes		-2.9	-1.3	-2.3	2.9	-5.3
INCOME FOR THE PERIOD		10.6	6.3	6.9	-9.8	23.0
<i>Income attributable to:</i>						
Parent company shareholders		10.6	6.3	6.9	-9.8	23.0
Earnings per share before and after dilution, EUR		0.61	0.37	0.40	-0.57	1.33

Consolidated statement of comprehensive income

EUR M	Apr 1, 2023- Jun 30, 2023	Apr 1, 2022- Jun 30, 2022	Jan 1, 2023- Jun 30, 2023	Jan 1, 2022- Jun 30, 2022	Jan 1, 2022- Dec 31, 2022
INCOME FOR THE PERIOD	10.6	6.3	6.9	-9.8	23.0
<i>Items that may be reclassified to the income statement</i>					
Translation differences	-1.3	-0.9	-1.6	-1.1	-1.9
Other comprehensive income	-1.3	-0.9	-1.6	-1.1	-1.9
COMPREHENSIVE INCOME FOR THE PERIOD	9.3	5.5	5.3	-10.9	21.1
<i>Comprehensive income attributable to:</i>					
Parent company shareholders	9.3	5.5	5.3	-10.9	21.1

Consolidated balance sheet

EUR M	Note	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
ASSETS				
Non-current assets				
Intangible assets		4.1	2.9	2.8
Land		0.5	0.5	0.5
Buildings and structures		1.6	1.6	1.6
Renovation costs for rented properties		0.9	1.3	1.1
Vessels		421.9	442.7	429.6
Machinery and equipment		2.5	2.3	2.3
Right-of-use assets		4.0	6.0	4.4
Financial assets at fair value through other comprehensive income		10.8	0.0	10.6
Investments accounted for using the equity method	12	30.3	33.5	34.6
Receivables		0.7	4.0	-
Total non-current assets		477.5	494.8	487.3
Current assets				
Inventories		14.4	14.8	14.0
Income tax assets		0.1	0.1	0.1
Trade and other receivables	13	47.0	52.6	36.7
Cash and cash equivalents		97.7	103.6	89.0
Total current assets		159.2	171.1	139.8
Non-current assets held for sale	14	-	3.2	2.4
TOTAL ASSETS		636.7	669.1	629.5
EQUITY AND LIABILITIES				
Equity				
Share capital		1.8	1.8	1.8
Reserves		49.7	49.7	49.7
Translation differences		-4.3	-2.9	-3.4
Retained earnings		241.7	209.9	242.4
Equity attributable to parent company shareholders		288.9	258.5	290.5
Total equity		288.9	258.5	290.5
Non-current liabilities				
Deferred tax liabilities	10	37.0	27.7	36.1
Interest-bearing liabilities		168.5	227.3	186.3
Lease liabilities		4.0	6.1	4.5
Total non-current liabilities		209.5	261.1	226.8
Current liabilities				
Interest-bearing liabilities		36.7	34.9	36.7
Lease liabilities		2.4	2.7	2.4
Income tax liabilities		1.0	0.0	0.0
Trade and other payables		98.2	111.9	73.0
Total current liabilities		138.3	149.5	112.2
Total liabilities		347.8	410.6	339.0
TOTAL EQUITY AND LIABILITIES		636.7	669.1	629.5

Consolidated cash flow statement

EUR M	Jan 1, 2023- Jun 30, 2023	Jan 1, 2022- Jun 30, 2022	Jan 1, 2022- Dec 31, 2022
OPERATING ACTIVITIES			
Income for the period	6.9	-9.8	23.0
Adjustments			
Depreciation, amortization and impairment losses	13.5	12.7	26.5
Capital gains/losses from non-current assets	-8.9	0.0	-13.1
Income from investments in associate companies	2.6	-0.9	-2.0
Other items not included in cash flow	-0.4	-0.2	-2.8
Interest expenses and other financial expenses	5.3	4.8	10.8
Interest income and other financial income	-0.8	-0.2	-0.3
Dividend income	0.0	0.0	0.0
Income taxes	2.3	-2.9	5.3
Change in working capital			
Change in trade and other receivables	-10.2	-25.3	-11.0
Change in inventories	-0.4	-4.8	-4.0
Change in trade and other payables	25.1	44.4	5.8
Interest paid	-4.5	-3.3	-7.0
Financial expenses paid	-0.2	-0.9	-3.1
Interest received	0.6	-	-
Financial income received	0.1	0.0	0.3
Taxes paid	-0.2	-0.3	0.0
NET CASH FLOW FROM OPERATING ACTIVITIES	30.7	13.3	28.4
INVESTING ACTIVITIES			
Investments in vessels	-5.2	-12.3	-14.1
Investments in other non-current assets	-2.3	-0.4	-0.8
Investments in financial assets recognized at fair value through other comprehensive income	-0.2	-	-10.6
Divestments of vessels	11.1	-	18.0
Divestments of other non-current assets	0.1	0.2	0.4
Change in non-current receivables	-0.7	0.1	5.9
Dividends received from associate companies	1.7	1.4	1.4
Dividends received from others	0.0	0.0	0.0
NET CASH FLOW FROM INVESTING ACTIVITIES	4.5	-11.1	0.2
FINANCING ACTIVITIES			
Increase in loans	-	10.0	40.0
Principal payments	-18.4	-21.8	-91.4
Depreciation of lease liabilities	-1.3	-1.4	-2.7
Dividends paid	-6.9	-	-
NET CASH FLOW FROM FINANCING ACTIVITIES	-26.6	-13.2	-54.1
CHANGE IN CASH AND CASH EQUIVALENTS	8.7	-11.0	-25.5
Cash and cash equivalents at the beginning of the period	89.0	114.6	114.6
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	97.7	103.6	89.0

Statement of changes in consolidated equity

EUR M	Equity attributable to parent company shareholders				Total equity
	Share capital	Reserves	Translation differences	Retained earnings	
EQUITY, JAN 1, 2023	1.8	49.7	-3.4	242.4	290.5
Income for the period				6.9	6.9
Translation differences		0.0	-0.9	-0.8	-1.6
Comprehensive income for the period	-	0.0	-0.9	6.2	5.3
Dividend to shareholders				-6.9	-6.9
Transactions with owners of the parent company	-	-	-	-6.9	-6.9
EQUITY, JUN 30, 2023	1.8	49.7	-4.3	241.7	288.9

EUR M	Equity attributable to parent company shareholders				Total equity
	Share capital	Reserves	Translation differences	Retained earnings	
EQUITY, JAN 1, 2022	1.8	49.7	-2.2	220.1	269.4
Income for the period				-9.8	-9.8
Translation differences		0.0	-0.6	-0.4	-1.1
Comprehensive income for the period	-	0.0	-0.6	-10.3	-10.9
Dividend to shareholders				-	-
Transactions with owners of the parent company	-	-	-	-	-
EQUITY, JUN 30, 2022	1.8	49.7	-2.9	209.9	258.5

Consolidated income statement by quarter

EUR M	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2
SALES	132.4	93.9	124.5	170.4	141.0
Other operating revenue	0.1	8.8	15.2	0.5	2.4
Expenses					
Goods and services	31.3	22.6	29.4	39.9	34.6
Salary and other employment benefit expenses	28.6	24.5	25.4	28.9	29.6
Depreciation, amortization and impairment losses	6.8	6.7	7.2	6.7	6.9
Other operating expenses	47.8	49.8	58.4	68.5	62.1
	114.5	103.6	120.3	144.0	133.3
OPERATING INCOME	18.0	-0.9	19.4	26.9	10.1
Financial income	0.6	0.3	0.3	-0.2	0.0
Financial expenses	-3.4	-2.8	-4.0	-2.6	-3.2
Share of net profit of associates accounted for using the equity method	-1.6	-1.0	1.2	-0.1	0.7
INCOME BEFORE TAXES	13.6	-4.4	16.9	24.1	7.6
Income taxes	-2.9	0.7	-3.3	-4.9	-1.3
INCOME FOR THE PERIOD	10.6	-3.7	13.6	19.3	6.3
<i>Income attributable to:</i>					
Parent company shareholders	10.6	-3.7	13.6	19.3	6.3
Earnings per share before and after dilution, EUR	0.61	-0.21	0.79	1.12	0.37

Consolidated statement of comprehensive income by quarter

EUR M	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2
INCOME FOR THE PERIOD	10.6	-3.7	13.6	19.3	6.3
<i>Items that may be reclassified to the income statement</i>					
Translation differences	-1.3	-0.3	-0.5	-0.4	-0.9
Other comprehensive income	-1.3	-0.3	-0.5	-0.4	-0.9
COMPREHENSIVE INCOME FOR THE PERIOD	9.3	-4.0	13.1	18.9	5.5
<i>Comprehensive income attributable to:</i>					
Parent company shareholders	9.3	-4.0	13.1	18.9	5.5

Financial ratios and statistics

	Jan 1, 2023- Jun 30, 2023	Jan 1, 2022- Jun 30, 2022	Jan 1, 2022- Dec 31, 2022
Equity per share, EUR	16.72	14.96	16.81
Equity/assets ratio	47.6 %	40.2 %	47.0 %
Investments, EUR M	7.7	12.7	25.5
– as % of sales	3.4 %	6.4 %	5.2 %
Passengers	2,185,843	1,875,706	4,945,564
Cargo units	64,872	59,522	117,777
Average number of employees, full-time equivalent	2,138	2,035	2,203

Equity per share = Equity attributable to parent company shareholders / Number of shares.

Equity/assets ratio, % = (Equity including minority interest) / (Total assets – advances received).

When rounding off items to the nearest EUR 1,000,000, rounding-off differences of EUR +/- 0.1 M may occur.

NOTES TO THE HALF-YEAR FINANCIAL REPORT FOR THE PERIOD JANUARY-JUNE 2023

1. Accounting principles

This Half-Year Report has been prepared in accordance with IFRS and consists of a summary of the financial statements for the period in accordance with IAS 34.

The Half-Year Report has been prepared in accordance with the same accounting principles, estimates and valuations as in the most recent annual accounts, unless otherwise indicated below.

This Half-Year Report has not been subject to an audit.

When rounding off items to the nearest EUR 1,000,000, rounding-off differences of EUR+/- 0.1 M may occur.

2. Estimates and judgements

In preparing the consolidated financial statements in compliance with IFRSs, the company's management must make judgements and estimates about the future that affect the reported amounts for assets and liabilities, revenue and expenses as well as other information. The judgements and estimates contained in the financial statements are based on the best assessment of management on the date the Half-Year Report was published.

However, the geopolitical situation with high energy prices affects the income statement and balance sheet. It is difficult at present to assess how the geopolitical situation will affect the Group, and it is equally difficult to determine how long energy prices will be high and what effects this will have on Viking Line's future sales, earnings, financial position and cash flow. The actual outcome may deviate from estimates and judgements made.

The most important area that entails judgements is the valuation of the Group's vessels. The vessels' residual values and estimated periods of use are examined yearly and adjusted if they deviate significantly from earlier values.

The Group's shareholdings are recognized as financial assets at fair value through other comprehensive income and on the reporting date June 30 consist of a 17.5% investment in Rederiaktiebolaget Eckerö.

In valuing the Group's leases, judgements are made as to how the Group will capitalize on any opportunity to extend the lease period or terminate the lease. Judgements are also made as to what discount rate is to be used in calculating the present value of the Group's lease liability. The size of the Group's lease liabilities and rights of use, as well as the payments for its lease liabilities, is affected by those judgements.

Based on the management's judgements, there was no need to take any significant impairment losses.

3. Risks and liquidity

The Group's cash and cash equivalents at the end of June totalled EUR 97.7 M (EUR 103.6 M). Unutilized credit lines in the Group totalled EUR 0.1 M as of June 30, 2023 (EUR 15.1 M). Net cash flow from operating activities was EUR 30.7 M (EUR 13.3 M). Net cash flow from investing activities was EUR 4.5 M (EUR -11.1 M) and net cash flow from financing activities amounted to EUR -26.6 M (EUR -13.2 M).

Most of the Group's loan agreements include loan covenants according to market terms. The financial covenants in the loan agreements consist of minimum requirements for liquidity and solvency and a maximum net financial debt-to-EBITDA ratio.

Viking Line's operations are exposed to different kinds of risks, which vary in their scope and impact on operations, financial results and the company's ability to meet certain social and environmental objectives. The relevant risks have been classified into four categories: strategic, operational, damage and financial risks. As of June 30, 2023, the Group had no fixed-price agreements for bunker purchases or equivalent derivative contracts.

As of June 30, 2023, the Group's interest-bearing liabilities totalled EUR 205.2 M, 78% of which have variable rates. The total variable interest rate consists of the market interest rate plus a margin that is specific to the company. Fluctuations in interest rates can have a negative effect on the company's costs of funding and increase funding costs in the future.

Future cash flows related to financial liabilities as of June 30, 2023:

EUR M

Future cash flows related to financial liabilities (incl. financial expenses)	Lease liabilities	Trade payables	Interest-bearing liabilities	Total
Jul 1, 2023 - Dec 31, 2023	1.3	24.2	23.8	49.4
Jan 1, 2024 - Jun 30, 2024	1.3		23.5	24.8
Jul 1, 2024 - Jun 30, 2025	2.3		45.5	47.8
Jul 1, 2025 - Jun 30, 2026	1.3		28.9	30.3
Jul 1, 2026 - Jun 30, 2027	0.3		34.7	34.9
Jul 1, 2027 - Jun 30, 2028	0.1		24.5	24.7
Jul 1, 2028 -	0.2		72.0	72.2
Total	6.8	24.2	252.9	284.0

4. Segment information

Consolidated revenue increased 13.3% and passenger-related revenue increased 14.7%.

EUR M	Jan 1, 2023- Jun 30, 2023	Jan 1, 2022- Jun 30, 2022	Jan 1, 2022- Dec 31, 2022
Sales			
Vessels	222.4	196.3	486.7
Unallocated	3.9	3.6	8.1
Total, operating segments	226.3	199.8	494.8
Eliminations	0.0	0.0	-0.1
Total sales of the Group	226.3	199.8	494.7
Operating income			
Vessels	48.0	17.8	93.1
Unallocated	-30.9	-25.9	-54.8
Total operating income of the Group	17.1	-8.0	38.3
SALES			
Passenger-related revenue	201.1	175.2	444.4
Cargo revenue	23.6	23.2	47.4
Miscellaneous sales revenue	1.6	1.4	2.9
Total	226.3	199.8	494.7

5. Other operating revenue

During the period, Rosella was sold, which has a positive effect on income of EUR 8.6 M.

During the comparative period, the Group received aid for public service obligations from Traficom for the Group's vessels on the Turku–Mariehamn/Långnäs–Stockholm and Mariehamn–Kapellskär routes. The company also received aid for uncovered fixed costs of EUR 2.1 M. This aid is recognized as State aid under other operating revenue.

EUR M	Jan 1, 2023- Jun 30, 2023	Jan 1, 2022- Jun 30, 2022
State aid	-	7.5
Rents received on properties	0.1	0.0
Capital gains	8.6	0.0
Insurance claim payments, accidents	0.2	0.8
Miscellaneous other operating revenue	0.0	0.0
Total	8.9	8.3

6. Compensation to employees

During the period, Viking XPRS was reflagged from an Estonian to a Finnish flag. Since the reflagging, the vessel is staffed by Viking Line personnel. When the vessel was under an Estonian flag, these services were purchased from a staffing agency.

During the comparative period, some of the onboard and land-based staff were also made redundant.

EUR M	Jan 1, 2023– Jun 30, 2023	Jan 1, 2022– Jun 30, 2022
Salaries	55.8	52.4
Expenses of defined-contribution pensions	6.5	6.1
Other payroll overhead	6.2	5.7
	68.4	64.1
Government restitution	-15.3	-14.0
Aid for furloughs	0.0	0.2
Total	53.1	50.4

7. Depreciation

EUR M	Jan 1, 2023– Jun 30, 2023	Jan 1, 2022– Jun 30, 2022
Depreciation and amortization		
Intangible assets	0.2	0.2
Building and structures	0.0	0.1
Renovation costs for rented properties	0.2	0.2
Vessels	11.3	10.4
Machinery and equipment	0.3	0.4
Right-of-use assets	1.4	1.5
Total	13.5	12.7

8. Other operating expenses

EUR M	Jan 1, 2023– Jun 30, 2023	Jan 1, 2022– Jun 30, 2022
Sales and marketing expenses	9.8	7.9
Washing and cleaning expenses	11.2	9.4
Repairs and maintenance	6.3	5.8
Public port expenses and vessel charges	16.8	16.5
Fuel expenses	30.9	42.6
Miscellaneous expenses	22.5	22.7
Total	97.6	105.0

9. Financial expenses

EUR M	Jan 1, 2023– Jun 30, 2023	Jan 1, 2022– Jun 30, 2022
Interest expenses on financial liabilities recognized at amortized cost	4.3	3.7
Interest expenses on lease liabilities	0.2	0.2
Exchange losses	0.9	1.0
Guarantee commissions and other financial expenses	0.7	0.9
Total financial expenses	6.2	5.8

10. Income taxes

As of June 30, 2023, the Group recognized net deferred tax liabilities of EUR 37.0 M, EUR 37.8 M of which is deferred tax liabilities and EUR 0.8 M is deferred tax assets. A loss recognized in taxation for the financial year 2020 can be deducted from taxable income over 10 years. Based on the management's estimates and judgements, Viking Line expects that it will be possible to use the loss against future taxable income.

EUR M

Deferred tax liabilities	Differences between recognized value of fixed assets and their value for tax purposes	Losses recognized in taxation	Other temporary differences	Total
Jan 1, 2023	37.0	-1.1	0.1	36.1
Translation differences	-0.1	-	-	-0.1
Recognized in income statement	-	1.1	0.0	1.1
Recognized directly in equity	-	-	-	-
Jun 30, 2023	36.9	0.0	0.1	37.0

11. Impairment testing

Recognized values for intangible assets and property, plant and equipment are tested regularly in order to identify any external or internal indications of an impairment loss. If such indications are observed for any asset item, the recoverable amount of the asset is recognized. One of the most important areas that entail judgements is valuation of the Group's vessels.

The management has also made the assessment that there is no need for impairment for the Group's other non-current assets.

12. Investments accounted for using the equity method

During the first half of the year, Viking Line Abp's investments in Alandia Försäkring Abp and Alandia Holding Abp generated income of EUR -2.6 M. Under IAS 28.10, the dividend received during the period from Alandia Försäkring Abp of EUR 1.7 M only results in a positive cash flow for the Group.

13. Trade and other receivables

Trade receivables are recognized at amortized cost in accordance with IFRS 9. The carrying amount of trade receivables and other receivables is considered equal to fair value based on the short-term nature of the items.

14. Non-current assets held for sale

During the comparative period, Viking Line Abp had reached an agreement with Corsica Ferries on the sale of M/S Amorella. M/S Amorella's book value at the time was EUR 3.2 M.

15. Pledged assets and contingent liabilities

EUR M	Jun 30, 2023	Dec 31, 2022
Contingent liabilities ¹	205.4	223.4
Assets pledged for own debt ²	413.4	413.4
Other liabilities not shown in the balance sheet ³	3.2	3.2

¹ Concerning loans and credit lines for which vessel, property and chattel mortgages were provided as collateral and other contingent liabilities not included in the balance sheet covered by site leasehold and chattel mortgages.

² Concerning vessel mortgages, chattel mortgages and site leasehold mortgages.

³ In addition to a capital injection, Alandia Holding Ab has taken a loan to finance the purchase of shares in Alandia Försäkring Abp. To the extent Alandia Holding Ab is in need of cash equivalents to make the payments, Viking Line Abp has undertaken to make a cash capital contribution to Alandia Holding Ab through a shareholder agreement.

16. Events after the balance sheet date

On August 9, Viking Line together with Gotlandsbolaget announced that the companies intend to form a joint venture entrusted with the task of developing and providing cruises with M/S Birka Stockholm between Stockholm-Mariehamn and Stockholm-Mariehamn-Visby.

Gotlandsbolaget acquired M/S Birka Stockholm in March 2023 for EUR 38 M and has now agreed to sell 50 per cent of the vessel to Viking Line for EUR 19 M. The aim is to launch service in spring 2024. The completion of this business transaction and the start-up of the new joint venture are contingent on the approval of the Swedish Competition Authority. On August 23, the Swedish Competition Authority announced that it has decided not to take any action on this concentration, which means the business transaction will proceed as planned.

The Board of Directors knows of no other significant events after the balance sheet date that could affect the Half-Year Report.