GROUP ANNUAL REPORT 2024

PORT OF TALLINN

AS Tallinna Sadam

Group annual report for the financial year ended 31 December 2024

Commercial Registry no.	10137319
VAT registration no.	EE100068489
Registered office	Sadama 25, 15051 Tallinn, Estonia
Country of incorporation	Republic of Estonia
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E-mail	ts@ts.ee
Corporate website	www.ts.ee
Beginning of financial year	1 January 2024
End of financial year	31 December 2024
Legal form	Limited company (AS)
Auditor	AS PricewaterhouseCoopers

The Group's annual report in the PDF format without the European Single Electronic Format (ESEF) markups. The original document has been submitted in the machine-readable XHTML format to the Nasdaq Tallinn Stock Exchange and digitally signed (link: https://nasdaqbaltic.com/statistics/et/instrument/EE3100021635/reports).

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MANAGEMENT REPORT

1 Tallinna Sadam at a Glance

1.1 Business model

The business model of AS Tallinna Sadam (the owner and operator of the Port of Tallinn) 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 2024:** **8 million passengers**, 5,692 ferry calls
- Passenger harbours: Old City Harbour and Saaremaa 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, Paldiski–Kapellskär, cruise ships

CARGO:

- 2024: **13 million tonnes of cargo**, 1,435 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
- 2024: 2.5 million passengers and 1.2 million vehicles carried, 23,179 trips
- 5 ferries: Leiger, Tiiu, Tõll, 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.

Structure of Tallinna Sadam Group

TALLINNA SADAM – **Port services for passengers and cargo**

- **TS LAEVAD** – **Ferry service to Saaremaa and Hiiumaa**, Tallinna Sadam's share 100%
- **TS Shipping** – **Icebreaker Botnica charter**, Tallinna Sadam's share 100%
- **Green Marine** (Your Partner on the Green Planet) – **Waste management**, Tallinna Sadam's share 51%

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 and in 2024 the preliminary design was completed. A tram line with a stop in Old City Harbour was completed in December, which is an important milestone in the development of environmentally friendly infrastructure.

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 profit or loss 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.

1.2 Key performance indicators for 2024

Revenue EUR 119.6m
(+2.5%)[1]

Adjusted EBITDA EUR 53.1m
(+8.1%)

EBITDA margin 44.4%, profit EUR 19.2m
(+20.6%)

Capital investments EUR 38.8m
(+87.3%)

Cargo volume 13.1m tonnes
(+4.4%)

Number of passengers 8.2m
(+3.6%)

Number of vessel calls 7,127
(+1.4%)

Dividends paid EUR 19.199m
(EUR 0.073 per share)

Utilisation rate for icebreaker Botnica 60%
(–5%)

Traffic between Estonia's mainland and largest islands 23,179 trips (+0,6%), **2.5m passengers** (+2.1%) **and 1.2m vehicles** (+3.6%)

Share of vessel calls with ESI[2] discounts 38%
(+3%)

GHG[3] emissions 21,656 tonnes of CO_2 equivalent
(–9%)

[1] *All changes on this page are presented compared to 2023.*

[2] *ESI — Environmental Ship Index.*

[3] *GHG — greenhouse gases CO_2, N_2O and CH_4 converted into CO_2 equivalent*

1.3 Highlights of the year 2024

CARGO VOLUMES AND PASSENGER NUMBERS INCREASED

CONSTRUCTION OF AN OFFSHORE WIND FARM QUAY AT PALDISKI SOUTH HARBOUR CONTINUED

NEW CONTAINER LINES STARTED CALLING

FIN-EST GREEN CORRIDOR JOINT PROJECTS WERE LAUNCHED

WINTER CRUISES VISITED OLD CITY HARBOUR

AN AGREEMENT WAS SIGNED FOR THE CONSTRUCTION OF AN LM (LIQUEFIED METHANE) TERMINAL AT MUUGA HARBOUR

TS LAEVAD WON THE TENDER FOR THE OPERATION OF THE VIRTSU–KUIVASTU AND ROHUKÜLA–HELTERMAA FERRY LINES (FERRY SERVICE BETWEEN ESTONIA'S MAINLAND AND TWO LARGEST ISLANDS) FOR THE PERIOD 1 OCTOBER 2026 – 30 SEPTEMBER 2033

TS SHIPPING SIGNED A SUMMER CHARTER AGREEMENT WITH BAFFINLAND IRON MINES CORPORATION FOR THE PERIOD 2024–2028

TRAM LINE STOPPING AT OLD CITY HARBOUR WAS OPENED

OLD CITY HARBOUR HOSTED TALL SHIP RACES

GREEN MARINE OPENED A NEW CONSTRUCTION AND DEMOLITION WASTE PROCESSING PLANT

1.4 Letter from the CEO

VALDO KALM
Chairman of the Management Board
of Tallinna Sadam

The maritime sector is facing rapid change, driven by the green transition, digitalisation and geopolitical impacts. Tallinna Sadam is ready to meet these challenges by prioritising sustainability, smart technologies and flexibility.

The year 2024 was an important one for Tallinna Sadam — we succeeded in restoring growth in passenger and cargo traffic, remained focused on our strategic goals by continuing to make important forward-looking investments, and took steps toward environmental sustainability.

Last year, we served over 8 million passengers and handled more than 13 million tonnes of cargo. Our ferries set a record, carrying 2.5 million passengers and 1.2 million vehicles. The icebreaker Botnica was in operation year-round, demonstrating its multi-functionality and value.

The number of cargo ship and ferry calls has gradually increased, which has had a positive impact on our revenue. At the same time, competition in the region has intensified due to Russia's war of aggression, which has disrupted trade in the Baltic Sea and marginalised the East–West trade corridor. In addition, the unfavourable economic environment and high energy prices have affected the activities of the operators' shipping companies and the maritime sector as a whole. As a result, we need to look for growth opportunities in each of our four business lines where we see clear potential.

To increase our competitiveness, we continued to build the quay for offshore wind farm construction and service vessels at Paldiski South Harbour. In the summer, we launched a new container shipping line with the arrival of the green methanol-powered container ship Eco Maestro at Muuga Harbour. We also signed an agreement with JetGas OÜ for the construction of a liquefied methane terminal at Muuga Harbour, which will increase ship calls and cargo throughput and support the transport sector's transition to cleaner fuels.

In the cargo business, we see opportunities in the new North–South trade corridor that will be created by the opening of Rail Baltica, the development of industrial parks, the repurposing of liquid bulk terminals, for example for the storage of green fuels, and the provision of our infrastructure for the retrofitting of ships.

Together with the Port of Helsinki, we aim to create a climate neutral maritime corridor between Tallinn and Helsinki. To this end, we have launched 19 joint projects, including research into the transition to green fuels and carbon capture, the development of zero-emission port infrastructure, the improvement of waste management and the promotion of cycling tourism. In the cruise business, we are actively working with other Baltic Sea ports and destinations, and there are already signs that the number of ship calls will increase in the coming years.

For our subsidiary TS Laevad, a major highlight of the year was winning the contract to operate the Saaremaa and Hiiumaa ferry routes for a further period of 2026–2033. Our other subsidiary, TS Shipping extended its cooperation with Baffinland Iron Mines Corporation by signing an agreement that will enable the ice-breaker Botnica to operate in Canadian Arctic waters until 2028.

The maritime sector is facing rapid change, driven by the green transition, digitalisation and geopolitical impacts. Tallinna Sadam is ready to meet these challenges by prioritising sustainability, smart technologies and flexibility.

In 2025, we plan to continue investing in upgrading our infrastructure, expanding green energy solutions and implementing innovative logistics solutions. Our goal is to strengthen our position as a leading port in the Baltic Sea region, providing world-class services and contributing to the development of the Estonian economy.

As an organisation, we will continue to improve our business processes and implement our efficiency programme to become an even more successful, flexible and profitable company.

We would like to thank all our employees, partners and shareholders for their invaluable contribution to our success story. Your support and cooperation have enabled us to achieve excellent results and laid the foundations for future growth and development.

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 are competitive advantages.

Tallinna Sadam is a modern gateway to the Baltic Sea. We are a growth-oriented development and service company. We provide a sustainable environment and create development opportunities for our customers and employees by combining services for people and cargo, shipping, and water-front 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 the Estonian 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.

We have incorporated our values and ethical principles into a single Code of Ethics, which also sets out clear ethical expectations for our partners. In addition, we have 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.

1.6 Strategy 2023–2027

Tallinna Sadam's strategy is focused on realising its vision of being the most innovative port on the Baltic Sea, meeting its owners' expectations, fulfilling its dividend promise, promoting a strong corporate culture and ensuring sustainable development.

Business strategy

Tallinna Sadam will work to restore its business volumes and has moderate growth opportunities in all business lines.

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 the volumes 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, buildings and passengers. The aim is to develop an environmentally friendly customer journey by creating green corridors on the Estonia–Finland and Estonia–Sweden routes.

In the cargo business, we will look for ways to restore cargo volumes that have declined due to the economic environment and sanctions, and we will continue to increase the competitiveness of cargo corridors passing 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 alternative energy sources will open up opportunities to handle new cargo groups. Cargo harbours will become hubs for production and value creation, which will provide us with stable long-term revenue and the utilisation of our industrial park areas. The importance of the North–South corridor and the use of Estonia as a gateway to Scandinavia will increase.

In shipping, the main focus will be on strengthening the core business of providing ferry services between Estonia's mainland and its largest islands and ensuring year-round operation of the multifunctional icebreaker Botnica. We will also analyse opportunities for growth, such as expanding ferry services to other countries and 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 unstable economic situation in Europe, the Russia–Ukraine war and the tightening of environmental regulations. On the positive side, the changes in global supply chains may open up opportunities to serve 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 our harbours.

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 start the design/construction of the first real estate developments and the creation of high-quality public urban space. The focus will be on the use of renewable energy, including seawater-based district heating and cooling, the promotion of sustainable mobility options, and energy-efficient and smart buildings.

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 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:

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

SHIPPING:

- Securing the core business of providing ferry services between Estonia's mainland and 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
- Providing ferry services in other countries

REAL ESTATE:

- Implementing Masterplan 2030+ for the development of Old City Harbour
- Renting out surplus resources and vacant space

Sustainable development

Tallinna Sadam is committed to reducing the negative environmental impacts of its operations and development activities. 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 quality ferry services, which are essential for the residents and visitors of Estonia's largest islands. **Health**, **safety** and **security** remain among our top priorities.

Our activities 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 to monitor our progress towards the Sustainable Development Goals.

At the end of 2024, we conducted a double materiality assessment at Tallinna Sadam in accordance with the **CSRD**[4] to identify material environmental, social, and governance (ESG) topics as required by **ESRS**[5]. As part of the assessment, we mapped both impact materiality (positive and negative) and financial materiality (risks and opportunities) relevant to our operations.

According to the sustainability reporting standards set out in the CSRD, one of the essential and unavoidable aspects of a double materiality assessment is stakeholder engagement. Tallinna Sadam's key stakeholders were identified through value chain mapping.

In 2024, we conducted a satisfaction survey among our customers, partners and employees, including their involvement in ESG topics and their expectations of Tallinna Sadam.

[4] *Corporate Sustainability Reporting Directive*

[5] *European Sustainability Reporting Standards, developed by the European Financial Reporting Advisory Group (EFRAG)*

According to respondents, the most important environmental topics for Tallinna Sadam are the development of renewable energy solutions and the prevention of marine pollution. The most important social topics are ensuring the safety of employees, passengers and customers, as well as access to essential services, including vessel traffic and cargo flows in harbours and between Estonia’s mainland and largest islands. In the area of governance, Tallinna Sadam’s innovation and digitalisation efforts and their management, as well as the development and maintenance of relationships with customers and partners, received the highest scores.

Based on the methodology used for the double materiality assessment, it was concluded that climate change mitigation is an environmental topic of double materiality for Tallinna Sadam. Social topics of double materiality include providing access to harbours and essential services, ensuring employee safety, providing employee training and skills development, and remuneration. In the area of governance, the topics of double materiality include innovation, digitalisation and managing relationships with partners. The results will be used as input for updating Tallinna Sadam’s sustainable development strategy and preparing our sustainability statement in accordance with the CSRD requirements starting from 2025.

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

PUBLIC SPACE
- User-friendly port area
- Attractive place to spend time

PORT INFRASTRUCTURE

Including:
- Land, quays, ramps, connecting walkways, utility networks, etc.
- Development, construction, maintenance, management
- Letting of vacant premises

PASSENGER TERMINALS
- Traffic management in onshore harbour area (incl. Smart Port system)
- Services at terminals

PORT SERVICES

Including:
- Vessel traffic management, waste management, onshore electricity supply, pollution abatement, utility services
- Tugging and piloting, bunkering

MARITIME TRANSPORT

Ferry and ship operators:
- Tallink
- Viking Line
- Eckerö Line
- Cruise operators

CARGO HARBOURS SEGMENT

ROAD TRANSPORT
- Rail transport
- Road transport

PORT INFRASTRUCTURE

Including:
- Land, quays, ramps, utility networks, etc.
- Development, construction, maintenance, management
- Granting of rights of superficies

CARGO TERMINALS

Activities of cargo operators:
- Superstructure construction and management
- Loading, unloading, storage and warehousing
- Processing and adding value to cargo

PORT SERVICES

Including:
- Vessel traffic management, waste management, pollution abatement, utility services
- Tugging and piloting, bunkering

MARITIME TRANSPORT
- Agents
- Carriers
- Freight forwarders

FERRY SEGMENT

FERRIES
- Technical readiness of the ferries
- Safe manning

TICKET SALES

TRAFFIC MANAGEMENT IN HARBOUR AREA

MARITIME TRANSPORT
- Operation of ferries
- Onboard services

SEGMENT OTHER (ICEBREAKER BOTNICA)

ICEBREAKER
- Technical readiness of the icebreaker
- Safe manning

ICEBREAKING IN ESTONIA
- Icebreaking operations on the northern coast of Estonia in the winter

OFFSHORE WORK
- Offshore work projects abroad in the summer

FACTORS:
- Geopolitics, incl. the environment
- Economic environment
- Supply chains
- Competition
- Safety and security
- Information technology
- Workforce
- Regulations
- Epidemics
- Weather

Blue: Services provided by the Tallinna Sadam Group

Orange: Services provided by partners

2 Service Responsibility

2.1 Safety and security

We invest daily in ensuring safety and security in all our operations. **Thanks to extensive preventive work**, Tallinna Sadam has had very few serious incidents in the past decade and no safety incidents with a high 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 maritime safety, security, environmental protection, and safe cargo handling. We regularly assess potential safety risks and update our safety measures as necessary. General safety requirements are set out in the Port Rules. In order to be prepared for dangerous situations, we conduct **regular training exercises** and work with the supervision authorities, local communities and operators, including those that handle hazardous substances on port premises. Tallinna Sadam participates in the implementation of the National Defence Action Plan, and during the 2024 exercises, the communication of information was practised and various scenarios were played out.

The rural municipality of Lääne-Harju, where Paldiski South Harbour is located, held the **ESCAPE24 crisis management exercise** at the end of September. During the two-day exercise, evacuation, the operation of evacuation centres, logistics and the work of the rural municipality's crisis cell were practised in cooperation with the Defence Forces, the Estonian Rescue Board and the Police and Border Guard Board.

We regularly conduct fire drills and test firefighting equipment, systems and facilities in cooperation with the Estonian Rescue Board. In 2024, we conducted **ten fire drills** for the Estonian Rescue Board, Tallinn Emergency Medical Service, operators, security service providers and port personnel. There was a total of three fire incidents at Muuga Harbour and Paldiski Harbour last year, but the consequences were insignificant. No one was injured and the property of Tallinna Sadam was not damaged.

The purpose of implementing security requirements in ports is to ensure the safety and security of ships, passengers, cargo and people (including employees) on the port premises and to prevent illegal activities. All harbours of Tallinna Sadam apply enhanced ISPS[6] 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.

Training and exercises

[6] *International Code for the Security of Ships and Port Facilities*

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 April, the National Audit Office carried out an audit which included an assessment of the readiness of Tallinna Sadam to receive Allied forces.

In June, the Transport Administration carried out a security risk assessment at Old City Harbour, the results of which were used to update the harbour's security plan.

TS Shipping has implemented a safety and quality management system for the icebreaker Botnica that integrates the requirements of the main international maritime conventions (ISM, 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, around 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. In cooperation with the Police and Border Guard Board, the Internal Security Service and the Rescue Board, various emergency drills are carried out on board. In addition, during the summer we organise maritime safety days on board our ferries together with the Police and Border Guard Board and volunteer rescuers, during which we demonstrate the correct use of life jackets and provide other relevant information on maritime safety. To prevent pollution of the marine environment and to ensure proper 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.

2.2 Quality management and risks

The Group's parent company has had an **integrated management system** that meets the requirements of the international quality and environmental management standards **ISO 9001 and ISO 14001** since 2003. Conformity with international standards confirms that the management system of Tallinna Sadam ensures the satisfaction of customers and other stakeholders, 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, company reputation and employee engagement. The priorities of the year included environmental, digitalisation and innovation projects. In 2024, we successfully passed the recertification audit by the certification body Bureau Veritas Eesti OÜ, which confirmed our compliance with the requirements of ISO 9001 and ISO 14001.

In accordance with the **risk management framework**, we regularly monitor and assess the risks that affect 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.

The **external risks** with the greatest impact on the Group's operations are global economic instability, including possible overheating of the economy, rapid inflation and economic crisis. 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 increasingly invest in managing information security risks and **ensuring cyber security**. DDoS attacks continued in 2024, but their impact was limited due to safeguards. The number of phishing and malware emails was high. In addition, our systems were targeted by network scanning, presumably to find vulnerabilities.

The passenger business is most exposed to a reduction in ferry calls as a result of vessels being chartered to other markets due to high fuel prices and limited passenger numbers, as well as the impact of 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 we will not be able to find a use for the ferries when 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 are associated with the subsidiaries 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. We monitor customer satisfaction for six customer groups: cargo terminal operators, ferry operators, shipping agents, tenants, passengers, and customers of the marina. In 2024, the customer satisfaction index was 5.38 on a 6-point scale (2023: 5.42). In addition, we surveyed our suppliers and other partners to learn about their satisfaction with Tallinna Sadam as a business partner. The indicators were 5.73 and 5.71, respectively.

As part of our double materiality analysis for 2024, we examined our partners' contribution to sustainable development topics. 63 organisations responded, including customers, suppliers, financiers, public bodies and other partners. 83% of respondents have a sustainable development strategy in place or under development, and a large proportion of organisations are already disclosing sustainability-related information, have assessed the footprint of the organisation and/or product, and have implemented efficiency measures in their operations.

When procuring products and services, we take sustainability criteria into account when preparing the qualification requirements and exclude bids with solutions that harm the environment. A total of 87 procurements were organised in 2024, of which 70 could be assessed for compliance with the sustainability criteria. Of the 70, 61 met the sustainability criteria, i.e. 87% of the number of the procurement contracts (2023: 83%). In terms of value of contracts awarded, 79% included sustainability criteria (2023: 78%).

Together with our partners, we strive to make all visitors and passengers feel welcome and promote a **welcoming culture and atmosphere** at our harbours and on board our ferries. In 2024, a tramway was completed, giving passengers and visitors a more environmentally friendly way to travel between Old City Harbour and the city. In cooperation with shipping companies, we mapped passenger services in all our harbours and continued to make the customer journey more convenient and enjoyable (e.g. toilets at Muuga Harbour, table tennis facilities in the passenger terminal of Old City Harbour). In March, known as Good Service Month in Estonia, the entire Old City Harbour community focused on service excellence.

Our subsidiary **TS Laevad aims to provide the best travel experience in Estonia** and regularly measures customer satisfaction using the Net Promoter Score (NPS) methodology. In 2024, the NPS reached a record high of around 79% (2023: 78%). Passengers were satisfied with the smooth service both onshore and on board, the convenient ticketing environment and the flexibility offered by the e-ticket.

In 2024, **several events and conferences were organised in collaboration with customers and other stakeholders**. We led the Transport Sector Green Forum, which focused on ESG topics and examples. The Paldiski Association of Entrepreneurs hosted the Different Paldiski Conference, with an emphasis on the interaction between residential and industrial environments. We participated as a cooperation partner in the 20th International Maritime Conference 2024 and contributed to the organisation of the international conferences Baltic Ports for Climate and Baltic Sea in Transition, both held in Tallinn. In September we celebrated Maritime Economy Month and, together with our customers, we organised visits for maritime enthusiasts to Muuga Harbour, Old City Harbour and Paldiski South Harbour.

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 negative 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, which is based on the material environmental topics mapped in accordance with the requirements of ESRS in terms of impact materiality (positive and negative) and financial materiality (risks and opportunities), the material environmental aspects and impacts of our operations that we have identified and the environmental goals and targets that have been set to improve the effectiveness of our environmental activities.

3.1 Energy efficiency and sustainable consumption

We are committed to **improving energy efficiency**, meeting 90% of our energy needs from renewable sources and using natural resources sustainably. Our long-term goal is to make our operations climate neutral by 2050. We monitor our progress towards these goals using the energy efficiency and sustainable consumption indicators presented below.

Since 2021, the parent company Tallinna Sadam has **only purchased renewable electricity** for its own use. In 2024, the company's renewable electricity purchases totalled 11.8 GWh. In addition, 4.5% of the electricity consumed by us was produced by the solar panels installed at Old City Harbour, Muuga Harbour and Paldiski South Harbour. The cruise terminal building at Old City Harbour is heated and cooled by seawater and last year 55% of its electricity consumption was covered by its solar panels. The total energy consumption (heat and electricity) was 16 GWh, of which 73% came from renewable sources.

The international **Green Key eco-label** awarded to the cruise terminal at **Old City Harbour** shows our visitors and partners that we operate in an environmentally sustainable manner.

The icebreaker Botnica is navigated in accordance with the principles of the Ship Energy Efficiency Management Plan (SEEMP). For example, its routes and speeds are selected so as to avoid strong headwinds and waves (weather routing). This has resulted in significant fuel savings and safer navigation. In 2024, Botnica carried out icebreaking work in Estonia, provided walk-to-work services to a gas platform in England and broke ice in northern Canada. During the summer, Botnica was used for an offshore project in England, where the vessel was kept stationary next to a platform, resulting in fuel consumption without nautical miles.

Since 2024, TS Laevad has only used electricity from renewable sources for its fleet and offices. 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, thus reducing the ferry's fuel consumption and the negative environmental impact of marine fuel. To improve energy efficiency, the company continued to equip the ferries with LED lighting solutions and installed digital logbooks. In 2024, the **ferries' average fuel consumption per trip was 11%** (2023: 15%) **lower** than in the baseline year 2019, when the monitoring system was not yet implemented. In addition to the fuel consumption monitoring system, the GHG emissions of TS Laevad also decreased in 2024 due to the use of electricity from renewable sources. As a result, **GHG emissions per regular trip were 4% lower** than in 2023.

Energy efficiency and sustainable consumption indicators

Indicator	Target level for 2030	Baseline year 2019	2023	2024
MPSV Botnica Energy Efficiency Operational Index (EEOI)[7]	In the range of 0.3–0.4	0.4	0.5	0.6
Outdoor lighting upgrade rate	100%	31%	54%	58%
Energy efficiency of buildings (kWh/m^2 per year)	130	197	183	178
Share of renewable energy in total energy consumption*	90%	0,4%	74%	73%

** Including electricity and heat*

[7] *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)

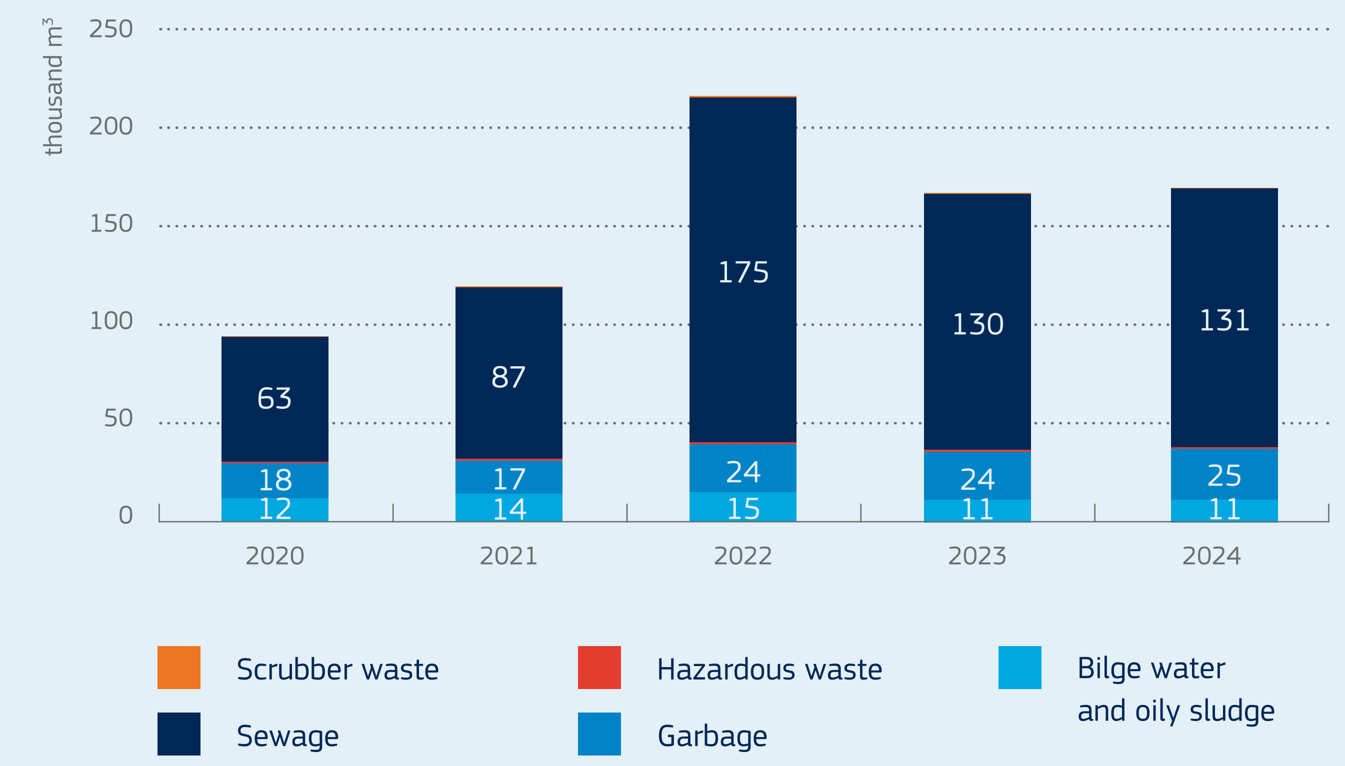
3.2 Clean Baltic Sea and circular economy

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 operations. Our harbours have sufficient capacity to receive bilge water, oily sludge, sewage, garbage and scrubber waste from all vessels calling. In 2024, the number of cruise ship and ferry calls was similar to 2023 and therefore the amounts of ship-generated waste received were also similar to 2023. According to unaudited data, **55% of the ship-generated waste received in 2024 was handed over for recycling** (2023: 49%). The amount of waste recycled depends on the type of waste received and the recycling capacity of the final waste handlers. The proportion of waste sent to landfill is minimal: based on unaudited data, 98% of the waste received in 2024 was recycled (incinerated) or recovered (2023: 98%).

Tallinna Sadam is **helping keep the Baltic Sea clean by preventing sewage from ships from being discharged into the sea**. At Old City Harbour, we have built a sewage pipeline for cruise ship quays and frequently used ferry quays, as well as a micro-tunnel with a sewage capacity of 1,200 m^3 per hour. Three quays at Muuga Harbour have been provided with a sewage pipeline with a capacity of up to 40 m^3 per hour. Thanks to these investments, ferries and cruise ships calling at Old City Harbour and ro-pax vessels calling at Muuga Harbour can dispose of unlimited amounts of sewage at no extra cost.

Reception of ship-generated waste



Ecological footprint indicators

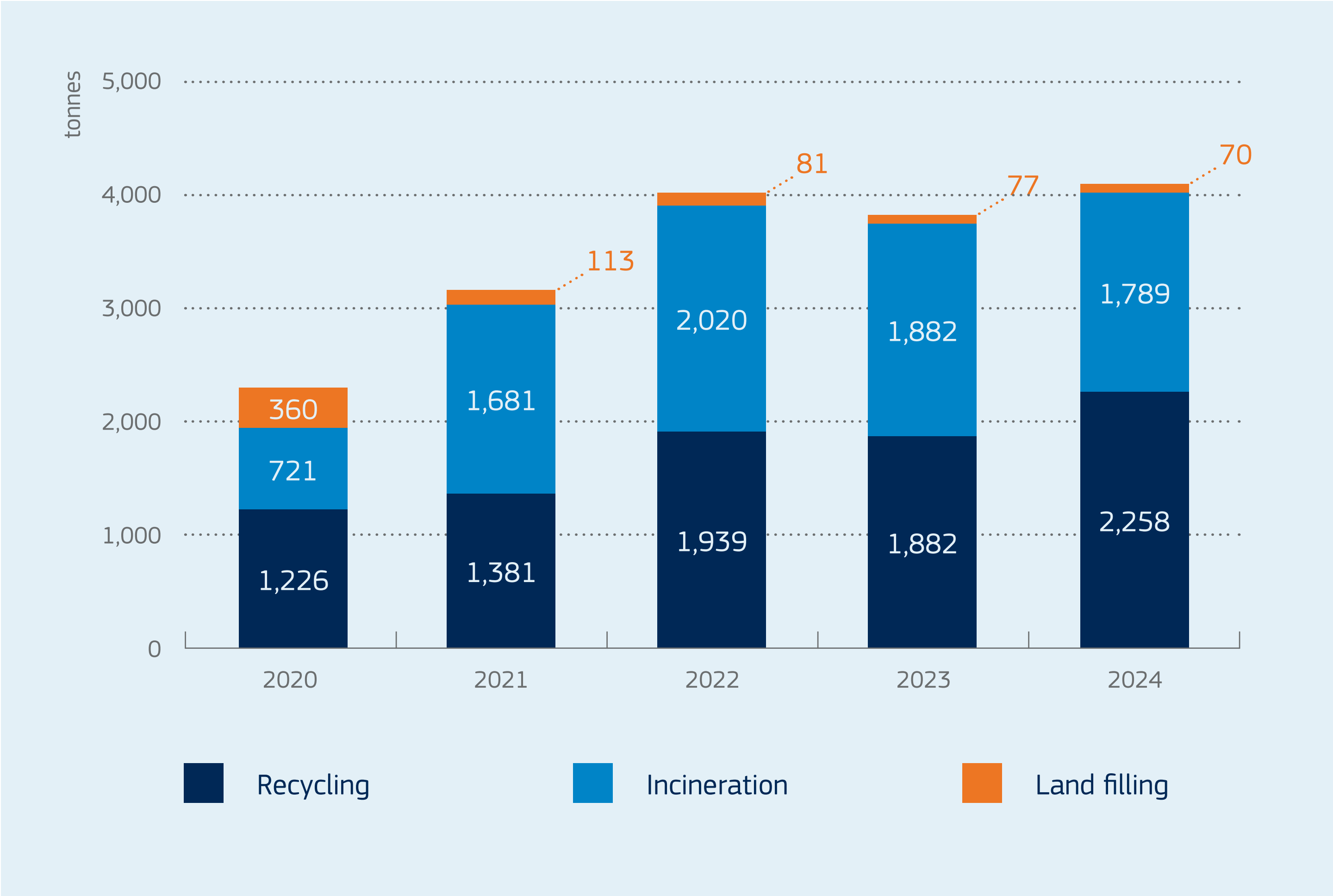
Indicator	Indicator Target level for 2030	Baseline year 2019	2023	2024
Share of ship-generated waste recycled in the circular economy	70%	54%	49%	55%
Share of port calls by cruise ships that disposed of sewage at Old City Harbour	100%	81%	84%	74%
Number of pollution incidents in harbour basins	0	9	5	9
Benthic biodiversity indicator for Muuga Bay (compared with the reference site)	100%	100%	100%	97%
Benthic biodiversity indicator for Tallinn Bay (compared with the reference site)	100%	100%	100%	100%

In 2024, ferries and cruise ships discharged approximately 123 thousand m³ of sewage into the Old City Harbour collection system (2023: 121 thousand m³). Many cruise ships are equipped with IMO-compliant sewage treatment plants that effectively remove phosphorus and nitrogen, the main causes of eutrophication in the Baltic Sea. As a result, the share of cruise ships discharging sewage decreased to 74% in 2024 (2023: 84%). The share of ferries is not relevant as their frequent timetables and generally short call times limit the possibilities for sewage discharge.

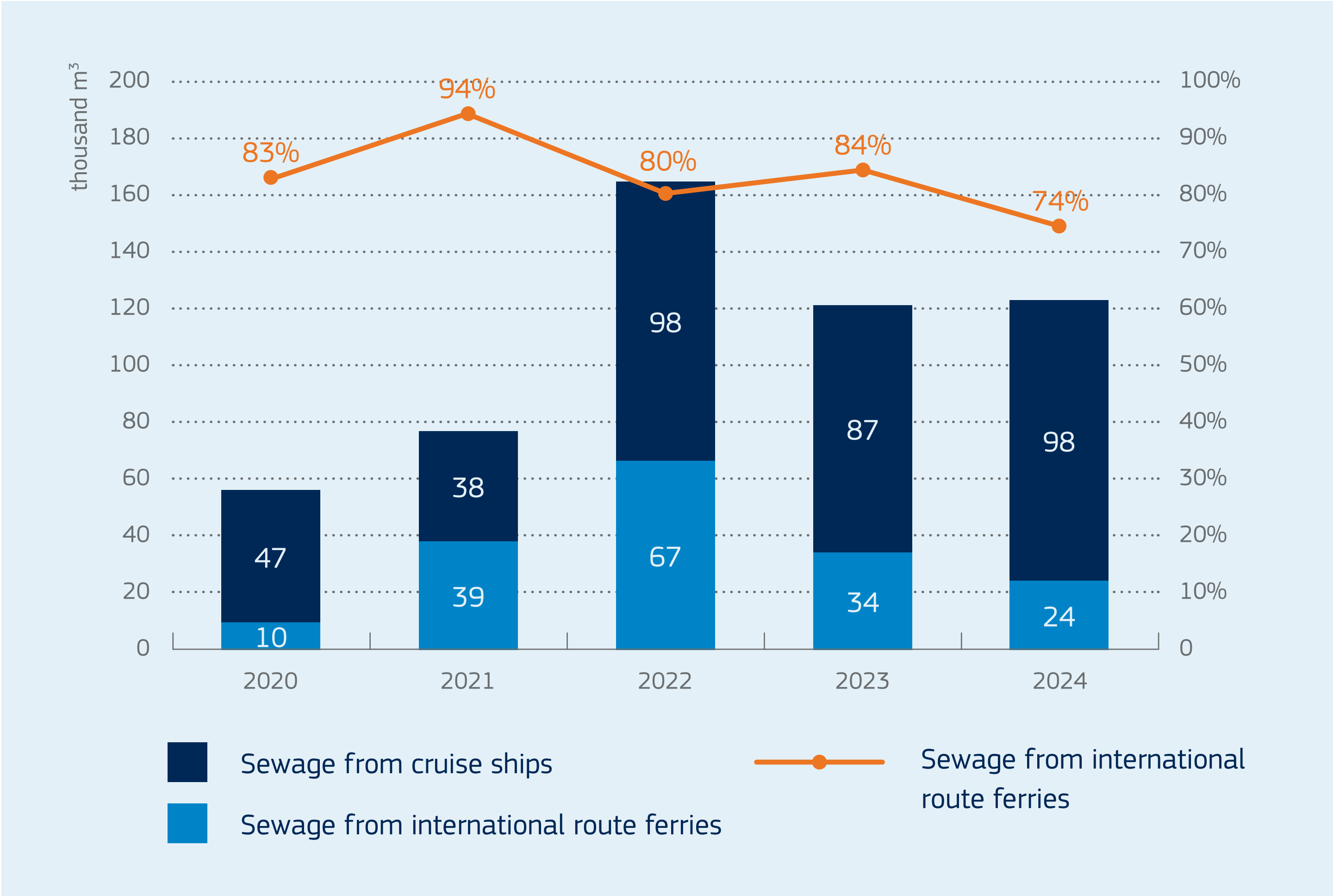
In 2024, we continued to contribute to the circular economy by collecting waste separately in our offices and passenger terminals and on board the ferries of TS Laevad.

Because of the potential impact of port operations, we monitor marine biodiversity. The long-term goal is that the number of species in the benthic community 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 species in the benthic community 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 (conducted annually by the Estonian Marine Institute and the Environment Agency of the Ministry of the Environment). According to the 2024 data, the state of the sea around Muuga Harbour is 97% (2023: 100%) and around 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

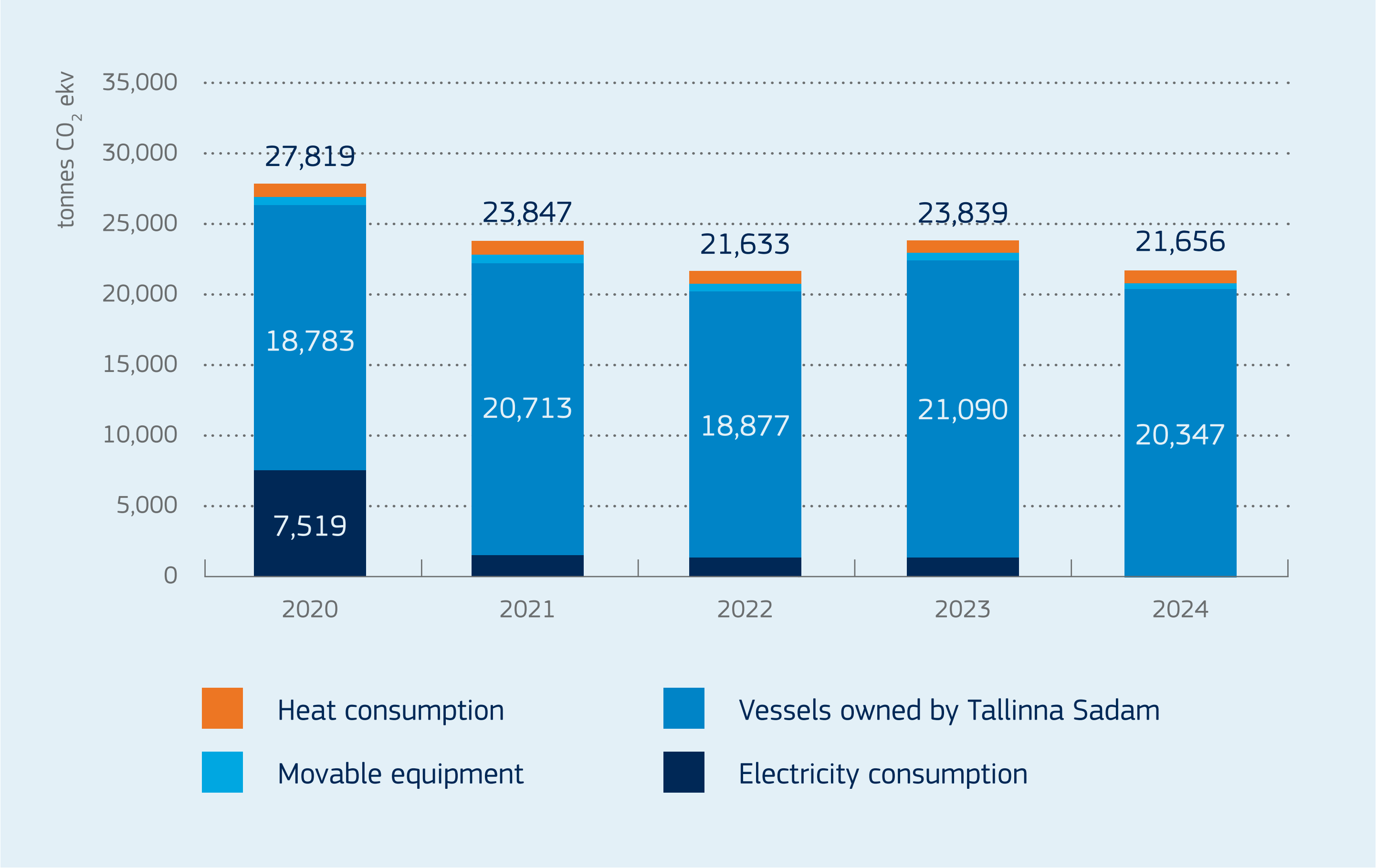
Indicators of ambient air quality

Indicator	Target level for 2030	Baseline year 2019	2023	2024
GHG[8] emissions (tonnes of CO_2 equivalent)	2050=0; (–55% 2030)	33,086	23,839[9]	21,656
CO_2 emissions of TS Laevad per trip (%; 2019=100%)	26%	100%	83%[10]	80%
Share of vessel calls with ESI discounts (%)	50%	18%	35%	38%
Time during which ferries and cruise ships use onshore power supply as a percentage of total call time at Old City Harbour (%)	50%	0%	52%	63%
Share of cargo harbours' ro-ro units (%)	50%	29%	34%	36%

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

In addressing potential air pollution from our operations, we focus on monitoring the CO_2 emissions from GHG emission sources, odour problems resulting from cargo handling at oil terminals, air pollution from ships and the differentiation of port dues based on ships' investments in reducing air pollution. To improve **air quality**, we have launched numerous projects and implemented innovative solutions in several areas.

GHG emissions of Tallinna Sadam

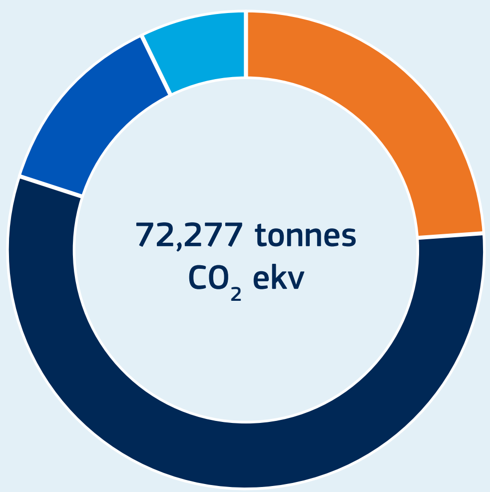


8 GHG — greenhouse gases CO_2, N_2O and CH_4 converted into CO_2 equivalent

9 The volume of GHG emissions for 2023 (previously: 23,874) has been updated to account for the updated electricity consumption.

10 The emission factors used to calculate the CO_2 equivalents for 2023 were updated in 2024 and therefore the indicator for 2023 (previously: 84%) was also updated.

2023 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.

[11] *The values for 2023 have been updated to account for the adjustment of the source data and the change in the emission factor in summer 2024. Each summer, the Stockholm Environmental Institute publishes the actual emission factors for the previous year.*

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 2023, all GHG emissions from Tallinna Sadam's operations, including emissions from operators, tenants and port calls **(scopes 1–3) were 72,277 tonnes of CO_2** equivalent, a decrease of 42% compared to the baseline year 2019 (2022: 83,163 tonnes of CO_2 equivalent), mainly due to the cessation of operations at Paljassaare Harbour in 2022 and an increase in the use of electricity generated from renewable sources. Emissions related to ship calls also decreased as the number of tanker calls declined and a tanker that had been in port for a long time departed.

Tallinna Sadam's own direct and indirect GHG emissions (scopes 1 and 2) totalled 21,656 tonnes of CO_2 equivalent in 2024 (2023: 23,839 tonnes of CO_2 equivalent), 69% of which was attributable to the operation of ferry traffic between Estonia's mainland and two largest islands. In 2024, the Group's **CO_2 emissions decreased by around 9%** compared to a year earlier (35% compared to the baseline year 2019). The reduction in emissions was mainly due to the **lower fuel consumption of the icebreaker Botnica** in connection with ship repairs, but also due to the switch of TS Laevad to renewable electricity and lower fuel consumption of the ferries, achieved through 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 2023, CO_2 emissions per trip were 4% lower than in 2023 and 20% lower than in 2019.

What have we done for cleaner air?

In 2024, we continued the cooperation projects 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 projects 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 become environmentally sustainable and climate neutral. The cooperation agreement is an important step that shows that the green corridor is important for 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.

To reduce the traffic load at 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 the Paldiski–Kapellskär and the Muuga–Vuosaari routes, vehicles are served by ro-pax vessels. Both Old City Harbour and Muuga Harbour use double ramps, which significantly increase the speed at which vehicles can be loaded and unloaded. Faster loading and unloading also reduces emissions (including CO_2) from road traffic. Paldiski South Harbour and Muuga Harbour account for 36% (2023: 34%) of the total number of ro-ro units handled by the harbours of Tallinna Sadam.

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 was suspended from 2024 in agreement with the Environmental Board. The necessary monitoring of air pollution in 2024 was carried out using electronic odour sensors, i.e. a network of electronic noses (eNoses). The eNoses have been installed in the area of Muuga Harbour to control odours. The system enables us to quickly identify the location and source of odour nuisance and to start solving the problem without delay. In 2024, there were no recorded exceedances of air pollution concentrations and the harbour received no complaints. The above activities are carried out in cooperation with the oil operators at Muuga Harbour.

We grant a discount on port dues to environmentally friendly ships based on the Environmental Ship Index (ESI)[12]. In 2024, we granted ESI-based discounts to a total of 2,707 ship calls, representing 38% (2023: 35%) of all ship calls.

We also **provide shore power and auto mooring for ferries at Old City Harbour**. At Muuga Harbour, Paldiski South 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 Tõll, which is equipped with hybrid technology, runs partly on electricity. For further information on our environmental solutions, please visit the Tallinna Sadam website.

[12] 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

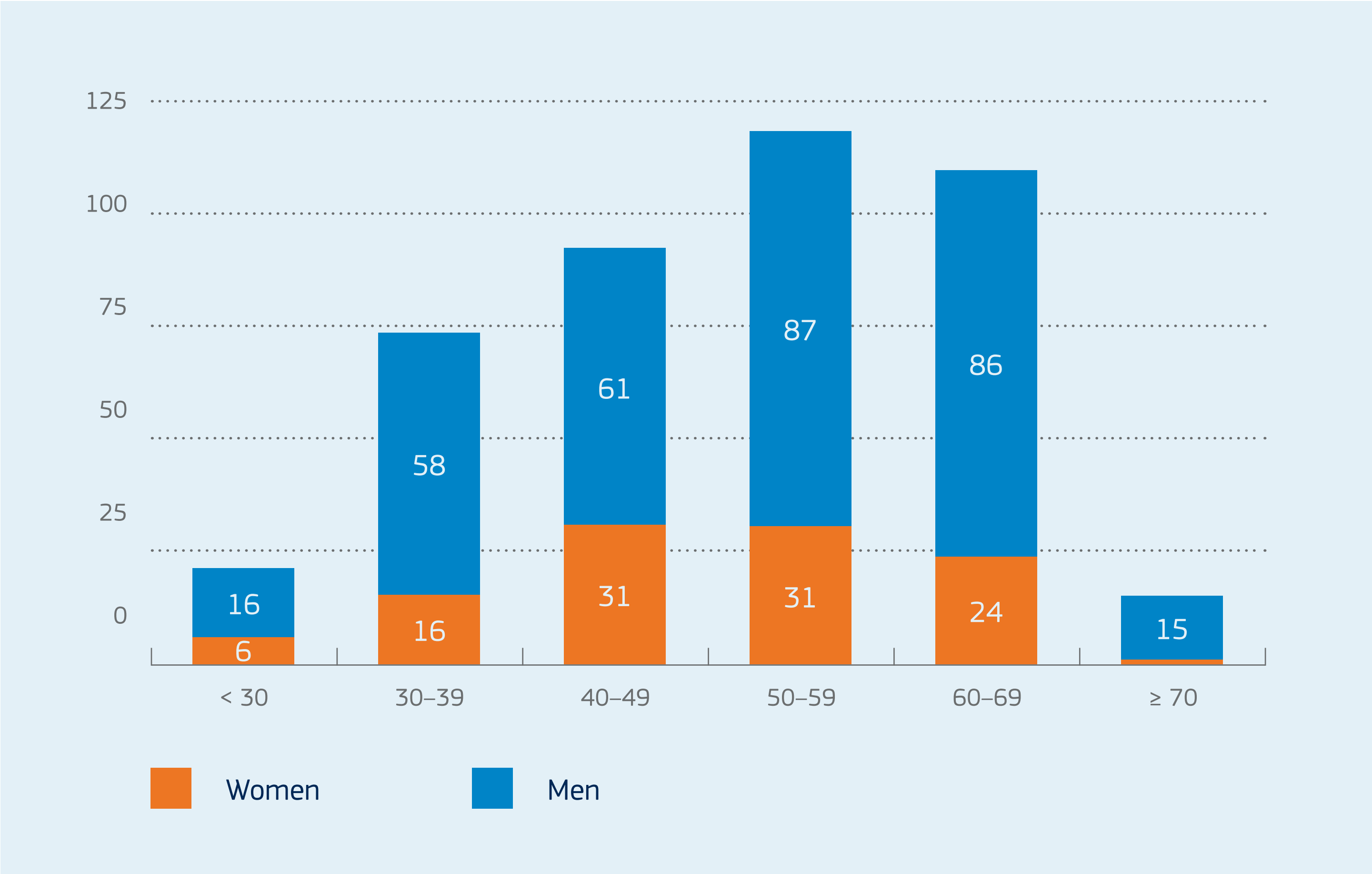
4 Our People

4.1 Employees

Tallinna Sadam has almost 450 employees. The Group's average number of employees in 2024 was 438 (2023: 461). The company's sustainable development is supported by its diverse, experienced and competent workforce. The average employee remuneration grew by 3.6% in 2024, mainly due to the wage increase resulting from the collective agreement between the subsidiary TS Laevad and the Estonian Seamen's Independent Union, new positions and the forecast payment of higher performance-related remuneration based on the results for 2024.

Number of employees and personnel expenses

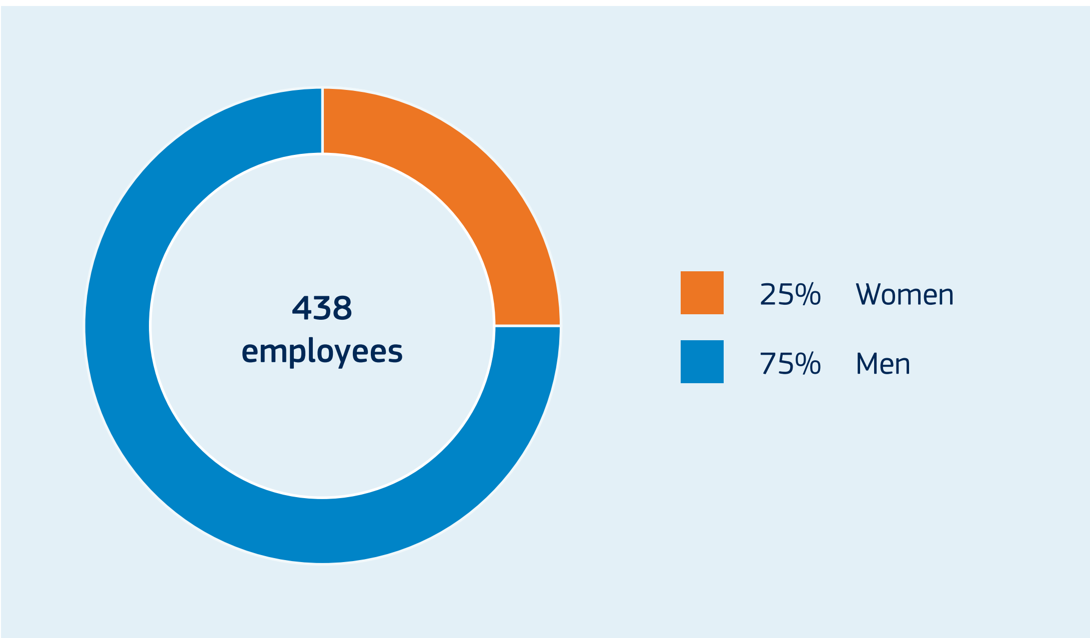
Workforce by age at 31 December 2024



The average length of employee service at Tallinna Sadam is 9.5 years. It is longest in port operations (15.8 years) and shortest at our more recently established subsidiary TS Laevad (5.8 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 14 members of Tallinna Sadam's extended management team and the managers of its subsidiaries, 4 are women, i.e. 29% of senior management positions are held by women (2023: 33%). The target is to increase the proportion of women in senior management to 45% by 2030. The gender pay gap[13], i.e. the ratio of women's average hourly salary to men's average hourly salary, was 70% in 2024 (2023: 83%). 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 2024, 14% of our employees were up to 35 years old (2023: 16.5%). 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 on internships and research through a cooperation agreement signed in 2019. In 2024, we offered internships to 17 students from the Estonian Maritime Academy. In addition, nine young people from the Estonian Nautical School, the Tallinn Industrial Education Centre and other schools received practical training at Tallinna Sadam.

Workforce by gender at 31 December 2024



[13] 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 collaboration, 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 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 through annual **engagement surveys**. Our employee engagement index is measured on a 7-point scale. In 2024, 76% of employees participated in the survey and the engagement index was 5.7 (2023: 6.0). **Voluntary employee turnover in 2024 was 8.5%** (2023: 6.1%). The target is to keep it below or at 9%. According to Kantar Emor's annual employer reputation survey, Tallinna Sadam was the 8th (2023: 8th) most preferred employer in the target group of salaried employees.

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. Since 2022, we have organised a series of 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 around 3 times a year to ensure 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. We hold an annual 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 AS. A number of large and small events and team activities were held in 2024 to promote team spirit and healthy lifestyles.

We maintain a **common information space** by organising regular staff days, which take 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.

In order to achieve our common goals, we have implemented a performance management system that ensures that the company's strategic goals are communicated to each team and team member. Our approach to **goal setting** is that expected results must be measurable and clearly agreed. We have implemented the PlanPro planning and risk management software, which helps improve the quality of goal setting: 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.

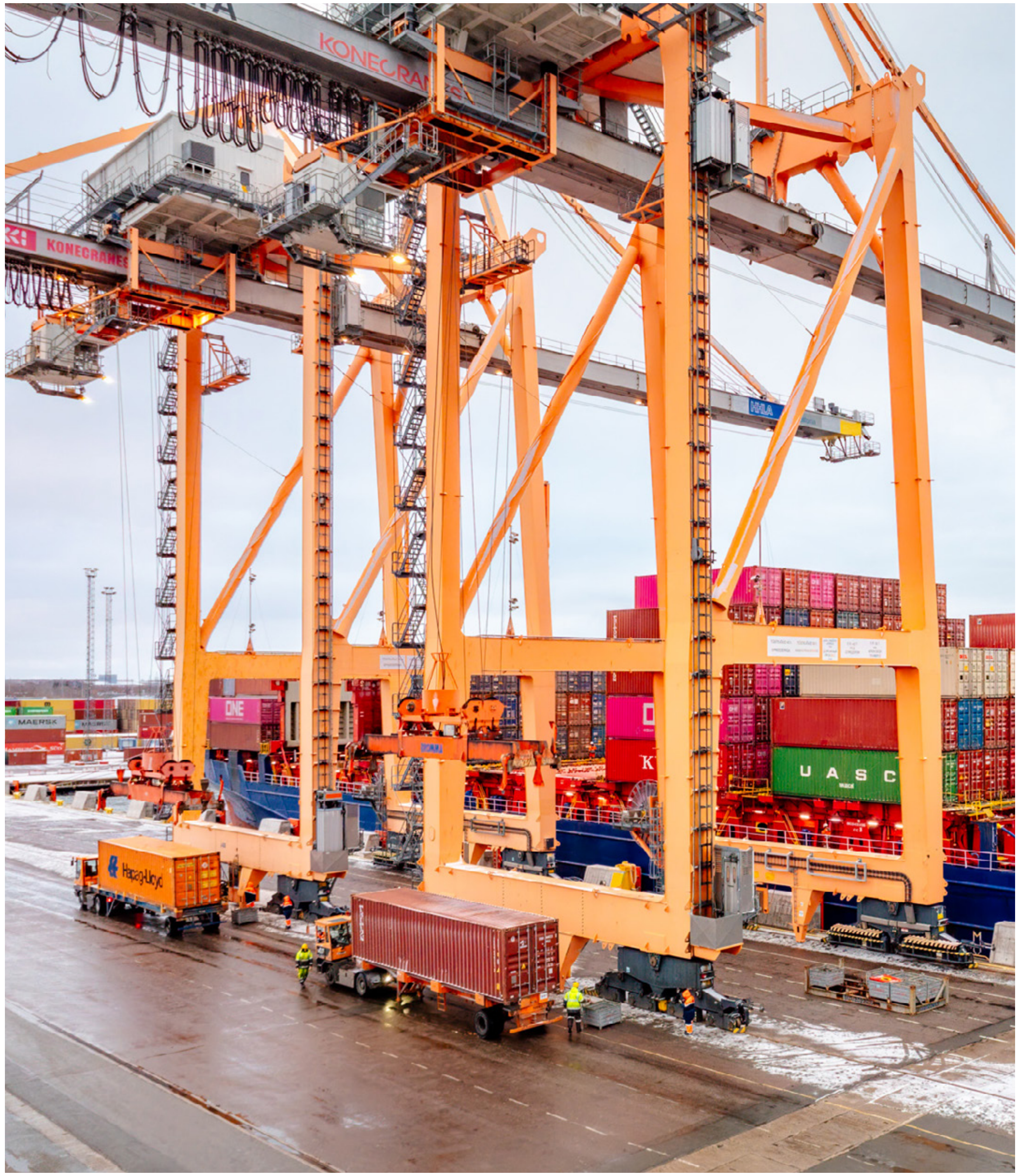
When recruiting or promoting employees, we consider their values, experience and competence and do not discriminate on the basis of gender, age, ethnicity or other factors. There were no reported incidents of discrimination at Tallinna Sadam in 2024 or in the previous year.

4.3 Occupational safety

Occupational safety is one of our top priorities. Office staff make up 40% of our workforce and the main risks in their working environment are related to forced static postures and the use of computers. The remaining 60% of our employees are involved in high-risk activities, such as working at heights or at night, working with fire, using dangerous equipment (e.g. landing bridges, ramps) and operating equipment on board ferries, on quays and in passenger terminals.

We **continuously analyse work environment risks and improve working conditions**, taking into account employees' suggestions for modernising their workplace. We refer employees for regular health checks, ensure 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 a work-related accident. In 2024, we recorded one occupational accident in which a worker stepped on a crane rail and broke his right ankle.

We provide **regular safety training for new and existing employees**, taking into account the risks in their area of work. In 2024, we set up a new e-learning environment to provide guidance to employees and conduct safety tests.



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 ports sector

Estonian Logistics and Ports Union

The Estonian Employers' Confederation

European Maritime Information Sharing and Analysis Centre
EM-ISAC, cyber security

Baltic Ports Organization (BPO)

Estonian Association for Environmental Management

Paldiski Association of Entrepreneurs

Rail Baltica Business Network Estonia

Green Tiger
An organization focusing on environmental issues of the Estonian society

Hydrogen Valley Estonia

Estonian Maritime Cluster

Estonian Shipowners' Association

Other organisations in which we participate can be found on our website.

5.2 Cooperation for sustainable development and volunteering

In conducting our business and planning for the future, we are committed to raising awareness of sustainable development principles, sharing our knowledge 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 the local communities**. We also work with stakeholders in international organisations and participate in working groups aimed at improving the competitiveness of the maritime and logistics industries in our region.

In October 2024, the steering committee of the **FIN-EST Green Corridor** took an important step towards promoting climate-neutral maritime transport in the Gulf of Finland by approving a list of 19 joint projects. The projects include, for example, research into the use of green fuels and carbon capture, the development of zero-emission infrastructure in ports, improving waste management to increase recycling by providing better sorting facilities for both ship and passenger-generated waste, and promoting cycling tourism by making cycling routes from cities to ships and vice versa more convenient.

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 2024, a Transport Roadmap, prepared under the supervision of Tallinna Sadam, was published to 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.

TALL SHIP RACES 2024

NAVY EXERCISE

Cruise Baltic, the organisation that connects cruise ports and destinations in the Baltic Sea, carried out several marketing activities in 2024 to create opportunities for sustainable travel, serve cruise ships and cruise passengers, and restore travel volumes to pre-crisis levels. In March 2024, cruise line executives visited Saaremaa.

In 2024, 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. Following the Cruise Europe annual meeting and conference in Stockholm, cruise line executives visited Tallinn.

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.

In September, the MarineHack event organised by the Estonian Maritime Academy of TalTech and Tallinna Sadam brought together students, scientists and experts. The 12-hour hackathon focused on the Fin-Est Green Corridor, i.e. the promotion of climate-neutral and sustainable solutions in maritime transport between Estonia and Finland. The challenges of the hackathon focused on the use of light transport vehicles in the port, improving waste sorting, creating data exchange systems for companies using the port, as well as measuring air quality and increasing the durability of quay materials. The winning team proposed an innovative solution for the construction of port facilities using recycled polymer composite sheet piling instead of steel. The runner-up solution was a hyperspectral camera for real-time air quality monitoring, enabling the tracking and forecasting of port emissions. The Maritime Academy recognised Tallinna Sadam as a Friend of the Maritime Academy 2024. We also collaborate with other research institutions in Estonia and abroad to develop digital solutions and analyse innovative engineering options. We introduce students to Tallinna Sadam and offer internship opportunities, and our employees volunteer as lecturers in their areas of expertise.

We continue to implement 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 this is Old City Harbour's modern multi-functional cruise terminal and promenade, which opens up the seafront to local people and creates new leisure, tourism and business opportunities. In 2024, the cruise terminal hosted 75 different events.

In 2024, we hosted the Tall Ship Races, the world's largest sailing regatta, at Old City Harbour. Old City Harbour was filled with large and majestic sailing ships, offering visitors a unique opportunity to experience maritime traditions. The event attracted thousands of visitors to Tallinn and provided a significant boost to the city's tourism economy. Tallinn received the prestigious award of Host Port of the Year 2024 from Sail Training International. The Ministry of Climate named the Tall Ship Races Maritime Event of the Year, recognising the organisers for bringing the international regatta to Estonia and promoting interest in maritime activities. The Estonian Blind Union awarded the event the title of Achievement of the Year 2024 for its accessibility to people with special needs, including the visually impaired.

In addition, the ICESWIM 2024 winter swimming festival and the Jazzkaar urban space jazz project events were held. In cooperation with the Blood Centre of the North Estonia Medical Centre, we organised the traditional Donor Day, where our employees and those of our business partners, as well as other volunteers, could donate blood.

As part of World Cleanup Day, volunteers from Tallinna Sadam, together with members of the Estonian Diving Club, cleaned the Admiralty Basin of marine debris. Car tyres, chairs, shopping trolleys and more were pulled out of the water and taken away.

Tallinna Sadam's mixed choir (consisting of our current and former employees and partners) shared the joy of Christmas with the residents of Nõmme social housing as part of the Let's Donate Time initiative. The choir performed, there was a sing-along with the residents and people chatted around a table with snacks.

TS Laevad works with tourism associations, local authorities and businesses on the islands of Hiiumaa and Saaremaa to promote local life.

WINTER SWIMMING FESTIVAL ICESWIM 2024 AT OLD CITY HARBOUR

VOLUNTEERS OF WORLD CLEANUP DAY

6 Business Review

6.1 Key performance indicators[14]

Figure	Unit	2024	2023	Change	%
Revenue	EUR ‘000	119,587	116,646	2,942	2.5%
Operating profit	EUR ‘000	29,148	24,630	4,518	18.3%
Adjusted EBITDA[15]	EUR ‘000	53,134	49,170	3,963	8.1%
Depreciation, amortisation and impairment	EUR ‘000	–24,833	–25,389	557	–2.2%
Income tax	EUR ‘000	–3,125	–2,985	–140	4.7%
Profit for the period	EUR ‘000	19,153	15,882	3,271	20.6%
Investment	EUR ‘000	38,831	20,727	18,104	87.3%
Number of employees (average)		438	461	–23	–5.0%
Cargo volume	t ‘000	13,134	12,586	548	4.4%
Number of passengers	‘000	8,201	7,918	283	3.6%
Number of vessel calls		7,127	7,026	101	1.4%
Total assets at period-end	EUR ‘000	629,861	606,164	23,697	3.9%
Net debt at period-end	EUR ‘000	167,622	143,664	23,958	16.7%
Equity at period-end	EUR ‘000	377,613	377,659	–46	0.0%
Number of shares at period-end	‘000	263,000	263,000	0	0.0%
Operating profit/revenue		24.4%	21.1%		
Adjusted EBITDA/revenue		44.4%	42.2%		
Profit for the period/revenue		16.0%	13.6%		
EPS: Profit for the period/weighted average number of shares	EUR	0.07	0.06	0.01	20.6%
Equity/number of shares	EUR	1.44	1.44	0.00	0.0%
Profit for the period/total assets		3.0%	2.6%	0.4%	–
Profit for the period/equity		5.1%	4.2%	0.9%	–
Share price at period-end		1.056	1.128	–0.072	–6.4%
P/E: Share price/earnings per share		14.5	18.7	–4.2	–22.4%

[14] The ratios and changes presented in the table may contain rounding differences.

[15] 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's October forecast[16], global economic growth in 2024 was 3.2% and is expected to remain weak but stable in the coming years. In the January 2025 update, growth is projected at 3.3% both in 2025 and 2026, below the historical (2000–2019) average of 3.7%. According to the October forecast, global inflation declined from 6.7% in 2023 to 5.8% in 2024 and is expected to decrease further, to 4.3% in 2025. Political uncertainty worldwide remains high. Sudden spikes in financial market volatility can tighten financial conditions and impact investment and growth. The process of disinflation could be disrupted by renewed commodity price increases amid persistent geopolitical tensions, potentially preventing central banks from easing monetary policy. Following the reopening of economies in 2022, economic growth in developing countries slowed significantly in 2023 and is projected to hover between 1.7% and 1.8% until 2029. The October forecast revised US economic growth to 2.8%, an increase of 0.2 percentage points compared to the July forecast, mainly due to higher consumption and non-residential investment. Euro area economic growth reached its lowest point in 2023 and GDP growth is expected to accelerate to 0.8% in 2024 on the back of improved export performance. Growth is projected to reach 1% in 2025 and 1.4% in 2026, supported by stronger domestic demand as financial conditions ease and confidence improves.

According to Eesti Pank, the central bank of Estonia, the Estonian economy has remained at the same level for several consecutive quarters, showing neither deterioration nor improvement. However, there have been changes in some sectors, indicating that the economic situation may be starting to improve. For example, export volumes have returned to growth. Price increases for consumers are expected to accelerate to 4.3% due to the increase in the VAT rate. According to the European Commission's Economic Forecast, headline inflation in the euro area is set to more than halve in 2024, from 5.4% in 2023 to 2.4%, and to continue declining in subsequent years. The December Eurosystem staff projections forecast euro area inflation to moderate to an average of 2.1% in 2025 and remain close to 1.9% in 2026.

At the beginning of 2024, VAT and excise duties increased in Estonia. According to Statistics Estonia, the consumer price index rose by 3.5% in 2024 compared with the average for 2023. The main drivers of the consumer price index were increases in the prices of food and non-alcoholic beverages, which accounted for 23.7% of the total rise. At the same time, petrol and diesel fuel became 2.7% and 4.4% cheaper, respectively. The main categories for which the consumer price index has risen compared with the previous year include communication services (8.5%), healthcare (8.1%), and education and childcare (7.5%). According to Eesti Pank, electricity prices have placed an additional burden on the Estonian economy, as our price level remains significantly higher than in the Nordic countries. In anticipation of the motor vehicle tax, vehicle market activity has picked up, but there are no signs of rising vehicle prices.

According to the European Commission's forecast, private consumption is expected to be subdued in 2025 as the forthcoming tax hikes over the next two years will reduce the purchasing power of consumers. In addition, the unemployment rate in Estonia rose to 7.8% in August 2024, and employment expectations are becoming more negative. According to Eesti Pank, the slowdown in wage growth will continue in 2025, as wage increases in the government sector will be slower and the rise in the minimum wage will be more modest than in previous years. The increase in average gross wages will also be affected by the higher income tax rate taking effect in 2025 and an additional tax — the national defence tax — coming into force in 2026. The unemployment rate stood at 7.4% in the third and fourth quarter of 2024, down by 0.2 percentage points compared to the second quarter. Registered unemployment also followed a downward trend throughout 2024.[17]

Tallinna Sadam's financial performance has been positively influenced by continued growth in the passenger business, where the biggest change has been in the number of visitors travelling on the ferries operating between Tallinn and Helsinki. In addition, there has been a turnaround in the cargo business and cargo throughput has started to increase, with the largest increase in tonnes compared to 2023 in dry bulk.

[16] *IMF World Economic Outlook Update, January 2025, IMF World Economic Outlook, October 2024.*

[17] *Eesti Pank Estonian Economy and Monetary Policy, Statistics Estonia, European Commission's Economic Forecast and the press release on the Autumn 2024 Economic Forecast.*

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

Russia's war against Ukraine and the resulting sanctions against Russia have mainly affected the Group's cargo business. The decline in liquid bulk has been the most severe. Liquid bulk operators 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 the accounts with them are settled in euros. Tallinna Sadam is working 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 responsibly to both cargo and customers.

In addition to the cargo business, the war has affected cruise ship calls, mainly due to the disappearance of St Petersburg as a major destination on the Baltic Sea cruise port map. However, the number of cruise ship calls is increasing and we are working with other Baltic Sea ports to market the Baltic Sea region.

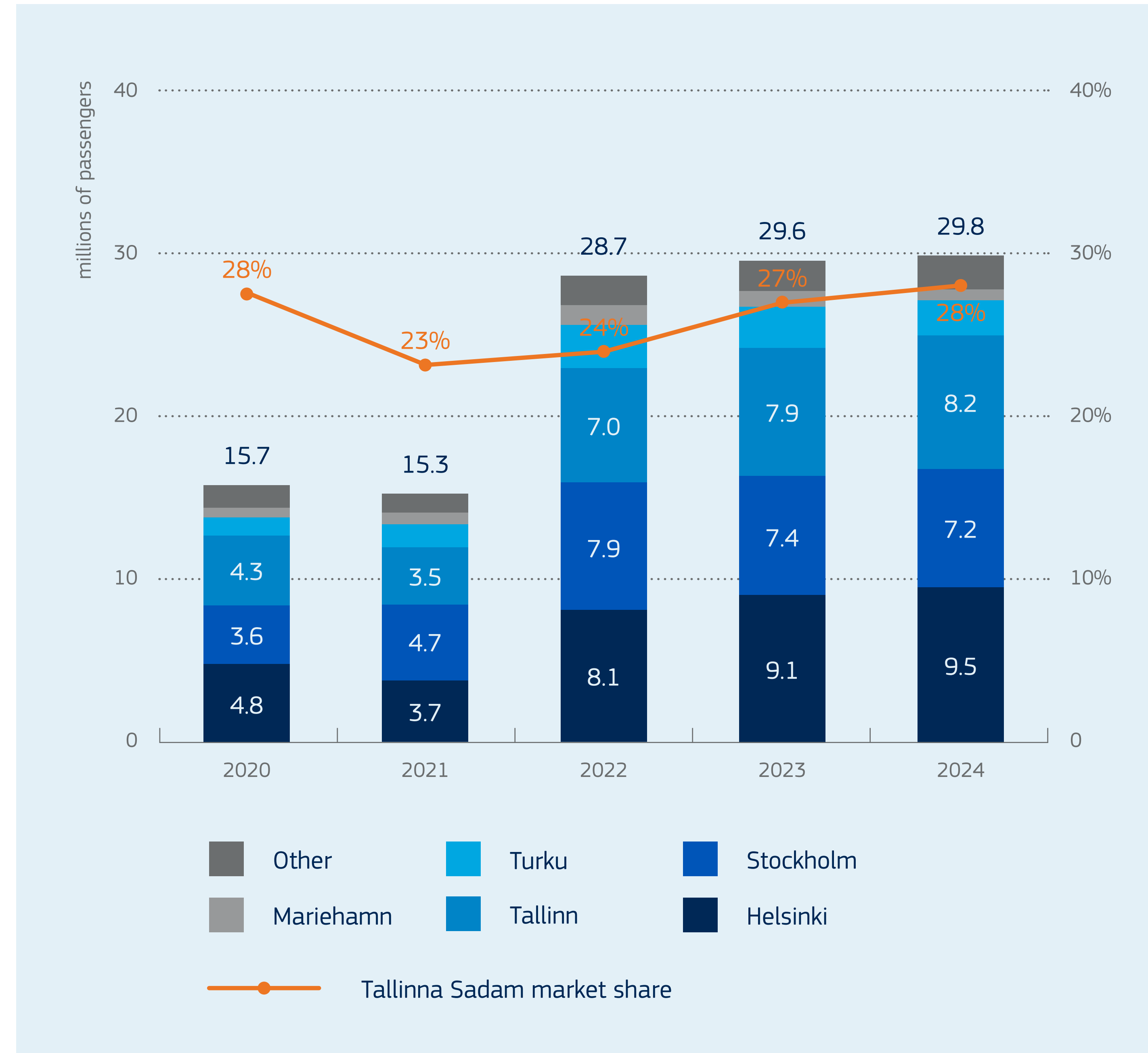
As far as the general economic environment is concerned, the company is most influenced by the pace of recovery of economic growth both in Estonia and in the countries of its main trading partners. Economic recovery will lead to an increase in trade, consumer confidence and travel, which will be reflected in the Group's business volumes. Both the Finnish and Swedish economies are expected to grow in the coming years. However, global economic uncertainty has increased and rising protectionism poses risks for the future of the European economy. In addition, the Nordic countries are closely linked to the German economy, where a number of obstacles to growth have been identified.

Increasing the use of vacant space in industrial parks in the Group's harbours depends to a large extent on whether foreign investors decide to invest in Estonia. The ongoing war in Ukraine and Russia's actions may lead to the postponement or cancellation of investments. The price of energy and the availability of electricity from renewable sources are also key factors for investments in energy-intensive manufacturing. The relatively high price of electricity and the limited availability of green energy can be a barrier to positive investment decisions, which in turn can affect both the rate of occupancy of land in industrial parks and the volume of cargo transported through ports.

6.4 Overview of the market: passengers

The Baltic Sea is one of the busiest inland seas in the world in terms of shipping traffic. 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 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, the high level of 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*

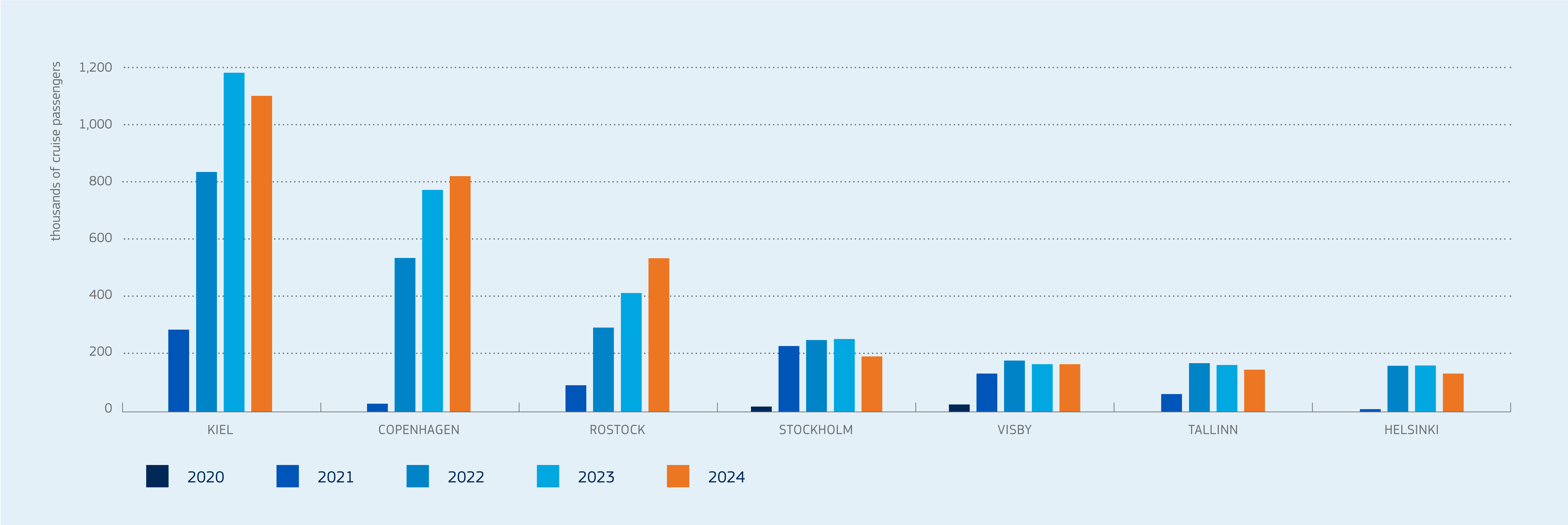


** Excluding ports where most of the number of passengers results from short trips (lasting around 1 hour).*

In 2024, ferry traffic continued to recover from the post-pandemic period, but while the number of passengers travelling across the Baltic Sea is increasing, passenger numbers at ports are still at 65-75% of the pre-pandemic levels. Overall, the number of passengers in the major ports in the eastern part of the Baltic Sea increased by 0.3 million (+1%) to 29.8 million in 2024. The largest increases were in the ports of Helsinki and Tallinn, while the largest decreases were in the ports of Turku and Stockholm.

Worldwide cruise tourism has recovered from the pandemic and global cruise passenger numbers are above pre-pandemic levels. Although the passenger load factor of cruise ships visiting the Baltic Sea also improved in 2024, passenger numbers in this part of the world have not yet recovered to pre-pandemic levels. Cruise lines remain cautious about booking port calls in advance, as the Baltic Sea region continues to be affected by Russia's war against 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. Due to the loss of St Petersburg, cruise lines are seeking other attractive destinations and ports are extending the cruise season to be appealing destinations. In Europe, the recovery of cruise tourism is also affected by the strict environmental regulations 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

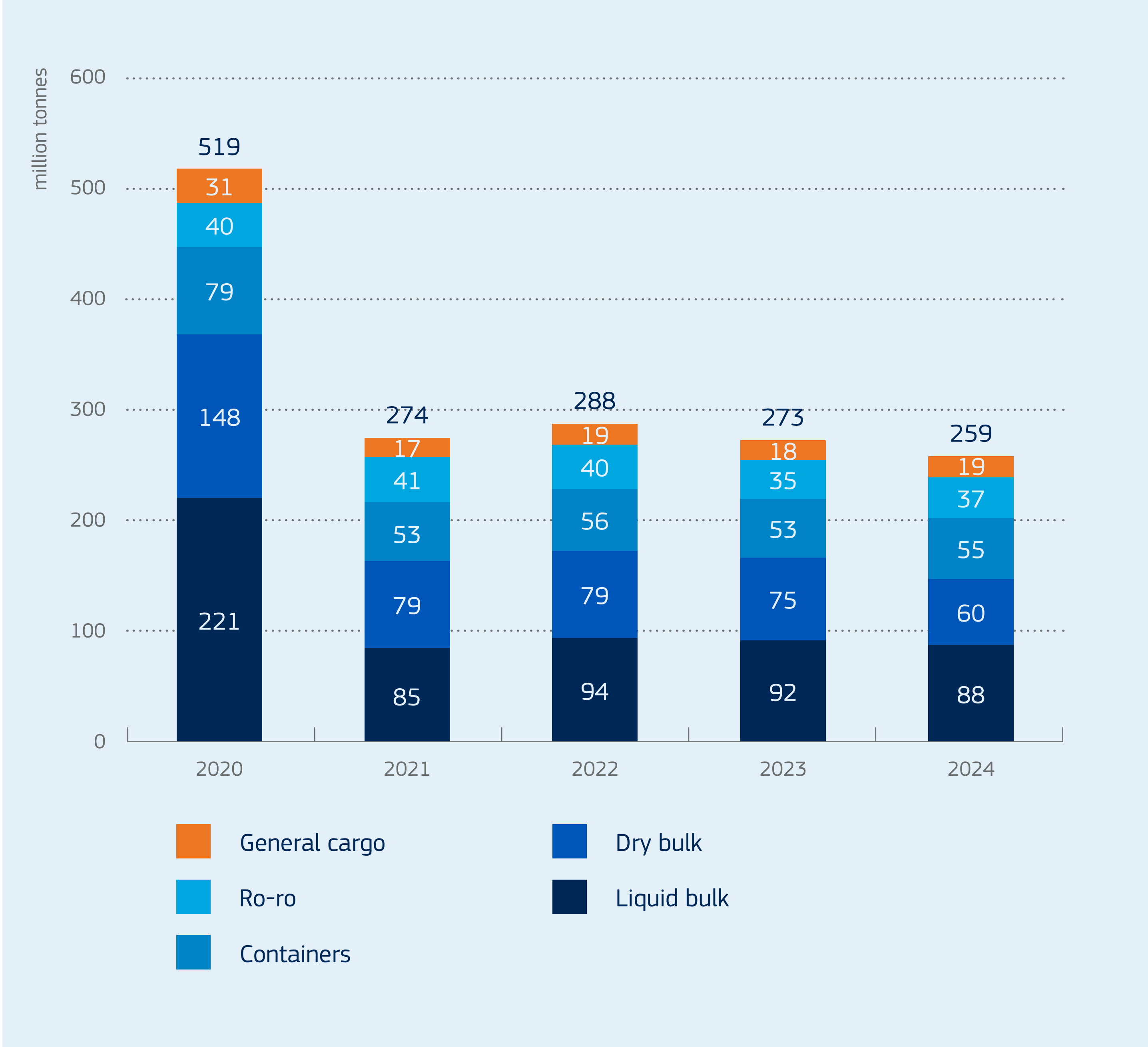
The overview of the cargo market on the eastern coast of the Baltic Sea covers the largest ports of Poland, Lithuania, Latvia and Estonia, as well as the major Finnish ports on the Gulf of Finland, which we consider to be the market players in the region and our main competitors.

In 2024, the total cargo turnover of ports in the region was 259.4 million tonnes, a decrease of 13.7 million tonnes (–5.0%) compared to 2023.

In terms of cargo types, only general cargo grew (+4.4 million tonnes, +4.2%). All categories of general cargo recorded volume growth, with the sharpest increase in ro-ro cargo (+1.6 million tonnes, +4.5%) and containers (+1.6 million tonnes, +3.0%). A steep decline in dry bulk (–14.2 million tonnes, –19.1%) was mostly caused by a fall in the volume of coal (–11.8 million tonnes, –53%) in the Polish and Latvian ports. Liquid bulk decreased by 3.9 million tonnes (–4.2%), with the sharpest decreases in the ports of Sköldvik and Klaipėda.

In terms of ports, **the largest growth in cargo throughput was recorded by the port of Klaipėda** (+2.6 million tonnes, +6.3%) and **port of Tallinn** (+0.5 million tonnes, +4.4%). Klaipėda's growth was mainly driven by imports of building materials, due to active road and rail construction. The growth in Tallinn was mainly due to increased volumes of dry bulk and container cargo. The largest decreases were in the port of Sköldvik (–4.2 million tonnes, –17.8%), due to a decline in the volume of oil and petroleum products, and in the Polish ports of Gdansk (–3.6 million tonnes, –4.4%) and Gdynia (–2.5 million tonnes, –8.5%) as Poland imposed import restrictions on coal to support the Polish mining sector.

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

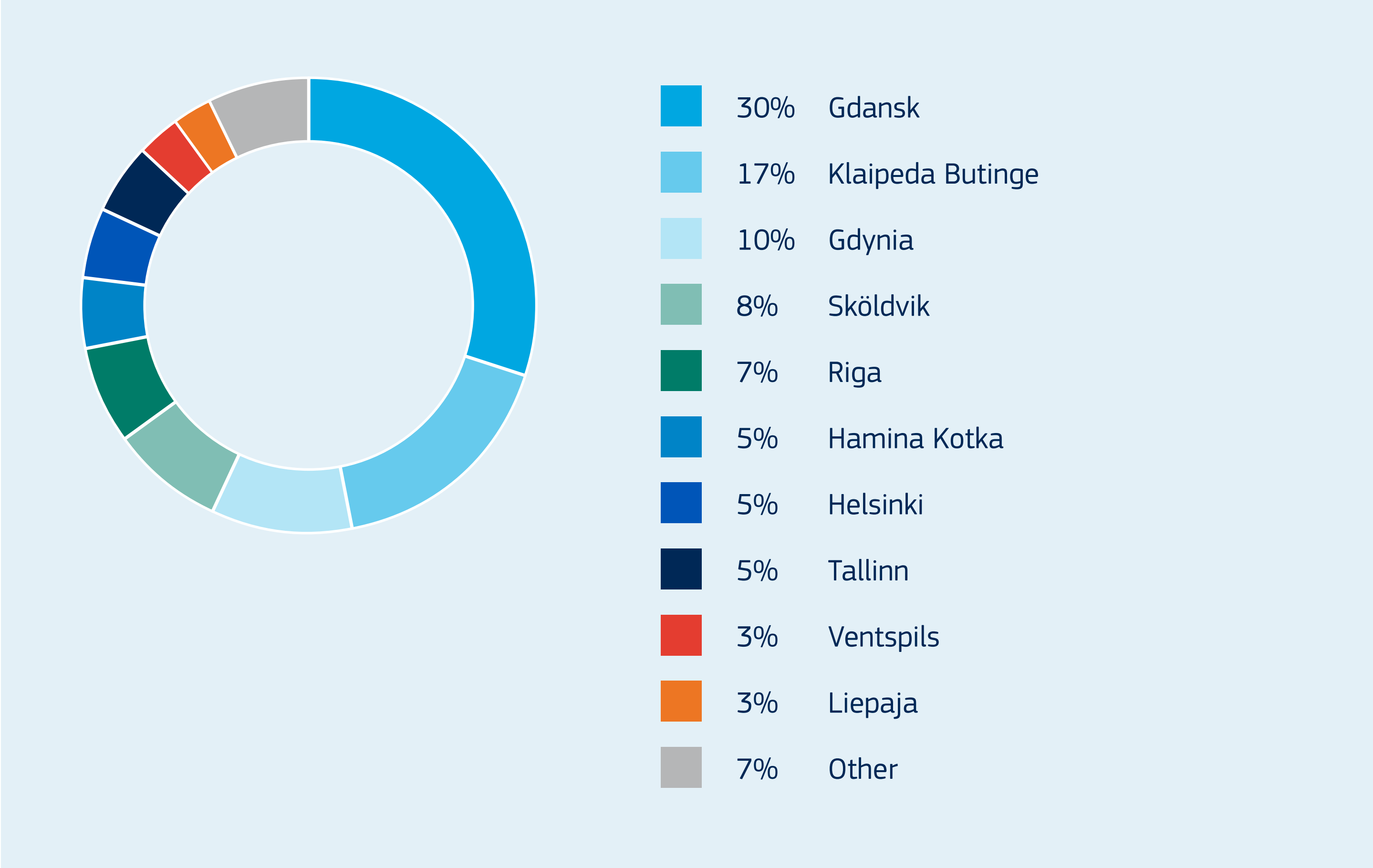


** Excluding Russian ports from 2021*

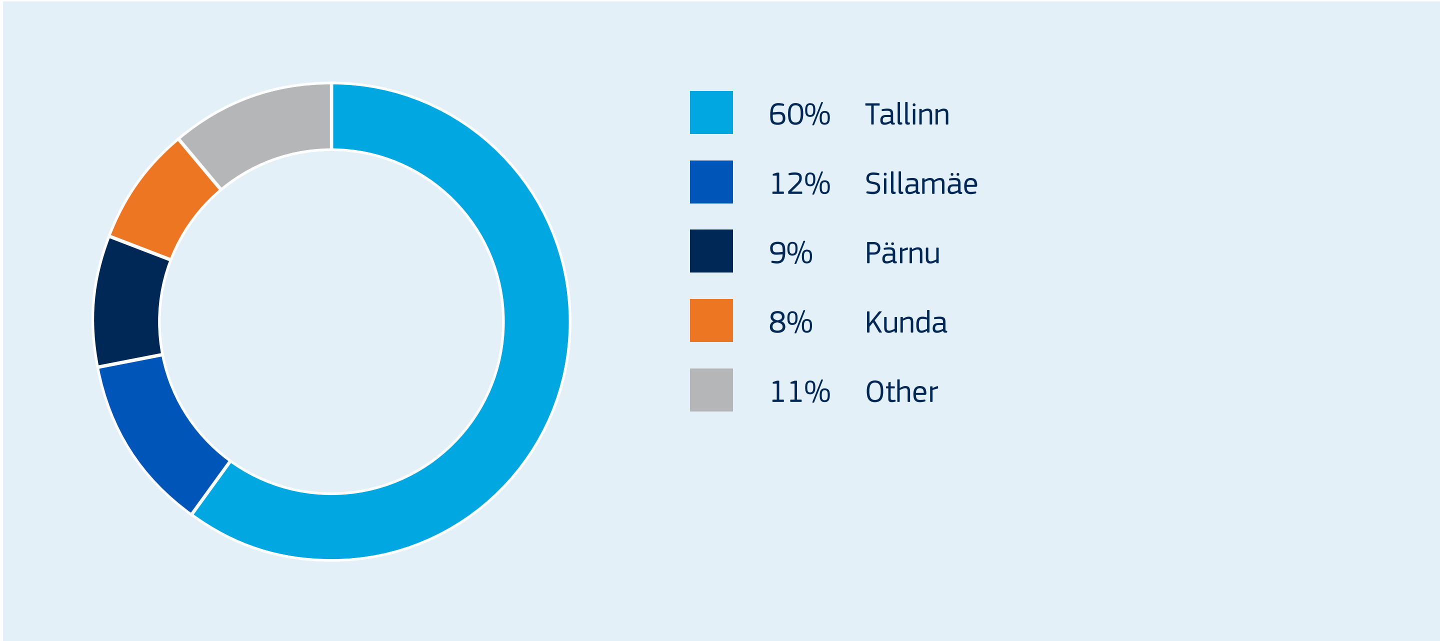
The largest cargo ports on the eastern coast of the Baltic Sea were Gdansk (77.4 million tonnes, a 29.8% market share), Klaipėda (44.3 million tonnes, a 17.1% market share) and Gdynia (26.9 million tonnes, a 10.4% market share). Tallinn was in the eighth place, with a 5.1% market share (2023: 8th place with a 4.6% market share).

Based on the adjusted data for 2023, the volume of cargo handled by Estonian ports decreased by 1.2 million tonnes (–5.3%) to 21.8 million tonnes. The market share of the harbours of Tallinna Sadam was 60.4% (adjusted 2023: 54.8%).

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



Market share of the Estonian ports



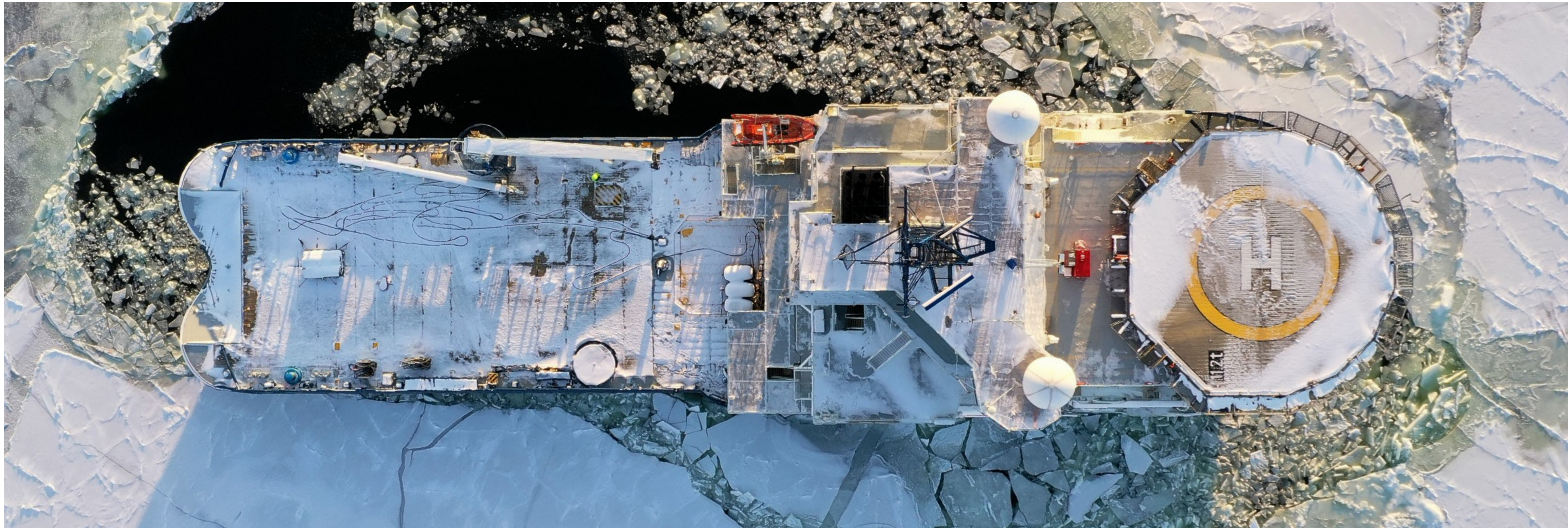
6.6 Operating results

Tallinna Sadam's operating results for 2024 were influenced by the recovery of our cargo and passenger businesses. The number of regular route passengers increased and the number of ferry calls was stable. The number of cruise ship calls also increased, but the ships were smaller, resulting in a decrease in the number of cruise passengers. In the cargo business, dry bulk, container and general cargo volumes grew significantly. Ro-ro cargo recorded a moderate growth but liquid bulk cargo volumes decreased.

As revenue increased and operating and other expenses decreased, operating profit and adjusted EBITDA grew. Although interest rates started to decline, a higher loan burden increased interest expense and, as a result, net profit grew less than operating profit and adjusted EBITDA.

Revenue grew by EUR 2.9 million (+2.5%) to EUR 119.6 million. Revenue growth was supported by all operating segments. Passenger fees revenue rose by 4% through growth in passenger numbers (+4%) and was not significantly affected by a decrease in the number of cruise passengers by more than 7%. Cargo charges revenue grew (+4%) through an increase in cargo volumes (+4%). Vessel dues revenue from cargo vessels also increased. Revenue growth was further supported by the provision of port services in the state-owned Pakrineeme Harbour and an increase in lease income due to indexation.

In the provision of ferry service between Estonia's mainland and two largest islands, the increase in ferry service revenue was driven by a higher number of trips (+0.9%) and the indexation of the fee rates. Lease income from ferries was positively affected by growth in the number of passengers and increased sales on retail premises. Expenses on services purchased, fuel costs, personnel expenses, depreciation and amortisation, and other operating expenses grew in line with revenue. As a result, operating profit remained at the same level as in 2023 but adjusted EBITDA grew less than revenue.



The number of charter days of the multifunctional icebreaker Botnica decrease by 10. Despite a lower utilisation rate, revenue grew because the projects' charter fee rate per day was higher. Revenue growth would have been even higher, had a charter period not been cut short due to a technical failure. Compared to revenue, expenses grew less. The technical failure increased repair costs, but lease expenses, other operating expenses and fuel costs declined. The growth in revenue and other income and the decrease in other expenses exceeded the increase in operating expenses and, as a result, operating profit and adjusted EBITDA increased.

Revenue grew in all segments, particularly in the Cargo harbours and Ferry segments. Adjusted EBITDA also grew in all four segments, with the strongest growth in the Cargo harbours segment.

All revenue streams increased. The growth was largest in ferry service revenue and the sale of other services, lease income, passenger fees and charter fees. Revenues from cargo charges, vessel dues and electricity sales also increased. Expenses related to operating activities decreased by EUR 1.4 million (–1%), operating profit grew by EUR 4.5 million (+18%) and profit for the period increased by EUR 3.3 million (+21%). Added value created by the Group, i.e. the Group's contribution to the Estonian economy, was EUR 79.7 million in 2024 (2023: EUR 75.2 million). The figure increased through growth in both operating profit and personnel expenses, while depreciation, amortisation and impairment decreased.

[18] *Added value = operating profit + personnel expenses + depreciation, amortisation and impairment*

6.6.1 Number of passengers

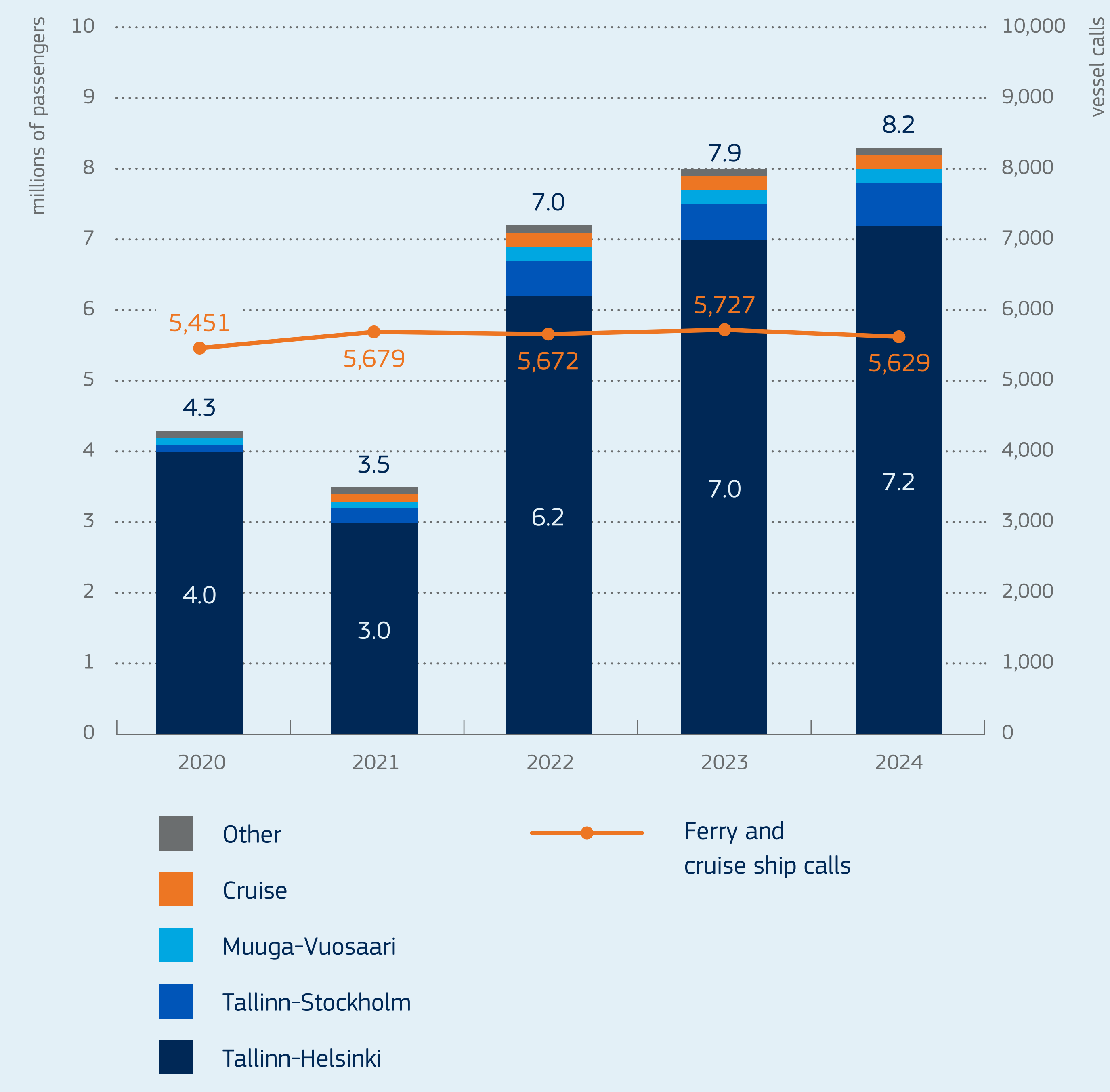
In 2024, passenger numbers continued to recover. The **number of passengers grew by 3.6%, rising to more than 8.2 million**, which is around 77% of the level before the COVID-19 pandemic. Growth came from the main routes of Muuga–Vuosaari (+18%), Tallinn–Stockholm (+5%) and Tallinn–Helsinki (+3%). The number of cruise passengers decreased (–8%). The number of cruise ship calls was up (+9) and the average passenger load factor was higher, but the ships' average capacity was smaller.

Passengers travelling on the Tallinn–Helsinki route accounted for 88% of the total number of passengers last year (2023: 88%) and the number of passengers on this route increased by more than 0.2 million. Ferry operators kept their schedules busy — passenger numbers on the Tallinn–Stockholm route increased by 26 thousand and the number of ferry calls increased by 26%, supported by the introduction of Victoria I on the Tallinn–Stockholm route during the summer months from the regular Helsinki route. On the Tallinn–Helsinki route, however, the number of ferry calls decreased slightly (–2%) due to regular dry dock maintenance of the ferries. The number of vessel calls on the Muuga–Vuosaari route increased by 9%.

The number of traditional cruise passengers decreased by 13 thousand to 152 thousand compared with a year earlier. Old City Harbour had 100 (2023: 90) and Saaremaa Harbour 7 (2023: 8) cruise ship calls.

The number of passengers travelling on the Muuga–Vuosaari route (the Cargo harbours segment) grew significantly (+18%). It is the only route where passenger numbers have been growing for six years in a row.

Number of passengers by route



6.6.2 Cargo volume

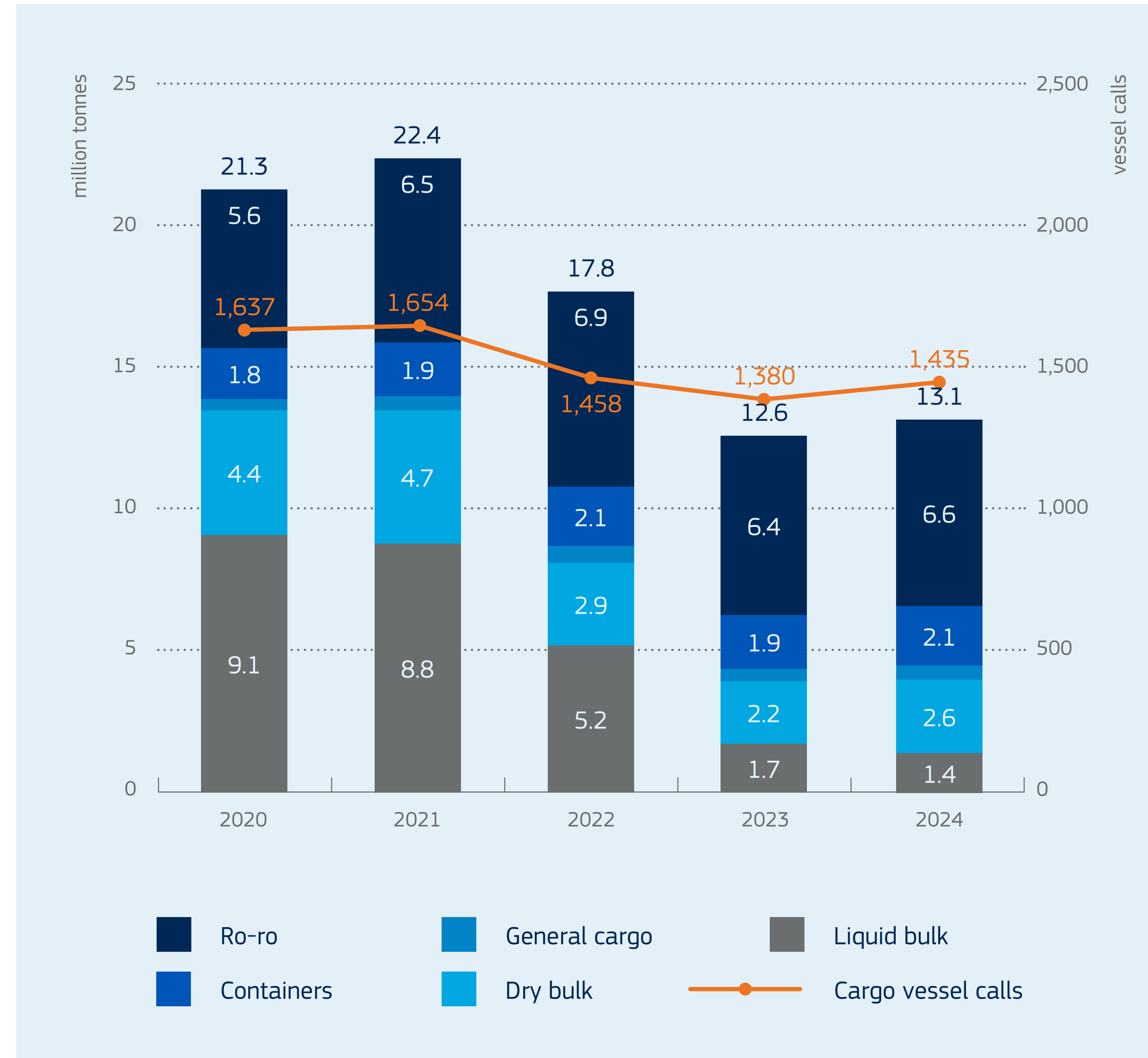
In 2024, **cargo throughput at our harbours increased by 0.5 million tonnes (+4%) to 13.1 million tonnes**, which shows a good recovery following the impacts of the sanctions imposed against Russia and the general economic downturn. The sharpest increases were in dry bulk (+0.4 million tonnes, +19%), containers (+0.2 million tonnes, +12%), ro-ro (+0.2 million tonnes, +3%) and general cargo (+0.1 million tonnes, +16%). Volumes decreased in liquid bulk (–0.3 million tonnes, –20%) and non-marine cargo (–2 thousand tonnes, –6%).

Dry bulk volumes fell significantly after 2021, but in 2024 growth was recorded due to an increase in the volumes of barley (+102%), wood pellets (+27%), wheat (+14%) and peat (+18%). The volume of container cargo grew by roughly 0.2 million tonnes (+12%) (in TEUs[18] +18% to 262 thousand TEUs), due to a rise in the transport of full 40-foot containers. After nine years of growth, ro-ro cargo decreased in 2023, but grew again in 2024. As a result, ro-ro is still the largest cargo type. In 2024, ro-ro cargo accounted for around 50% of total cargo throughput, 1 percentage point less than a year earlier. In the period 2017–2022, the annual share of liquid bulk cargo ranged from 29% to 43%, but in 2023 it dropped to 13% and in 2024 to 10%. Ro-ro cargo is mainly transported on the routes between Estonia and Finland (Tallinn–Helsinki, Muuga–Vuosaari) and most of it by ferries on the Helsinki route, which is why most of the ro-ro growth is reflected in the revenue of the Passenger harbours segment. General cargo grew by 0.1 million tonnes (+16%), driven by growth in the volume of steel products. Liquid bulk volumes fell by 20% due to the absence of liquefied petroleum gas (LPG) deliveries in 2024, while the transport of petrol and diesel fuel grew.

In terms of transport directions, the biggest change was in export cargo, which grew by 0.5 million tonnes (+9%). Estonia's import cargo volume increased by 53 thousand tonnes (+1%), but transit cargo flows decreased by 61 thousand tonnes (–6%). Exports accounted for 48%, imports for 44% and transit for 8% of our total cargo volume (2023: 45%, 46% and 9%, respectively). The share of transit fell by around 1 percentage point year on year.

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 volumes grew mainly in the second half of the year. In terms of quarters, the growth was fastest in the fourth quarter, +12% year on year, which accounted for about 65% of the total annual growth in cargo volumes.

Cargo volume by cargo type



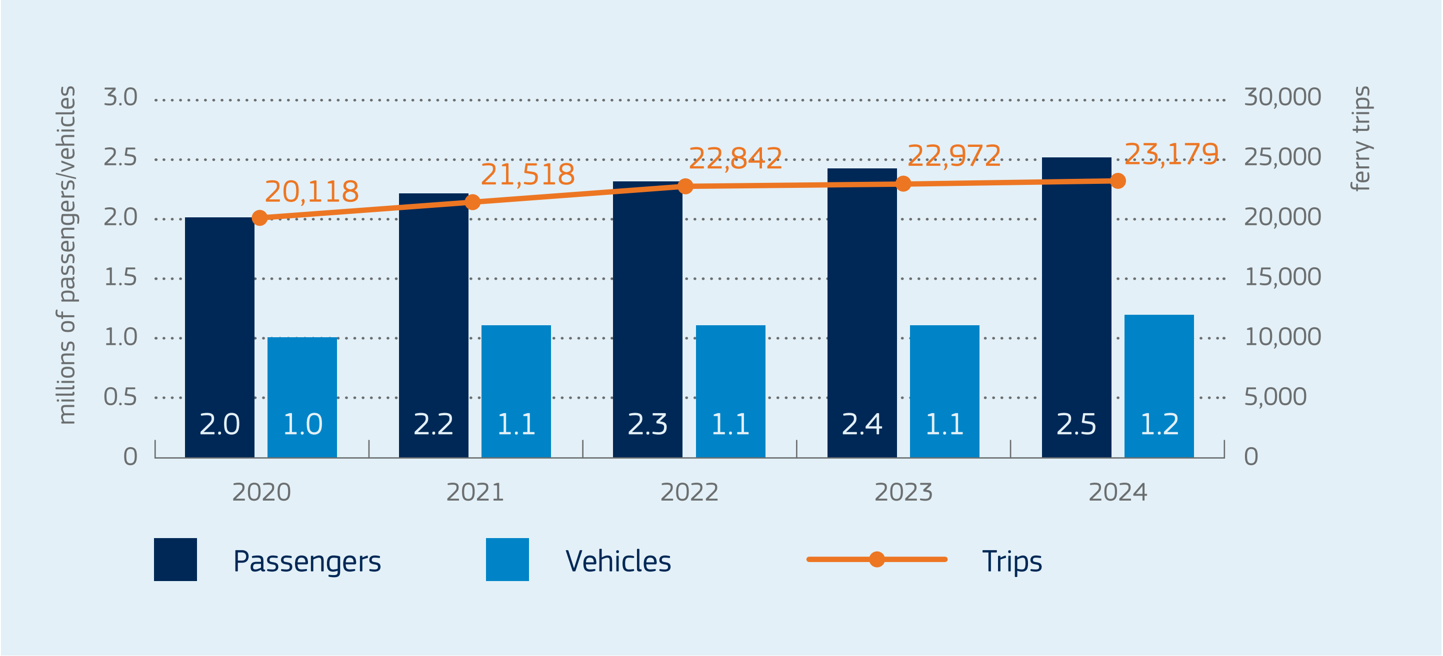
[19] *TEU (Twenty-foot Equivalent Unit) – standard unit for counting containers and describing the capacities of container ships or terminals. One 20-foot container equals one TEU.*

6.6.3 Ferry service

TS Laevad provides domestic ferry service between Estonia's mainland and two largest islands (Saaremaa and Hiiumaa) under a public transport contract with the state (expiry date of the contract: 30 September 2026). In 2024, following a successful tender, an additional seven-year contract was signed until 30 September 2033. The service is 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 2024, the ferries of TS Laevad made 23,179 trips, which is 0.9% more than a year earlier, serving 2.5 million passengers (+2%) and 1.2 million vehicles (+4%). Based on an agreement with the state (the customer of the ferry service), 420 additional trips (2023: 484) were made by a stand-by vessel to increase service capacity.

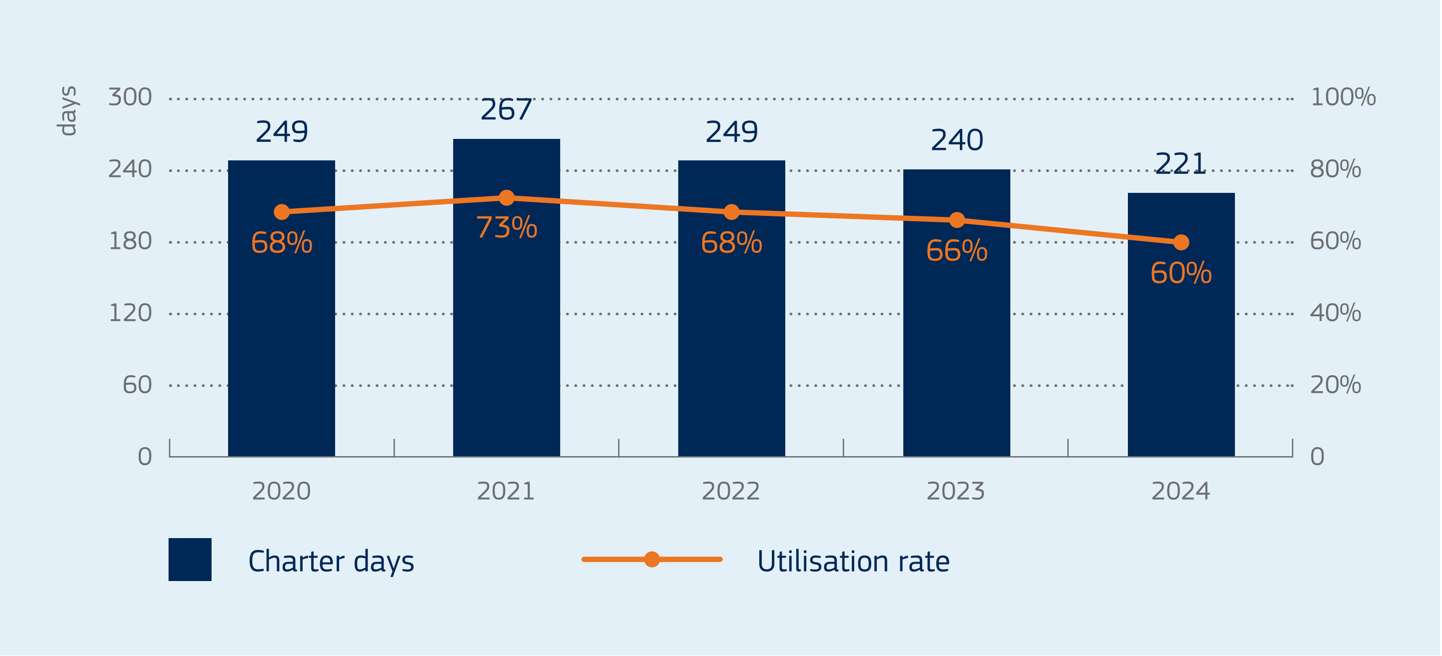
Ferry segment's operating volumes



6.6.4 Icebreaker Botnica

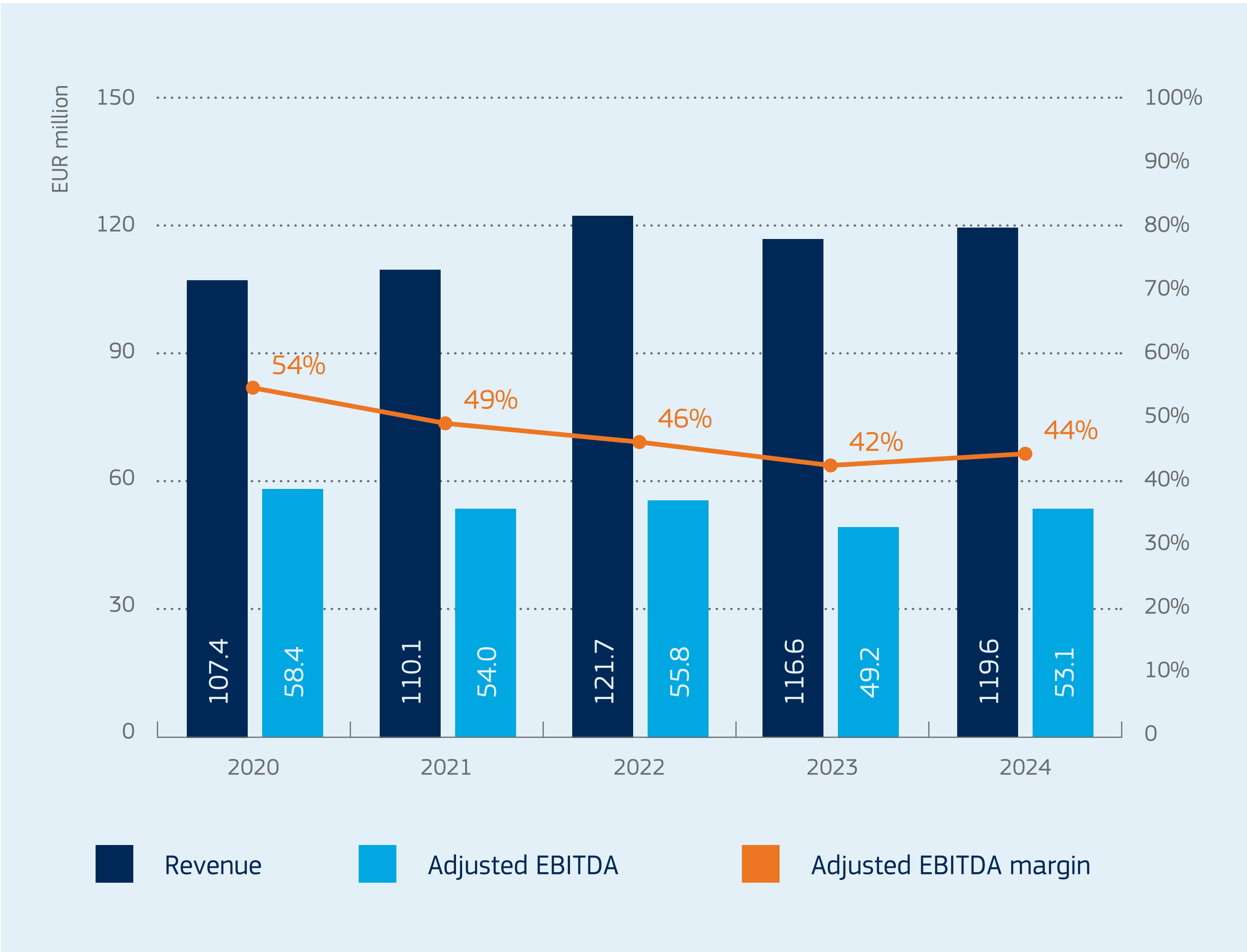
We provide Estonian ports on the Gulf of Finland with icebreaking service from December to April under a contract with the state (expiry date of the contract: 20 April 2032). The contract pays a fixed fee for a season of 120 days, which is adjusted for changes in the consumer price index. Outside the 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. Since 2018, TS Shipping has had a charter contract with the Canadian company Baffinland Iron Mines Corporation (Baffinland) to escort PANAMAX freighters from an iron ore mine to Baffin Bay. In 2024, the parties extended the contract to 2028 and it includes the customer's annual call options for the customer to charter the vessel for at least 60 days per year from September to December. In 2024, the charter period for the Baffinland project was shorter than usual as, unlike previous years, the customer did not need to extend the agreed charter period. From May 2024, Botnica was chartered to BP Exploration Operating Company Ltd to support work on the company's normally unmanned installation Mungo, located in the North Sea. While working on the project, the icebreaker suffered a technical failure which shortened the planned duration of the project. The fault was rectified and Botnica started its charter project with Baffinland in northern Canada on time.

MPSV Botnica charter

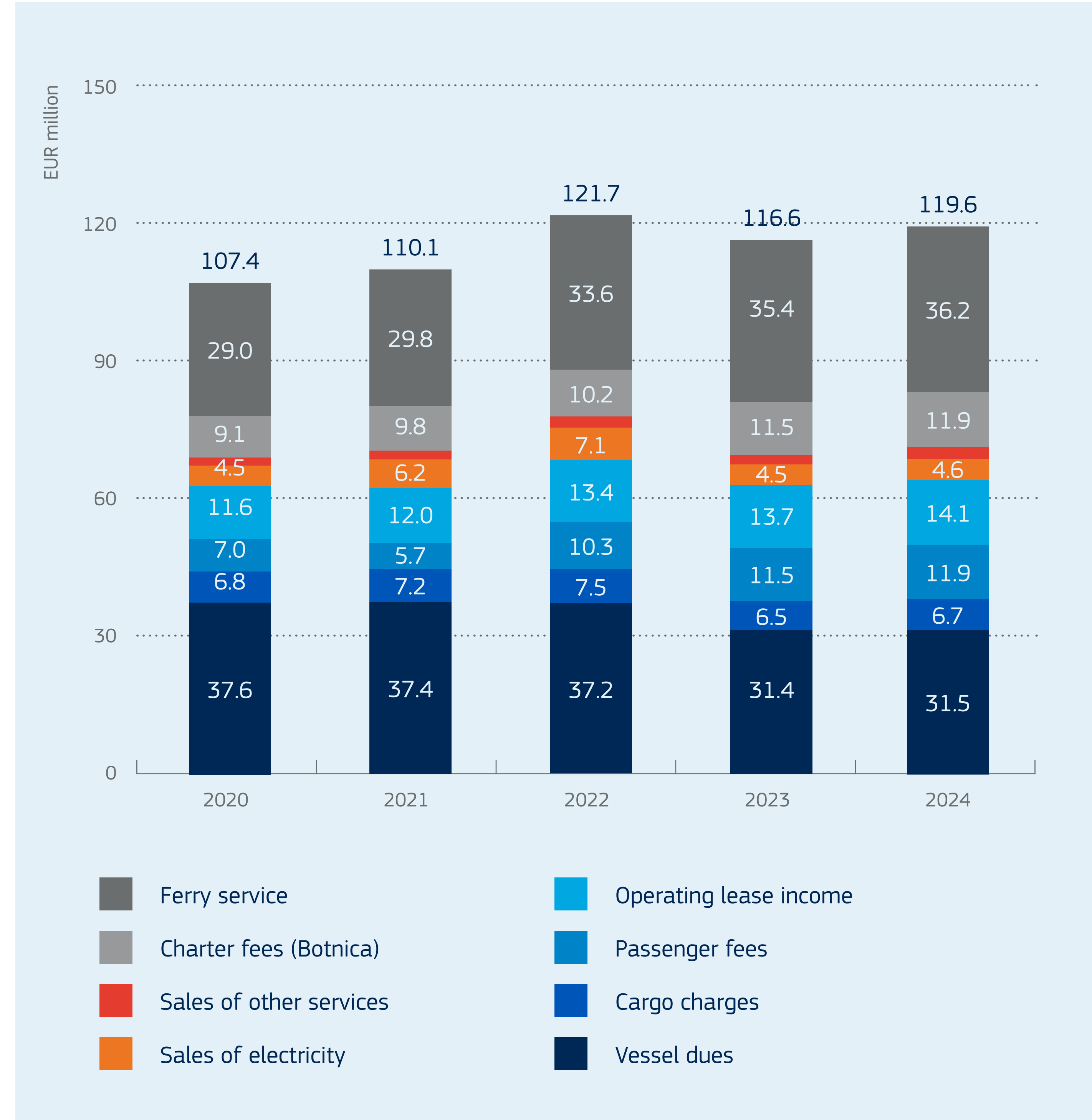


6.7 Income and expenses

Revenue and EBITDA



Revenue by revenue stream



Tallinna Sadam ended 2024 with consolidated revenue of EUR 119.6 million, EUR 2.9 million (+3%) up on a year earlier. Adjusted EBITDA grew by EUR 4.0 million (+8%) to EUR 53.1 million. As adjusted EBITDA increased more than revenue, the adjusted EBITDA margin rose from 42% to 44%.

Revenue growth was supported by all revenue streams. Significant growth was recorded for revenues from ferry service and the sale of other services, lease income as well as passenger fees revenue. Revenues from charter fees (the icebreaker Botnica), cargo charges, vessel dues and electricity sales also increased.

Ferry service revenue grew by EUR 0.8 million (+2%) to EUR 36.2 million due to the indexation of the variable part of the fixed fee. The number of trips between Estonia's mainland and two largest islands increased by 0.9% compared with 2023. **Revenue from other services** grew by EUR 0.5 million (+25%), attributable mainly to revenue from the operation of a quay at Pakrineeme Harbour, which began in the reporting period. Revenue growth was also recorded in the sale of advertising space and the provision of catering services during the charter projects of the icebreaker Botnica. **Lease income** grew by EUR 0.4 million (+3%) to EUR 14.1 million through higher revenue in the Cargo harbours segment (indexation of the fees) and the Ferry segment (growth in passenger numbers and an increase in the fee rates for retail premises). Lease income also grew in the Passenger harbours segment due to growth in parking charges and the indexation of the fee rates. **Passenger fees revenue** grew by EUR 0.4 million (+4%) to EUR 11.9 million, supported by growth in passenger numbers on the main routes (Tallinn–Helsinki, Muuga–Vuosaari and Tallinn–Stockholm). **Charter fee revenue** from the icebreaker Botnica grew by EUR 0.4 million (+3%) to EUR 11.9 million despite fewer charter days. The charter fees of Botnica increased due to higher charter fee rates for various projects. **Cargo charges revenue** grew by EUR 0.2 million (+4%) as cargo throughput increased by 4%. The increase in cargo charges revenue was mainly driven by higher volumes of dry bulk, container and ro-ro cargo. **Vessel dues revenue** increased by EUR 0.1 million (+0%) to EUR 31.5 million, supported by more calls by multipurpose vessels and container carriers. There was also an increase in the number of bulk carriers with a higher gross tonnage (GT) calling at our cargo harbours. The number of large tankers calling at our cargo harbours decreased and although the number of cruise ship calls increased, the passenger capacity of the cruise ships was smaller on average, which resulted in a slight contraction in vessel dues revenue from cruise ships calls. **Electricity sales revenue** grew by EUR 0.1 million (+2%) to EUR 4.6 million, driven mainly by larger sales volumes of network services and onshore electricity, although the market price of electricity slightly decreased.

Other income decreased by EUR 0.5 million (–21%) to EUR 1.7 million in 2024. In 2023, the Group recognised a large amount of income from late payment interest, 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) amounted to EUR 91.8 million, EUR 1.4 million (–1%) less than in 2023.

Operating expenses decreased by EUR 1.0 million (–2%), primarily through lower tax expenses and other operating expenses.

Tax expenses decreased by EUR 1.2 million (–44%) as the rate of land tax was lowered. Other operating expenses decreased by EUR 0.5 million (–13%) and lease expenses declined by EUR 0.3 million (–18%). Both expense items declined mainly because the expenses from the icebreaker Botnica decreased. In 2023, Botnica's expenses were high due to preparations made for charter projects (e.g. lease of a ship's ladder). Electricity costs also decreased (–EUR 0.1 million, –2%). The volume of purchased network services increased and the volume of electricity purchases declined slightly, while lower market prices of electricity helped reduce electricity costs. Advertising expenses fell by EUR 44 thousand (–18%) through lower expenses in the Passenger harbours and Cargo harbours segments.

The largest increase among operating expenses was in services purchased for infrastructure (+EUR 0.3 million, +8%), due to higher prices for cleaning, upkeep and security services. Expenses for services purchased grew by EUR 0.3 million (+6%), driven by an increase in port dues expenses in the Ferry segment. Non-current asset repair costs grew by EUR 0.2 million (+2%). Repair costs grew sharply in the segment Other (+EUR 0.8 million) due to a technical failure during the charter project of the icebreaker Botnica. This was offset by a decrease of EUR 0.8 million in the repair costs of the Cargo harbours segment (in 2023, major maintenance and repair work was carried out at Muuga Harbour to repair the concrete structures of the quays and protect the quays against corrosion). In the Passenger harbours segment, repair costs increased by EUR 0.2 million and in the Ferry segment repair costs remained at the level of the previous year. Consultation and development expenses increased by EUR 0.1 million (+14%) due to higher legal costs, which exceeded the decrease in the cost of the technical examination of quays. Fuel costs grew by EUR 0.1 million (+1%) due to more severe ice conditions that affected the Ferry segment at the beginning of 2024. Insurance expenses grew by EUR 52 thousand (+6%). There were no significant changes in expenses on the acquisition and maintenance of assets of insignificant value and heat, water and sewerage costs.

Expenses from impairment of financial assets decreased by EUR 0.3 million (–30%), because in 2023 large loss allowances were recognised for receivables due to the payment difficulties of MPG AgroProduction OÜ, which increased relevant costs.

Personnel expenses grew by EUR 0.5 million (+2%), mainly due to an increase in bonuses and one-off payments. The Group's average number of employees decreased from 461 to 438 (–5%) in 2024.

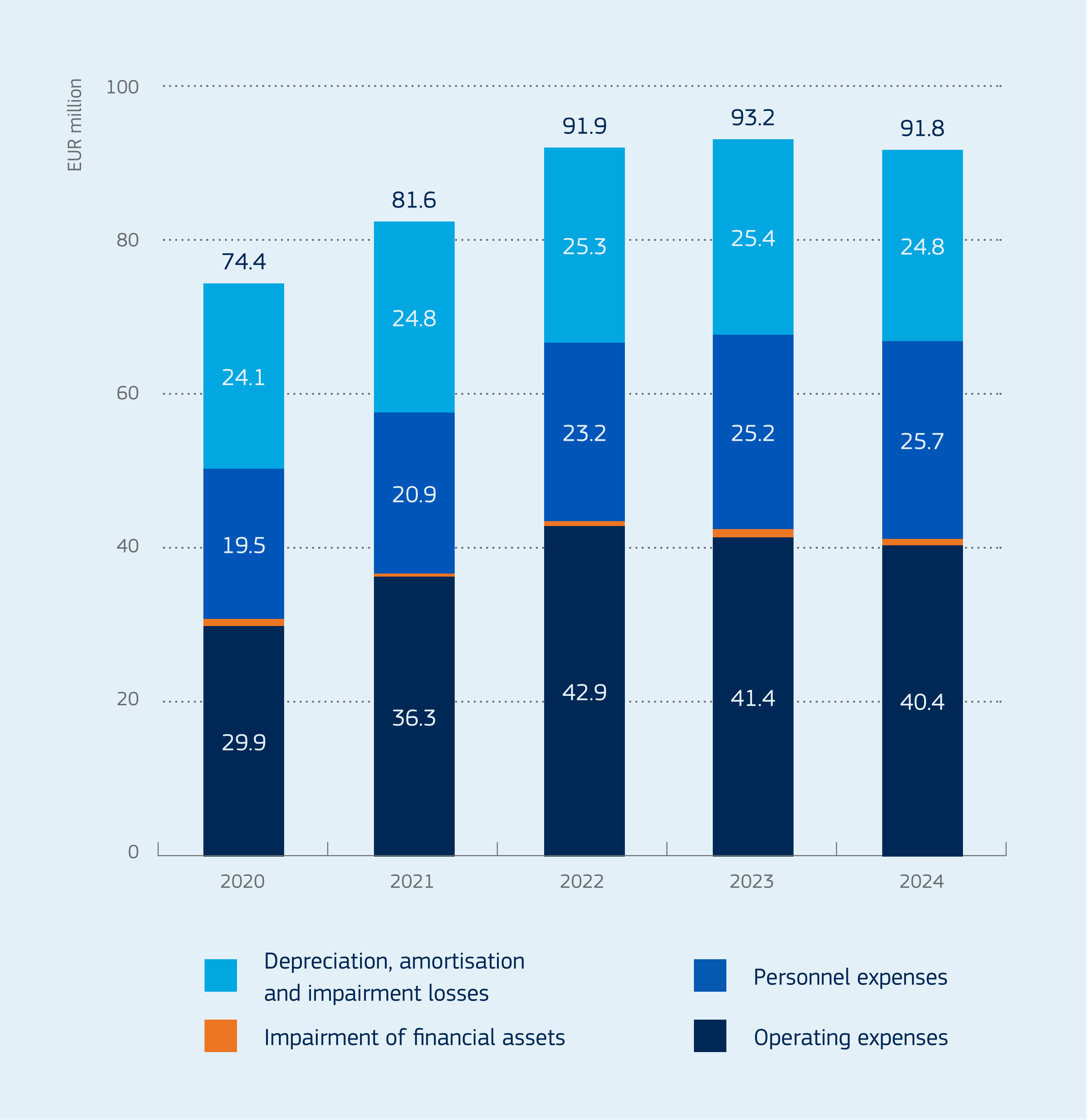
Depreciation, **amortisation and impairment** decreased by EUR 0.6 million (–2.2%). This is mainly attributable to a one-off write-off of non-current assets in the first quarter of 2023 due to the raising of the threshold for recognising assets as non-current from 1 January 2023 in accordance with amendments to the public sector financial accounting and reporting regulation applicable to the Group. In 2024, the impact of the write-off of non-current assets was lower.

Other expenses decreased by EUR 0.7 million (–64%) due to a decrease in expenses from expected credit losses, which were higher a year earlier when the late payment interest receivable from MPG AgroProduction OÜ was classified as doubtful due to the company's payment difficulties (a one-off item).

Operating profit for 2024 was EUR 29.1 million (+EUR 4.5 million, +18%) as revenue increased and expenses decreased. The operating profit margin, which reflects the Group's operating efficiency, rose from 21.1% to 24.4% as the increase in operating profit exceeded the increase in revenue. Operating profit improved in all segments.

Adjusted EBITDA[20] increased by EUR 4.0 million (+8%) to EUR 53.1 million due to good results in the Cargo harbours segment and the segment Other (the icebreaker Botnica). Similar to operating profit, adjusted EBITDA increased in all four operating segments. The adjusted EBITDA margin rose from 42.2% to 44.4%.

Expenses related to operating assets



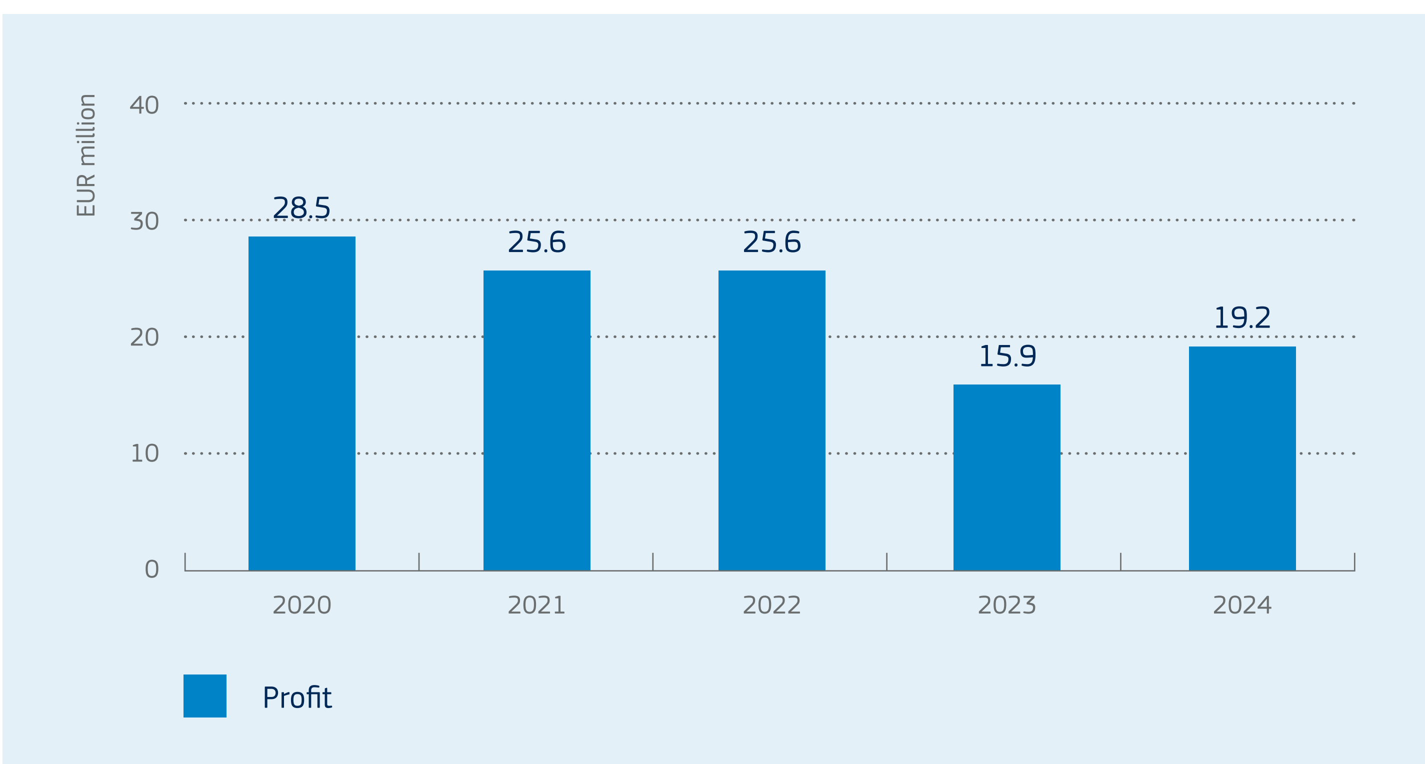
[20] Adjusted EBITDA = profit before finance income and costs, income tax expense and depreciation, amortisation and impairment, adjusted for amortisation of government grants related to assets.

6.8 Profit

Besides the above factors, profit development was influenced by finance income and costs and income tax on dividends. Finance costs grew by EUR 0.8 million (+11%) because loans and borrowings increased. The decline in interest rates reduced finance income by EUR 0.3 million (–27%). The Group's share of the profit of the equity-accounted associate Green Marine was EUR 0.5 million (2023: EUR 0.4 million). Profit before tax was EUR 22.3 million, EUR 3.4 million larger than a year earlier (+18%).

The Group's net profit for 2024 amounted to EUR 19.2 million (+EUR 3.3 million, +21%). Net profit grew less than profit before tax because in the previous year dividend tax expense was reduced by the reversal of deferred tax of EUR 0.1 million. In 2024, we paid a dividend of EUR 19.2 million (2023: EUR 19.2 million).

Profit



6.9 Segment reporting

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

Revenue grew in all segments, with the biggest growth in the Cargo harbours segment (+EUR 1.2 million, +4%) and the Ferry segment (+EUR 0.9 million, +2%). In the segment Other, revenue grew by EUR 0.5 million (+4%) and in the Passenger harbours segment by EUR 0.3 million (+1%). Adjusted EBITDA increased significantly in the Cargo harbours segment and the segment Other, and to a lesser extent in the Passenger harbours and Ferry segments.

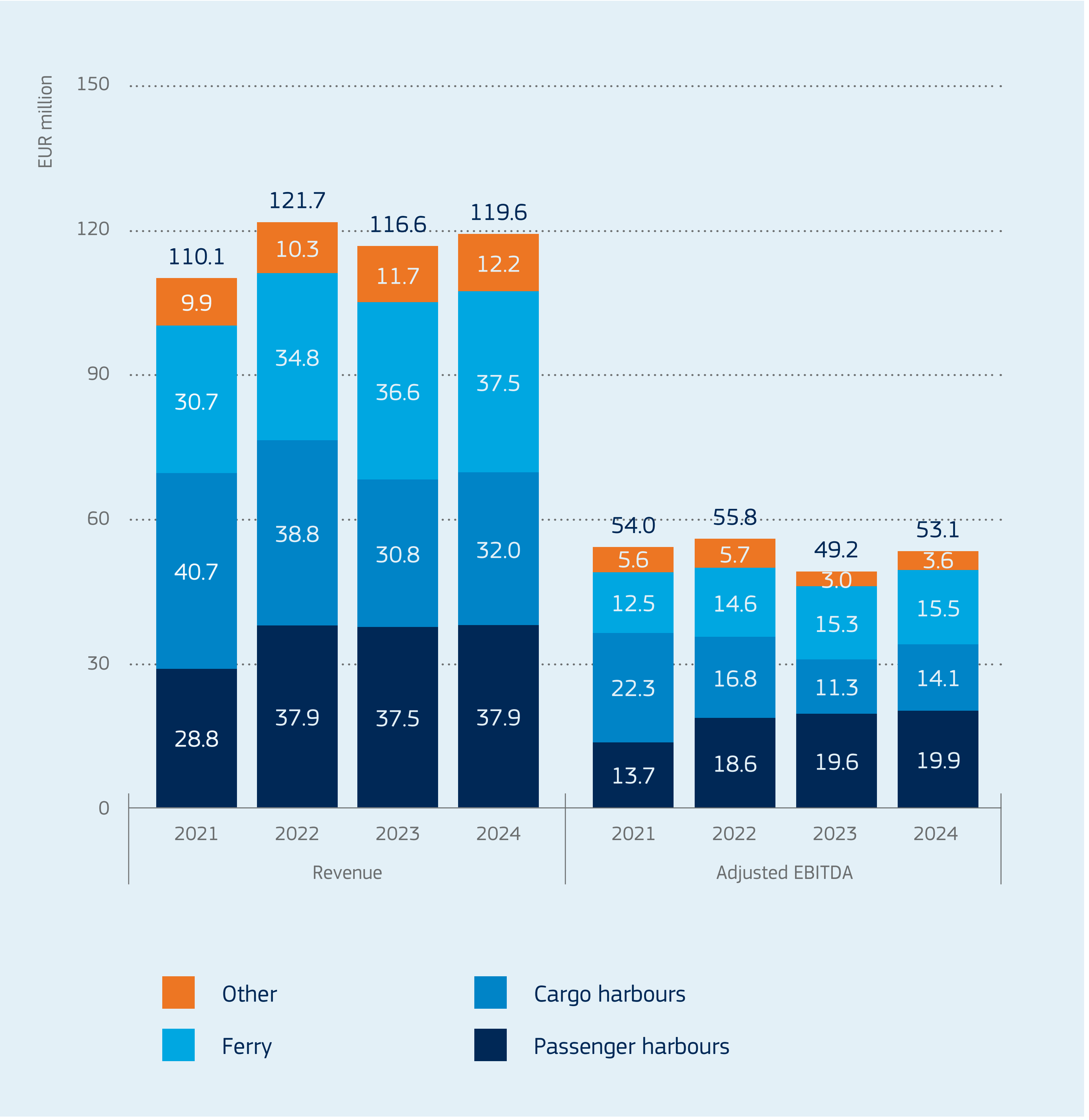
The revenue of the Passenger harbours segment increased, driven by passenger fees, electricity sales, lease income and other services. Revenue from passenger fees grew due to an increase in passenger numbers. Electricity sales revenue increased due to higher consumption of network services and onshore electricity. Lease income also increased, supported by growth in parking charges in Terminal D and the indexation of the fee rates. Vessel dues revenue decreased, mainly due to a lower passenger capacity of the cruise ships, although the number of cruise ship calls grew. Fewer ferries called at the passenger harbours, which in turn affected revenues from vessel dues. A lower number of ferry calls also caused a decline in ro-ro cargo in the Passengers harbours segment, which led to a slight decline in cargo charges revenue.

The revenue of the Cargo harbours segment increased, supported by higher vessel dues revenue. There were more calls by cargo vessels (in particular multipurpose vessels and container carriers) and the vessels that called were larger on average (in GT). Revenue from other services also grew in connection with revenue generated from operating a quay at Pakrineeme Harbour in 2024. The growth in cargo throughput increased cargo charges revenue. Lease income grew due to the indexation of lease payments and fees for right of superficies. Electricity sales revenue slightly decreased as the market price of electricity declined, while the sales volume remained at the same level.

The revenue of the Ferry segment grew due to the indexation of the contractual fee rates and a higher number of trips made (+0.9%).

The revenue of the segment Other increased, although the icebreaker Botnica had fewer charter days. Revenue growth was supported by higher charter fee rates per day.

Segment revenue and EBITDA



Adjusted EBITDA increased by EUR 4.0 million (+8%) in 2024. The largest growth was in the Cargo harbours segment (+EUR 2.9 million, +26%). The adjusted EBITDA grew by EUR 0.6 million (+21%) in the segment Other, by EUR 0.3 million (+1%) in the Passenger harbours segment and by EUR 0.2 million (+1%) in the Ferry segment. The growth in adjusted EBITDA was supported by revenue growth in all segments. In the Cargo harbours segment, adjusted EBITDA improved more than revenue as expenses (particularly repair costs) decreased. In the segment Other, adjusted EBITDA growth outpaced revenue growth as other income offset higher expenses, while other expenses decreased and profit from the equity-accounted associate Green Marine increased. In the Passenger harbours and Ferry segments, both revenue and expenses grew, but the expenses affecting adjusted EBITDA grew less than revenue.

Adjusted EBITDA margin increased from 42.2% to 44.4%, mainly due to an increase in the Cargo harbours segment and the segment Other.

Results by segment

	2024					2023				
In thousands of euros	Passenger harbours	Cargo harbours	Ferry	Other	Total	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	37,878	31,959	37,539	12,211	119,587	37,533	30,751	36,633	11,729	116,646
Adjusted EBITDA	19,854	14,148	15,490	3,642	53,134	19,590	11,257	15,304	3,019	49,170
Operating profit/loss	12,772	6,103	9,730	543	29,148	11,749	3,219	9,726	–64	24,630
Adjusted EBITDA margin	52.4%	44.3%	41.3%	29.8%	44.4%	52.2%	36.6%	41.8%	25.7%	42.2%

Change 2024 vs 2023

In thousands of euros	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	345	1,208	906	482	2,941
Adjusted EBITDA	264	2,891	186	623	3,964
Operating profit	1,023	2,884	4	607	4,518
Adjusted EBITDA margin	0.2%	7.7%	–0.5%	4.1%	2.3%

6.10 Investments and development prospects

In 2024, the Group **invested EUR 38.8 million**, EUR 18.1 million (+87%) more than in 2023. Investments in port infrastructure, acquisition of non-current assets and improvements to existing infrastructure totalled EUR 36.7 million. Investments in the icebreaker Botnica amounted to EUR 0.1 million and investments in ferries to EUR 2.1 million.

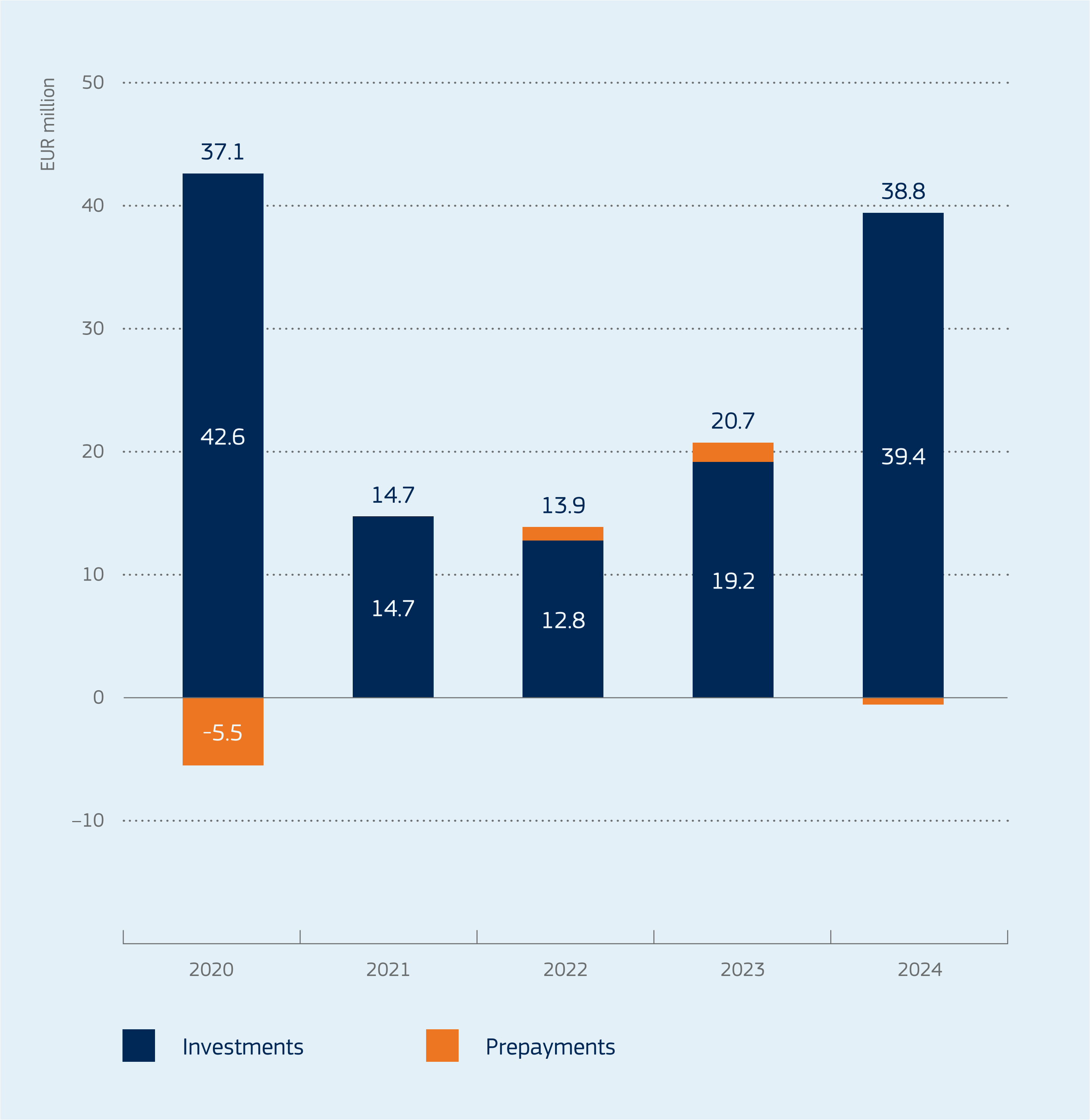
The largest investment in 2024 was made in the ongoing construction of a new quay to serve offshore wind farms and 10 hectares of hinterland in Paldiski South Harbour. In Muuga Harbour, the largest investment was the reconstruction of a quay to allow smooth reception of large container ships. In Old City Harbour, investments were made in designing a new Terminal A, including its outdoor area, the main building and a multi-storey car park, connecting the facilities to the water supply network and improving ferry traffic (the ramp of berth 5). Investments were also made in software development, expanding data storage and upgrading radio communications. No major investments were made in the icebreaker Botnica. Significant investments in the Ferry segment included the replacement of the main engines (Piret), regular dry-docking (Tõll), the replacement of the cooling systems of the vessels' main engines and the acquisition of critical equipment.

Capital investments planned for 2025. 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 can also be used for military transport, which in turn will increase our overall capacity for the maritime transport of cargo and vehicles.

At Old City Harbour, investments will continue to be made in the design of the new Terminal A, including the area around Terminal A, the main building and a multi-storey car park, in the improvement of ferry traffic, the replacement of building automation systems and the installation of LED lighting to replace the existing lighting at cruise ship quays.

At Muuga Harbour, the renovation of a quay will continue to ensure the smooth reception of large container ships and enable the supply of onshore electricity to ships. The replacement of the building automation systems will continue. Investments will also be made in a quay for the reception of LNG vessels and a LED-based outdoor lighting solution for some of the quays.

Investments



The plans for the icebreaker Botnica include a crane upgrade and technical improvements. Major investments in the Ferry segment include the regular dry-docking of the ferries, the replacement of the two main engines on Leiger, the upgrading of the technical equipment on the ferries, as well as the ticketing, cash register and entry systems of the ferries, and the development of the website.

We will also invest in IT hardware and software.

Each year we also incur significant **research and development expenditures**, which in 2024 amounted to EUR 0.28 million (2023: EUR 0.37 million). Research and development expenses were mostly related to the technical examination of the quays in the passenger and cargo harbours.

We expect the recovery in passenger traffic to continue in 2025. The decline in cargo traffic caused by the impacts of the Russia-Ukraine war has materialised and the year 2025 will mainly be influenced by the development of the overall economic situation in Estonia and the countries that are its main trading partners. Our outlook for revenue growth is moderate. We also expect operating expenses to increase, but at a lower rate than revenue. Finance costs will be influenced by the downward trend in interest rates. We expect the Group's operating profit to increase, but net profit will be affected by an increase in dividend tax expense due to the change in the income tax rate. We forecast that our investments in harbour operations will decrease in 2025, as investments in the quay for the servicing of offshore wind farms in Paldiski South Harbour will be lower than in 2024.

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 the impact of one-off transactions.

In 2024, we paid the shareholders a dividend of EUR 0.073 per share and EUR 19.199 million in total, i.e. 121% of profit for the previous year. The list of shareholders entitled to receive the dividend was determined on 10 May 2024 (the ex-dividend date: 9 May 2024) and the dividend was paid out to the shareholders on 17 May 2024 (through Nasdaq CSD). In 2023, we distributed shareholders a dividend of EUR 0.073 per share and EUR 19.199 million in total (75% of profit).

For further information, see note 19 to the financial statements.

Dividends paid

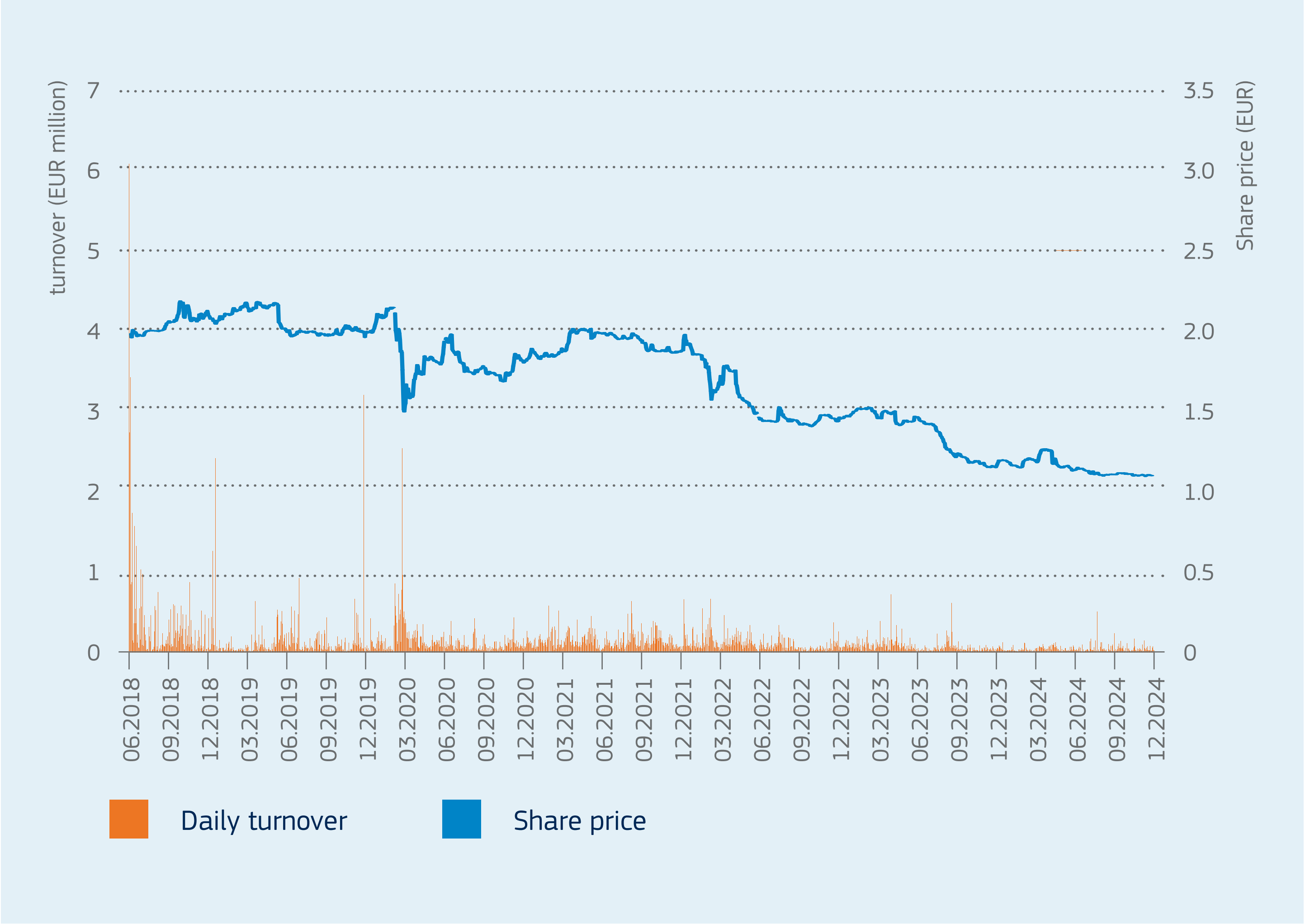
6.12 Share and shareholders

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 2024 was EUR 1.13. The closing price of the share at 31 December 2024 was EUR 1.056. The company's market capitalisation at 31 December 2024 was EUR 277.73 million (31 December 2023: EUR 296.66 million).

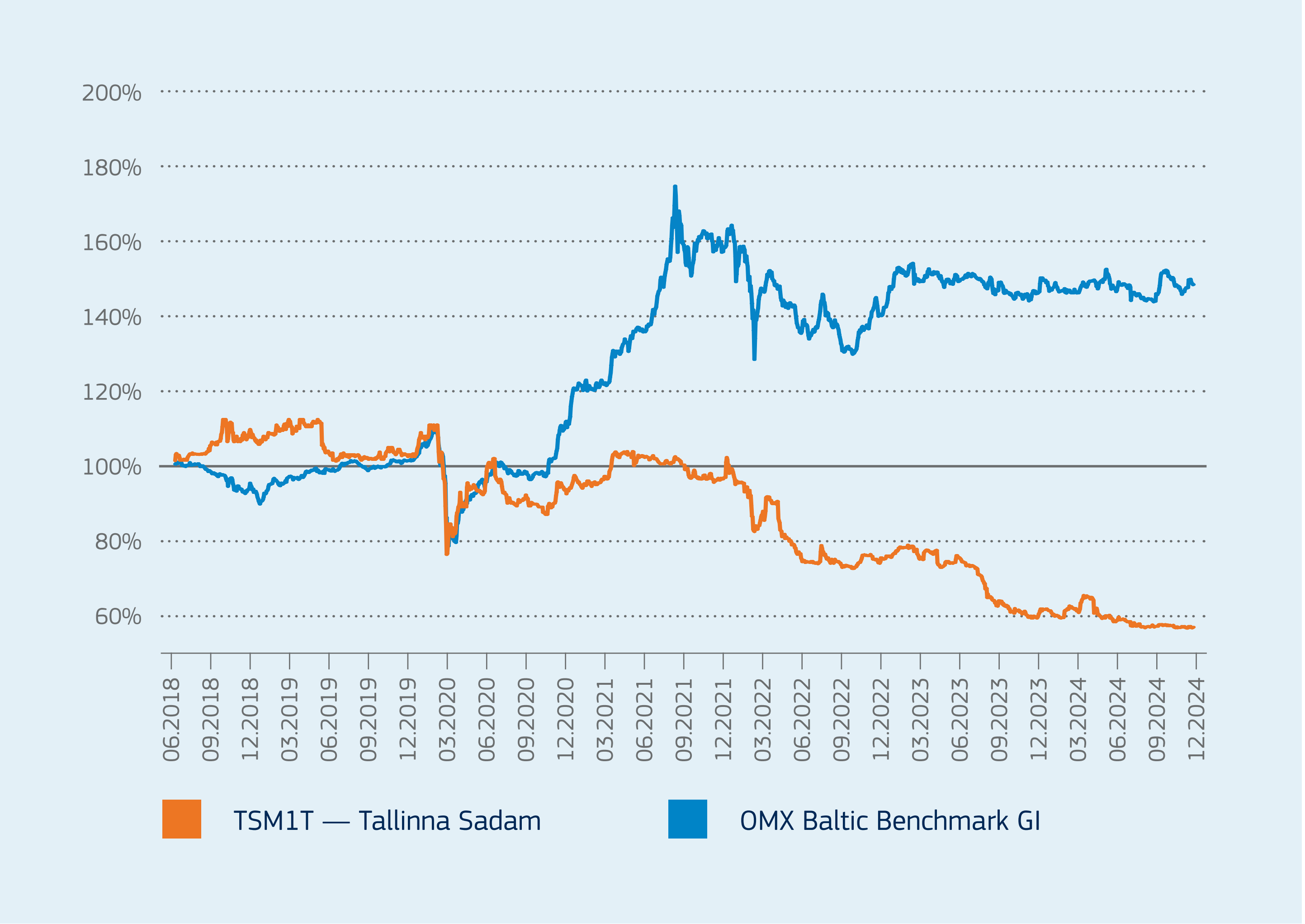
Dynamics of the closing price of the Tallinna Sadam share and daily turnover of shares traded since listing on the Nasdaq Tallinn Stock Exchange, i.e. from 13 June 2018 to 31 December 2024

Source: nasdaqbaltic.com



Dynamics of the price of the Tallinna Sadam share compared to the OMX Baltic Benchmark GI index from 13 June 2018 to 31 December 2024

Source: nasdaqbaltic.com



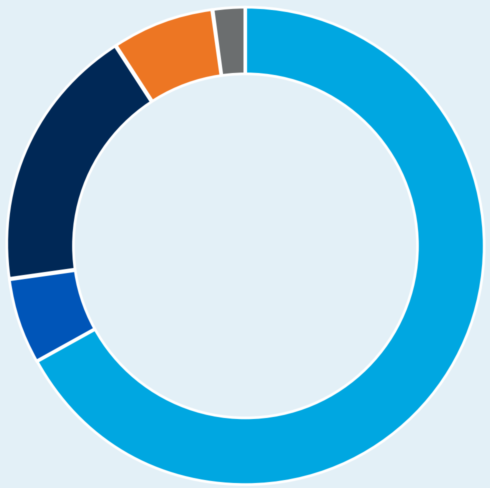
In 2024, there were a total of 45,721 transactions with the Tallinna Sadam share (2023: 64,198 transactions) in which 10.7 million shares (2023: 14.3 million shares) changed hands. The total **turnover of the transactions was EUR 11.7 million** (2023: EUR 19.2 million).

At 31 December 2024, the company had **23,464 shareholders** (31 December 2023: 24,174) but only the Republic of Estonia had an ownership interest exceeding 5% (through the Ministry of Climate).

Five largest shareholders at 31 December 2024

Name of shareholder	Number of shares	Shares, %
Ministry of Climate	176,295,032	67.0%
European Bank for Reconstruction and evelopment (EBRD)	9,350,000	3.6%
SEB Pensionifond 55+	6,484,365	2.5%
LHV Pensionifond L	3,217,828	1.2%
Interactive Brokers LLC Client Omnibus (USA)	2,123,814	0.8%

Shareholder structure at 31 December 2024



67% Republic of Estonia
6% International investors
18% Estonian retail investors
7% Estonian investment and pension funds
2% Baltic funds and other companies (Latvian, Lithuanian)

The shareholder structure has changed slightly compared to the end of 2023. The share of Estonian, Latvian and Lithuanian investment and pension funds has decreased by 1.5% (–4.2 million shares), while Estonian retail investors have increased their share from 17% to 18% (+4.3 million shares).

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 as follows:

- to generate optimal and stable shareholder returns through the profitable and efficient operation of the company in each of its chosen business lines;
- to involve the company in the achievement of national strategic goals (including reducing the negative environmental impact of the company's activities and striving for climate neutrality by 2050 to ensure 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;
- to not have business relationships with Russia and Belarus due to the sanctions and restrictions in place.

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 and the chairman of the supervisory board and determining their remuneration policy (based on the proposal of the nomination committee), setting the owner's expectations, 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 four 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 2024, there was an annual general meeting and no extraordinary general meetings. The annual general meeting, held on 25 April 2024, approved Tallinna Sadam's annual report for 2023 and the profit distribution proposal (including the distribution of dividends in the total amount of EUR 19.199 million), extended the term of office of the representatives of the small shareholders on the nomination committee for another five years, determined the remuneration of the members of the nomination committee for attending the meetings and approved the expectations of the shareholders. Shareholders voted on the resolutions of the general meeting, their shares representing a total of 183,308,771 votes, i.e. 69.70% of all the votes determined by shares (the figures reflecting also the shareholders who voted in writing before the general meeting). The company was represented at the general meeting by Riho Unt (chairman of the supervisory board), Valdo Kalm (chairman of the management board), Andrus Ait (member of the management board and CFO), Sirle Arro (Head of the Marketing and Communication Department) and Erly Lüdig (Head of the Legal Department).The materials and resolutions of the general meeting are available on Tallinna Sadam's website at www.ts.ee/en.

The Republic of Estonia holds a 67.03% ownership interest in Tallinna Sadam (from 1 July 2023 through the Ministry of Climate and previously through the Ministry of Economic Affairs and Communications) and 32.97% of the shares are held by Estonian and international investment funds, banks, pension funds and retail investors. An overview of the shareholder structure and the largest shareholders as at 31 December 2024 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 2024: five out of seven, including the chairman of the supervisory board) meet the definition of independence as provided in the annex to 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 regulations, investments, major financing projects and other significant matters relating to the Group's business.

At 31 December 2024, **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 supervisory board does 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 2024, there were 11 meetings (2023: 9 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 2024, the total remuneration of the members of the supervisory board amounted to EUR 105.5 thousand (2023: EUR 103.4 thousand), of which EUR 94.5 thousand (2023: EUR 93.5 thousand) was paid for the performance of their duties as members of the supervisory board. 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:

RIHO UNT

Chairman of the Supervisory Board

Riho Unt has been a member of the supervisory board since July 2020. Riho Unt is currently working in the area of fund management and financial advisory services. Previously, he has been a senior adviser at the SEB Group and Head of SEB Estonia. He has 20 years of experience in the banking sector and long-term experience in international management.

MAREK HELM

Member of the Supervisory Board

Marek Helm has been a member of the supervisory board since July 2022. Marek Helm is the chairman of the management board of GScan OÜ. He has long-term high-level experience in implementing and leading digital technologies as a business manager for the Middle East and Africa region at AS Nortal and from various managerial positions such as Director General of the Tax and Customs Board, Deputy Secretary General for Administrative Policy of the Ministry of Finance, Head of Integration at the Police and Border Guard Board and Head of the Internal Security Policy Department of the Ministry of the Interior.

VEIKO SEPP

Member of the Supervisory Board

Veiko Sepp has been a member of the supervisory board since July 2020. Veiko Sepp is a member of the management board of AS Levira. He has previously been the chairman of the management board of Ericsson Eesti AS and he has worked in managerial positions in the field of telecommunications. Veiko Sepp has long-term international experience in the field of telecommunications and digitalisation of logistics, including in Asia.

MAARIKA HONKONEN

Member of the Supervisory Board

Maarika Honkonen has been a member of the supervisory board since April 2018. Maarika Honkonen is a partner at the Baltic Hospitality Forum and New Seven OÜ, a member of the supervisory board of the Estonian Quality Agency for Higher and Vocational Education, a founding member of the Estonian Chamber of Mentors and an executive mentor. Previously, she has been the CEO of the Estonian Hotel and Restaurant Association, a member of the management board of ERGO Insurance SE and a member of the supervisory board at the Estonian Insurance Association and Ergo Funds AS.

KAUR KAJAK

Member of the Supervisory Board

Kaur Kajak has been a member of the Supervisory Board since April 2022. Kaur Kajak is Deputy Secretary General for Administrative Policy at the Ministry of Finance and a member of the supervisory board of AS Eesti Raudtee. Previously, he has been Director General of the Consumer Protection and Technical Regulatory Authority. He has gained long-term experience from working in various positions at the aforementioned agency and the Rescue Board.

AIN TATTER

Member of the Supervisory Board

Ain Tatter is Head of the Roads and Railways Department at the Ministry of Climate and a member of the supervisory board of AS Eesti Loots. Ain Tatter has 20 years of experience in the strategic management of state-owned infrastructure management companies. He has been a member of the supervisory board at AS Saarte Liinid, AS Eesti Teed and AS Eesti Raudtee.

RISTO MÄEOTS

Member of the Supervisory Board

Risto Mäeots has been a member of the supervisory board since July 2022. Risto Mäeots is the chairman of the management board of AS Magnetic MRO and a founder and member of the supervisory board of the Estonian Aviation Cluster. He started his career at Magnetic MRO as a mechanic and has 15 years of experience in aviation and mechanical engineering.

Member of the supervisory board	Term of office	Participation in meetings in 2024			Remuneration in euros in 2024		
		Supervisory board	Audit committee	Remuneration committee	Supervisory board	Audit committee	Remuneration committee
Riho Unt	1 July 2020 – 30 June 2025	11/11	5/5	5/5	24,000	1,250	1,250
Maarika Honkonen	17 April 2018 – 30 June 2025	11/11	5/5	–	12,000	1,250	0
Veiko Sepp	1 July 2020 – 30 June 2025	11/11	–	5/5	12,000	0	1,875
Kaur Kajak	26 April 2022 – 30 June 2025	11/11	5/5	–	12,000	1,250	0
Ain Tatter	1 July 2022 – 30 June 2025	10/11	–	5/5	11,500	0	1,250
Marek Helm	1 July 2022 – 30 June 2025	10/11	5/5	–	11,000	1,875	0
Risto Mäeots	1 July 2022 – 30 June 2025	11/11	–	4/5	12,000	0	1,000
					94,500	5,625	5,375

Overview of shares held in Tallinna Sadam by the members of the supervisory board and persons closely associated with them[21] at 31 December 2024

Member of the supervisory board	Number of shares held in Tallinna Sadam at 31 December 2024	
	Personally	Through closely associated persons
Riho Unt	0	10,000
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	12,500

[21] *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 2024, 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 2024, five meetings were held (2023: 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 supervisory board, which, among other things, approves the composition and appoints the head of department.

In conducting internal audit activities, the internal audit department observes the requirements of the Auditors Activities Act, the Standards for the Professional Practice of Internal Auditing and the department's statutes and 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 the 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;
- making 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. At 31 December 2024, 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 (2023: five meetings), to discuss the implementation of the management board's performance plan for 2023, the goals for 2024, the terms of the service contracts of the members of the management board and other current matters. The remuneration committee proposed to the supervisory board that the service contract of Margus Vihman, member of the management board and chief commercial officer, be extended by three years until 31 October 2027. The remuneration committee also proposed that Rene Pärt, chief business development officer, be appointed to the management board for a five-year term commencing on 1 May 2024. Both proposals were approved by the supervisory board.

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 2024, 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).

The rates of the remuneration of the members of the nomination committee are set out in the remuneration policy approved by the general meeting on 4 April 2024 – EUR 200 per meeting for a member and EUR 300 per meeting for the chairman. No remuneration is paid for a meeting not attended.

The nomination committee held no meetings in 2024 (2023: one meeting) and no remuneration was paid to the members of the nomination committee for the work on the committee.

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 a 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 a term of 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 2024 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 2024, the members of the management board Valdo Kalm, Andrus Ait, Margus Vihman and Rene Pärt held shares in Tallinna Sadam (41,828 shares, 11,000 shares, 22,486 shares and 4,000 shares, respectively). Persons closely associated with the members of the management board did not hold any shares in Tallinna Sadam.

Members 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 telecommunications 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 2027

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).

RENE PÄRT

Member of the Management Board,
Chief Business Development Officer,
appointed to the board for a term
from 1 May 2024 to 30 April 2029

Rene Pärt has a degree in logistics from Tallinn University of Technology (TalTech) and a master's degree in business administration from Aston University. Previously, he was business development manager at the international logistics corporation Kühne+Nagel and Baltic sales and partnership manager at the shipping group DFDS.

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 2024, 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 2024, 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 2024, 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, the corporate website www.ts.ee/en and social media channels (LinkedIn, Facebook). 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 four webinars in English and Estonian for investors in 2024 to present our interim reports. In April, the annual general meeting was held in person, and 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 2024, investor meetings were held in Tallinn and Vienna, as well as via online channels.

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 the implementation of 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 Jüri Koltsov. The contract with the auditor was signed in 2023 for a period of two years (for the audit of the annual reports for 2023 and 2024) and can be extended for the audit of the annual report for 2025. The audit firm has not provided any services to the company that could compromise the auditor's independence. In 2024, the fees paid or payable for services provided by all audit firms totalled EUR 116 thousand (2023: EUR 102 thousand). In 2024, the fees paid or payable for audit services provided by the appointed auditor totalled EUR 76 thousand (2023: EUR 76 thousand). In addition, the Group paid EUR 1 thousand (2023: EUR 14 thousand) to PwC for other services (financial training). Other audit firms have provided the Group with the services of translating its financial reports, conducting expert analysis of IT solutions and auditing external financing projects.

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 135[3] 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;
- making 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 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, adjusted EBITDA, customer satisfaction, annualised total shareholder return 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). 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 (subsections 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 2024 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. Based on a reasoned decision of the supervisory board, the company may pay a member of the management board compensation equal to 50% of the board member's monthly remuneration for a period of 12 months after the expiry of the term of office of the board member for compliance with the non-compete clause.

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.

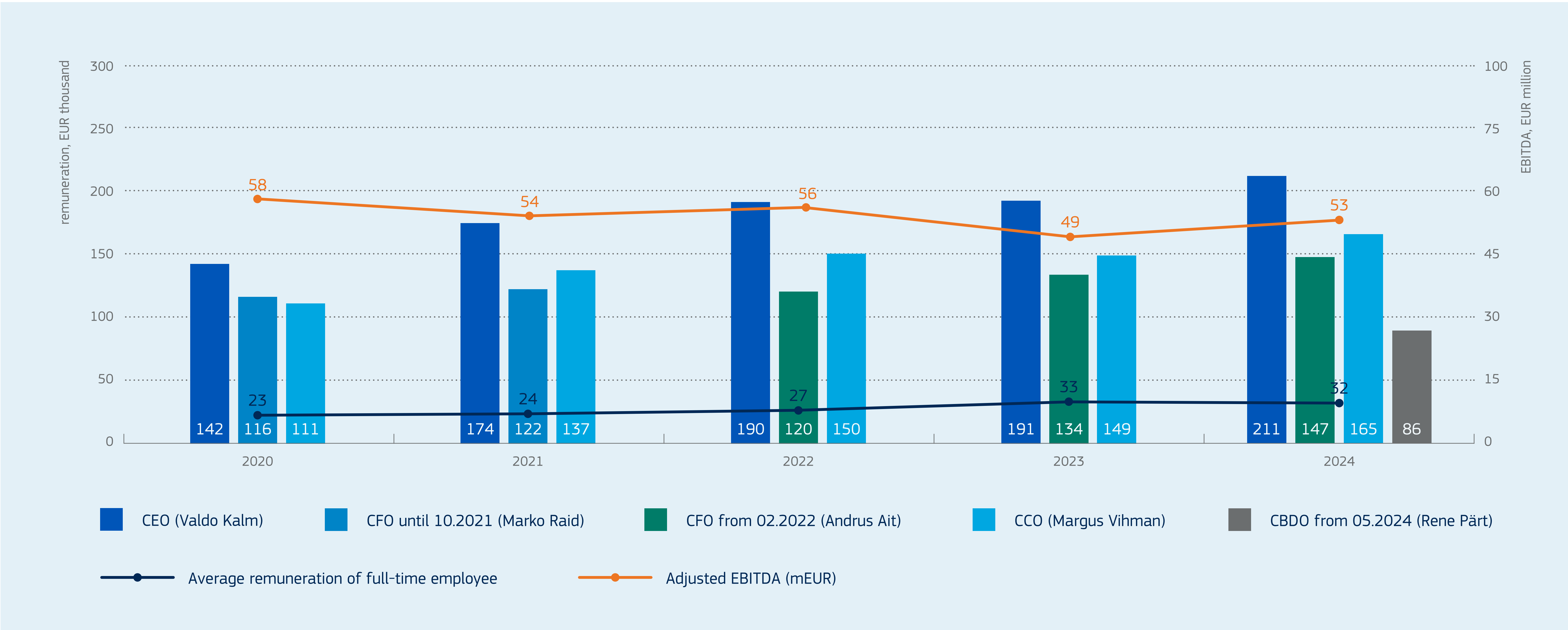
According to the decision of the supervisory board of Tallinna Sadam of 12 February 2025, **the members of the management board will receive performance-related bonuses** for the achievement of the goals set for 2024 **in the amount of 3.84 times the monthly remuneration of the members of the management board**, which is 96% of the maximum possible performance-related bonus (which is four times the monthly remuneration of a board member). Rene Pärt, who became a member of the management board in 2024, will receive a performance-related bonus in proportion to the time worked as a board member plus a bonus for the goals achieved while working as chief business development officer from 1 January 2024 to 30 April 2024. 56% (maximum 60%) of the Group's primary goals (revenue, adjusted EBITDA, customer satisfaction, annualised total shareholder return, and the implementation of key projects, including sustainable development projects) and 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. In total, **96% of the goals were achieved**. 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 2024.

In 2024, 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 2024

In thousands of euros	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	160	51	23	234	68%
Margus Vihman, Member of the Management Board, CCO	1 Nov. 2016 – 31 Oct. 2027	125	40	21	186	67%
Andrus Ait, Member of the Management Board, CFO	21 Feb. 2022 – 20 Feb. 2027	111	36	15	162	69%
Rene Pärt, Member of the Management Board, CBDO	1 May 2024 – 30 Apr. 2029	62	23	23	109	57%
Total		458	150	82	690	65%

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

In thousands of euros	Note	31 December 2024	31 December 2023
ASSETS			
Current assets			
Cash and cash equivalents	7	17,213	29,733
Term deposits with maturities of more than 3 months	7	22,000	0
Trade and other receivables	8	12,512	12,118
Inventories		695	550
Total other current assets		**52,420**	**42,401**
Non-current assets held for sale	11	4,190	0
Total current assets		**56,610**	**42,401**
Non-current assets			
Investments in an associate	9	2,664	2,177
Other long-term receivables	8	0	163
Investment properties	10	14,069	14,069
Property, plant and equipment	11	554,280	545,271
Intangible assets	12	2,238	2,083
Total non-current assets		**573,251**	**563,763**
Total assets		**629,861**	**606,164**

In thousands of euros	Note	31 December 2024	31 December 2023
LIABILITIES			
Current liabilities			
Loans and borrowings	17	12,185	15,831
Provisions	14	1,771	1,311
Government grants	18	22,146	7,344
Taxes payable	16	906	876
Trade and other payables	15	7,780	9,492
Total current liabilities		**44,788**	**34,854**
Non-current liabilities			
Loans and borrowings	17	172,650	157,566
Government grants	18	31,995	33,075
Other payables	15	2,815	3,010
Total non-current liabilities		**207,460**	**193,651**
Total liabilities		**252,248**	**228,505**
EQUITY			
Share capital		263,000	263,000
Share premium		44,478	44,478
Statutory capital reserve		23,304	22,858
Retained earnings		46,831	47,323
Total equity	19	**377,613**	**377,659**
Total liabilities and equity		**629,861**	**606,164**

Consolidated statement of comprehensive income

In thousands of euros	Note	2024	2023
Revenue	3, 20	119,587	116,646
Other income	22	1,737	2,208
Operating expenses	21	–40,427	–41,403
Impairment of financial assets		–805	–1,145
Personnel expenses	21	–25,722	–25,214
Depreciation, amortisation and impairment	11	–24,833	–25,389
Other expenses		–389	–1,073
Operating profit		**29,148**	**24,630**
FINANCE INCOME AND COSTS			
Finance income		900	1,237
Finance costs	23	–8,257	–7,435
Finance costs — net		**–7,357**	**–6,198**
Share of profit of an associate accounted for under the equity method	9	487	435
Profit before income tax		**22,278**	**18,867**
Income tax expense	19	–3,125	–2,985
Profit for the period		**19,153**	**15,882**
Basic and diluted earnings per share (in euros)	19	0.07	0.06

Consolidated statement of cash flows

In thousands of euros	Note	2024	2023
Cash receipts from sale of goods and services		126,612	124,344
Cash receipts related to other income		45	272
Payments to suppliers		–50,431	–52,911
Payments to and on behalf of employees		–23,864	–24,165
Payments for other expenses		–304	–317
Income tax paid on dividends	19	–3,325	–3,264
Cash from operating activities		**48,733**	**43,959**
Purchases of property, plant and equipment	26	–38,981	–17,946
Purchases of intangible assets	26	–599	–799
Proceeds from sale of property, plant and equipment		17	28
Government grants received		15,317	0
Dividends received	9	0	357
Interest received		804	1,179
Net change in term deposits with maturities of more than 3 months	7	–22,000	0
Cash used in investing activities		**–45,442**	**–17,181**
Redemption of debt securities	17	–7,650	–7,650
Loans received	17	30,000	0
Repayments of loans received	17	–10,466	–8,266
Dividends paid	19	–19,000	–19,012
Interest paid	17	–8,655	–6,494
Other payments related to financing activities		–40	–10
Cash used in financing activities		**–15,811**	**–41,432**

Net cash flow		**–12,520**	**–14,654**
Cash and cash equivalents at beginning of period	7	29,733	44,387
Change in cash and cash equivalents		–12,520	–14,654
Cash and cash equivalents at end of period	7	17,213	29,733

Consolidated statement of changes in equity

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 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**
Profit for the period		0	0	0	19,153	19,153
Total comprehensive income for the period		**0**	**0**	**0**	**19,153**	**19,153**
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	446	–446	0
Equity at 31 December 2024		**263,000**	**44,478**	**23,304**	**46,831**	**377,613**

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 2024 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 2025. 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 2024 and 31 December 2023:

Subsidiary	Domicile	Ownership interest (%) 2024	Ownership interest (%) 2023	Core business line
OÜ TS Shipping	Republic of Estonia	100	100	Providing icebreaking and other offshore support services with the multifunctional icebreaker Botnica
OÜ TS Laevad	Republic of Estonia	100	100	Providing 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 2024 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.

Application of new standards, amendments and interpretations

The following new standards, amendments to standards and interpretations became mandatory for the Group on 1 January 2024.

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).

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 adoption of these amendments did not have a material impact on its financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements
(effective for annual reporting periods beginning on or after 1 January 2024).

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 adoption of these amendments did not have a material impact on its financial statements.

New standards, amendments to standards and interpretations issued

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for the Group's annual periods beginning on or after 1 January 2025 and which the Group has not adopted early.

Amendments to the Classification and Measurement of Financial Instruments — Amendments to IFRS 9 and IFRS 7
(effective date not yet adopted by the EU).

On 30 May 2024, the IASB issued amendments to IFRS 9 and IFRS 7 to:

(a) clarify the date of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;

(b) clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;

(c) add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environmental, social and governance (ESG) targets); and

(d) update the disclosures for equity instruments designated at fair value through other comprehensive income (FVOCI).

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

IFRS 18 Presentation and Disclosure in Financial Statements
(effective date not yet adopted by the EU).

In April 2024, the IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to:

- the structure of the statement of profit or loss;
- required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and
- enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'. IFRS 18 will apply to reporting periods beginning on or after 1 January 2027 and also applies to comparative information.

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

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 and berths — 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

The corporate income tax rate in Estonia was 20% until 31 December 2024 (the amount of tax payable was calculated as 20/80 of the net distribution). Since 2019, regular dividend distributions were subject to a lower, 14% tax rate (the amount of tax payable was calculated as 14/86 of the net dividend). The lower tax rate applied to dividends and other profit distributions to an extent not exceeding the three preceding years' average amount of dividend and other profit distributions and distributions of equity on which tax had been paid.

In accordance with the Estonian Income Tax Act, corporate earnings (profit for the financial year) are not subject to income tax. Income tax is paid on dividends, fringe benefits, gifts, donations, non-business expenditures and transfer price adjustments. The tax rate for profit distributions is 22% (the amount of tax payable is calculated as 22/78 of the net payment). Under certain circumstances, dividends received can be redistributed without additional income tax expense. The tax exemption applies when the company redistributing a dividend received had at least a 10% interest in the company from which the dividend was received at the time the dividend was received. The lower, 14% income tax rate for regular dividend distributions (14/86 of the net dividend) has been abolished effective from 1 January 2025. Dividends taxed at a lower rate that have been received before the above date can be redistributed in accordance with a transitional provision.

Income tax payable on dividends is recognised as income tax expense in the statement of comprehensive income and an income tax liability in the statement of financial position in an amount calculated on the planned dividend.

Deferred tax is recognised for the post-acquisition undistributed profits of subsidiaries and associates and the post-acquisition changes in other reserves unless the Group can control the subsidiary's dividend policy and it is probable that the temporary difference will not reverse in the foreseeable future through dividends or otherwise.

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 maximum income tax liability that would arise if all of the unrestricted equity were distributed as dividends is disclosed in note 19 to the financial statements.

A security tax of 2% will apply to a resident company's profit before tax for the financial year starting from 1 January 2026. In the case of a group that prepares consolidated financial statements, the tax will apply to the parent company's unconsolidated profit recognised in the parent company's income statement.

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 2024, the Group generated EUR 6,700 thousand, i.e. 6% of its revenue (2023: EUR 6,261 thousand, i.e. 5%) outside Estonia (in Canada and Great Britain) and 94% (2023: 95%) 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 May 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 119,587 thousand (2023: EUR 116,646 thousand) includes revenue of EUR 26,814 thousand (2023: EUR 26,106 thousand) attributable to its largest customer, which is reported in the Ferry segment and the segment Other. In 2024, the Group's second-largest customer also contributed 10% or more to the Group's total revenue. Revenue attributable to the customer of EUR 18,880 thousand (2023: EUR 18,312 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 in 2024 or 2023.

Segment revenues and results

	2024				
In thousands of euros	Passenger harbours	Cargo harbours	Ferry	Other	Total
Vessel dues	18,794	12,734	0	0	31,528
Cargo charges	1,514	5,169	0	0	6,683
Passenger fees	11,668	219	0	0	11,887
Sale of electricity	1,552	3,057	0	0	4,609
Sale of ferry services — revenue from ticket sales	0	0	14,848	0	14,848
Sale of other services	1,351	902	117	297	2,667
Operating lease income	2,999	9,878	1,270	0	14,147
Charter fees	0	0	0	11,914	11,914
Sale of ferry services — government support	0	0	21,304	0	21,304
Total segment revenue[*] (note 20)	**37,878**	**31,959**	**37,539**	**12,211**	**119,587**
Adjusted segment EBITDA	**19,854**	**14,148**	**15,490**	**3,642**	**53,134**
Depreciation and amortisation	–7,663	–8,553	–5,505	–2,612	–24,333
Impairment losses (notes 11 and 12)	0	–245	–255	0	–500
Amortisation of government grants received (note 18)	581	753	0	0	1,334
Share of profit of an associate accounted for under the equity method	0	0	0	–487	–487
Segment operating profit	**12,772**	**6,103**	**9,730**	**543**	**29,148**
Finance income and costs, net					–7,357
Share of profit of an associate accounted for under the equity method					487
Income tax expense (note 19)					–3,125
Profit for the period					**19,153**

* *Total segment revenue represents revenue from external customers and excludes inter-segment revenue of EUR 185 thousand and EUR 2 thousand for the Passenger harbours and the Cargo harbours segments, respectively, which was eliminated during consolidation.*

Segment revenues and results

	2023				
In thousands of euros	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	–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/loss	**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 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 2024, 97.11% of receipts (2023: 95.8%) and 98.67% of payments (operating expenses, investments, finance costs, etc.) (2023: 98.1%) 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 2024 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 2024 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 2024 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 1,834 thousand (31 December 2023: EUR 1,715 thousand), assuming all other variables remained constants.

Credit risk

Credit risk exposure mainly results from trade receivables, cash and cash equivalents and term deposits with maturities exceeding three months. At 31 December 2024, the Group's maximum exposure to credit risk was EUR 47,777 thousand (31 December 2023: EUR 36,920 thousand).

Cash and cash equivalents and term deposits with maturities of more than three months 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.

In thousands of euros **At 31 December**	**2024**	**2023**
Current accounts and term deposits at banks with original maturities of less than 3 months (note 7)	17,169	29,653
Term deposits with maturities of more than three months (note 7)	22,000	0
Receivables from customers* (note 8)	8,456	6,975
Other receivables (note 8)**	152	292
Total	**47,777**	**36,920**

* *Impairment allowances have been deducted from receivables from customers.*

** *Including receivables with settlement schedules at 31 December 2023 of EUR 163 thousand.*

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).

At 31 December 2024, cash and cash equivalents were held at four banks with A1, Baa2 or Aa3 credit ratings and the proportions of the respective risk exposures were 68.8%, 30.6% and 0.6%. At 31 December 2023, cash and cash equivalents were held at two banks with an Aa3 credit rating (Aa3) and the proportions of the risk exposures were 99.6% and 0.4%.

Receivables not past due as at the reporting date accounted for 40.0% (2023: 57.1%) 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).

Cash in current accounts and deposits by rating*

In thousands of euros **At 31 December**	**2024**	**2023**
Aa3	244	29,653
A1	26,925	0
Baa2	12,000	0
Total amount reported in cash and cash equivalents	**39,169**	**29,653**

* *The remaining portion of the balance of cash and cash equivalents and term deposits with maturities of more than 3 months (EUR 44 thousand at 31 December 2024 and EUR 80 thousand at 31 December 2023) 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.*

Trade receivables — expected credit loss matrix

In thousands of euros	Not past due	Days past due				
		0–30	31–60	61–90	>90	Total
At 31 December 2024						
Expected credit loss rate	2.9%	3.2%	3.0%	80.0%	100.0%	
Total trade receivables	5,124	3,564	31	14	4,076	12,809
Lifetime expected credit loss (ECL)	–150	–115	–1	–11	–4,076	–4,353
						8,456
At 31 December 2023						
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

Trade receivables — lifetime expected credit loss

In thousands of euros	Collectively assessed receivables not credit-impaired	Credit-impaired receivables*	Total
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**
Transfer to credit impaired	0	1,291	1,291
Amounts written off as uncollectible	0	–2	–2
Amounts recovered (previously written down or off)	0	–278	–278
Reversals of prior write-downs and write-offs	0	–203	–203
Change in loss allowance due to new trade receivables	31	74	105
At 31 December 2024	**1,315**	**3,038**	**4,353**

** Including a write-down of EUR 650 thousand (note 30) recognised in 2024 due to the counterparty's settlement difficulties (2023: EUR 1,281 thousand).*

Other receivables (note 8) are assessed using the 12-month expected credit loss method. At 31 December 2024, the credit risk of those financial assets had not increased significantly and, therefore, no additional loss allowance was needed. At 31 December 2024, 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 2024, current assets exceeded current liabilities by EUR 11.8 million (31 December 2023: by EUR 7.5 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 27 January 2025 for the year-end 2024 and as at 11 January 2024 for the year-end 2023.

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

Liquidity analysis

In thousands of euros	Loans outstanding*	Debt securities issued**	Trade and other payables	Total
At 31 December 2024				
< 6 months	1,260	1,462	8,040	10,762
6–12 months	3,183	9,621	0	12,803
1–5 years	52,002	123,971	0	175,972
> 5 years	5,175	0	0	5,175
Total	61,619	135,054	8,040	204,713
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

** Comprises principal outstanding of EUR 57,066 thousand (2023: EUR 37,532 thousand) and estimated total future interest payments of EUR 4,553 thousand (2023: EUR 3,868 thousand).*

*** Comprises principal outstanding of EUR 126,300 thousand (2023: EUR 133,950 thousand) and estimated total future interest payments of EUR 8,754 thousand (2023: EUR 14,882 thousand).*

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 2024 and 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 2024, the carrying amount of the Group's property, plant and equipment was EUR 554,280 thousand and depreciation for the year amounted to EUR 23,914 thousand. The respective figures for 2023 were EUR 545,271 thousand and EUR 23,922 thousand (note 11). If depreciation rates were reduced by 10%, the annual depreciation charge would decrease and profit would increase by EUR 2,391 thousand (2023: EUR 2,392 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 valuators 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

In thousands of euros **At 31 December**	**2024**	**2023**
Financial assets carried at amortised cost	*50,543*	*39,883*
Cash and cash equivalents (note 7)	17,213	29,733
Term deposits with maturities of more than 3 months (note 7)	22,000	0
Trade receivables (note 8)	8,456	6,975
Other receivables (note 8)	2,874	3,175
Total financial assets	**50,543**	**39,883**

Financial liabilities

In thousands of euros **At 31 December**	**2024**	**2023**
Financial liabilities carried at amortised cost	*189,685*	*179,970*
Trade and other payables — financial liabilities (note 15)	4,850	6,573
Loans and borrowings (note 17)	184,835	173,397
Total financial liabilities	**189,685**	**179,970**

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 2024, 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 the current market interest rates for similar financial instruments, determined based on the information published by Chatham Financial for the items as at 31 December 2024 and based on the rates available to companies with an S&P BBB rating (the rating indicated by the banks as the internal shadow rating for the Group) for the items as at 31 December 2023.

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 and term deposits with maturities of more than 3 months

In thousands of euros **At 31 December**	**2024**	**2023**
Cash on hand	19	16
Current accounts at banks	244	132
Term deposits with short maturities	16,925	29,521
Cash in transit	25	64
Total cash and cash equivalents (notes 4 and 6)	**17,213**	**29,733**

All items of cash and cash equivalents at 31 December 2024 and 31 December 2023 are denominated in euros. At 31 December 2024 and 31 December 2023, there were no restrictions on the use of the Group's cash and cash equivalents.

Term deposits with maturities of more than 3 months

At 31 December 2024, the Group had six 4-month term deposits of EUR 22,000 thousand in total. The deposits bear interest at the rate of 3.35–3.46%. There were no similar term deposits at 31 December 2023.

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

Note 8. Trade and other receivables

In thousands of euros At 31 December	2024	2023
FINANCIAL ASSETS		
Trade receivables (note 4)	12,809	10,415
Incl. from contracts with customers	*5,644*	*6,143*
Allowance for credit losses (note 4)	–4,353	–3,440
Incl. for contracts with customers	*–306*	*–323*
Government grants receivable (note 18)	2,721	2,885
Receivables from an associate (note 24)	10	9
Other receivables (note 4)	143	281
Total financial assets (note 6)	**11,330**	**10,150**
Of which current financial assets	*11,330*	*9,987*
Of which non-current financial assets	*0*	*163*
NON-FINANCIAL ASSETS		
Prepaid taxes (note 16)	492	1,599
Other prepayments	681	521
Other receivables (note 4)	9	11
Total non-financial assets	**1,182**	**2,131**
Of which current non-financial assets	*1,182*	*2,131*
Total trade and other receivables	**12,512**	**12,281**
Of which current receivables	*12,512*	*12,118*
non-current receivables	*0*	*163*

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 2024 and 31 December 2023) 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

In thousands of euros **At 31 December**	**2024**	**2023**
Carrying amount at beginning of period	2,177	2,099
Share of profit under the equity method	487	435
Dividends paid	0	–357
Carrying amount at end of period	**2,664**	**2,177**

Associate AS Green Marine

In thousands of euros **At 31 December**	**2024**	**2023**
Current assets	695	691
Non-current assets	10,320	9,042
Current liabilities	1,874	1,907
Non-current liabilities	3,919	3,558
The above amounts of assets and liabilities include the following:		
Current loans and borrowings	1,052	1,125
Non-current loans and borrowings	3,829	3,446

* *At 31 December 2024, the company had an overdraft liability of EUR 157 thousand (31 December 2023: EUR 472 thousand), which is presented within current loans and borrowings.*

In thousands of euros	**2024**	**2023**
Revenue	7,743	7,401
Profit for the period from continuing operations	955	853
Profit for the period	955	853
Total comprehensive income for the period	**955**	**853**
The above profit for the period includes the following:		
Depreciation, amortisation and impairment	844	534
Interest expense	293	144
Income tax expense	0	160

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

Note 10. Investment properties

In thousands of euros	31.12.2024	31.12.2023
Land measured at cost	14,069	14,069
Direct property management expenses	128	186
Of which expenses on investment property generating lease income	*1*	*1*

Investment properties leased out

In thousands of euros	31.12.2024	31.12.2023
Land measured at cost	396	396

In thousands of euros	31.12.2024	31.12.2023
Lease income on investment properties (note 20)	7	1
Rental income receivable in future periods		
< 1 years	7	6
2 years	7	13
Total future lease income	**14**	**19**

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 2024 and 31 December 2023.

Note 11. Property, plant and equipment

In thousands of euros	Land and buildings	Plant and equipment	Other items of property, plant and equipment	Assets under construction*	Prepayments	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**
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**
Movements in 2024						
Purchases and reconstruction (note 26)	637	1,819	222	35,579	0	38,257
Sales at carrying amount**	–644	0	0	0	0	–644
Depreciation charge	–11,993	–11,299	–622	0	0	–23,914
Impairment losses	–245	–255	0	0	0	–500
Reclassified to non-current assets held for sale at carrying amount***	–3,987	–203	0	0	0	–4,190
Reclassified at carrying amount	3,601	2,971	13	–6,027	–558	0
At 31 December 2024						
Cost	641,820	265,314	8,503	40,048	2,040	957,725
Accumulated depreciation and impairment losses	–271,639	–124,798	–7,008	0	0	–403,445
Carrying amount at 31 December 2024	**370,181**	**140,516**	**1,495**	**40,048**	**2,040**	**554,280**

* *At 31 December 2024, assets under construction of EUR 40,048 thousand included the following major items:*

- *the construction of quay 6A at Paldiski South Harbour of EUR 38,933 thousand*
- *the design work related to the area of Terminal A of EUR 809 thousand*

* *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 2024, the cost and accumulated depreciation of property, plant and equipment that was sold were EUR 957 thousand (2023: EUR 857 thousand) and EUR 313 thousand (2023: EUR 829 thousand), respectively.*

*** *At 31 December 2024, items reclassified to non-current assets held for sale included 10 properties of EUR 3,987 thousand in total that were reclassified in connection with the construction of the Rail Baltica Freight Terminal at Muuga Harbour and 2 replaced engines of the ferry Piret of EUR 203 thousand (31 December 2023: nil). 8 properties of EUR 854.7 thousand in total were reclassified to non-current assets held for sale at cost and 2 properties and the 2 engines were reclassified at an amount reduced by impairment (see the line item 'Impairment losses'). The properties and the engines will be sold in 2025.*

The Group's assets have not been pledged.

At 31 December 2024, the (gross) carrying amount of fully depreciated items still in use was EUR 46,871 thousand (31 December 2023: EUR 45,427 thousand).

Commitments related to property, plant and equipment are disclosed in note 25.

In 2024, the Group recognised the following impairment losses consisting of write-downs of EUR 500 thousand within 'Depreciation, amortisation and impairment' in the statement of comprehensive income:

- the write-down of properties of EUR 245 thousand
- the write-down of the replaced engines of the ferry Piret to their sales price of EUR 255 thousand

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:
  - Items of plant and equipment of EUR 521 thousand;
  - Other equipment and fixtures of EUR 339 thousand;
  - Connection fees of EUR 19 thousand.

The cash-generating units at risk of impairment due to a decrease in operating volumes in recent years were tested for impairment as at 31 December 2024. Such cash-generating units included quays in the Cargo harbours segment with a total period-end carrying amount of EUR 50,602 thousand.

The recoverable amounts were estimated using the discounted cash flow method on the basis of contracts in force, operators' forecasts and the Group's estimates of future developments in the use of the underlying assets.

In connection with expected developments and projects under negotiation, it was assumed that during the next five years the revenues generated by the three quays in the eastern part of Muuga Harbour (Cargo harbours segment) will increase by EUR 199 thousand per year on average.

The discounted cash flows were projected using a discount rate of 8.72% (2023: 9.25%), which was found, among other things, using the measurement model for financial assets and validated comparative data. It was assumed that from 2030 onward the revenues and expenses of both cash-generating units would grow at the rate of 2% per year (2023: 2%).

No impairment was identified as a result of the testing and therefore the assets were not written down.

The assumption with the strongest impact on the value of the assets is the increase in the revenue generated by the three quays in the eastern part of Muuga Harbour (Cargo harbours segment). A change in revenue by EUR 100 thousand per year would have an EUR 797 thousand impact on the value of the quays.

In thousands of euros	Carrying amount at 31 December 2024	Discount rate (%)	Difference between recoverable amount and carrying amount	Change in value of assets on +1 pp change in the discount rate
3 quays in the eastern part of Muuga Harbour	6,744	8.72%	203	–827
Ro-ro and container cargo quays in Muuga Harbour	43,858	8.72%	6,597	177

Note 12. Intangible assets

In thousands of euros	Computer software	Software under construction	Total
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**
Movements in 2024			
Purchases and upgrades (note 26)	0	574	574
Amortisation charge	–419	0	–419
Reclassification from assets under construction	124	–124	0
At 31 December 2024			
Cost	6,460	730	7,190
Accumulated amortisation and impairment losses	–4,952	0	–4,952
Carrying amount at 31 December 2024	**1,508**	**730**	**2,238**

Note 13. Leases

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

In thousands of euros	Land	*Incl. with the right of superficies*	Buildings	Plant and equipment	Other items of PPE	Total
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
Additions	1,326	*94*	86	0	0	1,412
Expiry and cancellation	–8,376	*–1,413*	–153	0	0	–8,529
Depreciation	0	*0*	–458	–9	–32	–499
Property, plant and equipment at 31 December 2024						
Cost	41,466	*35,895*	19,249	190	1,801	62,706
Depreciation	0	*0*	–11,664	–104	–1,713	–13,481
Carrying amount at 31 December 2024	41,466	*35,895*	7,585	86	88	49,225

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

In thousands of euros	2024	2023
Land	4,230	8,323
Buildings	8,532	4,118
Plant and equipment	1,354	1,261
Other items of PPE	24	24
Total lease income from property, plant and equipment leased out under operating leases (note 20)	**14,140**	**13,726**
Of which fixed lease income	*19*	*188*

Undiscounted future lease payments receivable

In thousands of euros **At 31 December**	**2024**	**2023**
< 1 year	10,388	10,861
1–2 years	9,948	10,084
2–3 years	9,856	9,904
3–4 years	9,541	9,852
4–5 years	9,531	9,798
> 5 years	230,086	319,870
Total undiscounted future lease receivables under existing contracts*	**279,350**	**370,369**

* *The decrease in the undiscounted future lease receivables under existing contracts as at 31 December 2024 is due to the declaration of the bankruptcy of a counterparty which was contested in court in 2024 (note 27).*

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 62 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

In thousands of euros	2024	2023
Provision for performance-related remuneration		
At beginning of year	**986**	**1,688**
Recognised	1,384	987
Adjusted	–994	–1,622
Used	8	–67
At end of year	**1,384**	**986**
Other provisions		
At beginning of year	**325**	**325**
Recognised	62	0
At end of year	**387**	**325**
Total provisions	**1,771**	**1,311**

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 2024 have been approved.

Other provisions

Other provisions at 31 December 2024 comprise:

- a provision for ongoing court cases of EUR 61 thousand (31 December 2023: 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 326 thousand (31 December 2023: EUR 264 thousand).

Note 15. Trade and other payables

In thousands of euros **At 31 December**	**2024**	**2023**
Financial liabilities		
Trade payables	4,477	6,154
Payables to an associate (note 24)	192	193
Other payables	181	226
Total financial liabilities (note 6)	**4,850**	**6,573**
Of which current financial liabilities	*4,815*	*6,500*
Of which non-current financial liabilities	*35*	*73*
Of which payables for property, plant and equipment (note 26)	*1,163*	*2,358*
Of which payables for intangible assets (note 26)	*66*	*91*
Non-financial liabilities		
Payables to employees	1,460	1,624
Accrued taxes payable on remuneration	859	874
Payables related to contracts with customers*	2,836	2,818
Advances for goods and services	590	431
Other payables	0	182
Total non-financial liabilities	**5,745**	**5,929**
Of which current non-financial liabilities	*2,965*	*2,992*
Of which non-current non-financial liabilities	*2,780*	*2,937*
Total trade and other payables	**10,595**	**12,502**
Of which current liabilities	*7,780*	*9,492*
Of which non-current liabilities	*2,815*	*3,010*

* *In 2024, the Group received deferred connection fee income (advances) of EUR 67 thousand (2023: EUR 2,040 thousand). Connection fees recognised as revenue in 2024 amounted to EUR 42 thousand (2023: EUR 52 thousand).*

Note 16. Taxes payable

In thousands of euros **At 31 December**	**2024**	**2023**
Personal income tax	303	295
Corporate income tax*	14	11
Pollution charge	1	3
Social security tax	531	513
Unemployment insurance contributions	32	32
Funded pension contributions	18	17
Excise duties	7	5
Total taxes payable	**906**	**876**

* *The Group did not have any deferred tax liabilities at 31 December 2024 or 31 December 2023.*

At 31 December 2024, the Group's prepaid taxes amounted to EUR 492 thousand (31 December 2023: EUR 1,599 thousand). Prepaid taxes are disclosed in note 8.

Note 17. Loans and borrowings

In thousands of euros At 31 December	2024	2023
Current portion		
Loan liabilities	3,066	6,266
Debt securities	7,650	7,650
Interest liabilities	1,469	1,915
Total current portion	**12,185**	**15,831**
Non-current portion		
Loan liabilities	54,000	31,266
Debt securities	118,650	126,300
Total non-current portion	**172,650**	**157,566**
Total loans and borrowings (note 6)	**184,835**	**173,397**

Issue and redemption of debt securities

At 31 December 2024, 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 2024 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 2024 (2023: EUR 7,650 thousand).

At 31 December 2024, the weighted average interest rate of the debt securities was 3.82% (31 December 2023: 4.84%). The average interest rate has decreased due to the decrease 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 2024, the weighted average interest rate of drawn loans was 3.90% (31 December 2023: 4.90%). The interest rate risk of the loans has not been hedged with interest rate swaps.

In the second quarter of 2024, AS Tallinna Sadam signed a loan agreement with AS Swedbank for EUR 20 million.

In the third quarter of 2024, AS Tallinna Sadam repaid early a loan of EUR 4.8 million from the Nordic Investment Bank, which would have matured in 2028.

In the third quarter of 2024, AS Tallinna Sadam signed a loan agreement with AS Swedbank for EUR 10 million. The new and more favourable loan was used, among other things, to refinance the Group's previous loans.

The Group did not have any undrawn loans or credit limits at 31 December 2024.

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 2024 amounted to EUR 10,466 thousand (2023: EUR 8,266 thousand). The final maturities of outstanding loan liabilities fall in the period 2025–2030.

Contractual maturities of loans and borrowings

In thousands of euros **At 31 December**	**2024**	**2023**
< 6 months	2,252	5,298
6–12 months	9,933	10,533
1–5 years	167,650	152,066
> 5 years	5,000	5,500
Total loans and borrowings (note 4)	**184,835**	**173,397**

Carrying amounts and fair values of loans and borrowings*

In thousands of euros **At 31 December**	**2024**	**2023**
Carrying amount		
Debt securities	126,300	133,950
Loan liabilities	57,066	37,532
Total carrying amount	**183,366**	**171,482**
Fair value		
Debt securities	128,422	134,251
Loan liabilities	61,577	37,632
Total fair value	**189,999**	**171,883**

** 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 2024, the fair value of financial liabilities calculated using the discounted cash flow method was 3.62% higher than their carrying amount (31 December 2023: 0.23% 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 2024 and 31 December 2023, the Group was in compliance with all financial covenants.

Change in liabilities arising from financing activities

In thousands of euros	1 January 2024	Cash flows from financing activities	Accrued interest (note 23)	31 December 2024
Loan liabilities	37,532	19,534	0	57,066
Debt securities	133,950	–7,650	0	126,300
Interest liabilities	1,915	–8,655	8,209	1,469
Total	**173,397**	**3,229**	**8,209**	**184,835**

In thousands of euros	1 January 2023	Cash flows from financing activities	Accrued interest (note 23)	31 December 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**

Note 18. Government grants

Non-current government grant liabilities

In thousands of euros **At 31 December**	**2024**	**2023**
Cohesion Fund	18,943	19,370
TEN-T	4,973	5,520
CEF-T	7,967	8,065
State budget of the Republic of Estonia	34	41
INTERREG	78	79
Total non-current government grant liabilities	**31,995**	**33,075**
Incl. non-depreciable assets	*13,902*	*13,902*

Recognised as income

In thousands of euros	**2024**	**2023**
Grants related to assets (note 3)	1,334	1,284
Grants related to income	21,305	20,648
Total recognised as income	**22,639**	**21,932**
Incl. revenue from other sources (note 20)	*21,304*	*20,640*
other income (note 22)	*1,335*	*1,292*

Short-term deferred government grant income

In thousands of euros **At 31 December**	**2024**	**2023**
CEF-T	21,969	7,260
State budget of the Republic of Estonia	177	84
Total short-term deferred government grant income	**22,146**	**7,344**

Short-term government grants receivable

In thousands of euros **At 31 December**	**2024**	**2023**
CEF-T	2,721	2,885
Total short-term government grants receivable (note 8)	**2,721**	**2,885**

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 15,561 thousand (31 December 2023: EUR 15,769 thousand), including EUR 13,902 thousand (31 December 2023: 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 3,382 thousand (31 December 2023: EUR 3,601 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 714 thousand (31 December 2023: EUR 769 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.

Non-current government grant liabilities related to the project amount to EUR 4,235 thousand (31 December 2023: EUR 4,587 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 23 thousand (31 December 2023: EUR 163 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 2023: 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 and TWIN-PORT 2. 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.

The balance of deferred grant income is EUR 2,260 thousand (31 December 2023: EUR 2,260 thousand.

Non-current government grant liabilities related to the project amount to EUR 2,955 thousand (31 December 2023: EUR 3,126 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.

In 2024, no investments were made. Investments made in 2023 amounted to EUR 652 thousand

At 31 December 2024, the balance of the government grant receivable was EUR 2,721 thousand (31 December 2023: EUR 2,721 thousand).

Non-current government grant liabilities related to the project amount to EUR 3,629 thousand (31 December 2023: EUR 3,858 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. 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 2024, investments made amounted to EUR 809 thousand (2023: EUR 2,288 thousand and expenses incurred amounted to EUR 123 thousand).

Support received in 2024 amounted to EUR 570 thousand (2023: no support was received).

At 31 December 2023, the amount of grant receivable was EUR 164 thousand.

At 31 December 2024, the balance of deferred grant income was EUR 406 thousand.

Non-current government grant liabilities related to the project amount to EUR 939 thousand (31 December 2023: EUR 1,081 thousand).

TWIN-PORT 6 (2024–2027)

The project is the sixth follow-up project in the series. The aim of the project is to reduce the environmental impact of shipping between Estonia and Finland and to improve transport options. AS Tallinna Sadam is participating in the project together with the Port of Helsinki. The overall aim is to create a green corridor between the two ports to make travel and freight transport between Tallinn and Helsinki climate neutral.

Tallinna Sadam will focus on environmental friendliness and will install onshore electricity connections at Muuga Harbour to enable ro-ro and container vessels to use onshore electricity. During the project, onshore electricity connections will be installed at berths 13, 14, 15, 16 and 17 in Muuga Harbour. In order to install the onshore electricity connection at berth 17, 358 metres of the berth front wall will also be reinforced.

The Port of Helsinki will focus on the development of the Vuosaari Harbour, where the installation of onshore power connections will enable ro-ro and lo-lo vessels to reduce their environmental impact during their stay in the harbour by reducing exhaust and noise pollution.

The total cost of the TWIN PORT 6 project is EUR 30.8 million, half of which will be covered by EU funding and the other half will be paid for by the ports from their own resources. Tallinna Sadam's budget for the whole project is EUR 20,325 thousand and the Port of Helsinki's budget is EUR 10,475 thousand.

The coordinating partner of the TWIN-PORT 6 project is the Port of Helsinki.

Investments made in 2024 amounted to EUR 888 thousand.

Support received in 2024 amounted to EUR 3,557 thousand.

At 31 December 2024, the balance of deferred grant income was EUR 3,113 thousand.

Non-current government grant liabilities related to the project amount to EUR 443 thousand.

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 2024 amounted to EUR 31,178 thousand (2023: EUR 7,090 thousand).

Support received in 2024 amounted to EUR 11,189 thousand (2023: no support was received).

At 31 December 2024, the balance of deferred grant income was EUR 16,189 thousand (31 December 2023: 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 2024, support was calculated in the amount of EUR 21,340 thousand (2023: EUR 20,640 thousand) and received in the amount of EUR 21,398 thousand (2023: EUR 20,759 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 2024, the balance of deferred grant income was EUR 174 thousand (31 December 2023: EUR 80 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 2024, the balance of deferred grant income was EUR 3 thousand (31 December 2023: 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 31 thousand (31 December 2023: EUR 37 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 2023: EUR 4 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 78 thousand (31 December 2023: EUR 79 thousand).

Note 19. Equity

Share capital

At 31 December 2024 and 31 December 2023, 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 (2023: 664,000,000). At 31 December 2024 and 31 December 2023, 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

	2024	2023
Weighted average number of shares	263,000,000	263,000,000
Consolidated profit for the period (in thousands of euros)	19,153	15,882
Basic and diluted earnings per share (in euros)*	0.07	0.06

* *In the years ended 31 December 2024 and 31 December 2023, 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 2023.

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

In thousands of euros **At 31 December**	**2024**	**2023**
Loans and borrowings	184,835	173,397
Cash and cash equivalents (note 7)	–17,213	–29,733
Net debt	**167,622**	**143,664**

Equity to assets ratio

At 31 December 2024, the Group's equity to assets ratio, i.e. the ratio of total equity to total assets was 60% (31 December 2023: 62%).

The ratio decreased by 2 percentage points compared to 2023 because total equity decreased by 0.01% while total assets increased by 3.91% (2023: the ratio increased by 1 percentage point compared to 2022 because total equity decreased by 0.87% while total assets decreased by 2.43%).

Equity to assets ratio

In thousands of euros **At 31 December**	**2024**	**2023**
Total equity	377,613	377,659
Total assets	629,861	606,164
Equity to assets ratio	**60%**	**62%**

Unrestricted equity

At 31 December 2024, the Group's unrestricted equity was EUR 46,287 thousand (31 December 2023: EUR 46,877 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 2024 and 31 December 2023, 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 (5%) 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 446 thousand in 2024 (2023: EUR 743 thousand).

Dividends

Based on the resolution of the general meeting that convened on 25 April 2024, the Group paid a dividend of EUR 0.073 per share, i.e. EUR 19,199 thousand in total, for 2023. The list of shareholders entitled to receive the dividend was determined on 10 May 2024 (the ex-dividend date: 9 May 2024) and the dividend was paid out to the shareholders on 17 May 2024 (through Nasdaq CSD).

At 31 December 2024 and 31 December 2023, there were no deferred income tax liabilities.

The Group's unrestricted equity as at 31 December 2024 amounted to EUR 46,287 thousand (31 December 2023: EUR 46,877 thousand). The maximum possible income tax liability which would arise if all of the unrestricted equity were distributed as dividends is EUR 10,183 thousand (2023: EUR 8,092 thousand).

The maximum possible income tax liability as at 31 December 2024 was calculated using a 22% tax rate (22/78 of the net dividend) and the maximum possible tax liability as at 31 December 2023 was calculated using a 20% rate and a 14% tax rate (20/80 and 14/86 of the net dividend, respectively; the latter rate was applied to the maximum possible dividend to the extent of one third of the profit distributed and taxed in 2021, 2022 and 2023).

Dividends

In thousands of euros	2024	2023
Dividend declared in the reporting period	19,199	19,199
Dividend distributed in the reporting period	19,000	19,012
Income tax withheld on dividends in the reporting period	199	187
Dividend per share (in euros)	0.073	0.073

Income tax on dividends

In thousands of euros	2024	2023
Income tax calculated on dividends in Estonia	3,125	3,067
Deferred income tax expense on dividends	0	–82
Income tax paid on dividends in Estonia	–3,325	–3,264
Incl. income tax withheld on dividends	*–199*	*–187*
refund of income tax withheld on dividends for 2019	*0*	*–10*

Note 20. Revenue

In thousands of euros	2024	2023
Revenue from contracts with customers		
Vessel dues	31,528	31,425
Cargo charges	6,683	6,457
Passenger fees	11,887	11,484
Sale of electricity	4,609	4,507
Sale of ferry services — ticket sales	14,848	14,729
Sale of other services	2,667	2,133
Total revenue from contracts with customers	**72,222**	**70,735**
Revenue from other sources		
Lease income from operating leases (notes 10 and 13)	14,147	13,727
Charter fees	11,914	11,544
Sale of ferry services — government support (notes 18 and 24)	21,304	20,640
Total revenue from other sources	**47,365**	**45,911**
Total revenue (note 3)	**119,587**	**116,646**

Revenue by country

In thousands of euros	2024	2023
Canada	3,004	3,332
Great Britain	3,696	2,929
Estonia	112,887	110,385
Total revenue	**119,587**	**116,646**
Of which charter fees:		
Canada	*2,970*	*3,280*
Great Britain	*3,434*	*2,798*
Estonia (note 24)	*5,510*	*5,466*
Total charter fees	***11,914***	***11,544***

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 i n the amount in which it has the right to invoice the customers.

Partially unsatisfied performance obligations related to connection fees as at 31 December 2024 amounted to EUR 673 thousand (31 December 2023: EUR 715 thousand).

Management expects that the transaction price allocated to unsatisfied performance obligations will be recognised as revenue over the next 3–24 years (the average remaining useful life of the investments made to enable connection) on a straight-line basis.

Note 21. Operating expenses

In thousands of euros	2024	2023
Fuel costs	6,945	6,886
Electricity costs	4,829	4,918
Heat, water and sewerage costs	778	783
Technical maintenance and repair of non-current assets	8,506	8,312
Services purchased for infrastructure	4,368	4,035
Tax expenses	1,498	2,661
Incl. land tax	*1,443*	*2,607*
Consultation and development expenses	760	669
Incl. research and development expenses	*279*	*367*
Services purchased	6,348	6,015
Incl. mooring service	*762*	*778*
reception of ship-generated waste	*2,054*	*1,966*
port dues	*3,479*	*3,223*
Purchase and maintenance of insignificant assets	961	949
Advertising expenses	200	244
Lease expenses	1,185	1,376
Expenses on short-term leases	86	174
Insurance expenses	856	804
Other operating expenses	3,107	3,577
Total operating expenses	**40,427**	**41,403**

Personnel expenses

Personnel expenses

In thousands of euros	2024	2023
Wages and salaries	19,384	19,006
Social security charges	6,338	6,208
Total personnel expenses	**25,722**	**25,214**

Number of employees

	2024	2023
People working under employment contracts	438	461
People working under contracts for services, excluding self-employed people	10	10
Members of legal person's management or control bodies	9	7
Total	**457**	**478**

Note 22. Other income

In thousands of euros	2024	2023
Gain on sale of non-current assets	19	0
Penalties, interest on arrears	127	893
Income from government grants (note 18)	1,335	1,292
Other income	256	23
Total other income	**1,737**	**2,208**

Note 23. Finance costs

In thousands of euros	2024	2023
Interest expense on loans and borrowings:		
Interest expense on loans	*2,083*	*1,707*
Interest expense on debt securities	*6,126*	*5,690*
Total interest expense on loans and borrowings (note 17)	**8,209**	**7,397**
Foreign exchange loss	0	28
Other finance costs	48	10
Total finance costs	**8,257**	**7,435**

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).

In thousands of euros	2024	2023
Transactions with an associate		
Revenue	79	78
Operating expenses	2,083	1,990
Transactions with companies in which members of supervisory and management boards of Group companies have significant influence*		
Revenue	1	1
Operating expenses	13	30
Other expenses	10	20
Transactions with government agencies and companies in which the state has control or significant influence		
Revenue	27,913	26,886
Of which public transport support (note 20)	*21,304*	*20,640*
Of which charter fees (note 20)	*5,510*	*5,466*
Other income	646	100
Operating expenses	7,654	6,041
Of which electricity and network charges	*3,360*	*2,059*
Of which port dues	*3,418*	*3,218*
Other expenses	46	22
Purchase of property, plant and equipment	929	0
Transactions with the members of the Group's supervisory board and management board		
Short-term benefits	1,421	1,075
Social security charges	468	355

* *At 31 December 2024 and 31 December 2023 the Group did not have receivables from or liabilities to companies in which the members of the supervisory and management boards of group companies have significant influence.*

In thousands of euros **seisuga 31.12.**	**2024**	**2023**
Trade receivables from and payables to an associate		
Receivables (note 8)	10	9
Payables (note 15)	192	193
Trade receivables from and payables to government agencies and companies in which the state has control or significant influence		
Receivables*	2,185	2,201
Payables	19,422	7,601
Short-term benefits payable to the members of the Group's supervisory board and management board		
Payables	464	287

* *No receivables from related parties were written down in 2024 or 2023.*

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 2024 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 122.0 thousand in 2024 and EUR 99.0 thousand in 2023) 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 245 thousand in 2024 and EUR 197.9 thousand in 2023).

Based on the service contracts in force, at 31 December 2024 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 142.1 thousand in 2024 and EUR 135.4 thousand in 2023).

Note 25. Commitments

At 31 December 2024, the Group's contractual commitments related to purchases of property, plant and equipment, repairs, and research and development expenditures totalled EUR 38,075 thousand (31 December 2023: EUR 68,051 thousand), including a commitment of EUR 23,746 thousand under the contract for the construction of quay 6A at Paldiski South Harbour. At 31 December 2023, the Group's contractual commitments amounted to EUR 54,102 thousand.

Note 26. Investing activities in the statement of cash flows

Purchases of property, plant and equipment

In thousands of euros	2024	2023
Purchases of property, plant and equipment	**–38,981**	**–17,946**
Offsetting transactions	–471	0
Paid for previous period	2,358	470
Trade payables at end of period (note 15)	–1,163	–2,358
Other adjustments	0	–3
Total adjustments	**724**	**–1,891**
Purchases and reconstruction (note 11)	**38,257**	**19,837**

Purchases of intangible assets

In thousands of euros	2024	2023
Purchases of intangible assets	**–599**	**–799**
Paid for previous period	91	0
Trade payables at end of period (note 15)	–66	–91
Other adjustments	0	1
Total adjustments	**25**	**–90**
Purchases and upgrades (note 12)	**574**	**889**

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.

On 19 January 2024, reorganisation proceedings were initiated on the basis of the reorganisation application submitted by MPG AgroProduction OÜ and merged with the bankruptcy proceedings initiated by AS Tallinna Sadam against MPG AgroProduction OÜ on 28 November 2023 because MPG AgroProduction OÜ had not fulfilled its contractual obligations for a long time. At the same time, the bankruptcy proceedings were suspended until the approval of the reorganisation plan or the completion of the reorganisation proceedings.

The Harju County Court terminated the reorganisation proceedings of MPG AgroProduction OÜ by its order of 26 March 2024. MPG AgroProduction OÜ filed appeals against the order with the Tallinn District Court and the Supreme Court. By order of the Supreme Court dated 12 August 2024, the order of the county court dated 26 March 2024 entered into force, which meant that the reorganisation plan of MPG AgroProduction OÜ was not approved and the reorganisation proceedings were terminated. As a result of the termination of the reorganisation proceedings, the Harju County Court continued to hear the bankruptcy petition against MPG AgroProduction OÜ and appointed an interim bankruptcy trustee for MPG AgroProduction OÜ on 21 August 2024. On 15 October 2024, the court declared MPG AgroProduction OÜ bankrupt, appointed a bankruptcy trustee and scheduled the first general meeting of the creditors.

On 30 October 2024, MPG AgroProduction OÜ (bankrupt) filed an appeal against the bankruptcy order with the Tallinn District Court, seeking the annulment of the bankruptcy order and termination of the proceedings on the bankruptcy petition. AS Tallinna Sadam submitted its position to the court on 14 November 2024, requesting that the appeal be denied. The Tallinn District Court has not decided on the appeal by the date this report is authorised for issue.

On 4 April 2024, AS Tallinna Sadam filed an additional statement of claim against MPG AgroProduction OÜ, demanding the imposition of obligations to enter into a real right contract for the transfer of ownership of a right of superficies to AS Tallinna Sadam, to make the declarations of intention required for making an entry in the land register and to vacate the area of the right of superficies, because MPG AgroProduction OÜ has not transferred the right of superficies voluntarily to AS Tallinna Sadam.

In connection with MPG AgroProduction OÜ's appeal against the bankruptcy order, the proceedings were suspended until the order enters into force.

At 31 December 2024, AS Tallinna Sadam had claims of EUR 3.6 million (payments due for the right of superficies, servitude, land tax, services, interest and interest on arrears for 2022 and 2023), which had been written down. A contractual penalty and interest on arrears for 2024 will be added to the principal claim.

On 29 November 2024, AS Tallinna Sadam filed a civil action lawsuit against AS Tallinna Vesi claiming compensation of EUR 605,110.26 for damages caused and additionally late payment interest accrued until the claim was filed. AS Tallinna Sadam and AS Tallinna Vesi have signed an agreement on water supply and sewerage service under which AS Tallinna Sadam has paid AS Tallinna Vesi an unreasonably high price for water service between 1 July 2011 and 30 November 2019. Namely, by amendments to the Public Water Supply and Sewerage Act (the 'Act') that entered into force on 1 November 2010, an obligation was imposed on water undertakings (including AS Tallinna Vesi) to establish, upon coordination with the Competition Authority, a price for water service which meets the criteria provided in subsection 14 (2) of the Act. The Supreme Court has established by its decision in administrative case number 3-11-1355 that the price proposal submitted by AS Tallinna Vesi on 9 November 2010 did not meet the criteria provided in subsection 14 (2) of the Act. AS Tallinna Vesi submitted a price proposal meeting the criteria of the Act to the Competition Authority only on 1 December 2019. AS Tallinna Sadam's claim for damage caused is based on the excessively paid price for water service, i.e. the difference between the unreasonably high price established by AS Tallinna Vesi and the price meeting the criteria of subsection 14 (2) of the Act, considering the volume of water service consumed by AS Tallinna Sadam from 1 July 2011 to 30 November 2019.

The Harju Count accepted the action of AS Tallinna Sadam by its order of 11 December 2024. AS Tallinna Vesi has not yet submitted its full response to the statement of 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 secure the obligations of OÜ TS Laevad 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.

The Group has entered into a 2-year guarantee agreement with a bank, under which the bank has issued a guarantee of EUR 6 million to secure the obligations of OÜ TS Laevad under the public service contract for passenger transport signed on 10 September 2024. 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.

On 27 June 2024, the Harju County Court acquitted Ain Kaljurand, a former member of the management board of AS Tallinna Sadam, and other defendants in the criminal proceedings on the grounds that the statute of limitations for the offences had expired. The court also released the property from seizure and ordered partial payment of the procedure expenses. The civil action lawsuit brought by the victims AS Tallinna Sadam and OÜ TS Laevad was dismissed. The victims are entitled to refile the lawsuit in accordance with the Code of Civil Procedure.

The judgment has not entered into force, as AS Tallinna Sadam, OÜ TS Laevad and the other parties to the proceedings appealed to the Tallinn District Court on 29 July 2024. On 14 October 2024, the Tallinn District Court decided to review the criminal case by written procedure. The decision of the District Court will be announced no later than 4 June 2025.

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.

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

In thousands of euros	31.12.2024	31.12.2023
ASSETS		
Current assets		
Cash and cash equivalents	11,774	16,804
Term deposits with maturities of more than 3 months	17,000	0
Trade and other receivables	14,123	17,004
Inventories	10	4
Total other current assets	**42,907**	**33,812**
Non-current assets held for sale	3,988	0
Total current assets	**46,895**	**33,812**
Non-current assets		
Investments in subsidiaries	5,774	5,774
Investments in an associate	132	132
Other long-term receivables	44,114	57,634
Investment properties	14,069	14,069
Property, plant and equipment	447,686	432,224
Intangible assets	2,053	1,940
Total non-current assets	**513,828**	**511,773**
Total assets	**560,723**	**545,585**

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In thousands of euros	31.12.2024	31.12.2023
LIABILITIES		
Current liabilities		
Loans and borrowings	12,191	15,832
Provisions	1,436	1,004
Government grants	21,969	7,260
Taxes payable	475	477
Trade and other payables	4,740	6,594
Total current liabilities	**40,811**	**31,167**
Non-current liabilities		
Loans and borrowings	172,650	157,566
Government grants	31,995	33,075
Other payables	2,815	3,010
Total non-current liabilities	**207,460**	**193,651**
Total liabilities	**248,271**	**224,818**
EQUITY		
Share capital	263,000	263,000
Share premium	44,478	44,478
Statutory capital reserve	23,304	22,858
Accumulated losses	−18,330	−9,569
Total equity	**312,452**	**320,767**
Total liabilities and equity	**560,723**	**545,585**

Statement of comprehensive income

In thousands of euros	2024	2023
Revenue	70,690	69,205
Other income	1,482	2,185
Operating expenses	–22,295	–23,919
Impairment of financial assets	–815	–1,117
Personnel expenses	–13,374	–13,271
Depreciation, amortisation and impairment	–16,461	–17,163
Other expenses	–352	–952
Operating profit	**18,875**	**14,968**
FINANCE INCOME AND COSTS		
Finance income	3,363	4,419
Finance costs	–8,229	–7,398
Finance costs – net	**–4,866**	**–2,979**
Profit before income tax	**14,009**	**11,989**
Income tax expense	–3,125	–3,067
Profit for the period	**10,884**	**8,922**

Statement of cash flows

In thousands of euros	2024	2023
Cash receipts from sale of goods and services	76,257	74,818
Cash receipts related to other income	45	272
Payments to suppliers	–28,650	–32,533
Payments to and on behalf of employees	–11,884	–12,722
Payments for other expenses	–173	–199
Income tax paid on dividends	–3,325	–3,264
Cash from operating activities	**32,270**	**26,372**
Purchases of property, plant and equipment	–36,870	–13,988
Purchases of intangible assets	–459	–782
Proceeds from sale of property, plant and equipment	17	28
Government grants received	15,317	0
Repayments of loans provided	14,175	16,428
Dividends received	0	357
Interest received	3,309	3,769
Net change in deposits with maturities of more than 3 months	–17,000	0
Cash used in/from investing activities	**–21,511**	**5,812**
Redemption of debt securities	–7,650	–7,650
Loans received	30,000	0
Repayments of loans received	–10,466	–8,266
Dividends paid	–19,000	–19,012
Interest paid	–8,654	–6,494
Other payments related to financing activities	–19	–1
Cash used in financing activities	**–15,789**	**–41,423**
Net cash flow	**–5,030**	**–9,239**
Cash and cash equivalents at beginning of period	16,804	26,043
Change in cash and cash equivalents	–5,030	–9,239
Cash and cash equivalents at end of period	11,774	16,804

Statement of changes in equity

In thousands of euros	Share capital	Share premium	Statutory capital reserve	Retained earnings/ accumulated losses	Total equity
Equity at 31 December 2023	**263,000**	**44,478**	**22,858**	**–9,569**	**320,767**
Profit for the period	0	0	0	10,884	10,884
Total comprehensive income for the period	**0**	**0**	**0**	**10,884**	**10,884**
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	446	–446	0
Equity at 31 December 2024	**263,000**	**44,478**	**23,304**	**–18,330**	**312,452**
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	70,935	70,935
Adjusted unconsolidated equity at 31 December 2024	**263,000**	**44,478**	**23,304**	**46,831**	**377,613**

In thousands of euros	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	–5,774
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**

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

Note 30. Unbundling of activities under the electricity market act

Accounting policies

These financial statements have been prepared in accordance with section 17 (3) of the Electricity Market Act. According to the Act, an electricity undertaking has to present a statement of financial position and an income statement for each area of activity in the notes to its financial statements.

The financial statements include a statement of financial position and statement of comprehensive income for each of the following areas of activity:

- network service;
- sale of electricity;
- other activities.

During the financial year, income, expenses and non-current assets directly attributable to specific areas of activity are accounted for separately for each area of activity. Indirect and administrative expenses are allocated, for personnel expenses, on the basis of the estimated distribution of personnel among the various activities and, for other expenses, on the basis of the proportion of the sales of each activity. At the end of the financial year, line items in the statement of financial position are allocated as described below.

Trade receivables

Sales invoices for connection fees, maintenance services, the sale of electricity and the provision of network service.

Inventories

Inventories attributable to network service.

Non-current assets

Non-current assets directly attributable to the provision of network service and the sale of electricity.

Trade payables

Trade payables are allocated according to actual data, the analysis is based on invoices issued by suppliers.

Taxes payable, short-term provisions, other payables

The items are related to remuneration (salaries, bonuses, taxes) and allocated to the areas of activity according to the allocation of personnel expenses.

Government grants

Liabilities arising from government grants related to assets directly attributable to the provision of network service and the sale of electricity.

Contract liabilities

Due to the nature of connection fees, liabilities related to contracts with customers are allocated to network service and other operating activities.

Consolidated statement of financial position

In thousands of euros			Sale of electricity		Network service		Other activities	
As at 31 December	2024	2023	2024	2023	2024	2023	2024	2023
ASSETS								
Current assets								
Cash and cash equivalents	17,213	29,733	0	0	0	0	17,213	29,733
Term deposits with maturities of more than 3 months	22,000	0	0	0	0	0	22,000	0
Trade and other receivables	12,512	12,118	212	228	273	277	12,027	11,613
Inventories	695	550	10	0	0	0	685	550
Non-current assets held for sale	4,190	0	0	0	0	0	4,190	0
Total current assets	56,610	42,401	222	228	273	277	56,115	41,896
Non-current assets								
Investments in an associate	2,664	2,177	0	0	0	0	2,664	2,177
Other long-term receivables	0	163	0	0	0	0	0	163
Investment properties	14,069	14,069	0	0	0	0	14,069	14,069
Property, plant and equipment	554,280	545,271	0	0	11,021	11,728	543,259	533,543
Intangible assets	2,238	2,083	0	0	0	0	2,238	2,083
Total non-current assets	573,251	563,763	0	0	11,021	11,728	562,230	552,035
Total assets	629,861	606,164	222	228	11,294	12,005	618,345	593,931

Continues on page 153

In thousands of euros			Sale of electricity		Network service		Other activities	
As at 31 December	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
LIABILITIES								
Current liabilities								
Loans and borrowings	12,185	15,831	0	0	0	0	12,185	15,831
Provisions	1,771	1,311	0	0	61	40	1,710	1,271
Government grants	22,146	7,344	0	0	0	0	22,146	7,344
Taxes payable	906	876	0	0	37	38	869	838
Trade and other payables	7,780	9,492	186	222	183	188	7,411	9,082
Total current liabilities	**44,788**	**34,854**	**186**	**222**	**281**	**266**	**44,321**	**34,366**
Non-current liabilities								
Loans and borrowings	172,650	157,566	0	0	0	0	172,650	157,566
Government grants	31,995	33,075	0	0	1,079	1,131	30,916	31,944
Other payables	2,815	3,010	0	0	667	708	2,148	2,302
Total non-current liabilities	**207,460**	**193,651**	**0**	**0**	**1,746**	**1,839**	**205,714**	**191,812**
Total liabilities	**252,248**	**228,505**	**186**	**222**	**2,027**	**2,105**	**250,035**	**226,178**
EQUITY								
Share capital	263,000	263,000	0	0	0	0	0	0
Share premium	44,478	44,478	0	0	0	0	0	0
Statutory capital reserve	23,304	22,858	0	0	0	0	0	0
Retained earnings (prior periods)	27,678	31,441	0	0	0	0	0	0
Profit/loss for the period	19,153	15,882	–84	–76	–368	–536	19,605	16,494
Balancing of unallocated equity items	0	0	120	82	9,635	10,436	348,705	351,259
Total equity	**377,613**	**377,659**	**36**	**6**	**9,267**	**9,900**	**368,310**	**367,753**
Total liabilities and equity	**629,861**	**606,164**	**222**	**228**	**11,294**	**12,005**	**618,345**	**593,931**

Consolidated statement of comprehensive income

			Sale of electricity		Network service		Other activities	
In thousands of euros	2024	2023	2024	2023	2024	2023	2024	2023
Revenue	119,587	116,646	1,793	1,842	2,327	2,156	115,467	112,648
Other income	1,737	2,208	0	0	41	52	1,696	2,156
Operating expenses	–40,427	–41,403	–1,775	–1,824	–1,568	–1,415	–37,084	–38,164
Impairment of financial assets	–805	–1,145	0	0	0	0	–805	–1,145
Personnel expenses	–25,722	–25,214	–100	–91	–505	–512	–25,117	–24,611
Depreciation, amortisation and impairment	–24,833	–25,389	–2	–3	–663	–817	–24,168	–24,569
Other expenses	–389	–1,073	0	0	0	0	–389	–1,073
Operating profit/loss	**29,148**	**24,630**	**–84**	**–76**	**–368**	**–536**	**29,600**	**25,242**
FINANCE INCOME AND COSTS								
Finance income	900	1,237	0	0	0	0	900	1,237
Finance costs	–8,257	–7,435	0	0	0	0	–8,257	–7,435
Finance costs — net	**–7,357**	**–6,198**	**0**	**0**	**0**	**0**	**–7,357**	**–6,198**
Share of profit of an associate accounted for under the equity method	487	435	0	0	0	0	487	435
Profit/loss before income tax	**22,278**	**18,867**	**–84**	**–76**	**–368**	**–536**	**22,730**	**19,479**
Income tax expense	–3,125	–2,985	0	0	0	0	–3,125	–2,985
Profit/loss for the period	**19,153**	**15,882**	**–84**	**–76**	**–368**	**–536**	**19,605**	**16,494**

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 2024.

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 154 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 2025) have been properly recognised and disclosed in the consolidated financial statements; and
4. AS Tallinna Sadam and its subsidiaries are going concerns.

18 March 2025

/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

/Signed digitally/

RENE PÄRT
Member of the Management Board

Independent Auditor’s Report

Independent auditor’s report

To the Shareholders of aktsiaselts TALLINNA SADAM

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of aktsiaselts TALLINNA SADAM (the “Company”) and its subsidiaries (together – the “Group”) as at 31 December 2024, and the Group´s consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 18 March 2025.

What we have audited

The Group’s consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2024;
- the consolidated statement of comprehensive income for the year ended 31 December 2024;
- the consolidated statement of cash flows for the year then ended;
- the consolidated statement of changes in equity for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company and its subsidiaries are in accordance with the applicable law and regulations in the Republic of Estonia and that we have not provided non-audit services that are prohibited under § 59[1] of the Auditors Activities Act of the Republic of Estonia.

The non-audit services that we have provided to the Company and its subsidiaries in the period from 1 January 2024 to 31 December 2024 are disclosed in the Management report.

AS PricewaterhouseCoopers
Tatari 1, 10116 Tallinn, Estonia; License No. 6; Registry code: 10142876
T: +372 614 1800, www.pwc.ee

Translation note:

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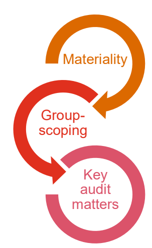
Our audit approach

Overview



- Overall Group audit materiality is EUR 1,113 thousand, which represents approximately 5% of profit before tax.
- A full scope audit was performed by PwC Estonia for all Group entities.
- Revenue recognition.

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Management Board made subjective judgments; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgment, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group audit materiality	EUR 1,113 thousand.
How we determined it	Approximately 5% of profit before tax.
Rationale for the materiality benchmark applied	We have applied this benchmark, as profit before income tax is one of the principal considerations when assessing the Group's performance and a key performance indicator for Management and Supervisory Board. We chose 5%, which is consistent with quantitative materiality thresholds used for this benchmark.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition (refer to Note 2 "Material accounting policies", Note 3 "Operating segments", Note 20 "Revenue" and Note 24 "Related party transactions" for further details). In 2024, the Group recognised revenue in the amount of EUR 119,587 thousand. Revenue consists of many various services, the most significant of which are the sale of ferry services, totalling EUR 36,152 thousand, and vessel dues, amounting to EUR 31,528 thousand. A detailed overview of the Group's revenue streams is disclosed in Note 20 of the financial statements. Although majority of the Group's revenue transactions are non-complex by their nature, the accounting for revenue is based on various processes, is associated to distinct internal control procedures, and is based on a range of IT systems due to the variety of revenue streams. Due to the factors described above, auditing revenue requires significant time and resources, and is therefore considered to be a key audit matter.	We assessed whether the Group's accounting policies in relation to revenue recognition complied with International Financial Reporting Standards as adopted by European Union. We assessed the design and implementation of key controls over revenue recognition, including analysing the complexity of the Group's IT environment, evaluating IT risks, and assessing the design and implementation of the related IT general controls. We performed the following detailed audit procedures: • we selectively reviewed contracts and agreements related to revenue recognition; • we assessed whether the Group had appropriately applied the principles of the revenue recognition standard IFRS 15; • we assessed the correctness of revenue entries by agreeing selected transactions in the accounting systems to supporting evidence; • we obtained confirmation letters from the Group's customers for selected revenue transactions and year-end receivable balances; • we tested credit notes issued after period end; • we conducted a review of the journal entries related to revenue based on risk-based selection and verified the supporting documentation for unusual entries; and • we applied the principles of unpredictability in the implementation and execution of our audit procedures over revenue recognition. Additionally, we verified adequacy and completeness of disclosures in the consolidated financial statements in accordance with applicable accounting standards.

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How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

In order to achieve this objective, we performed a full scope audit of all entities within the Group.

At the Group level we tested the consolidation process and performed additional analytical procedures over the components in scope with the objective to obtain evidence that no material misstatements exist that may affect the consolidated financial statements. Information describing the structure of the Group is included in Note 1 of the consolidated financial statements.

Reporting on other information including the Management report

The Management Board is responsible for the other information. The other information comprises the Management report and the Remuneration Report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information, including the Management report.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Management report, we also performed the procedures required by the Auditors Activities Act of the Republic of Estonia. Those procedures include considering whether the Management report is consistent, in all material respects, with the consolidated financial statements and is prepared in accordance with the requirements of the Accounting Act of the Republic of Estonia.

In accordance with the Securities Market Act of the Republic of Estonia with respect to the Remuneration Report, our responsibility is to consider whether the Remuneration Report includes the information in accordance with the requirements of Article 135^3 (3) of the Securities Market Act of the Republic of Estonia.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Management report for the financial year for which the consolidated financial statements are prepared is consistent, in all material respects, with the consolidated financial statements;
- the Management report has been prepared in accordance with the requirements of the Accounting Act of the Republic of Estonia; and
- the Remuneration Report has been prepared in accordance with Article 135^3 (3) of the Securities Market Act of the Republic of Estonia.

If, based on the work we have performed on the Management report and other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement in the Management report or in this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Management Board and those charged with governance for the consolidated financial statements

The Management Board is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Management Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management Board is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of the Management Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Report on the compliance of the presentation of consolidated financial statements with the requirements of the European Single Electronic Format ("ESEF")

We have been engaged based our agreement by the Management Board of the Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the presentation of the consolidated financial statements of aktsiaselts TALLINNA SADAM for the year ended 31 December 2024 (the "Presentation of the Consolidated Financial Statements").

Description of a subject matter and applicable criteria

The Presentation of the Consolidated Financial Statements has been applied by the Management Board of the Company to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). The applicable requirements regarding the Presentation of the Consolidated Financial Statements are contained in the ESEF Regulation.

The requirements described in the preceding sentence determine the basis for application of the Presentation of the Consolidated Financial Statements and, in our view, constitute appropriate criteria to form a reasonable assurance conclusion.

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Responsibility of the Management Board and those charged with governance

The Management Board of the Company is responsible for the Presentation of the Consolidated Financial Statements that complies with the requirements of the ESEF Regulation.

This responsibility includes the selection and application of appropriate markups in iXBRL using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Presentation of the Consolidated Financial Statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process, which should also be understood as the preparation of consolidated financial statements in accordance with the format resulting from the ESEF Regulation.

Our responsibility

Our responsibility was to express a reasonable assurance conclusion whether the Presentation of the Consolidated Financial Statements complies, in all material respects, with the ESEF Regulation.

We conducted our engagement in accordance with the International Standard on Assurance Engagements (Estonia) 3000 (revised) "Assurance Engagements other than Audits and Reviews of Historical Financial Information" (ISAE (EE) 3000 (revised)). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Presentation of the Consolidated Financial Statements complies, in all material aspects, with the applicable requirements.

Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance with ISAE (EE) 3000 (revised) will always detect the existing material misstatement (significant non-compliance with the requirements).

Quality management requirements and professional ethics

We apply the provisions of the International Standard on Quality Management (Estonia) 1 (revised) and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Summary of the work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Presentation of the Consolidated Financial Statements complies, in all material aspects, with the applicable requirements and such compliance is free from material errors or omissions. Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the Electronic Reporting Format of the Consolidated Financial Statements, including the preparation of the XHTML format and marking up the consolidated financial statements;
- verification whether the XHTML format was applied properly;

Translation note:

This version of the report is a translation from the original, which was prepared in Estonian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

This independent auditor's report (translation of the Estonian original) should only be used with the original document submitted in machine-readable .xhtml format that is submitted to the Tallinn Stock Exchange (Link:https://nasdaqbaltic.com/statistics/en/instrument/EE3100021635/reports?date=2024-03-21).

- evaluating the completeness of marking up the consolidated financial statements using the iXBRL markup language according to the requirements of the implementation of electronic format as described in the ESEF Regulation;
- evaluating the appropriateness of the Group's' use of XBRL markups selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, based on the procedures performed, the Presentation of the Consolidated Financial Statements complies, in all material respects, with the ESEF Regulation.

Translation note:

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Appointment and period of our audit engagement

We were first appointed as auditors of aktsiaselts TALLINNA SADAM on 25 April 2023 for the financial year ended 31 December 2023. In accordance with the Auditors Activities Act of the Republic of Estonia and the Regulation (EU) No 537/2014, our appointment as the auditor of aktsiaselts TALLINNA SADAM can be extended for up to the financial year ending 31 December 2042.

AS PricewaterhouseCoopers

Original report is signed in Estonian language

Jüri Koltsov
Certified auditor in charge, auditor's certificate no.623

18 March 2025
Tallinn, Estonia

Translation note:

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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 2024, which consists of the management report, remuneration report, the consolidated financial statements and the accompanying independent auditor's report.

27 March 2025

/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 2024, the Group's retained earnings amounted to EUR 46,831,353, including profit for the period of EUR 19,152,928. 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 2024 be allocated as follows:

Dividend distribution	EUR 19,199,000
Transfer to statutory capital reserve	EUR 544,210
Retained earnings after allocations	EUR 27,088,143

/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

/Signed digitally/

RENE PÄRT
Member of the Management Board