



**Unaudited Interim Condensed
Consolidated Report
for the 12 Months
ended 31 December 2023**

AS Tallinna Sadam

PORT OF  TALLINN

AS TALLINNA SADAM**UNAUDITED INTERIM CONDENSED CONSOLIDATED REPORT
FOR THE 12 MONTHS ENDED 31 DECEMBER 2023**

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MANAGEMENT REPORT

In 2023, the operating results of Tallinna Sadam were affected by the continued decline in cargo throughput, resulting from both the Russia-Ukraine war and the general economic recession. The number of regular route passengers grew, but the number of cruise ship calls fell, because the attractiveness of the region has declined due to geopolitical risk and growth in costs resulting from environmental requirements. As revenue declined and personnel expenses and other expenses increased, both operating profit and adjusted EBITDA decreased. Higher interest rates pushed up interest expense despite the decrease in the debt burden. As a result, net profit declined more than operating profit and EBITDA.

KEY PERFORMANCE INDICATORS OF THE GROUP

Indicator	Unit	12 months 2023	12 months 2022	Difference	Change %	Q4 2023	Q4 2022	Difference	Change %
Revenue	EUR '000	116,646	121,703	-5,057	-4.2%	28,030	28,243	-213	-0.8%
Operating profit	EUR '000	24,630	30,787	-6,157	-20.0%	4,627	2,615	2,012	76.9%
Adjusted EBITDA ¹	EUR '000	49,170	55,817	-6,647	-11.9%	10,374	8,941	1,433	16.0%
Depreciation, amortisation and impairment	EUR '000	-25,389	-25,312	-77	0.3%	-6,033	-6,609	576	-8.7%
Income tax	EUR '000	-2,985	-4,193	1,208	-28.8%	0	-82	82	-100%
Profit for the period	EUR '000	15,882	25,592	-9,710	-37.9%	2,854	1,631	1,223	75.0%
Investment	EUR '000	20,727	13,856	6,871	49.6%	9,828	1,432	8,396	586.3%
Number of employees (average)		461	468	-7	-1.5%	442	463	-21	-4.5%
Cargo volume	t '000	12,586	17,761	-5,175	-29.1%	3,052	3,874	-822	-21.2%
Number of passengers	'000	7,918	7,027	891	12.7%	1,771	1,690	81	4.8%
Number of vessel calls		7,026	7,130	-104	-1.5%	1,693	1,600	93	5.8%
Total assets at period-end	EUR '000	606,164	621,229	-15,065	-2.4%	606,164	621,229	-15,065	-2.4%
Net debt ² at period-end	EUR '000	141,749	143,011	-1,262	-0.9%	141,749	143,011	-1,262	-0.9%
Equity at period-end	EUR '000	377,659	380,976	-3,317	-0.9%	377,659	380,976	-3,317	-0.9%
Number of shares at period-end	'000	263,000	263,000	0	0.0%	263,000	263,000	0	0.0%
Operating profit/revenue		21.1%	25.3%			16.5%	9.3%		
Adjusted EBITDA/revenue		42.2%	45.9%			37.0%	31.7%		
Profit for the period/revenue		13.6%	21.0%			10.2%	5.8%		
EPS: Profit for the period/average number of shares	EUR	0.06	0.10	-0.04	-37.9%	0.01	0.01	0.00	75.0%
Equity/number of shares	EUR	1.44	1.45	-0.01	-0.9%	1.44	1.45	-0.01	-0.9%

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 fell mainly due to a smaller number of calls by tankers and cruise ships. In addition, the average GT (gross tonnage) of tankers, used for calculating the main vessel dues, was lower.

¹ Adjusted EBITDA = profit before depreciation, amortisation and impairment losses, finance income and costs (net) and income tax expense, adjusted for amortisation of government grants

² Loans and borrowings less cash and cash equivalents

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 only by 15%. Passenger fees revenue rose by 12% through growth in passenger numbers (+13%), although the number of cruise passengers fell by more than a fifth.

In the fourth quarter of 2023, the number of passengers grew by 5% and the volume of cargo handled decreased by 21.0% year on year. The Group's revenue declined by EUR 0.2 million to EUR 28.0 million (–1%) but profit for the period increased by EUR 1.2 million to EUR 2.9 million (+75%). Profit growth was mainly driven by lower operating expenses, longer charter period of the icebreaker Botnica and a decrease in depreciation, amortisation and impairment. Further profit growth was held back by the increase in finance costs due to an overall rise in interest rates.

OPERATING VOLUMES

	Q4 2023	Q4 2022	Change %	2023	2022	Change %
Cargo volume by cargo type (t '000)	3,052	3,874	–21.2%	12,586	17,761	–29.1%
Ro-ro	1,492	1,654	–9.8%	6,406	6,891	–7.0%
Liquid bulk	400	835	–52.1%	1,698	5,160	–67.1%
Dry bulk	595	765	–22.3%	2,161	2,947	–26.7%
Container cargo	473	472	0.4%	1,878	2,120	–11.4%
Containers in TEUs	58,850	60,664	–3.0%	221,405	267,752	–17.3%
General cargo	91	134	–32.4%	418	611	–31.6%
Non-marine	0	14	–97.1%	24	32	–23.5%
Number of passengers by route ('000)	1,771	1,690	4.8%	7,918	7,027	12.7%
Tallinn–Helsinki	1,596	1,522	4.8%	7,000	6,155	13.7%
Tallinn–Stockholm	125	125	0.3%	537	454	18.3%
Muuga–Vuosaari	38	29	28.5%	170	158	7.8%
Cruise (traditional)	0	2	–100.0%	165	172	–4.3%
Other	12	11	10.4%	45	87	–47.8%
Number of vessel calls by vessel type	1,693	1,600	5.8%	7,026	7,130	–1.5%
Cargo vessels	314	327	–4.0%	1,380	1,458	–5.3%
Passenger vessels (incl. ro-pax)	1,379	1,272	8.4%	5,548	5,493	1.0%
Cruise vessels (traditional)	0	1	–100.0%	98	179	–45.3%
Ferries (Saaremaa and Hiiumaa routes)						
Number of trips	5,085	5,047	0.8%	22,972	22,842	0.6%
Number of passengers ('000)	457	447	2.2%	2,411	2,299	4.9%
Number of vehicles ('000)	231	225	2.7%	1,133	1,097	3.3%
Icebreaker Botnica						
Charter days	62	43	44.2%	231 ³	249	–7.2%
Utility rate (%)	67%	47%	44.2%	63%	68%	–7.2%

³ The number of the third-quarter charter days has been revised downward by 9 days compared to the figure presented in the interim report for 9 months 2023. The third-quarter utility rate was 54% (interim report for 9 months 2023: 64%).

The number of passengers served continued to recover in 2023, growing by 13% to more than 7.9 million, but still remained at 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 was higher and thus, on average, there were more passengers per vessel call. In the fourth quarter, the number of passengers grew by 5% (+0.1 million). Growth was driven by the Tallinn–Helsinki route as an additional vessel was put on it in the fourth quarter.

In 2023, cargo throughput at our harbours dropped by 5.2 million tonnes (–29%) to 12.6 million tonnes. This is the lowest level in recent decades and a result of 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 241 thousand tonnes (–11%), general cargo by 193 thousand tonnes (–32%) and non-marine cargo by 8 thousand tonnes (a year earlier, non-marine cargo totalled less than 32 thousand tonnes).

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 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 the volumes of crude oil and petrol of Russian origin, which were subjected to sanctions. The volume of dry bulk cargo fell primarily due to a lower volume of crushed stone (around –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 was up by 10%. The volume of container cargo decreased by around 0.2 million tonnes (–11%) (in TEUs⁴ –17% to 221 thousand TEUs). General cargo decreased by 0.2 million tonnes (–32%), driven by a drop in pulpwood and steel products.

In the fourth quarter, our harbours handled 3.1 million tonnes of cargo, 0.8 million tonnes (–21%) less than a year earlier. The decline was due to lower volumes of liquid bulk (–0.4 million tonnes, –52%), dry bulk (–0.2 million tonnes, –22%), ro-ro (–0.2 million tonnes, –10%), general (–44 thousand tonnes, –32%) and non-marine cargo (–14 thousand tonnes, –97%). Only container cargo remained at the same level as a year earlier (+2 thousand tonnes; in TEUs –3%).

The ferries operated by OÜ TS Laevad (the Ferry segment) made 22,972 trips between Estonia’s mainland and two largest islands in 2023, 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 were made by a stand-by vessel from June to October to increase service capacity during the summer (2022: 436). The number of trips made in the fourth quarter was 5,085, which is 38 (+0.8%) more than a year earlier.

⁴ 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.

The icebreaker Botnica (the segment Other), which is operated by OÜ TS Shipping, had 231 charter days (contractual working days) in 2023 (2022: 249) as the summer charter period was shorter. In addition to the Baffinland project, where the charter period was shorter than usual (cooperation since 2018), Botnica had two other brief summer charter projects in 2023. The utilisation rate of the vessel was 63% (2022: 68%). In the fourth quarter, the number of charter days was 62 and the utilisation rate was 67% (2022: 43 days and 47%).

REVENUE, EXPENSES AND PROFIT

Tallinna Sadam ended 2023 with consolidated **revenue** of EUR 116.6 million, EUR 5.1 million (–4.2%) less than a year earlier. The decline is mainly attributable to lower revenue from vessel dues, electricity sales and cargo charges. In terms of revenue streams, the strongest rise 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 cargo harbours had a smaller gross tonnage than a year earlier, so the average port dues per tanker also fell significantly. A decrease in the electricity price compared with 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%) through the decrease in cargo throughput 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 as well. 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 growth in revenue from the sale of advertising space in Old City Harbour. Ferry service revenue rose 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.

In the fourth quarter, revenue decreased by 0.8%. The decline in revenue is primarily attributable to lower revenue from electricity sales, cargo charges and vessel dues. Revenue from electricity sales (–32%) declined due to a lower electricity price and a decrease in consumption in the Cargo harbours segment. Cargo charges revenue (–18%) decreased due to a decline in cargo volumes. Vessel dues revenue dropped in the Cargo harbours segment but grew in the Passenger harbours segment. Charter fees revenue grew significantly (+48%).

This was because the number of charter days of the icebreaker Botnica increased and the average charter fee rate per day was higher. Passenger fees revenue grew by 5%, i.e. at a rate similar to the growth in passenger numbers. The strongest growth in the number of passengers was on the Tallinn–Helsinki route due to the introduction of Victoria I on this route in October. Ferry service revenue grew by 2%.

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 to support investments in Old City Harbour and Muuga Harbour. Income from fines and late payment interest rose as well, which is mainly attributable to the initiation of bankruptcy proceedings against MPG AgroProduction OÜ in November 2023. In the fourth quarter, other income grew by EUR 0.7 million through growth in income from late payment interest.

Operating expenses decreased by EUR 0.9 million (–2%), 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 additional summer charter to provide 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 attributable 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 (incl. an insurance indemnity of EUR 0.3 million received in 2022). In addition, critical spare parts were acquired for vessels in the second half of 2023. Repair costs in the Passenger harbours and the Cargo harbours segments decreased. Other operating expenses grew by EUR 1.1 million due to growth in expenses on expected credit losses and higher costs in the segment Other in connection with the summer charter of Botnica. Expected credit losses grew (+EUR 0.6 million) due to the payment difficulties of MPG AgroProduction OÜ. Lease expenses increased (+EUR 0.9 million, +156%) in connection with the need to cover additional costs for the icebreaker Botnica’s participation in 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 and additional expenses related to Botnica’s summer charter in the segment Other, which were slightly offset by lower expenses from the acceptance of ship-generated waste (fewer cruise ship calls).

In the fourth quarter, operating expenses decreased by EUR 1.6 million (–13%). Electricity costs declined by 45% (–EUR 1.3 million) through a lower electricity price and a decrease in consumption. Fuel costs decreased by 14% (–EUR 0.3 million). Less significant decreases were recorded for expenses on the acquisition and maintenance of assets of insignificant value (–EUR 0.2 million), non-current asset maintenance and repair costs (–EUR 0.1 million), heating, water supply and sewerage costs, other operating expenses, advertising expenses and tax expenses. Growth was the largest in expenses on services purchased (+EUR 0.1 million) and consultation and development expenses (+EUR 0.1 million). Expenses on services purchased for infrastructure, insurance and leases also increased.

Personnel expenses grew by EUR 2.0 million (9%) primarily due to an increase in salaries. The increase in personnel expenses was largest in the shipping sector, which is exposed to international competition. 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.

In the fourth quarter, personnel expenses grew by 0.4%. The average number of employees declined by –4.5%, which helped reduce growth in personnel expenses.

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 as from 1 January 2023 consistent with the amendments to the public sector financial accounting and reporting regulation applicable to the Group. Depreciation, amortisation and impairment for the fourth quarter decreased by EUR 0.6 million (–9%). In the fourth quarter of 2022, The Group recognised some one-off write-offs and write-downs of non-current assets of EUR 0.5 million due to the withdrawal from use of some infrastructure facilities.

Other expenses increased by EUR 0.6 million (+132%), because expenses on expected credit losses on receivables related to other income grew. The increase of EUR 0.6 million occurred in the fourth quarter, when the collection of late payment interest charged from MPG AgroProduction OÜ was immediately classified as doubtful.

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. Operating profit for the fourth quarter grew by EUR 2.0 million (+77%) as the decrease in expenses, mainly electricity and fuel costs (–31%) but also depreciation, amortisation and impairment (–9%), exceeded the decrease in revenue (–0.8%).

Adjusted EBITDA decreased by EUR 6.6 million (–12%) to EUR 49.2 million due to a decrease in the Cargo harbours segment (–EUR 5.6 million) and the segment Other (the icebreaker Botnica). The adjusted EBITDA of the Passenger harbours segment increased by EUR 1.0 million due to lower expenses and the adjusted EBITDA of the Ferry segment grew by EUR 0.7 million through revenue growth.

In the Cargo harbours segment, the decrease in adjusted EBITDA resulted from lower revenue, which was offset to some extent by a decrease in expenses. The revenue of the segment Other increased but adjusted EBITDA still declined because expenses grew. The adjusted EBITDA margin declined from 45.9% to 42.2%. Adjusted EBITDA for the fourth quarter increased by EUR 1.4 million (+16%), with the largest contribution from the Ferry segment through growth in vessel calls and passenger numbers and from the segment Other, where Botnica had more charter days in the project in Canada.

Finance costs (net) grew by EUR 4.4 million (+245%) in 2023, mainly through the effect of the overall increase in interest rates. Loans and borrowings decreased by –EUR 15.9 million (–8.5%) year on year. Net finance costs for the fourth quarter increased by EUR 0.9 million (+105%).

Profit before tax was EUR 18.9 million, EUR 10.9 million (–37%) lower than a year earlier. Income tax expense decreased by EUR 1.2 million. In 2023, the Group paid a dividend of EUR 19.2 million (2022: EUR 25.5 million). In the fourth quarter, profit before tax grew by EUR 1.1 million.

The Group's net profit for 2023 amounted to EUR 15.9 million, which is EUR 9.7 million (–38%) less than a year earlier. Fourth-quarter profit was EUR 2.9 million (+EUR 1.2 million, +75%).

INVESTMENTS

In 2023, the Group invested EUR 20.7 million, EUR 6.9 million (+50%) more than a year earlier. Investments in harbour 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 the Ferry segment to EUR 1.1 million.

The largest investment in 2023 was made in launching the 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 of ro-ro traffic, the design and construction of a new workshop and the construction of a sewerage system for the quays. In Old City Harbour, investments were made in the marina quay next to the new tramway and ferry traffic improvement (the ramp of berth 5). Major works on the icebreaker Botnica included dry docking and ice class upgrade. Significant investments in the Ferry segment were the replacement of the cooling systems of the vessels' main engines and acquisition of critical equipment to ensure smooth operation of ferry traffic.

Investments of the fourth quarter amounted to EUR 9.8 million, EUR 8.4 million more than a year earlier. The high volume of investments in the fourth quarter was driven by the construction of the new quay in Paldiski.

SEGMENT REPORTING

In segment terms, revenue grew in 2023 in the Ferry segment and the segment Other, but the growth could not offset the revenue decline in the Passenger harbours and the Cargo harbours segments. In the Passenger harbours segment, revenue decreased by EUR 0.3 million (–1%) and in 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.

In thousands of euros	12 months 2023					12 months 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 for 12 months

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	895	-5,212	800	-2,640	-6,157
Revenue	3.0%	-6.8%	-0.3%	-30.0%	-3.7%

In thousands of euros	Q4 2023					Q4 2022				
	Passenger harbours	Cargo harbours	Ferry	Other	Total	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	8,754	7,991	8,464	2,821	28,030	8,132	9,910	8,302	1,899	28,243
Adjusted EBITDA	4,179	2,242	2,815	1,138	10,374	2,298	3,151	3,035	457	8,941
Operating profit/loss	2,414	298	1,502	413	4,627	242	855	1,633	-115	2,615
Adjusted EBITDA margin	47.7%	28.1%	33.3%	40.3%	37.0%	28.3%	31.8%	36.6%	24.1%	31.7%

Change for Q4

In thousands of euros	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	622	-1,919	162	922	-213
Adjusted EBITDA	1,881	-909	-220	681	1,433
Operating profit	2,172	-557	-131	528	2,012
Revenue	19.4%	-3.7%	-3.3%	16.2%	5.3%

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 accommodated 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. In the fourth quarter, the revenue of the Passenger harbours segment grew by EUR 0.6 million (+8%) due to higher revenue from vessel dues and passenger fees (an additional vessel was put on the Tallinn–Helsinki route) as well as lease income, which offset the decrease in revenue from cargo charges and the sale of other services.

More than a half of the revenue decrease in the **Cargo harbours segment** was related to lower revenue from vessel dues. There were fewer calls by cargo vessels 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 fourth-quarter revenue of the Cargo harbours segment declined by EUR 1.9 million (–19%), because port dues revenue decreased by EUR 1.0 million, electricity sales revenue by EUR 0.6 million and cargo charges revenue by EUR 0.3 million.

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%). Revenue for the fourth quarter grew by EUR 0.2 million (+2%).

The revenue of the **segment Other** increased, although the summer charter of the icebreaker Botnica was shorter than a year earlier. Charter fee revenue for the icebreaking season grew and three summer charter projects increased revenue despite the drop in charter days. The fourth-quarter revenue of the segment grew by EUR 0.9 million (+49%) as the number of charter days increased (+44%). In the fourth quarter, the revenue from Botnica grew due to the increase in average charter fee rate for the non-icebreaking season.

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 outpaced 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 the additional expenses related to the summer charter, while profit from the equity-accounted associate Green Marine decreased.

The fourth-quarter adjusted EBITDA increased in the Passenger harbours segment (+EUR 1.9 million) and the segment Other (+EUR 0.7 million) and decreased in the Cargo harbours segment (–EUR 0.9 million) and the Ferry segment (–EUR 0.2 million). The improvement in adjusted EBITDA of the Passenger harbours segment was supported by revenue growth as well as a decrease in operating and personnel expenses.

Adjusted EBITDA margin decreased from 45.9% to 42.2%, mainly due to a decline in the Cargo harbours segment and the segment Other. Adjusted EBITDA margin for the fourth quarter increased by 5.3 percentage points to 37%. The margin improved in the Passenger harbours segment and the segment Other but dropped in the Cargo harbours and the Ferry segments.

IMPACT OF THE RUSSIA-UKRAINE WAR AND KEY RISKS ASSOCIATED WITH THE ECONOMIC ENVIRONMENT

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 in 2023 compared to 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 cooperation 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.

SHARE AND SHAREHOLDERS

AS 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 2023: 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



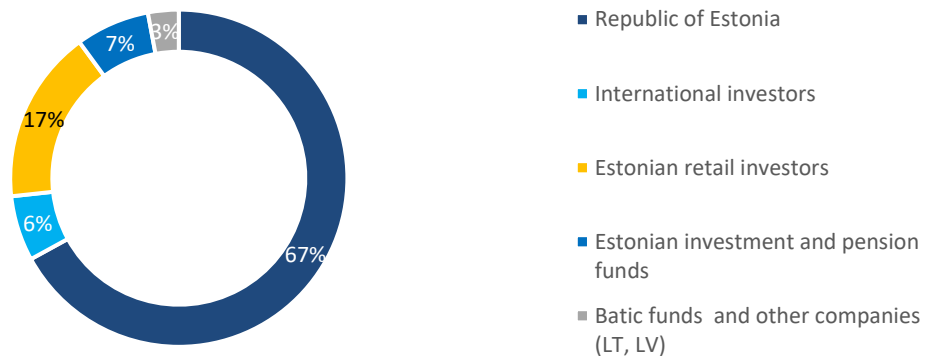
Source: nasdaqbaltic.com

In 2023, there were 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** (2021: EUR 28.1 million).

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

The five largest shareholders at 31 December 2023

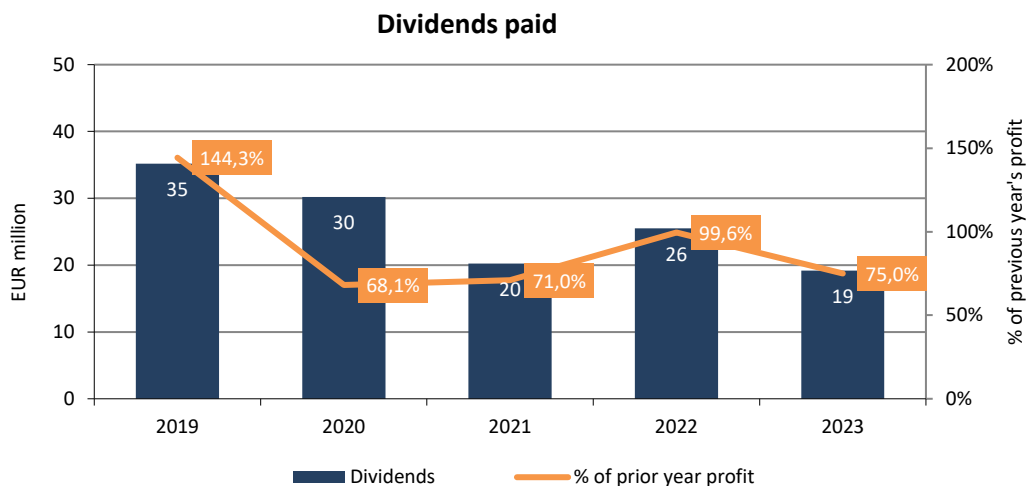
Name of shareholder	Number of shares	Interest, %
Ministry of Climate	176,295,032	67.0%
European Bank for Reconstruction and Development (EBRD)	9,350,000	3.6%
SEB Progressiivne Pensionifond	6,484,365	2.5%
LHV Pensionifond L	4,695,942	1.8%
INTERACTIVE BROKERS LLC Client Omnibus (USA)	1,650,092	0.6%

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 also grown slightly at the expense of international investors.

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 paid shareholders a dividend of EUR 0.097 per share and EUR 25.5 million in total (100% of profit).

CORPORATE GOVERNANCE

At 31 December 2023, AS Tallinna Sadam had two wholly-held subsidiaries, OÜ TS Shipping and OÜ TS Laevad, and a 51% interest in an associate, AS Green Marine.

The supervisory board is responsible for the strategic planning of the company's activities and supervising the activities of the management board. According to the articles of association of AS Tallinna Sadam, the supervisory board has six to eight members. At 31 December 2023, the supervisory board consisted of: Riho Unt (chairman), Maarika Honkonen, Kaur Kajak, Veiko Sepp, Marek Helm, Risto Mäeots and Ain Tatter. Under the supervisory board, there are a four-member audit committee, which consists of members of the supervisory board and provides advice in supervisory matters, and a four-member remuneration committee.

The management board is responsible for the day-to-day management of the company in accordance with the law and the articles of association. According to the articles of association, the management board has two to five members. At 31 December 2023, the management board had three members: Valdo Kalm (chairman and CEO), Andrus Ait (CFO) and Margus Vihman (CCO).

Further information about the company's corporate governance and the members of the management and supervisory boards is presented on the Group's website and in its annual report for 2022.

The Group follows the principles of the Corporate Governance Recommendations promulgated by the Nasdaq Tallinn Stock Exchange.

SIGNIFICANT EVENTS IN THE FOURTH QUARTER OF 2023

- 1. AS Tallinna Sadam's Investor Day.** On 9 October, Tallinna Sadam held its Investor day at the cruise terminal restaurant Ocean 11 in Old City Harbour. The event included a general presentation of the company and its financial results and future outlook, including new business projects, and current and future real estate development activities.
- 2. Amendment to construction contract for quay to serve offshore wind farms in Paldiski South Harbour.** Due to the change in construction technology, the cost of the contract increased by EUR 8 million and the term for completing the construction work was extended. The new total cost of the contract is EUR 61.2 million, the construction work will be completed by the end of 2025 and the date of final completion of the quay is 28 February 2026.
- 3. Agreement on operating LNG quay in Pakrineeme harbour.** AS Tallinna Sadam signed a four-year contract with AS Eesti Varude Keskus (Estonian Stockpiling Agency) for the provision of port services in Pakrineeme harbour. AS Tallinna Sadam will ensure readiness to receive ships at the LNG quay and will be responsible for the administration and maintenance of the Pakrineeme harbour infrastructure, marine traffic management and, if necessary, pollution control manpower. AS Eesti Varude Keskus which owns the infrastructure of Pakrineeme harbour, is responsible for its regulatory compliance.
- 4. Bankruptcy proceedings against MPG AgroProduction OÜ and initiation of its reorganisation.** The Harju County Court accepted the bankruptcy petition against MPG AgroProduction OÜ filed by

AS Tallinna Sadam. MPG AgroProduction OÜ has not fulfilled its contractual obligations for a long time. At the end of 2023, the claims of AS Tallinna Sadam totalled EUR 3.0 million and consisted mainly of overdue payments for the rights of superficies, which had been written down by the end of the reporting period. In addition, AS Tallinn Sadam is requesting that the right of superficies be registered in its name. On 19 January 2024, the court initiated the reorganisation proceedings of MPG AgroProduction OÜ based on the company's own petition.

- 5. Architectural design competition for passenger terminal A.** The design work submitted jointly by Molumba OÜ and landscape architecture firm Mareld was selected as the winner of the architectural design competition for the Terminal A Quarter of Tallinn Old City Harbour. The competition sought the best architectural idea for a new Terminal A in Tallinn Old City Harbour, a new office building with a multi-storey car park for AS Tallinna Sadam and the surrounding public urban space. AS Tallinna Sadam is entitled to award a contract for preparing construction design documents based on the winning design following a negotiated procedure without prior publication. The value of the awarded contract, excluding VAT, is EUR 2 million. The timeframe for the call for tenders and the completion of the new buildings will depend on the detailed planning process for Terminal A and the cruise terminal area.
- 6. Signing of memorandum of understanding on Green Corridor between Estonia and Finland.** At the Green Destinations conference held in Tallinn in October, a memorandum of understanding was signed for creating a FIN-EST Green Corridor between Estonia and Finland. The parties participating in the project are the City of Tallinn, the City of Helsinki, the Estonian Ministry of Climate, AS Tallinna Sadam, the Port of Helsinki as well as ferry operators Tallink, Viking Line and Eckerö Line. The goal of the project is to ensure the transition to environmental sustainability and climate neutrality in the transport of passengers and cargo on the sea route between Estonia and Finland, in the port connections in Tallinn and Helsinki and in related services. The memorandum of understanding is a landmark step to show that the Green Corridor is important for ports and shipping companies and at city and national level, and that the parties are ready to make efforts jointly and severally to reduce the environmental footprint of one of Europe's busiest maritime routes.
- 7. Extension of contract of chairman of management board.** The supervisory board AS Tallinna Sadam decided to extend the contract of Valdo Kalm, the chairman of the management board of AS Tallinna Sadam, by three years. Valdo Kalm's next term of office begins on 1 March 2024 and lasts until 28 February 2027. Valdo Kalm has been the chairman of the management board of AS Tallinna Sadam since March 2016.
- 8. Extension of contract of CEO of AS Tallinna Sadam's subsidiary OÜ TS Laevad.** The supervisory board of OÜ TS Laevad, a subsidiary of AS Tallinna Sadam, extended the contract of the chairman of the management board Indrek Randveer by three years, effective from 4 January 2024. Indrek Randveer has been the CEO of OÜ TS Laevad since January 2021.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

In thousands of euros			Restated*	Restated*
At	Note	31 December 2023	31 December 2022	1 January 2022
ASSETS				
Current assets				
Cash and cash equivalents		29,733	44,387	34,840
Trade and other receivables	4	12,118	7,477	14,151
Inventories		550	749	399
<i>Total other current assets</i>		<i>42,401</i>	<i>52,613</i>	<i>49,390</i>
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	5	2,177	2,099	1,559
Other long-term receivables	4	163	303	896
Investment properties	6	14,069	14,069	14,069
Property, plant and equipment	7	545,271	550,310	561,494
Intangible assets		2,083	1,735	2,130
Total non-current assets		563,763	568,516	580,148
Total assets		606,164	621,229	629,538
LIABILITIES				
Current liabilities				
Loans and borrowings	9	13,916	15,916	15,916
Provisions		1,311	2,013	1,572
Government grants		7,344	8,578	1,223
Taxes payable		876	1,060	890
Trade and other payables	8	11,407	9,832	10,348
Total current liabilities		34,854	37,399	29,949
Non-current liabilities				
Loans and borrowings	9	157,566	171,482	187,398
Government grants		33,075	30,156	29,835
Other payables	8	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 (prior periods)		31,441	25,791	52,146
Profit for the period		15,882	25,592	0
Total equity	10	377,659	380,976	380,895
Total liabilities and equity		606,164	621,229	629,538

* For further information, see note 2 Accounting policies.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT

for the 12 months ended 31 December

In thousands of euros	Note	Q4 2023	Q4 2022	2023	2022
Revenue	3, 11	28,030	28,243	116,646	121,703
Other income		977	301	2,208	1,441
Operating expenses	12	-10,570	-12,152	-42,548	-43,418
Personnel expenses		-6,984	-6,955	-25,214	-23,165
Depreciation, amortisation and impairment		-6,033	-6,609	-25,389	-25,312
Other expenses		-793	-213	-1,073	-462
Operating profit		4,627	2,615	24,630	30,787
Finance income and costs					
Finance income		320	119	1,237	216
Finance costs		-2,132	-1,002	-7,435	-2,013
Finance costs – net		-1,812	-883	-6,198	-1,797
Share of profit/loss of an associate accounted for under the equity method	5	39	-19	435	795
Profit before income tax		2,854	1,713	18,867	29,785
Income tax expense		0	-82	-2,985	-4,193
Profit for the period		2,854	1,631	15,882	25,592
Basic earnings and diluted earnings per share (in euros)	9	0.01	0.01	0.06	0.10

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the 12 months ended 31 December

In thousands of euros	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	10	-3,264	-4,335
Cash from operating activities		43,959	52,137
Purchases of property, plant and equipment		-17,946	-15,189
Purchases of intangible assets		-799	-455
Proceeds from sale of property, plant and equipment		28	191
Proceeds from government grants related to assets		0	15,001
Dividends received		357	255
Interest received		1,179	83
Cash used in investing activities		-17,181	-114
Redemption of bonds	9	-7,650	-7,650
Repayments of loans received	9	-8,266	-8,266
Dividends paid	10	-19,012	-25,287
Interest paid	9	-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		44,387	34,840
Change in cash and cash equivalents		-14,654	9,547
Cash and cash equivalents at end of period		29,733	44,387

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 12 months ended 31 December

In thousands of euros	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
<i>Total comprehensive income for the period</i>		<i>0</i>	<i>0</i>	<i>0</i>	<i>25,592</i>	25,592
Dividend declared	10	0	0	0	-25,511	-25,511
<i>Total transactions with owners</i>		<i>0</i>	<i>0</i>	<i>0</i>	<i>-25,511</i>	-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
<i>Total comprehensive income for the period</i>		<i>0</i>	<i>0</i>	<i>0</i>	<i>15,882</i>	15,882
Dividend declared	10	0	0	0	-19,199	-19,199
<i>Total transactions with owners</i>		<i>0</i>	<i>0</i>	<i>0</i>	<i>-19,199</i>	-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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 interim condensed consolidated financial statements of AS Tallinna Sadam as at and for the 12 months ended 31 December 2023 comprise the Parent and its subsidiaries (collectively referred to as the 'Group'). The Group's core business lines are rendering of 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.

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

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

In addition, the Group has a 51% interest in the associate AS Green Marine but not 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).

2. ACCOUNTING POLICIES

These interim condensed consolidated financial statements for the 12 months ended 31 December 2023 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes and explanations included in the Group's annual report for the year ended 31 December 2022. See note 2 to the consolidated financial statements in the annual report for 2022 for additional information about the accounting policies used in the preparation of the financial statements.

The interim condensed consolidated financial statements have been prepared using the same accounting policies as those applied in the preparation of the Group's consolidated financial statements for 2022, except that the threshold for recognising items of property, plant and equipment and intangible assets has been increased from EUR 5,000 to EUR 10,000 effective from 1 January 2023 consistent with an amendment to the public sector financial accounting and reporting regulation, which applies to the Group. The Group has not early adopted any IFRS standard, interpretation or amendment that has been issued but is not yet effective.

The interim condensed consolidated financial statements are presented in thousands of euros.

Note 2 continued**Correction of errors**

Based on the results of an additional analysis carried out in 2023, the Group concluded that properties (land plots) not in use, which used to be accounted for as items of property, plant and equipment, meet the definition of investment property and ought to be classified as such. Accordingly, the properties were reclassified to investment properties in 2023 and the opening balances were restated to ensure comparability.

In thousands of euros	At 31 December 2022	Restatement	Restated At 31 December 2022
Investment properties	0	14,069	14,069
Property, plant and equipment	564,379	-14,069	550,310
Total	564,379	0	564,379

3. OPERATING SEGMENTS

In thousands of euros	For the 12 months ended 31 December 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 – ticket sale revenue	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 11)	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	-7,819	-8,505	-5,504	-2,634	-24,462
Impairment losses	-596	-243	-74	-14	-927
Amortisation of government grants received	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.

Note 3 continued

In thousands of euros	For the 12 months ended 31 December 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 – ticket sale revenue	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 11)	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	-7,982	-8,696	-5,703	-2,363	-24,744
Impairment losses	-252	-316	0	0	-568
Amortisation of government grants received	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.

4. TRADE AND OTHER RECEIVABLES

In thousands of euros	At 31 December 2023	At 31 December 2022
Financial assets		
Trade receivables	10,415	7,373
Allowance for expected credit losses	-3,440	-1,323
Government grants receivable	2,885	38
Receivables from an associate (note 16)	9	17
Other receivables	281	439
Total financial assets	10,150	6,544
Non-financial assets		
Prepaid taxes	1,599	481
Other prepayments	521	744
Other receivables	11	11
Total non-financial assets	2,131	1,236
Total trade and other receivables	12,281	7,780
Of which current receivables	12,118	7,477
non-current receivables	163	303

Trade receivables – expected credit loss matrix

In thousands of euros	Days past due					
At 31 December 2023	Not past due	0–30	31–60	61–90	>90	Total
Expected credit loss rate	2.6%	1.5%	3.0%	99.8%	100.0%	
Total trade receivables	5,942	1,146	58	1,238	2,031	10,415
Lifetime expected credit loss (ECL)	-154	-17	-2	-1,236	-2,031	-3,440
						6,975
<hr/>						
At 31 December 2022	Not past due	0–30	31–60	61–90	>90	Total
Expected credit loss rate	10.0%	1.5%	3.0%	80.0%	100.0%	
Total trade receivables	6,553	135	19	18	648	7,373
Lifetime expected credit loss (ECL)	-657	-2	-1	-15	-648	-1,323
						6,050

5. INVESTMENTS IN AN ASSOCIATE

In thousands of euros

For the 12 months ended 31 December	2023	2022
Income	7,482	7,753
Expenses	6,310	6,063
Net profit	853	1,536

In thousands of euros

	At 31 December 2023	At 31 December 2022
Net assets of the associate	4,268	4,115
The Group's ownership interest in the associate, %	51%	51%
Carrying amount of the Group's investment in the associate in the Group's statement of financial position	2,177	2,099

6. INVESTMENT PROPERTIES

Investment properties as at 31 December 2023 and 31 December 2022 comprise land at cost of 14,069 thousand.

7. PROPERTY, PLANT AND EQUIPMENT

In thousands of euros	Land and buildings	Plant and equipment	Other items of property, plant and equipment	Assets under construction	Pre-payments	Total
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
<i>Movements in 2023</i>						
Acquisition and reconstruction	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	-19	-569	-338	0	0	-926
Reclassification 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

8. TRADE AND OTHER PAYABLES

In thousands of euros	At 31 December 2023	At 31 December 2022
Financial liabilities		
Trade payables	6,154	5,344
Interest payable	1,915	1,012
Payables to employees (note 16)	193	182
Other payables	226	302
Total financial liabilities	8,488	6,840
Non-financial liabilities		
Payables to employees	1,624	1,421
Accrued taxes payable on employee 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
Total trade and other payables	14,417	11,048
Of which current liabilities	11,407	9,832
non-current liabilities	3,010	1,216

9. LOANS AND BORROWINGS

In thousands of euros	At 31 December 2023	At 31 December 2022
Current portion		
Loans	6,266	8,266
Debt securities	7,650	7,650
Total current portion	13,916	15,916
Non-current portion		
Loans	31,266	37,532
Debt securities	126,300	133,950
Total non-current portion	157,566	171,482
Total loans and borrowings	171,482	187,398

Debt securities

All debt securities have been issued in euros and have floating interest rates (a base rate of 3-month or 6-month Euribor plus a fixed risk margin). At 31 December 2023, the Group had two debt security issues with final maturities in 2026 and 2027. In accordance with the redemption schedules, in the 12-month period ended 31 December 2023 the Group redeemed debt securities of EUR 7,650 thousand (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 interest rate risk of debt securities issued has not been hedged with interest rate swaps.

Note 9 continued**Loans**

All loan agreements are denominated in euros and have floating interest rates (the base rate is 6-month Euribor). The final maturities of outstanding loan liabilities fall in the period 2024–2030. Principal repayments made in the 12 months of 2023 amounted to EUR 8,266 thousand (2022: EUR 8,266 thousand).

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 loans taken has not been hedged with interest rate swaps. The Group did not have any undrawn loans or credit limits at 31 December 2023.

Contractual maturities of loans and borrowings

In thousands of euros	At 31 December 2023	At 31 December 2022
< 6 months	3,383	3,383
6–12 months	10,533	12,533
1–5 years	152,066	164,482
> 5 years	5,500	7,000
Total loans and borrowings	171,482	187,398

Fair value

In the reporting period, the assessment of the Group's risk level did not change and there were no significant changes in the interest rates of international financial markets. Thus, according to the Group's assessment, at 31 December 2023 and 31 December 2022 the fair values of loans and debt securities that are measured at amortised cost did not differ significantly from their carrying amounts.

All loan and debt security agreements currently in force are unsecured, i.e. no assets have been pledged to secure the liabilities, and the debt securities are not listed. The Group has fulfilled all its obligations under the loan and debt securities agreements, including those resulting from special terms. At 31 December 2023, the Group was in compliance with all covenants that set requirements for its financial indicators.

10. EQUITY**Share capital and share premium**

At 31 December 2023, AS Tallinna Sadam had 263,000,000 registered ordinary shares (31 December 2022: 263,000,000 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.

Note 10 continued

According to the articles of association of AS Tallinna Sadam, the maximum number of authorised ordinary shares is 664,000,000 (2022: 664,000,000). At 31 December 2023 and 31 December 2022, all shares issued had been fully paid for.

Earnings per share

	Q4 2023	Q4 2022	2023	2022
Weighted average number of shares outstanding	263,000,000	263,000,000	263,000,000	263,000,000
Consolidated net profit for the period (in thousands of euros)	2,854	1,631	15,882	25,592
Basic and diluted earnings per share (in euros)*	0.01	0.01	0.06	0.10

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

In accordance with the decision of the general meeting of 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 was 9 May 2023) and the dividend was paid out to the shareholders on 12 May 2023 (through Nasdaq CSD).

11. REVENUE

In thousands of euros	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 sale revenue	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		
Operating lease income	13,727	13,390
Charter fees	11,544	10,206
Sale of ferry services – government support	20,640	19,406
Total revenue from other sources	45,911	43,002
Total revenue (note 3)	116,646	121,703

Note 11 continued**Revenue by country**

In thousands of euros	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>		
Canada	3,281	5,161
Great Britain	2,798	0
Estonia	5,465	5,045
Total charter fees	11,544	10,206

Vessel dues include the tonnage charge, which is calculated on the basis of the gross tonnage of a vessel for each port call. For vessels visiting the port based on a pre-agreed schedule that have a prospective volume discount during the year, the transaction price is allocated between the tonnage services and the option for discounted tonnage services based on the estimated total number of port calls by that vessel during the calendar year. Revenue from tonnage charges is recognised based on the average annual tariffs and estimated volume.

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 has the right to charge the customer at the end of the calendar year based on the minimum annual cargo volume.

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 period during which customers consume electricity. The amounts of connection fees received but not yet included in revenue are recognised in the statement of financial position as contract liabilities. At 31 December 2023, such liabilities amounted to EUR 715 thousand (31 December 2022: EUR 767 thousand).

Revenue from ticket sales is recognised over the time during which the ferry transports the passengers and/or vehicles from the port of departure to the port of destination, which happens in a single day, or at the point in time when the ticket expires. Consideration received for tickets sold for trips not yet performed is deferred and recognised in the statement of financial position as a contract liability. At 31 December 2023, such liabilities amounted to EUR 63 thousand (31 December 2022: EUR 62 thousand).

12. OPERATING EXPENSES

In thousands of euros	2023	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
Consultation and development expenses	669	707
Services purchased	6,015	5,551
Acquisition and maintenance of assets of insignificant value	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	4,722	3,598
Total operating expenses	42,548	43,418

13. COMMITMENTS

At 31 December 2023, the Group's contractual commitments related to the acquisition of property, plant and equipment, repair and maintenance, and research and development expenditures totalled EUR 68,051 thousand (31 December 2022: EUR 5,945 thousand).

14. CONTINGENT LIABILITIES

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.

15. 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, as they were suspected of 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 the Harju County Court dated 19 November 2018, the civil action was included in the criminal proceedings against the above persons.

On 28 October 2020, the Harju County Court issued an order terminating the criminal proceedings concerning Allan Kiil in connection with his terminal illness. At the same time, the Tallinn Circuit Court issued an order requiring Allan Kiil to be involved in the 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 this report is authorised for issue, court hearings in the criminal matter are under way and proceedings against other persons that have been charged continue, except for Keskkonnahoiduse OÜ and its member of the management board against whom only the civil action proceedings continue. Based on information available at the date this report is authorised for issue, 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.

16. RELATED PARTY TRANSACTIONS

The Republic of Estonia holds 67.03% of the shares in AS Tallinna Sadam (through the Ministry of Climate).

In thousands of euros	2023	2022
Transactions with the associate		
Revenue	78	75
Operating expenses	1,990	2,102
Transactions with companies in which the members of the 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 of which the state has control		
Revenue	26,886	26,011
<i>Of which public transport support</i>	20,640	19,406
<i>Of which charter fees</i>	5,466	5,020
Other income	100	0
Operating expenses	5,999	12,797
<i>Of which electricity and network charges</i>	2,017	8,850
<i>Of which port dues</i>	3,218	2,835
Other expenses	22	72
Acquisition of property, plant and equipment	0	346

In thousands of euros	At 31 December 2023	At 31 December 2022
Trade receivables from and payables to the associate		
Receivables (note 4)	9	17
Payables (note 8)	193	182
Trade receivables from and payables to companies in which the members of the supervisory and management boards of group companies have significant influence		
Payables	0	1
Trade receivables from and payables to government agencies and companies of which the state has control		
Receivables	2,201	174
Payables	7,601	2,755

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 revenue and expenses from sales and purchases of services in the ordinary course of business.

Information presented about companies in which the members of the supervisory and management boards of group companies have significant influence is based on the information provided by the related parties.

17. 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 District Court decided to dismiss the appeal of the bankruptcy trustee of AS Saaremaa Laevakompanii (in bankruptcy) and Väinamere Liinid OÜ and to not 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 (in bankruptcy) and Väinamere Liinid OÜ against TS Laevad OÜ and OÜ TS Shipping, subsidiaries of AS Tallinna Sadam, was dismissed.

MANAGEMENT'S CONFIRMATION AND SIGNATURES

The management board has prepared the unaudited management report and interim condensed consolidated financial statements of AS Tallinna Sadam as at and for the period ended 31 December 2023.

The management board confirms that the Group's management report, set out on pages 4 to 18, provides 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 unaudited interim condensed consolidated financial statements, set out on pages 19 to 35, are correct and complete and that:

1. the unaudited interim condensed 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 unaudited interim condensed 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 interim financial report was authorised for issue (27 February 2024) have been properly recognised and disclosed in the unaudited interim condensed consolidated financial statements;
4. AS Tallinna Sadam and its subsidiaries are going concerns.

27 February 2024



Valdo Kalm
Chairman of the
Management Board



Andrus Ait
Member of the
Management Board



Margus Vihman
Member of the
Management Board