



GROUP ANNUAL REPORT 2023

PORT OF  TALLINN

AS Tallinna Sadam

Consolidated Group Annual Report 2023

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Auditor	AS PricewaterhouseCoopers

The company's consolidated financial statements in the PDF format without the European Single Electronic Format (ESEF) markups.

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Table of Contents

MANAGEMENT REPORT	5	6 BUSINESS REVIEW	40
1 TALLINNA SADAM AT A GLANCE	6	6.1 Key performance indicators	40
1.1 Business model	6	6.2 Economic environment	41
1.2 Key performance indicators for 2023	8	6.3 Effects of the Russia-Ukraine war and main economic risks	42
1.3 Highlights and awards of the year 2023	9	6.4 Overview of the market: passengers	43
1.4 Letter from the CEO	12	6.5 Overview of the market: cargo	45
1.5 Vision, mission, values	13	6.6 Operating results	47
1.6 Strategy 2023–2027	14	6.6.1 Number of passengers	49
1.7 Tallinna Sadam’s stakeholder groups and value chains	17	6.6.2 Cargo volume	50
2 SERVICE RESPONSIBILITY	19	6.6.3 Ferry service	51
2.1 Safety and security	19	6.6.4 Icebreaker Botnica	51
2.2 Quality management and risks	21	6.7 Income and expenses	52
2.3 Customers and suppliers	22	6.8 Profit	55
3 ENVIRONMENT	24	6.9 Segment reporting	56
3.1 Energy efficiency and sustainable consumption	25	6.10 Investments and development prospects	58
3.2 Clean Baltic Sea and circular economy	26	6.11 Dividends	59
3.3 Clean air	28	6.12 Share and shareholders	60
4 OUR PEOPLE	31	7 CORPORATE GOVERNANCE	62
4.1 Employees	31	7.1 General meeting	63
4.2 Human resource strategy	33	7.2 Supervisory board	64
4.3 Occupational safety	35	7.3 Audit committee and internal audit department	67
5 GIVING BACK TO SOCIETY	36	7.4 Remuneration committee	67
5.1 Participation in organisations	36	7.5 Nomination committee	68
5.2 Sustainable development cooperation and volunteer work	37	7.6 Management board	68
		7.7 Supervisory and management boards of subsidiaries and associates	70
		7.8 Cooperation of the management and supervisory boards	70
		7.9 Disclosure of information and communication	70
		7.10 Financial reporting	71
		7.11 Statement of compliance with the CGR	71

REMUNERATION REPORT	72	Note 14. Provisions	116
		Note 15. Trade and other payables	117
CONSOLIDATED FINANCIAL STATEMENTS	76	Note 16. Taxes payable	118
Consolidated statement of financial position	77	Note 17. Loans and borrowings	119
Consolidated statement of comprehensive income	78	Note 18. Government grants	123
Consolidated statement of cash flows	79	Note 19. Equity	130
Consolidated statement of changes in equity	80	Note 20. Revenue	134
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	81	Note 21. Operating expenses	136
Note 1. Reporting entity	81	Note 22. Other income	138
Note 2. Material accounting policies	82	Note 23. Finance costs	138
Note 3. Operating segments	92	Note 24. Related party transactions	139
Note 4. Financial risk management	96	Note 25. Commitments	141
Note 5. Significant accounting estimates and judgements	102	Note 26. Investing activities in the statement of cash flows	141
Note 6. Financial instruments	104	Note 27. Contingent liabilities	142
Note 7. Cash and cash equivalents	105	Note 28. Investigations concerning the group	143
Note 8. Trade and other receivables	106	Note 29. Additional information on the parent	144
Note 9. Investments in an associate	107	Note 30. Events after the reporting period	149
Note 10. Investment properties	109		
Note 11. Property, plant and equipment	110	MANAGEMENT'S CONFIRMATION	150
Note 12. Intangible assets	112	INDEPENDENT AUDITOR'S REPORT	151
Note 13. Leases	113	STATEMENT OF THE SUPERVISORY BOARD	156
		PROFIT ALLOCATION PROPOSAL	157



MANAGEMENT REPORT

1 Tallinna Sadam at a Glance

1.1 Business model

The business model of AS Tallinna Sadam and its subsidiaries (together: 'Tallinna Sadam' or 'the Group') is based on **four well-balanced business lines**: passengers, cargo, shipping and real estate, which ensure the Group's profitability even in the most challenging times.

Tallinna Sadam owns the largest cargo and passenger harbour complex in Estonia. Our harbours are navigable and easily accessible throughout the year, and deep enough to receive all vessels passing through the Danish Straits. Tallinna Sadam owns two passenger harbours (**Old City Harbour** and **Saaremaa Harbour**) and two cargo harbours (**Muuga Harbour** and **Paldiski South Harbour**).

PASSENGERS

- **TOP 2 Baltic Sea passenger port in 2023:** 8 million passengers, 5,646 ferry calls
- Passenger harbours: Old City Harbour and Saaremaa Harbour. One route at Muuga Harbour
- **Reception of ferries and cruise ships**, provision and development of port infrastructure, provision of services for passengers and vehicles
- Ferry routes: Tallinn–Helsinki, Tallinn–Stockholm, Muuga–Vuosaari, cruise ships

CARGO

- 2023: **13 million tonnes of cargo**, 1,380 cargo ship calls
- Cargo harbours: Muuga Harbour, Paldiski South Harbour. Ro-ro cargo at Old City Harbour
- **Reception of cargo traffic**, provision and development of port infrastructure for cargo handling and transport
- Cargo types: dry bulk, container, ro-ro, liquid bulk, general cargo

SHIPPING

TS LAEVAD OÜ

- **Operation of ferries** on two domestic routes: Rohuküla–Heltermaa and Virtsu–Kuivastu
- 2023: 2.4 million passengers and 1.1 million vehicles carried, 23,000 trips
- 5 ferries: Leiger, Tiiu, Töll, Piret and Regula

TS SHIPPING OÜ (MPSV BOTNICA)

- **Icebreaking** in northern Estonian harbours
- **Offshore work** and international projects in the summer and autumn

REAL ESTATE

- **Old City Harbour property development** 16 ha
- Muuga Industrial Park 76 ha
- Paldiski South Harbour Industrial Park 34 ha
- Saaremaa Harbour Logistics Park 10 ha
- Vacant land and rental premises in the harbours

Tallinn Old City Harbour is the second largest passenger harbour in the northern Baltic Sea region (after Helsinki). Muuga Harbour is the largest cargo harbour in Estonia. Tallinna Sadam provides port services as a landlord port, i.e. it owns, manages and develops quays, port basins and the surrounding areas, leases land to cargo operators, organises vessel traffic in the port basins and ensures safe navigation in the port waters. Tallinna Sadam owns passenger terminals and other facilities necessary for passenger services. The superstructure of the cargo harbours belongs to cargo operators. Waste management in the harbours is provided by AS Green Marine (Green Marine), an associate of Tallinna Sadam that offers innovative waste management solutions.

Through its subsidiary OÜ TS Laevad (TS Laevad), Tallinna Sadam operates ferries and provides passenger transport service between Estonia’s mainland and two largest islands — Saaremaa and Hiiumaa. The Group has five ferries and the routes served are the busiest domestic ferry routes in Estonia. The other subsidiary, OÜ TS Shipping (TS Shipping), is also involved in shipping. It owns the multifunctional icebreaker Botnica, which provides icebreaking services in the northern Estonian coastal waters during the winter season and icebreaking, ice management and escort services in offshore projects in the Arctic waters of northern Canada and elsewhere during the summer season.

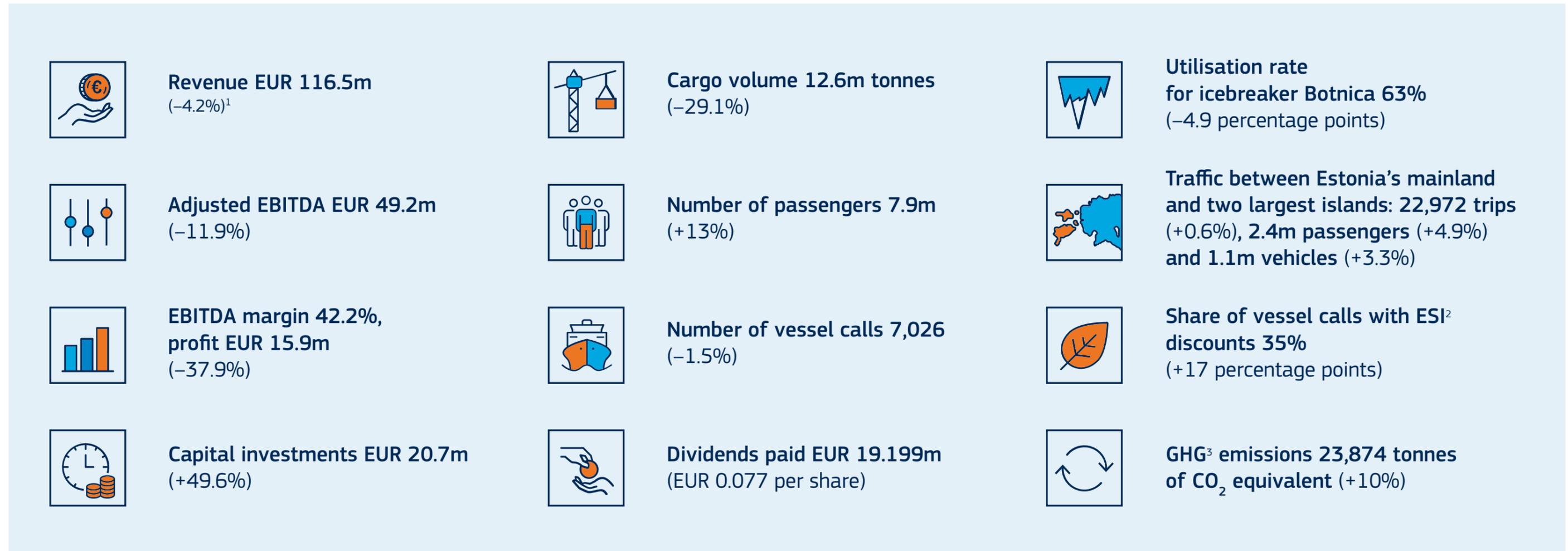
The real estate business is largely in the preparation phase. Detailed plans for the real estate development areas of Old City Harbour have been initiated and submitted to the Tallinn City Planning Department. In order to increase the overall attractiveness and value of the area, several new passenger-related developments were completed in 2020–2023: Terminal D with a multi-storey car park and a square in front of the terminal building, the pedestrian Admiral Bridge connecting the passenger terminals, and an environmentally friendly modern cruise terminal with a promenade. In 2023, we also organised an architectural design competition for the development of the area around the new Terminal A.

The Group’s operating segments for financial accounting purposes differ slightly from its business lines. The **operating segments** are Passenger harbours, Cargo harbours, Ferry, and Other. The Passenger harbours segment comprises the provision of port services at the harbours mainly involved in passenger service — Old City Harbour and Saaremaa Harbour — and real estate development activities in Old City Harbour. The Cargo harbours segment comprises the provision of port services at the harbours mainly involved in cargo handling — Muuga Harbour and Paldiski South Harbour — and activities related to the industrial parks located in those harbours. The Ferry segment comprises the operations of the subsidiary TS Laevad, which provides ferry services between the Estonian mainland and the two largest islands. The segment Other includes mainly the operations of the subsidiary TS Shipping, which operates the multifunctional icebreaker Botnica, and the Group’s share of the profits and losses of the associate Green Marine, which is accounted for using the equity method. Segment results are presented in [section 6.9](#) of the management report and [note 3](#) to the consolidated financial statements.

Structure of Tallinna Sadam Group



1.2 Key performance indicators for 2023



¹ All changes on this page compared with 2022

³ ESI — Environmental Ship Index

⁴ GHG — greenhouse gases CO₂, N₂O and CH₄ converted into CO₂ equivalent

1.3 Highlights and awards of the year 2023



START OF CONSTRUCTION OF OFFSHORE WIND FARM QUAY AT PALDISKI SOUTH HARBOUR

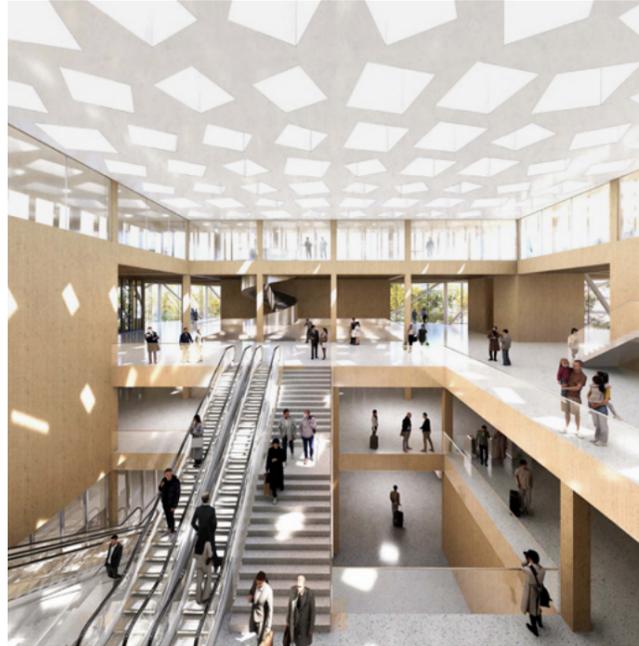


ATTENDING THE NASDAQ STOCK EXCHANGE CLOSING BELL CEREMONY IN NEW YORK

NUMBER OF PASSENGERS SERVED RECOVERS TO 8 MILLION

NUMBER OF PASSENGERS CARRIED ON THE GROUP'S FERRIES OVER THE YEARS REACHES 15 MILLION

CONTRACT SIGNED TO OPERATE THE LNG QUAY AT PAKRINEEME HARBOUR



TALLINNA SADAM — TOP 3
TOURISM PROMOTER OF THE YEAR

GREEN KEY ECO-LABEL
AWARDED TO OLD CITY HARBOUR
CRUISE TERMINAL



Author: Mblumba OÜ

ARCHITECTURAL DESIGN COMPETITION FOR TERMINAL A



COMPLETION OF DOUBLE RAMP FOR RO-RO VESSELS AT MUUGA HARBOUR



GOLD LABEL OF THE RESPONSIBLE BUSINESS INDEX



MAJOR CREVEX EXERCISE HELD AT MUUGA HARBOUR



INVESTOR TOOMAS VISITS TALLINNA SADAM



TRANSPORT SECTOR GREEN FORUM



CREATION OF A GREEN SHIPPING CORRIDOR BETWEEN ESTONIA AND FINLAND (FIN-EST GREEN CORRIDOR)

1.4 Letter from the CEO

Last year was challenging for Tallinna Sadam as we continued to focus on reorientation and new projects in a turbulent business environment. However, our balanced business model and strong customer base are helping us to successfully navigate through various crises and maintain our ability to generate profit and pay dividends.

Our liquid bulk and fertilizer volumes have fallen sharply as a result of the sanctions imposed on Russia, but we do not expect transit volumes to return to the levels seen before the war in Ukraine. Instead, we are actively seeking opportunities to attract new cargo volumes and develop new lines of business with our customers and partners in order to restore and enhance the value of Tallinna Sadam. An important new project with growth potential is the construction of a quay for offshore wind farms at Paldiski South Harbour, which started in summer 2023 and will be completed by spring 2026. We also see other opportunities in renewable energy and are considering providing a maintenance vessel service for offshore wind farms.

Passenger traffic has recovered moderately to 8 million passengers and I am confident that the growth will continue in the coming years. We also hope to welcome more cruise tourists to Tallinn, which has been a popular cruise destination for the past decade due to its exceptional combination of an extraordinary medieval Old Town and innovative, world-class services and solutions.

As we focus on growth, we must also make our services smarter and more efficient, and consider our impact on the environment.

To this end, we have signed a memorandum of understanding with the cities of Tallinn and Helsinki and ferry operators to jointly develop a green shipping corridor — a climate-neutral ferry route for passengers travelling between Estonia and Finland. We are also contributing to a greener future by developing an attractive urban space by the sea. In 2023, we held an architectural design competition for Terminal A and will continue to implement the vision for the development of Old City Harbour in order to create a new, people-friendly urban environment with a convenient and sustainable tram link to the city centre.

We must make our services smarter and more efficient, and consider our impact on the environment.

To be competitive, we also need teamwork, know-how and people with invaluable long-term experience who can help us overcome crises and implement new growth projects. I would like to thank everyone who is working with us towards a better future, because without cooperation and a long-term vision, we cannot sail far.



VALDO KALM
Chairman of the Management Board of Tallinna Sadam

1.5 Vision, mission, values

The vision of Tallinna Sadam is to become the **most innovative port on the Baltic Sea**, because innovation and sustainability provide a competitive advantage.

Tallinna Sadam is a modern gateway to the Baltic Sea. We are a growth-oriented development and service company. We create a sustainable environment and development opportunities for our customers and employees by combining services for people and cargo, shipping, and waterfront property development into an integrated logistics business. We listen to the communities and protect the environment. We are open, smart and reliable. We represent Estonia's maritime image and are one of the engines of its economy.

Tallinna Sadam's core values are openness, smartness and reliability.

We are **open** to new ideas and innovations and find ways to implement them. We share information about our intentions and activities both internally and externally.

We make sensible and **smart** decisions, doing the right things at the right time and in the right way. We seek, seize and deliver creative and forward-looking solutions to improve the company's competitiveness.

We are **reliable**. We keep our promises and deliver quality. We are professional, competent and influential experts in our field, treating ourselves and others with respect and consideration.

In 2023, we combined our values and ethical principles into a single [Code of Ethics](#), which also sets out clearly defined ethical expectations for our partners. In addition, we have set up a [whistleblowing hotline](#) for reporting concerns about possible misconduct and have provided guidelines for submitting and handling such reports. Reports can be made confidentially and anonymously, if desired, by both our employees and external parties.



Author: Molumba OÜ

1.6 Strategy 2023–2027

Tallinna Sadam's strategy is focused on implementing its vision — to be the most innovative port on the Baltic Sea, meet owners' expectations, deliver on the dividend promise, promote a strong business culture and ensure sustainable development.

Business strategy

We will work to restore our business volumes and have moderate growth opportunities in all our business lines: cargo, passengers, real estate, and shipping.

In the passenger business, which has been severely affected by the COVID crisis and, particularly in the cruise segment, by the Russia-Ukraine war, we will focus on restoring our operating volumes in terms of services provided to both regular routes and cruise ships. We will invest in improving passenger service infrastructure and providing sustainable port service solutions for ferries, ships, buildings and passengers. The aim is to develop an environmentally friendly customer journey by creating green corridors on the Tallinn–Helsinki and Tallinn–Stockholm routes.

In the cargo business, we will look for ways to restore cargo volumes that have declined due to the economic situation and sanctions, and we will continue to increase the competitiveness of cargo corridors that pass through Estonia together with other members of the logistics chain. The development of offshore wind farms in the region will provide a good opportunity to start offering construction and maintenance port services, while the replacement of fossil fuels with renewable and biofuels and alternative energy sources will open up opportunities to handle new cargo groups.

Changes in supply chains will further increase the importance of the port as an intermodal hub and the significance of the north–south corridor. Therefore, our objective is to start using additional space in the industrial parks at Muuga Harbour and Paldiski South Harbour.

In the real estate business, we will continue to create attractive urban space by implementing the Old City Harbour development plan, i.e. Masterplan 2030+. The goal for the strategy period is to begin real estate development and create a high-quality public urban space in the northern area.

In shipping, the main focus will be on winning the tender for the provision of ferry service between Estonia's mainland and two largest islands, strengthening the core business and ensuring year-round work for the multifunctional icebreaker Botnica. We will also explore the viability of a new business line: providing a maintenance fleet for offshore wind farms.

The main factors that will affect our operations and the implementation of our business strategy are the generally unstable economic situation in Europe, the Russia-Ukraine war and the tightening of environmental requirements and regulations. On the positive side, the changes in global supply chains may open up development opportunities for serving new cargo flows. In addition, the volatility of energy prices and climate regulations are accelerating the search for new solutions to implement alternative energy sources and green fuels, which is creating conditions for the development of energy-related projects in harbours.

To implement the strategy, we will set annual targets and all employees will contribute to achieving them. The key to Tallinna Sadam's future success lies in the attitude and mindset that our daily business decisions and investments must equally support the development of the company, the surrounding environment and society as a whole.

Development opportunities

PASSENGERS

- Restoring passenger traffic volumes on the Helsinki and Stockholm routes
- Restoring the volume of cruise ship calls and the number of cruise passengers
- Improving mobility in the harbour area and ferry connections (including traffic management, green corridors, new routes)

CARGO

- Building a harbour for the construction and maintenance of offshore wind farms
- Becoming a regional cargo and logistics hub and increasing north–south cargo flows (including the opportunities offered by Rail Baltica)
- Continuing the development of ro-ro/con-ro routes at Muuga Harbour and Paldiski South Harbour
- Producing alternative fuels at harbours

SHIPPING

- Winning the public tender and signing a new contract to provide ferry service between Estonia’s mainland and two largest islands
- Providing a maintenance fleet for offshore wind farms
- Increasing operating efficiency, electrifying vessels and implementing alternative fuels
- Increasing the volume of icebreaking and offshore services in international projects

REAL ESTATE

- Implementing Masterplan 2030+ for the development of Old City Harbour
- Developing industrial parks and providing added value
- Renting out surplus resources and vacant space

Sustainable development

Tallinna Sadam is committed to reducing the negative impact of its operating and development activities on the environment. A clear **focus on environmental priorities** and the pursuit of climate neutrality by 2050 are key to ensuring the company’s sustainable development. We recognise that the Baltic Sea is one of the most vulnerable marine ecosystems in the world and that clean air is an important indicator of quality of life, which helps ensure that we can continue to operate close to residential areas. Our goals also include expanding the circular economy and improving energy efficiency.

As Estonia’s largest gateway to the sea, we are responsible for Estonia’s image as a maritime nation. Therefore, our priority is to create a **quality public space** for both visitors and local people. We contribute to **regional development** by providing a first-rate ferry service, which is essential for the residents and visitors of Estonia’s largest islands. **Health, safety** and **security** remain among our top priorities.

Through our activities, we contribute to the achievement of Estonia’s climate neutrality target, as well as to the implementation of the European Green Deal and the UN Sustainable Development Goals. We have developed our key performance indicators and their target levels, as well as a [web application](#) for monitoring our progress towards the Sustainable Development Goals.

An analysis and a roadmap for **mapping and preparing for the implementation of the CSRD**⁴ requirements at Tallinna Sadam were completed in 2023. As a result of our consistent work over the years, we were awarded the Gold Label of the Responsible Business Index.

In our 2023 customer satisfaction survey, we asked our customers to rate how important our sustainable development focus areas are to them. The responses showed that the most important priorities for our customers are safety, security and a clean Baltic Sea.

⁴ Corporate Sustainability Reporting Directive

ECONOMIC IMPACT

- Innovation
- Development based on R&D
- Sustainable business development and choice of partners
- Employer attractiveness



SOCIAL IMPACT

- High quality public space and regional development
- Health, safety, security
- Raising awareness on CSR and sustainability



ENVIRONMENTAL IMPACT

- Energy efficiency, sustainable consumption
- Clean Baltic Sea, increasing circular economy
- Clean air



1.7 Tallinna Sadam's stakeholder groups and value chains

EMPLOYEES

- Current and future employees of Tallinna Sadam group
- Trade unions

CUSTOMERS & PARTNERS

- Operators (cargo terminals and passenger ships)
- Passengers (international and local)
- Charterers of the icebreaker
- Agents, lease holders
- Suppliers
- Financiers
- Parties in logistics chain
- Supervision and other institutions

SOCIETY & COMMUNITY

- Local municipalities
- Local communities
- Cooperation organizations and networks
- Education and research institutions
- Public and media

INVESTORS

- Estonian state (controlling shareholder)
- International institutional investors
- Estonian investment and pension funds
- Retail investors
- Potential investors





PASSENGER HARBOURS SEGMENT



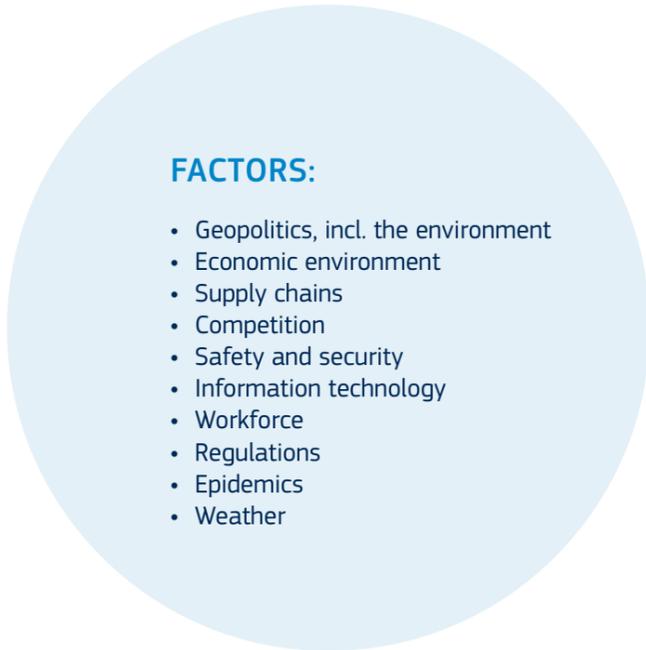
CARGO HARBOURS SEGMENT



FERRY SEGMENT



SEGMENT OTHER (ICEBREAKER BOTNICA)



2 Service Responsibility

2.1 Safety and security

We invest daily in ensuring and promoting safety and security in all our business lines. **Thanks to extensive preventive work**, Tallinna Sadam has had very few serious incidents in the past decade and no safety incidents resulting in a large number of fatalities or injuries.

The harbours of Tallinna Sadam have implemented a safety and **security assurance system** to meet the requirements of the Estonian Ports Act in areas such as marine traffic safety, security, environmental protection, and safe cargo handling. We assess potential safety risks regularly and update our safety measures when necessary. General safety requirements are set out in the Port Rules. To be prepared for dangerous situations, **we carry out regular training exercises** and work with supervision authorities, local communities and operators, including handlers of hazardous substances operating on port premises. To ensure business continuity, blackout simulation drills were conducted in all harbours in 2023. Based on the results, the management of electricity-dependent processes was improved.

Estonia's largest **crisis and evacuation exercise** to date, **CREVEX 2023**, was carried out at the end of September. According to the scenario of the main exercise, there was a train collision at Muuga Harbour, which escalated into a major fire at the fuel terminal and into an explosion at the fertilizer terminal. During the exercise, the harbour, government agencies, the private sector, local authorities and 1,100 volunteer role-players practised managing a large-scale evacuation, resolving a major rescue incident, and cooperation and communication between the parties involved. The exercise lasted for 31 hours.

In October, external experts from WHO assessed the compliance of the Estonian health system with the WHO International Health Regulations. Using our harbours as an example, they assessed the general operating procedures of Estonian ports, including the organisation of crisis management and its compliance with the regulations. No deficiencies were found in our harbours.

Training and exercises



We regularly conduct fire drills and check firefighting equipment, systems and installations in cooperation with the Rescue Board. In 2023, we conducted **ten fire drills** for the employees of the security service provider and the port personnel. There were a total of three fire incidents at Muuga Harbour and Old City Harbour last year, but the consequences were insignificant. No people were injured and no significant damage was caused to the property of Tallinna Sadam.

The purpose of implementing security requirements at harbours is to ensure the safety and security of ships, passengers, cargo and people (including employees) on the port premises and to prevent wrongdoing. All harbours of Tallinna Sadam apply enhanced ISPS⁵ security requirements, which are based on a security plan prepared as a result of a risk analysis conducted by the Estonian Transport Administration and the Estonian Internal Security Service. The effectiveness of the security measures is tested during regular drills and exercises. Old City Harbour, which has been designated as a facility essential for national security, is subject to additional security measures. Access to all our harbours is restricted and entry is by permit. All harbours are manned by security guards and have modern technical surveillance systems that are constantly upgraded to support security. In accordance with the State Borders Act, all our harbours are border crossing points open to international ferry traffic, where border controls are carried out by the Police and Border Guard Board.

In October, the **UN Counter-Terrorism Committee and the International Maritime Organisation conducted an assessment visit to Estonia**. The purpose was to evaluate the progress made by Estonia in implementing counter-terrorism measures in accordance with UN resolutions. The assessment covered the activities of the Police and Border Guard Board and the Tax and Customs Board at the border, using Old City Harbour as an example, and the general security situation in Estonian ports. The ten-member expert group also inspected the security procedures at Old City Harbour and found no significant irregularities.

In December, the European Commission carried out a regular **evaluation of the external borders of the Schengen visa area**. The compliance of Estonian sea border crossing points with the Schengen acquis was assessed using the examples of Old City Harbour and Paldiski South Harbour, and no shortcomings were detected.

TS Shipping has implemented a safety and quality management system for the icebreaker Botnica which integrates the requirements of the main international maritime conventions (SOLAS, MARPOL, STCW, etc.) and ISO standards (9001:2015, 14001:2015, 45001:2018). International offshore industry guidelines and best practices are also followed. TS Shipping is a member of the International Marine Contractors Association (IMCA) and adheres to its guidelines, recommendations and practices. In accordance with the above requirements and guidelines, nearly 20 different safety and security drills and exercises are conducted on board the icebreaker every year. In addition, joint emergency response drills are conducted regularly to practice cooperation between the crew and the shore team.

TS Laevad applies the safety and security requirements of the ISPS Code. Fire safety is ensured by conducting weekly rescue and firefighting drills on board the vessels as required by SOLAS. Various on-board emergency response drills are conducted in partnership with the Police and Border Guard Board, the Internal Security Service and the Rescue Board. In addition, during the summer we organise maritime safety days on board our ferries in cooperation with the Police and Border Guard Board and volunteer rescuers, during which we demonstrate the correct use of life jackets and give other relevant information about maritime safety. In the prevention of pollution of the marine environment and waste management, TS Laevad follows the requirements of MARPOL. All vessels of TS Laevad have implemented a comprehensive safety management system, which is audited annually by the Transport Administration.

⁵ *International Code for the Security of Ships and Port Facilities.*

2.2 Quality management and risks

The Group's parent company has applied an **integrated management system** that complies with the requirements of international quality and environmental management standards **ISO 9001** and **ISO 14001**, since 2003. Conformity with international standards ensures that the management system of Tallinna Sadam guarantees the satisfaction of customers and other stakeholder groups, the efficiency of workflows, and adequate control of risks and environmental aspects. Continuous improvement of the quality and environmental management system is supported by measuring and analysing customer satisfaction, employer reputation and employee engagement. Priorities for 2023 included projects related to the environment and digitalisation.

In accordance with the **risk management framework**, we regularly monitor and assess the risks affecting the operations of Tallinna Sadam. The risks are divided into three main categories: external risks, business risks and operational risks. Each risk is assigned a level of severity (low, moderate, high, extreme) and mitigation measures that depend on the nature of the risk. An overview of the Group's financial risk management and mitigation policies is provided in note 4 to the financial statements.

External risks with the strongest effect on the Group's operations are global economic instability and the impact of sanctions against Russia and Belarus on trade and customers' business activity (the risk has materialised). Other potentially significant risks include the business risks of major customers and the reluctance of potential customers to invest, as well as restrictive international and European **environmental requirements and regulations** (the European Union's Green Deal, including the FIT for 55 climate package, maritime decarbonisation, etc.), which will affect port services in the long term through possible changes in demand and the cost base. High risk events (although rare) also include potential energy supply disruptions due to technical failures and/or energy shortages.

We invest increasingly in managing information security risks and **ensuring cyber security**. For example, in recent years there has been a significant increase in the number of distributed denial-of-service (DDoS) attacks against Estonian transport and infrastructure companies, including Tallinna Sadam. In 2023, we were hit by a record number of DDoS attacks, but thanks to the protection measures in place, our operations were not affected.

The passenger business is most exposed to changes in people's travel habits and preferences, which may reduce passenger numbers, and the implementation of the European climate regulations, which increase the additional costs of maritime transport. The latter in turn increase the price of the service and reduce demand (especially in the cruise business) in the Baltic Sea region.

In the cargo business, the main risk is the reorganisation of supply chains and logistics as a result of the loss of the Eastern market and general economic policies, which means that certain types of goods will no longer pass through our harbours. **In the real estate business**, significant risks include potential delays in local government planning processes and potential legal disputes.

In the shipping business, the main risk is that the ferries will not be able to operate on a regular basis after the long-term contract with the Estonian state expires and that the icebreaker Botnica will not be able to operate outside the icebreaking season. Significant operational risks relate to the planning and execution of business projects and a potential decline in the market value of major assets. The level of other risks associated with our operations, including environmental, safety and security, compliance and personnel risks, is either moderate or low (taking into account the mitigation measures).

2.3 Customers and suppliers

Our largest customers are ferry operators, cargo terminal operators, and the Republic of Estonia under the contracts for the provision of ferry service and Botnica's icebreaking service.

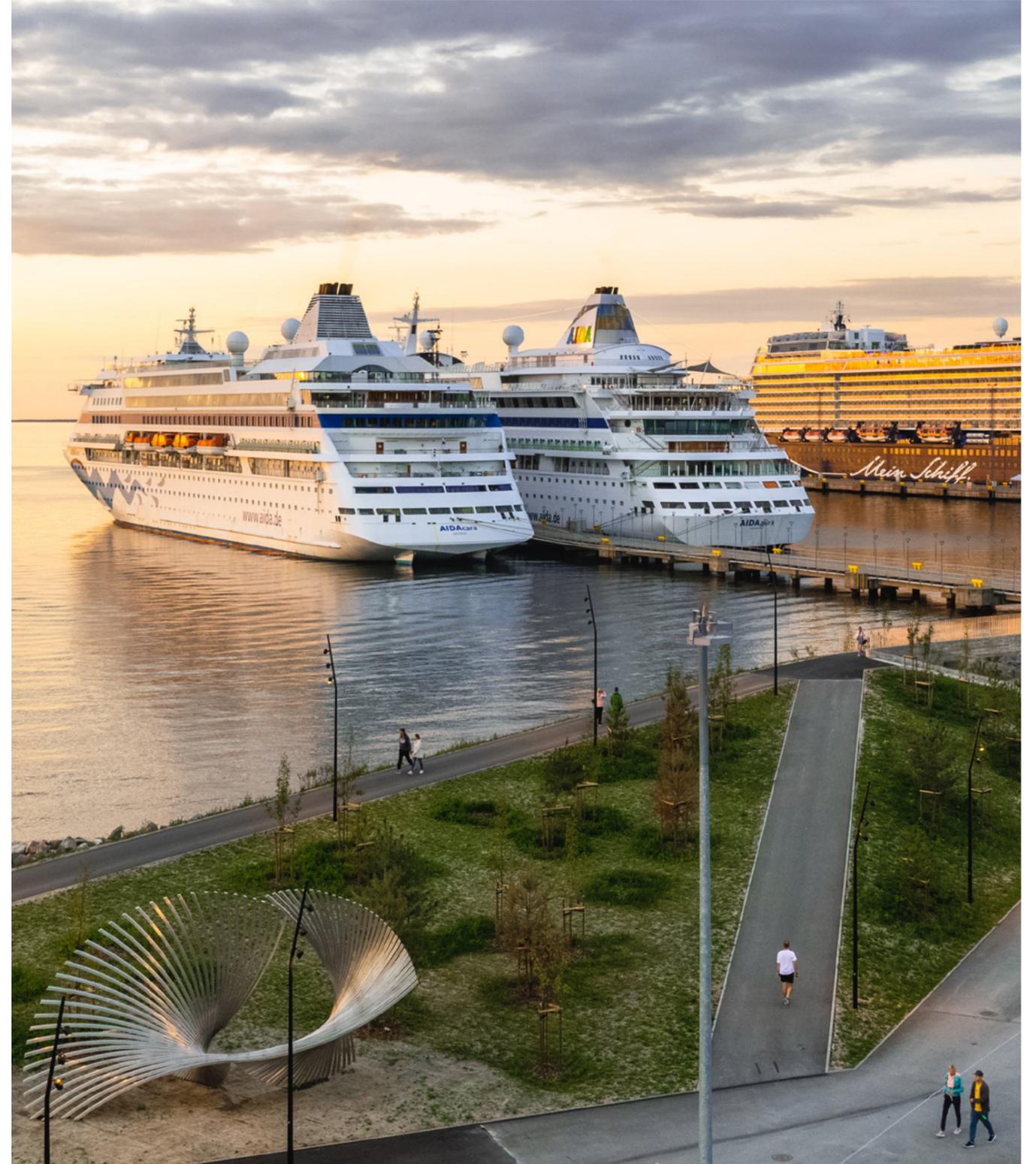
Our customers also include the end users of our services: passengers travelling on our ferries to the islands of Saaremaa and Hiiumaa, passengers travelling on international routes, cargo carriers and cargo owners.

Our **customer relationships** are based on the principles of openness and inclusion. Meetings with key customers are held on a regular basis and Tallinna Sadam's major plans, projects and investments are presented at least once a year. In 2023, as part of the Code of Ethics, we developed a **set of ethical principles** for our partners, which we expect both sides to follow in our cooperation. 81% of our largest customers and suppliers (samples of 30 and 29, respectively) apply the principles of sustainable development in their operations (2022: 74%). The aim is to reach 100% by 2030.

When **procuring products and services**, we ensure that sustainability criteria are included in the qualification requirements and exclude bids with solutions that are harmful to the environment. In 2023, we applied **sustainable procurement criteria** to 83% of our procurements and 78% of the financial volume of contracts awarded included sustainability criteria. We encourage all our partners to join us in contributing to society and the environment. In addition to the ethical principles, we have adopted the Port Community's Internal Regulations for organisations providing services on port premises, which include expectations for sustainability, safety and hospitality.

We monitor **customer satisfaction** for six major customer groups: cargo terminal operators, ferry operators, shipping agents, tenants, passengers, and customers of the marina. In 2023, the customer satisfaction index was 5.42 on a 6-point scale (2022: 5.34).

Together with our partners, we strive to make all visitors and passengers feel welcome and to develop **a welcoming culture and atmosphere** in our harbours and on board our ferries. In 2023, we continued to improve the customer journey at the passenger terminals in Old City Harbour (including the children's area, bicycle hire and parking facilities). At the same time, the construction of a tramway to Old City Harbour presented a number of challenges in terms of passenger information and guidance from the harbour to the city and vice versa. We organised an architectural design competition for the area around Terminal A of Old City Harbour, involving the ferry operators Eckerö Line and Viking Line, the Estonian Association of Architects and other key members of the community in developing the best solution.



Our subsidiary TS Laevad wishes to offer its passengers the best travel experience in Estonia and regularly measures customer satisfaction using the **Net Promoter Score** (NPS) methodology. In 2023, the NPS was +78 on a scale of -100 to +100 (2022: +74.3).

Several events and conferences were organised in 2023 **in collaboration with customers and other stakeholders**. We led the Transport Sector Green Forum, which focused on sustainable construction and development. The Paldiski Association of Entrepreneurs held the Different Paldiski Conference at Paldiski South Harbour, where we laid the cornerstone for a new quay and celebrated the harbour's 30th anniversary. We participated as a cooperation partner in the 19th International Maritime Conference. For the first time, September was celebrated as the Month of the Maritime Economy and together with our customers, we organised visits for maritime enthusiasts to Muuga Harbour, Old City Harbour and Paldiski South Harbour.



SATISFIED FERRY PASSENGERS



INVESTMENT CONFERENCE "DIFFERENT PALDISKI"

3 Environment

Tallinna Sadam's **strategic environmental priorities** for sustainable development are:

- Energy efficiency and sustainable consumption
- A clean Baltic Sea and increasing circular economy
- Clean air

Tallinna Sadam strives to continuously reduce the adverse environmental impact of its business and development activities. **We take responsibility for the natural and marine environment**, listen to local communities and work with local authorities and research organisations, as well as other major Baltic Sea ports, to ensure the sustainable development and operation of the company. We have an environmental management system through which we identify the significant environmental aspects and impacts of our operations and set environmental goals and targets to improve the effectiveness of our environmental activities.



3.1 Energy efficiency and sustainable consumption

We have set ourselves the goals of **improving energy efficiency**, covering 90% of our energy needs with renewable energy and consuming natural resources sustainably. Our long-term goal is to achieve the climate neutrality of our operations by 2050. We monitor our progress towards these goals using the energy efficiency and sustainable consumption indicators presented below.

We have **only purchased renewable electricity** for our own use since 2021. In 2023, our renewable electricity purchases totalled 12 GWh. In addition, we covered 3% of our electricity consumption with self-produced solar power. During the year, an additional 250 kW of solar panels were installed at Muuga Harbour and Paldiski South Harbour. The cruise terminal building in Old City Harbour has seawater heating and cooling systems and last year 63% of its electricity consumption was covered by its solar panels. The total energy consumption (heat and electricity) was 17 GWh, of which 74% came from renewable sources.

In 2023, the cruise terminal of **Old City Harbour** was awarded the international **Green Key eco-label**, which shows our visitors and partners that we operate in an environmentally sustainable manner.

The navigation management system of the **icebreaker Botnica** includes solutions for monitoring weather changes and ship movements, which help select optimal routes and speeds to avoid strong headwinds and waves (weather routing). This has resulted in significant fuel savings and safer ocean passage. In 2023, ice conditions in northern Canada were worse than normal for the Baffinland charter, increasing fuel consumption. During the summer, Botnica was used for offshore projects, where the vessel was stationary next to a wind turbine or platform, resulting in fuel consumption without nautical miles. In 2022, Botnica had no such projects.

The ferries Piret, Tõll, Leiger and Tiiu, owned by TS Laevad, are equipped with **Blueflow Energy Management**, an innovative system that monitors fuel consumption, improves navigation in real time, optimises the ferry's speed based on the navigation area and helps plan the maintenance of the underwater hull, which in turn reduces the ferry's fuel consumption and reduces the negative environmental impact of marine fuel. **In 2023 the ferries' average fuel consumption per trip was 15% (2022: 13%) lower** than in the baseline year 2019, when the monitoring system was not yet implemented. In 2023, fuel consumption per passenger decreased for all ferries compared to the previous year, mainly due to favourable weather conditions in the winter.

Energy efficiency and sustainable consumption indicators

Indicator	Target level for 2030	Baseline year 2019	2022	2023
MPSV Botnica <i>Energy Efficiency Operational Index</i> (EEOI) ⁶	In the range of 0.3–0.4	0.4	0.3	0.5
Outdoor lighting upgrade rate	100%	31%	47%	54%
Energy efficiency of buildings (kWh/m ² per year)	130	197	195	183
Share of renewable energy in total energy consumption*	90%	0.4%	75%	74%

* Including electricity and heat.

⁶ EEOI = FC * CF / D * m, where FC is fuel consumption in tonnes, CF is the conversion factor for diesel fuel used, D is the distance travelled in miles, m is the quantity of cargo (m=1)

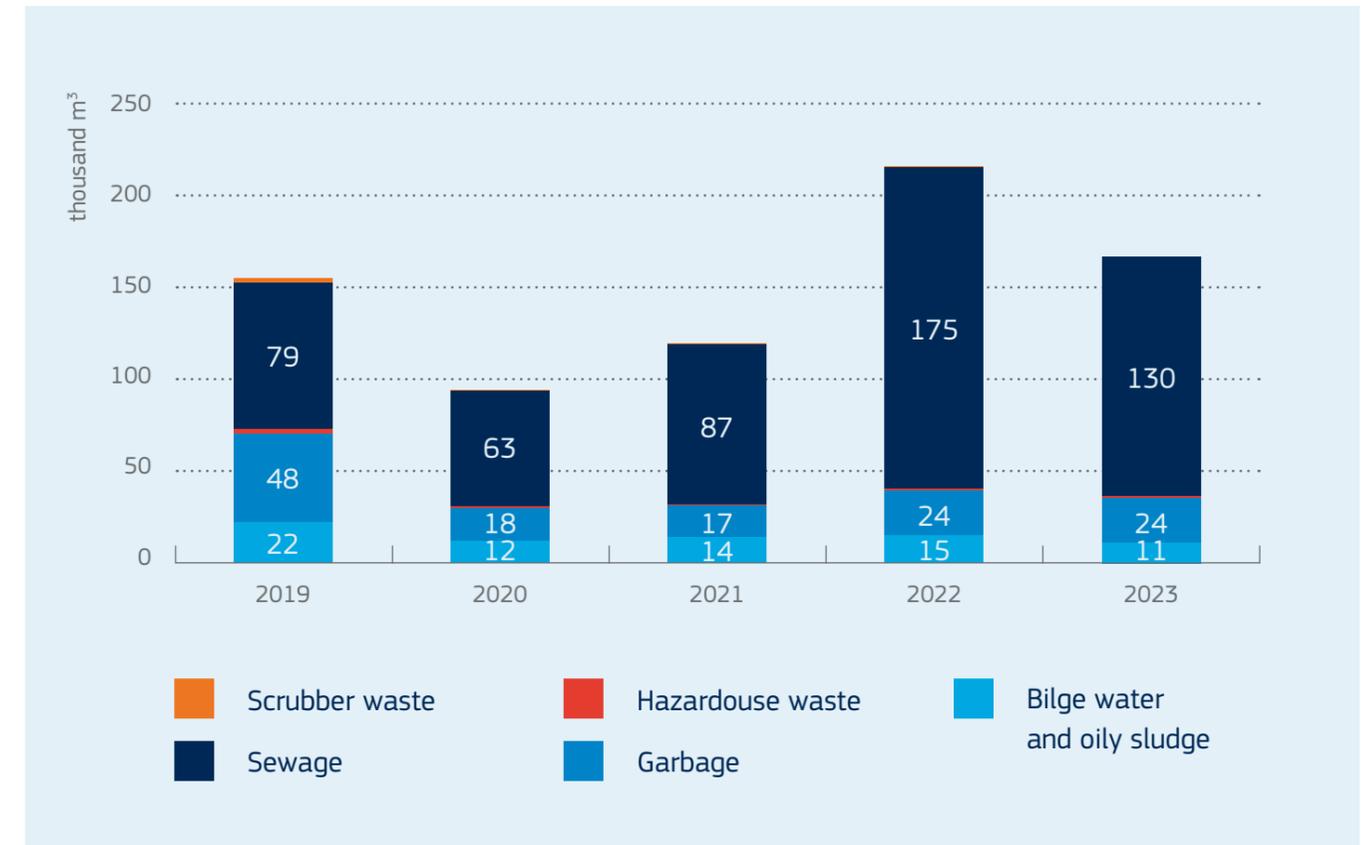
3.2 Clean Baltic Sea and circular economy

Our long-term goals in this priority area are **to recycle 70% of waste in the circular economy**, to minimise the risks and hazards of marine pollution and to conserve biodiversity in the coastal areas where the Group operates. We monitor our progress towards these goals using the indicators presented below.

Tallinna Sadam works hard to minimise the ecological footprint of its activities. Our harbours have sufficient capacity to receive bilge water, oily sludge, sewage, garbage and scrubber waste from all ships calling at them. In 2023, the number of port calls by cruise ships and ferries was similar to 2022 and therefore the quantities of ship-generated waste received were also similar to 2022. According to unaudited data, **49% of the ship-generated waste received in 2023 was handed over for recycling** (2022: 48%). The amount of waste recycled depends on the type of waste received and the recycling capacity of the final waste handlers. The share of waste sent to landfill is minimal: based on unaudited data, 98% of waste received in 2023 was recycled (incinerated) or recovered (2022: 98%).

Tallinna Sadam contributes to ensuring the purity of the Baltic Sea by **helping prevent the discharge of ship sewage into the sea**. To that end, we have provided Old City Harbour with a sewage pipeline for cruise quays and frequently used ferry quays and a micro-tunnel with a sewage reception capacity of 1,200 m³ per hour. In 2023, three quays in Muuga Harbour were supplied with a sewage pipeline with a capacity of up to 40 m³/h to receive sewage from ro-pax vessels. Thanks to these investments, ferries and cruise ships calling at Old City Harbour and ro-pax vessels calling at Muuga Harbour are able to dispose of unlimited amounts of sewage at no extra charge.

Reception of ship-generated waste



Ecological footprint indicators

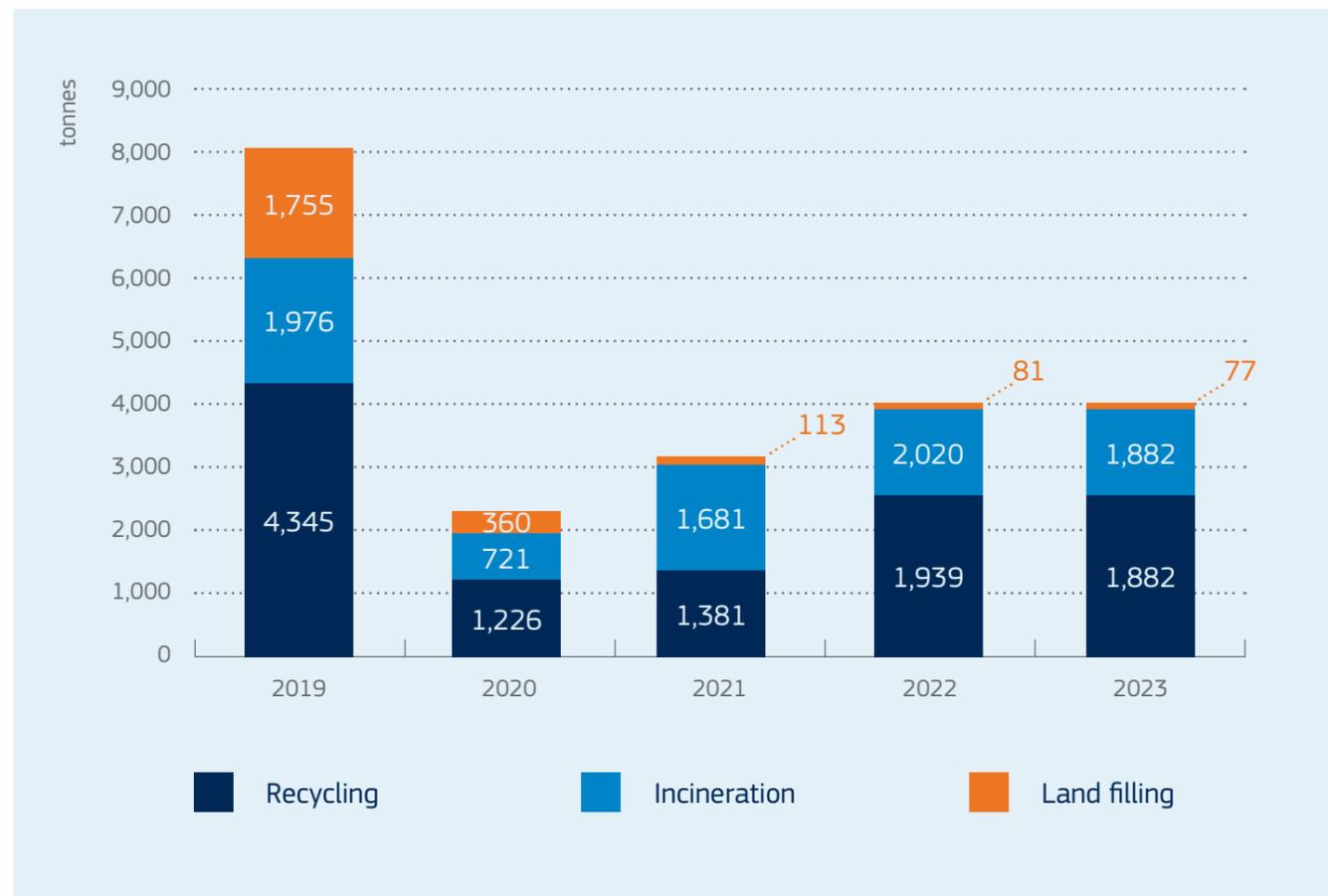
Indicator	Target level for 2030	Baseline year 2019	2022	2023
Share of ship-generated waste recycled in the circular economy	70%	54%	48%	49%
Share of port calls by cruise ships that disposed of sewage at Old City Harbour	100%	81%	80%	84%
Number of pollution incidents in harbour basins	0	9	13	5
Benthic biodiversity indicator for Muuga Bay (compared with the reference site)	100%	100%	100%	100%
Benthic biodiversity indicator for Tallinn Bay (compared with the reference site)	100%	100%	100%	100%

In 2023, ferries and cruise ships discharged approximately 121 thousand m³ of sewage into the Old City Harbour reception facilities (2022: 165 thousand m³). Although the volume of sewage discharged by cruise ships decreased almost two times due to a fall in the number of calls, the share of cruise ships discharging sewage increased to 84% in 2023 (2022: 80%). The share for ferries is not relevant due to their frequent timetables and generally short call times.

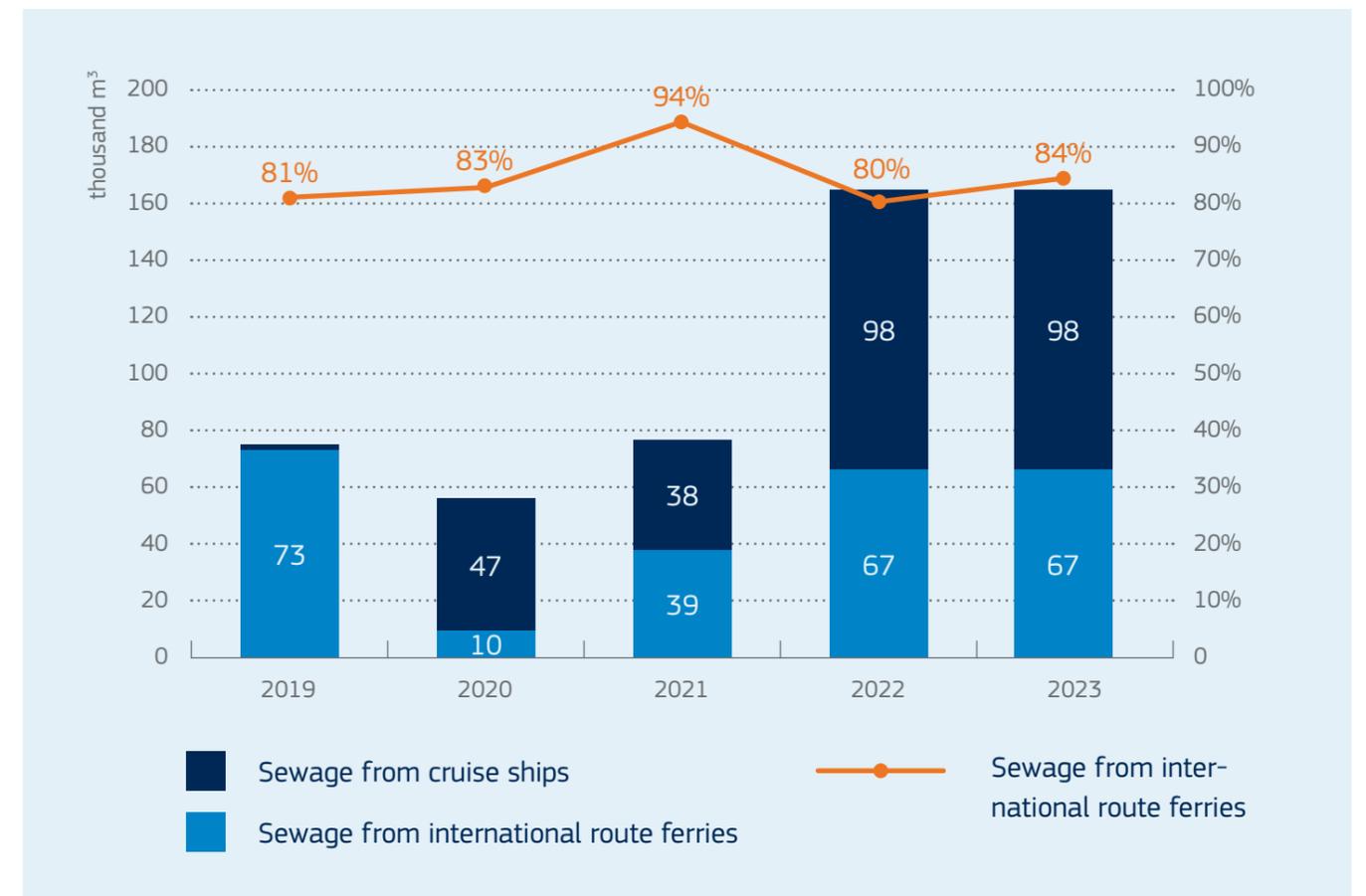
In 2023, we continued to contribute to the circular economy through the separate collection of waste in our offices and passenger terminals as well as on board the ferries of TS Laevad.

Because of the potential impact of port operations, **we monitor marine biodiversity**. The long-term goal is that the number of benthic community species near Old City Harbour (Tallinn Bay) and Muuga Harbour should not differ from the average values for the reference site (Kakumäe Bay). This is a good indicator of the impact of port operations on marine ecosystems because the number of benthic community species directly reflects changes in water transparency, eutrophication intensity, dredging volume and pollutant load. We use the benthic biodiversity data for Muuga and Tallinn Bays obtained from the national environmental monitoring programme (conducted annually by the Estonian Marine Institute and the Environment Agency of the Ministry of the Environment). According to the 2023 data, the state of the sea around Muuga Harbour and Old City Harbour continues to be the same as at the reference station (indicator 100%).

Recycling of ship-generated waste



Volume of sewage received from cruise ships and ferries at Old City Harbour

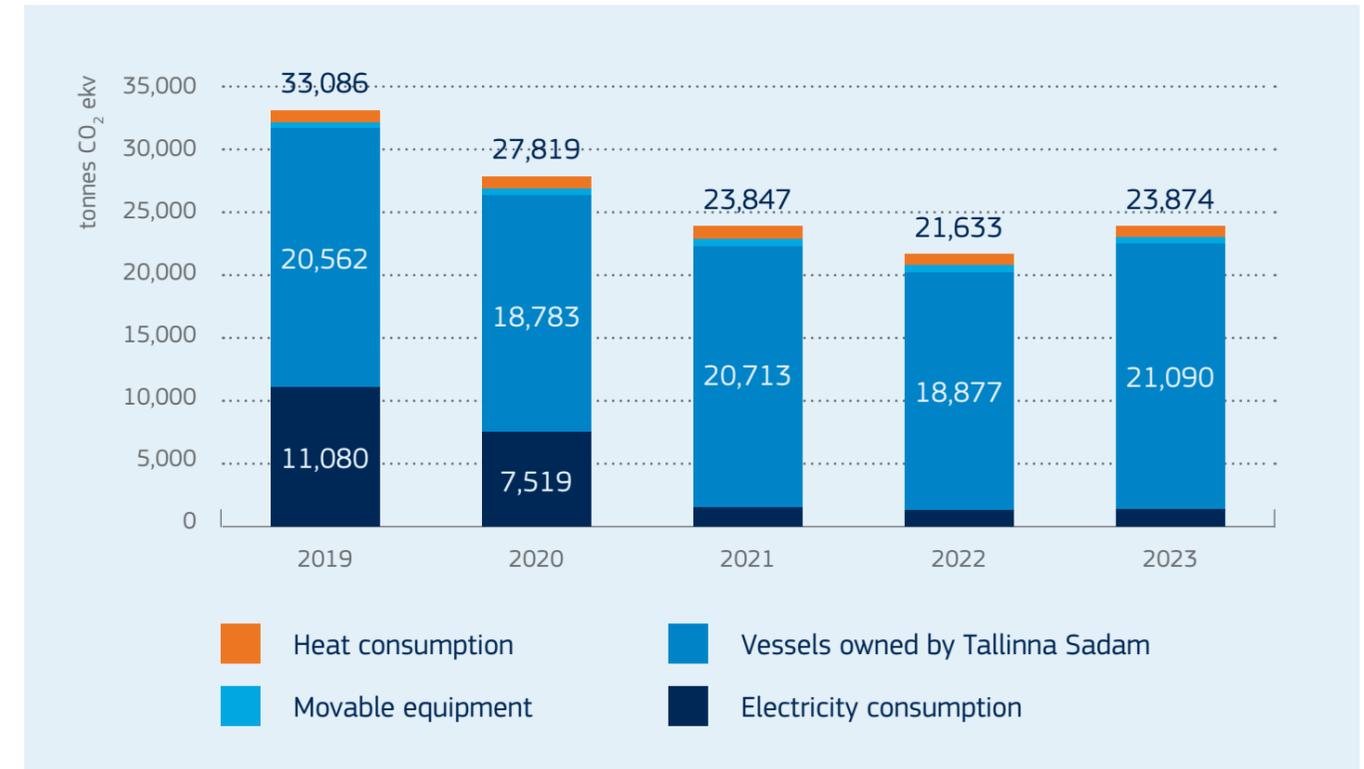


3.3 Clean air

Our long-term goals in this priority area are **to achieve climate neutrality** and zero emissions from ships staying in our harbours by 2050. We monitor our progress towards these goals using the indicators presented below.

In addressing potential air pollution from our operations, we focus on monitoring the CO₂ emissions from GHG emission sources, odour problems resulting from cargo handled at oil terminals, air pollution from ships, and differentiating port dues based on ships' investments in reducing air pollution. **To achieve better air quality**, we have launched numerous projects and implemented innovative solutions in several areas.

GHG emissions of Tallinna Sadam

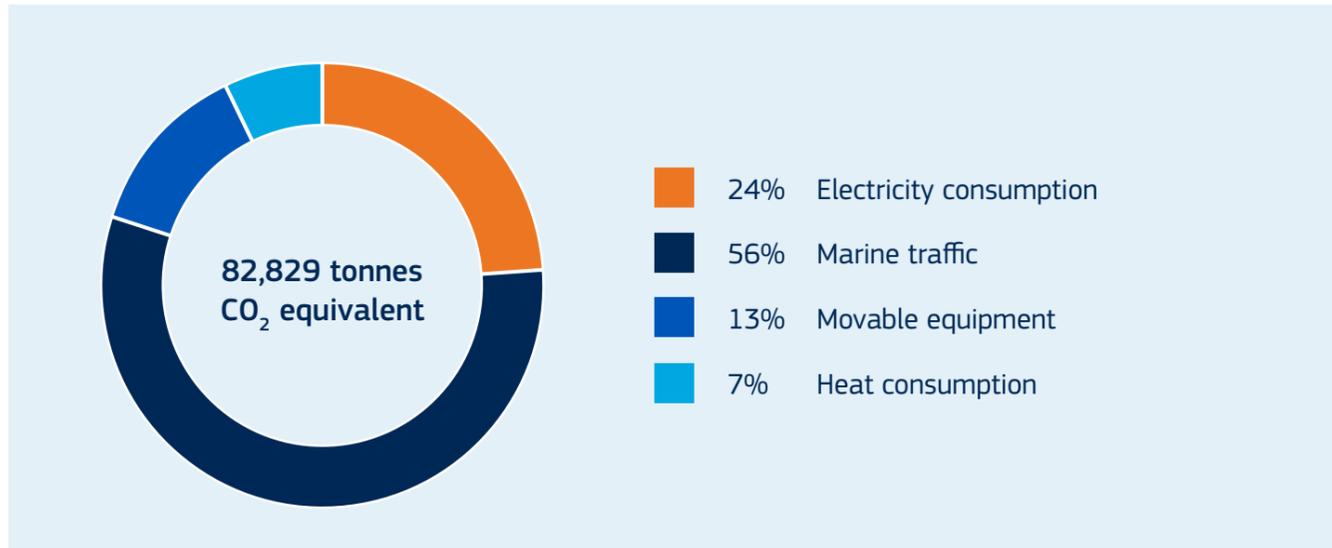


Indicators of ambient air quality

Indicator	Target level for 2030	Baseline year 2019	2022	2023
GHG ⁷ emissions (tonnes of CO ₂ equivalent)	2050=0; (-55% 2030)	33,086	21,633	23,874
CO ₂ emissions of TS Laevad per trip (%; 2019=100%)	26%	100%	84%	76%
Share of vessel calls with ESI discounts (%)	50%	18%	18%	35%
Time during which ferries and cruise ships use onshore power supply as a percentage of total call time at Old City Harbour (%)	50%	0%	15%	52%
Share of cargo harbours' ro-ro units (%)	50%	29%	30%	34%

⁷ GHG — greenhouse gases CO₂, N₂O and CH₄ converted into CO₂ equivalent

2022 total GHG emission (incl. operators, tenants, marine traffic)



We have been measuring the GHG emissions associated with our activities since 2019. The emissions are divided into the following scopes based on the ownership or control of the emission source:

- Scope 1 — Direct emissions from sources owned or controlled by Tallinna Sadam (ships, motor vehicles, other equipment and boiler plants owned by Tallinna Sadam).
- Scope 2 — Indirect emissions from energy purchased and used by Tallinna Sadam (electricity and heat purchased for the buildings and infrastructure owned by Tallinna Sadam).
- Scope 3 — All other indirect emissions (from tenants, operators, ships calling at the harbours, traffic and ro-ro cargo passing through the harbours, cargo handling equipment, rail traffic).

For further information on the GHG accounting methodology and related reduction measures, please visit the [Environment section of our website](#).

The factors with the strongest direct impact on Tallinna Sadam's GHG emissions (scopes 1–2) are fuel (for ferries), electricity and heat consumption and the choice of means of transport. Therefore, energy efficiency and a wider use of renewable energy sources are key to reducing our GHG emissions. More than half of the total GHG emissions (scopes 1–3) are from ships calling at our harbours, which we can only indirectly influence by providing and promoting sustainable port services.

In 2022, all GHG emissions from Tallinna Sadam's operations, including emissions from operators, tenants and port calls (scopes 1–3) were 82,829 tonnes of CO₂ equivalent, a 33% decrease compared to the baseline year 2019 (2021: 122,299 tonnes of CO₂ equivalent), mainly due to the cessation of operations at Paljassaare Harbour in 2022. Emissions from port calls also decreased due to a decline in the number of tanker calls and the end of the year-round berthing of a cruise ship.

Tallinna Sadam's own direct and indirect GHG emissions (scopes 1 and 2) totalled 23,874 tonnes of CO₂ equivalent in 2023 (2022: 21,633⁸ tonnes of CO₂ equivalent), 65% of which was attributable to the operation of ferry traffic between Estonia's mainland and two largest islands. In 2023, the Group's CO₂ emissions increased by around 10% year on year (–28% compared to the baseline year 2019). The increase was mainly due to the higher fuel consumption of the icebreaker *Botnica*, which operated in more difficult ice conditions and was used for the first time as a maintenance vessel for offshore wind farms. Factors reducing emissions included the parent company's switch to renewable electricity and the lower fuel consumption of the ferries, achieved by the energy efficiency measures taken by TS Laevad. Although the number of trips made by the ferries of TS Laevad increased by 1% compared to 2022, CO₂ emissions per trip were 2% lower than in 2022 and 16% lower than in 2019.

For the third time, we completed the annual climate change questionnaire of the Carbon Disclosure Project (CDP) to be more open about the impact of our carbon footprint and the targets and activities to reduce it. Our CDP score for the questionnaire completed in 2023 was C (2022: C (average)).

⁸ The values for 2022 have been updated to account for the change made to the emission factor in summer 2023. Each summer, the Stockholm Environmental Institute publishes the actual emission factors for the previous year.

What have we done for cleaner air?

In 2023, a memorandum of understanding was signed for the creation of **a green corridor between Estonia and Finland** (FIN-EST Green Corridor). The project partners are the cities of Tallinn and Helsinki, the Estonian Ministry of Climate, Tallinna Sadam, the Port of Helsinki, and the ferry operators Tallink, Viking Line and Eckerö Line. The aim of the project is to ensure that passenger and freight transport on the sea routes between Estonia and Finland, as well as port connections and services in the cities of Tallinn and Helsinki, will be environmentally sustainable and climate neutral in the future. The memorandum of understanding is a significant step, which shows that the green corridor is considered important by ports, ferry operators, cities and countries alike, and that the parties are willing to invest and work together towards the common goal of reducing the environmental footprint of one of Europe's busiest sea routes.

Diversion of heavy-duty and other vehicles from the city centre. To reduce the traffic load on the premises of Old City Harbour and to lower the noise level and improve the air quality in the area, more and more heavy and other vehicles are being diverted from Old City Harbour to Muuga Harbour and Paldiski South Harbour. On both the Paldiski–Kapellskär and the Muuga–Vuosaari routes, vehicles are served by ro-pax vessels. In 2023, a new double ramp was put in operation in Muuga Harbour, which significantly increased the speed of loading and unloading vehicles, resulting in three port calls per day on the Muuga-Vuosaari route instead of two. Faster loading and unloading also reduces emissions (including CO₂) from road traffic. Paldiski South Harbour and Muuga Harbour account for 34% (2022: 30%) of the total number of ro-ro units handled by the harbours of Tallinna Sadam.

Odour problems caused by the cargo handled at the oil terminals are mitigated by air quality monitoring stations and a network of electronic noses (e-Noses) installed in the area of Muuga Harbour.

The system enables us to promptly identify the location and source of odour nuisance and to start solving the issue without delay. In 2023, the Environmental Board received 110 complaints (2022: 110) about odours in the area (related to oil, gas and chemicals), of which only 1 (2022: 4) was directly or indirectly attributable to the operations at Muuga Harbour. The analysis of the complaints shows that there is no clear link between the complaints and the loading activities at the harbour, and that the odour nuisance in the area is mainly caused by other businesses located outside the harbour area. This is also supported by the fact that 80% of the complaints received by the Environmental Board were related to time periods when the wind was not blowing from the direction of Muuga Harbour. Air quality monitoring results by year are available on Tallinna Sadam's website at www.ts.ee/en/air-monitoring. In connection with the sanctions imposed on Russian and Belarusian goods and the significant decrease in the transit of liquid fuels and petroleum products through Muuga Harbour, air monitoring at the stationary monitoring stations has been suspended from 2024.

We grant **a discount on port dues to environmentally friendly ships** based on the Environmental Ship Index (ESI)⁹. In 2023, we granted ESI-based discounts on a total of 2,427 port calls, representing 35% (2022: 18%) of all port calls.

We also **provide shore power and auto mooring for ferries at Old City Harbour**. At Muuga Harbour and Old City Harbour, we have developed the Smart Port traffic management system, which simplifies and speeds up the movement of vehicles to the vessel. We use the Blueflow energy management system to optimise the fuel consumption of ferries, and the ferry Töll runs partly on electricity due to the use of hybrid technology. For further information on our environmental solutions, please visit the Tallinna Sadam [website](#).

⁹ ESI is based on the emissions of nitrogen compounds (NO_x), sulphur compounds (SO_x), particulate matter (PM) and carbon dioxide. It also takes into account whether the ship is connected to the onshore electricity network and uses onshore electricity while in port. See <https://www.environmentalshipindex.org>.

4 Our People

4.1 Employees

Tallinna Sadam has almost 500 employees. The Group's average number of employees in 2023 was 461 (2022: 468). The company's sustainable development is underpinned by its diverse, experienced and competent workforce. Average employee remuneration increased by 8.6% in 2023, mainly because of a change in the remuneration system, which reduced the share of performance-related remuneration in total remuneration and increased basic remuneration. Average employee remuneration was also affected by one-off redundancy payments made due to organisational streamlining.

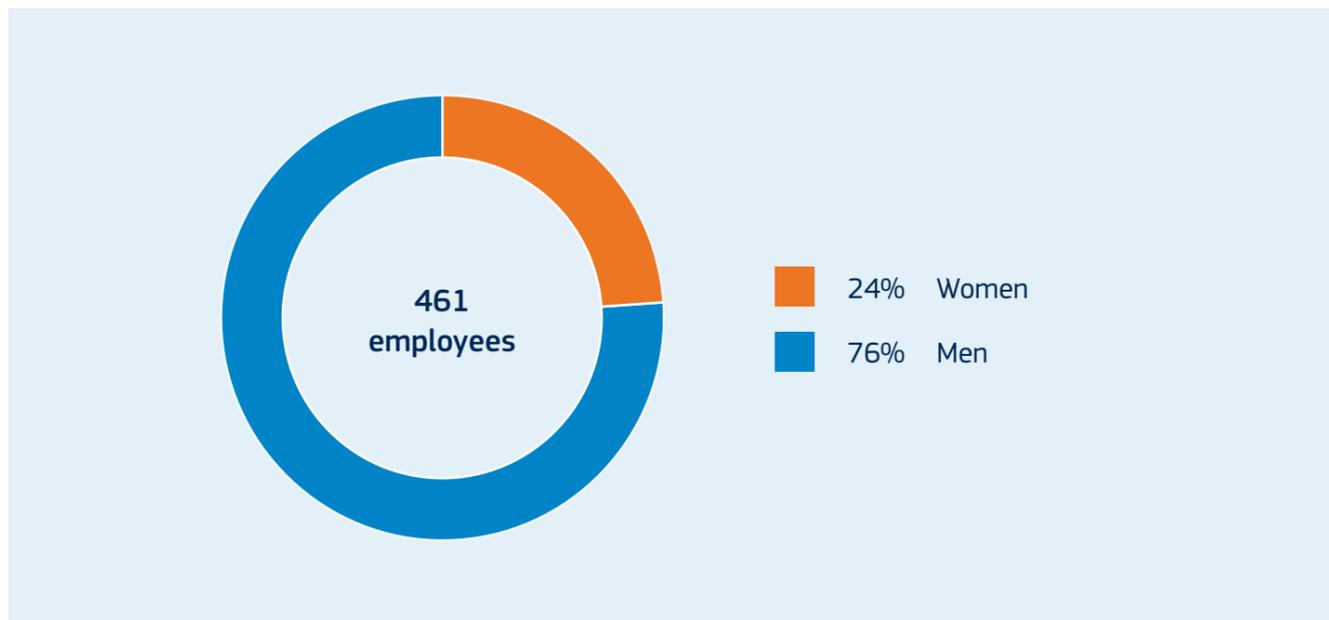
Number of employees and personnel expenses



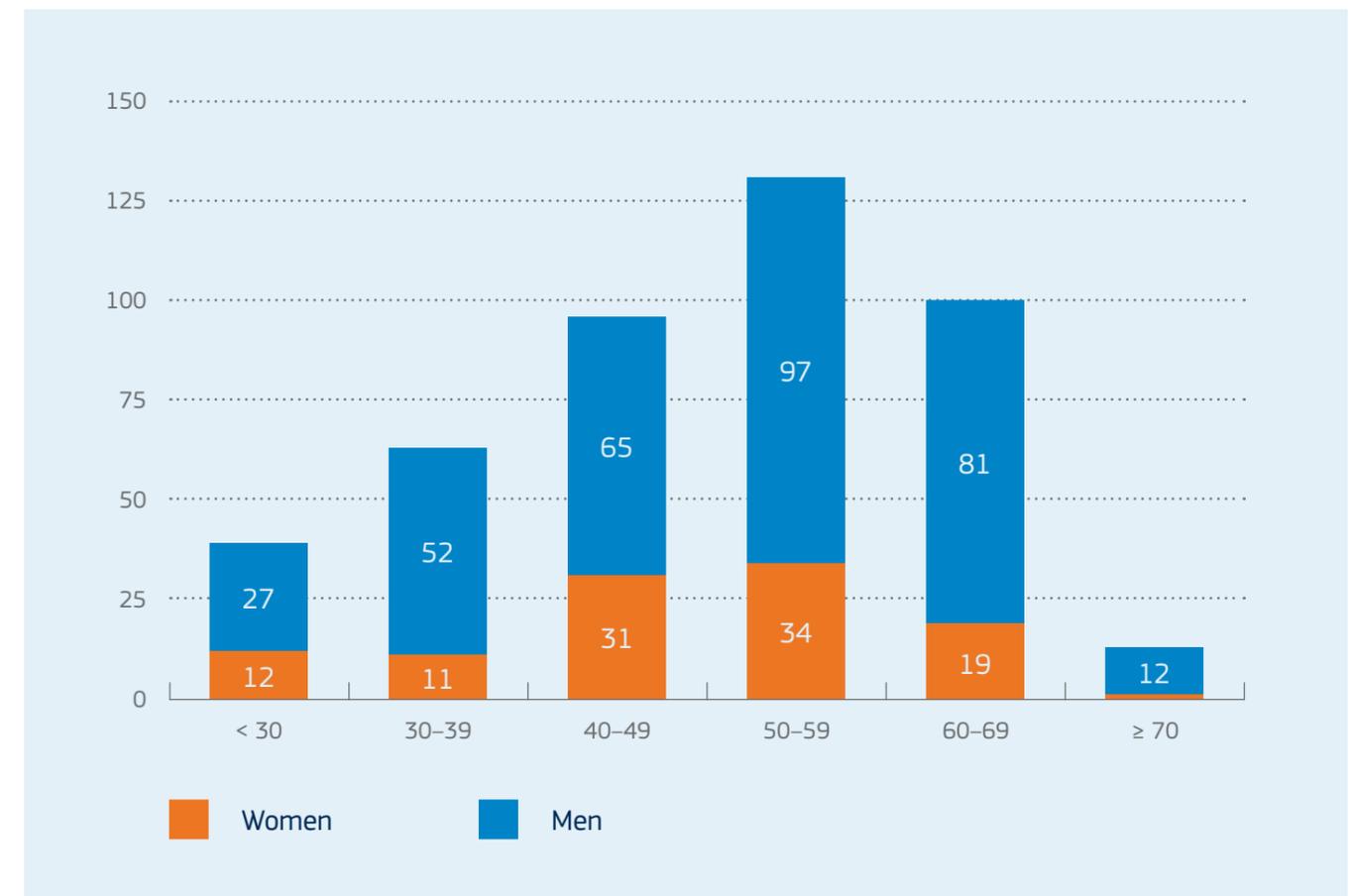
The average length of employee service at Tallinna Sadam is 9 years. It is longest in port operations (15.3 years) and shortest at our more recently established subsidiary TS Laevad (5.1 years). The gender imbalance is attributable to the nature of our main business lines: port operations and shipping. The jobs of crew members, dockers and repairers attract more men than women. Of the 15 members of Tallinna Sadam’s extended management team and the managers of its subsidiaries, 5 are women, i.e. 33% of senior management positions are held by women (2022: 27%). The target is to increase the proportion of women in senior management to 45% by 2030. The gender pay gap¹⁰, i.e. the ratio of women’s average hourly salary to men’s average hourly salary, was 83% in 2023 (2022: 78%). The proportion of **female staff** in the company is low, but most of them **work as senior professionals** or managers in higher-paid positions.

At the end of 2023, 16.5% of our employees were up to 35 years old (2022: 16%). Our long-term sustainable development goal is to raise this indicator to 25% by 2030 in order to improve our competitiveness and innovative thinking. We help ensure the availability of future talent by collaborating with the Estonian Maritime Academy in the area of internships and research under a cooperation agreement signed in 2019. In 2023, we offered internships to 17 students from the Estonian Maritime Academy.

Workforce by gender at 31 December 2023



Workforce by age at 31 December 2023



¹⁰ Disclosure under GRI (Global Reporting Initiative) Sustainability Reporting Standard GRI 405: Diversity and Equal Opportunity.

4.2 Human resource strategy

The current focus areas of our human resource strategy are team spirit and cooperation, employee development and health, smart work processes and effective work arrangements, and innovation. The goal of our human resource strategy is to have highly engaged people in the right roles.

The key performance indicators for the human resource strategy are the employee engagement index and voluntary employee turnover. We also monitor our reputation as an employer and participate in the employer reputation survey conducted by the market research company Kantar Emor.

We measure employee engagement with annual engagement surveys. In 2023, the survey methodology was changed and the questionnaires of all group companies were combined into one that can be easily analysed and compared. Our employee engagement index is measured on a 7-point scale. In 2023, 74% of employees responded to the survey and the engagement index was 6.0 (2022: 6.1). **Voluntary employee turnover in 2023 was 6.1%** (2022: 7.9%). The target is to keep it below or at 9%. According to Kantar Emor's annual employer reputation survey, Tallinna Sadam was the 8th (2022: 6th) most preferred employer in the salaried employees target group.

We recognise the efforts and strong performance of our people with the Star of the Quarter title, which is awarded quarterly by management to employees who have stood out for their hard work, representing our values or showing initiative. In addition, at the end of the year the whole team can vote for Employees of the Year, i.e. the people who have best represented the values of Tallinna Sadam.

Tallinna Sadam **supports the professional development and physical and mental health of its employees.** In recent years, we have prioritised the development of digital skills and the improvement of management and leadership quality in line with our management principles. Eleven managers completed our management development programme in spring 2023 and 32 managers have completed it to date. Since 2022, we have organised a series of quarterly Port Academy seminars where leading experts speak about the trends and developments in business, information technology, energy and other relevant areas. We organise an orientation day for new employees 3–4 times a year to make sure that our new colleagues know our goals, business lines and management structure.



We help our team **stay healthy** by covering employees' sports and fitness expenses up to an agreed limit and giving them an extra week off in the winter. Every year we hold a health month, where we invite interesting speakers to talk about health, and organise other activities to raise health awareness or introduce new ways to stay healthy. We offer mental health counselling to employees in cooperation with specialists from our medical partner Meliva Qvalitas AS. In order to foster team spirit and promote healthy lifestyles, a number of smaller events and team activities were held in 2023.

We maintain a **common information space** by organising regular staff days, which in 2023 took place both on site and online. At these events, we provide an overview of the company's performance and major projects, and discuss developments in the business environment. Our managers and specialists also meet at our annual strategy day. During the discussions and workshops at the strategy day in August 2023, we reviewed Tallinna Sadam's long-term goals and generated ideas for goal-setting for 2024.

To achieve our common goals, we have implemented a **performance management system**, which ensures that the company's strategic goals are communicated to each team and team member. According to our **goal-setting** approach, expected results have to be measurable and clearly agreed. We have implemented the PlanPro planning and risk management software, which helps improve goal-setting quality: employee goals are visible to everyone and directly linked to those of the company. Our employees are eligible for annual or quarterly performance-related bonuses based on the achievement of the agreed results.

When **recruiting or promoting employees**, we consider their values, experience and competence and avoid discrimination on the basis of gender, age, ethnicity or other factors. There were no reported incidents of discrimination at Tallinna Sadam in 2023 or in the previous year.



KOSE YOUTH ORCHESTRA IN THE PASSENGER TERMINAL



MARINE TRAFFIC CONTROL CENTER AT MUUGA

4.3 Occupational safety

Occupational safety is one of our top priorities. Of all our employees, 40% are office staff whose work environment risk factors include lack of movement (static posture) and work with a computer. 60% have high-risk jobs because they have to work at night or at height. Risks are also higher for those who work with fire, use dangerous equipment (landing bridges, ramps), or work on ferries or quays, operate equipment or work in passenger terminals. We analyse workplace risks and continuously improve our work environment, taking into account employees' suggestions for improving their working conditions. We send employees to regular health checks, make sure that they are aware of work environment risks and protective measures, provide personal protective and special equipment, and promote healthy lifestyles. Any damage to an employee's health that occurs during the performance of work-related duties is considered to be an occupational accident. In 2023, there was one occupational accident: an employee tripped and fell while installing road signs and suffered minor injuries. In 2022, there was also one occupational accident (an employee broke an arm due to a slippery surface).

We provide **regular safety training for new and existing employees** in various safety risk areas, taking into account the nature of their work. For example, in 2023, we organised fall prevention and protection training for employees working at height, first aid training, mental health lectures and fire safety training. We have set up an e-learning portal on occupational safety for new employees working in offices, passenger terminals and vessel traffic control centres. All employees can use the portal to study safety instructions, videos, policies and manuals at their own pace. The e-learning course ends with a test to ensure that employees understand occupational health, fire and safety topics.



5 Giving Back to Society

5.1 Participation in organisations

Key organisations related to our core business include:

 Cruise Baltic	 Cruise Europe	 EcoPorts An environmental initiative of the European port sector	 Estonian Logistics and Freight Forwarding Association	 Estonian Ports Association	 Estonian Employers' Confederation	 European Sea Ports Organisation (ESPO)
European Maritime Information Sharing and Analysis Centre EM-ISAC, cyber security	 Baltic Ports Organization (BPO)	 Paldiski Association of Entrepreneurs	 Rail Baltica Business Network Estonia	 Green Tiger	Hydrogen Valley Estonia	

Other organisations in which we participate can be found on our [website](#).

5.2 Sustainable development cooperation and volunteer work

In conducting our business activities and making plans for the future, we prioritise raising awareness of sustainable development principles, sharing our knowledge and insights, and engaging with stakeholders on issues related to the impact of our operations on society. As a port authority operating in six municipalities, we have **a responsibility to local communities**. We also work with stakeholders in international organisations. In addition, we participate in several working groups aimed at improving the competitiveness of the maritime and logistics industries in our region.

In **the Green Tiger project**, we are working with various Estonian companies to raise awareness of green changes and move towards a balanced economic model. In 2023, we led the development

of the Green Tiger **Transport Roadmap**, a process that involved over 60 different organisations and experts. The roadmap will provide guidance to both the government and the transport sector on viable ways to implement the green transition in the transport sector, covering both passenger and cargo transport in all four modes: road, rail, sea and air. The roadmap will be published in early 2024.

At **Cruise Baltic**, an organisation that connects cruise ports and destinations in the Baltic Sea, we developed a new marketing strategy in 2023 to create opportunities for sustainable travel, serve cruise ships and cruise passengers, and restore travel volumes to pre-crisis levels.





In 2023, the work of **Cruise Europe**, the organisation that brings together Europe's cruise ports, focused on the Baltic Sea region as the cruise region most affected by the crisis. A representative of Tallinna Sadam (Sirle Arro, Head of the Marketing and Communication Department) was elected as a member of the Cruise Europe Council and Chair of the Baltic Region.

We actively contribute to national defence by participating in various civil protection projects, crisis committees and organising crisis management exercises. Our harbours are used by NATO vessels during joint exercises and missions.

We are continuously working on the implementation of Masterplan 2030+, the development plan for Old City Harbour, to transform the harbour area into a modern, attractive and vibrant urban centre with high quality public spaces. A good example of **developing an attractive urban space** and contributing to community cohesion is our Old City Harbour's modern and multifunctional cruise terminal with a promenade, which opens up the seafront to local people and creates new leisure, tourism and business opportunities. In 2023, the cruise terminal hosted 86 different events.

In 2023, we continued our cooperation project 'Port cities: values and sustainable development' with the Estonian Academy of Arts. We completed an interim report on the attractions of Paldiski as a tourist destination. As Tallinna Sadam's main focus and major investments in the coming years will be related to the development of Paldiski South Harbour, the living environment and the reputation of the area are important aspects in attracting foreign investment to the area.



In partnership with the Estonian Maritime Academy we **contribute to the education of seafarers and ensuring the availability of future talent**, as well as projects addressing the cyber security needs of ships and the digitalisation of the logistics chain. We also collaborate with other research institutions in Estonia and abroad to develop digital solutions and analyse innovative engineering options. We introduce our organisation to students, offer internship opportunities, and our employees volunteer as lecturers in their areas of expertise.

In 2023, **Tallinna Sadam helped organise several major events at Old City Harbour**, such as the Tallinn Maritime Days, the ICESWIM 2023 winter swimming festival and the urban space projects of the Jazzkaar festival. We also have a tradition of organising blood donation days in cooperation with the Blood Centre of the North Estonia Medical Centre where our employees and those of our business partners as well as other volunteers can donate blood.

The Rescue Board awarded TS Laevad the title of Cooperation Partner of the Year for its professional contribution to the creation of a smoke diving training environment and the organisation of joint exercises. We work together with tourism associations, local authorities and businesses on the islands of Hiiumaa and Saaremaa to support local life.

In 2023, 14 children from large families received a nice Christmas present **thanks to the help of our employees**. The travel library in Terminal A received book donations not only from the Estonian Repository Library and the Re-Use Centre, but also from our employees and the members of the Old City Harbour community.

6 Business Review

6.1 Key performance indicators¹¹

Figure	Unit	2023	2022	Change	%
Revenue	EUR '000	116,646	121,703	-5,057	-4.2%
Operating profit	EUR '000	24,630	30,787	-6,157	-20.0%
Adjusted EBITDA ¹²	EUR '000	49,170	55,817	-6,647	-11.9%
Depreciation, amortisation and impairment	EUR '000	-25,389	-25,312	-77	0.3%
Income tax	EUR '000	-2,985	-4,193	1,208	-28.8%
Profit for the period	EUR '000	15,882	25,592	-9,710	-37.9%
Investment	EUR '000	20,727	13,856	6,871	49.6%
Number of employees (average)		461	468	-7	-1.5%
Cargo volume	t '000	12,586	17,761	-5,175	-29.1%
Number of passengers	'000	7,918	7,027	891	12.7%
Number of vessel calls		7,026	7,130	-104	-1.5%
Total assets at period-end	EUR '000	606,164	621,229	-15,065	-2.4%
Net debt at period-end	EUR '000	141,749	143,011	-1,262	-0.9%
Equity at period-end	EUR '000	377,659	380,976	-3,317	-0.9%
Number of shares at period-end	'000	263,000	263,000	0	0.0%
Operating profit/revenue		21.1%	25.3%		
Adjusted EBITDA/revenue		42.2%	45.9%		
Profit for the period/revenue		13.6%	21.0%		
EPS: Profit for the period/weighted average number of shares	EUR	0.06	0.10	-0.04	-37.9%
Equity/number of shares	EUR	1.44	1.45	-0.01	-0.9%
Profit for the period/total assets		2.6%	4.1%	-1.5	-
Profit for the period/equity		4.2%	6.7%	-2.5	-
Share price at period-end		1.128	1.424	-0.296	-20.8%
P/E: Share price/earnings per share		18.7	14.6	4.1	28.1%

¹¹ The indicators presented in the table may include rounding differences.

¹² Adjusted EBITDA = profit before finance income and costs, income tax expense and depreciation, amortisation and impairment, adjusted for amortisation of government grants related to assets.

6.2 Economic environment

According to the IMF forecast¹³, global economic growth slowed from 3.5% in 2022 to 3.1% in 2023. Global inflation is projected to have declined from 8.7% in 2022 to 6.8% in 2023. Three years after the COVID-19 crisis, the economy has still not fully recovered from the shock. After the first signs of a rebound, the pace of recovery slowed down. The economic upturn is held back by a number of factors: the Russia-Ukraine war, the tightening of monetary policy to curb inflation, and high debt burdens. The recovery has been strongest in the US, where GDP is estimated to have exceeded pre-pandemic levels in 2023, while the recovery in the euro area has been weaker. Euro area output is 2.2% lower than predicted in forecasts before the pandemic, reflecting the fact that the war between Ukraine and Russia has led to more unfavourable terms of trade and a higher rise in the prices of imported energy than expected. Private consumption has also recovered faster in advanced economies, mainly due to the better availability of vaccines, stronger safety nets and greater policy incentives that helped societies return to normality more quickly. These factors supported households during the pandemic and consumption has now largely returned to pre-pandemic levels. Investment, on the other hand, has generally lagged behind pre-pandemic trends worldwide. Companies are showing less enthusiasm for expansion and risk-taking. Higher interest rates, the unwinding of fiscal support, falling demand for products and tighter credit conditions are playing a major role in investment decisions.

According to the forecast of the central bank of Estonia, **the Estonian economy contracted** by 3.5% in 2023. The decline is expected to continue in 2024, amounting to 0.4%. In 2025 and 2026, the economy will grow by almost 3% and pre-recession GDP levels will be reached in 2026. Average inflation in 2023 was 9.2%, in line with the forecasts made by the central bank of Estonia in 2022, and is expected to fall to 3.2% in 2024. The main contributors to the increase in the consumer price

index were expenses on food and non-alcoholic beverages (+15.8%), leisure activities (+10.9%) and household equipment and operation (+10.6%). Prices did not change significantly in the second half of 2023, but there will be considerable changes in 2024 due to hikes in the value added tax rate and excise duties. Energy prices stabilised at high levels in 2023, but as compensation for energy price increases has ended and the universal service in electricity is likely to be discontinued, electricity prices will become more volatile. Consumption has decreased as people are uncertain about the future, spending less and saving more. According to the central bank of Estonia, average wage growth will be 6.6% in 2024, falling to close to 5% in the following years. At the same time, people's purchasing power continues to improve – more than half of the purchasing power of the average wage has recovered in just over a year. However, with wage growth still below the rate of inflation, it will take time for the other half to recover. The impact of the economic downturn has also weighed on the labour market and the more pessimistic outlook is that unemployment will rise. While the unemployment rate was 7.3% at the end of the third quarter of 2023, it is expected to increase to around 9% in 2024. The main reason for unemployment is that there has been a significant fall in productivity per employee, as companies simply do not have enough work to provide.¹⁴

Tallinna Sadam's financial performance has been positively influenced by the recovery from the pandemic, especially in the passenger business, where the largest increase was in the number of visitors travelling on the ferries operating between Tallinn and Helsinki. The Russia-Ukraine war and the general economic downturn have had a negative impact on our financial performance. The sanctions imposed against Russia and Belarus have had a strong impact on cargo volumes, especially on the volumes of liquid bulk cargo (petrol, fuel oil), and the war has also affected cruise ship calls. The rise in interest rates has increased interest expenses.

¹³ IMF World Economic Outlook Update, October 2023, IMF World Economic Outlook Update, January 2024.

¹⁴ Statistics Estonia, the central bank of Estonia, Estonian Financial Supervision and Resolution Authority, the media.

6.3 Effects of the Russia-Ukraine war and main economic risks

In the Passenger harbours segment, passenger numbers have been recovering since autumn 2021 from the negative impact of the protection measures introduced in connection with the COVID-19 pandemic. By the end of 2023, the number of passengers reached 74% of the pre-pandemic level. The general economic downturn and a prolonged stagnation in the Nordic countries and Estonia may affect travelling activity and slow the recovery.

The Russia-Ukraine war, which started on 24 February 2022, and the consequent sanctions imposed against Russia by the West have affected the Group's performance mainly through its cargo business. Cargo of Russian origin (liquid bulk and fertilizers) for which Russia was the country of departure or destination used to account for around a third of the Group's total cargo throughput on average and consisted predominantly of Russian exports. In addition to the sanctions packages of the European Union, on 27 October 2022 the government of Estonia decided to ban the import and transit of Russian oil products, effective from 5 December 2022. Estonia had imposed full sanctions on Belarusian cargo from 1 March 2022 already. Cargo of Belarusian origin (liquid bulk) accounted for 9% of the Group's total cargo throughput in 2021.

The total negative impact of the sanctions against Russia and Belarus (both the ban on the import and transit of oil products and the suspension of the economic activities of undertakings related to sanctioned persons) on the Group's financial results compared with 2021 has been EUR 6.9 million. As the sanctions have been imposed gradually since the beginning of the war, EUR 3.5 million of the impact is reflected in the results for 2022 and an additional impact of EUR 3.4 million in the results for 2023. A significant part of the impact of the Russia-Ukraine war and the related sanctions had manifested by the end of 2023. The import ban on liquefied petroleum gas (LPG),

introduced in December 2023, may have some effect, but as the ban will be implemented over a 12-month transition period, the impact is likely to be spread over a longer period. The presented monetary impact has been calculated based on the results for 2021, 2022 and 2023 and the situation at the date the financial statements were authorised for issue and is not to be regarded as a forecast for future periods. The changes in the volumes of other categories of cargo (i.e. excluding liquid bulk) correlate more closely with the overall economic situation in Estonia and the countries which are its main trading partners, and in an environment of slowing economic activity the throughput of other categories of cargo may decrease as well.

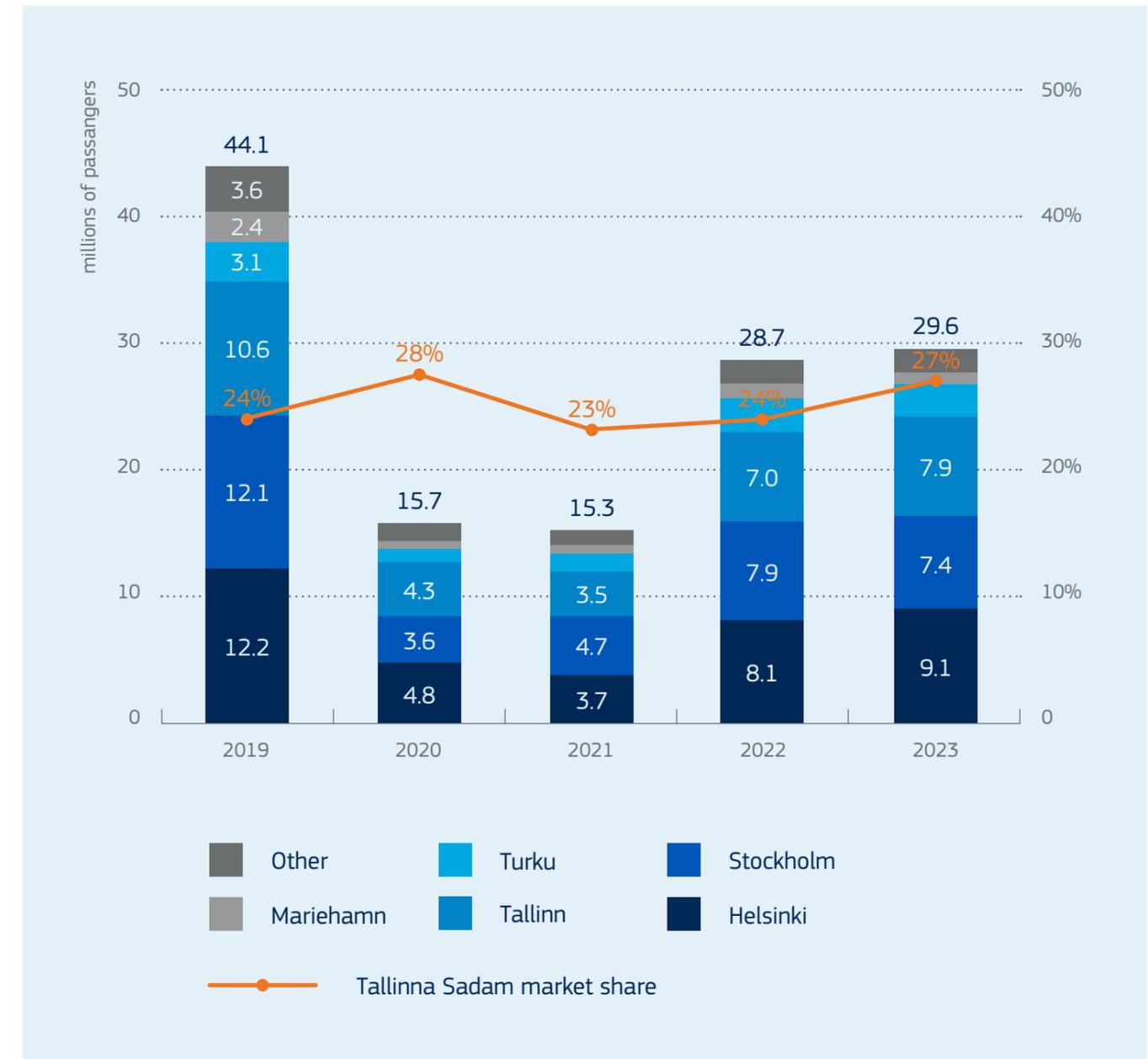
The operators of liquid bulk cargo are working to replace sanctioned cargoes with alternative ones. All of the Group's customers that are cargo operators are companies registered in the European Union and accounts with them are settled in euros. Tallinna Sadam cooperates fully with its partners, the Financial Intelligence Unit and other government agencies to comply with the sanctions imposed by the European Union and to apply the sanctions to both cargo and customers responsibly.

Russia's military action in Ukraine has affected not only the cargo business but also cruise ship calls, particularly due to the disappearance of St Petersburg, previously a major destination, from the map of the Baltic Sea cruise ports. The interest of cruise passengers from more distant markets in the Baltic Sea as a region bordering Russia has decreased. In 2023, the passenger load factor of cruise ships improved compared to 2022 and efforts have been made to market the Baltic Sea region in co-operation with the other Baltic Sea ports. However, the deterioration of the economic environment and the proximity of Russia may limit the recovery in cruise ship calls.

6.4 Overview of the market: passengers

In terms of ship traffic, the Baltic Sea is one of the busiest inland seas in the world. Almost 85 million people live in its catchment area and shipping is one of the main means of transport for tourists in the region. It is estimated that 30–40 million passengers a year use ships to travel across the eastern part of the Baltic Sea, making the international ferry traffic in the area is the busiest in the Baltic Sea region. In terms of passenger numbers, **Tallinn is the second largest passenger port in the area after Helsinki**, with Stockholm ranking third. The largest ferries in the Baltic Sea, mostly designed for passenger transport, also operate between these ports. Compared to other areas around the Baltic Sea, busy traffic between Estonia, Finland and Sweden is supported by the factors that the distance between the destination ports is optimal for ferry traffic and that most of the traffic is between the countries' capitals, which are all located on the coast.

Number of passengers in the eastern ports of the Baltic Sea*

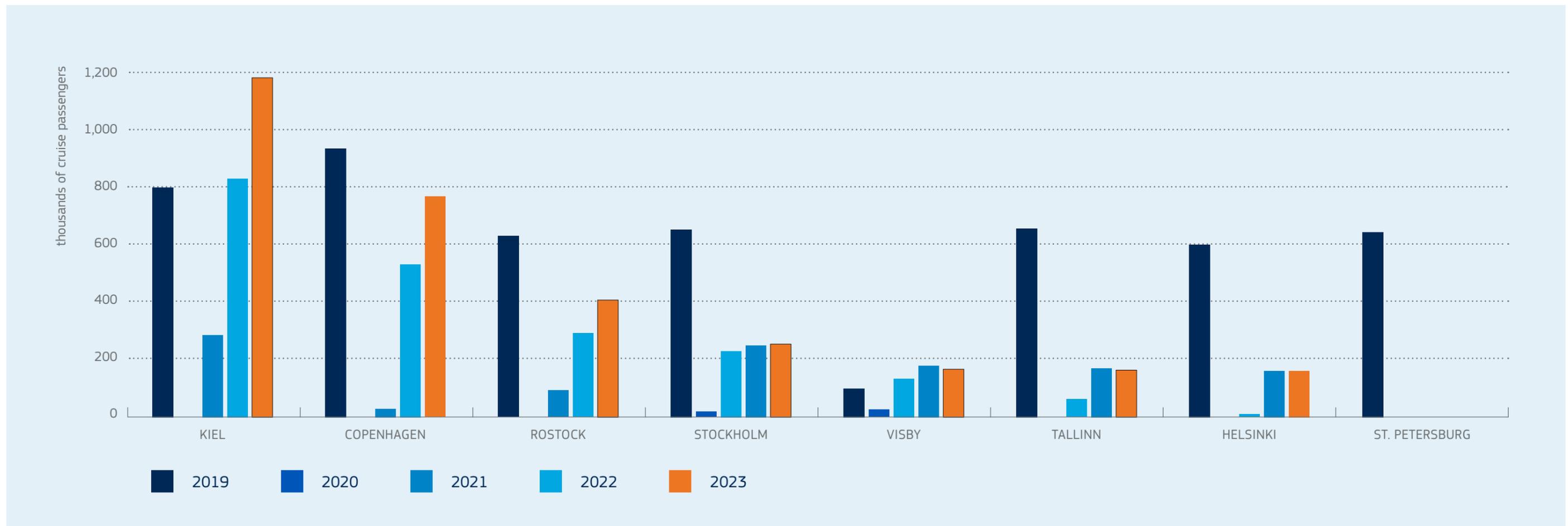


* Excluding ports where most of the number of passengers results from short trips (lasting around 1 hour)

In 2023, passenger traffic continued to recover from the post-pandemic period and passenger numbers on the Baltic Sea grew slightly. However, passenger numbers at ports still remained at 65–75% of the pre-pandemic ones. The total number of passengers passing through the largest ports in the eastern part of the Baltic Sea grew by 0.9 million in 2023 (+3%), rising to 29.6 million passengers. The fastest recovery was in Helsinki and Tallinn, the largest ports of the Baltic Sea. In Stockholm, however, the number of passengers decreased.

Cruise tourism has made a strong recovery in the world after the COVID-19 crisis and the passenger load factor of the cruise ships visiting the Baltic Sea also improved in 2023. However, cruise lines remain cautious about booking port calls in advance, as the Baltic Sea region is still affected by Russia’s military action in Ukraine, which has resulted in St Petersburg disappearing from the map of the Baltic Sea cruise ports. As a result, the interest of cruise passengers from more distant markets in the Baltic Sea as a region bordering Russia is still low. In Europe, the recovery of cruise tourism is also affected by the deepening economic downturn and strict environmental requirements imposed by the European Union, which make cruising in the Baltic Sea more expensive than in other cruise regions.

Largest cruise ports on the Baltic Sea



6.5 Overview of the market: cargo

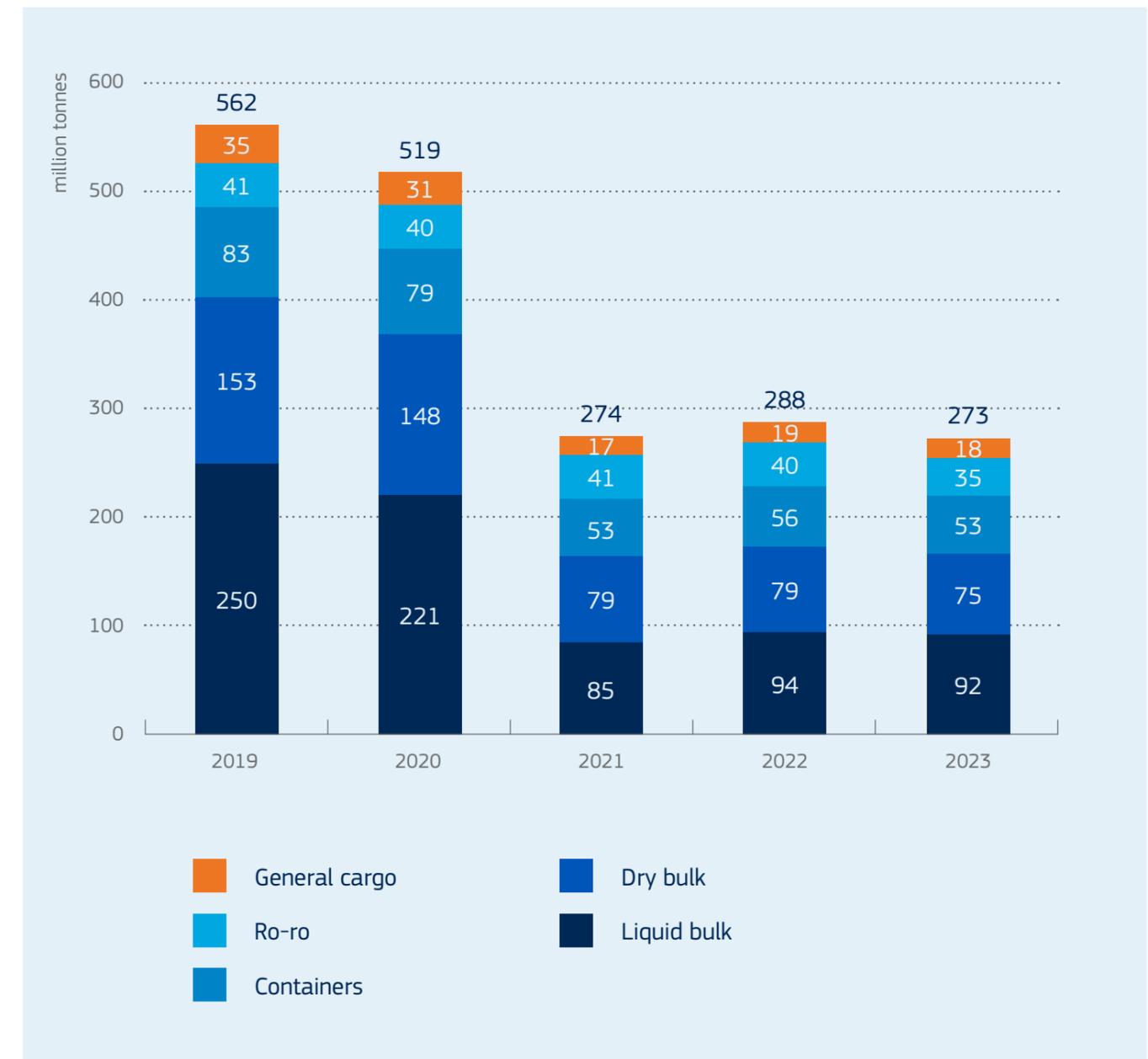
Although our previous cargo market overviews included Russian ports on the Baltic Sea, we have decided to exclude them because the Russia-Ukraine war has led to a situation where European trade with Russia and the transit of Russian cargo through the Baltic Sea ports have virtually ceased. From now on, the cargo market overview of the eastern coast of the Baltic Sea includes the largest ports of Poland, Lithuania, Latvia and Estonia, as well as the major Finnish ports on the Gulf of Finland, which we consider to be the market players in the region and our main competitors. In 2021–2023, the average annual volume of cargo handled by the Russian ports on the eastern Baltic Sea coast was 250 million tonnes, consisting mainly of liquid and dry bulk cargo.

In 2023, the **total cargo turnover of ports in the region was 273.3 million tonnes**, a decrease of 14.4 million tonnes (–5.0%) compared to the prior year.

Volumes decreased for all cargo types. The most significant decreases were recorded for ro-ro (–4.6 million tonnes, –11.6%) and container cargo (–2.6 million tonnes, –4.7%), which fell at almost all ports. Dry bulk was down by 3.7 million tonnes (–4.7%), mainly due to lower volumes of Russian and Belarusian fertilizers (–3.5 million tonnes, –38%) and coal (–5 million tonnes, –19%) in the ports of the Baltic countries as a result of the sanctions imposed in December 2022. A sharper decline was offset by growth in the volume of grain (+4.9 million tonnes, +25.9%). Liquid bulk decreased by 2.5 million tonnes (–2.6%), but the decline was caused by other liquid bulk cargo as the volume of oil and oil products decreased by only 0.1 million tonnes (–0.1%).

Owing to the geopolitical situation, **the largest growth in cargo throughput** was recorded by the Polish ports of Gdansk (+12.7 million tonnes, +18.7%) and Gdynia (+1.2 million tonnes, +4.3%). Their growth was mainly due to the transshipment of crude oil for domestic use (imports) and transit to a German refinery. Growth in the volume of grain handled by Polish ports was driven by the export of Ukrainian grain. The decreases in cargo throughput were the largest at the ports of Tallinn (–5.1 million tonnes, –29.0%) and Riga (–4.7 million tonnes, –20.1%), mainly due to the application of economic sanctions against Russia and Belarus.

Cargo volume of the largest ports on the eastern coast of the Baltic Sea*

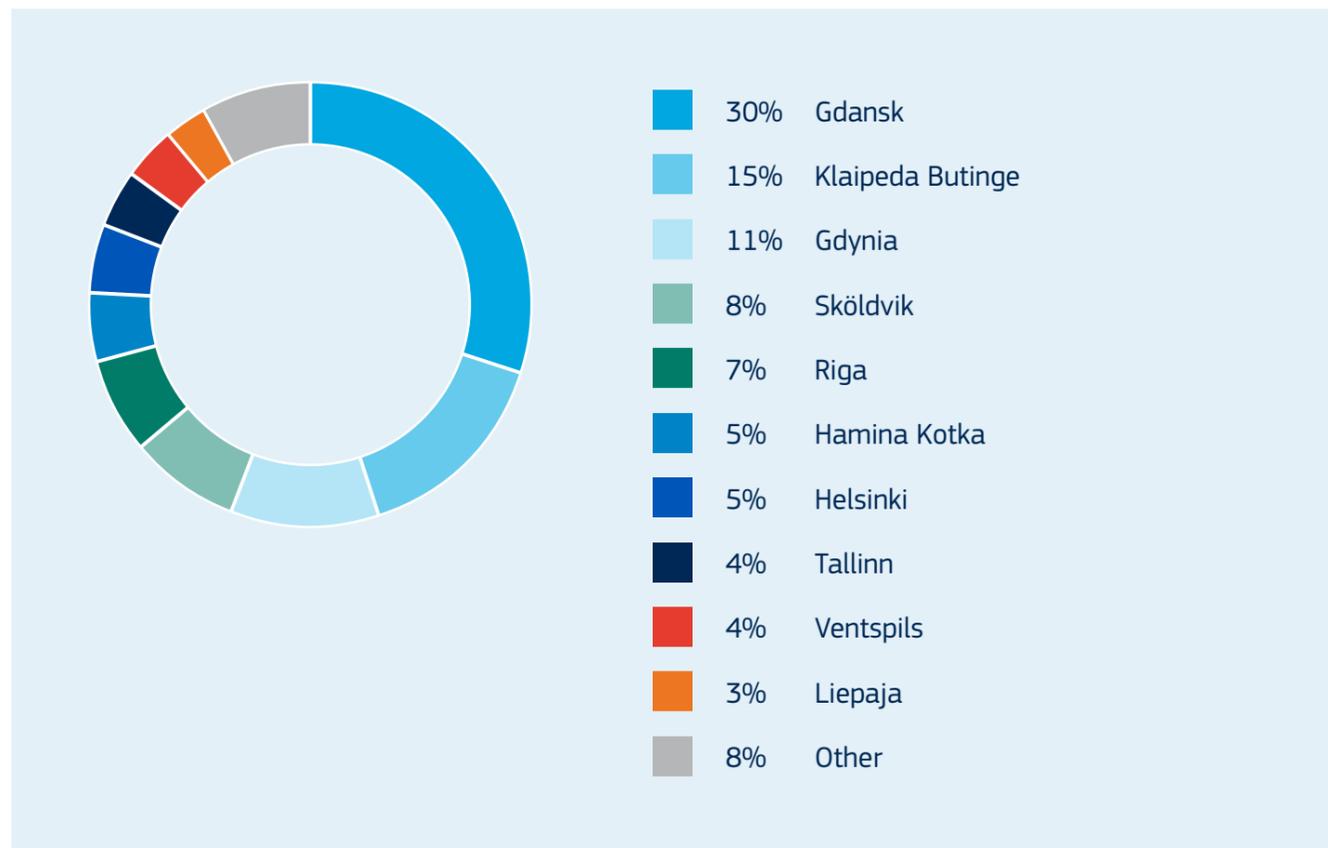


* Excluding Russian ports from 2021

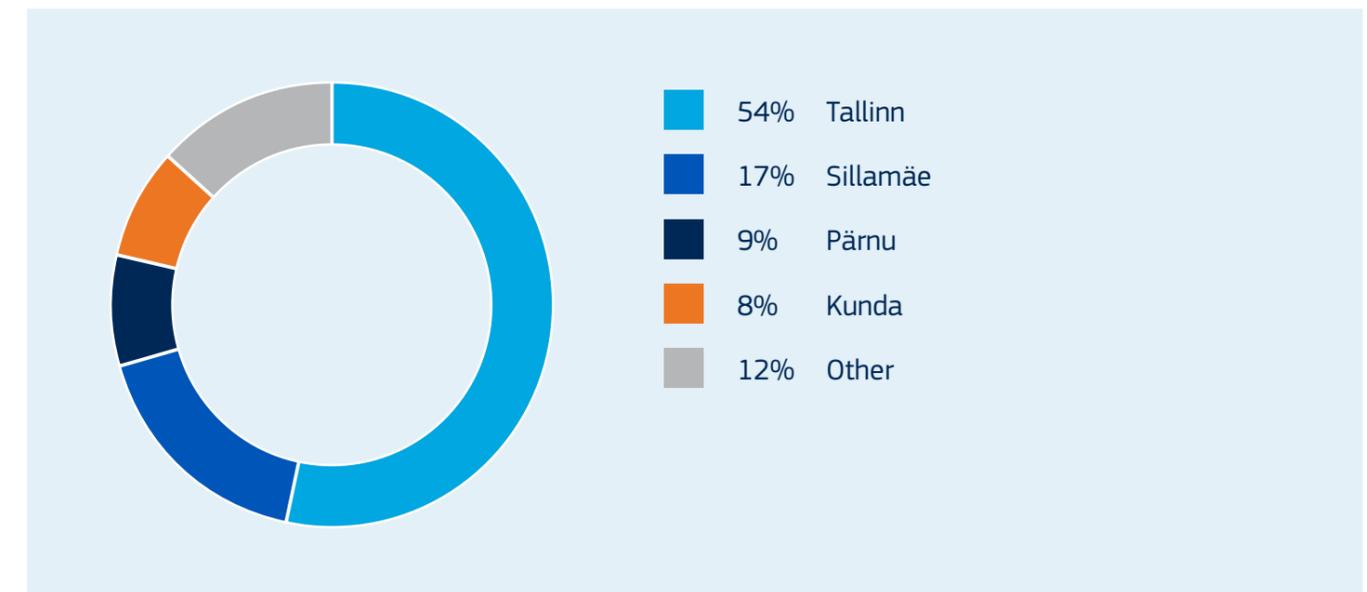
The largest cargo ports on the eastern coast of the Baltic Sea were Gdansk (81.0 million tonnes, a 29.6% market share), Klaipėda (41.7 million tonnes, a 15.3% market share) and Gdynia (29.4 million tonnes, a 10.8% market share). Tallinna Sadam (the port of Tallinn) was in the eighth place, with a 4.6% market share (2022: 6th place with a 6.2% market share).

The volume of cargo handled by Estonian ports decreased by 10.7 million tonnes (-31.4%) to 23.4 million tonnes. The market share of the harbours of Tallinna Sadam (the port of Tallinn) was 53.7% (2022: 51.9%).

Market share of the largest ports in the eastern part of the Baltic Sea



Market share of the Estonian ports



6.6 Operating results

Tallinna Sadam's operating results for 2023 were affected by the continued decline in cargo volumes due to both the Russia-Ukraine war and the general economic recession. The number of regular route passengers increased, but the number of cruise ship calls decreased, as the attractiveness of the region has declined due to geopolitical risk and growth in costs resulting from environmental requirements.

As revenue decreased and personnel expenses and other expenses increased, both operating profit and adjusted EBITDA declined. Higher interest rates increased interest expense despite the decrease in the debt burden. As a result, net profit decreased more than operating profit and EBITDA.

Revenue decreased by EUR 5.1 million (–4%) to EUR 116.6 million. Revenue from vessel dues, electricity sales and cargo charges declined the most, while revenue from ferry service, charter fees (the icebreaker Botnica) and passenger fees grew. Vessel dues revenue decreased mainly due to a smaller number of tanker and cruise ship calls. In addition, the average GT (gross tonnage) of tankers, used for calculating the main vessel dues, was lower. Revenue from the sale of electricity declined due to a decrease in both the price of electricity (the market price of electricity was extremely high in 2022) and the consumption of electricity in the Cargo harbours segment, which is attributable to a decrease in cargo throughput. Due to smaller cargo throughput, cargo charges revenue also decreased. Cargo throughput fell by 29% to 12.6 million tonnes but revenue from cargo charges decreased by only 13%.



Passenger fees revenue grew by 12% through growth in passenger numbers (+13%), although the number of cruise passengers fell by more than 4%.

In the provision of ferry service between Estonia's mainland and two largest islands, the number of trips remained at the level of the previous year (+0.6%). A slightly larger number of trips and an increase in some contractually agreed fee rates due to the rise in the Estonian wage and fuel price indices increased revenue. As the growth in personnel expenses, non-current asset repair costs and expenses on services purchased exceeded the decrease in fuel costs, operating profit and adjusted EBITDA did not increase as much as revenue.

The multifunctional icebreaker Botnica had more summer charters than usual (three different projects instead of one), but the total number of charter days decreased by 18. Despite a lower utilisation rate, revenue grew because charter fees increased both for the icebreaking season and the summer charters. However, expenses grew more than revenue, driven by scheduled maintenance and repairs as well as additional expenses related to preparations for the summer charters. Fuel costs, non-current asset repair costs, lease expenses and personnel expenses increased the most. As expenses grew more than revenue, operating profit, adjusted EBITDA and net profit decreased.

In segment terms, revenue decreased in the Cargo harbours and the Passenger harbours segments and increased in the Ferry segment and the segment Other (the icebreaker Botnica).

In terms of revenue streams, revenue from vessel dues, electricity sales and cargo charges decreased, while revenue from passenger fees, ferry service, lease income and charter fees revenue grew. Expenses related to operating activities increased by EUR 1.3 million (+1%), operating profit decreased by EUR 6.2 million (-20%) and profit for the period dropped by EUR 9.7 million (-38%). Added value created by the Group¹⁵, i.e. the Group's contribution to the Estonian economy, was EUR 75.2 million in 2023 (2022: EUR 79.3 million). The figure decreased due to the decline in operating profit.



¹⁵ Added value = operating profit + personnel expenses + depreciation, amortisation and impairment

6.6.1 Number of passengers

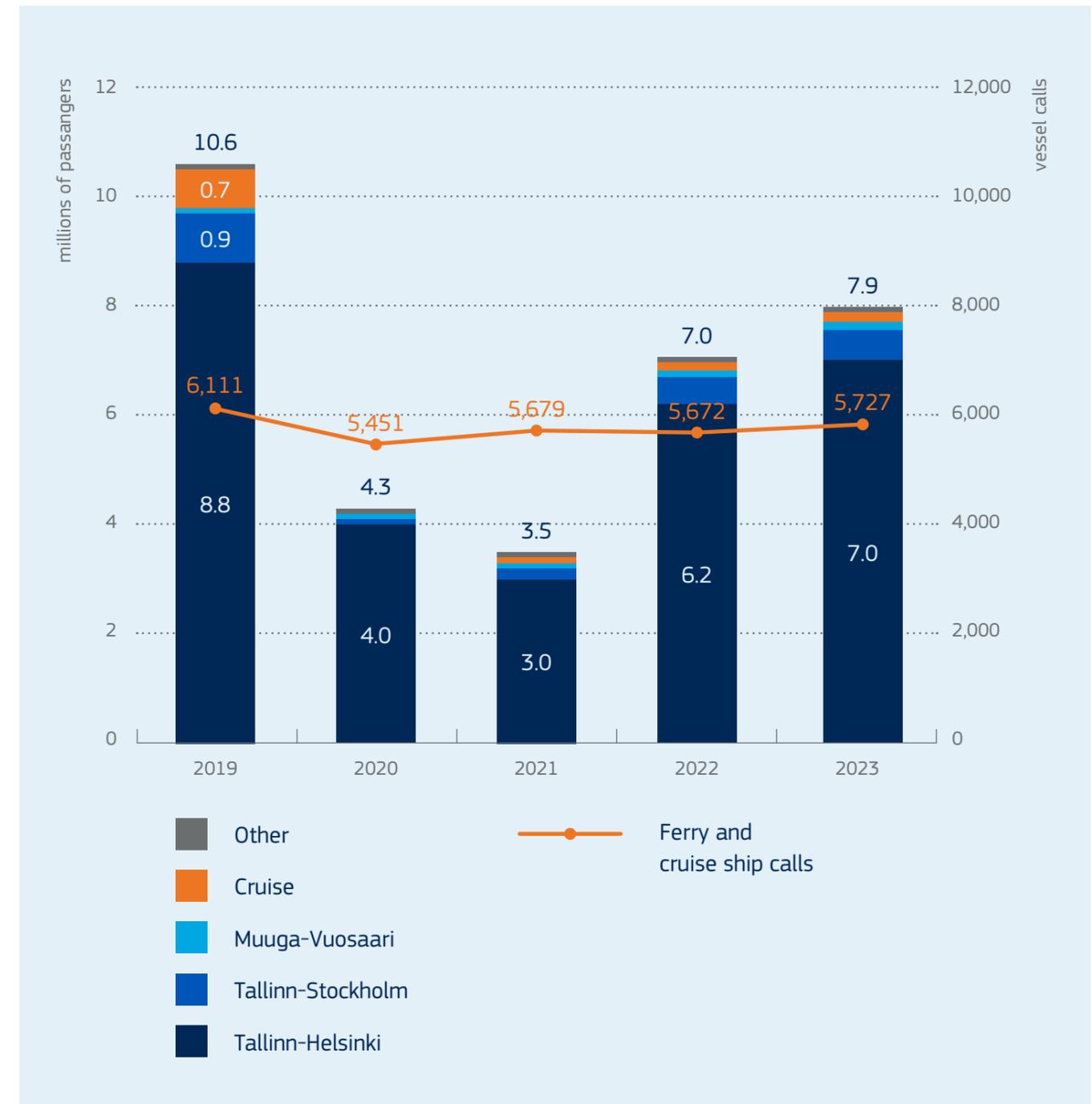
In 2023, passenger numbers continued to recover, supported by the lifting of the pandemic related restrictions. **The number of passengers grew by 13%**, rising to more than 7.9 million, which is around 74% of the level before the COVID-19 pandemic. Growth came from the main routes of Tallinn–Helsinki (+14%) and Tallinn–Stockholm (+18%). The number of cruise passengers decreased (–4%). Despite fewer cruise ship calls, the passenger load factor of cruise ships was higher and thus, on average, there were more passengers per call.

Passengers travelling on the Tallinn–Helsinki route accounted for 88% of the total number of passengers last year (2022: 88%) and the number of passengers on this route increased by more than 0.8 million. Ferry operators kept relatively busy schedules and the number of trips on the Tallinn–Helsinki route increased by slightly more than 5%. The number of passengers travelling on the Tallinn–Stockholm route grew by 83 thousand and the number of trips increased by 8%. While the passenger load factor of the ferries on the Tallinn–Helsinki route remained below the pre-pandemic level, the same indicator for the Tallinn–Stockholm route recovered to its pre-pandemic level; however, before the pandemic the route was served by two ferries (2023: one ferry).

The number of traditional cruise passengers decreased by 7 thousand to 165 thousand. Old City Harbour had 90 (2022: 170) and Saaremaa Harbour 8 (2022: 9) cruise ship calls. The passenger load factor of cruise ships has improved. It was around 90–95% before the pandemic and less than 50% in the years thereafter, but last year it increased to 88% at Old City Harbour and to 69% at Saaremaa. Cruise tourism has been significantly affected by the war in Ukraine. St Petersburg used to be an important cruise port on the Baltic Sea that also attracted cruise ships to other ports in the region but due to the war in Ukraine cruise ships do not visit St Petersburg and the region bordering with Russia has lost some of its appeal as a tourist destination.

The number of passengers travelling on the Muuga–Vuosaari route (the Cargo harbours segment) grew less (8%), but it is the only route where passenger numbers have been growing for five years in a row.

Number of passengers by route



6.6.2 Cargo volume

In 2023, cargo throughput at our harbours dropped by 5.2 million tonnes (–29%) to 12.6 million tonnes — the lowest level in recent decades due to the sanctions against Russia and the general economic downturn. The sharpest decreases were in liquid bulk (–3.5 million tonnes, –67%), dry bulk (–0.8 million tonnes, –27%) and ro-ro (–0.5 million tonnes, –7%). The volumes of other cargo types contracted as well: container cargo by 242 thousand tonnes (–11%) and general cargo by 193 thousand tonnes (–31%).

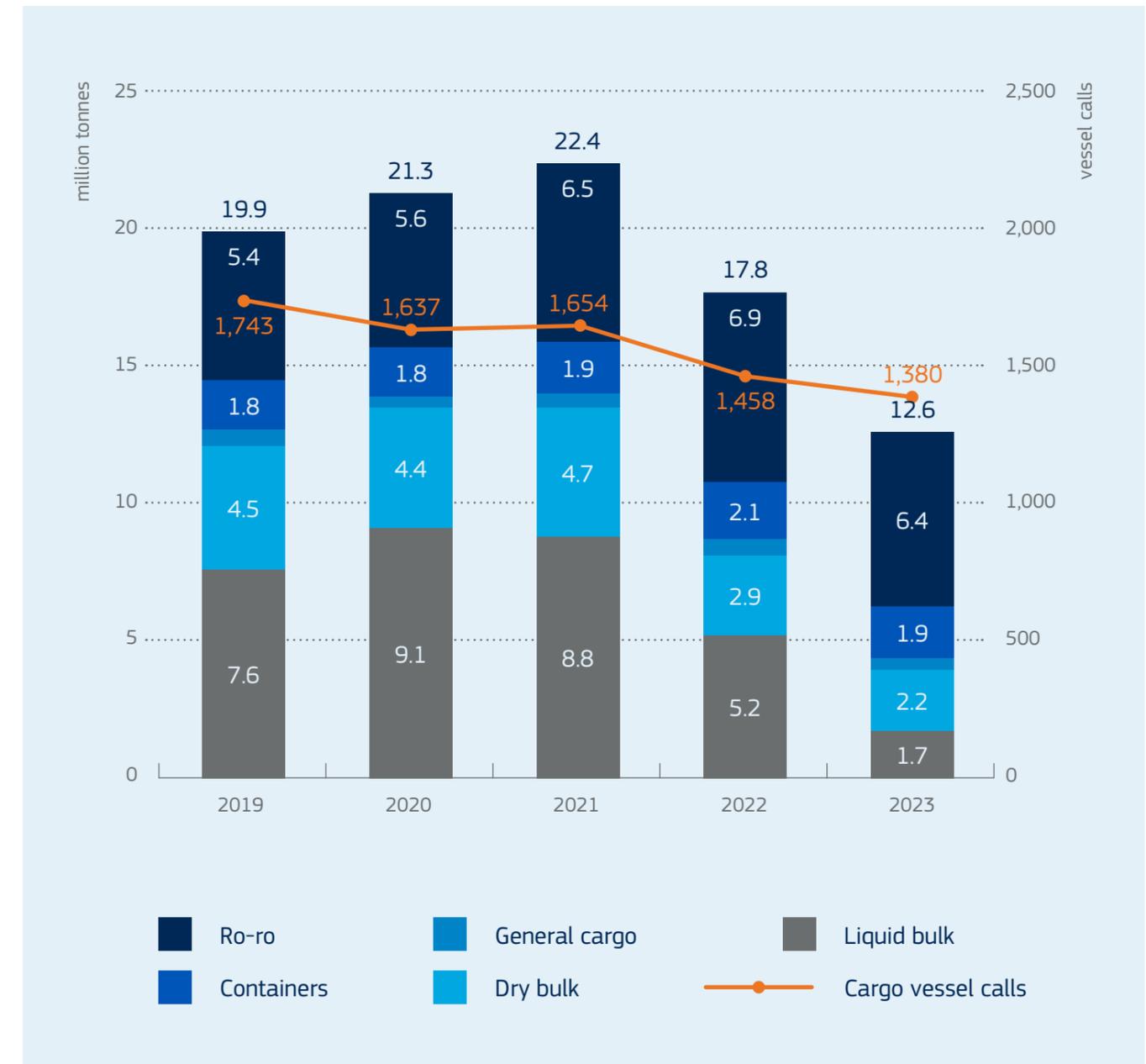
After nine years of growth, the volume of ro-ro cargo decreased in 2023, but still remained the largest cargo type. In 2023, ro-ro cargo accounted for nearly 51% of total cargo throughput, 12 percentage points up on a year earlier. In the period 2017–2021, the annual share of liquid bulk cargo ranged from 38% to 43%, but in 2022 it dropped to 29% and in 2023 to 13%. Ro-ro cargo is mainly transported on the routes between Estonia and Finland (Tallinn–Helsinki, Muuga–Vuosaari) and most of it by passenger ferries on the Helsinki route, which is why most of the ro-ro growth is reflected in the revenue of the Passenger harbours segment.

Liquid bulk volumes slumped by 67% due to a decrease in crude oil and petrol of Russian origin, which were subject to sanctions. The volume of dry bulk cargo fell mainly due to lower volumes of crushed stone (–44%). The volumes of barley (–66%) and urea (–97%) also plummeted. On the positive side, the supply of soybean residues and soybean meal started in 2023. The volume of wheat transported increased by 10%. The volume of container cargo decreased by around 0.2 million tonnes (–11%) (in TEUs¹⁶ –17% to 221 thousand TEUs). General cargo decreased by 0.2 million tonnes (–31%), driven by a decline in the volumes of pulpwood and steel products.

In terms of transport directions, the biggest change was in transit, which fell by 4.0 million tonnes (–78%), while Estonia’s export cargo decreased by 0.7 million tonnes (–12%) and import cargo decreased by 0.4 million tonnes (–7%). Imports accounted for 46%, exports for 45% and transit for 9% of our total cargo volume (2022: 35%, 36% and 29%, respectively). The share of transit fell by nearly 20 percentage points year on year due to the sanctions.

Cargo throughput at our harbours is not seasonal by nature. Typically, fluctuations in cargo volumes result from changes in market conditions (including changes in the world market prices of the cargo) and/or volatility in the volumes of project cargo. Last year, cargo transport was affected the most by the general economic recession and the Russia-Ukraine war, which had a significant impact on the transit of cargo to and from Russia.

Cargo volume by cargo type



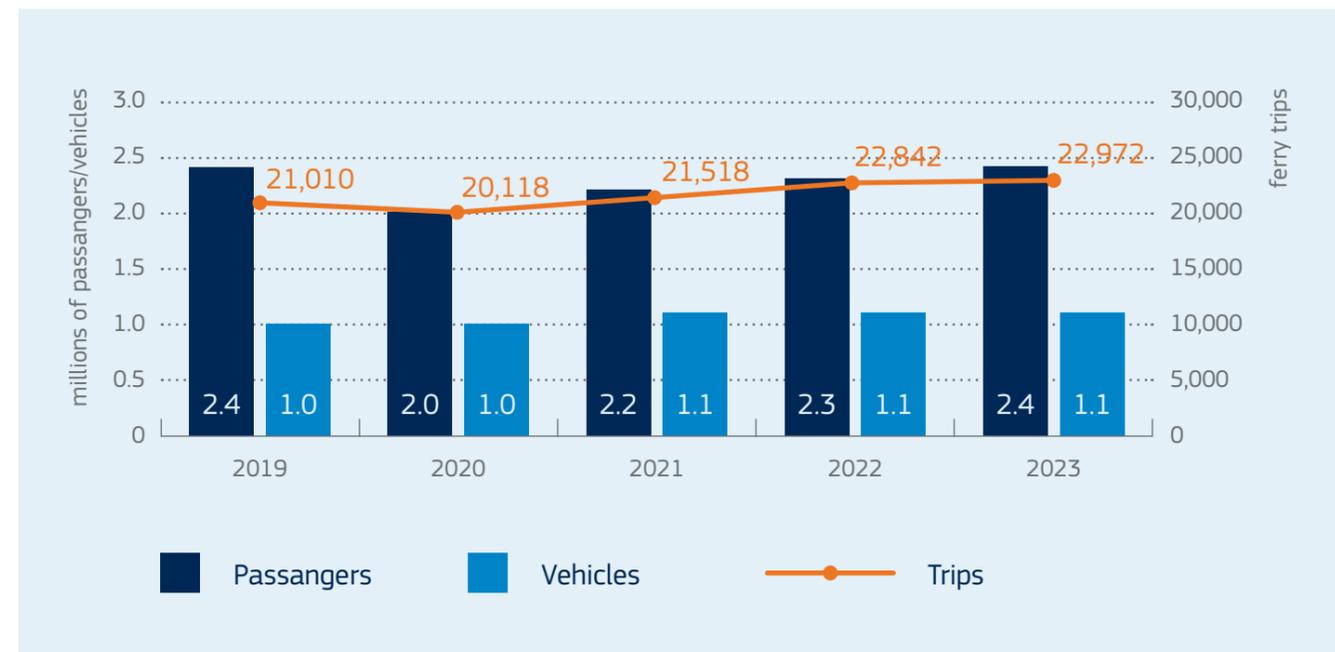
¹⁶ TEU (Twenty-foot Equivalent Unit) — standard unit for counting containers and describing the capacities of container ships or terminals. One 20-foot container equals one TEU.

6.6.3 Ferry service

TS Laevad provides domestic ferry service between Estonia’s mainland and largest islands (Saaremaa and Hiiumaa) under a public transport contract with the state (expiry date of the contract: 30 September 2026). The service must be provided according to the schedule approved by the state with up to four ferries (during the summer peak periods with up to five ferries) at a time. Most of contract revenue is fixed but some fixed revenue components are adjusted for movements in certain price indices to reflect the changes in the cost of living. A minor part of contract revenue is variable, depending on the number of trips made. Variable revenue is also adjusted for movements in the price indices. Contract revenue comprises ticket sale revenue and public transport support received from the state to cover the difference between ticket sale revenue and the service revenue agreed in the contract. Thus, a potential ticket price adjustment by the state would not affect the revenue and profit of TS Laevad.

In 2023, the ferries of TS Laevad made 22,972 trips, which is 0.6% more than a year earlier, serving 2.4 million passengers (+5%) and 1.1 million vehicles (+3%). Based on an agreement with the state (the customer of the ferry service), 484 additional trips (2022: 436) were made by a stand-by vessel from June to October to increase service capacity during the summer.

Ferry segment's operating volumes



6.6.4 Multifunctional icebreaker Botnica

We provide Estonian ports on the Gulf of Finland with icebreaker Botnica icebreaking service from December to April under a contract with the state (expiry date of the contract: 20 April 2032). The contract pays a fixed fee for a season of 120 days, which is adjusted for changes in the consumer price index. Outside the icebreaking season, we charter the icebreaker Botnica out for different maritime support operations. The availability and profitability of such operations depends on the situation in the charter market for offshore support vessels.

Outside the icebreaking season, Botnica participates in various charter projects. TS Shipping has had a charter contract with the Canadian company Baffinland Iron Mines from 2018 to escort Panamax-type cargo vessels in Baffin Bay from an iron ore mine to Baffin Bay. In 2023, the charter period under the Baffinland charter was shorter than usual. Therefore, in addition to the Baffinland charter, Botnica had two other brief summer charter projects, serving Equinor in June and British Petroleum in August. In early September, Botnica resumed its traditional Baffinland charter in northern Canada.

MPSV Botnica charter

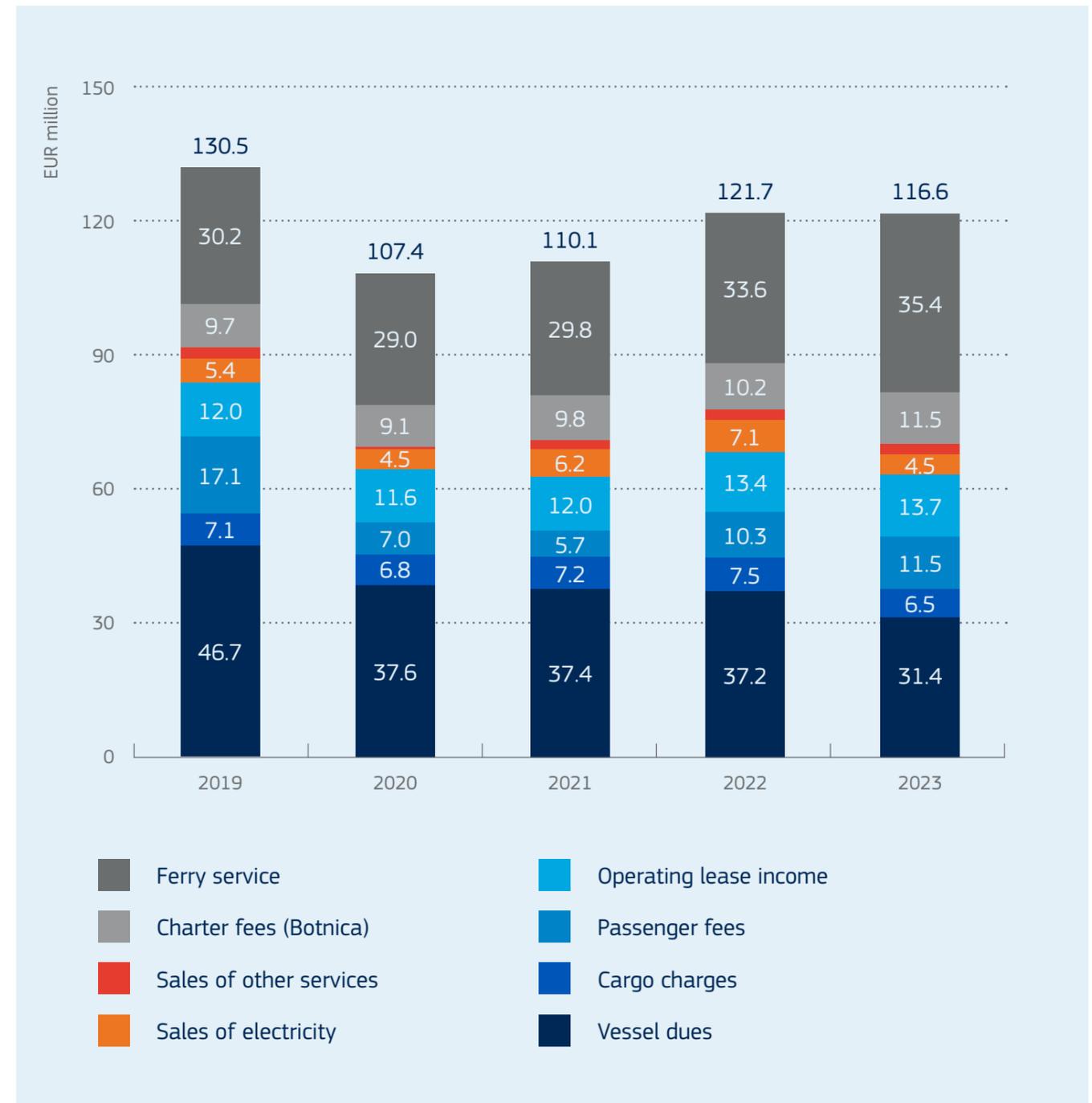


6.7 Income and expenses

Revenue and EBITDA



Revenue by revenue stream



Tallinna Sadam ended 2023 with consolidated revenue of EUR 116.6 million, EUR 5.1 million (–4.2%) less than a year earlier. Adjusted EBITDA decreased by EUR 6.6 million (–12%) to EUR 49.2 million. As adjusted EBITDA decreased more than revenue, the adjusted EBITDA margin declined from 46% to 42%.

The revenue decline is mainly attributable to lower revenue from vessel dues, electricity sales and cargo charges. In terms of revenue streams, the largest increase was in ferry service revenue, charter fees revenue (the icebreaker Botnica) and passenger fees revenue.

Vessel dues revenue decreased by EUR 5.8 million (–16%) to EUR 31.4 million. This was due to fewer calls by tankers and cruise ships. On average, the tankers calling at our cargo harbours had a smaller gross tonnage than a year earlier, so the average port dues per tanker also fell. A decrease in the electricity price compared to the extremely high price level a year earlier and lower consumption in the Cargo harbours segment (due to the decline in cargo throughput) reduced electricity sales revenue by EUR 2.6 million (–37%) to EUR 4.5 million. Cargo charges revenue dropped by EUR 1.0 million (–13%) as cargo throughput declined by 29%. Cargo charges revenue decreased less than cargo throughput, mainly because the decline was stronger for cargo with lower charge rates, while income from contractual penalties grew. Revenue from other services decreased by EUR 0.3 million (–12%), mainly through lower revenue from the sales of water supply and sewerage services to both cruise ships (fewer calls) and other vessels, which could not be offset by higher revenue from the sale of advertising space in Old City Harbour. Ferry service revenue grew by EUR 1.8 million (+5%) to EUR 35.4 million, supported by the indexation of trip fees and the variable part of fixed fees. The number of trips between Estonia’s mainland and two largest islands did not change significantly compared to the previous year (+0.6%). Charter fee revenue from the icebreaker Botnica grew by EUR 1.3 million (+13%) to EUR 11.5 million despite fewer charter days. The charter fees of Botnica increased due to a new charter fee rate for the icebreaking season and higher fee rates for various summer charters. The number of Botnica’s charter days was lower as the Baffinland charter project was shorter. Altogether, Botnica had three short summer charter projects in 2023. Passenger fees revenue grew by EUR 1.2 million (+12%) to EUR 11.5 million, supported by growth in passenger numbers on the main routes (Tallinn–Helsinki, Tallinn–Stockholm). Lease income grew by EUR 0.3 million (+3%) to EUR 13.7 million through higher revenue in the Passenger harbours segment (from lease of premises in the cruise terminal and growth in parking charges) and the Ferry segment (growth in passenger numbers and an increase in the fee rates for retail premises). Indexation of the fee rates also contributed to the growth in lease income.

Other income grew by EUR 0.8 million (+53%) to EUR 2.2 million in 2023 as income from government grants increased in connection with foreign aid granted for investments in Old City Harbour and Muuga Harbour. Income from fines and late payment interest increased as well, mainly due to the initiation of bankruptcy proceedings against MPG AgroProduction OÜ in November 2023.

Expenses related to operating activities (operating expenses, personnel expenses, impairment of financial assets, and depreciation, amortisation and impairment) totalled EUR 93.2 million, EUR 1.3 million up on 2022 (+1.4%).

Operating expenses decreased by EUR 1.5 million (–3%), driven by a decrease in fuel and energy costs, which exceeded growth in the maintenance and repair costs of non-current assets and other operating expenses.

The decrease was largest in electricity costs (–EUR 3.7 million, –43%) due to the decline in both energy prices, which soared in 2022, and electricity consumption in the Cargo harbours segment. However, this also translated into lower revenue from electricity sales.

Fuel costs dropped by EUR 1.1 million (–14%), mainly through lower fuel consumption in the Ferry and the Cargo harbours segments. Only the fuel costs of the icebreaker Botnica grew due to the summer charter where Botnica provided support vessel services to offshore wind farms. The fuel costs of the Ferry segment decreased due to a lower fuel price and lower consumption per trip, which was due to a mild winter. In the Cargo harbours segment, both the price and volume of purchased natural gas declined.

Non-current asset maintenance and repair costs grew by EUR 1.2 million (+17%). Repair costs in the segment Other grew due to the regular dry dock maintenance and repairs of Botnica and the preparations made for the icebreaker’s summer charter. Repair costs in the Ferry segment also grew, partly due to the lower cost base a year earlier (an insurance indemnity of EUR 0.3 million received in 2022). In addition, critical spare parts were acquired for the ferries in the second half of 2023. Repair costs in the Passenger harbours and the Cargo harbours segments decreased. Lease expenses increased (+EUR 0.9 million, +156%) due to additional costs incurred in connection with the icebreaker Botnica’s new summer charter projects. Expenses on services purchased for infrastructure grew (+EUR 0.6 million, +18%) due to a rise in the prices of cleaning and upkeep services in the Passenger harbours, the Cargo harbours and the Ferry segments. Expenses on services purchased increased by EUR 0.5 million (+8%), driven by an increase in port dues expenses in the Ferry segment, which was slightly offset by lower expenses from the acceptance of ship-generated waste (fewer cruise ship calls). Other operating expenses increased (+EUR 0.5 million, +18%) due to additional expenses related to the summer charters of the icebreaker Botnica. Other operating expense items decreased by EUR 0.4 million (–6%) due to a decline in expenses on the acquisition of assets of insignificant value and water and sewerage costs.

Expenses from impairment of financial assets increased by EUR 0.6 million (+106%) due to the payment difficulties of MPG AgroProduction OÜ.

Personnel expenses grew by EUR 2.0 million (9%) primarily due to an increase in salaries. At the end of 2022, the performance management system was changed and the maximum possible rate of the performance-related bonus was reduced. The savings achieved were used to carry out a one-off pay rise. The Group's average number of employees decreased from 468 to 461 (–1.5%) in 2023.

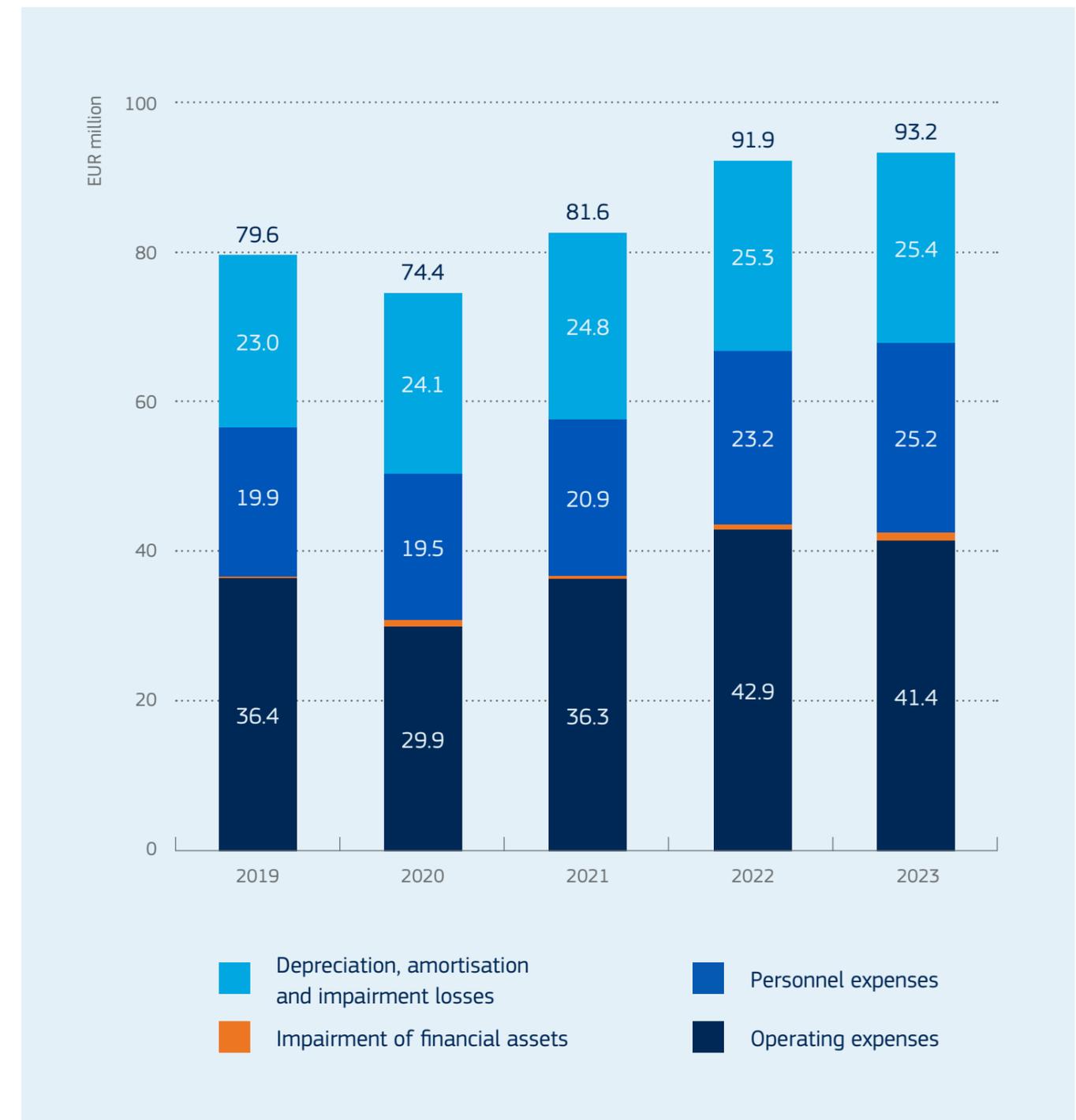
Depreciation, amortisation and impairment grew by EUR 0.1 million (+0.3%) year on year. Growth was attributable to a one-off write-off of non-current assets in the first quarter due to the raising of the threshold for recognising assets as non-current from 1 January 2023 in line with the amendments to the public sector financial accounting and reporting regulation applicable to the company.

Other expenses increased by EUR 0.6 million (+132%), because expected credit losses on other receivables grew.

Operating profit for 2023 was EUR 24.6 million (–EUR 6.2 million, –20%) as revenue decreased and expenses increased. Operating margin, which reflects the Group's operating efficiency, dropped from 25.3% to 21.1% as the decrease in operating profit was sharper than the decrease in revenue. Operating profit increased in the Passenger harbours and the Ferry segments, but decreased in the Cargo harbours segment and the segment Other.

Adjusted EBITDA¹⁷ decreased by EUR 6.6 million (–12%) to EUR 49.2 million due to a decrease in the Cargo harbours segment and the segment Other (the icebreaker Botnica). The adjusted EBITDA margin declined from 45.9% to 42.2%.

Expenses related to operating assets



¹⁷ Adjusted EBITDA = profit before finance income and costs, income tax expense and depreciation, amortisation and impairment, adjusted for amortisation of government grants related to assets

6.8 Profit

Besides the above factors, profit development was influenced by finance income and costs and income tax on dividends. Finance income and costs were influenced by a general rise in interest rates in 2023. Finance costs grew by EUR 5.4 million (+269%) although loans and borrowings decreased. The rise in interest rates supported growth in finance income, which increased by EUR 1.0 million. The Group's share of the profit of the equity-accounted associate Green Marine was EUR 0.4 million (2022: EUR 0.8 million). Profit before tax was EUR 18.9 million, EUR 10.9 million lower than a year earlier (-37%).

The Group's net profit for 2023 amounted to EUR 15.9 million (-EUR 9.7 million, -38%). Net profit decreased less than profit before tax because dividend tax expense decreased. In 2023, we paid a dividend of EUR 19.2 million (2022: EUR 25.5 million).

Profit



6.9 Segment reporting

The Group's segments are Passenger harbours, Cargo harbours, Ferry and Other. Further information about segments is provided in [note 3](#) to the financial statements.

In segment terms, revenue grew in 2023 in the Ferry segment and the segment Other, but the growth could not offset the decline in the Passenger harbours and the Cargo harbours segments. The revenue of the Passenger harbours segment decreased by EUR 0.3 million (–1%) and the revenue of the Cargo harbours segment by EUR 8.0 million (–21%). Revenue grew in the Ferry segment by EUR 1.9 million (+5%) and in the segment Other by EUR 1.4 million (+14%). Adjusted EBITDA decreased in the Cargo harbours segment and the segment Other, but increased in the Passenger harbours and the Ferry segments.

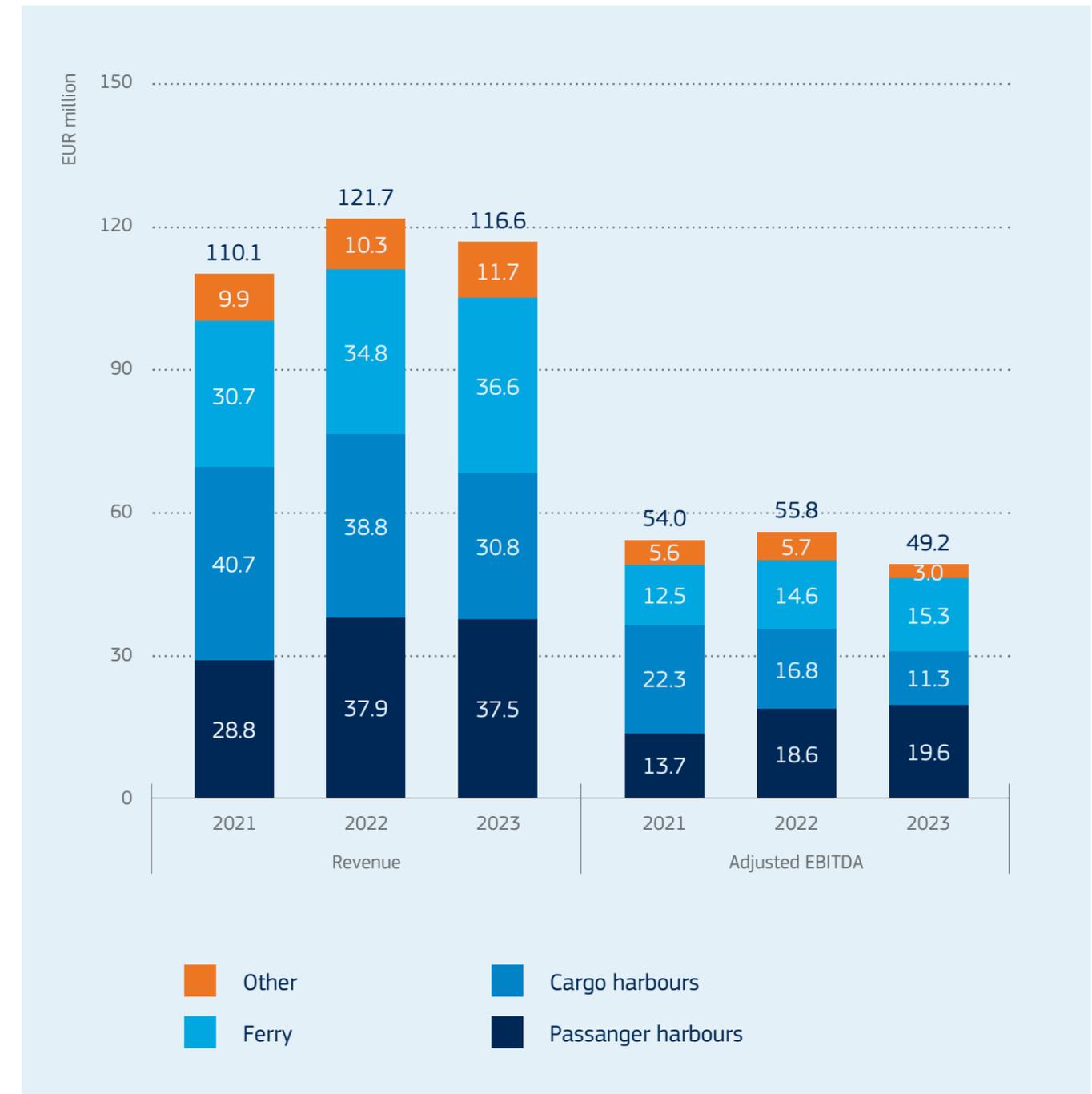
The revenue of the **Passenger harbours segment** decreased because revenue from vessel dues, other services, cargo charges and electricity sales declined. Vessel dues decreased due to fewer cruise ship calls. This in combination with the leaving of the vessel which used to accommodate Ukrainian war refugees in the previous summer reduced revenue from other services. Cargo charges declined due to the overall economic slowdown. Growth in passenger numbers increased passenger fees revenue. Lease income also grew, supported by higher income from leasing out premises in the cruise terminal and growth in parking charges. Electricity sales revenue declined as the market prices of electricity fell compared with the extremely high price level in 2022.

More than a half of the revenue decrease in the **Cargo harbours segment** was related to lower revenue from vessel dues. There were fewer cargo vessel calls and the vessels that called were smaller on average. Although total vessel calls decreased, on certain routes the number of vessel calls increased, which meant higher discounts and lower vessel dues per call. The decline in cargo throughput reduced cargo charges revenue. Cargo charges revenue decreased less than cargo throughput, because the decline was sharper for cargo with lower charge rates and revenue from contractual penalties increased. The decrease in electricity sales revenue was attributable to a lower electricity price and smaller consumption.

The revenue of the **Ferry segment** grew due to the indexation of the contractual fee rates and a higher number of trips made (+0.6%).

The revenue of the **segment Other** increased, although the summer charter of the icebreaker Botnica was shorter than a year earlier. The charter fee for the icebreaking season increased and three summer charter projects increased the summer charter revenue despite the decrease in charter days.

Segment revenue and EBITDA



Adjusted EBITDA decreased by EUR 6.6 million (–12%) in 2023. The largest decline was in the Cargo harbours segment (–EUR 5.6 million, –33%). The adjusted EBITDA of the segment Other fell almost by a half (–EUR 2.7 million, –47%). In other segments, adjusted EBITDA grew: by EUR 1.0 million (+5%) in the Passenger harbours segment and by EUR 0.7 million (+5%) in the Ferry segment. The overall decrease in adjusted EBITDA resulted from revenue decline in the Cargo harbours segment, which exceeded the combined revenue growth in other segments, while in the segment Other expenses grew more than revenue. The adjusted EBITDA of the Passenger harbours segment

increased as growth in other income exceeded the revenue decline and expenses decreased. In the Cargo harbours segment, the decrease in revenue exceeded the decrease in expenses. In the Ferry segment, both revenue and expenses grew. In the segment Other, revenue grew but expenses grew faster due to additional expenses related to the summer charter, while profit from the equity-accounted associate Green Marine decreased.

Adjusted EBITDA margin decreased from 45.9% to 42.2%, mainly due to a decline in the Cargo harbours segment and the segment Other.

Results by segment

In thousands of euros	2023					2022				
	Passenger harbours	Cargo harbours	Ferry	Other	Total	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	37,533	30,751	36,633	11,729	116,646	37,862	38,781	34,757	10,303	121,703
Adjusted EBITDA	19,590	11,257	15,304	3,019	49,170	18,618	16,836	14,629	5,734	55,817
Operating profit/loss	11,749	3,219	9,726	–64	24,630	10,854	8,431	8,926	2,576	30,787
Adjusted EBITDA margin	52.2%	36.6%	41.8%	25.7%	42.2%	49.2%	43.4%	42.1%	55.7%	45.9%

Change 2023 vs 2022

In thousands of euros	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	–329	–8,030	1,876	1,426	–5,057
Adjusted EBITDA	972	–5,579	675	–2,715	–6,647
Operating profit/loss	895	–5,212	800	–2,640	–6,157
Adjusted EBITDA margin	3.0%	–6.8%	–0.3%	–30.0%	–3.7%

6.10 Investments and development prospects

In 2023, the **Group invested EUR 20.7 million**, EUR 6.9 million (+50%) more than a year earlier. Investments in port infrastructure assets, acquisition of non-current assets and improvements to existing infrastructure totalled EUR 16.6 million. Investments in the icebreaker Botnica amounted to EUR 3.0 million and investments in ferries to EUR 1.1 million.

The largest investment in 2023 was the start of construction of a new quay to serve offshore wind farms in Paldiski South Harbour. At Muuga Harbour, the largest investments were related to improving the conditions for ro-ro traffic, the design and construction of a new workshop and the construction of a sewerage system for quays. At Old City Harbour, investments were made in the marina quay next to the new tramway and the improvement of ferry traffic (the ramp of quay 5). Major work on the icebreaker Botnica included dry docking and ice class upgrade. Significant investments in ferries included the replacement of main engine cooling systems and the purchase of critical equipment to ensure the smooth operation of ferry traffic.

Capital investments planned for 2024. The largest investments will be made in the ongoing construction of a new quay and 10 hectares of hinterland at Paldiski South Harbour. The project is expected to be completed by the end of 2025, with final completion in February 2026. The new quay will enable us to provide services for the construction and maintenance of offshore wind farms. It will also be used for military transport, which in turn will increase our overall capacity for the maritime transport of cargo and vehicles.

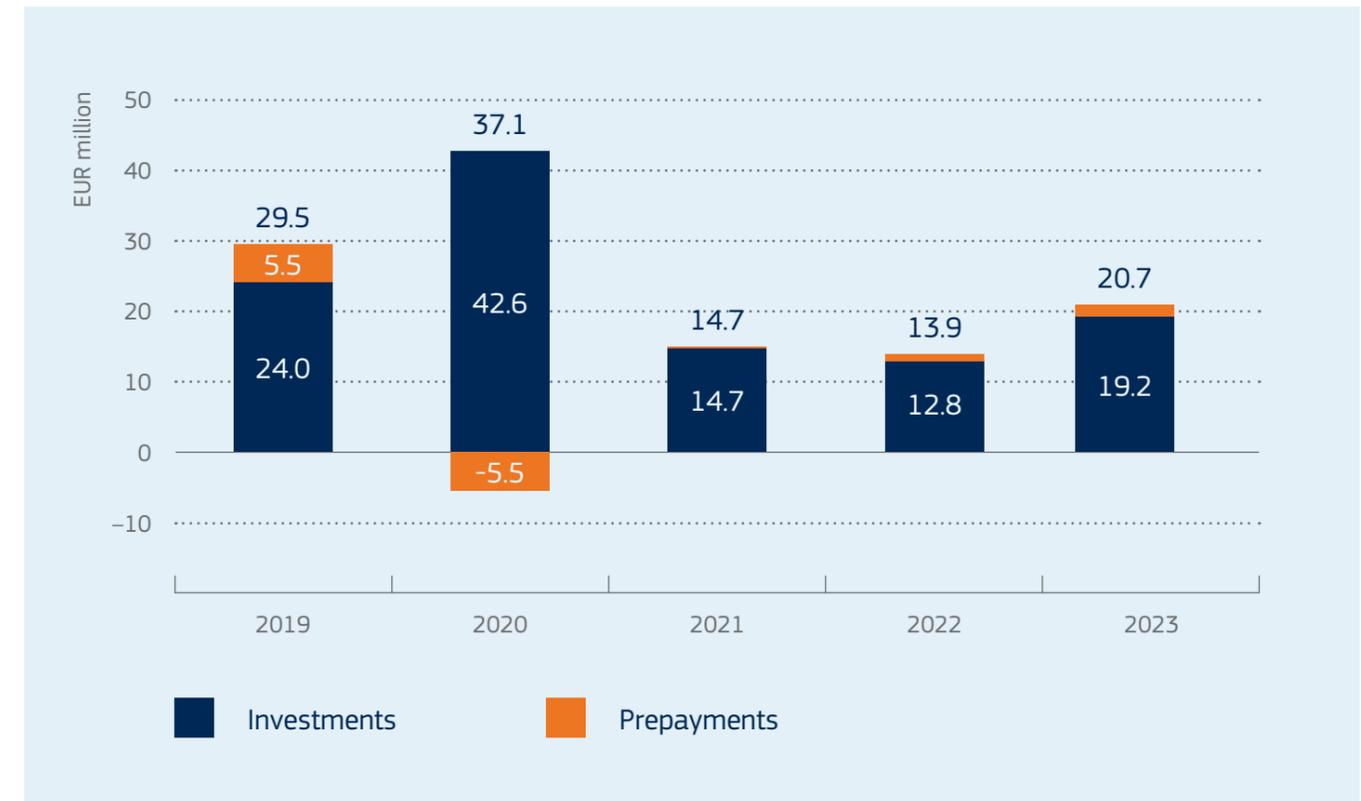
In Old City Harbour, the largest investment will be the design of a new Terminal A, including the area around Terminal A, the main building and a multi-storey car park. Investments in ferry traffic improvements and the marina quay will also continue.

At Muuga Harbour, investments will be made in the renovation of a quay to ensure smooth reception of large container ships and in the replacement of the building automation system to improve energy efficiency and prevent emergencies.

Investments in the icebreaker Botnica will include technical improvements. Investments in the Ferry segment will include the replacement of the two main engines of the ferry Piret, regular dry dock maintenance, improvements to the technical equipment and computer systems of the ferries, and further development of the ticket sales system.

In addition to making capital investments, we incur significant annual **research and development expenditures**, which amounted to EUR 0.37 million in 2023 (2022: EUR 0.33 million). The research and development expenditure of the period was mainly related to the architectural design

Investments



competition for a new Terminal A in Old City Harbour, technical studies of the quays in Old City Harbour, surveys of the condition of the buildings and structures in the cargo harbours and the preparation of the assessments required for development plans.

We expect the recovery in passenger traffic to continue in 2024. The decline in cargo throughput caused by the impacts of the Russia-Ukraine war has largely materialised and the year 2024 will mainly be influenced by the development of the overall economic situation in Estonia and the countries that are its main trading partners. We see opportunities for revenue growth and have taken steps to achieve savings in operating expenses. Finance costs will increase due to growing financing needs. We therefore expect the Group's operating profit to grow faster than net profit.

6.11 Dividends

The dividend policy of Tallinna Sadam sets the target to pay a net dividend that amounts to **at least 70% of profit for the previous year**, subject to market conditions, the company's growth and development plans, while taking into account the need to maintain a reasonable level of liquidity and excluding the impact of non-recurring transactions.

In 2023, we paid the shareholders a dividend of EUR 0.073 per share and EUR 19.199 million in total, i.e. 75% of profit for the previous year. The list of shareholders entitled to receive the dividend was determined on 10 May 2023 (the ex-dividend date: 9 May 2023) and the dividend was paid out to the shareholders on 12 May 2023 (through Nasdaq CSD). In 2022, we distributed shareholders a dividend of EUR 0.097 per share and EUR 25.5 million in total (100% of profit).

For further information, see [note 19](#) to the financial statements.

Dividends paid



6.12 Share and shareholders

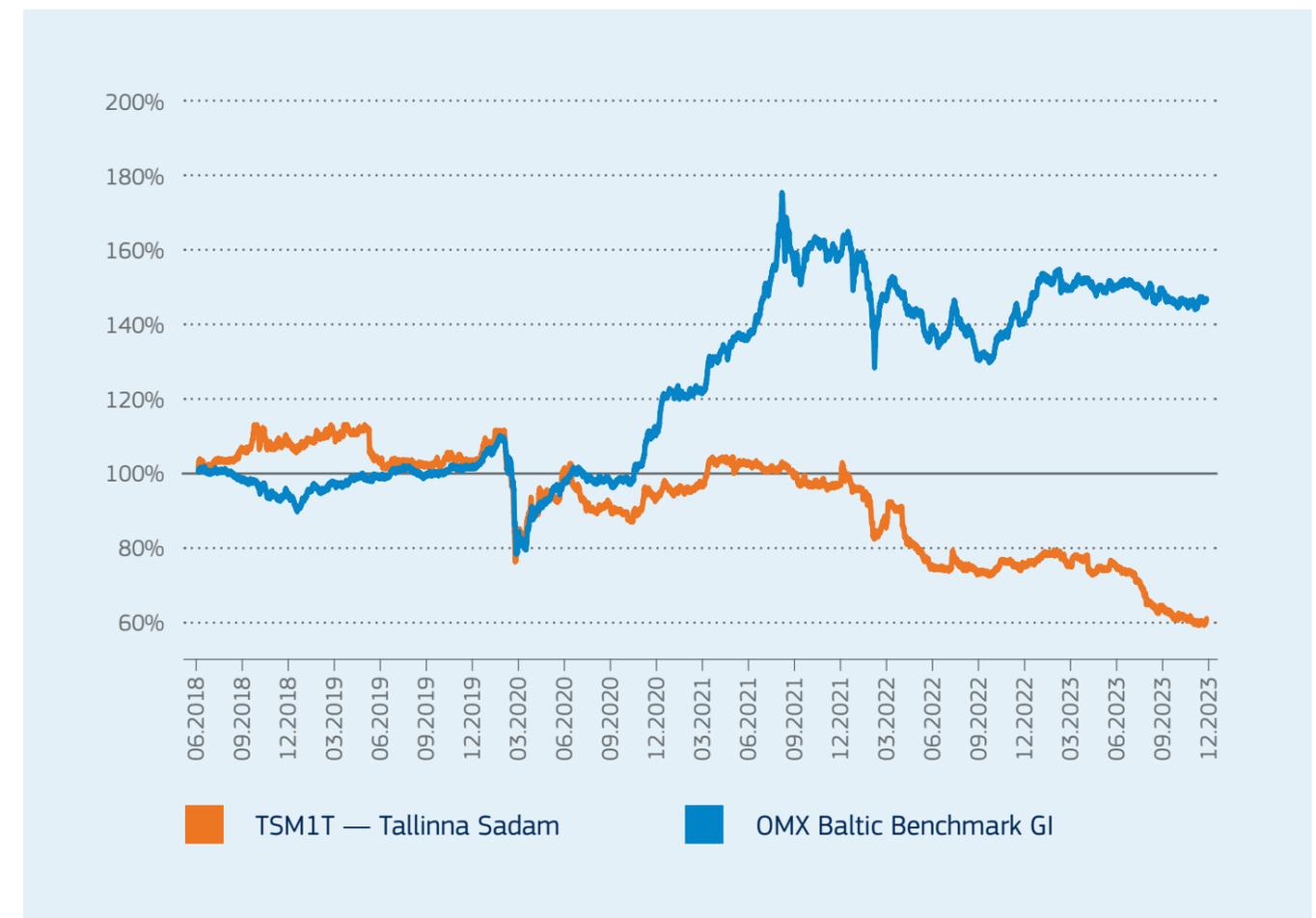
Tallinna Sadam was listed in the Baltic Main List of the Nasdaq Tallinn Stock Exchange on 13 June 2018. The ticker symbol of the share is TSM1T and the ISIN code is EE3100021635. The company has 263,000,000 ordinary shares of which 176,295,032 (67.03%) are held by the Republic of Estonia. The par value of a share is EUR 1. Each share carries one vote at the general meeting of the shareholders.

The opening price of the share at the beginning of 2023 was EUR 1.424. The closing price of the share at 31 December 2023 was EUR 1.128. The company's **market capitalisation** at 31 December 2023 was **EUR 296.7 million** (31 December 2022: EUR 374.5 million).

Dynamics of the closing price of the Tallinna Sadam share and daily turnover of shares traded since listing on the Nasdaq Tallinn Stock Exchange, i.e. from 13 June 2018 to 31 December 2023

Dynamics of the price of the Tallinna Sadam share compared to the OMX Baltic Benchmark GI index in the period 13 June 2018 – 31 December 2023

Source: nasdaqbaltic.com



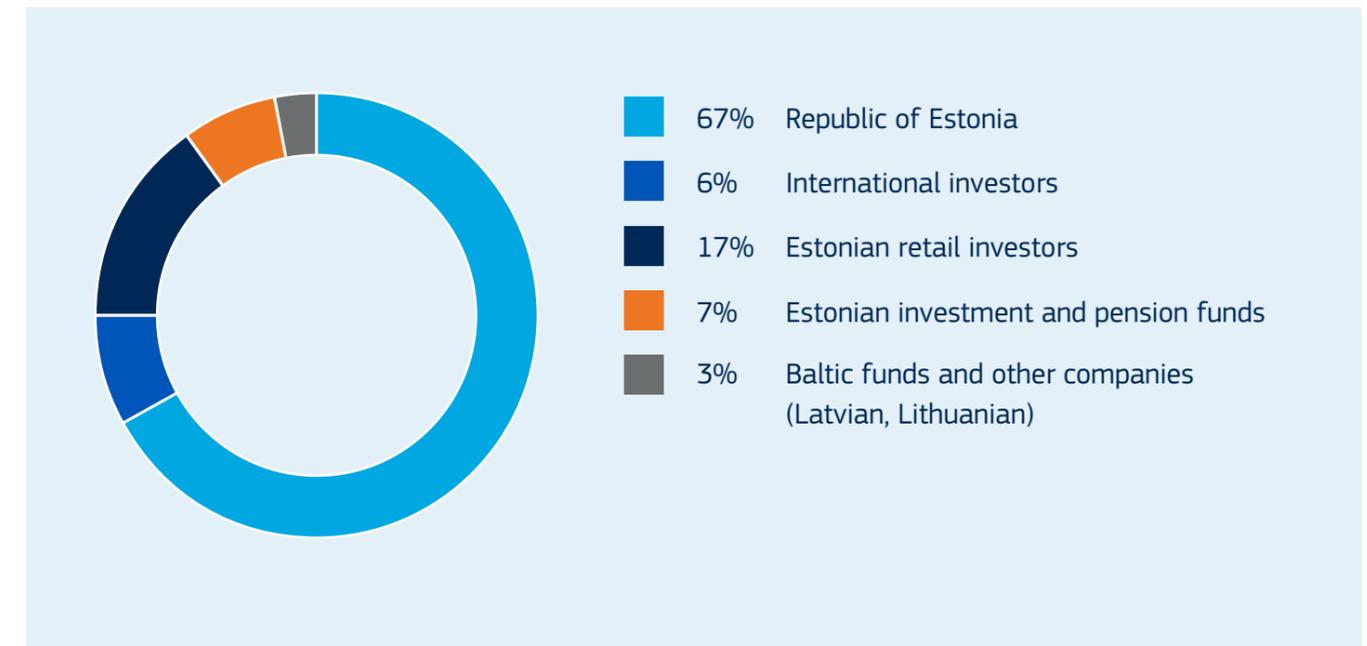
In 2023, there were a total of 64,198 transactions with the Tallinna Sadam share (2022: 73,060 transactions) in which 14.3 million shares (2022: 17.8 million shares) changed hands. The total **turnover of the transactions was EUR 19.2 million** (2022: EUR 28.1 million).

At 31 December 2023, the company had **24,174 shareholders** (31 December 2022: 22,866) but only the Republic of Estonia had an ownership interest exceeding 5% (through the Ministry of Climate).

Five largest shareholders at 31 December 2023

Name of shareholder	Number of shares	Interest, %
Ministry of Climate	176,295,032	67.0%
European Bank for Reconstruction and Development (EBRD)	9,350,000	3.6%
SEB Progressiivne Pensionifond	6,484,365	2.5%
LHV Pensionifond L	4,695,942	1.8%
Interactive Brokers LLC Client Omnibus (USA)	1,650,092	0.6%

Shareholder structure at 31 December 2023



The shareholder structure has changed somewhat compared to the end of 2022. The share of international investors has decreased from 8% to 6% (–3.5 million shares), the share of Estonian retail investors has increased from 15% to 17% (+3.7 million shares), and the share of Latvian and Lithuanian investment and pension funds has grown slightly at the expense of international investors.

7 Corporate Governance

The governing bodies of Tallinna Sadam are the general meeting, the supervisory board and the management board. The supervisory board and the management board of Tallinna Sadam are guided by the company's strategy, values, applicable legislation and the principles of the **Corporate Governance Recommendations** (CGR) promulgated by the Nasdaq Tallinn Stock Exchange. Any instances of non-compliance with the CGR are explained in [section 7.11](#) of the management report.

The main goals of the controlling shareholder, the Republic of Estonia, in relation to its shareholding in Tallinna Sadam are:

- to earn optimal and stable shareholder returns through the company's profitable and efficient operation in each of its chosen business lines;
- to involve the company in achieving national strategic objectives (this includes reducing the negative environmental impacts of the company's activities and striving for climate neutrality by 2050 in ensuring the company's sustainable development), taking into account the company's field of activity and business interests, as well as applicable laws and regulations;
- to apply and promote good corporate governance, corporate social responsibility and business culture.



7.1 General meeting

The general meeting is the highest governing body of Tallinna Sadam whose **primary responsibilities** include changing the articles of association, increasing and reducing share capital, appointing and removing the members of the supervisory board and determining the remuneration policy for the supervisory board (based on the proposal of the nomination committee), approving the annual report and allocating the company's profit, approving a share option programme, appointing and removing the auditor(s), establishing the rules of procedure for the supervisory board, deciding the acquisition or disposal of a significant interest in another company, establishing the management and reporting principles of the subsidiaries and adopting other decisions that are within its power in accordance with the law and the company's articles of association.

The annual general meeting is held once a year, within six months after the end of the financial year. The agenda of the general meeting, the proposals of the management and supervisory boards, any draft resolutions and other relevant materials are made available to shareholders at least three weeks before the general meeting on the company's website and through a stock exchange announcement. Shareholders entitled to participate in a general meeting are determined based on the share register seven days before the meeting. Each share carries one vote at a general meeting. No shares with special controlling or voting rights have been issued.

In 2023, there was an annual general meeting and no extraordinary general meetings. The annual general meeting, held on 25 April 2023, approved Tallinna Sadam's annual report for 2022 and the profit distribution proposal (including the distribution of dividends in the total amount of EUR 19.199 million), the appointment of PriceWaterhouseCoopers as the auditor for the financial years 2023 and 2024, and amendments to the articles of association. 71 shareholders voted on the resolutions of the general meeting (including the shareholders who voted in writing before the general meeting), their shares representing a total of 192,191,464 votes, i.e. 73.08% of all the votes determined by shares. The materials and resolutions of the general meeting are available on Tallinna Sadam's website at www.ts.ee/en.

The Republic of Estonia (from 1 July 2023 through the Ministry of Climate and previously through the Ministry of Economic Affairs and Communications) holds a 67.03% ownership interest in Tallinna Sadam. 32.97% of the shares are held by Estonian and international investment funds, banks, pension funds and Estonian retail investors. An overview of the shareholder structure and the largest shareholders as at 31 December 2023 is provided in [section 6.12](#) of the management report.

7.2 Supervisory board

The supervisory board is responsible for planning the company's activities, organising the company's management and supervising the activities of the management board. The supervisory board is accountable to the general meeting. The supervisory board of Tallinna Sadam has six to eight members, who are appointed for a term of up to five years. At least half of the members of the supervisory board (31 December 2023: five out of seven, including the chairman of the supervisory board) are independent as required by the CGR. The work of the supervisory board is managed by the chairman of the supervisory board.

The members of the supervisory board are appointed by the general meeting based on the proposal of the nomination committee of Tallinna Sadam, which also makes proposals regarding the number of the members of the supervisory board and their remuneration. Further information on the nomination committee is provided in section 7.5 of the management report.

The supervisory board has the power to approve the Group's annual budget and annual report, as well as the Group's strategy, goals and development directions. At its meetings, the supervisory board also discusses the risks associated with the Group's operations, the main issues arising from various regulations, investments, major financing projects and other significant matters relating to the Group's business.

At 31 December 2023, **the composition of the supervisory board** was as follows: Riho Unt (chairman), Marek Helm, Maarika Honkonen, Kaur Kajak, Risto Mäeots, Veiko Sepp and Ain Tatter. The members that meet the definition of independence as provided in the annex to the CGR are Riho Unt, Marek Helm, Maarika Honkonen, Risto Mäeots and Veiko Sepp. The term of office of all members of the supervisory board lasts until 30 June 2025.

The members of the supervisory board do not include former members of the management board of Tallinna Sadam or its subsidiaries.

The work of the supervisory board is organised in accordance with the rules of procedure of the supervisory board approved by the general meeting. Meetings of the supervisory board take place as needed. In 2023, there were nine meetings (2022: 13 meetings). The rules of procedure of the supervisory board and the supervisory board's reports to the general meeting (on the group annual report of Tallinna Sadam and the activities of the supervisory board) have been made available on the website of Tallinna Sadam.

The appointment and remuneration of a member of the supervisory board are regulated by section 85 of the State Assets Act. The amount of the remuneration of a member of the supervisory board is determined by the general meeting based on the proposal of the nomination committee and the remuneration principles of the supervisory board and the management board approved by the general meeting in 2022. The remuneration determined for a member of the supervisory board is EUR 1,000 per month and the remuneration determined for the chairman of the supervisory board is EUR 2,000 per month. A member of the supervisory board is not remunerated for the month in which a meeting of the supervisory board was held but the member did not participate in adopting resolutions. Additional remuneration is paid to the members of the supervisory board who are also the members of the audit committee or the remuneration committee, which are bodies set up by the supervisory board. In 2023, the total remuneration of the members of the supervisory board amounted to EUR 103.4 thousand (2022: EUR 105.6 thousand), of which EUR 93.5 thousand (2022: EUR 97.5 thousand) was paid for the performance of their duties as members of the supervisory board. The amount of remuneration has decreased because the supervisory board had one more member until 30 June 2022. The members of the supervisory board do not receive any termination benefits or other additional remuneration (other than remuneration for participation in the activities of the above committees).

Tallinna Sadam has conducted a limited number of minor transactions **with parties related to the members** of the supervisory board, which are disclosed in [note 24](#) to the financial statements. All transactions have been ordinary business transactions conducted on an arm's length basis. At the date of release of this annual report, supervisory board members have not notified Tallinna Sadam of any **conflicts of interest** during the financial year. Where there has been risk of a conflict of interest, the exposed supervisory board member has refrained from discussing, and adopting resolutions on, the relevant agenda item. The members of the supervisory board are subject to the Group's procedure for preventing conflicts of interest (including the obligation to declare their business interests) and the prohibition on competition set forth in the Commercial Code.

Members of the supervisory board 31.12.2023:



RIHO UNT

Chairman of the Supervisory Board,
fund management and financial advice



MAREK HELM

Member of the Supervisory Board,
implementing digital technologies



VEIKO SEPP

Member of the Supervisory Board,
telecommunication



MAARIKA HONKONEN

Member of the Supervisory Board,
tourism, HoReCa sector



KAUR KAJAK

Member of the Supervisory Board,
Undersecretary of State
for Administrative Policy



AIN TATTER

Member of the Supervisory Board,
Director of Road and Railways Department
in the Ministry of Climate



RISTO MÄEOTS

Member of the Supervisory Board,
aviation

Member of the supervisory board	Term of office	Participation in meetings in 2023			Remuneration in euros in 2023		
		Supervisory board	Audit committee	Remuneration committee	Supervisory board	Audit committee	Remuneration committee
Riho Unt	1 Jul 2020 – 30 Jun 2025	9/9	5/5	5/5	24,000	1,250	1,000
Maarika Honkonen	17 Apr 2018 – 30 Jun 2025	8/9	5/5	–	11,500	1,250	0
Veiko Sepp	1 Jul 2020 – 30 Jun 2025	9/9	–	5/5	12,000	0	1,500
Kaur Kajak	26 Apr 2022 – 30 Jun 2025	9/9	5/5	–	12,000	1,250	0
Ain Tatter	1 Jul 2022 – 30 Jun 2025	9/9	–	4/5	12,000	0	750
Marek Helm	1 Jul 2022 – 30 Jun 2025	8/9	5/5	–	11,000	1,875	0
Risto Mäeots	1 Jul 2022 – 30 Jun 2025	8/9	–	5/5	11,000	0	1,000
					93,500	5,625	4,250

Overview of shares held in Tallinna Sadam by the members of the supervisory board and persons closely associated with them¹⁸ at 31 December 2023:

Member of the supervisory board	Number of shares held in Tallinna Sadam at 31 December 2023	
	Personally	Through closely associated persons
Riho Unt	0	0
Risto Mäeots	0	0
Marek Helm	0	0
Maarika Honkonen	0	0
Kaur Kajak	0	0
Ain Tatter	0	0
Veiko Sepp	7,526	2,500
TOTAL	7,526	2,500

¹⁸ As defined in the Market Abuse Regulation ((EU) No 596/2014 Chapter 1 Article 3 1. (25))

7.3 Audit committee and internal audit department

In accordance with the requirements of the Auditors Activities Act, the company has set up an audit committee, which is a body that advises the supervisory board and is responsible for monitoring and analysing the processing of financial information, the effectiveness of the development and operation of the risk management and internal control system, the process of the audit of the consolidated financial statements, and the independence of the audit firm and the certified public accountant representing the audit firm as well as their compliance with the requirements related to auditors' activities. The audit committee makes proposals and recommendations to the supervisory board on matters within its remit. **The committee has four members** that are appointed by the supervisory board. At 31 December 2023, the members of the audit committee were: Marek Helm (chairman), Maarika Honkonen, Kaur Kajak and Riho Unt.

The audit committee conducts its activities in accordance with the requirements of the Auditors Activities Act and the rules of procedure approved by the supervisory board. The audit committee carries out its work in meetings. In 2023, five meetings were held (2022: five meetings). All members of the audit committee attended all meetings.

The rates of the remuneration of the members of the audit committee are set out in the remuneration policy approved by the general meeting on 25 April 2022. The rate of the remuneration of a member of the audit committee is 25% of the remuneration of a member of the supervisory board and the rate of the remuneration of the chairman of the audit committee is 1.5 times the rate of a member of the audit committee (EUR 250 for a member and EUR 375 for the chairman). When a member of the audit committee does not participate in a meeting, the member is not remunerated for the month in which the meeting was held.

Tallinna Sadam has set up a Group-wide **internal audit department**. Functionally, the internal audit department reports to the company's supervisory board, which, among other things, approves the composition and appoints the head of department. The department also includes the information security function.

In conducting internal audit activities, the internal audit department observes the requirements of the Auditors Activities Act, Standards for the Professional Practice of Internal Auditing and the department's rules of procedure which have been approved by the supervisory board. The activities of the department are based on a risk-based work plan approved by the supervisory board. The department engages external experts where necessary and takes into account the results of external audits and control procedures. The internal audit department briefs the audit committee and the supervisory board on its activities (including the findings and recommendations) at meetings of the audit committee and the supervisory board. According to the assessment of an independent external assessor, the activities of the internal audit department comply with Standards for the Professional Practice of Internal Auditing.

7.4 Remuneration committee

In autumn 2021, the supervisory board of Tallinna Sadam set up a remuneration committee, which has the following **main responsibilities**:

- determining the competency profile of the management board based on the company's strategy;
- developing and updating the remuneration policy for the members of the management board and monitoring compliance with the policy;
- submitting proposals to the supervisory board for the election and remuneration of the members of the management board.

The committee consists of at least three members who are appointed from among the members of the supervisory board for a term of up to three years. One of the members is the chairman of the supervisory board. As of 31 December 2023, the members of the remuneration committee were Veiko Sepp (chairman), Risto Mäeots, Ain Tatter and Riho Unt.

During the reporting period, the remuneration committee held five meetings (2022: four meetings), to discuss the implementation of the management board's performance plan for 2022, the goals for 2024, and the appointment and contract terms of the chairman of the management board. The remuneration committee proposed to the supervisory board, and the supervisory board approved, a three-year extension of the contract of the chairman of the management board, Valdo Kalm, until 28 February 2027.

The members of the remuneration committee **are remunerated on the same basis as the members of the audit committee**.

7.5 Nomination committee

The responsibilities of the committee for nominating the members of the supervisory board of Tallinna Sadam, which was formed in 2019, include assessing the suitability of candidates for the supervisory board and making proposals to the general meeting regarding the election and removal of the members of the supervisory board, the size of the supervisory board, and the duration of the term of office and remuneration of the members of the supervisory board.

The members of the nomination committee are the secretary general of the Ministry of Finance, the secretary general of the ministry in charge of the state's shareholding and the chairman of the nomination committee formed by the government of Estonia for companies in which the state has an ownership interest, who represent the controlling shareholder by virtue of the office they hold, and two representatives of small shareholders, whose term of office is five years. At 31 December 2023, the members of the nomination committee were Keit Kasemets (secretary general of the Ministry of Climate), Merike Saks (secretary general of the Ministry of Finance), Annika Uudelepp (chairman of the nomination committee formed by the government), Tomas Kairys (EBRD Head of the Baltic Countries) and Gert Vilms (member of the management board of AS SEB Varahaldus). Ahti Kuningas (the Ministry of Economic Affairs and Communications) also participated in the work of the committee as a shareholder representative during the year. The members of the nomination committee are not remunerated for their work.

In 2023, the nomination committee held one meeting (2022: two meetings) to revise the rules of procedure of the nomination committee, to appoint a new chairman and to coordinate the annual self-assessment of the supervisory board in office.

7.6 Management board

The management board is a governing body that represents and manages the day-to-day operations of Tallinna Sadam in accordance with the law and the articles of association of Tallinna Sadam. The management board must act in the most commercially reasonable manner and make sure that risk management and internal controls function effectively. In carrying out its activities, the management board is guided by the long-term strategy and annual operational targets approved by the supervisory board. In accordance with the articles of association, the management board has two to five members, who are appointed by the supervisory board for up to five years.

The company may be represented by the chairman of the management board and a member of the management board acting together. Service contracts have been signed with all members of the management board.

No member of the management board is a member of the management board or the chairman of the supervisory board of another listed company. Information about the appointment of the members of the management board to the supervisory boards of the subsidiaries and associates of Tallinna Sadam is provided in [section 7.7](#) of the management report. **The remuneration and other benefits** provided to the management board for 2023 are disclosed in the remuneration report section of this annual report.

In the reporting period, Tallinna Sadam conducted a limited number of minor transactions with **parties related** to the members of the management board, which are disclosed in [note 24](#) to the financial statements. All transactions were ordinary business transactions conducted on an arm's length basis. At the date of release of this annual report, management board members have not notified Tallinna Sadam of any conflicts of interest during the financial year.

At 31 December 2023, the members of the management board Valdo Kalm, Andrus Ait and Margus Vihman held shares in Tallinna Sadam (41,828 shares, 1,513 shares and 22,486 shares, respectively). Persons closely associated with the members of the management board did not hold any shares in Tallinna Sadam.

During the reporting period, the supervisory board extended the term of office of chairman of the management board Valdo Kalm by three years until 28 February 2027.

At 31 December 2023, the composition of the management board



VALDO KALM

chairman
of the management board,
appointed to the board
until 28 February 2027

Valdo Kalm has been the chairman of the management board of Tallinna Sadam since March 2016. Previously, he was chief executive at several telecommunication companies for over 20 years: Eesti Telefon, EMT, Eesti Telekom (currently Telia Eesti). He has a master's degree in automation and telemechanics from Tallinn University of Technology (TalTech).



MARGUS VIHMAN

member of the management board,
chief commercial officer,
appointed to the board
until 31 October 2024

Margus Vihman has been on the management board of Tallinna Sadam since 2016. He is responsible for the company's commercial activities, i.e. customer relations and sales. Previously, he was sales director at Krimelte, regional sales director at the construction company Ruukki and regional chief executive at the construction chemicals company Henkel Makroflex. He has a master's degree in international business administration (MBA) from the Estonian Business School.



ANDRUS AIT

member of the management board,
chief financial officer
appointed to the board
until 20 February 2027

Andrus Ait has been on the management board of Tallinna Sadam since February 2022. Previously, he has worked at Riigi Kinnisvara AS in various positions in the financial area, including as chief financial officer and a member of the management board. He has a master's degree in economics from Tallinn University of Technology (TalTech).

7.7 Supervisory and management boards of subsidiaries and associates

As a rule, the supervisory boards of Tallinna Sadam's wholly-held subsidiaries have three members.

At the end of 2023, the members of the supervisory board of **TS Shipping** were Valdo Kalm (chairman), Andrus Ait and Rene Pärt. The management board of TS Shipping has two members and at the reporting date the members were Vahur Ausmees (chairman) and Damir Utorov.

At 31 December 2023, the members of the supervisory board of **TS Laevad** were Valdo Kalm (chairman), Andrus Ait and Rene Pärt. The management board of TS Laevad has three members and at the reporting date the members were Indrek Randveer (chairman), Guldar Kivro and Katrin Aron.

At 31 December 2023, the members of the supervisory board of **Green Marine**, an associate of Tallinna Sadam, were Valdo Kalm (chairman), Andrus Ait, Margus Vihman, Carl-Jüri Piht and Innar Susi. The management board of the associate has two members and at the reporting date they were Indrek Kajakas (chairman) and Aivar Sülla.

7.8 Cooperation of the management and supervisory boards

The management and supervisory boards work closely together in developing and implementing the goals and strategy of Tallinna Sadam. The two boards mainly exchange information at the meetings of the supervisory board and the audit committee. The management board follows the strategic instructions of the supervisory board and informs the supervisory board of any significant risks and other matters arising in the course of business that may affect the financial performance and the achievement of the goals of Tallinna Sadam. At its meetings, the supervisory board is regularly informed about the Group's operating and financial results.

7.9 Disclosure of information and communication

Since the listing of the Tallinna Sadam shares on the Nasdaq Tallinn Stock Exchange on 13 June 2018, Tallinna Sadam observes the rules of the stock exchange and the requirements of the EU Market Abuse Regulation and discloses information in accordance with the principle of fair and equal treatment of all investors and the rules for handling and disclosing inside information.

The main **information channels** of Tallinna Sadam are stock exchange announcements, press releases, newsletters and the corporate website www.ts.ee/en. **The website** includes, among other things, general information on the company's governance, strategy, dividend policy, the current year's financial calendar with the dates on which the operating results and financial statements are released, quarterly operational statistics, and interim and annual reports.

The management board of Tallinna Sadam presents the company's results on a quarterly basis at interactive **webinars** (on the disclosure of an interim report). The recordings and presentations of the webinars are available on the website. We organised five webinars for investors in 2023, focusing on our interim reports, and from this year we started to offer webinars in Estonian as well as English. For the first time in several years, the annual general meeting was held in person, and for the first time the shareholders could vote in advance in writing. The resolutions of the general meeting and the reports of the supervisory board are available on the website of Tallinna Sadam at www.ts.ee/en.

We organise **investor meetings** as required and requested by investors. When communicating with investors and analysts, we only use previously disclosed information. **In 2023**, investor meetings were held in Tallinn and New York, as well as through online channels. The annual investor day for local investors was held at the cruise terminal. In order to increase our visibility among Nordic investors, we commissioned Nordea Bank (Finland) to carry out equity research to provide investors with an analysis of our share and to develop investor relations, particularly among Scandinavian institutional investors. As the winner of the 'Best Investor Relations in the Baltics' award at the Nasdaq Baltic Awards 2021, we attended the Closing Bell ceremony in New York in November. We also gave a presentation at the Investor Toomas conference and the Investor Toomas Club organised a visit to Tallinna Sadam at the end of the year.

Our **marketing and communication activities** focus not only on investor relations, but also on direct communication with various target and stakeholder groups, multidirectional information exchange and building a brand image, which is a key factor in implementing our business strategy. As a responsible company, we adhere to the principles of openness, integrity and ethical conduct in our messages as well as our marketing and communication activities.

7.10 Financial reporting

The preparation of financial statements is the responsibility of the company's management board. The consolidated financial statements are prepared in accordance with the Estonian Accounting Act and International Financial Reporting Standards as adopted by the European Union (IFRS EU).

The auditor of Tallinna Sadam is **AS PricewaterhouseCoopers** (PwC) and the signatory of the independent auditors' report is Lauri Past. The contract with the auditor was signed in 2023 for a period of two years (for the audit of the annual reports of the financial years 2023 and 2024) and can be extended for the audit of the annual report of the financial year 2025. The audit firm has not provided any services to the company that could compromise the auditor's independence. In 2023, the fees paid or payable for services provided by all audit firms totalled EUR 102 thousand (2022: EUR 57 thousand). In 2023, the fees paid or payable for audit services provided by the appointed auditor totalled EUR 76 thousand (2022: EUR 35 thousand). In addition, the Group paid EUR 14 thousand to PwC for other services (CSRD readiness analysis and financial training). Another audit firm provided the Group with translation services (the translation of financial reports).

7.11 Statement of compliance with the CGR

Tallinna Sadam complies with the Corporate Governance Recommendations (CGR) except for section 6.2.2:

CGR section 6.2.2 — Before entering into a contract with an auditor for audit services, the management board shall submit the draft of the contract to the supervisory board for approval. /.../

The management board of Tallinna Sadam does not consider it necessary to have the draft contract for audit services approved by the supervisory board, as the auditor is selected through a public tender. The contract is signed based on the result of the tender and all significant terms and conditions of the contract (including the terms for the qualification of the bidders and the evaluation of the bids, the term of the contract and the scope of the work) are agreed with the audit committee, which advises the supervisory board, before the tender is announced. We organise the rotation of auditors in accordance with [the guidelines of the Estonian Financial Supervision and Resolution Authority](#) on the rotation of the auditors of certain entities subject to public financial supervision, thus ensuring the independence of the auditor.



REMUNERATION REPORT

Under section 135³ of the [Securities Market Act](#), listed companies are required to publish a report on the remuneration paid to the members of the management board during the reporting period and on the compliance of the remuneration with the remuneration policy. In 2021, the supervisory board of Tallinna Sadam set up a four-member remuneration committee (see [section 7.4](#) of the management report), which has the following **main responsibilities**:

- determining the competence profile of the management board based on the company's strategy;
- developing and updating the remuneration policy for the members of the management board and monitoring compliance with the policy;
- submitting proposals to the supervisory board for the election and remuneration of the members of the management board.

The remuneration committee has developed [the remuneration policy for the supervisory board and the management board](#), which was approved by a resolution of the annual general meeting of 2022.

Remuneration of the management board

The remuneration of a member of the management board is determined on the basis of the board member's level of responsibility, duties, professional skills, experience and education which are relevant to the operations and the achievement of the goals of Tallinna Sadam. The remuneration of the members of the management board is reviewed in the light of developments in the salary market and the company's performance.

Fixed basic remuneration:

- Monthly remuneration in accordance with the contract signed with the member of the management board
- Holiday pay in accordance with the contract signed with the member of the management board: annual leave of 28 days and winter leave of 7 days
- Sickness benefits in accordance with health insurance laws

Performance-related remuneration:

- Variable remuneration for the achievement of the company's annual goals, which are set in accordance with the principles of the performance management system. The remuneration committee assesses the achievement of the goals of the members of the management board and makes a proposal to the supervisory board once a year, before the approval of the annual report, regarding the payment of performance-related remuneration (a bonus).

Other benefits:

- Training
- Business travel related benefits
- Technical support (a phone, a car, other work equipment)
- Directors and officers liability insurance
- Termination benefits
- Compensation for non-compete obligations

The short-term bonus programme is based on the performance management system for the members of the management board and employees to monitor the achievement of strategic goals. **In accordance with the performance management system**, the Group's three to six primary goals (revenue, EBITDA and the implementation of key projects, including sustainable development projects) and some individual secondary goals (operating volumes, business projects, changes in processes, etc.) are set on an annual basis and the achievement of the goals determines the rate of a person's performance-related remuneration (the bonus). As a rule, 60% of a management board member's (or an employee's) performance-related bonus depends on the achievement of the Group's goals (the primary goals) and 40% depends on the achievement of individual goals (the secondary goals). Until 2022, the primary goals accounted for 40% and the individual goals for 60% of the potential performance-related bonus. The supervisory board sets the goals for the management board and assesses the achievement of these goals once a year, during the approval of the annual report for the financial year, based on the proposals of the remuneration committee.

Due to the restrictions set out in the State Assets Act, Tallinna Sadam has no long-term bonus programmes and the short-term bonus programme is not linked to Tallinna Sadam's shares.

The limits on additional remuneration and termination benefits for the members of the management board are set out in section 86 (clauses 2 and 3) of the State Assets Act. Accordingly, the total additional remuneration paid to a member of the management board of Tallinna Sadam may not exceed four times the average monthly remuneration paid to the member of the management board in the previous financial year and the termination benefits paid to a member of the management board may not exceed the management board member's three months' remuneration at the time the contract is terminated. The basis and amount of the additional remuneration must be objective and justified, taking into account the achievement of the goals for the period, the value added to the company and the market position.

Based on the service contracts in force, at 31 December 2023 Tallinna Sadam was obligated to pay the members of the management board termination benefits equal to three months' remuneration if the members of the management board were removed from office without due cause. A member of the management board is only entitled to termination benefits if Tallinna Sadam terminates the service contract without due cause, which means that no termination benefits will be paid if the member of the management board breaches the contract. The company has to pay a member of the management board monthly compensation equal to 50% of the board member's monthly remuneration for a period of 12 months after the expiry of the contract for compliance with the non-compete obligations.

The members of the management board are not remunerated for participation in the work of the supervisory boards of the Group's subsidiaries and associates.

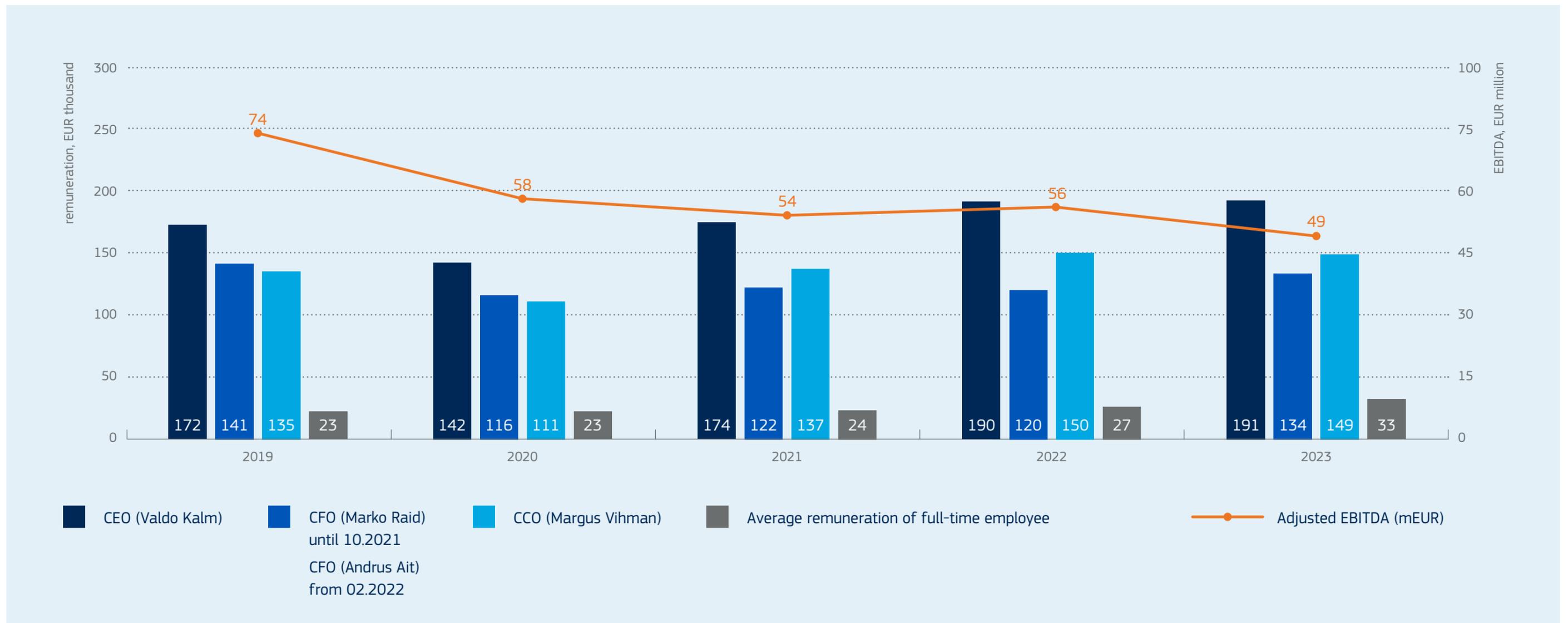
According to the decision of the supervisory board of Tallinna Sadam of 8 February 2024, **the members of the management board will receive performance-related bonuses** for the achievement of the goals set for 2023 **in the amount of 2.52 times the monthly remuneration** of the members of the management board. As a result of the sanctions and the general economic recession, only 23% (maximum 60%) of the Group's primary goals (revenue, adjusted EBITDA, winning the ferry service tender for TS Laevad, digitalisation-related development projects, maintaining the Group's reputation index at least at the level of 2022) were achieved, but 40% (maximum 40%) of the individual secondary goals of the management board (implementing the strategy, initiating growth projects and maintaining the level of the employee engagement index) were achieved. This means that **63% of the goals were met**. Performance-related bonuses will be paid to the members of the management board after the supervisory board has approved the Group's annual report for 2023.

In 2023, no variable remuneration was reclaimed from the members of the management board and the remuneration was paid in accordance with the remuneration policy in force without exception.

Remuneration provided to the members of the management board for 2023

<i>In thousands of euros</i>	Term of office	Basic remuneration	Performance-related bonus	Other benefits	TOTAL	Share of fixed remuneration
Valdo Kalm , chairman of the management board	1 Mar 2016 – 28 Feb 2027	157	34	25	216	73%
Margus Vihman , member of the management board, chief commercial officer	1 Nov 2016 – 31 Oct 2024	123	26	23	172	71%
Andrus Ait , member of the management board, chief financial officer	21 Feb 2022 – 20 Feb 2027	111	23	16	150	74%
TOTAL		391	83	64	538	73%

Comparison of annual remuneration* and performance



* The remuneration presented in the chart comprises accrual-based basic remuneration and performance-related bonuses.
 The average remuneration of full-time employees has been calculated based on the remuneration of the parent company's employees.



CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements

Consolidated statement of financial position

<i>In thousands of euros</i>	Note	31.12.2023	Restated* 31.12.2022	Restated* 01.01.2022
ASSETS				
Current assets				
Cash and cash equivalents	7	29,733	44,387	34,840
Trade and other receivables	8	12,118	7,477	14,151
Inventories		550	749	399
Non-current assets held for sale		0	100	0
Total current assets		42,401	52,713	49,390
Non-current assets				
Investments in an associate	9	2,177	2,099	1,559
Other long-term receivables	8	163	303	896
Investment properties	10	14,069	14,069	14,069
Property, plant and equipment	11	545,271	550,310	561,494
Intangible assets	12	2,083	1,735	2,130
Total non-current assets		563,763	568,516	580,148
Total assets		606,164	621,229	629,538

<i>In thousands of euros</i>	Note	31.12.2023	Restated* 31.12.2022	Restated* 01.01.2022
LIABILITIES				
Current liabilities				
Loans and borrowings	17	15,831	16,928	16,215
Provisions	14	1,311	2,013	1,572
Government grants	18	7,344	8,578	1,223
Taxes payable	16	876	1,060	890
Trade and other payables	15	9,492	8,820	10,049
Total current liabilities		34,854	37,399	29,949
Non-current liabilities				
Loans and borrowings	17	157,566	171,482	187,398
Government grants	18	33,075	30,156	29,835
Other payables	15	3,010	1,216	1,461
Total non-current liabilities		193,651	202,854	218,694
Total liabilities		228,505	240,253	248,643

EQUITY				
Share capital		263,000	263,000	263,000
Share premium		44,478	44,478	44,478
Statutory capital reserve		22,858	22,115	21,271
Retained earnings		47,323	51,383	52,146
Total equity	19	377,659	380,976	380,895

Total liabilities and equity		606,164	621,229	629,538
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* For further information, see [note 2](#).

Consolidated statement of comprehensive income

<i>In thousands of euros</i>	Note	2023	Restated' 2022
Revenue	3, 20	116,646	121,703
Other income	22	2,208	1,441
Operating expenses	21	-41,403	-42,862
Impairment of financial assets		-1,145	-556
Personnel expenses	21	-25,214	-23,165
Depreciation, amortisation and impairment	11, 12	-25,389	-25,312
Other expenses		-1,073	-462
Operating profit		24,630	30,787
FINANCE INCOME AND COSTS			
Finance income		1,237	216
Finance costs	23	-7,435	-2,013
Finance costs – net		-6,198	-1,797
Share of profit of an associate accounted for under the equity method	9	435	795
Profit before income tax		18,867	29,785
Income tax expense	19	-2,985	-4,193
Profit for the period		15,882	25,592
Basic and diluted earnings per share (in euros)	19	0.06	0.10

* For further information, see [note 2](#).

Consolidated statement of cash flows

<i>In thousands of euros</i>	Note	2023	2022
Cash receipts from sale of goods and services		124,344	130,099
Cash receipts related to other income		272	188
Payments to suppliers		-52,911	-53,548
Payments to and on behalf of employees		-24,165	-19,899
Payments for other expenses		-317	-368
Income tax paid on dividends	19	-3,264	-4,335
Cash from operating activities		43,959	52,137
Purchases of property, plant and equipment	26	-17,946	-15,189
Purchases of intangible assets	26	-799	-455
Proceeds from sale of property, plant and equipment		28	191
Government grants received	18	0	15,001
Dividends received	9	357	255
Interest received		1,179	83
Cash used in investing activities		-17,181	-114
Redemption of debt securities	17	-7,650	-7,650
Repayments of loans received	17	-8,266	-8,266
Dividends paid	19	-19,012	-25,287
Interest paid	17	-6,494	-1,264
Other payments related to financing activities		-10	-9
Cash used in financing activities		-41,432	-42,476
NET CASH FLOW		-14,654	9,547
Cash and cash equivalents at beginning of period	7	44,387	34,840
Change in cash and cash equivalents		-14,654	9,547
Cash and cash equivalents at end of period	7	29,733	44,387

Consolidated statement of changes in equity

<i>In thousands of euros</i>	Note	Share capital	Share premium	Statutory capital reserve	Retained earnings	Total equity attributable to owners of the Parent
Equity at 31 December 2021		263,000	44,478	21,271	52,146	380,895
Profit for the period		0	0	0	25,592	25,592
Total comprehensive income for the period		0	0	0	25,592	25,592
Dividend declared	19	0	0	0	-25,511	-25,511
Total transactions with owners		0	0	0	-25,511	-25,511
Increase of capital reserve		0	0	844	-844	0
Equity at 31 December 2022		263,000	44,478	22,115	51,383	380,976
Profit for the period		0	0	0	15,882	15,882
Total comprehensive income for the period		0	0	0	15,882	15,882
Dividend declared	19	0	0	0	-19,199	-19,199
Total transactions with owners		0	0	0	-19,199	-19,199
Increase of capital reserve		0	0	743	-743	0
Equity at 31 December 2023		263,000	44,478	22,858	47,323	377,659

Notes to the Consolidated Financial Statements

Note 1. Reporting entity

AS Tallinna Sadam (also referred to as the 'Parent' or the 'Company') is a company incorporated and registered in the Republic of Estonia on 5 November 1996. The consolidated financial statements of AS Tallinna Sadam as at and for the year ended 31 December 2023 comprise the Parent and its subsidiaries (together referred to as the 'Group'). The Group's core business lines are rendering port services in the capacity of a landlord port, organising ferry service between Estonia's mainland and biggest islands and operating the multifunctional icebreaker Botnica.

The Group owns four harbours: Old City, Saaremaa, Muuga, and Paldiski South. Old City Harbour in the centre of Tallinn and Saaremaa Harbour that is designed for receiving cruise ships provide mainly passenger harbour services. Muuga Harbour, which is Estonia's largest cargo harbour, and Paldiski South Harbour provide mainly cargo harbour services.

In addition, the Group has a 51% interest in the associate AS Green Marine but it does not have control of the entity's decision-making. In the Group's financial statements, the interest in the associate is accounted for using the equity method.

The address of the Parent's registered office is Sadama 25, Tallinn 15051, the Republic of Estonia.

The ultimate controlling party of AS Tallinna Sadam is the Republic of Estonia (ownership interest of 67.03% through the Ministry of Climate).

The management board authorised these consolidated financial statements for issue on 18 March 2024. Under the Estonian Commercial Code, the annual report must also be approved by the supervisory board and the shareholders. The shareholders may decide not to approve the annual report prepared by the management board and approved by the supervisory board and may demand the preparation of a new annual report.

The Group's subsidiaries as at 31 December 2023 and 31 December 2022:

Subsidiary	Domicile	Ownership interest (%) 2023	Ownership interest (%) 2022	Core business line
OÜ TS Shipping	Republic of Estonia	100	100	Rendering icebreaking and other offshore support services with the multi-functional icebreaker Botnica
OÜ TS Laevad	Republic of Estonia	100	100	Rendering domestic ferry service between Estonia's mainland and two largest islands

Note 2. Material accounting policies

Basis of preparation

The Group's consolidated financial statements as at and for the year ended 31 December 2023 have been prepared in accordance with the Estonian Accounting Act and International Financial Reporting Standards as adopted by the European Union (IFRS).

The consolidated financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities, which are carried at fair value.

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other relevant factors which are used to make judgements about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The management board reviews the estimates regularly and any change in an estimate is recognised prospectively or in the period the change in the estimate relates to. The most significant estimates made by management are disclosed in [note 5](#) to these consolidated financial statements.

Correction of errors and presentation of information

Reclassification of investment properties

Based on the results of an additional analysis conducted in 2023, the Group concluded that some properties not in use, which previously were classified as items of property plant and equipment, met the definition of investment property and ought to have been classified as such in previous periods. Therefore, the Group corrected the accounting for those properties in 2023 and reclassified them retrospectively as investment properties. The correction had no impact on the Group's consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity.

<i>In thousands of euros</i>	Original balance 31.12.2022	Restatement	Restated 31.12.2022
Investment properties	0	14,069	14,069
Property, plant and equipment	564,379	-14,069	550,310
Total	564,379	0	564,379

<i>In thousands of euros</i>	Original balance 01.01.2022	Restatement	Restated 01.01.2022
Investment properties	0	14,069	14,069
Property, plant and equipment	575,563	-14,069	561,494
Total	575,563	0	575,563

The Parent company's statement of financial position was corrected to the same extent. The correction had no impact on the Parent company's statement of comprehensive income, statement of cash flows and statement of changes in equity.

Reclassification of interest liabilities

To meet the requirements of IAS 9 according to which borrowings have to be presented at amortised cost, the Group corrected its financial statements for 2023 by reclassifying interest liabilities from *Trade and other payables* to short-term *Loans and borrowings*. The correction had no impact on the Group's consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity.

<i>In thousands of euros</i>	Original balance 31.12.2022	Restatement	Restated 31.12.2022
Trade and other payables	9,832	-1,012	8,820
Loans and borrowings	15,916	1,012	16,928
Total	25,748	0	25,748

<i>In thousands of euros</i>	Original balance 01.01.2022	Restatement	Restated 01.01.2022
Trade and other payables	10,348	-299	10,049
Loans and borrowings	15,916	299	16,215
Total	26,264	0	26,264

The Parent company's statement of financial position was corrected to the same extent. The correction had no impact on the Parent company's statement of comprehensive income, statement of cash flows and statement of changes in equity.

Presentation of credit losses on financial assets

The Group corrected its presentation of credit losses on financial assets in the financial statements for 2023 by presenting them as a separate line item in the consolidated statement of comprehensive income in accordance with the requirements of IAS 1. In previous periods, the amount of credit losses was insignificant and they were presented as part of operating expenses. The comparative prior period information was also restated to ensure comparability. The correction had no impact on the Group's consolidated statement of financial position, consolidated statement of cash flows and consolidated statement of changes in equity.

<i>In thousands of euros</i>	Original 2022	Correction	Restated 2022
Operating expenses	-43,418	-556	-42,862
Impairment of financial assets	0	556	-556
Total	-43,418	0	-43,418

The Parent company's statement of comprehensive income was corrected to the same extent. The correction had no impact on the Parent company's statement of financial position, statement of cash flows and statement of changes in equity.

Application of new or amended standards and interpretations

The following new or amended standards and interpretations became mandatory for the Group on 1 January 2023.

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies

(effective for annual reporting periods beginning on or after 1 January 2023).

IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, Making Materiality Judgements, was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

The amendments, which have been applied in the preparation of these financial statements, affected the disclosure of the Group's accounting policies.

Amendments to IAS 8: Definition of Accounting Estimates

(effective for annual reporting periods beginning on or after 1 January 2023).

The amendments to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.

The amendments, which have been applied in the preparation of these financial statements, affected the disclosure of the Group's accounting policies.

New standards, amendments to standards and interpretations issued

New standards, amendments to standards and interpretations have been issued, which will become mandatory for the Group on or after 1 January 2024 and which the Group has not adopted early.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current – Deferral of Effective Date

*(effective for annual reporting periods beginning on or after 1 January 2024;
not yet adopted by the EU).*

These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Liabilities are non-current if the entity has a substantive right, at the end of the reporting period, to defer settlement for at least twelve months. The guidance no longer requires such a right to be unconditional. The October 2022 amendment established that loan covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Management's expectations whether they will subsequently exercise the right to defer settlement do not affect the classification of liabilities. A liability is classified as current if a condition is breached at or before the reporting date even if a waiver of that condition is obtained from the lender after the end of the reporting period. Conversely, a loan is classified as non-current if a loan covenant is breached only after the reporting date. In addition, the amendments include clarifying the classification requirements for debt a company might settle by converting it into equity. 'Settlement' is defined as the extinguishment of a liability with cash, other resources embodying economic benefits or an entity's own equity instruments. There is an exception for convertible instruments that might be converted into equity, but only for those instruments where the conversion option is classified as an equity instrument as a separate component of a compound financial instrument.

According to the Group's assessment, the amendments may affect its financial statements, when initially applied, because the Group has borrowings and compliance with the terms and conditions, including the covenants, of those borrowings is checked twice a year.

Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements

*(effective for annual reporting periods beginning on or after 1 January 2024;
not yet adopted by the EU).*

In response to financial statement users' concerns about insufficient or misleading disclosure of financing arrangements, the IASB issued amendments to IAS 7 and IFRS 7 in May 2023 to require disclosure of supplier finance arrangements. These changes require disclosure of financial arrangements with corporate suppliers that would allow users of financial statements to assess the impact of those arrangements on the company's liabilities and cash flows and the company's liquidity risk. The purpose of the additional disclosure requirements is to increase the transparency of suppliers' financial arrangements. The changes do not affect the recognition or measurement principles, only the disclosure requirements.

According to the Group's assessment, the amendments may affect the disclosures made in its financial statements, when initially applied.

Other new standards, amendments to standards and interpretations not yet effective are not expected to have a material impact on the Group's financial statements.

Basis of consolidation

The consolidated financial statements comprise the financial statements of AS Tallinna Sadam and its subsidiaries, consolidated line by line.

In the consolidated financial statements, investments in associates are accounted for using the equity method.

Revenue

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group does not have contracts with customers where the expected length of time between when the Group transfers the promised services and the customer pays for those services exceeds one year. Accordingly, the Group does not adjust the transaction price for the time value of money.

The Group recognises the following major types of revenue from contracts with customers:

- Vessel dues
- Cargo charges
- Passenger fees
- Sale of electricity
- Sale of ferry services
- Sale of other services

Revenue is measured based on the consideration specified in a contract with a customer and it excludes amounts collected on behalf of third parties.

Vessel dues

Vessel dues are calculated and collected either after each port call or twice a month and consist of the following:

- tonnage charge (on the basis of the gross tonnage of the vessel for each port call of the vessel);
- waste fee (on the basis of the gross tonnage of the vessel for each port call of the vessel; in the case of ferries, for one port call per day);
- mooring charge (for each mooring operation based on the gross tonnage of the vessel).

An entrance of a vessel into any of the Group's harbours is considered a port call. Vessel dues are charged for each port call.

Tonnage charges are fees charged from customers, i.e. shipping companies, in exchange for a vessel's entry into any of the Group's harbours and the use of a quay (tonnage service). Waste reception and mooring services are rendered in exchange for waste fees and mooring charges.

A contract with a customer can either include a vessel schedule in which a number of port calls is determined in advance or it may be a contract for a non-recurring tramp vessel call.

Tonnage service, and waste reception and mooring services, when elected, form separate performance obligations. Additionally, the Group grants volume discounts on tonnage service to certain types of vessels based on the accumulated number of port calls by the vessel during the calendar year. Such volume discounts represent options to purchase additional tonnage service in the future (but only up to the end of the calendar year) at a discount, thus granting a material right to the customer. Therefore, each port call that contributes to the cumulative number of port calls, and hence to probable future discounts on tonnage service, consists of two to four performance obligations – (1) tonnage service, (2) grant of an option to the customer to acquire discounted tonnage service in the future, (3) waste reception (if elected), and (4) mooring service (if elected).

For tramp vessels and vessels visiting the port based on a pre-agreed schedule but without the right to receive prospective volume discounts, the transaction price is based on public or agreed prices and conditions and is allocated entirely to the tonnage service based on its stand-alone selling price.

For vessels visiting the port based on a pre-agreed schedule and having the right to receive a prospective volume discount, the transaction price is allocated between the tonnage service and the option to purchase discounted tonnage service based on the estimated total number of port calls by that vessel during the calendar year. The estimates for the number of total port calls for each vessel are reassessed at each reporting date.

Revenue from tonnage service is recognised over time, as the vessels use the quay during each port call, using a time-based measure of progress because the customer receives the benefit of the tonnage service equally throughout the port call. Similarly, revenue from waste reception and mooring services is recognised over time, as those services are performed. Revenue from options to acquire future discounted tonnage service is recognised over time, as the options are exercised and the discounted tonnage service is used by the customers.

Cargo charges

Cargo charges are levied for using the general harbour infrastructure. Contracts with customers, i.e. cargo operators, are normally signed for 20 to 50 years but sometimes for a longer period. Cargo charges are normally calculated and collected monthly based on the cargo volumes handled by the cargo operator during the period.

The Group's performance obligation is to provide the cargo operator with access to the harbour infrastructure throughout the duration of the contract. The performance obligation is made up of a series of distinct services that are considered a single performance obligation over the duration of the contract. Revenue from cargo charges charged from a customer is based on the cargo handling tariff(s) stipulated in the contract, which generally decrease based on the cargo volume handled by the cargo operator within a calendar year. The agreements signed with cargo operators generally set out a minimum annual cargo volume. If the cargo operator handles less than the minimum, the Group is entitled to charge the customer at the end of the calendar year based on the minimum cargo volume.

To estimate the amount of variable consideration for cargo charges, the Group uses the most likely amount method. The most likely amount is measured by reference to minimum contractual cargo volumes as well as actual and expected cargo volumes, which requires estimates and judgments by management. These estimates are complex because cargo volumes fluctuate. The estimates of variable consideration are revised at each reporting date.

As cargo operators simultaneously receive and consume access to infrastructure, revenue from cargo charges is recognised over time using a time-based measure of progress because customers derive the benefits of their access equally throughout the duration of the contract.

Passenger fees

Passenger fees are charged in exchange for services provided to passengers embarking and disembarking at the harbour, such as the use of passenger terminals, connecting walkways, traffic areas, etc. The fees are paid by the customer, i.e. the ferry operator, based on the actual number of passengers (no fee is charged for passengers under 12 years). Passenger fees are based on a public price list, which sets out the rates, and fees are collected after each port call or twice a month. Revenue from passenger fees is recognised over time, as the service is delivered to the customer (as the passengers arrive at or depart from the harbour), which typically happens in a single day.

Sale of electricity

The Group derives revenue from the sale of electricity and network services. Fees from the sale of electricity and network services are collected monthly, in the month following the month of consumption. Prices are fixed per unit of electricity consumed. As the customers simultaneously receive and consume the benefits provided, the delivery of these services takes place over a period of time. The Group is responsible for maintaining the electricity network required to deliver electricity to customers and has full discretion to establish network prices. Thus, it acts as a principal in providing this service.

When connecting to the electricity network, customers pay a connection fee based on the expenses incurred in enabling connection to the network. The connection service does not represent a separate performance obligation as the customer does not benefit from this service separately from the consumption of electricity. Therefore, connection fees form part of the consideration for electricity and are recognised as revenue over the estimated period during which customers consume electricity. Amounts received for connection fees not yet included in revenue are recognised in the statement of financial position as contract liabilities.

Sale of ferry services — revenue from ticket sales

The Group earns revenue from the sale of tickets to domestic ferry routes operated by it. Consideration is received when a ticket is sold (for customers who do not buy tickets against their credit limit or prepayment), when a prepayment is received or once a month (based on the ticket, in the month following the month in which the ferry service was used). Ticket prices are fixed and set by the state. No volume or other discounts are granted. Revenue from ticket sales is recognised over time, as the ferry transfers the passengers and/or vehicles, which happens in a single day, or at the time when the ticket expires.

Consideration for tickets sold to trips not yet performed is deferred and recognised as a contract liability within current liabilities. Income from additional services (ticket information sent by SMS, return of tickets and similar services) is recognised when the service has been rendered.

Revenue from other sources

Lease income

Lease income is earned from operating leases and recognised on a straight-line basis over the lease term. Lease income includes consideration for the rights of superficies (building rights) and the lease of non-residential space.

Charter fees

Charter revenue is derived under time charter agreements, which specify the charter period (the period for which the vessel is rented out) and the consideration receivable (normally a fixed rate per day). Charter income is recognised on a straight-line basis over the term of the charter period.

Sale of ferry services — government support

Government grants received by the Group include public transport support received for operating ferries at the fee rates stated in the public service contract for passenger transport (PSCPT) minus revenue from ticket sales (the item *Sale of ferry services — revenue from ticket sales*). Government support for PSCPT comprises fixed fee components and a trip (voyage) component, which make up the total PSCPT fee. The fixed components are recognised on a straight-line basis over the term of the PSCPT and the trip component is recognised based on the number of trips made during the period. Revenue recognised from the sale of passenger and/or vehicle tickets during a reporting period is deducted from the total PSCPT fee and the difference is recognised and paid out as government support for public transport (a government grant).

Financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to the fair value of the financial assets and deducted from the fair value of the financial liabilities on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income and lease receivables. The amount of expected credit losses (ECLs) is updated at each reporting date to reflect changes in credit risk since the initial recognition of the financial instrument.

The Group applies the simplified approach provided in IFRS 9 for recognising lifetime ECLs for trade receivables and lease receivables (see [note 4](#)).

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- a lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, has granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Irrespective of the above, the Group considers that a default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been put into liquidation or declared to be bankrupt and the Group's management estimates that collection is improbable.

Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, with the assistance of legal advice where appropriate. Any recoveries of amounts previously written off are recognised in profit or loss.

Financial liabilities

All financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method (trade and other payables and loans and borrowings) or at fair value through profit or loss (negative value of interest rate swaps).

Financial liabilities are classified as current when they are due to be settled within 12 months after the reporting date or if the Group does not have an unconditional right to defer settlement for more than 12 months after the reporting date. Loans and borrowings that the lender has the right to recall at the reporting date due to a breach of contract terms are also classified as current.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the first in, first out (FIFO) method.

Investment properties

Investment properties are accounted for using the cost model, i.e. they are measured at cost less any accumulated depreciation and any impairment losses.

Plots of land classified as investment properties are not depreciated.

Property, plant and equipment

Cost

The Group's items of property, plant and equipment include vessels (an icebreaker and ferries), which are subject to periodic major overhauls (dry-dockings) during their useful lives (normally at intervals of 2.5–5 years). Vessels are accounted for using the component approach, whereby at initial recognition and subsequently (a) the non-physical component that represents a major overhaul is identified, (b) the cost of the non-physical component is estimated (if possible, by reference to current market prices), (c) the non-physical component is depreciated separately over its useful life (i.e. the dry-docking component separately from the vessel), and (d) the remaining carrying amount of a non-physical item is derecognised when the next overhaul (dry-docking) is performed and the new non-physical component is recognised.

Depreciation

Depreciation of an item of property, plant and equipment is calculated on the difference between cost and residual value over the estimated useful life of the asset using the straight-line method. The value of vessels at the end of their period of use (residual value) is equal to the value of scrap metal.

Based on management's estimates and standard practice in the shipping sector, a vessel's two significant parts — the vessel itself and dry docking expenses — that have different useful lives are depreciated separately.

The estimated useful lives of items of property, plant and equipment are as follows:

- Quays 10–50 years
- Dredging areas in port basins 20 years
- Buildings, structures and facilities 5–50 years
- Plant and equipment 3.3–10 years
- Vessels 10–25 years
- Capitalised dry docking costs 2.5–5 years
- Other items of property, plant and equipment 2–10 years

Land is not depreciated.

Intangible assets

The expected useful life of intangible assets (computer software) used by the Group is 5 years.

Impairment of non-financial assets

At each reporting date, the Group assesses whether there is any indication that its non-financial assets may be impaired. The Group assesses impairment indicators from both external and internal sources, including significant changes in the global market, specifically as they relate to the political environments of neighbouring countries such as Russia and Finland, significant changes in global trade in oil and other liquid bulk cargo as well as dry bulk cargo, significant changes in the travel industry, and significant changes in weather patterns that could impact the use of the Group's multifunctional icebreaker. Non-financial assets include property, plant and equipment and intangible assets. Impairment losses can be estimated for an individual asset or a group of assets (a cash-generating unit). A cash-generating unit is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. If there is indication of impairment, the recoverable amount of the asset is assessed and compared to its carrying amount in the statement of financial position. An impairment loss is recognised in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use is determined using discounted cash flow projections that are based on financial estimates reviewed by management and made for a period corresponding to the expected lifespan of the asset, but normally not more than 50 years. The amount of the impairment loss of a cash generating unit is allocated to more significant non-current assets of the unit on a pro rata basis so that their value does not fall below their fair value less cost of disposal. Impairment losses are recognised as an expense in the period in which they are incurred.

Assets that have been previously written down to their recoverable amount are reviewed at each reporting date to assess whether there is any indication that an impairment loss recognised in a prior period may no longer exist or may have decreased. A reversal of an impairment losses is recognised in the statement of comprehensive income as a reduction of impairment losses on non-current assets.

Corporate income tax

Deferred tax is recognised for temporary differences that arise between the carrying amounts of assets and liabilities and their tax bases (the tax base is the amount attributed to an asset or liability for tax purposes).

Under Estonian laws, corporate profit for the year is not subject to taxation. The obligation to pay income tax arises on the distribution of profit and is recognised as an expense (in profit or loss for the period) when the dividend is declared. Due to the nature of the taxation system, companies registered in Estonia generally have no deferred tax assets or liabilities.

The Group incurs deferred tax liabilities on investments in subsidiaries and associates domiciled in Estonia except to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Examples of the reversal of taxable temporary differences include the distribution of a dividend, the disposal of an investment, and similar transactions.

Since the Group is able to control its subsidiaries' dividend policy and to block, where necessary, the profit distribution decisions of the associate AS Green Marine, it is able to control the timing of the reversal of the temporary differences associated with those investments. If the Parent has decided not to distribute the profit of the subsidiaries and the associate in the foreseeable future, it will not recognise any deferred tax liability. If the Parent assesses that a dividend will be distributed in the foreseeable future, a deferred tax liability will be recognised for the planned profit distribution, assuming that at the reporting date there are sufficient funds and equity from which profit can be distributed in the foreseeable future.

The corporate income tax rate in Estonia is 20% (the amount of tax payable is calculated as 20/80 of the net distribution). From 2019, regular dividend distributions are subject to a lower, 14% tax rate (the amount of tax payable is calculated as 14/86 of the net distribution). Every calendar year, the lower tax rate may be applied to dividend and other profit distributions to an extent that does not exceed the three prior calendar years' average amount of dividend and other profit and equity distributions on which tax has been paid.

The maximum income tax liability which would arise if all of the unrestricted equity were distributed as dividends is disclosed in [note 19](#) to the financial statements.

Government grants

Government grants related to assets

Government grants related to the acquisition of assets are presented in the statement of financial position by setting up the grant as non-current deferred income (a non-current liability), which is recognised in profit or loss on a systematic basis over the useful life of the asset. Assets acquired through government grants are initially recognised at full cost (i.e. using the gross method). An acquired asset is depreciated and the liability arising from the government grant is recognised in other income over the estimated useful life of the acquired asset.

Liabilities arising from grants related to non-depreciable assets (e.g. land) are recognised as income when the asset is ultimately retired or sold.

Government grants related to domestic ferry service

Government grants received in support of providing domestic ferry service are presented in the statement of comprehensive income within Revenue. According to the public service contract for passenger transport, the Group is paid the difference between the revenue calculated on the basis of the contract and revenue from ticket sales. As there are no other conditions besides the provision of ferry service, the grants are recognised as revenue as received. The policies for the recognition of income from government grants related to domestic ferry service are described in this note in the section *Sale of ferry services — government support*.

Cash and cash equivalents

Cash and cash equivalents recognised in the statements of financial position and cash flows comprise cash on hand, current account balances, funds that have not yet been transferred to the current account by cash-in-transit service providers or other payment intermediaries, and term deposits with original maturities of up to three months from the date of acquisition.

Statement of cash flows

The statement of cash flows has been prepared using the direct method.

Related party transactions

For the purposes of these consolidated financial statements, related parties include the members of the supervisory and management boards of Group companies and their close family members, companies under the control or significant influence of the above persons, associates, government agencies, and companies under the control or significant or indirect influence of the Republic of Estonia.

Note 3. Operating segments

Services from which segment revenue is derived

The Group's business activities are organised and managed based on its core business lines. The information used by the chief operating decision maker to make decisions about resources to be allocated and assess segment performance focuses on the Group's core business lines. The Group's chief operating decision maker is the management board. No operating segments have been aggregated in presenting reportable segments.

The Group's reportable segments under IFRS 8 are:

- Passenger harbours
- Cargo harbours
- Ferry
- Other

Passenger harbours segment comprises the rendering of port services in the capacity of a landlord port in the harbours belonging to the Group that are focused on providing services to passengers — Old City Harbour and Saaremaa Harbour. The segment's revenue includes all revenues of these harbours, consisting primarily of vessel dues collected from ferries and cruise ships, and passenger fees charged for using the buildings and structures designed for providing services to passengers and their vehicles. It also includes other revenue generated by harbours mainly involved in providing services to passengers and ferries such as lease income for leasing out premises (office and commercial premises), cargo charges, sale of electricity and various other services.

Expenses related to this segment are primarily the costs incurred in these harbours in connection with the revenue generating activities outlined above. Expenses also include corporate expenses, which are allocated based on the ratio of revenue from this segment to total revenue from harbour operations (the Passenger harbours and Cargo harbours segments combined). All corporate operating expenses are fully allocated to the Passenger harbours and Cargo harbours segments as the provision of landlord port operations is the main activity of the corporate head office (the port authority).

Cargo harbours segment comprises the rendering of port services in the capacity of a landlord port in the harbours belonging to the Group that are focused on cargo handling — Muuga Harbour and Paldiski South Harbour. The segment's revenue includes all revenues of these harbours, consisting primarily of revenue from vessel dues for cargo vessels, revenue from cargo charges paid by cargo operators for using the harbour infrastructure, and lease income from the use of premises by cargo operators and other customers under contracts on the right of superficies and lease contracts. It also includes passenger fees and revenue from the sale of electricity and other services.

Expenses related to this segment are primarily the costs incurred in these harbours in connection with the revenue generating activities outlined above. Expenses also include corporate expenses, which are allocated based on the ratio of revenue from this segment to total revenue from harbour operations (the Passenger harbours and Cargo harbours segments combined). All corporate operating expenses are fully allocated to the Passenger harbours and Cargo harbours segments as the provision of landlord port services is the main activity of the corporate head office (the port authority).

Ferry segment comprises the rendering of ferry service by the subsidiary OÜ TS Laevad between Estonia's mainland and two largest islands, Saaremaa and Hiiumaa, under a public service contract for passenger transport signed with the state (two routes are operated). Revenue includes revenues from ticket sales to the end-users of ferry service and government support to the extent that revenue from ticket sales does not cover the contract revenue agreed for rendering the ferry service. It also includes lease income and revenue from the provision of other services collected from tenants providing commercial services to passengers on board the ferries. The segment's expenses include all costs related to owning and operating the ferries required for the two routes. The segment's revenue and results comprise the revenues and results of the subsidiary OÜ TS Laevad that provides the service. No corporate expenses are allocated to the Ferry segment.

The segment Other comprises the business of the subsidiary OÜ TS Shipping that owns and operates the multifunctional icebreaker Botnica and the profit or loss on investments in an associate accounted for under the equity method. The segment's revenues and expenses comprise the revenues and expenses of OÜ TS Shipping. No corporate expenses are allocated to the segment Other.

Segment revenues and results

Reportable segments apply the same accounting policies as the Group. Segment revenue comprises only revenue. Segment performance indicators reported to the chief operating decision maker comprise segment operating profit and adjusted segment EBITDA. Segment operating profit represents profit before finance income and costs (net), profit from investments in an associate accounted for under the equity method, and income tax expense. Adjusted segment EBITDA represents segment operating profit before depreciation and amortisation, impairment losses, amortisation of government grants received, and profit from investments in an associate accounted for under the equity method. Compared to profit for the period, adjusted segment EBITDA represents profit for the period before depreciation and amortisation, impairment losses, amortisation of government grants received, finance income and costs (net), and income tax expense.

Segment results are reported to the chief operating decision maker for making decisions about allocating resources to the segment and assessing its performance on a monthly basis.

Geographical information

In 2023, the Group generated EUR 6,261 thousand, i.e. 5% of its revenue (2022: EUR 5,257 thousand, i.e. 4%) outside Estonia (in Canada and Great Britain) and 95% (2022: 96%) of its revenue in Estonia. Revenue generated outside Estonia consisted of services provided with the icebreaker Botnica (the segment Other) in Canada and Great Britain during the period June to November. All of the Group's non-current assets with the above exception were located in Estonia.

Information about major customers

The Group's total revenue of EUR 116,646 thousand (2022: EUR 121,703 thousand) includes revenue of EUR 26,106 thousand (2022: EUR 24,426 thousand) attributable to its largest customer, which is reported in the Ferry segment and the segment Other. In 2023, the Group's second-largest customer also contributed 10% or more to the Group's total revenue. Revenue attributable to the customer of EUR 18,312 thousand (2022: EUR 17,172 thousand) is reported in the Passenger harbours segment and the Cargo harbours segment. No other customer contributed 10% or more to the Group's total revenue for 2023 or 2022.

Segment revenues and results

In thousands of euros	2023				
	Passenger harbours	Cargo harbours	Ferry	Other	Total
Vessel dues	19,072	12,353	0	0	31,425
Cargo charges	1,568	4,889	0	0	6,457
Passenger fees	11,284	200	0	0	11,484
Sale of electricity	1,370	3,137	0	0	4,507
Sale of ferry services — revenue from ticket sales	0	0	14,729	0	14,729
Sale of other services	1,315	547	86	185	2,133
Operating lease income	2,924	9,625	1,178	0	13,727
Charter fees	0	0	0	11,544	11,544
Sale of ferry services — government support	0	0	20,640	0	20,640
Total segment revenue* (note 20)	37,533	30,751	36,633	11,729	116,646
Adjusted segment EBITDA	19,590	11,257	15,304	3,019	49,170
Depreciation and amortisation (notes 11 and 12)	-7,819	-8,505	-5,504	-2,634	-24,462
Impairment losses (notes 11 and 12)	-596	-243	-74	-14	-927
Amortisation of government grants received (note 18)	574	710	0	0	1,284
Share of profit of an associate accounted for under the equity method	0	0	0	-435	-435
Segment operating profit	11,749	3,219	9,726	-64	24,630
Finance income and costs, net					-6,198
Share of profit of an associate accounted for under the equity method					435
Income tax expense					-2,985
Profit for the period					15,882

* Total segment revenue represents revenue from external customers and excludes inter-segment revenue of EUR 257 thousand and EUR 8 thousand for the Passenger harbours and the Cargo harbours segments, respectively, which was eliminated during consolidation.

Segment revenues and results

In thousands of euros	2022				
	Passenger harbours	Cargo harbours	Ferry	Other	Total
Vessel dues	20,457	16,776	0	0	37,233
Cargo charges	1,708	5,749	0	0	7,457
Passenger fees	10,064	184	0	0	10,248
Sale of electricity	1,488	5,653	0	0	7,141
Sale of ferry services — revenue from ticket sales	0	0	14,199	0	14,199
Sale of other services	1,498	751	77	97	2,423
Operating lease income	2,647	9,668	1,075	0	13,390
Charter fees	0	0	0	10,206	10,206
Sale of ferry services — government support	0	0	19,406	0	19,406
Total segment revenue* (note 20)	37,862	38,781	34,757	10,303	121,703
Adjusted segment EBITDA	18,618	16,836	14,629	5,734	55,817
Depreciation and amortisation (notes 11 and 12)	-7,982	-8,696	-5,703	-2,363	-24,744
Impairment losses (notes 11 and 12)	-252	-316	0	0	-568
Amortisation of government grants received (note 18)	470	607	0	0	1,077
Share of profit of an associate accounted for under the equity method	0	0	0	-795	-795
Segment operating profit	10,854	8,431	8,926	2,576	30,787
Finance income and costs, net					-1,797
Share of profit of an associate accounted for under the equity method					795
Income tax expense					-4,193
Profit for the period					25,592

* Total segment revenue represents revenue from external customers and excludes inter-segment revenue of EUR 329 thousand and EUR 12 thousand for the Passenger harbours and the Cargo harbours segments, respectively, which was eliminated during consolidation.

Note 4. Financial risk management

The Group's operations are exposed to several financial risks: market risk (incl. cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is performed by the Group's risk management professionals in accordance with the policies approved by the management board. The management board establishes general risk management policies and the procedures for specific risk areas in writing.

Market risk

Currency risk

Currency risk is exposure to any future fluctuation in the fair value of the Group's financial instruments or cash flows arising from movements in foreign exchange rates. The Group has no material liabilities or receivables denominated in any currency other than its functional currency (the euro). All outstanding long-term loans and borrowings are also denominated in euros.

In 2023, 95.8% of receipts (2022: 96.6%) and 98.1% of payments (operating expenses, investments, finance costs, etc.) (2022: 99.4%) were denominated in euros. Since nearly all receipts, payments, loans and borrowings are denominated in euros, the Group is not exposed to any significant currency risk.

Price risk

At 31 December 2023 and the previous financial year-end, the Group's statement of financial position did not include any investments in equity instruments exposing the Group to price risks resulting from financial instruments.

Interest rate risk

The Group's interest rate risk arises from its long-term floating-rate loans and borrowings.

At 31 December 2023 and at the end of the comparative period, the interest rates of loans and borrowings were not fixed using derivative instruments. Thus, 100% of loans and borrowings are exposed to interest rate risk. According to the assessment of the Group's management, the Group's cash flow can survive exceptional fluctuations in interest rates and the Group can bear interest rate risk without hedging it with derivative financial instruments.

The Group's exposure to interest rate risk is assessed using a sensitivity analysis which describes the impact of the interest rate risk exposure on the Group's profit through an estimated fluctuation in the market interest rate. If the market interest rate as at 31 December 2023 had been higher/lower by 100 basis points, i.e. 1 percentage point, the Group's profit for the financial year and equity would have increased/decreased by EUR 1,715 thousand (31 December 2022: EUR 1,874 thousand), assuming all other variables remained constant.

Credit risk

Credit risk exposure mostly results from trade receivables, cash and cash equivalents and derivative transactions. At 31 December 2023, the Group's maximum exposure to credit risk was EUR 36,920 thousand (31 December 2022: EUR 50,843 thousand).

<i>In thousands of euros</i> At 31 December	2023	2022
Current accounts and term deposits at banks with original maturities of less than 3 months (note 7)	29,653	44,343
Receivables from customers' (note 8)	6,975	6,050
Other receivables (note 8)**	292	450
Total	36,920	50,843

* Impairment allowances have been deducted from receivables from customers.

** Including receivables with settlement schedules of EUR 163 thousand (2022: EUR 303 thousand).

Cash and cash equivalents were regarded as financial assets with low credit risk at the reporting date, because they were held at reputable international banks.

Customer-related credit risk exposure is reduced by requesting advance payments or bank guarantees from customers whose solvency is doubtful. Credit risk is also mitigated by performing due diligence on the customer prior to entering into any major contracts. Other methods for managing customer-related credit risk exposures include day-to-day monitoring of customers' payment behaviour and prompt application of appropriate measures. Based on the Group's analysis, a loss allowance for credit-impaired receivables has been recognised. Further information on the credit quality of financial assets is disclosed in [note 6](#).

Credit risk exposure from financial transactions is mitigated by using financial institutions with high credit ratings in performing investment transactions.

Credit quality of financial assets

The credit quality of financial assets which are neither past due nor impaired is assessed by reference to ratings provided to creditors by independent rating agencies (if available for the counterparty).

Cash in current accounts and deposits by rating*

<i>In thousands of euros</i> At 31 December	2023	2022
Aa3	29,653	44,343
Total amount reported in cash and cash equivalents	29,653	44,343

* The remaining portion of the balance of Cash and cash equivalents (EUR 80 thousand at 31 December 2023 and EUR 44 thousand at 31 December 2022) not included in the table above consists of cash on hand and in transit, i.e. funds that cash-in-transit service providers and other payment intermediaries have not yet transferred to the Group's current accounts.

At 31 December 2023, the Group's cash and cash equivalents were held at two banks with Aa3 ratings and 99.6% of the cash and cash equivalents was held at one bank. At 31 December 2022, cash and cash equivalents were held at three banks with the same credit rating (Aa3) and the proportions of the risk exposures were 83%, 11% and 6%.

Receivables not past due as at the reporting date accounted for 57.1% (2022: 88.9%) of total trade receivables. Further information on trade receivables is disclosed in [note 8](#).

For all trade receivables, the Group recognises expected credit losses (ECL) using the simplified approach provided in IFRS 9, which permits recognising an allowance for lifetime expected credit losses. The measurement principles are described in the Impairment of financial assets section of accounting policies ([note 2](#)).

The following table shows movements in the lifetime expected credit loss recognised for trade receivables.

Trade receivables — lifetime expected credit loss*

<i>In thousands of euros</i>	Collectively assessed receivables not credit-impaired	Credit-impaired receivables*	Total
At 31 December 2021	413	32	445
Transfer to credit impaired	0	805	805
Amounts recovered (previously written down or off)	0	-169	-169
Reversals of prior write-downs and write-offs	0	-20	-20
Change in loss allowance due to new trade receivables	262	0	262
At 31 December 2022	675	648	1,323
Transfer to credit impaired	0	1,811	1,811
Amounts written off as uncollectible	0	-6	-6
Amounts recovered (previously written down or off)	0	-81	-81
Reversals of prior write-downs and write-offs	0	-216	-216
Change in loss allowance due to new trade receivables	609	0	609
At 31 December 2023	1,284	2,156	3,440

* Including a write-down of EUR 1,281 thousand (note 30) recognised in 2023 due to the counterparty's settlement difficulties (2022: EUR 586 thousand).

Other receivables (note 8) are assessed using the 12-month expected credit loss method. At 31 December 2023, the credit risk of those financial assets had not increased significantly and, therefore, no additional loss allowance was needed. At 31 December 2023, a major share of other receivables was made up of instalment plan receivables.

Liquidity risk

The Group manages its liquidity risk using a combination of the following solutions: available funds in current accounts, term deposits, overdrafts and other investment and working capital management solutions offered by banks, regular monitoring of cash flows and matching the maturities of financial assets and liabilities. The liquidity buffer, which is maintained and available upon short notice to be able to settle quickly the liabilities arising in the ordinary course of the Group's business, amounts to at least EUR 5 million. The liquidity reserve comprises of cash and cash equivalents, term deposits with original maturities of less than 3 months, and overdrafts where necessary. Management uses cash flow forecasts to monitor changes in the Group's liquidity reserve on an ongoing basis and if the reserve falls below the required level, short-term external financing in the form of various debt instruments is used. The level of the minimum liquidity reserve must be at least EUR 2 million at any time.

At 31 December 2023, current assets exceeded current liabilities by EUR 7.5 million (31 December 2022: by EUR 15.3 million). The Group is generating positive net cash flow. Thus, it does not need additional financing for its daily operations.

In the following liquidity analysis, the Group's financial liabilities are grouped by contractual maturity. The balances shown in the table are contractual undiscounted cash flows, which comprise the principal and the accrued interest of interest-bearing loans and borrowings. On calculating interest accrued on interest-bearing loans and borrowings (bank loans and issued debt securities), the forward-looking yield curves of interest rate swap transactions from market information providers have been used as the basis for the Euribor forecast as follows: as at 11 January 2024 for year-end 2023 and as at 13 February 2023 for year-end 2022.

Liquidity analysis

<i>In thousands of euros</i>	Loans outstanding*	Debt securities issued**	Trade and other payables	Total
At 31 December 2022				
< 6 months	3,541	1,331	8,961	13,833
6–12 months	6,453	10,631	0	17,084
1–5 years	33,893	150,784	0	184,677
> 5 years	7,592	0	0	7,592
Total	51,479	162,746	8,961	223,186
<i>Of which the principal amount</i>	45,798	141,600	0	187,398
<i>Of which future interest payments</i>	5,681	21,146	0	26,827
At 31 December 2023				
< 6 months	3,629	2,068	9,874	15,571
6–12 months	4,841	10,515	0	15,357
1–5 years	27,082	136,249	0	163,330
> 5 years	5,847	0	0	5,847
Total	41,400	148,832	9,874	200,106
<i>Of which the principal amount</i>	37,532	133,950	0	171,482
<i>Of which future interest payments</i>	3,868	14,882	0	18,750

* Comprises principal outstanding of EUR 37,532 thousand (2022: EUR 45,798 thousand) and estimated total future interest payments of EUR 3,868 thousand (2022: EUR 5,681 thousand).

** Comprises principal outstanding of EUR 133,950 thousand (2022: EUR 141,600 thousand) and estimated total future interest payments of EUR 14,882 thousand (2022: EUR 21,146 thousand).

For intra-Group management of subsidiaries' liquidity, internal credit limits are used, if necessary.

Note 5. Significant accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, seldom equal actual results. Management also needs to exercise judgement in applying accounting policies.

This note provides an overview of areas that involve a higher degree of judgement or complexity, and items which are more likely to be materially adjusted due to estimates and assumptions proving inaccurate.

Classification of assets leased out

The Group owns land and buildings in its harbours, which it leases out to third parties under operating leases. Management has assessed whether the leased-out land and buildings should be classified as property, plant and equipment or investment property. The Group has classified all assets held to generate operating income from harbour activities by increasing cargo or passenger flows and assets related to contracts for services whereby the Group purchases intermediation of services associated with its operating activities and bears revenue risk as items of property, plant and equipment. According to the assessment of the Group's management, the main objective of holding such assets is not to earn lease income; they are primarily held to increase revenue from operating activities. Accordingly, the main revenue related to those assets does not result from lease income.

A property (an item of real estate) not in use but held for future development and not directly attributable to the Group's operating activities, which are aimed at increasing cargo and passenger flows, or activities supporting the operating activities is recognised as an investment property. At 31 December 2023, the total carrying amount of such assets was EUR 14,069 thousand.

Useful lives of items of property, plant and equipment

The Group owns a large amount of high-value infrastructure assets classified as items of property, plant and equipment that have very long estimated useful lives (up to 50 years). The useful lives of such items of property, plant and equipment are based on management's best estimate of the period over which an asset is expected to be available for use. These estimates are based on historical experience with similar assets, because even though construction technologies evolve, the impact of new solutions on the physical and useful lives of such items of property, plant and equipment may not yet have been proved in practice.

At 31 December 2023, the carrying amount of the Group's property, plant and equipment was EUR 545,271 thousand and depreciation for the year amounted to EUR 23,922 thousand. The respective figures for 2022 were EUR 550,310 thousand and EUR 24,104 thousand ([note 11](#)). If depreciation rates were reduced by 10%, the annual depreciation charge would decrease and profit would increase by EUR 2,392 thousand (2022: EUR 2,410 thousand).

The useful lives of property, plant and equipment are reviewed at each reporting date. If new estimates differ significantly from the previous ones, the changes are accounted for as changes in accounting estimates and applied prospectively.

Impairment of property, plant and equipment

The Group assesses whether there is any indication that an item of property, plant and equipment may be impaired. If such indications exist, the recoverable amount of the asset is estimated and compared to its carrying amount in the statement of financial position. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Fair value can be derived from recent transactions conducted by the Group with similar assets or measured with the assistance of professional valuers using the market information available to them. If the fair value of an asset cannot be determined reliably or is likely to be lower, a future cash flow model is developed to calculate its value in use.

Value in use calculations require estimates which are based on projections of general economic conditions, actual market trends, project-based cargo and/or passenger flows and the price level of services sold, which are used as inputs to estimate future cash flows expected to arise from the asset or cash-generating unit and to choose a suitable discount rate and growth rate to calculate present value. If circumstances change in the future, either an additional impairment loss is recognised or the previously recognised impairment loss is reversed either in part or in full.

Assets are tested for impairment at the end of each reporting period when circumstances indicate that assets might be impaired or events that led to a previous write-down may have ceased to exist. Information about impairment losses is disclosed in [note 11](#).

Revenue recognition

To recognise monthly and/or quarterly revenue, the Group needs to make significant estimates about the expected annual vessel calls and/or cargo volumes. Such estimates are made based on the latest information available from customers and the latest market information available to the Group. See [note 2](#), the section *Revenue* for further details.

Classification of the contract for public transport service

The Group owns four ferries, which it uses to provide domestic ferry service to the state (Republic of Estonia) under a public transport service contract secured through a public tender. According to the contract, the state has control of the volume and price of the ferry service the Group has to provide with its ferries. The state had the contractual option to purchase one to four of the ferries used to provide the ferry service, but on 29 September 2022 the Ministry of Economic Affairs and Communications announced that the Republic of Estonia as the customer of the ferry service did not wish to exercise the purchase option. Due to the nature of the contract terms and conditions, the government grant received may be considered part of the ticket sales revenue, which is why the Group has classified the consideration received from the state as revenue from government grants.

Note 6. Financial instruments

Financial instruments by category

Financial assets

<i>In thousands of euros</i>		
At 31 December	2023	2022
<i>Financial assets carried at amortised cost</i>	39,883	50,931
Cash and cash equivalents (note 7)	29,733	44,387
Trade receivables (note 8)	6,975	6,050
Other receivables (note 8)	3,175	494
Total financial assets	39,883	50,931

Financial liabilities

<i>In thousands of euros</i>		
At 31 December	2023	Restated* 2022
<i>Financial liabilities carried at amortised cost</i>	179,970	194,238
Trade and other payables — financial liabilities (note 15)	6,573	5,828
Loans and borrowings (note 17)	173,397	188,410
Total financial liabilities	179,970	194,238

* For further information, see [note 2](#).

Fair value

According to the Group's estimates, the fair values of assets and liabilities measured at amortised cost do not differ significantly from their carrying amounts in the Group's consolidated statement of financial position as at 31 December 2023, except for loans and borrowings. For the purposes of disclosure, the fair value of loans and borrowings is found by discounting future contractual cash flows at current market interest rates that would be available to the Group for similar financial instruments. The fair value of loans and borrowings was found by discounting future contractual cash flows at current market interest rates for similar financial instruments as at 31 December 2023 and 31 December 2022 available to companies with an S&P BBB rating (the rating indicated by the banks as the internal shadow rating for the Group).

A more detailed comparison of the carrying amounts and fair values of loans and borrowings is disclosed in [note 17](#). The carrying amounts of trade receivables and trade payables, less any write-downs, are estimated to be equal to their fair values.

Note 7. Cash and cash equivalents

<i>In thousands of euros</i>		
At 31 December	2023	2022
Cash on hand	16	18
Cash at banks	132	2,465
Short-term deposits	29,521	41,878
Cash in transit	64	26
Total cash and cash equivalents (notes 4 and 6)	29,733	44,387

All items of cash and cash equivalents at 31 December 2023 and 31 December 2022 are denominated in euros. At 31 December 2023 and 31 December 2022, there were no restrictions on the use of the Group's cash and cash equivalents.

The interest accrued as at the reporting date is recognised in *Trade and other receivables*.

Note 8. Trade and other receivables

<i>In thousands of euros</i>		
At 31 December	2023	2022
FINANCIAL ASSETS		
Trade receivables (note 4)	10,415	7,373
<i>Incl. from contracts with customers</i>	6,143	5,462
Allowance for credit losses (note 4)	-3,440	-1,323
<i>Incl. for contracts with customers</i>	-323	-126
Government grants receivable (note 18)	2,885	38
Receivables from an associate (note 24)	9	17
Other receivables (note 4)	281	439
Total financial assets (note 6)	10,150	6,544
<i>Of which current financial assets</i>	9,987	6,241
<i>Of which non-current financial assets*</i>	163	303
<i>Of which write-down for items with settlement plans</i>	0	-303
NON-FINANCIAL ASSETS		
Prepaid taxes (note 16)	1,599	481
Other prepayments	521	744
Other receivables	11	11
Total non-financial assets	2,131	1,236
<i>Of which current non-financial assets</i>	2,131	1,236
Total trade and other receivables	12,281	7,780
<i>Of which current receivables</i>	12,118	7,477
<i>non-current receivables</i>	163	303

Note 9. Investments in an associate

AS Green Marine

The associate is a waste management company established in 2003. Its principal place of business and country of incorporation is Estonia. The associate prepares its financial statements in accordance with the Estonian Financial Reporting Standard.

AS Tallinna Sadam holds 51% (both as at 31 December 2023 and 31 December 2022) of the ownership interest and voting rights in AS Green Marine and two other shareholders hold the remaining interest. However, to have control of AS Green Marine, the Group's voting or contractual rights should be substantive and provide the Group with the ability to direct AS Green Marine's activities.

The articles of association of AS Green Marine specify that at least 75% of voting rights are required to make decisions about the entity's activities. Even though AS Tallinna Sadam can block any decision, it does not have control of AS Green Marine because it needs the consent of the other shareholders for the adoption of a decision. Thus, the Group does not have control of the entity.

AS Green Marine is involved in the management of port waste, the management, administration and operation of treatment facilities for hazardous ship-generated waste and wastewater, and the cleaning and maintenance of port basins and port areas.

The Group's investments in the associate are accounted for using the equity method in these consolidated financial statements.

Changes in investments in an associate

<i>In thousands of euros</i>		
At 31 December	2023	2022
Carrying amount at beginning of period	2,099	1,559
Share of profit under the equity method	435	795
Dividends paid	-357	-255
Carrying amount at end of period	2,177	2,099

Associate AS Green Marine

<i>In thousands of euros</i>		
At 31 December	2023	2022
Current assets	691	2,148
Non-current assets	9,042	4,729
Current liabilities	1,907	1,245
Non-current liabilities	3,558	1,519
<i>The above amounts of assets and liabilities include the following:</i>		
Cash and cash equivalents*	0	1,387
Current loans and borrowings	1,125	598
Non-current loans and borrowings	3,446	1,519

* At 31 December 2023, the company had an overdraft liability of EUR 472 thousand, which is presented within current loans and borrowings.

<i>In thousands of euros</i>	2023	2022
Revenue	7,401	7,734
Profit for the period from continuing operations	853	1,536
Profit for the period	853	1,536
Total comprehensive income for the period	853	1,536
<i>The above profit for the period includes the following:</i>		
Depreciation, amortisation and impairment	534	406
Interest expense	144	41
Income tax expense	160	113

AS Tallinna Sadam has no obligation to provide additional financial or other support to AS Green Marine.

Note 10. Investment properties

<i>In thousands of euros</i>	31.12.2023	31.12.2022
Land measured at cost	14,069	14,069
Direct property management expenses	186	187
<i>Of which expenses on investment property generating lease income</i>	1	0

Investment properties leased out

<i>In thousands of euros</i>	31.12.2023	31.12.2022
Land measured at cost	396	0

<i>In thousands of euros</i>	31.12.2023	31.12.2022
Lease income on investment properties (note 20)	1	0

Rental income receivable in future periods

< 1 years	6	0
2–3 years	13	0
Total future lease income	19	0

The properties classified as investment properties have the prospects of being directly or indirectly associated with port operations (production activities related to maritime transport, etc.), which is why their value is influenced by the realisation of specific projects. In addition, most of the properties are located in an area where the market activity is relatively low. The future value of the properties, which are located in the area of Muuga Harbour, will also be affected by the precise location of the route of Rail Baltica and the resulting positive and negative implications for the individual properties. As a result, the fair value of the investment properties cannot be measured reliably.

The Group did not have any binding commitments related to the investment properties as at 31 December 2023 and 31 December 2022.

Note 11. Property, plant and equipment

<i>In thousands of euros</i>	Land and buildings (restated ^{***})	Plant and equipment	Other items of property, plant and equipment	Assets under construction [†]	Pre-payments	Total
At 31 December 2021						
Cost	634,804	254,742	8,634	3,790	16	901,986
Accumulated depreciation and impairment losses	-237,547	-96,898	-6,047	0	0	-340,492
Carrying amount at 31 December 2021	397,257	157,844	2,587	3,790	16	561,494
Movements in 2022						
Purchases and reconstruction (note 26)	384	943	406	10,685	1,023	13,441
Sales at carrying amount ^{**}	0	-16	0	-7	0	-23
Depreciation charge	-12,115	-11,238	-751	0	0	-24,104
Impairment losses	-313	-9	0	-76	0	-398
Transferred to non-current assets held for sale at carrying amount	-100	0	0	0	0	-100
Reclassified at carrying amount	1,900	1,744	0	-3,644	0	0
At 31 December 2022						
Cost	635,061	254,747	8,835	10,748	1,039	910,430
Accumulated depreciation and impairment losses	-248,048	-105,479	-6,593	0	0	-360,120
Carrying amount at 31 December 2022	387,013	149,268	2,242	10,748	1,039	550,310
Movements in 2023						
Purchases and reconstruction (note 26)	243	1,752	323	14,762	2,757	19,837
Sales at carrying amount ^{**}	0	-28	0	0	0	-28
Depreciation charge	-12,071	-11,199	-652	0	0	-23,922
Impairment losses	-19	-569	-338	0	0	-926
Reclassified at carrying amount	7,646	8,259	307	-15,014	-1,198	0
At 31 December 2023						
Cost	642,767	261,522	8,416	10,496	2,598	925,799
Accumulated depreciation and impairment losses	-259,955	-114,039	-6,534	0	0	-380,528
Carrying amount at 31 December 2023	382,812	147,483	1,882	10,496	2,598	545,271

- * At 31 December 2023, assets under construction of EUR 10,496 thousand included the following major items:
 - the construction of quay 6A at Paldiski South Harbour of EUR 7,303 thousand;
 - the reconstruction of quay 21 in Old City Harbour of EUR 1,249 thousand;
 - the design and construction of a new workshop at Lasti tee 6 at Muuga Harbour of EUR 1,247 thousand.

- * At 31 December 2022, assets under construction of EUR 10,748 thousand included the following major items:
 - a traffic solution for the area in front of Passenger Terminal D in Old City Harbour of EUR 6,714 thousand;
 - the reconstruction of the ramp of quay 13 at Muuga Harbour of EUR 3,203 thousand.

- ** At 31 December 2023, the cost and accumulated depreciation of property, plant and equipment that was sold were EUR 857 thousand (2022: EUR 235 thousand) and EUR 829 thousand (2022: EUR 212 thousand), respectively.

- *** For further information, see [note 2](#).

The Group's assets have not been pledged.

At 31 December 2023, the carrying amount of fully depreciated items still in use was EUR 45,427 thousand (31 December 2022: EUR 40,366 thousand).

Commitments related to property, plant and equipment are disclosed in [note 25](#).

In 2023, the Group recognised the following impairment losses consisting of write-offs and write-downs of EUR 926 thousand within *Depreciation, amortisation and impairment* in the statement of comprehensive income:

- the write-down of a floating ramp of EUR 47 thousand;
- reclassifications resulting from the change in the threshold for recognising assets as non-current of EUR 879 thousand, comprising:
 - Mitems of plant and equipment of EUR 521 thousand;
 - other equipment and fixtures of EUR 339 thousand;
 - connection fees of EUR 19 thousand.

In 2022, the Group recognised the following impairment losses consisting of write-offs and write-downs of EUR 398 thousand within *Depreciation, amortisation and impairment* in the statement of comprehensive income:

- the write-down of buildings (incl. a fire station building) of EUR 51 thousand;
- the write-down of facilities (incl. railway branch lines) of EUR 177 thousand;
- the write-off of facilities (incl. parking lots, storm water pipelines and oil traps) of EUR 85 thousand;
- the write-off of plant and equipment (incl. electrical equipment) of EUR 9 thousand;
- the write-off of an asset under construction of EUR 76 thousand.

The Group performed impairment tests as at 31 December 2023 on assets for which there was indication of potential impairment due to a decline in operating volumes. No impairment was identified as a result of impairment testing and therefore the assets were not written down.

Note 12. Intangible assets

<i>In thousands of euros</i>	Computer software	Software under construction	Total
At 31 December 2021			
Cost	5,767	317	6,084
Accumulated amortisation and impairment losses	-3,954	0	-3,954
Carrying amount at 31 December 2021	1,813	317	2,130
Movements in 2022			
Purchases and upgrades (note 26)	42	373	415
Amortisation charge	-640	0	-640
Impairment losses	-170	0	-170
At 31 December 2022			
Cost	5,086	690	5,776
Accumulated amortisation and impairment losses	-4,041	0	-4,041
Carrying amount at 31 December 2022	1,045	690	1,735
Movements in 2023			
Purchases and upgrades (note 26)	111	778	889
Amortisation charge	-540	0	-540
Impairment losses	-1	0	-1
Reclassification from assets under construction	1,188	-1,188	0
At 31 December 2023			
Cost	6,369	280	6,649
Accumulated amortisation and impairment losses	-4,566	0	-4,566
Carrying amount at 31 December 2023	1,803	280	2,083

Note 13. Leases

Items of property, plant and equipment (PPE) leased out under operating leases

<i>In thousands of euros</i>	Land	<i>Incl. with the right of superficies</i>	Buildings	Plant and equipment	Other items of PPE	Total
Property, plant and equipment at 31 December 2021						
Cost	43,227	36,680	20,315	74	1,941	65,557
Depreciation	0	0	-11,035	-59	-1,584	-12,678
Carrying amount at 31 December 2021	43,227	36,680	9,280	15	357	52,879
Additions	2,070	527	337	104	35	2,546
Expiry and cancellation	-587	-6	-246	0	-8	-841
Depreciation	0	0	-525	-9	-117	-651
Property, plant and equipment at 31 December 2022						
Cost	44,710	37,201	20,133	214	1,966	67,023
Depreciation	0	0	-11,287	-104	-1,699	-13,090
Carrying amount at 31 December 2022	44,710	37,201	8,846	110	267	53,933
Additions	5,158	13	126	0	0	5,284
Expiry and cancellation	-1,352	0	-369	-6	-90	-1,817
Depreciation	0	0	-493	-9	-57	-559
Property, plant and equipment at 31 December 2023						
Cost	48,516	37,214	19,660	190	1,801	70,167
Depreciation	0	0	-11,550	-95	-1,681	-13,326
Carrying amount at 31 December 2023	48,516	37,214	8,110	95	120	56,841

Lease income from property, plant and equipment (PPE) leased out under operating leases

<i>In thousands of euros</i>	2023	2022
Land	8,323	8,257
Buildings	4,118	3,866
Plant and equipment	1,261	1,159
Other items of PPE	24	108
Total lease income from property, plant and equipment leased out under operating leases (note 20)	13,726	13,390
<i>Of which fixed lease income</i>	<i>188</i>	<i>169</i>

Undiscounted future lease payments receivable

<i>In thousands of euros</i>	2023	2022
At 31 December		
< 1 year	10,861	10,323
1–2 years	10,084	9,598
2–3 years	9,904	9,435
3–4 years	9,852	9,053
4–5 years	9,798	9,048
> 5 years	319,870	310,270
Total undiscounted future lease payments receivable under existing contracts	370,369	357,727

Operating leases are agreements whereby the lessor transfers to the lessee the right to use an asset on the agreed terms for an agreed period in return for a payment or series of payments. Operating lease contracts are entered into for periods ranging from 2 years to 26 years. Operating lease rentals can generally be increased once a year based on changes in the consumer price index for the previous year (depending on the contract, either based on the relevant index for Estonia, the euro area, or Germany). Improvements made to a leased asset by the lessee are normally not compensated by the lessor at the end of the lease term.

Under the right of superficies contracts, many significant risks and rewards from the possession of the asset (land) are transferred to the lessees. However, as land has an unlimited economic life, there are significant risks and rewards associated with the land at the end of the lease term, which do not pass to the lessee. Therefore, the right of superficies contracts are accounted for as operating leases.

The right of superficies contracts entered into by the Group and its customers set out payments for the right of superficies and the duration of the contract (mostly in the range of 36 years to 99 years). Payments for the right of superficies are generally subject to an increase after a certain period has passed, based mostly either on changes in the tax assessed value of land (for older contracts) or changes in the consumer price index (for more recent contracts). Contractual payments for rights of superficies are generally not covered by guarantees. At the expiry of a contract the lessee generally has the right to remove the facilities erected on the land under the right of superficies; to apply for an extension of the term of the right of superficies contract up until the end of the remaining economic life of the facilities; or to receive compensation from the lessor for the usual value of the facilities (see also [note 27](#)).

Note 14. Provisions

<i>In thousands of euros</i>	2023	2022
Provision for performance-related remuneration		
At beginning of year	1,688	1,216
Recognised	987	1,688
Reversed	-67	-148
Used	-1,622	-1,068
At end of year	986	1,688
Other provisions		
At beginning of year	325	356
Recognised	0	91
Reversed	0	-50
Used	0	-72
At end of year	325	325
Total provisions	1,311	2,013

Provision for performance-related remuneration (bonuses)

The provision for performance-related remuneration (bonuses) is accrued for estimated performance-related bonuses payable to Group companies' management board members and employees for the results of the reporting period. The provision also includes associated social security charges and unemployment insurance contributions. The payment of performance-related bonuses is decided after the annual reports of relevant companies for the year ended 31 December 2023 have been approved.

Other provisions

Other provisions at 31 December 2023 comprise:

- a provision for ongoing court cases of EUR 61 thousand (31 December 2022: EUR 61 thousand);
- a provision for compliance with the non-compete clauses of the service contracts of the members of the management board of AS Tallinna Sadam of EUR 264 thousand (31 December 2022: EUR 264 thousand).

Note 15. Trade and other payables

<i>In thousands of euros</i> At 31 December	2023	Restated** 2022
Financial liabilities		
Trade payables	6,154	5,344
Payables to an associate (note 24)	193	182
Other payables	226	302
Total financial liabilities (note 6)	6,573	5,828
<i>Of which current financial liabilities</i>	6,500	5,762
<i>Of which non-current financial liabilities</i>	73	66
<i>Of which payables for property, plant and equipment (note 26)</i>	2,358	470
<i>Of which payables for intangible assets (note 26)</i>	91	0
Non-financial liabilities		
Payables to employees	1,624	1,421
Accrued taxes payable on remuneration	874	719
Payables related to contracts with customers*	2,818	829
Advances for goods and services	431	857
Other payables	182	382
Total non-financial liabilities	5,929	4,208
<i>Of which current non-financial liabilities</i>	2,992	3,058
<i>Of which non-current non-financial liabilities</i>	2,937	1,150
Total trade and other payables	12,502	10,036
<i>Of which total current liabilities</i>	9,492	8,820
<i>Of which total non-current liabilities</i>	3,010	1,216

* In 2023, the Group received deferred connection fee income (advances) of EUR 2,040 thousand.
Connection fees recognised as revenue in 2023 amounted to EUR 52 thousand (2022: EUR 42 thousand).

** For further information, see note 2.

Note 16. Taxes payable

<i>In thousands of euros</i>		
At 31 December	2023	2022
Personal income tax	295	319
Corporate income tax*	11	108
Pollution charge	3	2
Social security tax	513	578
Unemployment insurance contributions	32	32
Funded pension contributions	17	17
Excise duties	5	4
Total taxes payable	876	1,060

* The Group did not have any deferred tax liabilities at 31 December 2023 (31 December 2022: EUR 82 thousand).

At 31 December 2023, the Group's prepaid taxes amounted to EUR 1,599 thousand (31 December 2022: EUR 481 thousand). Prepaid taxes are disclosed in [note 8](#).

Note 17. Loans and borrowings

<i>In thousands of euros</i> At 31 December	2023	Restated* 2022
Current portion		
Loan liabilities	6,266	8,266
Debt securities	7,650	7,650
Interest liabilities	1,915	1,012
Total current portion	15,831	16,928
Non-current portion		
Loan liabilities	31,266	37,532
Debt securities	126,300	133,950
Total non-current portion	157,566	171,482
Total loans and borrowings (note 6)	173,397	188,410

* For further information, see [note 2](#).

Issue and redemption of debt securities

At 31 December 2023, AS Tallinna Sadam had two debt security (bond) issues with final maturities in 2026 and 2027. The debt securities have been issued in euros and have floating interest rates (the base interest rate of 3-month or 6-month Euribor plus a fixed risk margin). None of the debt security issues is listed on the stock exchange. No debt securities were issued in 2023 or the comparative period.

The Group has met all obligations set out in the terms of the debt securities, including those which relate to complying with covenants, providing information and meeting the minimum requirements set for financial ratios.

Consistent with the redemption schedules, the Group redeemed debt securities of EUR 7,650 thousand in 2023 (2022: EUR 7,650 thousand).

At 31 December 2023, the weighted average interest rate of the debt securities was 4.84% (31 December 2022: 2.68%). The average interest rate has increased due to the increase in the base interest rate (Euribor). The risk margins have not changed. The interest rate risk of the debt securities has not been hedged with interest rate swaps.

Loans

All loan agreements are denominated in euros and have floating interest rates (the base rate is 6-month Euribor).

At 31 December 2023, the weighted average interest rate of drawn loans was 4.90% (31 December 2022: 1.94%). The interest rate risk of the loans has not been hedged with interest rate swaps. The Group did not enter into any new loan agreements in 2023 and did not have any undrawn loans or credit limits at 31 December 2023.

The loan agreements are unsecured liabilities, i.e. no assets have been pledged to cover the loans. The Group has performed all its obligations under the loan agreements, including those which relate to complying with covenants, providing information and meeting the minimum requirements set for financial ratios.

Principal loan repayments made in 2023 amounted to EUR 8,266 thousand (2022: EUR 8,266 thousand). The final maturities of outstanding loan liabilities fall in the period 2024–2030.

Contractual maturities of loans and borrowings

<i>In thousands of euros</i>		
At 31 December	2023	Restated* 2022
< 6 months	5,298	4,395
6–12 months	10,533	12,533
1–5 years	152,066	164,482
> 5 years	5,500	7,000
Total loans and borrowings (note 4)	173,397	188,410

* For further information, see [note 2](#).

Carrying amounts and fair values of loans and borrowings*

<i>In thousands of euros</i>		
At 31 December	2023	2022
Carrying amount		
Debt securities	133,950	141,600
Loan liabilities	37,532	45,798
Total carrying amount	171,482	187,398
Fair value		
Debt securities	134,251	146,482
Loan liabilities	37,632	46,841
Total fair value	171,883	193,323

* Due to inputs used, all measurements of fair value qualify as level 2 measurements in the fair value hierarchy.

The fair value of loans and borrowings was calculated using the discounted cash flow method. Future cash flows were estimated based on forward interest rates (extrapolated from observable corporate yield curves and 3-month and 6-month Euribor swap rates at the end of the reporting period) and contractual interest rates, discounted at a rate that reflected the credit risk of the Group.

At 31 December 2023, the fair value of financial liabilities calculated using the discounted cash flow method was 0.23% higher than their carrying amount (31 December 2022: 3.2% higher). The terms and conditions of the Group's loans and bonds set certain limits to the Group's consolidated financial indicators. At 31 December 2023 and 31 December 2022, the Group was in compliance with all financial covenants.

Change in liabilities arising from financing activities

<i>In thousands of euros</i>	01.01.2023	Cash flows from financing activities	Accrued interest (note 23)	31.12.2023
Loan liabilities	45,798	-8,266	0	37,532
Debt securities	141,600	-7,650	0	133,950
Interest liabilities	1,012	-6,494	7,397	1,915
Total	188,410	-22,410	7,397	173,397

<i>In thousands of euros</i>	01.01.2022	Cash flows from financing activities	Accrued interest (note 23)	31.12.2022
Loan liabilities	54,064	-8,266	0	45,798
Debt securities	149,250	-7,650	0	141,600
Interest liabilities	299	-1,264	1,977	1,012
Total	203,613	-17,180	1,977	188,410

Note 18. Government grants

Non-current government grant liabilities

<i>In thousands of euros</i>	2023	2022
At 31 December		
Cohesion Fund	19,370	19,803
TEN-T	5,520	5,889
CEF-T	8,065	4,332
State budget of the Republic of Estonia	41	51
INTERREG	79	81
Total non-current government grant liabilities	33,075	30,156
<i>Incl. non-depreciable assets</i>	<i>13,902</i>	<i>13,902</i>

Recognised as income

<i>In thousands of euros</i>	2023	2022
Grants related to assets	1,284	1,077
Grants related to income	20,648	19,440
Total recognised as income	21,932	20,517
<i>Incl. revenue from other sources (note 20)</i>	<i>20,640</i>	<i>19,406</i>
<i>other income (note 22)</i>	<i>1,292</i>	<i>1,111</i>

Short-term deferred government grant income

<i>In thousands of euros</i>		
At 31 December	2023	2022
CEF-T	7,260	8,578
State budget of the Republic of Estonia	84	0
Total short-term deferred government grant income	7,344	8,578

Short-term government grants receivable

<i>In thousands of euros</i>		
At 31 December	2023	2022
CEF-T	2,885	0
State budget of the Republic of Estonia	0	38
Total short-term government grants receivable (note 8)	2,885	38

Cohesion Fund

Extension of the Eastern part of Muuga Harbour (2007–2011)

In the framework of the project, phase I of the extension of Muuga Harbour was supported, including the filling of the sea bottom and the coastal region.

Non-current government grant liabilities related to the project amount to EUR 15,769 thousand (31 December 2022: EUR 15,982 thousand), including EUR 13,902 thousand (31 December 2022: EUR 13,902 thousand) related to non-depreciable assets.

Creating connections between the Eastern part and the industrial park of Muuga Harbour (2010–2014)

In the framework of the project, a viaduct was constructed in Muuga Harbour to connect the Industrial Park with the harbour, the free zone of Muuga Harbour was extended and the railways of Muuga Industrial Park were finished.

Non-current government grant liabilities related to the project amount to EUR 3,601 thousand (31 December 2022: EUR 3,821 thousand).

TEN-T Motorways of the Seas programme

TWIN-PORT (2012–2015)

In the framework of the project, the infrastructure of Old City Harbour in Tallinn and West Harbour in Helsinki was improved as part of the development of the north-south transport corridor of the European Union (TEN-T North Sea — Baltic). The investments at Old City Harbour were related to improving the traffic scheme in the harbour area and developing the roads connecting the harbour to the city.

Non-current government grant liabilities related to the project amount to EUR 769 thousand (31 December 2022: EUR 830 thousand).

Dredging of the Paldiski South Harbour fairway and harbour basin (2019–2020)

The purpose of the project was to dredge the Paldiski South Harbour fairway and basin by 1 metre, from the depth of 14.5 metres to 15.5 metres. As a result of the project, the harbour can receive large cargo vessels and tankers (60–70 thousand GT). Using larger vessels, which can transport the same amount of cargo with fewer port calls, allows reducing emissions per unit of cargo. A deeper fairway makes navigation to the harbour safer.

Non-current government grant liabilities related to the project amount to EUR 163 thousand (31 December 2022: EUR 303 thousand).

TWIN-PORT 2 (2014–2020)

TWIN-PORT 2 was a follow-up project to TWIN-PORT. In the framework of the project, the Port of Helsinki built a new West Terminal, AS Tallink Grupp brought a new LNG vessel Megastar to the Tallinn–Helsinki route, and AS Tallinna Sadam invested in the development of various infrastructure assets at Old City Harbour.

No support was received in 2023. Support received in 2022 amounted to EUR 4,924 thousand.

Non-current government grant liabilities related to the project amount to EUR 4,587 thousand (31 December 2022: EUR 4,755 thousand).

The Baltic Sea hub and spokes project (2010–2013)

In the framework of the project, AS Tallinna Sadam received support for making investments and developing cooperation in areas related to safety and security.

Non-current government grant liabilities related to the project amount to EUR 1 thousand (31 December 2022: EUR 1 thousand).

Connecting Europe Facility for Transport (CEF-T) programme

TWIN-PORT 3 (2018–2023)

TWIN-PORT 3 was a follow-up project to TWIN-PORT 1 and TWIN-PORT 2. The project began in 2018 and was scheduled to be completed on 31 December 2023. The participants in the project were AS Tallinna Sadam, the Port of Helsinki, the City of Helsinki and three ferry operators (Tallink, Viking Line and Eckerö Line). The coordinating partner of the project was AS Tallinna Sadam. The purpose of the project was to build onshore power supply systems (OPS) in both ports and on the ferries travelling between Tallinn and Helsinki to enable the ferries (while at the quay) to use electricity from the mainland electricity network and switch off their diesel engines.

In addition, an auto-mooring system was built in both harbours, which offers faster and safer mooring for ferries. In Tallinn, the security systems in Old City Harbour were upgraded. In Helsinki, new street lanes were built, the throughput capacity of intersections was improved, a tramway leading to the harbour was relocated and a new bridge was built in the harbour area.

In 2023, no investments were made and no expenses were incurred (2022: investments made amounted to EUR 4 thousand and expenses incurred amounted to EUR 7 thousand).

No support was received in 2023. Support of EUR 4,097 thousand was received in 2022.

At 31 December 2023, the balance of deferred grant income was EUR 2,260 thousand (31 December 2022: EUR 2,260 thousand).

Non-current government grant liabilities related to the project amount to EUR 3,126 thousand (31 December 2022: EUR 3,304 thousand).

TWIN-PORT 4 (2020–2023)

TWIN-PORT 4 was the fourth follow-up project in the series. The purpose of the project was to improve the convenience of the maritime connection between Tallinn and Helsinki by developing the infrastructure of the ports on both shores of the Gulf of Finland. The participants in the project are AS Tallinna Sadam and the Port of Helsinki.

Compared to the previous ones, the project included a new feature: investments in the development of the Muuga-Vuosaari shipping route in order to divert a significant share of the heavy goods vehicles traffic between Estonia and Finland from the city centres of the two capitals to the Muuga and Vuosaari harbours, respectively. One quay in both harbours was supplied with a second level ramp for more efficient servicing of ro-ro traffic and at Muuga the first level ramp of the same quay was fully reconstructed. In addition, at Old City Harbour in Tallinn one of the connecting walkways from the terminal to the ferry and the area in front of Passenger Terminal D along with all underground utility networks were reconstructed. The Port of Helsinki supplied one quay in its city-centre harbours with onshore power supply systems. The planned installation of automated mooring systems was not carried out because the development plans of the Port of Helsinki changed. The coordinating partner of this project was also AS Tallinna Sadam.

Investments made in 2023 amounted to EUR 652 thousand (2022: EUR 8,419 thousand).

In 2023 and 2022, no support was received.

At 31 December 2022, the balance of deferred grant income was EUR 338 thousand.

At 31 December 2023, the balance of the government grant receivable was EUR 2,721 thousand.

Non-current government grant liabilities related to the project amount to EUR 3,858 thousand (31 December 2022: EUR 1,028 thousand).

TWIN-PORT 5 (2021–2025)

The project continues the activities started with TWIN-PORT 4 to improve the convenience of the maritime connection between Tallinn and Helsinki by developing the infrastructure of the ports on both shores of the Gulf of Finland on the Muuga–Vuosaari route. The participants in the project are AS Tallinna Sadam and the Port of Helsinki.

In the framework of the project, quays 13, 14 and 15 at Muuga Harbour have been supplied with systems allowing to receive sewage from ships. In addition, there is a plan to reconstruct the ramp of quay 15. To improve travel experience and raise service quality, an architectural design competition has been organised for the complex of Terminal A and the surrounding outdoor space at Old City Harbour and the designs for the terminal, a multi-storey car park and a new main building have been commissioned.

To continue to offer excellent high-quality customer service, AS Tallinna Sadam has upgraded the software and hardware of its Smart Port traffic management system (automated vehicle check-in and direction to the waiting area and boarding) and created new capabilities at both Old City Harbour and Muuga Harbour.

The Port of Helsinki is focusing on the planning, surveying and design activities necessary for creating the infrastructure (a tunnel, four new quays along with filling the sea, and a new terminal) required to implement the strategic goal.

The coordinating partner of the TWIN-PORT 5 project is the Port of Helsinki.

In 2023, investments amounted to EUR 2,288 thousand and expenses incurred amounted to EUR 123 thousand. In 2022, no investments were made and no expenses were incurred.

No support was received in 2023. Support received in 2022 amounted to EUR 980 thousand.

At 31 December 2023, the amount of grant receivable was EUR 164 thousand. At 31 December 2022, the balance of deferred grant income was EUR 980 thousand.

Non-current government grant liabilities related to the project amount to EUR 1,081 thousand (31 December 2022: EUR 0).

Connecting Europe Facility (CEF) — EstMilMob project

EstMilMob is a project funded by the European Union from the CEF-2021 Military Mobility envelope. The participants in the project are AS Tallinna Sadam, the Estonian Transport Administration, the railway infrastructure company AS Eesti Raudtee and the Estonian Centre for Defence Investment. The purpose of the project is to enhance the TEN-T Comprehensive Network and Core Network and their civilian and military dual use at Paldiski South Harbour, at the Kanama intersection and on the Palupera–Puka–Keeni railway section.

In the framework of the EstMilMob project, Tallinna Sadam will build a new quay (quay 6a) with a hinterland at Paldiski South Harbour that can be used for both civilian and military purposes. The quay will be equipped with a ramp for loading and unloading ro-ro cargo. Along with the quay, a hinterland of up to 10 ha will be built to handle and store cargo and military equipment. As regards civilian use, it will be possible to handle dry and dry bulk, oversized and ro-ro cargo. The project creates good prospects for becoming a base port for the construction of offshore wind farms and supporting the transport of relevant goods (masts, generators, blades). The harbour will also have the capabilities required to serve as a maintenance port for offshore wind farms.

The Transport Administration will reconstruct the Kanama overpass and the intersection of the E265 Tallinn ring road and the E67 Tallinn–Pärnu–Ikla road with the aim of bringing the intersection into conformity with the requirements of the EU TEN-T Core Network for road safety, the environment and military transport.

AS Eesti Raudtee will carry out major track repairs on the Palupera–Puka and Puka–Keeni sections of the internationally important railway route between Valga and Tartu. The total length of the works is around 21 km, which accounts for approximately 25% of the total length of the route.

The coordinating partner of the EstMilMob project is the Estonian Centre for Defence Investment.

Investments made in 2023 amounted to EUR 7,090 thousand. No expenses were incurred in 2023. In 2022, no investments were made and no expenses were incurred.

No support was received in 2023. Support received in 2022 amounted to EUR 5,000 thousand.

At 31 December 2023, the balance of deferred grant income was EUR 5,000 thousand (31 December 2022: EUR 5,000 thousand).

State budget of the Republic of Estonia

Public transport support (2016–2026)

In December 2014, a public transport service contract was signed with the Ministry of Economic Affairs and Communications (the contract is currently administered by the Transport Administration) for the provision of ferry service on the Kuivastu–Virtsu and Rohuküla–Heltermaa ferry routes in the period 1 October 2016–30 September 2026. The final amount of contractual support depends on the difference between the revenue base calculated annually on the basis of the tariff rates fixed in the contract and the ticket sales revenue recognised in the same period.

In 2023, support was calculated in the amount of EUR 20,640 thousand (2022: EUR 19,406 thousand) and received in the amount of EUR 20,759 thousand (2022: EUR 19,191 thousand). The public transport support is treated as part of the Group's ordinary activity and recognised as revenue (sale of ferry services — government support) ([note 20](#)).

At 31 December 2023, the Group had short-term deferred income of EUR 80 thousand related to public transport support provided from the state budget.

At 31 December 2022, the Group had a short-term grant receivable of EUR 38 thousand.

Grant for purchase of zero-emission vehicles (2023–2027)

In 2023, a vehicle was acquired using an operating lease. The acquisition of the vehicle was supported by the Environmental Investment Centre with EUR 4 thousand.

At 31 December 2023, the Group had short-term deferred income of EUR 4 thousand.

Small Ports Programme (2010)

The grant received was used to finance the expenditure of the construction of the Old City Marina.

Non-current government grant liabilities related to the project amount to EUR 37 thousand (31 December 2022: EUR 42 thousand).

Atmospheric Air Protection Programme (2011–2013)

In the framework of the project Extension of the Outdoor Air Monitoring System at Muuga Harbour, the outdoor air monitoring and management system at Muuga Harbour was extended by installing one outdoor air monitoring station.

Non-current government grant liabilities related to the project amount to EUR 4 thousand (31 December 2022: EUR 9 thousand).

European Regional Development Fund (ERDF)

Digital Construction Cluster Project

The purpose of the project is to undertake joint activities in the Digital Construction Cluster to promote co-operation between the Estonian construction sector and research institutions and to increase the international competitiveness of companies belonging to the Digital Construction Cluster.

AS Tallinna Sadam is a real estate owner, developer and manager and thus its interest in participating in the project is mainly related to new digital opportunities that could be seized in the development and management of its buildings and real estate by using Building Information Modelling (BIM) throughout the life cycle of a building.

Support received in 2023 amounted to EUR 8 thousand (2022: EUR 4 thousand). Expenses incurred for the project in 2023 amounted to EUR 13 thousand (2022: EUR 6 thousand).

Other foreign aid — INTERREG Baltic Sea Region Programme

Green Cruise Port — Sustainable Development of Cruise Port Locations Project (2016–2019)

The project was aimed at enhancing the cooperation of cruise ports in the Baltic Sea region in the development of port facilities and services, with a focus on environmental sustainability and economic benefit. In the framework of the project, the principal design documentation and technical solutions for the Old City Harbour Cruise Terminal were prepared and surveys for developing ecological terminal solutions feasible in a northern climate were carried out. The surveys provided valuable inputs for the design of the new Cruise Terminal and the solutions for its technological systems.

Non-current government grant liabilities related to the project amount to EUR 79 thousand (31 December 2022: EUR 81 thousand).

Note 19. Equity

Share capital

At 31 December 2023 and 31 December 2022, AS Tallinna Sadam had 263,000,000 registered ordinary shares, of which 67.03% were held by the Republic of Estonia (through the Ministry of Climate) and 32.97% were held by Estonian and international investment funds, banks, pension funds and retail investors. The par value of a share is EUR 1.

The maximum number of ordinary shares stipulated in the articles of association of AS Tallinna Sadam is 664,000,000 (2022: 664,000,000). At 31 December 2023 and 31 December 2022, all issued shares had been fully paid for. AS Tallinna Sadam does not have shares of different classes or differences in shareholder rights related to profit distributions.

Earnings per share

	2023	2022
Weighted average number of shares	263,000,000	263,000,000
Consolidated profit for the period (in thousands of euros)	15,882	25,592
Basic and diluted earnings per share (in euros)*	0.06	0.10

* In the years ended 31 December 2023 and 31 December 2022, there were no dilutive instruments outstanding.

Capital management

The purpose of the Group's capital management is to ensure that Group entities will be able to continue as going concerns and the Group can generate maximum long-term return through an optimal balance between debt and equity capital. The Group's capital management strategy has not changed significantly compared to 2022.

The Group's capital structure consists of net debt (loans and borrowings as detailed in [note 17](#) less cash and cash equivalents) and equity (comprising share capital, reserves and retained earnings). The Group is not subject to any externally imposed capital requirements.

The Group's CFO reviews the capital structure of the Group at least twice a year. As part of this review, the CFO assesses the cost of capital and the risks associated with each class of capital. The Group's long-term target is to ensure that its equity to assets ratio (calculated as the ratio of total equity to total assets) is 60%.

Capital management

<i>In thousands of euros</i>		
At 31 December	2023	2022
Loans and borrowings	173,397	188,410
Cash and cash equivalents (note 7)	-29,733	-44,387
Net debt	143,664	144,023

Equity to assets ratio

At 31 December 2023, the Group's equity to assets ratio, i.e. the ratio of total equity to total assets was 62% (31 December 2022: 61%).

The ratio increased by 1 percentage point compared to 2022 because total equity decreased by 0.87% while total assets decreased by 2.43% (2022: the ratio did not change compared to 2021).

Equity to assets ratio

<i>In thousands of euros</i>		
At 31 December	2023	2022
Total equity	377,659	380,976
Total assets	606,164	621,229
Equity to assets ratio	62%	61%

Unrestricted equity

At 31 December 2023, the Group's unrestricted equity was EUR 46,877 thousand (31 December 2022: EUR 50,640 thousand). According to the Estonian Commercial Code, shareholders will not be paid dividends if the company's net assets which have been recognised in the annual report approved at the end of the previous financial year are or would be less than total share capital and reserves which under the law or the articles of association are not to be paid out to shareholders. At 31 December 2023 and 31 December 2022, the Parent could have distributed all of its unrestricted equity without contravening the law.

Statutory capital reserve

The statutory capital reserve was in compliance with the requirements of the Estonian Commercial Code at 31 December 2017. As a result of an increase of share capital by EUR 77,796 thousand in 2018, the Parent's capital reserve does not comply with the amount required by the articles of association. According to the Estonian Commercial Code, each financial year 1/20 of profit is to be transferred to the capital reserve until the reserve reaches the amount required by the articles of association. After that, profit transfers to the capital reserve will be discontinued.

The capital reserve was increased by EUR 743 thousand in 2023 (2022: EUR 844 thousand).

Dividendid

Based on the resolution of the general meeting that convened on 25 April 2023, the Group paid a dividend of EUR 0.073 per share, i.e. EUR 19,199 thousand in total, for 2022. The list of shareholders entitled to receive the dividend was determined on 10 May 2023 (the ex-dividend date: 9 May 2023) and the dividend was paid out to the shareholders on 12 May 2023 (through Nasdaq CSD).

Dividends

<i>In thousands of euros</i>	2023	2022
Dividend declared in the reporting period	19,199	25,511
Dividend distributed in the reporting period	19,012	25,287
Income tax withheld on dividends in the reporting period	187	224
Dividend per share (in euros)	0.073	0.097

Income tax on dividends

<i>In thousands of euros</i>	2023	2022
Income tax calculated on dividends in Estonia	3,067	4,111
Deferred income tax expense on dividends	-82	82
Income tax paid on dividends in Estonia	-3,264	-4,335
<i>Incl. income tax withheld on dividends</i>	<i>-187</i>	<i>-224</i>
<i>refund of income tax withheld on dividends for 2019</i>	<i>-10</i>	<i>0</i>

At 31 December 2023, there was no deferred income tax liability (31 December 2022: EUR 82 thousand).

The Group's unrestricted equity as at 31 December 2023 amounted to EUR 46,877 thousand (31 December 2022: EUR 50,640 thousand). The maximum possible income tax liability which would arise if all of the unrestricted equity were distributed as dividends is EUR 8,092 thousand (2022: EUR 8,617 thousand).

At 31 December 2023, the tax rates used to calculate the maximum possible tax liability for 2024 were 20/80 and 14/86 of the net distributions (was applied to the maximum possible dividend to the extent of one third of the profit distributed and taxed in 2021, 2022 and 2023).

Note 20. Revenue

<i>In thousands of euros</i>	2023	2022
Revenue from contracts with customers		
Vessel dues	31,425	37,233
Cargo charges	6,457	7,457
Passenger fees	11,484	10,248
Sale of electricity	4,507	7,141
Sale of ferry services — ticket sales	14,729	14,199
Sale of other services	2,133	2,423
Total revenue from contracts with customers	70,735	78,701
Revenue from other sources		
Lease income from operating leases (notes 10 and 13)	13,727	13,390
Charter fees	11,544	10,206
Sale of ferry services — government support (notes 18 and 24)	20,640	19,406
Total revenue from other sources	45,911	43,002
Total revenue (note 3)	116,646	121,703

Revenue by country

<i>In thousands of euros</i>	2023	2022
Canada	3,332	5,257
Great Britain	2,929	0
Estonia	110,385	116,446
Total revenue	116,646	121,703
<i>Of which charter fees:</i>		
<i>Canada</i>	<i>3,281</i>	<i>5,161</i>
<i>Great Britain</i>	<i>2,798</i>	<i>0</i>
<i>Estonia</i>	<i>5,465</i>	<i>5,045</i>
Total charter fees	11,544	10,206

Disaggregation of revenue

Transaction price allocated to the remaining performance obligations

At the end of the reporting period, performance obligations related to cargo charges, the sale of electricity and the sale of other services were partially unsatisfied. The Group applies the practical expedient in paragraph 121(b) of IFRS 15 to those revenue streams (a single performance obligation that is made up of a series of distinct services) and does not disclose the transaction price allocated to the remaining performance obligation as the Group has a right to consideration from customers in an amount that corresponds directly to the value that the Group's performance obligations completed to date have for the customer and the Group has recognised revenue in the amount in which it has the right to invoice the customers.

Partially unsatisfied performance obligation related to connection fees as at 31 December 2023 amounted to EUR 2,755 thousand (31 December 2022: EUR 767 thousand).

Management expects that the transaction price allocated to unsatisfied performance obligations will be recognised as revenue over the next 3–25 years (the average remaining useful life of the investments made to enable connection) on a straight-line basis.

Note 21. Operating expenses

<i>In thousands of euros</i>	2023	Restated* 2022
Fuel costs	6,886	7,985
Electricity costs	4,918	8,641
Heat, water and sewerage costs	783	892
Technical maintenance and repair of non-current assets	8,312	7,127
Services purchased for infrastructure	4,035	3,408
Tax expenses	2,661	2,674
<i>Incl. land tax</i>	2,607	2,619
Consultation and development expenses	669	707
<i>Incl. research and development expenses</i>	367	334
Services purchased	6,015	5,551
<i>Incl. mooring service</i>	778	730
<i>reception of ship-generated waste</i>	1,966	2,064
<i>port dues</i>	3,223	2,713
Purchase and maintenance of insignificant assets	949	1,139
Advertising expenses	244	289
Lease expenses	1,376	583
Expenses on short-term leases	174	23
Insurance expenses	804	801
Other operating expenses	3,577	3,042
Total operating expenses	41,403	42,862

* For further information, see [note 2](#).

Personnel expenses

<i>In thousands of euros</i>	2023	2022
Wages and salaries	19,006	17,457
Social security charges	6,208	5,708
Total personnel expenses	25,214	23,165

Number of employees

	2023	2022
People working under employment contracts	461	468
People working under contracts for services, excluding self-employed people	10	9
Members of legal person's management or control bodies	7	7
Total	478	484

Note 22. Other income

<i>In thousands of euros</i>	2023	2022
Gain on sale of non-current assets	0	68
Penalties, interest on arrears	893	171
Income from government grants (note 18)	1,292	1,111
Other income	23	91
Total other income	2,208	1,441

Note 23. Finance costs

<i>In thousands of euros</i>	2023	2022
Interest expense on loans and borrowings:		
<i>Interest expense on loans</i>	1,707	547
<i>Interest expense on debt securities</i>	5,690	1,430
Total interest expense on loans and borrowings (note 17)	7,397	1,977
Foreign exchange loss	28	27
Other finance costs	10	9
Total finance costs	7,435	2,013

Note 24. Related party transactions

67.03% of the shares in AS Tallinna Sadam are held by the Republic of Estonia (through the Ministry of Climate).

<i>In thousands of euros</i>	2023	2022
Transactions with an associate		
Revenue	78	75
Operating expenses	1,990	2,102
Transactions with companies over which members of supervisory and management boards of Group companies have significant influence		
Revenue	1	1
Operating expenses	30	9
Other expenses	20	20
Transactions with government agencies and companies over which the state has control or indirect influence		
Revenue	26,886	26,011
<i>Of which public transport support (note 20)</i>	20,640	19,406
<i>Of which charter fees</i>	5,466	5,020
Other income	100	0
Operating expenses	6,041	12,797
<i>Of which electricity and network charges</i>	2,059	8,850
<i>Of which port dues</i>	3,218	2,835
Other expenses	22	72
Purchase of property, plant and equipment	0	346
Transactions with the members of the Group's supervisory board and management board		
Short-term benefits	1,075	1,046
Social security charges	355	346

<i>In thousands of euros</i>		
At 31 December	2023	2022
Trade receivables from and payables to an associate		
Receivables (note 8)	9	17
Payables (note 15)	193	182
Trade receivables from and payables to companies over which members of supervisory and management boards of Group companies have significant influence		
Payables	0	1
Trade receivables from and payables to government agencies and companies over which the state has control or indirect influence		
Receivables*	2,201	174
Payables	7,601	2,755
Short-term benefits payable to the members of the Group's supervisory board and management board		
Payables	287	326

* No receivables from related parties were written down in 2023 or 2022.

All purchases and sales of services were transactions conducted in the ordinary course of business on an arm's length basis.

Revenue and operating expenses from transactions with related parties comprise only revenue and expenses from sales and purchases of business-related services.

Information presented on companies over which members of the supervisory and management boards of Group companies have significant influence is based on the declarations presented in respect of the related parties.

Based on the service contracts in force, at 31 December 2023 AS Tallinna Sadam had the obligation to pay its members of the management board (who are regarded as the key management personnel)

benefits equal to their three months' remuneration (EUR 99.0 thousand in 2023 and EUR 99.0 thousand in 2022) if the members of the management board were removed from office. In addition, AS Tallinna Sadam has the obligation to pay the members of the management board monthly compensation equal to 50% of their monthly remuneration for a period of 12 months after the expiry of their contracts for compliance with the non-compete obligations (EUR 197.9 thousand in 2023 and EUR 197.9 thousand in 2022).

Based on the service contracts in force, at 31 December 2023 the subsidiaries of AS Tallinna Sadam had the obligation to pay their members of the management board benefits equal to their three months' remuneration if the members of the management board were removed from office (EUR 135.4 thousand in 2023 and EUR 75.0 thousand in 2022).

Note 25. Commitments

At 31 December 2023, the Group's contractual commitments related to purchases of property, plant and equipment, repairs, and research and development expenditures totalled EUR 68,051 thousand, including a commitment of EUR 54,102 thousand under the contract for the construction of quay 6A at Paldiski South Harbour. At 31 December 2022, the Group's contractual commitments amounted to EUR 5,945 thousand.

Note 26. Investing activities in the statement of cash flows

Purchases of property, plant and equipment

<i>In thousands of euros</i>	2023	2022
Purchases of property, plant and equipment	-17,946	-15,189
Paid for previous period	470	2,218
Trade payables at end of period (note 15)	-2,358	-470
Other adjustments	-3	0
Total adjustments	-1,891	1,748
Purchases and reconstruction (note 11)	19,837	13,441

Purchases of intangible assets

<i>In thousands of euros</i>	2023	2022
Purchases of intangible assets	-799	-455
Paid for previous period	0	39
Trade payables at end of period (note 15)	-91	0
Other adjustments	1	1
Total adjustments	-90	40
Purchases and upgrades (note 12)	889	415

Note 27. Contingent liabilities

Under several lease and right of superficies contracts, upon the expiry of the contract AS Tallinna Sadam has to compensate the cost of the facilities built or the improvements made to the assets of AS Tallinna Sadam by the lessee at the usual value of the facility or the improvement. Considering the long terms of the contracts (especially the right of superficies contracts) and the fact that the facilities are mostly special-purpose assets (port terminals), there is no valid experience in measuring their usual value upon the expiry of the contracts. Based on the above, the value of the obligations could not be estimated reliably at the reporting date.

In June 2019, the court accepted a statement of claim for damages of EUR 23.8 million in total filed against group companies OÜ TS Laevad and OÜ TS Shipping in relation to alleged use of confidential information in a public procurement tender to provide public passenger transport service on the Saaremaa and Hiiumaa routes. By the ruling of the Harju County Court of 31 March 2023, the statement of claim filed by the trustee of the estate of AS Saaremaa Laevakompanii (bankrupt) and Väinamere Liinid OÜ against OÜ TS Laevad and OÜ TS Shipping was denied. On 8 May 2023, the court allowed the appeal filed by the trustee of the estate of AS Saaremaa Laevakompanii (bankrupt) and OÜ Väinamere Liinid for annulment of the ruling of the Harju County Court. The management board believes that the claim is not substantiated and legal advice indicates that it is not probable that a liability will arise. Thus, the management board has not considered it necessary to recognise a provision for the claim.

The Group has entered into a guarantee agreement with a bank, under which the bank has issued a guarantee of EUR 5 million to guarantee the obligations of TS Laevad OÜ under the public service contract for passenger transport. According to the assessment of the management board, it is not likely that the guarantee will be called.

Note 28. Investigations concerning the group

On 26 August 2015, the Estonian Internal Security Service detained Ain Kaljurand and Allan Kiil, long-term members of the management board of the Group's Parent, AS Tallinna Sadam, in connection with suspected large-scale bribery during several prior years. After long-term investigation, on 31 July 2017 the Group filed a civil action lawsuit against Ain Kaljurand, Allan Kiil and other private and legal persons involved in the episodes under investigation. By the order of Harju County Court dated 19 November 2018, the civil action was included in the criminal proceedings against the above persons.

On 28 October 2020, Harju County Court issued an order terminating criminal proceedings concerning Allan Kiil in connection with his terminal illness. At the same time, Tallinn Circuit Court issued an order requiring Allan Kiil to be involved in criminal proceedings as a civil defendant. Allan Kiil passed away on 15 June 2021 and on 23 September 2021 Marika Kiil was involved in the proceedings as a civil defendant and a third party in place of Allan Kiil.

At the date of release of these financial statements, court hearings in the criminal matter are under way and proceedings against other persons that have been charged continue, except for Keskkonnahoolduse OÜ and its member of the management board against whom only the civil action proceedings continue. Based on information available at the reporting date, the management board believes that the above events will not have a material adverse impact on the Group's financial performance or financial position. However, they may continue to cause significant damage to the Group's reputation.

Note 29. Additional information on the parent

The financial information on the Parent comprises the primary financial statements of the Parent, which are required to be disclosed in accordance with the Estonian Accounting Act, but which are not separate financial statements as defined in IAS 27. The primary financial statements of the Parent have been prepared using the same accounting policies as were applied in the preparation of the consolidated financial statements, except that investments in subsidiaries and associates are measured at cost.

Statement of financial position

<i>In thousands of euros</i>	31.12.2023	Restated* 31.12.2022	Restated* 01.01.2022
ASSETS			
Current assets			
Cash and cash equivalents	16,804	26,043	21,900
Trade and other receivables	17,004	13,793	20,599
Inventories	4	0	0
Non-current assets held for sale	0	100	0
Total current assets	33,812	39,936	42,499
Non-current assets			
Investments in subsidiaries	5,774	5,774	5,774
Investments in an associate	132	132	132
Other long-term receivables	57,634	73,331	84,480
Investment properties	14,069	14,069	14,069
Property, plant and equipment	432,224	433,310	438,466
Intangible assets	1,940	1,408	1,540
Total non-current assets	511,773	528,024	544,461
Total assets	545,585	567,960	586,960

Continues on page 145

<i>In thousands of euros</i>	31.12.2023	Restated* 31.12.2022	Restated* 01.01.2022
LIABILITIES			
Current liabilities			
Loans and borrowings	15,832	16,928	16,215
Provisions	1,004	1,752	1,343
Government grants	7,260	8,578	1,047
Taxes payable	477	560	445
Trade and other payables	6,594	6,244	7,519
Total current liabilities	31,167	34,062	26,569
Non-current liabilities			
Loans and borrowings	157,566	171,482	187,398
Government grants	33,075	30,156	29,835
Other payables	3,010	1,216	1,461
Total non-current liabilities	193,651	202,854	218,694
Total liabilities	224,818	236,916	245,263
EQUITY			
Share capital	263,000	263,000	263,000
Share premium	44,478	44,478	44,478
Statutory capital reserve	22,858	22,115	21,271
Accumulated losses/retained earnings	-9,569	1,451	12,948
Total equity	320,767	331,044	341,697
Total liabilities and equity	545,585	567,960	586,960

* For further information, see [note 2](#).

Statement of comprehensive income

<i>In thousands of euros</i>	2023	Restated* 2022
Revenue	69,205	77,408
Other income	2,185	1,348
Operating expenses	-23,919	-28,609
Impairment of financial assets	-1,117	-556
Personnel expenses	-13,271	-12,762
Depreciation, amortisation and impairment	-17,163	-17,245
Other expenses	-952	-319
Operating profit	14,968	19,265
FINANCE INCOME AND COSTS		
Finance income	4,419	1,681
Finance costs	-7,398	-1,978
Finance costs — net	-2,979	-297
Profit before income tax	11,989	18,968
Income tax expense	-3,067	-4,111
Profit for the period	8,922	14,857

* For further information, see [note 2](#).

Statement of cash flows

<i>In thousands of euros</i>	2023	2022
Cash receipts from sale of goods and services	74,818	83,142
Cash receipts related to other income	272	188
Payments to suppliers	-32,533	-35,803
Payments to and on behalf of employees	-12,722	-10,162
Payments for other expenses	-199	-205
Income tax paid on dividends	-3,264	-4,335
Cash from operating activities	26,372	32,825
Purchases of property, plant and equipment	-13,988	-13,456
Purchases of intangible assets	-782	-398
Proceeds from sale of property, plant and equipment	28	190
Government grants received	0	15,001
Repayments of loans provided	16,428	10,863
Dividends received	357	255
Interest received	3,769	1,330
Cash from investing activities	5,812	13,785
Redemption of debt securities	-7,650	-7,650
Repayments of loans received	-8,266	-8,266
Dividends paid	-19,012	-25,287
Interest paid	-6,494	-1,264
Other payments related to financing activities	-1	0
Cash used in financing activities	-41,423	-42,467
Net cash flow	-9,239	4,143
Cash and cash equivalents at beginning of period	26,043	21,900
Change in cash and cash equivalents	-9,239	4,143
Cash and cash equivalents at end of period	16,804	26,043

Statement of changes in equity

<i>In thousands of euros</i>	Share capital	Share premium	Statutory capital reserve	Retained earnings/ accumulated losses	Total equity
Equity at 31 December 2022	263,000	44,478	22,115	1,451	331,044
Profit for the period	0	0	0	8,922	8,922
Total comprehensive income for the period	0	0	0	8,922	8,922
Dividend declared	0	0	0	-19,199	-19,199
Total transactions with owners	0	0	0	-19,199	-19,199
Increase of capital reserve	0	0	743	-743	0
Equity at 31 December 2023	263,000	44,478	22,858	-9,569	320,767
Carrying amount of interests under control and significant influence	0	0	0	-5,774	-5,744
Value of interests under control and significant influence under the equity method	0	0	0	62,666	62,666
Adjusted unconsolidated equity at 31 December 2023	263,000	44,478	22,858	47,323	377,659

<i>In thousands of euros</i>	Share capital	Share premium	Statutory capital reserve	Retained earnings/ accumulated losses	Total equity
Equity at 31 December 2021	263,000	44,478	21,271	12,948	341,697
Profit for the period	0	0	0	14,857	14,857
Total comprehensive income for the period	0	0	0	14,857	14,857
Dividend declared	0	0	0	-25,511	-25,511
Total transactions with owners	0	0	0	-25,511	-25,511
Increase of capital reserve	0	0	844	-844	0
Other adjustments	0	0	0	1	1
Equity at 31 December 2022	263,000	44,478	22,115	1,451	331,044
Carrying amount of interests under control and significant influence	0	0	0	-5,774	-5,774
Value of interests under control and significant influence under the equity method	0	0	0	55,706	55,706
Adjusted unconsolidated equity at 31 December 2022	263,000	44,478	22,115	51,383	380,976

In accordance with the Estonian Accounting Act, adjusted unconsolidated retained earnings represent the amount that is available for distribution to shareholders.

Note 30. Events after the reporting period

On 19 January 2024, the Harju County Court initiated reorganisation proceedings for MPG AgroProduction OÜ and appointed a reorganisation advisor based on the reorganisation application submitted by MPG AgroProduction OÜ. The court merged the reorganisation proceedings with the bankruptcy proceedings initiated by AS Tallinna Sadam against MPG AgroProduction OÜ, combining the two cases into one. The reorganisation advisor must submit the reorganisation plan to the court on 19 March 2024 at the latest. The bankruptcy proceedings remain suspended until the reorganisation plan is approved or the reorganisation proceedings are completed.

The bankruptcy proceedings were initiated on 28 November 2023 based on the bankruptcy petition submitted by AS Tallinna Sadam as MPG AgroProduction OÜ had not fulfilled its contractual obligations for a long time. The claims of AS Tallinna Sadam total EUR 3.0 million and consist mainly of overdue payments for the rights of superficies, which had been written down as at the end of the reporting period. In addition, AS Tallinn Sadam has requested that the right of superficies be registered in its name.

On 9 February 2024, the Tallinn Circuit Court decided to dismiss the appeal of the bankruptcy trustee of AS Saaremaa Laevakompanii (bankrupt) and Väinamere Liinid OÜ and not to overturn the decision of the Harju County Court of 31 March 2023, i.e. the statement of claim submitted on 28 March 2019 by AS Saaremaa Laevakompanii (bankrupt) and Väinamere Liinid OÜ against OÜ TS Laevad and OÜ TS Shipping, subsidiaries of AS Tallinna Sadam, was dismissed.

Management's Confirmation

The management board has prepared the management report, the remuneration report and the consolidated financial statements of AS Tallinna Sadam as at and for the year ended 31 December 2023.

The management board confirms that the Group's management report and the Parent company's remuneration report set out on pages 5 to 75 provide a true and fair view of the Group's business operations, performance and significant events in the reporting period.

The management board confirms that the Group's consolidated financial statements set out on pages 76 to 149 are correct and complete and that:

1. the consolidated financial statements have been prepared in accordance with the Estonian Accounting Act and International Financial Reporting Standards as adopted by the European Union (IFRS EU);
2. the consolidated financial statements give a true and fair view of the financial position, cash flows and financial performance of the Group;
3. all significant events that occurred until the date on which the financial statements were approved and signed by the management board (18 March 2024) have been properly recognised and disclosed in the consolidated financial statements; and
4. AS Tallinna Sadam and its subsidiaries are going concerns.

18 March 2024

/Signed digitally/

VALDO KALM
Chairman of the Management Board

/Signed digitally/

ANDRUS AIT
Member of the Management Board

/Signed digitally/

MARGUS VIHMAN
Member of the Management Board

Independent Auditor's Report



Sõltumatu vandeaudiitori aruanne

aktsiaseltsi TALLINNA SADAM aktsionäridele

Aruanne konsolideeritud raamatupidamise aastaaruande auditi kohta

Meie arvamus

Meie arvates kajastab konsolideeritud raamatupidamise aastaaruanne kõigis olulistes osades õiglaselt aktsiaseltsi TALLINNA SADAM (*Ettevõtte*) ja selle tütarettevõtete (koos *Kontsern*) konsolideeritud finantsseisundit seisuga 31. detsember 2023 ning sellel kuupäeval lõppenud majandusaasta konsolideeritud finantstulemust ja konsolideeritud rahavoogusid kooskõlas rahvusvaheliste finantsaruandluse standarditega, nagu need on vastu võetud Euroopa Liidu poolt.

Meie auditi arvamus on kooskõlas auditikomiteele 18. märts 2024 esitatud täiendava aruandega.

Mida me auditeerisime

Kontserni konsolideeritud raamatupidamise aastaaruanne sisaldab:

- konsolideeritud finantsseisundi aruannet seisuga 31. detsember 2023;
- konsolideeritud koondkasumiaruannet eeltoodud kuupäeval lõppenud majandusaasta kohta;
- konsolideeritud rahavoogude aruannet eeltoodud kuupäeval lõppenud majandusaasta kohta;
- konsolideeritud omakapitali muutuste aruannet eeltoodud kuupäeval lõppenud majandusaasta kohta; ja
- konsolideeritud raamatupidamise aastaaruande lisa, mis sisaldavad olulist teavet arvestuspõhimõtete kohta ja muud selgitavat infot.

Arvamuse alus

Viisime auditi läbi kooskõlas rahvusvaheliste auditeerimisstandarditega (ISA-d). Meie kohustused vastavalt nendele standarditele on täiendavalt kirjeldatud meie aruande osas „Audiitori kohustused seoses konsolideeritud raamatupidamise aastaaruande auditiga“.

Usume, et kogutud auditi tõendusmaterjal on piisav ja asjakohane meie arvamuse avaldamiseks.

Sõltumatus

Oleme Kontsernist sõltumatud kooskõlas Rahvusvahelise Arvestusekspertide Eetikakoodeksi Nõukogu (IESBA) poolt välja antud kutseliste arvestusekspertide rahvusvahelise eetikakoodeksiga (sealhulgas rahvusvahelised sõltumatuse standardid) (IESBA koodeks). Oleme täitnud oma muud eetikaalased kohustused vastavalt IESBA koodeksile.

AS PricewaterhouseCoopers

Tatari 1, 10116 Tallinn; tegevusluba nr 6; registrikood: 10142876

T: 614 1800, www.pwc.ee

Käesolevat sõltumatu vandeaudiitori aruannet tuleb kasutada koos Euroopa ühtse elektroonilise aruandlusvormingu (ESEF) dokumendiga, mis on esitatud masinloetavas .html formaadis Nasdaq Tallinna börsile (Link: <https://nasdaqbaltic.com/statistics/en/instrument/EE3100021635/reports?date=2024-03-21>).

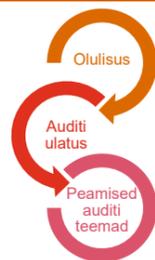


Oma parima teadmise ja veendumuse kohaselt kinnitame, et meie poolt Ettevõttele ja selle tütarettevõtetele osutatud auditivälised teenused on olnud kooskõlas Eesti Vabariigi kehtivate seaduste ja regulatsioonidega ning et me ei ole osutanud auditiväliseid teenuseid, mis on keelatud Eesti Vabariigi audiitoritegevuse seaduse §-i 59¹ poolt.

Meie poolt perioodi 1. jaanuar 2023 - 31. detsember 2023 jooksul Ettevõttele ja selle tütarettevõtetele osutatud auditivälised teenused on avalikustatud tegevusaruandes.

Ülevaade meie auditist

Kokkuvõte



- Kontserni auditi olulisus on 943 tuhat eurot, mis on määratud kui 5% kontserni maksueelsest kasumist.
- PwC viis nii Ettevõttes kui ka tütarettevõtetes läbi täieliku auditi.
- Kontserni omanduses olevate kinnisvaraobjektide kasutamise ja liigitamise määramine materiaalseks põhivaraks või kinnisvarainvesteeringuks.

Oma auditi kujundamisel määrasime me olulisuse ja hindasime olulise väärkajastamise riske konsolideeritud raamatupidamise aastaaruandes. Erilist tähelepanu pöörasime valdkondadele, kus juhatus on kasutanud subjektiivseid hinnanguid, näiteks oluliste raamatupidamislike hinnangute puhul, mis tuginesid eeldustele ja tulevikusündmustele, mis on oma olemuselt ebakindlad. Nagu kõikides oma auditites, tegelesime riskiga, et juhtkond eirab sisekontrollisüsteemi, hinnates muu hulgas seda, kas on asjaolusid, mis viitavad pettusest tuleneda võivale olulise väärkajastamise riskile.

Olulisus

Meie auditi ulatust mõjutas meie poolt määratud olulisus. Auditi eesmärgiks on omandada põhjendatud kindlustunne selle kohta, et konsolideeritud raamatupidamise aastaaruanne ei sisalda olulisi väärkajastamisi. Väärkajastamised võivad tuleneda pettusest või veast. Neid loetakse oluliseks siis, kui võib põhjendatult eeldada, et need võivad kas üksikult või koos mõjutada kasutajate poolt konsolideeritud raamatupidamise aastaaruande alusel tehtavaid majanduslikke otsuseid.

Tuginedes oma professionaalsele hinnangule määrasime olulisusele, sealhulgas konsolideeritud raamatupidamise aastaaruande kui terviku olulisusele, teatud numbrilised piirmäärad, mis on toodud alljärgnevas tabelis. Need numbrilised piirmäärad koos kvalitatiivsete kaalutlustega aitasid meil määrata meie auditi ulatust ja meie auditiprotseduuride olemust, ajastust ja mahtu ning hinnata väärkajastamise mõju konsolideeritud raamatupidamise aastaaruandele kui tervikule nii eraldiseisvalt kui summeerituna.

Käesolevat sõltumatut vandeauditori aruannet tuleb kasutada koos Euroopa ühtse elektroonilise aruandlusvormingu (ESEF) dokumendiga, mis on esitatud masinloetavas .xhtml formaadis Nasdaq Tallinna börsile (Link: <https://nasdaqbaltic.com/statistics/et/instrument/EE3100021635/reports?date=2024-03-21>).



Kontserni auditi olulisus	943 tuhat eurot
Kuidas me selle määrasime	5% Kontserni konsolideeritud maksueelsest kasumist
Rakendatud olulisuse kriteeriumi põhjendus	Arvutasime olulisuse lähtudes maksueelsest kasumist, kuna peame seda peamiseks tulemusnäitajaks, mis määrab Kontserni väärtuse ning mida jälgivad Kontserni juhtkond, investoriid, analüütikud ja võlausaldajad.

Peamised auditi teemad

Peamised auditi teemad on valdkonnad, mis olid meie professionaalse hinnangu kohaselt käesoleva perioodi konsolideeritud raamatupidamise aastaaruande auditis kõige olulisemad. Neid valdkondi käsitleti konsolideeritud raamatupidamise aastaaruande kui terviku auditeerimise ja sellele arvamuse avaldamise kontekstis ning me ei avalda nende valdkondade kohta eraldi arvamust.

Peamine auditi teema	Kuidas me tegelesime peamise auditi teemaga oma auditis
Kontserni omanduses olevate kinnisvaraobjektide kasutamise ja liigitamise määramine materiaalseks põhivaraks või kinnisvarainvesteeringuks	<p>Oleme hinnanud kinnisvara liigitamise asjakohasust materiaalsete põhivarade ja kinnisvarainvesteeringute vahel, võttes arvesse juhtkonna poolt tuvastatud iga kinnisvaraobjekti spetsiifikat, viies läbi järgmised auditiprotseduurid:</p> <ul style="list-style-type: none"> • Intervjuude läbiviimine saamaks ülevaadet Kontserni poolt omatavatest kinnisvaraobjektidest, nende praegusest ja planeeritavatest kasutuseesmärkidest tulevikus ning väljarenditavate kinnisvaraobjektide rendilepingutes toodud tingimustest. • Kontserni poolt osaliselt enda tarbeks ja üüri teenimise või kapitali hinna kasvatamise eesmärgil hoitavate kinnisvaraobjektide osas analüüsisime lepingutes toodud tingimusi ja muud saadaolevat asjakohast teavet kinnisvaraobjektide kohta, nagu: <ul style="list-style-type: none"> • Väljarenditud kinnisvaraobjektide puhul tutvusime üürihinnaga sõlmitud koostöölepingutega ning hindasime Kontserni poolt üürihinnale pakutavate põhitegevuse teenuste olulisust. • Kinnisvaraobjektide puhul, mis ei olnud otseses kasutuses Kontserni põhitegevuse ülesannete täitmiseks
Kontserni kuuluvad Eesti suurimad kauba- ja reisiasadamate kompleksid. Materiaalne põhivara oma bilansilises maksumuses 545 271 tuhat eurot moodustab 90% Kontserni varadest seisuga 31. detsember 2023.	
Materiaalse põhivara ja kinnisvarainvesteeringute arvestuspõhimõtted on kirjeldatud raamatupidamise aastaaruande lisan 2.	
Juhtkonna poolt materiaalse põhivara ja kinnisvarainvesteeringu liigituse määramisel kasutatud olulisi hinnanguid on kirjeldatud raamatupidamise aastaaruande lisan 5.	
Kontserni omab suurt hulka erinevat tüüpi kinnisvaraobjekte erinevatel eesmärkidel. Konkreetsete kinnisvaraobjektide kasutamise ning materiaalse põhivara või kinnisvarainvesteeringu vahelise liigituse õige määramine on keeruline ülesanne. Pärast põhjalikku analüüsi on Kontserni juhtkond osa kinnisvaraobjektide ümber klassifitseerinud kinnisvarainvesteeringuteks.	

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Eeltoodust tulenevalt on seda valdkonda peetud peamiseks audit teemaks.

ega infrastruktuuri objektina, hindasime juhtkonna poolt koostatud analüüsi, et tuvastada kas vastavad kinnisvara objektid vastavad kinnisvarainvesteeringuna kajastamise nõuetele.

Viisime kokku raamatupidamise aastaaruandes kirjeldatud eelmiste perioodide vigade korrigeerimise ülaltoodud protseduuride tulemusega ja hindasime Kontserni poolt võrdlusperioodil kinnisvarainvesteeringuna määratletud kinnisvara kohta avaldatud informatsiooni.

Hindasime avalikustatud informatsiooni materiaalse põhivara ja kinnisvarainvesteeringuna klassifitseeritavate kinnisvaraobjektide kohta rakendatud oluliste hinnangute osas.

Kuidas me kujundasime oma auditi ulatuse

Kujundasime oma auditi ulatuse eesmärgiga teha piisavalt tööd, võimaldamaks meil avaldada arvamust konsolideeritud raamatupidamise aastaaruande kui terviku kohta, võttes arvesse Kontserni struktuuri, raamatupidamisprotsesse ja kontrollprotseduure, ning tegevusvaldkonda, milles Kontsern tegutseb.

Kontsernil on kaks tütarettevõtet, mis on avalikustatud raamatupidamise aastaaruande lisa 1. Tegime Ettevõttes ja mõlemas tütarettevõttes täieliku auditi.

Muu informatsiooni, sealhulgas tegevusaruande, aruandlus

Juhatus vastutab muu informatsiooni eest. Muu informatsioon hõlmab tegevusaruannet, tasustamisaruannet, (kuid ei hõlma konsolideeritud raamatupidamise aastaaruannet ega meie vandeaudiitori aruannet).

Meie arvamus konsolideeritud raamatupidamise aastaaruande kohta ei hõlma muud informatsiooni, sealhulgas tegevusaruannet.

Konsolideeritud raamatupidamise aastaaruande auditeerimise käigus on meie kohustus lugeda muud informatsiooni ja kaaluda seda tehes, kas muu informatsioon sisaldab olulisi vasturääkivusi konsolideeritud raamatupidamise aruandega või meie poolt auditi käigus saadud teadmistega või tundub muul viisil olevat oluliselt väärkajastatud.

Tegevusaruande osas teostasime ka Eesti Vabariigi audiitoritegevuse seaduses sätestatud protseduurid. Nimetatud protseduuride hulka kuulub kontroll, kas tegevusaruanne on olulises osas kooskõlas konsolideeritud raamatupidamise aastaaruandega ning on koostatud Eesti Vabariigi raamatupidamise seaduse nõuete kohaselt.

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Vastavalt Eesti Vabariigi väärtpaberituru seadusele tasustamisaruande osas on meie kohustus kontrollida, kas tasustamisaruanne sisaldab Eesti Vabariigi väärtpaberituru seaduse § 135³ lg 3 nõuetele vastavat informatsiooni.

Tuginedes auditi käigus tehtud töödele, on meie arvates:

- tegevusaruandes toodud informatsioon olulises osas kooskõlas konsolideeritud raamatupidamise aastaaruandega selle aasta osas, mille kohta konsolideeritud raamatupidamise aastaaruanne on koostatud;
- tegevusaruanne koostatud Eesti Vabariigi raamatupidamise seaduse nõuete kohaselt; ja
- tasustamisaruanne koostatud vastavalt Eesti Vabariigi väärtpaberituru seaduse §-le 135³ lg 3.

Pidades silmas auditi käigus saadud teadmisi ja arusaamu Kontsernist ja selle keskkonnast, oleme lisaks kohustatud avaldama, kui oleme tuvastanud olulisi väärkajastamisi tegevusaruandes ja muus informatsioonis, millest saime teadlikuks enne käesoleva audiitori aruande kuupäeva. Meil ei ole sellega seoses midagi välja tuua.

Juhatus ja nende, kelle ülesandeks on Kontserni valitsemine, kohustused seoses konsolideeritud raamatupidamise aastaaruandega

Juhatus vastutab konsolideeritud raamatupidamise aastaaruande koostamise ja õiglase esitamise eest kooskõlas rahvusvaheliste finantsaruandluse standarditega, nagu need on vastu võetud Euroopa Liidu poolt, ja sellise sisekontrollisüsteemi rakendamise eest, nagu juhatus peab vajalikuks, võimaldamaks pettusest või veast tulenevate oluliste väärkajastamisteta konsolideeritud raamatupidamise aastaaruande koostamist.

Konsolideeritud raamatupidamise aastaaruande koostamisel on juhatus kohustatud hindama Kontserni jätkusuutlikkust, avalikustama vajadusel infot tegevuse jätkuvusega seotud asjaolude kohta ja kasutama tegevuse jätkuvuse printsiipi, välja arvatud juhul, kui juhatus kavatseb Kontserni likvideerida või tegevuse lõpetada või tal puudub realistlik alternatiiv eelnimetatud tegevustele.

Need, kelle ülesandeks on valitsemine, vastutavad Kontserni finantsaruandlusprotsessi üle järelevalve teostamise eest.

Audiitori kohustused seoses konsolideeritud raamatupidamise aastaaruande auditiga

Meie eesmärk on saada põhjendatud kindlus selle kohta, kas konsolideeritud raamatupidamise aastaaruanne tervikuna on pettusest või veast tulenevate oluliste väärkajastamisteta, ja anda välja audiitori aruanne, mis sisaldab meie arvamust. Kuigi põhjendatud kindlus on kõrgetasemeline kindlus, ei anna ISA-dega kooskõlas läbiviidud audit garantiid, et oluline väärkajastamine alati avastatakse. Väärkajastamised võivad tuleneda pettusest või veast ja neid peetakse oluliseks siis, kui võib põhjendatult eeldada, et need võivad kas üksikult või koos mõjutada kasutajate poolt konsolideeritud raamatupidamise aastaaruande alusel tehtavaid majanduslikke otsuseid.

Kooskõlas ISA-dega läbiviidud auditi käigus kasutame me kutsealast otsustust ja säilitame kutsealase skeptitsismi. Samuti me:

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- tuvastame ja hindame riske, et konsolideeritud raamatupidamise aastaaruandes võib olla olulisi väärkajastamisi tulenevalt pettusest või veast, kavandame ja teostame auditiprotseduuri vastavalt tuvastatud riskidele ning kogume piisava ja asjakohase auditi tõendusmaterjali meie arvamuse avaldamiseks. Pettusest tuleneva olulise väärkajastamise mitteavastamise risk on suurem kui veast tuleneva väärkajastamise puhul, sest pettus võib tähendada varjatud kokkuleppeid, võltsimist, tahtlikku tegevusetust, vääresitiste tegemist või sisekontrollisüsteemi eiramist;
- omandame arusaama auditi kontekstis asjakohasest sisekontrollisüsteemist, selleks, et kujundada auditiprotseduuri sobivalt antud olukorrale, kuid mitte selleks, et avaldada arvamust Kontserni sisekontrollisüsteemi tõhususe kohta;
- hindame kasutatud arvestuspõhimõtete asjakohasust ning juhatuse poolt tehtud raamatupidamislike hinnangute ja nende kohta avalikustatud info põhjendatust;
- otsustame, kas juhatuse poolt kasutatud tegevuse jätkuvuse printsiip on asjakohane ning kas kogutud auditi tõendusmaterjali põhjal on olulist ebakindlust põhjustavaid sündmusi või tingimusi, mis võivad tekitada märkimisväärset kahtlust Kontserni jätkusuutlikkuses. Kui me järeldame, et eksisteerib oluline ebakindlus, oleme kohustatud oma audiitori aruandes juhtima tähelepanu infole, mis on selle kohta avalikustatud konsolideeritud raamatupidamise aastaaruandes, või kui avalikustatud info on ebapiisav, siis modifitseerima oma arvamust. Meie järeldused tuginevad audiitori aruande kuupäevani kogutud auditi tõendusmaterjalil. Tulevased sündmused või tingimused võivad siiski põhjustada Kontserni tegevuse jätkumise lõppemist;
- hindame konsolideeritud raamatupidamise aastaaruande üldist esitusviisi, struktuuri ja sisu, sealhulgas avalikustatud informatsiooni, ning seda, kas konsolideeritud raamatupidamise aastaaruanne esitab toimunud tehinguid ja sündmusi viisil, millega saavutatakse õiglane esitusviis;
- hangime piisava asjakohase tõendusmaterjali Kontserni kuuluvate majandusüksuste või äritegevuste finantsinformatsiooni kohta, avaldamaks arvamust konsolideeritud raamatupidamise aastaaruande kui terviku kohta. Me vastutame Kontserni auditi juhtimise, järelevalve ja läbiviimise eest ja oleme ainuvastutavad oma auditiarvamuse eest.

Me vahetame infot nendega, kelle ülesandeks on Kontserni valitsemine, muu hulgas auditi planeeritud ulatuse ja ajastuse ning oluliste auditi tähelepanekute kohta, sealhulgas auditi käigus tuvastatud oluliste sisekontrollisüsteemi puuduste kohta.

Samuti kinnitame neile, kelle ülesandeks on valitsemine, et oleme järginud sõltumatust puudutavaid eetikanõudeid ning edastame neile info kõikide suhete ja muude asjaolude kohta, mis võivad tekitada põhjendatud kahtlust meie sõltumatuse riivamise kohta, ja vajadusel ohtude kõrvaldamiseks rakendatud meetmete või kaitsemehhanismide kohta.

Neile, kelle ülesandeks on valitsemine, edastatud auditiga seotud teemade seast valime välja need teemad, mis olid käesoleva perioodi konsolideeritud raamatupidamise aastaaruande auditi kontekstis kõige olulisemad ja on seega peamised auditi teemad. Me kirjeldame neid teemasid audiitori aruandes, välja arvatud juhul, kui seaduse või regulatsiooni kohaselt on keelatud antud teema kohta infot avalikustada või kui me äärmiselt erandlikel juhtudel otsustame, et antud teema kohta ei peaks meie aruandes infot esitama, kuna võib põhjendatult eeldada, et antud info esitamisega kaasnevad kahjulikud tagajärjed ületavad avaliku huvi rahuldamisest saadava kasu.

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Aruanne muude seadustest ja regulatsioonidest tulenevate nõuete kohta

Aruanne konsolideeritud raamatupidamise aastaaruande esitusviisi vastavuse kohta Euroopa ühtse elektroonilise aruandlusvormingu (ESEF) nõuetele

Meid on tellitud lepingu alusel Ettevõtte juhatuse poolt läbi viima põhjendatud kindlustandvat töövõttu, et kontrollida aktsiaseltsi TALLINNA SADAM 31. detsembril 2023 lõppenud majandusaasta konsolideeritud raamatupidamise aastaaruande esitusviisi vastavust kohaldatavatele nõuetele ("Konsolideeritud raamatupidamise aastaaruande esitusviis").

Käsitleva küsimuse kirjeldus ja kohaldatavad kriteeriumid

Ettevõtte juhatus on rakendanud konsolideeritud raamatupidamise aastaaruande esitusviisi, et vastata artiklite 3 ja 4 nõuetele, mis on KOMISJONI DELEGEERITUD MÄÄRUSES (EL) 2018/815, 17. detsember 2018, millega täiendatakse Euroopa Parlamendi ja nõukogu direktiivi 2004/109/EÜ seoses regulatiivsete tehniliste standarditega, millega määratakse kindlaks ühtne elektrooniline aruandlusvorming (ESEF-i määrus). Kohaldatavad nõuded konsolideeritud raamatupidamise aastaaruande esitusviisi kohta on sätestatud ESEF-i määruses.

Eelmises lauses kirjeldatud nõuded määravad aluse konsolideeritud raamatupidamise aastaaruande esitusviisi kohaldamiseks ja on meie hinnangul asjakohane kriteerium meie põhjendatud kindlustandva kokkuvõtte koostamiseks.

Juhatus ja nende, kelle ülesandeks on Kontserni valitsemine, kohustused

Ettevõtte juhatus vastutab selle eest, et konsolideeritud raamatupidamise aastaaruande esitusviis vastaks ESEF-i määruse nõuetele.

See kohustab juhatust valima ja rakendama sobivaid märgistusi iXBRL-märgistuskeeles ESEF taksonoomia baasil ning looma, rakendama ning hoidma sisekontrolle, mis on asjakohased konsolideeritud raamatupidamise aastaaruande esitusviisi koostamiseks, mis ei sisalda olulisi väärkajastamisi ESEF-i määruse nõuetele.

Need, kelle ülesandeks on valitsemine, vastutavad finantsaruandluse protsessi järelevalve eest, mille all tuleb mõista ka konsolideeritud finantsaruannete koostamist vastavalt ESEF-i määrusest tulenevale vormingule.

Meie kohustused

Meie kohustuseks on avaldada sõltumatu vandeaudiitori põhjendatud kindlustandev kokkuvõte, kas konsolideeritud raamatupidamise aastaaruande esitusviis vastab kõigis olulistest aspektides ESEF-i määrusele.

Viisime oma töövõtu läbi kooskõlas rahvusvahelise kindlustandvate töövõtude standardiga (Eesti) 3000 (muudetud) "Kindlustandvad töövõttud, mis on muud kui möödunud perioodide finantsinformatsiooni auditid või ülevaatused" (ISAE (EE) 3000 (muudetud)) põhjendatud kindlustandva töövõtuna. See standard nõuab, et me oleme vastavuses eetikanõuetega ning et me planeerime ja viime kindlustandva töövõtu läbi, omandamaks põhjendatud kindlustunnet, kas konsolideeritud raamatupidamise aastaaruande esitusviis vastab kõigis olulistest aspektides kohaldatavatele nõuetele.

Käesolevat sõltumatu vandeaudiitori aruannet tuleb kasutada koos Euroopa ühtse elektroonilise aruandlusvormingu (ESEF) dokumendiga, mis on esitatud masinloetavas .xhtml formaadis Nasdaq Tallinna börsile (Link: <https://nasdaqbaltic.com/statistics/instrument/EE310021635/reports?date=2024-03-21>).



Kuigi põhjendatud kindlustunne on kõrgetasemeline kindlus, ei anna ISAE (EE) 3000 (muudetud) standardiga kooskõlas läbiviidud töövõtt garantiid, et oluline väärkajastamine alati avastatakse (oluline nõuetele mittevastavus).

Kvaliteedijuhtimise nõuded ja kutse-eesitika

Me rakendame Rahvusvahelist kvaliteedijuhtimise standardit (Eesti) 1 (täiendatud), mis nõuab ettevõtetelt sellise kvaliteedijuhtimisesüsteemi väljatöötamist, juurutamist ja rakendamist, mis sisaldab eetikanõuete, kutsestandardite ja rakendatavatest seadustest ja regulatsioonidest tulenevate nõuete poliitika ja protseduure.

Me oleme vastavuses Rahvusvahelise Arvestusekspertide Eetikakoodeksi Nõukogu (IESBA) poolt välja antud kutseliste arvestusekspertide rahvusvahelise eetikakoodeksi (sealhulgas rahvusvahelised sõltumatuse standardid) (IESBA koodeks) sõltumatuse ja muude eetikanõuetega. Eetikakoodeks põhineb järgmistel aluspõhimõtetel: ausus, objektiivsus, kutsealane kompetentsus ja nõutav hoolsus, konfidentsiaalsus ja kutsealane käitumine.

Läbiviidud protseduuride kokkuvõte

Meie planeeritud ja läbiviidud protseduuride eesmärgiks oli saada põhjendatud kindlust, kas konsolideeritud raamatupidamise aastaaruande esitusviis on vastavuses, kõigis olulistest aspektides, kohaldatavate nõuetega ja selline vastavus ei sisalda olulisi vigu ega väljajätmissi. Meie protseduurid hõlmasid eelkõige järgmist:

- arusaamise loomine sisekontrollisüsteemist ja protsessidest, mis on olulised konsolideeritud raamatupidamise aastaaruande elektroonilise aruandlusvormingu rakendamisel, sealhulgas konsolideeritud raamatupidamise aastaaruande XHTML-vormingus koostamisel ja märgistuskeele kasutamisel;
- kontrollimine, kas XHTML-vormingut rakendati õigesti;
- konsolideeritud raamatupidamise aastaaruande märgistamise täielikkuse hindamine iXBRL-märgistuskeele abil vastavalt ESEF-i määruses kirjeldatud elektroonilise aruandlusvormingu rakendamise nõuetele;
- Kontserni ESEF-i taksonoomiast valitud XBRL-märgistuste kasutamise, ja kui ESEF-i taksonoomiast pole sobiv taksonoomiaelement leitud, laiendussiltide loomise asjakohasuse hindamine; ja
- ESEF-i taksonoomia laienduselementide ankurdamise asjakohasuse hindamine.

Usume, et kogutud tõendusmaterjal on piisav ja asjakohane meie kokkuvõtte avaldamiseks.

Kokkuvõte

Meie arvates, tuginedes käesolevas aruandes kirjeldatud protseduuridele, vastab konsolideeritud raamatupidamise aastaaruanne kõigis olulistest aspektides ESEF-i määrusele.



Audiitoriks määramine ja audiitorteenuse osutamise periood

Meid määrati esmakordselt aktsiaseltsi TALLINNA SADAM kui avaliku huvi üksuse audiitoriks 25. aprillil 2023, 31. detsembril 2023 lõppenud majandusaasta suhtes. Vastavalt Eesti Vabariigi audiitortegevuse seadusele ja Euroopa Liidu määrusele 537/2014 on võimalik meie volitusi aktsiaseltsi TALLINNA SADAM audiitorina pikendada kuni 31. detsembril 2042 lõppeva majandusaastani.

AS PricewaterhouseCoopers

Lauri Past
Vastutav vandeaudiitor, litsents nr 567

Kristiina Veermäe
Vandeaudiitor, litsents nr 596

18. märts 2024
Tallinn, Eesti

Statement of the Supervisory Board

The supervisory board of AS Tallinna Sadam has approved the group annual report of AS Tallinna Sadam as at and for the year ended 31 December 2023, which consists of the management report, remuneration report, the financial statements and the accompanying independent auditor's report.

27 March 2024

/Signed digitally/

RIHO UNT

/Signed digitally/

MAREK HELM

/Signed digitally/

MAARIKA HONKONEN

/Signed digitally/

KAUR KAJAK

/Signed digitally/

RISTO MÄEOTS

/Signed digitally/

AIN TATTER

/Signed digitally/

VEIKO SEPP

Profit Allocation Proposal

At 31 December 2023, the Group's retained earnings amounted to EUR 47,323,521, including profit for the period of EUR 15,882,328. Based on the above and the dividend policy approved by the general meeting, the management board proposes that the Group distribute a dividend of EUR 0.073 per share, i.e. EUR 19,199,000 in total.

Based on section 332 of the Commercial Code of Estonia, the management board proposes that the retained earnings for the year ended 31 December 2023 be allocated as follows:

Dividend distribution	EUR 19,199,000
Transfer to statutory capital reserve	EUR 446,084
Retained earnings after allocations	EUR 27,678,437

/Signed digitally/

VALDO KALM
Chairman of the Management Board

/Signed digitally/

ANDRUS AIT
Member of the Management Board

/Signed digitally/

MARGUS VIHMAN
Member of the Management Board