



ARCTIA

2020

Financial statements



Contents

1 BOARD OF DIRECTORS' REPORT.....	4
2 FINANCIAL STATEMENTS	11
Profit and loss account.....	12
Balance sheet	13
Cash flow statement.....	15
Accounting principles	16
Notes to the income statement	18
Notes on balance sheet assets.....	20
Notes on balance sheet liabilities	26
Notes on securities and contingent liabilities	28
Derivatives	29
Signatures to the financial statements and annual report.....	30
3 AUDITOR'S REPORT	31



Picture: Jaakko Jaskari

Reliable services in challenging conditions

Arctia enables safe, smooth and environmentally friendly water transport. We produce added value for our customers by combining different services into comprehensive service concepts in an innovative way.

The Group has three business areas: icebreaking, fairway maintenance, and hydrographic surveying. The business areas include a huge amount of experience and expertise, e.g. in oil spill preparedness and response, hydraulic engineering, pipe and cable laying, towing tasks, and the manufacture of plastic spar buoys and other buoys.

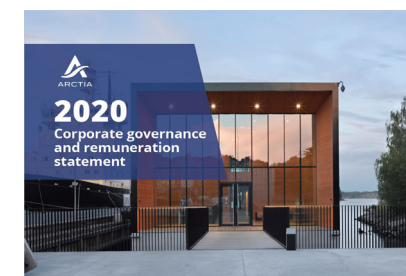
Arctia Ltd is a limited company wholly owned by the State.

The annual report of the Arctia Group consists of the annual review, the corporate governance and remuneration statement, the report on corporate responsibility, and the financial statements. The reports are published as PDF documents online at www.arctia.fi/en

ANNUAL REVIEW



CORPORATE GOVERNANCE AND REMUNERATION STATEMENT



RESPONSIBILITY REPORT



FINANCIAL STATEMENTS



Board of Directors' report





Report on operations for the period 1 Jan. – 31 Dec. 2020

OPERATING ENVIRONMENT

The Arctia Group produces services in icebreaking, fairway maintenance and hydrographic surveying.

The number of icebreaking assistances in the Baltic Sea area is estimated to increase in the medium term as a result of the growing volume of maritime transport, bigger vessel sizes, and especially the vessels' diminished performance in ice. The maintenance of sufficient icebreaking capacity safeguards winter navigation that serves the needs of trade and industry. Arctia's icebreaking fleet is subject to pressure for renewal in the form of either life span extensions or new builds due to the ageing of current fleet and the changing operational needs.

In fairway maintenance, in addition to the traditional maintenance of safety devices, digitalisation will be utilised to a higher degree. The extension of remote control and management of safety devices to new fairways continues. Further development of smart safety devices and systems is carried on actively. The developing and comprehensive service solutions ensure safe and smooth water transport. Changes in

the operating environment can be seen in the form of a change in tendering models, which reshapes the operational activities.

On the international scale, the market for hydrographic surveying is estimated to grow, and there is plenty to survey in the Finnish sea areas for several years to come. Hydrographic surveying is seeking growth through the utilisation of marine data and development of maritime digitalisation. In the short term, international tendering processes have been postponed due to the coronavirus crisis. In terms of the domestic market, the measured volumes have been low and the annual variation has resulted in challenges in the utilisation rate. Moreover, there is no clear view of the volume levels in the next few years.

GROUP'S FINANCIAL DEVELOPMENT

The Arctia Group's turnover for the period under review exceeded the previous year's level, standing at EUR 80.8 million (EUR 79.1 million in 2019). The oil spill recovery projects implemented in fairway maintenance during the year contributed to the increase

in turnover. The Group's operating profit stood at EUR 2.4 million (EUR 0.0 million) and the result for the financial year was EUR 0.9 million (EUR -2.0 million). The result was boosted by the above-mentioned oil spill recovery projects and improved efficiency of operations. The result included the EUR 1.2 million write-down of the hydrographic surveying fleet as a non-recurring item.

The Group's balance sheet total stood at EUR 283.7 million (EUR 288.0 million). The equity ratio was 50.2 per cent (49.1 per cent). The Group's interest-bearing debt at the end of the year amounted to EUR 119.3 million (EUR 125.3 million). The interest rates of the loans are linked to market rates. Of the debt, EUR 42.7 million is hedged with interest rate swaps.

Cash flow from operating activities increased on the previous years, standing at EUR 23.7 million (EUR 12.1 million). Cash flow from investments amounted to EUR -6.8 million (EUR -9.5 million). Key investments were related to the docking of icebreakers and system upgrades. Cash flow from financing activities stood at EUR -6.1 million (EUR -6.2 million).



The Group's cash assets at the end of the year totalled EUR 33.5 million (EUR 22.7 million). The majority of cash assets were invested in low-risk bond funds. Cash assets are reserved for the maintenance of ageing fleet and for refurbishment investments.

BUSINESS UNITS

The Group has three business areas: icebreaking, fairway maintenance, and hydrographic surveying.

In the **icebreaking business**, services are provided with eight icebreakers, as well as with smaller harbour icebreakers used in harbour icebreaking operations. Due to a historically mild winter, the number of operating days in icebreaking fell considerably on the previous winter, standing at 322 (547). There were no offhire days of the vessels during the review period (19 days).

Harbour icebreaking services in the Group are produced by Arctia Karhu Oy. In harbour icebreaking, the winter was milder than usual in the operating area of the Bay of Bothnia in the ports of Tornio and Kemi. Harbour assistance and escort tug operations were carried out during the open water season.

In addition to fairway maintenance tasks, the services of the **fairway maintenance** business unit include the operation and maintenance of canals, hydraulic engineering services, oil spill recovery services, and the manufacture of spars and buoys. The business unit managed the fairway maintenance contract areas along the coast of Finland and in inland waterways in the Lappeenranta, Kuopio and Keitele fairway maintenance areas. In the inland waterways, in addition to the operation and maintenance

FINANCIAL KEY FIGURES DESCRIBING THE OPERATIONS OF THE ARCTIA GROUP

	2020	2019	2018	2017	2016
Turnover, MEUR	80.8	79.1	50.9	48.9	60.7
Operating profit/loss, MEUR	2.4	0.0	2.2	0.1	12.9
% of turnover	3.0	0.0	4.4	0.3	21.2
Profit/loss for the fiscal period, MEUR	0.9	-2.0	1.4	-1.4	9.1
% of turnover	1.1	-2.5	2.7	-2.1	15.1
Equity, MEUR	142.1	141.2	147.3	137.2	143.2
Equity ratio, %	50.2	49.1	49.2	50.1	49.9
Net gearing, %	60.2	72.6	70.4	70.4	62.5
Interest-bearing liabilities, MEUR	119.3	125.3	130.0	121.4	124.2
Return on capital invested, %	0.9	0.1	0.8	0.1	5.7
Return on equity (ROE), %	0.6	-1.4	1.0	-1.0	6.4
Investments, MEUR	6.8	9.5	12.7	5.7	131.6
% of turnover	8.5	12.0	25.9	11.6	216.9
Balance sheet total, MEUR	283.7	288.0	300.1	274.5	287.4

The figures for 2016–2018 are not comparable with years 2019 and 2020 due to the merger of Meritaito with the Group on 13 December 2018.

of the Saimaa Canal, Arctia managed the canals of Heinävesi and Tahko, the River Kokemäenjoki and Rautalampi-Iisalmi, as well as the canal along the Varistaival-Taivallahti route.

The expansion of the remote monitoring and management of maritime safety devices and the development of digitalisation continued in 2020. Remote-controlled safety devices have been in use on the coast in the sea route south of Rauma and in the Farjsund fairway. In autumn 2020, the remote control of maritime safety devices was expanded to inland waterways when 39 light buoys equipped with a remote-control feature were installed in the

deep-water channel section between North Karelia and South Savo. The number of remote-controlled safety devices increased by 327, and the total number of safety devices with remote control is now 1,700.

The company's heavy fairway vessels have previously been part of Finland's fleet of oil spill response vessels. In connection with the amendment to the Rescue Act on 1 January 2019, the oil spill preparedness and response agreement with the Finnish Environment Institute was transferred to the Ministry of the Interior and for a fixed period to be managed with the Finnish Border Guard until the



end of 2019. The agreement was not continued over to 2020, which meant a significant loss of earnings for Arctia.

During the year, the business unit focused on the development of operations according to the service contract model especially in the port and water area sector. At the end of 2020, Arctia had service contracts with several ports and companies operating in the port areas.

In terms of fairway maintenance during the year, there were two significant oil spill recovery projects, which raised the turnover of the business unit to the highest level in its history.

The **hydrographic surveying** unit carried out surveys under the Civil Hydrography Programme for the UK Hydrographic Office along the coasts of England, Scotland and Wales in 2019 between 2018 and 2020. Another key hydrographic surveying project was the LiDAR2019 project of the Finnish Transport Safety Agency where surveys continued in 2020, using the laser method in areas of the Gulf of Finland and the Archipelago Sea.

The turnover of hydrographic surveying remained historically low and, due to the low order book, adjustment efforts were launched towards the end of the year. The main reasons for the low turnover are the low volume of surveying in Finland and the fact that international tenders have been postponed due to the coronavirus pandemic.

INVESTMENT

In 2020, the Group's investments totalled EUR 6.8 million (EUR 9.5 million). The docking of icebreakers

Urho and Otso was implemented in 2020. Other investments mainly consisted of vessel maintenance and life-span extension investments.

Investments in the icebreaking fleet are based on the life-span plan, statutory requirements, and investments agreed with the customer. With life-span planning, investments in icebreakers are carried out at financially optimal times. Other major investments are typically related to the renewal of smaller fleet, life-span extensions, and the development of new business operations.

EMPLOYEES

The average number of employees in the Group during the year was 439 (482). The mild winter season reduced the need for fixed-term seasonal workers in comparison to the previous winter season. During the year, employees were recruited to ensure professional competence and to prepare for future retirements. Competence was maintained with refresher training required for qualifications and other professional requirements. Training days for employees totalled 471 (496) in 2020.

The employee job satisfaction survey was implemented in spring 2020 in partnership with Ilmarinen Mutual Pension Insurance Company. The result of the job satisfaction survey was 3.7 on a scale of 1–5, showing a good result. Based on the results, the company launched in 2020, e.g. management training in the Group's business units.

The Arctia Group deployed a new performance management system. In addition, the Group's performance-related pay system was updated.

Due to the termination of the oil spill preparedness and response agreement, the company had to reduce the number of fairway vessel personnel in June as a result of the concluded cooperation negotiations. Other work within the Group was offered for the majority of fairway vessel personnel, but two employees had to be made redundant. In terms of hydrographic surveying and canals in the fairway maintenance unit, separate cooperation negotiations were carried out in October and December 2020 with regard to layoffs, which were implemented in 2021.

Three employment contracts among the members of the onshore personnel in fairway maintenance and hydrographic surveying (so-called EPA sector) expired on 31 January 2020 and they were renewed in the negotiations for the period 2020–2022.

Arctia Management Services Ltd became a member of the Service Sector Employers Palta as from 1 June 2020.

Further information related to the employees is available in the annual report.

IMPLEMENTATION OF THE STRATEGY

In 2020, the company's strategy focused on the completion of the Arctia-Meritaito integration and the clarification and development of the company's internal functions. These projects were mainly completed during 2020.

During the year, the strategies of the Arctia Group and the business units were updated for the period 2020–2022. Arctia's business units differ from one another significantly, and their own visions were



combined into the Group's vision "A partner that provides the most added value for the customer". The strategy is based on four cornerstones: profitability to a sustainable level, managed growth, added value to the customer, and working together in a responsible way.

The main focus of the strategy is on improving structural profitability, a more systematic approach to new products, services and overall management of customer relationships, as well as on the implementation of corporate responsibility as part of everyday life. Spearhead projects with their targets have been defined in order to implement the strategy, and their progress is monitored on a regular basis.

SAFETY

Safety includes the internal safety management system, its compliance, reporting and the improvements and audits carried out on their basis. In the Group, safety is divided into ship, occupational and corporate safety.

Ship safety is monitored by the Group through regular internal and external audits. The Finnish Transport and Communications Agency Traficom carries out an inspection on the vessels each year. Action and repair plans have been drawn up on the basis of the observations made during the audits and inspections, and the plans have been carried through. No serious non-conformities were identified in the audits or inspections during the fiscal period.

In January 2020, a deeply regrettable occupational

accident took place during fairway maintenance work, resulting in the death of an employee. Immediately after the occupational accident, the company conducted an extensive operational risk assessment, which included the employees, an external risk assessor, and representatives of the party that commissioned the task.

During 2020, there were a total of 13 occupational accidents resulting in absence from work. The company made significant investments in the prevention of occupational accidents in 2020, and the Arctia Group's lost time incident frequency rate fell by about 19 per cent to 12.7 per cent. The Group aims for zero serious occupational accidents, zero occupational diseases, and a reduction in the lost time incident frequency rate towards zero.

At the end of 2019, Arctia launched the two-year Kompassi project to improve occupational safety in the Group. In the project, results are sought through interviews, questionnaires, safety rounds and working groups. The main focus of the project is on risk assessments and updating the guidelines. One of the Group's strategic spearhead projects focuses on increasing the safety level on a broad range.

The Group takes account of occupational, ship and corporate safety in all its operations and complies with the regulations of the International Maritime Organisation's (IMO) International Safety Management Code (ISM Code) and the International Convention for the Prevention of Pollution from Ships (MARPOL Convention), along with the national guidelines and regulations. In addition, the fairway maintenance and hydrographic surveying units use

the certified ISO 45001 occupational health and safety system. Hydrographic surveying also complies with the regulations of the Katakri auditing guidelines of the Finnish Defence Forces.

DEVELOPMENT WORK AND RESEARCH

The Intelligent Sea project coordinated by Arctia continued in 2020. The Intelligent Sea is a three-year project looking into the future of maritime fairways from the viewpoint of sustainable development by creating smart digital solutions for the sea, ports and the users of fairways. The project develops a digital network of smart buoys and maritime safety devices, and tests alternative energy sources for buoys and new solutions for monitoring sulphur emissions from ships. The European Commission has granted CEF funding of about EUR 1.5 million for the project.

In 2020, Arctia was also involved in the EU projects EMMA Extension and INFUTURE focusing on the development of the Saimaa Canal and the Saimaa deep-water channel. The development work of channel marks continued also in terms of fixed marks when a project for verifying the weather resistance of radar marks manufactured by Arctia and installed on land was launched in partnership with the Finnish Transport Infrastructure Agency.

ENVIRONMENTAL IMPACTS

The Group's environmental programme was published in 2020. The programme focuses on Arctia's key environmental impacts. In accordance with the programme, a roadmap for halving the carbon dioxide emissions from icebreaking by 2050 will



be published in 2021. The programme also takes a stand on other energy consumption, the recycling of spars manufactured by Arctia and the prevention of environmental damage.

In 2020, Arctia created positive environmental impacts by carrying out oil spill recovery of significant oil damages and by continuing the oil recovery readiness agreement in the Bay of Bothnia with the rescue services of Kemi.

In 2020, no significant environmental damage occurred.

Further information about environmental issues is available in the Group's annual report.

CORPORATE RESPONSIBILITY

Arctia's corporate responsibility work in 2020 was directed especially by the Government Resolution on State Ownership Policy published on 8 April 2020. In addition to environmental responsibility, responsibility was developed by processing the results of the materiality analysis further into a form that is easier to communicate and by developing the reporting. In addition, the administrative guidelines were updated and an updated rule of procedure for corporate responsibility, the Arctia Group's Code of Conduct and an internal whistle blow channel were introduced.

Further information about corporate responsibility issues is available in the Group's annual report.

COMPANY ORGANISATION, MANAGEMENT AND AUDITORS

Arctia Ltd is the Group's parent company. The subsidiary Arctia Management Services Ltd produces

services related to financial and human resources management, communications, safety, technology, and manning.

The Group's operational activities are divided between the three subsidiaries. Meritaito Ltd produces fairway maintenance and hydrographic surveying services, Arctia Icebreaking Ltd provides icebreaking services, and Arctia Karhu Ltd offers harbour icebreaking services. The Group also includes associated companies, the operation of which has not been significant.

Arctia Offshore Ltd and Jm Voima Oy, which were part of the Group, merged with Arctia Icebreaking Ltd on 31 December 2020.

The Annual General Meeting of Arctia Ltd on 23 March 2020 appointed Pertti Saarela as Chairman of the Board of Directors, and Pirjo Kiiski, Hanna Masala, Sinikka Mustakari, Mats Rosin and Kari Savolainen as members of the Board of Directors. Mats Rosin was elected as Deputy Chairman. The Board of Directors convened 13 times in 2020. The remuneration of the Board of Directors remained unchanged.

In the Annual General Meeting, certified public accountants KPMG Oy was appointed as auditor of the Arctia Group, with Ari Eskelinen, KHT auditor, as the key audit partner.

Maunu Visuri was the President and CEO of Arctia Ltd. In addition to the President and CEO, the members of the Group's Management Team were Hannu Ylärinne, Chief Operating Officer; Sari Kankkunen, Chief Financial Officer; and, as of 15 February 2020, Janne Laitinen, Senior Vice President, Human Resources and Legal Affairs.

The members of the company's operational management team in addition to the actual management team are Jukka Suonvieri, Senior Vice President; Otto Vuorinen, Senior Vice President, Technical Services; Pia Broumand, Chief Security Officer; Sales Directors Caius Grann and Tom Ekegren; and Tero Tuominen, Director, Operative IT.

SHARES

The entire share capital of Arctia Ltd is owned by the state of Finland. The company's share capital consists of 748,000 equal shares. The amount of share capital is EUR 18.7 million.

BUSINESS-RELATED RISKS

Arctia's risk management is part of Arctia's management system and the daily activities and decision-making of the business units, vessels and support functions. A risk assessment is always carried out in terms of key projects, business reorganisations or operational changes.

Risks are divided into strategic, operational and financial risks. The strategic risks of the business operations are related especially to solving the challenge of structural profitability and to the implementation of measures to increase the efficiency of business operations. Changes taking place in the operating environment which may have a negative impact on business opportunities constitute a key strategic risk. Changes in the operating environment include, for example, changes in the tendering models in the markets and changes in environmental legislation. Strategic risks are responded to with overall



operational planning and systematic implementation of changes. Risk is also managed by predicting the impacts of changes in the operating environment.

The ageing of the fleet is a key operational risk. Technical reliability of the fleet plays a significant role when operating in challenging conditions. The ageing of the fleet increases the risk of technical problems and it also means increasing maintenance costs and the need to replace systems due to diminished availability of spare parts. Arctia seeks to manage risk and the increasing maintenance costs through life span planning for the fleet, long-term maintenance programmes and annual maintenance plans.

The management and profitability of client projects, especially in international projects, involve a significant operational risk. In the management of risk, key factors include risk assessments, efficient processes and a competent project personnel.

The Arctia coronavirus team that convenes regularly was established for the purpose of risk management related to the coronavirus pandemic. Operating guidelines concerning the entire personnel and the subcontractors are in use and they are updated according to the coronavirus situation.

The Arctia Group will experience a large turnover in personnel in the next few years due to retirement among the offshore personnel. This turnover increases the risk of a fall in the level of professional competence. Arctia seeks to mitigate this risk through pre-emptive staff planning and training. The sector is also traditionally prone to labour disputes and strike action. We aim to diminish this risk through active cooperation and by tackling any problem areas

promptly.

The Group's financial risks are managed, e.g. with clear financial processes, insurance policies, action in compliance with the financing policy, and key financial reporting, the reliability of which is ensured with control methods.

OUTLOOK FOR 2021

The company continues the measures in accordance with the strategy update carried out in 2020.

The icebreaking season 2021 requires more operating days in icebreaking than the previous icebreaking season, which was exceptionally mild. This will have a positive impact on the turnover of icebreaking in 2021. The turnover of fairway maintenance is estimated to remain significantly below the 2020 level, and the turnover of the entire Group is expected to fall in comparison to 2020.

EVENTS AFTER THE FINANCIAL PERIOD

After the financial year, there have been no major events that would have had an impact on the company's results or financial position.

BOARD OF DIRECTORS' PROPOSAL FOR THE USE OF RETAINED EARNINGS

The parent company's distributable assets on 31 December 2020 totalled EUR 99,567,811.21, of which loss for the financial year 2020 amounted to EUR 73.37. The Board of Directors proposes to the annual general meeting that no dividend be distributed and that the loss for the financial year, EUR 73.37, be recognised in equity.



Picture: Arctia, Samu Palanen

Financial statements



PROFIT AND LOSS ACCOUNT (EUR)

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
TURNOVER	80,772,839.27	79,065,552.98	1,676,622.38	2,776,615.40
Stocks of finished and unfinished goods, increase (-) or decrease (+)	176,650.42	-146,129.10	0.00	0.00
OTHER OPERATING INCOME	1,450,459.35	361,254.69	0.00	0.00
Materials and services				
Raw materials, consumables and supplies				
Purchases	-7,219,813.96	-7,214,953.21	0.00	0.00
Inventories, increase (-) or decrease (+)	-1,570,289.88	-59,821.94	0.00	0.00
External services	-11,010,714.40	-10,952,651.69	0.00	0.00
Materials and services, total	-19,800,818.24	-18,227,426.84	0.00	0.00
Personnel expenses				
Wages and salaries	-26,071,900.17	-28,424,281.14	-437,283.14	-883,492.25
Social security expenses				
Pension costs	-3,358,967.39	-3,848,407.77	-74,001.30	-191,601.93
Other indirect employee costs	-1,287,499.32	-756,268.70	-9,359.16	1,278.88
Personnel expenses, total	-30,718,366.88	-33,028,957.61	-520,643.60	-1,073,815.30
Depreciation and reduction in value				
Depreciation according to plan	-16,676,394.95	-15,818,195.58	-301,163.46	-338,131.32
Reduction in value of non-current assets	-1,191,877.86	0.00	0.00	0.00
Depreciation and reduction in value, total	-17,868,272.81	-15,818,195.58	-301,163.46	-338,131.32
Other operating expenses	-11,602,331.65	-12,211,716.20	-900,596.68	-1,500,691.22
OPERATING PROFIT (LOSS)	2,410,159.46	-5,617.66	-45,781.36	-136,022.44
Financial income and expenses				
Income from other investments of fixed assets	0.00	3,840.00	0.00	0.00
Other interest and financial income				
From group companies	0.00	0.00	1,253,553.11	1,006,162.73
Short-term, from other sources	34,843.31	171,427.75	30,273.84	167,589.71
Interest and other financial expenses				
To others	-1,589,262.02	-1,570,395.12	-1,238,118.96	-1,253,519.80
Financial income and expenses, total	-1,554,418.71	-1,360,567.37	45,707.99	-79,767.36
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES	855,740.75	-1,366,185.03	-73.37	-215,789.80
Income tax				
Taxes during the fiscal period	54.72	-35,854.46	0.00	-513.50
Deferred taxes	0.00	-560,000.00	0.00	0.00
Income taxes, total	54.72	-595,854.46	0.00	-513.50
Minority interest	-6.21	-1,096.61	0.00	0.00
PROFIT (LOSS) FOR THE FINANCIAL PERIOD	855,789.26	- 1,963,136.10	-73.37	-216,303.30

BALANCE SHEET (EUR)

	GROUP		PARENT COMPANY	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Development expenses	82,896.41	183,223.93	0.00	0.00
Intangible rights	412,641.84	211,441.27	0.00	21,182.46
Other capitalised long-term expenditure	223,715.41	277,705.65	0.00	0.00
Intangible assets, total	719,253.66	672,370.85	0.00	21,182.46
Tangible assets				
Land and waters	1,304,216.60	1,096,216.60	169,480.95	169,480.95
Buildings	5,723,148.62	6,303,031.23	3,167,158.65	3,377,078.37
Vessels	221,836,071.11	226,874,465.75	0.00	0.00
Other plants and machinery	4,167,925.33	4,733,274.65	193,446.64	263,507.92
Other tangible assets	86,386.67	86,386.67	86,386.67	86,386.67
Advance payments and construction in progress	415,165.63	5,527,781.42	0.00	0.00
Total tangible assets	233,532,913.96	244,621,156.32	3,616,472.91	3,896,453.91
Investments				
Shares in group companies	0.00	0.00	92,299,364.40	92,304,364.40
Other unquoted shares	156,382.32	156,382.32	0.00	0.00
Shares in associated companies	100,000.00	100,000.00	0.00	0.00
Total investments	256,382.32	256,382.32	92,299,364.40	92,340,364.40
TOTAL NON-CURRENT ASSETS	234,508,549.49	245,549,909.49	95,915,837.31	96,222,000.77
CURRENT ASSETS				
Stocks				
Raw materials and consumables	2,611,875.05	4,033,497.29	0.00	0.00
Unfinished products and services	15,641.79	8,737.48	0.00	0.00
Finished products / goods	99,881.50	78,803.03	0.00	0.00
Inventories, total	2,727,398.34	4,121,037.80	0.00	0.00
Long-term receivables				
Receivables from group companies	0.00	0.00	102,302,000.00	104,802,000.00
Other receivables	117,254.94	15,174.94	0.00	0.00
Prepayments and accrued income	0.00	200,000.00	0.00	0.00
Long-term receivables, total	117,254.94	215,174.94	102,302,000.00	104,802,000.00
Short-term receivables				
Sales receivables	9,241,865.41	8,894,421.28	650.00	5,210.00
Receivables from group companies	0.00	0.00	2,919,964.44	8,577,686.52
Other receivables	111,719.13	578,842.71	70,185.12	5,871.94
Prepayments and accrued income	3,421,083.95	5,922,514.83	612,133.11	640,775.92
Short-term receivables, total	12,774,668.49	15,395,778.82	3,602,932.67	9,229,544.38
Financial securities				
Other securities	20,000,000.00	20,000,000.00	20,000,000.00	20,000,000.00
Short-term receivables, total	20,000,000.00	20,000,000.00	20,000,000.00	20,000,000.00
Cash in hand and at banks	13,533,436.02	2,692,334.56	13,504,382.58	1,971,680.90
TOTAL CURRENT ASSETS	49,152,757.79	42,424,326.12	139,409,315.25	136,003,225.28
TOTAL ASSETS	283,661,307.73	287,974,235.61	235,325,152.56	232,225,226.05

BALANCE SHEET (EUR)

	GROUP		PARENT COMPANY	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
EQUITY AND LIABILITIES				
CAPITAL AND RESERVES				
Share capital	18,700,000.00	18,700,000.00	18,700,000.00	18,700,000.00
Other reserves	77,014,336.91	77,014,336.91	77,014,336.91	77,014,336.91
Retained earnings from previous years	45,514,745.58	47,429,688.41	22,553,547.67	22,528,884.67
Profit (loss) for the fiscal period	855,789.26	-1,963,136.10	-73.37	-216,303.30
TOTAL CAPITAL AND RESERVES	142,084,871.75	141,180,889.23	118,267,811.21	118,026,918.28
MINORITY INTEREST	223,332.56	223,326.34	0.00	0.00
APPROPRIATIONS				
Depreciation difference	0.00	0.00	0.00	240,966.30
TOTAL APPROPRIATIONS	0.00	0.00	0.00	240,966.30
LIABILITIES				
Long-term liabilities				
Loans from financial institutions	115,868,792.02	119,487,250.35	100,000,000.00	102,505,402.22
Deferred tax liabilities	10,416,540.11	10,464,733.37	0.00	0.00
Other liabilities	5,130.00	5,130.00	0.00	0.00
Long-term liabilities, total	126,290,462.13	129,957,113.72	100,000,000.00	102,505,404.22
Short-term liabilities				
Loans from financial institutions	3,400,000.00	5,856,695.35	2,500,000.00	2,500,000.00
Advance payments received	12,288.00	249,383.44	0.00	0.00
Payables	2,347,736.62	2,838,635.32	53,222.79	94,911.50
Liabilities to group companies	0.00	0.00	14,343,516.44	8,743,197.84
Other liabilities	1,959,108.10	1,605,168.06	42,156.97	87,900.45
Accruals	7,343,508.58	6,063,024.15	118,445.15	25,929.46
Short-term liabilities, total	15,062,641.30	16,612,906.32	17,057,341.35	11,451,939.25
TOTAL LIABILITIES	141,353,103.43	146,570,020.44	117,057,341.35	113,957,341.47
TOTAL EQUITY AND LIABILITIES	283,661,307.73	287,974,235.61	235,325,152.56	232,225,226.05

CASH FLOW STATEMENT (EUR)

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES				
Profit/loss for the fiscal period	855,789.26	-1,963,136.10	-73.37	-216,303.30
Adjustments				
Depreciation according to plan	17,868,272.81	15,818,195.58	301,163.46	338,131.32
Capital gains (-) and losses (+) on fixed assets	-40,334.85	-167,508.87	0.00	0.00
Other items not involving payments	13,747.90	0.00	1,280.26	0.00
Financial income and expenses	1,554,418.71	1,360,567.37	-45,707.99	79,767.36
Group contributions	0.00	0.00	0.00	0.00
Income tax	-54.72	595,854.46	0.00	513.50
Minority share	6.21	1,096.61	0.00	0.00
Cash flow before change in working capital	20,251,845.32	15,645,069.05	256,662.36	202,108.88
Change in working capital				
Increase (-) / decrease (+) in inventories	1,393,737.46	205,951.04	0.00	0.00
Increase (-) / decrease (+) in non-interest-bearing receivables	2,705,184.43	1,570,349.47	5,526,611.71	352,142.88
Increase (+) / decrease (-) in non-interest-bearing loans	932,545.34	-3,925,211.10	137,191.66	-316,296.28
Operational cash flow before financial items and taxes	25,283,312.55	13,496,158.46	5,920,465.73	237,955.48
Interest paid and payments for other financial expenses	-1,565,468.81	-1,530,852.73	-1,242,487.86	-1,247,217.58
Dividends received	0.00	38,400.00	0.00	0.00
Interest received	7,005.48	9,200.27	1,256,491.97	1,011,062.13
Other financial income	4,044.62	122,685.09	31,703.88	156,388.09
Direct taxes paid	-26,060.29	-11,360.79	0.00	-3,696.53
Loans granted	0.00	0.00	0.00	-2,352,000.00
Repayments of loan receivables	0.00	0.00	2,600,000.00	2,500,000.00
CASH FLOW FROM OPERATING ACTIVITIES	23,702,833.55	12,124,230.30	8,566,173.72	302,491.59
Cash flow from investments				
Investments in material and immaterial goods	-6,826,913.26	-9,505,839.20	0.00	0.00
Proceeds from sale of tangible and intangible assets	40,334.85	167,508.87	0.00	0.00
CASH FLOW FROM INVESTMENTS	-6,786,578.41	-9,338,330.33	0.00	0.00
Cash flow from financing activities				
Repayments of short - term loans	-2,456,695.35	-506,695.35	0.00	0.00
Increase (+) / decrease (-) in short-term loans	0.00	0.00	5,468,210.44	1,508,443.10
Withdrawals of long-term loans, bank account limit	0.00	2,016,340.36	0.00	5,402.22
Repayments of long-term loans	-3,400,000.00	-6,156,695.35	-2,500,000.00	-2,500,000.00
Repayments of long-term loans, bank account limit	-218,458.33	0.00	-5,402.22	0.00
Dividends paid	0.00	-1,600,720.00	0.00	-1,600,720.00
Group contributions received and paid	0.00	0.00	0.00	100,000.00
CASH FLOW FROM FINANCING ACTIVITIES	-6,075,153.68	-6,247,770.34	2,962,808.22	-2,486,874.68
CHANGE IN CASH AND CASH EQUIVALENTS	10,841,101.46	-3,461,870.37	11,528,981.94	-2,184,383.09
Available assets at the beginning of the fiscal period	22,692,334.56	26,154,204.93	21,971,680.90	24,156,063.99
Cash funds transferred from corporate transaction, change	0.00	0.00	3,719.74	0.00
Available assets at end of the fiscal period	33,533,436.02	22,692,334.56	33,504,382.58	21,971,680.90



Accounting principles

1. ACCOUNTING PRINCIPLES

1.1. VALUATION PRINCIPLES

ITEMS IN FOREIGN CURRENCIES

Receivables and debts in foreign currencies have been converted into euros using the currency rate on the date of the drawing up of the financial statements.

INVENTORIES

Inventories are valued at the acquisition cost or in accordance with the probable selling value, if lower. Arctia Group's inventories include the fuel and lubricant stocks of vessels. The inventories of Meritaito Oy include materials, supplies and finished products. The acquisition cost of materials and supplies includes the direct costs incurred by the acquisition. The acquisition cost of finished products includes the share of fixed costs of acquisition and manufacturing in addition to variable costs.

NON-CURRENT ASSETS

Intangible and tangible assets are marked as acquisition expenses on the balance sheet with depreciation according to plan. Depreciations according to plan are calculated as straight line depreciations based

on the target's economic duration. Depreciations are calculated from the month of the asset's application. Development costs consist of developing a marine data model to meet customer needs. All development costs are presented in development costs included in intangible assets in the balance sheet.

Depreciation times:	Years
Intangible assets	3-10
Development expenses	3-5
Buildings	10-30
Vessel stock	
Icebreakers	30-50
Other vessels	5-30
Docking of vessels	5
Communications and navigation equipment	3-5
Computers and related devices	3
Other plants and machinery	5-15

Expenses from repair and maintenance during vessel docking are capitalised and entered as expenses according to the economic working life of the docking (5 years). Residual value has been taken into account in the fleet depreciation plan. In Meritaito Ltd, repair and maintenance expenses with effect of less than three years and up to EUR 25,000 are entered as annual expenses, and in Arctia Icebreaking Ltd, repair

and maintenance expenses of less than three years and up to EUR 50,000 are entered.

The Group's depreciation policy has been updated with respect to the depreciation period concerning the group Other plants and machinery.

RECOGNITION PRINCIPLES AND METHODS

Meritaito Ltd recognised revenue from contracts with a long production or construction period on the basis of the percentage of completion. Projects whose anticipated duration is at least a year or whose effect on the turnover of the fiscal period was remarkable were considered contracts with a long production or construction period. The percentage of completion of long-term projects was determined as the ratio of expenditure incurred to the projects' estimated total expenditure, or, if separately agreed upon in the project contract, it was determined based on the completed parts of the project entity.

1.2. DEFERRED TAXES

The imputed tax liability and receivable have been calculated for the temporary differences between taxation and the financial statements, using the tax rate valid at the time of drawing up the financial statements. The entire imputed tax liability and receiva-



ble are included in the balance. Deferred tax liabilities are related to the depreciation differences recorded for subsidiaries. These differences have been divided into equity and imputed tax liability in the consolidated financial statements.

1.3. PENSIONS

The statutory pension schemes for personnel are managed by external insurance companies. Pension costs are entered as expenses for the year during which they were incurred.

1.4. ASSETS

The statutory pension schemes for personnel are managed by external insurance companies. Pension costs are entered as expenses for the year during which they were incurred.

1.5. ACCOUNTING POLICIES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been drawn up using the acquisition cost method. The subsidiaries have been founded independently with the exception of Meritaito Oy. Business transactions within the Group and internal receivables and debts have been eliminated. Minority shares have been separated from group equity and the profit for the fiscal period, and are presented as their own item. The Group has a consolidated account system in place. Changes to the consolidated account are presented in the financing cash flow items of the individual companies' cash flow statements.

Arctia Icebreaking Ltd owns 40% of the share capital of Ice Advisors Ltd. In 2020, the financial statements of Ice Advisors Ltd were not merged with Arctia Icebreaking Ltd's consolidated financial statements as they did not have a material impact.

Meritaito Ltd owns 50% of New Port Imatra Ltd's share capital, 40% of Insta Airhow Ltd's share capital and 24% of Saariston Merikuljetus Ltd's share capital. In 2020, the financial statements of these companies were not merged with the Arctia Icebreaking Ltd's consolidated financial statements as they did not have a material impact.

1.6. MEASUREMENT OF FINANCIAL INSTRUMENTS AND DERIVATIVES

Measurement in accordance with Chapter 5, Section 2 of the Accounting Act shall be applied in the accounting of financial instruments.

Securities held as financial assets and other similar financing reserves are valued at the acquisition expense or, if their probable fair market price is lower on the balance sheet date, at that value.

The company has protected itself against loan-related interest risks with interest rate derivatives, with which variable interest cash flows are converted into fixed interest rate cash flows using derivatives. Information concerning the interest rate derivatives is presented in the notes to the financial statements based on their protectiveness and the consistency of the loan and the derivative. The current values of the interest rate derivatives are presented in Section 6 of the notes to the financial statements.

2. NOTES ON THE PROFIT AND LOSS ACCOUNT (EUR)

2.1. TURNOVER BY MARKET AREA AND LINE OF BUSINESS	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
BY MARKET AREA				
Finland	78,259,322.50	75,384,670.94	1,676,622.38	2,776,615.40
EU countries	2,451,363.27	3,625,746.04	0.00	0.00
Countries outside the EU	62,153.50	55,136.00	0.00	0.00
	80,772,839.27	79,065,552.98	1,676,622.38	2,776,615.40
BY LINE OF BUSINESS				
Icebreaking	45,931,196.07	46,450,688.75	0.00	0.00
Fairway maintenance and Marine surveys services	34,841,643.20	32,614,864.23	0.00	0.00
Internal administration services	0.00	0.00	1,676,622.38	2,776,615.40
	80,772,839.27	79,065,552.98	1,676,622.38	2,776,615.40
The share of turnover subject to partial revenue recognition in the Group's total turnover	2,936,672.00	1,899,347.49	0.00	0.00
2.2. OTHER INCOME FROM BUSINESS OPERATIONS				
Sales profit on stocks	952,927.76	0.00	0.00	0.00
Profit from sale of fixed assets	40,334.85	167,508.87	0.00	0.00
Grants received	437,974.53	126,815.48	0.00	0.00
Insurance indemnities	7,447.98	2,925.00	0.00	0.00
Other	11,774.23	64,005.34	0.00	0.00
Total	1,450,459.35	361,254.69	0.00	0.00
2.3. NOTES ON PERSONNEL				
AVERAGE NUMBER OF PERSONNEL DURING FISCAL PERIOD				
Clerical employees	210,0	219.6	1.0	8.2
Offshore personnel	229,0	262.1	0.0	0.0
Total	439,0	481.7	1.0	8.2
MANAGEMENT SALARIES AND REMUNERATIONS				
President and CEO	239,649.40	493,213.62	239,649.40	460,573.62
Board members	115,800.00	128,572.54	115,800.00	128,572.54
Rest of the Group management team	401,500.79	875,108.11	0.00	0,00
	756,950.19	1,496,894.27	355,448.40	589,146.16

The salaries of the President and CEO and the Group Management Team represent total remuneration including company car and telephone benefits. No performance bonuses were paid to the Group's Management Team in 2020 (2019 EUR 96,840.00). In 2019, several changes took place in the company's management with the change of CEO, the merger of Arctia and Meritaito, and with other personnel changes. For that reason, year 2020 is not comparable with year 2019. In 2019, the CEO's pay includes compensation for the period of notice of the previous CEO. The pay of the Group's Management Team also includes compensations for periods of notice in 2019.

Management's pension commitments

The CEO's retirement age conforms to the TyEL pension insurance. Pension benefits are provided by the statutory TyEL pension insurance. The company's President and CEO and members of the Management Team and the Board of Directors do not have discretionary pension benefits paid by the company.

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
2.4. OTHER OPERATING COSTS				
Rents	725,690.67	600,053.24	0.00	1,307.82
Costs for vessels	1,377,681.58	1,249,163.20	0.00	0.00
Administrative expenses	7,371,413.26	7,494,550.84	758,263.36	968,543.37
Other operating costs, intra-group	0.00	0.00	86,554.30	347,506.11
Other operating costs	2,127,546.14	2,867,948.92	55,779.02	183,333.92
Other operating costs, total	11,602,331.65	12,211,716.20	900,596.68	1,500,691.22
AUDITORS' FEES				
Audit	74,525.77	83,175.04	41,738.43	38,461.36
Taxation advice	25,715.00	23,917.00	17,140.00	0.00
Other services	48,240.00	0.00	36,740.00	0.00
2.5. FINANCIAL INCOME AND EXPENSES				
Income from other fixed assets investments	0.00	38,400.00	0.00	0.00
Interest income				
From companies in the same group	0.00	0.00	1,253,553.11	1,006,162.73
From other sources	7,005.48	9,200.27	2,978.04	4,899.40
Interest income, total	7,005.48	9,200.27	1,256,531.15	1,011,062.13
Other financial income				
From other sources	27,837.83	162,227.48	27,295.80	162,690.31
Other financial income, total	27,837.83	162,227.48	27,295.80	162,690.31
Financial income, total	34,843.31	209,827.75	1,283,826.95	1,173,752.44
Interest expenses				
To others	1,565,468.81	1,530,852.73	1,242,487.86	1,247,217.58
Interest expenses, total	1,565,468.81	1,530,852.73	1,242,487.86	1,247,217.58
Other financial expenses				
To others	23,793.21	39,542.39	-4,368.90	6,302.22
Other financial expenses, total	23,793.21	39,542.39	-4,368.90	6,302.22
Financial expenses, total	1,589,262.02	1,570,395.12	1,238,118.96	1,253,519.80
Financial income and expenses, total	-1,554,418.71	-1,360,567.37	45,707.99	-79,767.36

3. NOTES ON BALANCE SHEET ASSETS (EUR)

3.1. FIXED ASSET, GROUP

INTANGIBLE ASSETS 2020	Product development expenses	Intellectual property rights	Other intangible assets	Total
Acquisition costs 1 Jan.	695,844.09	998,226.63	684,297.86	2,378,368.58
Increases	0.00	284,860.60	72,146.36	357,006.96
Decrease	0.00	0.00	0.00	0.00
Acquisition costs 31 Dec.	695,844.09	1,283,087.23	756,444.22	2,735,375.54
Accumulated depreciations 1 Jan.	-512,620.16	-786,785.36	-406,592.21	-1,705,997.73
Accumulated depreciation on decreases	0.00	0.00	0.00	0.00
Depreciations for the fiscal period	-100,327.52	-83,660.03	-126,136.60	-310,124.15
Accumulated depreciations 31 Dec.	-612,947.68	-870,445.39	-532,728.81	-2,016,121.88
Book value 31 Dec.	82,896.41	412,641.84	233,715.41	719,253.66

TANGIBLE ASSETS 2020	Land and water areas	Buildings and structures	Vessels	Other plants and machinery	Other tangible assets	Advance payments and acquisitions in progress	Total
Acquisition costs 1 Jan.	1,096,216.60	12,493,101.81	394,989,903.27	15,219,648.95	86,386.67	5,527,781.42	429,413,038.72
Increases	208,000.00	0.00	10,893,811.88	480,710.21	0.00	11,319.10	11,593,841.19
Transfers between item	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Decreases	0.00	0.00	0.00	0.00	0.00	-5,123,934.89	-5,123,934.89
Acquisition costs 31 Dec.	1,304,216.60	12,493,101.81	405,883,715.15	15,700,359.16	86,386.67	415,165.63	435,882,945.02
Accumulated depreciations 1 Jan	0.00	-6,190,070.58	-168,115,437.52	-10,486,374.30	0.00	0.00	-184,791,882.40
Accumulated depreciation on decreases	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciations for the fiscal period	0.00	-579,882.61	-14,740,328.66	-1,046,059.53	0.00	0.00	-16,366,270.80
Reductions in value	0.00	0.00	-1,191,877.86	0.00	0.00	0.00	-1,191,877.86
Accumulated depreciations 31 Dec.	0.00	-6,769,953.19	-184,047,644.04	-11,532,433.83	0.00	0.00	-202,350,031.06
Book value 31 Dec.	1,304,216.60	5,723,148.62	221,836,071.11	4,167,925.33	86,386.67	415,165.63	233,532,913.96

3.1. FIXED ASSETS, GROUP

INTANGIBLE ASSETS 2019	Product development expenses	Intellectual property rights	Other intangible assets	Total
Acquisition costs 1 Jan.	695,844.09	998,226.63	549,653.86	2,243,724.58
Increases	0.00	0.00	134,644.00	134,644.00
Decreases	0.00	0.00	0.00	0.00
Acquisition costs 31 Dec.	695,844.09	998,226.63	684,297.86	2,378,368.58
Accumulated depreciations 1 Jan.	-379,015.76	-671,884.59	-317,164.78	-1,368,065.13
Depreciations for the fiscal period	0.00	0.00	0.00	0.00
Depreciation for the financial year	-133,604.40	-114,900.77	-89,427.43	-337,932.60
Accumulated depreciations 31 Dec.	-512,620.16	-786,785.36	-406,592.21	-1,705,997.73
Book value 31 Dec.	183,223.93	211,441.27	277,705.65	672,370.85

TANGIBLE ASSETS 2019	Land and water areas	Buildings and structures	Vessels	Other plants and machinery	Other tangible assets	Advance payments and acquisitions in progress	Total
Acquisition costs 1 Jan.	1,096,216.60	12,433,396.15	385,588,856.04	13,421,331.20	86,386.67	7,415,656.86	420,041,843.52
Increases	0.00	59,705.66	9,401,047.23	1,798,317.75	0.00	0.00	11,259,070.64
Transfers between items	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Decreases	0.00	0.00	0.00	0.00	0.00	-1,887,875.44	-1,887,875.44
Acquisition costs 31 Dec.	1,096,216.60	12,493,101.81	394,989,903.27	15,219,648.95	86,386.67	5,527,781.42	429,413,038.72
Accumulated depreciations 1 Jan.	0.00	-5,540,995.15	-154,257,150.20	-9,513,474.07	0.00	0.00	-169,311,619.42
Depreciations for the fiscal period	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation for the financial year	0.00	-649,075.43	-13,858,287.32	-972,900.23	0.00	0.00	-15,480,262.98
Accumulated depreciations 31 Dec.	0.00	-6,190,070.59	-168,115,437.52	-10,486,374.30	0.00	0.00	-184,791,882.40
Book value 31 Dec.	1,096,216.60	6,303,031.23	226,874,465.75	4,733,274.65	86,386.67	5,527,781.42	244,621,156.32

3.1. FIXED ASSETS, ARCTIA LTD

INTANGIBLE ASSETS 2020	Intellectual property rights	Total
Acquisition costs 1 Jan.	505,862.92	505,862.92
Increases	0.00	0.00
Acquisition costs 31 Dec.	505,862.92	505,862.92
Accumulated depreciations 1 Jan.	-484,680.46	-484,680.46
Depreciations for the fiscal period	-21,182.46	-21,182.46
Accumulated depreciations 31 Dec.	-505,862.92	-505,862.92
Book value 31 Dec.	0.00	0.00

TANGIBLE ASSETS 2020	Land and water areas	Buildings and structures	Other plants and machinery	Other tangible assets	Advance payments and acquisitions in progress	Total
Acquisition costs 1 Jan.	169,480.95	4,658,714.57	933,683.83	86,386.67	0.00	5,848,266.02
Increases	0.00	0.00	0.00	0.00	0.00	0.00
Decreases	0.00	0.00	0.00	0.00	0.00	0.00
Acquisition costs 31 Dec.	169,480.95	4,658,714.57	933,683.83	86,386.67	0.00	5,848,266.02
Accumulated depreciations 1 Jan.	0.00	-1,281,636.20	-670,175.91	0.00	0.00	-1,951,812.11
Depreciations for the fiscal period	0.00	-209,919.72	-70,061.28	0.00	0.00	-279,981.00
Accumulated depreciations 31 Dec.	0.00	-1,491,555.92	-740,237.19	0.00	0.00	-2,231,793.11
Book value 31 Dec.	169,480.95	3,167,158.65	193,446.64	86,386.67	0.00	3,616,472.91

INVESTMENTS 2020	Shares in group companies	Total
Acquisition costs 1 Jan.	92,304,364.40	92,304,364.40
Increases	0.00	0.00
Decreases	-5,000.00	-5,000.00
Acquisition costs 31 Dec.	92,299,364.40	92,299,364.40
Book value 31 Dec.	92,299,364.40	92,299,364.40

3.1. FIXED ASSETS, ARCTIA LTD

INTANGIBLE ASSETS 2019		Intellectual property rights	Total
Acquisition costs 1 Jan.		505,862.92	505,862.92
Increases		0.00	0.00
Acquisition costs 31 Dec.		505,862.92	505,862.92
Accumulated depreciations 1 Jan.		-426,530.14	-426,530.14
Depreciations for the fiscal period		-58,150.32	-58,150.32
Accumulated depreciations 31 Dec.		-484,680.46	-484,680.46
Book value 31 Dec.		21,182.46	21,182.46

TANGIBLE ASSETS 2019	Land and water areas	Buildings and structures	Other plants and machinery	Other tangible assets	Advance payments and acquisitions in progress	Total
Acquisition costs 1 Jan.	169,480.95	4,658,714.57	933,683.83	86,386.67	0.00	5,848,266.02
Increases	0.00	0.00	0.00	0.00	0.00	0.00
Decreases	0.00	0.00	0.00	0.00	0.00	0.00
Acquisition costs 31 Dec.	169,480.95	4,658,714.57	933,683.83	86,386.67	0.00	5,848,266.02
Accumulated depreciations 1 Jan.	0.00	-1,071,716.48	-600,114.63	0.00	0.00	-1,671,831.11
Depreciations for the fiscal period	0.00	-209,919.72	-70,061.28	0.00	0.00	-279,981.00
Accumulated depreciations 31 Dec.	0.00	-1,281,636.20	-670,175.91	0.00	0.00	-1,951,812.11
Book value 31 Dec.	169,480.95	3,377,078.37	263,507.92	86,386.67	0.00	3,896,453.91

INVESTMENTS 2019	Shares in group companies	Total
Acquisition costs 1 Jan.	92,304,364.40	92,304,364.40
Increases	0.00	0.00
Decreases	0.00	0.00
Revaluation (net)	0.00	0.00
Acquisition costs 31 Dec.	92,304,364.40	92,304,364.40
Book value 31 Dec.	92,304,364.40	92,304,364.40

3. NOTES ON BALANCE SHEET ASSETS (EUR)

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
3.1.1 GROUP SUBSIDIARIES			Share of ownership	
Arctia Icebreaking Ltd	100 %	100 %	100 %	100 %
JM Voima Ltd	0 %	100 %	0 %	100 %
Arctia Offshore Ltd	0 %	100 %	0 %	100 %
Arctia Karhu Ltd	90 %	90 %	90 %	90 %
Arctia Management Services Ltd	100 %	100 %	100 %	100 %
Arctia Icebreaking Investment Ltd	0 %	100 %	0 %	100 %
Arctia Offshore Investment Ltd	0 %	100 %	0 %	100 %
Meritaito Ltd	100 %	100 %	100 %	100 %
<p>IB Voima Ltd and Arctia Offshore Ltd were merged with Arctia Icebreaking Ltd on 31 December 2020. With the decisions adopted by the annual general meetings on 24 June 2020, Arctia Icebreaking Investment Ltd and Arctia Offshore Investment Ltd entered into liquidation for the purpose of dissolving the companies.</p>				
3.1.3 ASSOCIATED COMPANIES				
Ice Advisors Ltd, Helsinki				
Share of ownership	40 %	40 %		
Equity	28,018.28	33,883.83		
Profit for the fiscal period	-5,865.55	-5,670.46		
Saariston Merikuljetus Ltd Meripojat, Raisio				
Share of ownership	24 %	24 %		
New Port Imatra Ltd, Helsinki				
Share of ownership	50 %	50 %		
Insta Airhow Ltd, Tampere				
Share of ownership	40 %	40 %		
3.2. INVENTORIES				
Raw materials and consumables				
Opening balance 1.1.	4,033,497.29	4,281,757.22		
Variation in stocks	-1,421,622.24	-248,259.93		
Closing balance 31.12.	2,611,875.05	4,033,497.29		
Unfinished products				
Opening balance 1.1.	8,737.48	0.00		
Variation in stocks	6,904.31	8,737.48		
Closing balance 31.12.	15,641.79	8,737.48		
Finished products				
Opening balance 1.1.	78,803.03	45,231.62		
Variation in stocks	21,078.47	33,571.41		
Closing balance 31.12.	99,881.50	78,803.03		
Advance payments	0.00	0.00		
Current assets 31.12.	2,727,398.34	4,121,037.80		

3. NOTES ON BALANCE SHEET ASSETS (EUR)

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
3.3 SHORT-TERM RECEIVABLES				
3.3.1 RECEIVABLES FROM GROUP COMPANIES				
Accounts Receivable			30,127.12	0.00
Loan receivables			2,500,000.00	2,600,000.00
Group account receivables			389,837.32	5,977,686.52
			2,919,964.44	8,577,686.52
3.3.2 RELEVANT ITEMS IN DEFERRED RECEIVABLES				
Personnel expenditure	691,843.49	775,969.47	587,100.55	622,932.09
Other deferred receivables, from sales	1,530,959.13	2,978,892.07	0.00	0.00
Other deferred receivables, from expenses	1,198,281.33	2,167,653.29	25,032.56	17,843.83
	3,421,083.95	5,922,514.83	612,133.11	640,775.92
3.4 FINANCIAL SECURITIES				
Book value	20,000,000.00	20,000,000.00	20,000,000.00	20,000,000.00
Market value	20,269,540.08	20,195,482.13	20,269,540.08	20,195,482.13

4. NOTES ON BALANCE SHEET LIABILITIES (EUR)

4.1. EQUITY INCREASE AND DECREASE	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Restricted equity				
Share capital 1 Jan.	18,700,000.00	18,700,000.00	18,700,000.00	18,700,000.00
Share capital 31 Dec.	18,700,000.00	18,700,000.00	18,700,000.00	18,700,000.00
Unrestricted equity				
Reserve for invested unrestricted equity				
Reserve for invested unrestricted equity 1 Jan.	77,014,336.91	77,014,336.91	77,014,336.91	77,014,336.91
Reserve for invested unrestricted equity 31 Dec.	77,014,336.91	77,014,336.91	77,014,336.91	77,014,336.91
Profit from previous fiscal periods 1 Jan.	45,466,552.31	51,600,778.00	22,312,581.37	24,129,604.67
Payment of dividends	0.00	-1,600,720.00	0.00	-1,600,720.00
Adjustment to the result of the previous financial year	48,193.26	833,000.00	240,966.30	0.00
Adjustment to the result of the previous financial years	0.00	-3,403,369.59	0.00	0.00
Profit from previous fiscal periods 31 Dec.	45,514,745.57	47,429,688.41	22,553,547.67	22,528,884.67
Profit for fiscal period	855,789.26	-1,963,136.10	-73.37	-216,303.30
Unrestricted equity, total	123,384,871.74	122,480,889.22	99,567,811.21	99,326,918.29
Equity, total	142,084,871.74	141,180,889.22	118,267,811.21	118,026,918.28
Distributable assets				
Total unlimited equity	123,384,871.74	122,480,889.22	99,567,811.21	99,326,918.29
Unrecognized part of product development costs	-82,896.41	-183,223.93	0.00	0.00
Distributable assets, total	123,301,975.33	122,297,665.29	99,567,811.21	99,326,918.28

The capital and reserves of the opening balance sheet of Arctia Ltd have been adjusted in 2020 by releasing the depreciation difference of EUR 240,966.30, which was recorded incorrectly in the previous financial period. The capital and reserves of the opening balance has been adjusted in 2019 by releasing the replacement reserve of EUR 833,000.00 recorded incorrectly in Meritaito Ltd's 2018 financial period. An adjustment entry was made in the financial period 2019 in the accounts of the subsidiary Arctia Offshore Ltd concerning incorrect processing of the sale of fixed assets in the previous financial period. The error was generated in relation to the sale of a vessel. The adjustment has been recorded in the opening balance sheet. In the consolidated financial statements, an adjustment of EUR 3,403,369.59 has been made in the retained earnings of previous financial periods and EUR 3,403,369.59 in deferred tax liability.

4.2. IMPUTED TAX LIABILITIES AND RECEIVABLES				
Imputed tax liabilities				
For depreciation differences	7,013,170.52	7,061,363.78	0.00	0.00
For correction entry	3,403,369.59	3,403,369.59	0.00	0.00

In the consolidated financial statements, the depreciation difference of EUR 35,065,852.60 has been divided into a part comparable to equity, EUR 28,052,682.08, and into deferred tax liability, EUR 7,013,170.52. An adjustment of EUR 3,403,369.59 was entered in the opening balance sheet of Arctia Offshore Ltd, and it was recorded in capital and reserves and deferred tax liability. The total confirmed losses of the Arctia Group were EUR 13,977,283.41. No deferred tax liability has been recorded on the confirmed losses. In 2019, EUR 560,000.00 of the deferred tax assets recorded of the confirmed losses of Arctia Offshore Ltd was released.

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
4.3. LONG-TERM LIABILITIES				
Loans from financial institutions	115,868,792.02	116,287,250.35	100,000,000.00	102,505,402.22
Loans become due after more than 5 years	200,000.00	3,200,000.00	0.00	0.00
	116,068,792.02	119,487,250.35	100,000,000.00	102,505,402.22
4.4. SHORT-TERM LIABILITIES				
Loans from financial institutions	3,400,000.00	5,856,695.35	2,500,000.00	2,500,000.00
	3,400,000.00	5,856,695.35	2,500,000.00	2,500,000.00
4.4.1. LIABILITIES TO GROUP COMPANIES				
Accounts payable			301,054.76	168,946.60
Group account liabilities			14,042,461.68	8,574,251.24
			14,343,516.44	8,743,197.84
4.4.2. RELEVANT ITEMS INCLUDED IN DEFERRED LIABILITIES				
Personnel expenditure	6,490,320.19	5,450,333.61	110,945.15	25,681.07
Income tax	0.00	26,115.01	0.00	0.00
Interest liabilities	44,153.07	100,238.95	0.00	0.00
Other deferred liabilities	809,035.32	486,336.58	7,500.00	248.39
	7,343,508.58	6,063,024.15	118,445.15	25,929.46

5. NOTES ON SECURITIES AND CONTINGENT LIABILITIES

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
RENT/LEASING AGREEMENTS				
To be paid during subsequent fiscal period				
Leasing agreements	443,944.92	370,451.92	8,340.00	0.00
Rent liabilities	753,207.43	571,492.13	0.00	0.00
	1,197,152.35	941,944.05	8,340.00	0.00
Due at a later date				
Leasingsopimukset	510,286.27	606,347.91	6,255.00	0.00
Rent liabilities	1,675,906.80	1,605,441.09	0.00	0.00
	2,186,193.07	2,211,789.00	6,255.00	0.00
Total	3,383,345.42	3,153,733.05	14,595.00	0.00

The sums are presented with VAT included.

CONTINGENT LIABILITIES

GUARANTEES

For group companies

	10,350,000.00	10,650,000.00	10,350,000.00	10,650,000.00
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Together with Port of Kemi Ltd, the parent company has issued an absolute joint and several guarantee of EUR 10,350,000.00 to Nordea Bank AB, Finnish branch, for the bank loan of Arctia Karhu Ltd. On 31 December 2020, the loan capital was EUR 10,350,000.00 euroa.

Issued on behalf of the parent company

	102,500,000.00	105,000,000.00	102,500,000.00	105,000,000.00
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Meritaito Ltd has a guarantee limit of EUR 5,000,000.00 granted by a bank. Of this sum, EUR 2,697,307.15 was used on 31 December 2020 (EUR 1,864,710.99 on 31 December 2019).

OTHER CONTINGENT LIABILITIES

The group account receivables act as a general guarantee to the bank for all loan balances, interest, penal interest, costs and remunerations on valid group accounts linked to the Group Accounts Agreement, as well as for the bank's debt-collection costs. The shareholders of Insta Airhow Oy shall undertake to grant to the company the maximum sum of two hundred thousand (200,000) euros in total as extra funding in relation to the shareholding if the company's Board of Directors so proposes in order to finance the growth stage of the business operations. The extra funding is either equity or debt financing, or both, as the company's Board of Directors defines the required financial instruments in the way it considers most appropriate in terms of the company's interests. The share of Meritaito Ltd of this is EUR 80,000, of which EUR 40,000 had not been taken up on 31 December 2020.

6. DERIVATIVES (EUR)

	GROUP		PARENT COMPANY	
	2020	2019	2020	2019
Interest rate swaps				
Total loan capital	47,850,000.00	48,150,000.00	37,500,000.00	37,500,000.00
Value of underlying commodities	42,675,000.00	42,825,000.00	37,500,000.00	37,500,000.00
Market value of agreements	-675,257.00	-877,160.00	-617,906.00	-794,221.00

The interest rate swaps have been made to hedge a long-term parent company and subsidiary loan.

Current account facilities

Total amount of the facility	14,000,000.00	14,250,000.00	0.00	0.00
In use	3,218,792.02	3,437,250.35	0.00	0.00

Responsibilities for corporate cards

	11,035.00	16,646.83	0.00	0.00
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VAT refund liabilities

The VAT refund liability on real estates in 2020 totalled EUR 314,772.72 euroa (EUR 457,086.08 in 2019).

SIGNATURES TO THE FINANCIAL STATEMENTS AND ANNUAL REPORT

Helsinki, 2 March 2021

Pertti Saarela
Chairman of the Board of Directors

Pirjo Kiiski

Hanna Masala

Sinikka Mustakari

Mats Rosin
Vice Chairman

Kari Savolainen

Maunu Visuri
President and CEO

AUDITORS' REPORT

A report on the audit of accounts has been issued today.

Helsinki, 2 March 2021

KPMG Ltd

Ari Eskelinen
KHT

LIST OF ACCOUNTING BOOKS, RECORD TYPES AND STORAGE MEDIA

Balance sheet book	Bound separately
Daybook and general ledger	on CD
Purchase invoices	In electronic format
Payment receipts	In electronic format
Sales invoices	In electronic format
Transaction receipts	In electronic format
Bank receipts	In electronic format
Memo receipts	In electronic format
Payroll accounting receipts	In electronic format
Intangible asset transactions	In electronic format
Cash vouchers	In electronic format
Travel expense receipts	In electronic format
Notes vouchers	In electronic format



Auditor's Report

TO THE ANNUAL GENERAL MEETING OF
ARCTIA LTD

REPORT ON THE AUDIT OF THE FINANCIAL
STATEMENTS

OPINION

We have audited the financial statements of Arctia Oy (business identity code 2302573-7) for the year ended 31 December, 2020. The financial statements comprise the balance sheets, the income statements, cash flow statements and notes for the group as well as for the parent company.

In our opinion, the financial statements give a true and fair view of the group's and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

BASIS FOR OPINION

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in

Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE FINANCIAL STATEMENTS

The Board of Directors and the Managing Director are responsible for the preparation of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going

concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures respon-



sive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclos-

ures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

OTHER REPORTING REQUIREMENTS

OTHER INFORMATION

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been

prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations. If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

OTHER OPINIONS

We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet (and the distribution of other unrestricted equity) is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors of the parent company and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki, 8 March, 2021

KPMG Ltd

Ari Eskelinen
KHT



Arctia Ltd

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