



**Unaudited interim condensed consolidated
report for the
6 months ended 30 June 2022**

AS Tallinna Sadam

AS TALLINNA SADAM**UNAUDITED INTERIM CONDENSED CONSOLIDATED REPORT
FOR THE 6 MONTHS ENDED 30 JUNE 2022**

Commercial Registry no.	10137319
VAT registration no.	EE100068489
Registered office	Sadama 25 15051 Tallinn Estonia
Country of incorporation	Republic of Estonia
Phone	+372 631 8555
E-mail	<u>ts@ts.ee</u>
Corporate website	<u>www.ts.ee</u>
Beginning of financial year	1 January
End of financial year	31 December
Beginning of interim reporting period	1 January
End of interim reporting period	30 June
Legal form	Limited company (AS)
Auditor	KPMG Baltics OÜ

Contents

MANAGEMENT REPORT	4
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	17
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	17
INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	18
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	19
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	20
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS	21
1. REPORTING ENTITY	21
2. ACCOUNTING POLICIES	21
3. OPERATING SEGMENTS	22
4. TRADE AND OTHER RECEIVABLES	24
5. INVESTMENTS IN AN ASSOCIATE	24
6. PROPERTY, PLANT AND EQUIPMENT	25
7. TRADE AND OTHER PAYABLES	26
8. LOANS AND BORROWINGS	26
9. EQUITY	28
10. REVENUE	29
11. OPERATING EXPENSES	30
12. COMMITMENTS	30
13. CONTINGENT LIABILITIES	31
14. INVESTIGATIONS CONCERNING THE GROUP	31
15. RELATED PARTY TRANSACTIONS	32
16. EVENTS AFTER THE REPORTING PERIOD	33
MANAGEMENT'S CONFIRMATION AND SIGNATURES	34

MANAGEMENT REPORT

The Group's results for the first half of 2022 were strongly affected by the easing of the COVID-19 restrictions and a continuing decline in cargo throughput. The relaxing of restrictions helped improve the performance of the Passenger harbours segment considerably even though the fee rate for regular route ferry passengers was reduced by 10% starting from March.

KEY PERFORMANCE INDICATORS OF THE GROUP

Indicator	Unit	6 months		Difference	Change %	Q2		Difference	Change %
		2022	2021			2022	2021		
Revenue	EUR '000	57,135	49,248	7,887	16.0%	30,364	24,260	6,104	25.2%
Operating profit	EUR '000	16,328	12,439	3,889	31.3%	9,111	5,218	3,893	74.6%
Adjusted EBITDA	EUR '000	28,871	24,153	4,718	19.5%	15,389	11,132	4,257	38.2%
Depreciation, amortisation and impairment	EUR '000	-12,512	-12,098	-414	3.4%	-6,225	-6,076	-149	2.5%
Income tax	EUR '000	-4,111	-3,275	-836	25.5%	-4,111	-3,275	-839	25.5%
Profit for the period	EUR '000	12,252	8,501	3,751	44.1%	5,061	1,657	3,404	205.4%
Investment	EUR '000	8,966	7,930	1,036	13.1%	4,269	4,290	-21	-0.5%
Number of employees (average)		464	467	-3	-0.6%	470	472	-2	-0.4%
Cargo volume	t '000	9,526	11,168	-1,642	-14.7%	4,683	5,893	-1,210	-20.5%
Number of passengers	'000	2,804	969	1,835	189.4%	1,902	596	1,306	219.1%
Number of vessel calls		3,593	3,514	79	2.2%	1,948	1,836	112	6.1%
Total assets at period-end	EUR '000	618,604	618,631	-27	0.0%	618,604	618,631	-27	0.0%
Net debt ¹ at period-end	EUR '000	168,821	187,806	-18,985	-10.1%	168,821	187,806	-18,985	-10.1%
Equity at period-end	EUR '000	367,636	363,755	3,881	1.1%	367,636	363,755	3,881	1.1%
Number of shares at period-end	'000	263,000	263,000	0	0.0%	263,000	263,000	0	0.0%
Operating profit/revenue		28.6%	25.3%			30.0%	21.5%		
Adjusted EBITDA/revenue		50.5%	49.0%			50.7%	45.9%		
Profit for the period/revenue		21.4%	17.3%			16.7%	6.8%		
EPS: Profit for the period/weighted average number of shares	EUR	0.05	0.03	0.01	41.0%	0.02	0.01	0.01	205.4%
Equity/number of shares at period-end	EUR	1.40	1.38	0.02	1.1%	1.40	1.38	0.02	1.1%

Due to the easing of restrictions, the six-month number of passengers² grew nearly 2.9 times year on year, with the biggest growth shown by the Helsinki route, and the cruise season started earlier than last year. Passenger numbers have strongly recovered but the figures for the Helsinki route and the total for all routes are still about 38% and 40% below their pre-pandemic (2019) levels, respectively. Growth in passenger numbers was driven by a significantly improved passenger load factor. The number of vessel calls on the Helsinki route remained at the same level as in the first half of 2021 (+3%), which is still 4% below the pre-pandemic level. Rapid growth in passenger numbers supported six-month revenue, which grew by EUR 7.9 million (+16%) to EUR 57.1 million.

¹ Net debt = loans and borrowings less cash and cash equivalents

² The number of passengers does not include passengers of the Ferry segment that travelled between Estonia's mainland and two largest islands.

Cargo throughput continued to decline year on year for the third quarter in a row. The downtrend in cargo volumes is mainly attributable to dry bulk cargo (has been decreasing year on year for four quarters in a row) and liquid bulk cargo (has been decreasing year on year for three quarters in a row).

Six-month operating profit grew by EUR 3.9 million (+31%) to EUR 16.3 million and profit for the period increased by EUR 3.7 million (+44%) to EUR 12.2 million, although income tax expense on dividends was EUR 0.8 million larger than a year earlier. Adjusted EBITDA³ grew by EUR 4.7 million to EUR 28.9 million (+19.5%).

In the second quarter of 2022, the number of passengers grew by 219% but the volume of cargo decreased by 20.5% year on year. Despite the drop in cargo throughput, revenue generated by the Cargo harbours segment remained at the same level as a year earlier. Revenue increased by EUR 6.1 million (+25.2%) to EUR 30.4 million due to the contribution of the Passenger harbours segment and the Ferry segment.

OPERATING VOLUMES

	Q2 2022	Q2 2021	Change %	6M 2022	6M 2021	Change %
Cargo volume by type of cargo (th tonnes)	4 683	5 893	-20.5%	9 526	11 168	-14.7%
Ro-ro	1 872	1 677	11.6%	3 534	3 219	9.8%
Liquid bulk	1 438	2 352	-38.9%	3 169	4 420	-28.3%
Containers	591	483	22.2%	1 141	926	23.2%
<i>in TEUs</i>	<i>79 028</i>	<i>57 826</i>	<i>36.7%</i>	<i>146 856</i>	<i>109 932</i>	<i>33.6%</i>
Dry bulk	571	1 264	-54.8%	1 308	2 366	-44.7%
General cargo	206	115	78.3%	366	237	54.2%
Non-marine	5	0	-	10	0	1807.3%
Number of passengers by routes (th)	1 902	596	218.9%	2 804	969	189.3%
Tallinn-Helsinki	1 657	545	204.2%	2 465	878	180.6%
Tallinn-Stockholm	129	0	-	183	0	-
Muuga-Vuosaari	47	32	47.2%	79	62	27.8%
Cruise (traditional)	54	0	-	54	0	-
Other	14	20	-29.1%	24	29	-18.8%
Number of vessel calls by vessel type	1 948	1 836	6.1%	3 593	3 514	2.2%
Cargo vessels	411	436	-5.7%	760	795	-4.4%
Passenger vessels (incl. Ro-Pax)	1 469	1 400	4.9%	2 765	2 719	1.7%
Cruise vessels (traditional)	68	0	-	68	0	-
Ferries (Saaremaa and Hiiumaa lines)						
Number of passengers (th)	632	584	8.2%	955	853	12.0%
Number of vehicles (th)	300	297	1.1%	478	455	5.1%
Icebreaker Botnica						
Charter days	24	24	0.0%	114	114	0.0%
Utility rate (%)	26%	26%	0.0%	63%	63%	0.0%

³ Adjusted EBITDA = profit before depreciation, amortisation and impairment losses, finance income and costs (net) and income tax expense, adjusted for amortisation of government grants.

In the first half of 2022, the Group's harbours handled 9.5 million tonnes of cargo, 1.6 million tonnes less than in the same period last year (−14.7%). In terms of cargo types, liquid bulk (−1.3 million tonnes, −28.3%) and dry bulk (−1.1 million tonnes, −44.7%) cargo decreased the most. The decline in liquid bulk cargo is primarily attributable to the sanctions imposed on Belarusian oil products in March. However, since the end of last year liquid bulk volumes have also been lowered by a change in market structure: due to surging oil prices and soaring electricity and gas prices in Estonia, many customers have found that it is no longer profitable to store cargo in terminals. The drop in dry bulk cargo is mainly attributable to a decrease in the volume of fertilizers (the impact of sanctions against Russia). The volume of wood pellets decreased as well whereas the volume of dry bulk agricultural products (grain in particular) grew. The volumes of other cargo types increased, but this did not offset the sharp fall in liquid and dry bulk cargo. The volume of ro-ro cargo grew by 315 thousand tonnes (+9.8%), the volume of container cargo by 215 thousand tonnes (+23.2%) (in TEUs +37 thousand units, +33.6%) and the volume of general cargo by 128 thousand tonnes (+54.2%). Ro-ro cargo grew mainly due to growing demand for road transport on the routes between Estonia and Finland. In the case of both ro-ro and container cargo, the growth was attributable to vessels' higher load factors. The increase in ro-ro cargo was also supported by a rise in the number of vessel calls in the second quarter. The number of vessel calls by container ships did not increase. Container cargo growth in terms of tonnes was smaller than in terms of TEUs, mainly due to containers' lower average load factor. As a result of the decrease in liquid bulk cargo and the increase in ro-ro cargo, ro-ro cargo has become the largest cargo type this year. Previously, liquid bulk cargo was the largest cargo type. In the period 2016–2021, the annual share of liquid bulk cargo ranged from 39% to 47%. In the first half of this year, liquid bulk cargo accounted for one third of total cargo throughput.

In the second quarter, the Group's harbours handled 4.7 million tonnes of cargo, around 1.2 million tonnes less (−20.5%) than a year earlier. The decline was mainly due to the impact of sanctions on both liquid and dry bulk cargo (fertilizers). The volume of liquid bulk cargo dropped by 0.9 million tonnes (−38.9%) and that of dry bulk cargo by 0.7 million tonnes (−54.8%). Volume growth was recorded for ro-ro cargo (+195 thousand tonnes, +11.6%), general cargo (+90 thousand tonnes, +78.3%) and container cargo (+107 thousand tonnes, +22.2%; in TEUs +21 thousand units, +36.7%).

The number of passengers increased rapidly in the first half of the year due to the easing of pandemic-related travel restrictions. The six-month number of passengers grew by 1.8 million to 2.8 million (+189%). The Tallinn–Helsinki route showed particularly fast growth and the cruise season started earlier than last year. While in the first half of last year there were no traditional cruise passengers, this year Old City Harbour had around 53 thousand and Saaremaa Harbour around 1 thousand cruise passengers (64 and 4 cruises, respectively). Before the pandemic in the first half of 2019, the two harbours' respective numbers for cruise passengers were 240 thousand and around 0.8 thousand and for port calls 125 and 1. The current passenger load factors of cruise ships are significantly lower than in the pre-pandemic period. While the average passenger load factor of cruise ships visiting Old City Harbour in the first half of 2019 was 91%, the corresponding figure for the first half of this year was only 38%.

In the first half of 2022, the ferries operated by OÜ TS Laevad (the Ferry segment) made 10,782 trips between Estonia's mainland and two largest islands, 691 trips more than a year earlier (+6.8%). The number of trips made in the second quarter was 6,157, which is 371 more than a year earlier (+6.4%). The number of trips increased because at the request of the customer (the state) additional trips were added to the schedule.

In the first half of the year, the number of charter days (contractual working days) of the icebreaker Botnica (the segment Other), which is operated by OÜ TS Shipping, was 114 (the same as a year earlier). The utilisation rate of the vessel was 63%. In the second quarter, the number of charter days was 24 (the same as in the second quarter of 2021) and the utilisation rate was 26%.

REVENUE, EXPENSES AND PROFIT

Revenue for the six months of 2022 grew by EUR 7.9 million (+16.0%) to EUR 57.1 million. Most of the growth resulted from the second quarter when revenue grew by 25.2%, supported by an increase in the number of passengers as well as higher revenue from the operation of ferry service between Estonia's mainland and two largest islands. In terms of revenue streams, the biggest change in the first half of the year was growth in **passenger fee** revenue by 163% to EUR 4.2 million. The increase in passenger fee revenue was supported by a rise in the number of passengers (+189%). However, as the fee rate for regular route passengers at Old City Harbour was lowered by 10% from March, the growth in passenger fee revenue remained lower than the growth in the number of passengers.

Ferry service⁴ revenue grew by EUR 1.5 million (+10.2%) to EUR 15.8 million. The growth was supported by both a larger number of trips (+6.8%) and the indexation of the fee rates to the Estonian fuel cost, employment cost and consumer price indices, which increased. Revenue from **vessel dues** grew by EUR 2.0 million (+12.3%) to EUR 18.3 million. The earlier start of the cruise season helped increase vessel dues, but its impact was reduced by a lower tonnage charge rate for ferries visiting Old City Harbour. **Operating lease** income grew by EUR 0.8 million (+14.3%) to EUR 6.5 million, supported by the opening of the new cruise terminal and the expiry of the concessions made in the comparative period. **Cargo charge** revenue increased by EUR 0.4 million (+11.7%) year on year to EUR 3.6 million despite a decline in cargo throughput, because the decrease affected cargo with lower cargo charge rates (liquid bulk and dry bulk cargo), whereas the volumes of cargo with higher cargo charge rates increased (mainly ro-ro cargo). Revenue from the **sale of electricity** grew by EUR 0.4 million (+13.1%) to EUR 3.2 million. The price of electricity was higher than a year earlier but further revenue growth was held back by a decline in the volume of dry bulk and liquid bulk cargo and the discontinuation of electricity distribution service at Paljassaare Harbour from December 2021.

Other income grew by EUR 69 thousand to EUR 0.7 million. Other income includes gain on the sale of non-current assets and income from government grants, fines and late payment interest.

Operating expenses for the first half of the year increased by EUR 3.1 million (+20.4%). More than 90% of the increase resulted from higher fuel, oil and energy costs in harbour operations and the Ferry segment. Both fuel

⁴ Ferry service between Estonia's mainland and two largest islands

and electricity prices have risen. Growth in the cost of services purchased for infrastructure management, primarily due to the larger volume and higher cost of security services at Old City Harbour, had a lesser impact. Expenses on the acquisition and maintenance of assets of insignificant value decreased, mostly due to lower IT hardware expenses. Operating expenses for the second quarter grew by EUR 1.8 million (+22%).

Personnel expenses increased by EUR 0.6 million (+6.0%) due an increase in salaries. The Group's average number of employees for the first half-year decreased from 467 to 464 year on year (−0.6%).

Depreciation, amortisation and impairment for the first half-year grew by EUR 0.4 million (+3.4%). Depreciation and amortisation have increased due to growth in the amount of depreciable and amortisable assets in connection with the completion of capital investments in the past 12 months. On the other hand, non-current assets of EUR 0.1 million were written off in the first quarter of 2022 (a one-off transaction). In the second quarter, no non-current assets were written off and depreciation and amortisation grew by 2.4% year on year.

Operating profit for the first half-year grew by EUR 3.9 million (+31.3%). The increase was supported by revenue growth (+16%). Although the growth in operating expenses was faster (+20%), the growth in other types of expenses (personnel expenses and depreciation, amortisation and impairment) was slower than revenue growth. The Group's operating profit margin for the first half-year increased from 25.3% to 28.6% and the operating profit margin for the second quarter rose from 21.5% to 30.0%.

In the second quarter, the margin improvement was supported by revenue growth (+25.2%) which exceeded growth in operating expenses (+21.9%) and other expense items. The second-quarter operating profit was EUR 9.1 million (+74.6%) and operating profit margin was 30.0% (21.5% a year earlier).

Adjusted EBITDA for the first half of the year grew by EUR 4.7 million (+19.5%) to EUR 28.9 million. The strongest contributors to EBITDA growth were the Passenger harbours segment (EUR +4.5 million) and the Ferry segment (EUR +0.7 million). In the Cargo harbours segment, EBITDA decreased by EUR 0.8 million. Although the Group succeeded in increasing the revenue of the Cargo harbours segment (+0.6%) despite a one-fifth drop in cargo throughput, expenses grew at a faster rate. In the second quarter, EBITDA grew by EUR 4.3 million (+38.2%) year on year. Thus 90% of the growth in six-month EBITDA was delivered in the second quarter. The strongest contributor to EBITDA growth in the second quarter was the Passenger harbours segment (EUR +3.8 million). The Ferry segment and the segment Other also improved their EBITDA for the second quarter (EUR +0.5 million and EUR +0.3 million, respectively) but the EBITDA of Cargo harbours segment decreased in the second quarter (EUR −0.3 million). The adjusted EBITDA margin for the first half-year increased from 49.0% to 50.5% and the adjusted EBITDA margin for the second quarter increased from 45.9% to 50.7%.

Finance costs (net) for the first six months decreased by EUR 136 thousand (−23.0%) through a decline in loans and borrowings. Finance costs (net) for the second quarter decreased by EUR 49 thousand (−14.5%).

Profit before tax for the first six months grew by EUR 4.6 million (+39%) year on year to EUR 16.4 million. Profit grew more than operating profit because the Group's profit from the equity-accounted associate AS Green Marine grew by EUR 0.5 million and finance costs (net) decreased. The dividend declared in the second quarter

in an amount of EUR 25.5 million gave rise to income tax expense of EUR 4.1 million, EUR 0.84 million more than in the previous year when the Group declared a dividend of EUR 20.3 million. Net profit for the first six months amounted to EUR 12.3 million, exceeding the profit for the comparative period by EUR 3.8 million (+44.1%). Second-quarter net profit was EUR 5.1 million (EUR +3.4 million) and profit before tax grew by EUR 4.2 million.

INVESTMENTS

In the first six months of 2022, the Group invested EUR 9.0 million, EUR 1.0 million more than a year earlier. The largest investments were made in reconstructing the outdoor area around Terminal D, upgrading the quay equipment and reconstructing the shoreline reinforcements in Old City Harbour and in increasing the capacity of Muuga Harbour to serve ro-ro cargo. Investments of the second quarter totalled EUR 4.3 million (in the second quarter of 2021 also EUR 4.3 million).

SEGMENT REPORTING

In segment terms, the strongest revenue growth in the first half-year was delivered by the Passenger harbours segment (EUR +6.1 million, +57.1%), followed by the Ferry segment (EUR +1.6 million, +10.9%). The revenue of the Cargo harbours segment and the segment Other grew by EUR 0.1 million (+0.6% and +2.0%, respectively).

In the second quarter, revenue grew by a total of EUR 6.1 million. The main contributors to revenue growth were the Passenger harbours segment and the Ferry segment. The revenue of the Cargo harbours segment and the segment Other remained at the same level as a year earlier.

In thousands of euros	6 months 2022					6 months 2021				
	Passenger harbours	Cargo harbours	Ferry	Other	Total	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	16,749	19,502	16,248	4,636	57,135	10,664	19,392	14,647	4,545	49,248
Adjusted EBITDA	8,843	10,188	7,158	2,682	28,871	4,290	10,986	6,441	2,435	24,153
Operating profit	5,059	6,073	4,272	924	16,328	971	6,690	3,453	1,325	12,439
Adjusted EBITDA margin	52.8%	52.2%	44.1%	57.9%	50.5%	40.2%	56.7%	44.0%	53.6%	49.0%

In thousands of euros	Change for 6 months				
	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	6,085	110	1,601	91	7,887
Adjusted EBITDA	4,553	-798	717	247	4,718
Operating profit	4,088	-617	819	-401	3,889

In thousands of euros	Q2 2022					Q2 2021				
	Passenger harbours	Cargo harbours	Ferry	Other	Total	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	10,736	9,850	8,809	968	30,363	5,701	9,818	7,809	932	24,260
Adjusted EBITDA	6,313	5,060	3,923	93	15,389	2,469	5,400	3,447	-185	11,132
Operating profit	4,464	3,011	2,484	-848	9,111	798	3,252	1,952	-783	5,219
Adjusted EBITDA margin	58.8%	51.4%	44.5%	9.6%	50.7%	43.3%	55.0%	44.1%	-19.8%	45.9%

In thousands of euros	Change for Q2				
	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	5,035	32	1,000	36	6,103
Adjusted EBITDA	3,844	-340	476	278	4,257
Operating profit	3,666	-241	532	-65	3,892

The six-month revenue of the **Passenger harbours segment** grew by 57% year on year, mainly due to a rise in passenger fee revenue due to rapid growth in passenger numbers and an increase in vessel dues. The segment also increased its lease income (EUR +0.46 million) by leasing out new premises and electricity sales revenue. Other revenue grew mostly through sales of advertising (there were concessions in the comparative period). In the second quarter, revenue grew by 88% year on year to EUR 10.7 million.

The six-month revenue of the **Cargo harbours segment** remained at the same level as a year earlier (+0.6%). Its vessel dues revenue dropped (EUR -0.5 million) due to the decline in dry bulk and liquid bulk cargo. The decrease in vessel dues was offset by the growth in cargo charges (EUR +0.3 million) due to changes in the cargo structure, an increase in lease income (EUR +0.2 million) due to changes in lease rates and growth in electricity sales revenue (EUR +0.3 million). In the second quarter, the revenue of the Cargo harbours segment grew by EUR 32 thousand year on year.

The six-month revenue of the **Ferry segment** grew by EUR 1.6 million (+10.9%) due to growth in both ferry service revenue and lease income. Ferry service revenue increased through a rise in contractual fees due to an increase in the Estonian fuel cost, employment cost and consumer price indices and growth in the number of trips. In the second quarter, the revenue of the Ferry segment grew by EUR 1.0 million year on year (+12.8%).

The revenue of the **segment Other** grew by 2% in the first half-year and by 3.9% in the second quarter. Revenue growth was supported by the revision of the contractual fee due to a rise in the Estonian consumer price index.

As expected, **adjusted EBITDA** for six months showed the strongest growth in the Passenger harbours segment (EUR +4.6 million). Other segments contributed a combined EUR 0.2 million to EBITDA growth. EBITDA decrease in the Cargo harbours segment by EUR 0.8 million was offset by EBITDA growth in the Ferry segment by EUR 0.7 million. In the segment Other, EBITDA grew by EUR 0.2 million. In the second quarter, adjusted EBITDA grew by EUR 4.3 million, increasing in all segments, except for the Cargo harbours segment.

At the level of the Group, the **adjusted EBITDA margin** for the first six months increased from 49.0% to 50.5%. The margin of the Passenger harbours segment showed the fastest recovery, rising from 40.2% to 52.8%. The margin of the Cargo harbours segment decreased from 56.7% to 52.2% whereas the margin of the Ferry segment

remained at the same level as a year earlier, rising by 0.1 percentage point to 44.1%. In the segment Other, the margin increased from 53.6% to 57.9%.

RISKS

The protective measures imposed by countries due to the **COVID-19 pandemic** began to affect the Group from the second half of March 2020. Restrictions on contacts between people and cross-border movement have had the strongest impact on the tourism sector and passenger traffic, which affect the performance of the Group's Passenger harbours segment. The impact of the pandemic on the Group's other operating segments has not been significant. The performance of the Passenger harbours segment has been recovering since autumn 2021, but has not yet reached its pre-pandemic levels. There is still a lack of clarity about the extent and impacts of possible new waves of the pandemic and associated restrictions.

Compared with the pre-pandemic period, a revenue decline in the Passenger harbours segment would inevitably lower the segment's profitability because the share of the segment's fixed costs is high. On the other hand, the impacts of the pandemic are mitigated by cargo transport by ro-pax ferries via passenger harbours, which keeps vessels on the routes and generates stable revenue from vessel dues and cargo charges.

The **Russia-Ukraine conflict** which started on 24 February 2022 and the consequent sanctions imposed against Russia by the West affect the Group's performance mainly through its cargo business. Cargo of Russian origin (liquid bulk and fertilizers) for which Russia is the country of departure or destination accounts for around a third of the Group's total cargo volume and consists predominantly of Russian exports. Since sanctions have been imposed and their scope has been extended progressively and the process may continue in the future, the ultimate impact of the sanctions cannot be reliably estimated.

However, as the cargo of Russian origin consists of cargo groups with lower charge rates, its estimated impact on the revenue and profit of the Cargo harbours segment is significantly smaller than its share in the total cargo volume. This is also reflected in the results of the first half of 2022, when total cargo charge revenue grew despite the decline in total cargo volume that was caused by liquid bulk cargo and fertilizers. The effect on the Group's overall financial performance is even smaller due to the Group's balanced business model of four business lines. Cargo of Belarusian origin (liquid bulk) accounted for 9% of the Group's total cargo volume. Full sanctions on Belarusian cargo were imposed in Estonia from 1 March 2022. Based on the cargo volumes of the previous financial year, the estimated negative annual impact of the sanctions on the Group's financial results is around EUR 2 million. The presented monetary impact has been estimated based on the results for 2021 and the situation at the date the financial statements were authorised for issue and it is not to be regarded as a forecast of the impacts in subsequent periods.

All of the Group's customers that are cargo operators are companies registered in the European Union and accounts with them are settled in euros. AS Tallinna Sadam cooperates fully with its partners, the Financial Intelligence Unit and other government agencies to comply with the sanctions imposed by the European Union and to apply the sanctions to both cargo and customers responsibly. To enable Ukrainian war refugees to reach their destination as conveniently as possible, we provided them with service in the Ukrainian language and

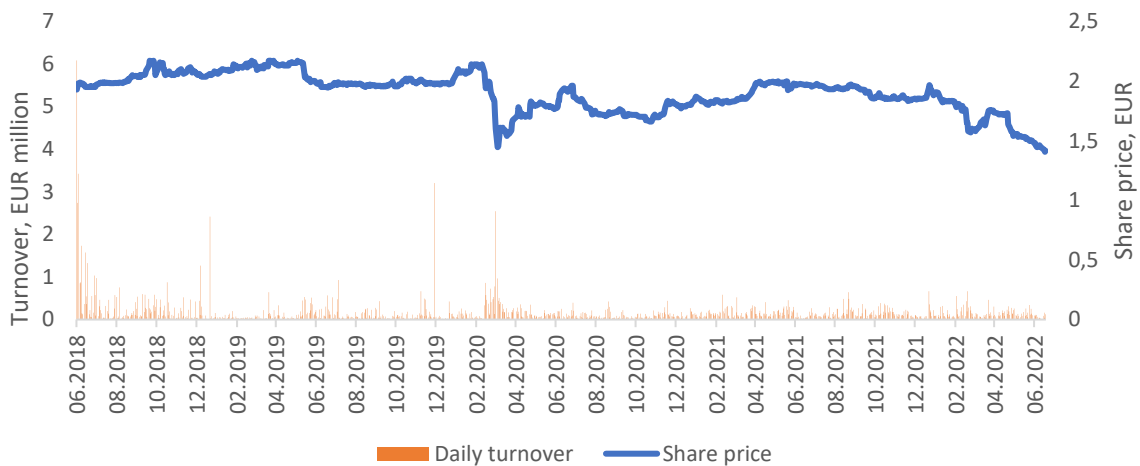
separate resting areas. We have also been working with travel operators to provide discounts on passenger fees for war refugees.

SHARE AND SHAREHOLDERS

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

The opening price of the share at the beginning of the second quarter was EUR 1.65. The closing price of the share at 30 June 2022 was EUR 1.416, having decreased in the second quarter by 14.2%. The company’s market capitalisation at 30 June 2022 was EUR 372.4 million (31 March 2022: EUR 434.0 million).

The dynamics of the closing price of the AS Tallinna Sadam share and the volume of shares traded from listing on the Nasdaq Tallinn Stock Exchange on 13 June 2018 to 30 June 2022 are presented in the following graph:



The dynamics of the price of the AS Tallinna Sadam share compared with the OMX Baltic Benchmark GI index is presented in the following graph:



Source: nasdaqbaltic.com

In the second quarter of 2022, there were 23,359 transactions with the AS Tallinna Sadam share (Q1 2022: 23,216 transactions) in which 5.2 million shares (Q1 2022: 5.6 million shares) changed hands. The total turnover of the transactions was EUR 8.3 million (Q1 2022: EUR 9.8 million).

At 30 June 2022, the company had 22,231 shareholders (31 March 2022: 21,218 shareholders) but only the Republic of Estonia (through the Ministry of Economic Affairs and Communications) had an ownership interest exceeding 5%. The five largest shareholders at 30 June 2022 were:

Name of shareholder	Number of shares	Interest, %
Ministry of Economic Affairs and Communications	176,295,032	67.0%
European Bank for Reconstruction and Development (EBRD)	9,350,000	3.6%
SEB Progressiivne Pensionifond	6,484,365	2.5%
LHV Pensionifond L	5,536,570	2.1%
State Street Bank and Trust Omnibus (USA)	3,743,219	1.4%

In the second quarter, the shareholder structure did not change significantly compared with the end of the first quarter.

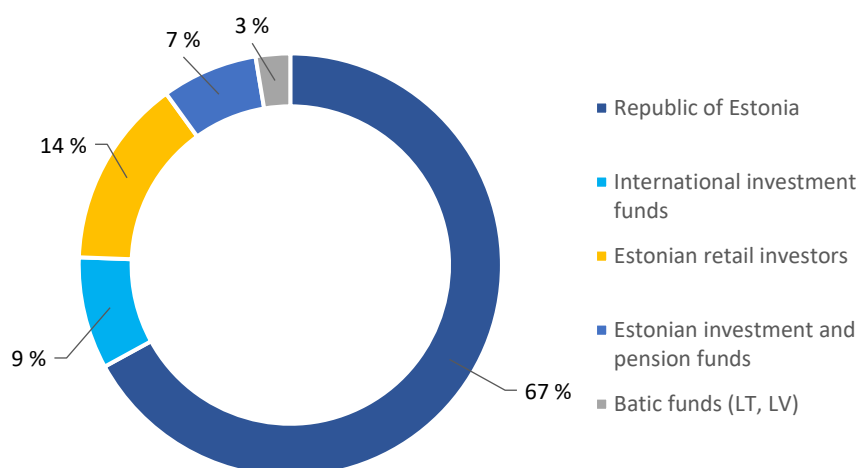
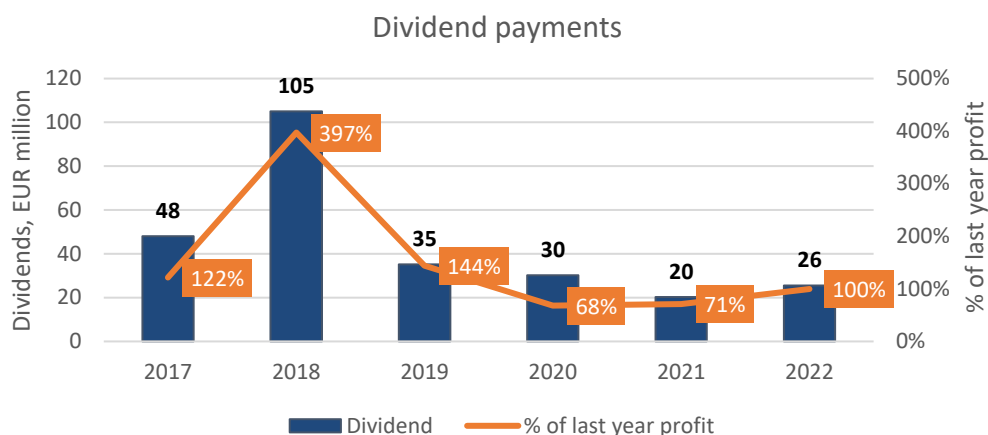


Chart: Shareholder structure at 30 June 2022

DIVIDENDS

On 25 April 2022, the general meeting approved the proposal of the management board to distribute in 2022 a dividend of EUR 0.097 per share and EUR 25.5 million in total, i.e. 100% of profit for the previous year. The list of shareholders entitled to receive the dividend was determined on 5 May 2022 (the ex-dividend date: 4 May 2022) and the dividend was paid out to the shareholders on 12 May 2022 (through Nasdaq CSD). In 2021, we distributed shareholders a dividend of EUR 0.077 per share and EUR 20.3 million in total.



The dividend policy of AS Tallinna Sadam sets the target to pay regular post-tax dividends, which from 2021 should amount to at least 70% of profit for the previous year, subject to market conditions, the company's growth and development plans, while taking into account the need to maintain a reasonable level of liquidity and excluding the impact of non-recurring transactions. The target for the period 2019–2020 was to distribute a dividend of at least EUR 30 million per year, which was met.

CORPORATE GOVERNANCE

At 30 June 2022, AS Tallinna Sadam had two wholly-held subsidiaries, OÜ TS Shipping and OÜ TS Laevad, and a 51% interest in an associate, AS Green Marine.

The supervisory board is responsible for the strategic planning of the company's activities and supervising the activities of the management board. According to the articles of association of AS Tallinna Sadam, the supervisory board has six to eight members. At 30 June 2022, the supervisory board had eight members: Aare Tark (chairman), Ahti Kuningas, Maarika Honkonen, Kaur Kajak, Urmas Kaarlep, Üllar Jaaksoo, Riho Unt and Veiko Sepp, of whom six members are independent. Raigo Uukkivi was a member of the supervisory board until 25 April 2022. Based on the decision of the general meeting, he was replaced by Kaur Kajak who became a member of the supervisory board from 26 April 2022. From 1 July 2022, the supervisory board has seven members: Riho Unt (chairman), Maarika Honkonen, Kaur Kajak, Veiko Sepp, Marek Helm, Risto Mäeots and Ain Tatter. Under the supervisory board, there is a four-member audit committee, which consists of members of the supervisory board and provides advice in supervisory matters, and a four-member remuneration committee.

The management board is responsible for the day-to-day management of the company in accordance with the law and the articles of association. According to the articles of association, the management board may have two to five members. At 30 June 2022, the management board had three members: Valdo Kalm (chairman and CEO), Andrus Ait (CFO) and Margus Vihman (CCO).

Further information about the company's corporate governance and the members of the management and supervisory boards is presented on the Group's website and in its annual report for 2021.

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

SIGNIFICANT EVENTS IN THE SECOND QUARTER OF 2022

- 1. Building a new quay in Paldiski South Harbour to service wind farms.** The supervisory board of AS Tallinna Sadam decided that up to EUR 53 million will be invested to build a new 310-meter quay with a 10-hectare hinterland in Paldiski South Harbour. The investment will be co-financed by the European Commission to the extent of EUR 20 million through EstMilMob, a military mobility project aimed at improving transport connections to the Tapa army base over the next five years. The quay and the hinterland will be completed in summer 2025.
- 2. Record volume of ro-ro cargo.** In the six months of 2022, the harbours of AS Tallinna Sadam handled a record volume of ro-ro cargo, mainly cargo transported by trucks and trailers.
- 3. Termination of Worldwide Cargo Establishment's (WCE) contractual penalty lawsuit.** On 30 May 2018, WCE filed a claim with the Harju County Court against AS Tallinna Sadam requesting that the minimum cargo volume in the cooperation agreement should be reduced retroactively from 2015 and that the contractual penalties paid for 2015–2017 plus accrued interest should be repaid. On 11 April 2022, the Supreme Court issued a ruling dismissing the appeal in cassation. On the day the ruling was made, the judgment of the Tallinn Circuit Court of 22 October 2021 and the decision of the Harju County Court of 19 January 2021 entered into force and the litigation ended.
- 4. Additional trips by the ferry Regula in summer 2022.** OÜ TS Laevad, a subsidiary of AS Tallinna Sadam, and the Estonian Transport Administration signed an annex to the contract on public passenger transport service according to which the Transport Administration will order 536 additional trips by the ferry Regula on the Virtsu–Kuivastu route in the period 1 June–31 August 2022. The Transport Administration has the option to extend the order for a further period until 2 October by giving at least 30 days' notice before the new period begins. Additional trips will be made if scheduled trips fail to meet demand at peak times.
- 5. Voting on the resolutions of the general meeting on 5–25 April 2022.** On 25 April 2022, the general meeting adopted resolutions by which it approved the annual report and the dividend payment for 2021, the amendment of the articles of association, and the remuneration principles for the supervisory board and management board and appointed a new composition of the supervisory board. In order to present the draft resolutions, a webinar was organised on 6 April 2022, where the representatives of the management board, the supervisory board and the nomination committee participated. Votes on the resolutions of the general meeting were cast by 82 shareholders whose shares represented 205,326,998 votes, i.e. 78.07% of the company's total share capital.
- 6. Dividend distribution.** AS Tallinna Sadam paid the shareholders a dividend of EUR 0.097 per share, i.e. a total of EUR 25.5 million for 2021. The list of shareholders entitled to receive dividends was established as at 5 May 2022 and the dividends were paid out through Nasdaq CSD on 12 May 2022.

- 7. AS Tallinna Sadam and the Port of Gdynia signed a letter of intent on cooperation in the field of developing hydrogen solutions.** The aim of the cooperation is to implement projects involving the production, storage and distribution of “green” hydrogen that create added value in logistics supply chains as well as to exchange information about innovative development projects related to the use of alternative zero-emission fuels for seaports and the wider maritime economy.

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

In thousands of euros

As at	Note	30 June 2022	31 December 2021
ASSETS			
Current assets			
Cash and cash equivalents		31,110	34,840
Trade and other receivables	4	9,453	14,151
Contract assets		575	0
Inventories		565	399
Total current assets		41,703	49,390
Non-current assets			
Investments in an associate	5	1,881	1,559
Other long-term receivables	4	896	896
Property, plant and equipment	6	572,082	575,563
Intangible assets		2,042	2,130
Total non-current assets		576,901	580,148
Total assets		618,604	629,538
LIABILITIES			
Current liabilities			
Loans and borrowings	9	15,916	15,916
Provisions		958	1,572
Government grants		1,665	1,223
Taxes payable	7	829	890
Trade and other payables	8	12,953	10,291
Contract liabilities		3,551	57
Total current liabilities		35,872	29,949
Non-current liabilities			
Loans and borrowings	9	184,015	187,398
Government grants		29,741	29,835
Other payables	8	552	652
Contract liabilities		788	809
Total non-current liabilities		215,096	218,694
Total liabilities		250,968	248,643
EQUITY			
Share capital	10	263,000	263,000
Share premium		44,478	44,478
Statutory capital reserve		22,115	21,271
Retained earnings (prior periods)		25,791	26,534
Profit for the period		12,252	25,612
Total equity		367,636	380,895
Total liabilities and equity		618,604	629,538

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the 6 months ended 30 June

Consolidated statement of profit or loss

In thousands of euros	Note	Q2 2022	Q2 2021	2022	2021
Revenue	3, 10	30,363	24,260	57,135	49,248
Other income		434	335	728	659
Operating expenses	11	-9,841	-8,070	-18,504	-15,372
Personnel expenses		-5,554	-5,100	-10,325	-9,744
Depreciation, amortisation and impairment	3	-6,225	-6,076	-12,512	-12,098
Other expenses		-66	-130	-194	-254
Operating profit		9,111	5,219	16,328	12,439
Finance income and costs					
Finance income		34	27	63	37
Finance costs		-323	-365	-605	-741
Finance costs – net		-289	-338	-542	-704
Share of profit of an associate accounted for under the equity method		350	52	577	41
Profit before income tax		9,172	4,933	16,363	11,776
Income tax expense		-4,111	-3,275	-4,111	-3,275
Profit for the period		5,061	1,658	12,252	8,501
Attributable to:					
Owners of the Parent		5,061	1,658	12,252	8,501
Basic earnings and diluted earnings per share (in euros)					
		0.02	0.01	0.05	0.03
Basic earnings and diluted earnings per share – continuing operations (in euros)					
		0.02	0.01	0.05	0.03

Consolidated statement of other comprehensive income

In thousands of euros	Q2 2022	Q2 2021	2022	2021
Profit for the period	5,061	1,658	12,252	8,501
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net fair value gain on hedging instruments in cash flow hedges	0	35	0	73
Total other comprehensive income	0	35	0	73
Total comprehensive income for the period	5,061	1,693	12,252	8,574
Attributable to:				
Owners of the Parent	5,061	1,693	12,252	8,574

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the 6 months ended 30 June

In thousands of euros	Note	2022	2021
Cash receipts from sale of goods and services		67,852	55,753
Cash receipts related to other income		71	34
Payments to suppliers		-23,580	-19,123
Payments to and on behalf of employees		-9,664	-9,064
Payments for other expenses		-238	-271
Income tax paid on dividends		-4,335	0
Cash from operating activities		30,106	27,329
Purchases of property, plant and equipment		-9,618	-9,255
Purchases of intangible assets		-261	-426
Proceeds from sale of property, plant and equipment		77	263
Proceeds from government grants related to assets		4,954	0
Dividends received		255	0
Interest received		2	1
Cash used in investing activities		-4,591	-9,417
Repayments of loans received	9	-3,383	-3,383
Dividends paid		-25,287	-20,082
Interest paid		-570	-734
Other payments related to financing activities		-5	-1
Cash used in financing activities		-29,245	-24,200
NET CASH FLOW		-3,730	-6,288
Cash and cash equivalents at beginning of period		34,840	26,679
Change in cash and cash equivalents		-3,730	-6,288
Cash and cash equivalents at end of period		31,110	20,391

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 6 months ended 30 June

In thousands of euros	Share capital	Share premium	Statutory capital reserve	Hedge reserve	Retained earnings	Total equity attributable to owners of the Parent
Equity at 31 December 2020	263,000	44,478	20,262	-102	47,794	375,432
Profit for the period	0	0	0	0	8,501	8,501
Other comprehensive income for the period	0	0	0	73	0	73
<i>Total comprehensive income for the period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>73</i>	<i>8,501</i>	<i>8,574</i>
Dividend declared	0	0	0	0	-20,251	-20,251
<i>Total transactions with owners</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-20,251</i>	<i>-20,251</i>
Increase of capital reserve	0	0	1,009	0	-1,009	0
Equity at 30 June 2021	263,000	44,478	21,271	-29	35,035	363,755

In thousands of euros	Share capital	Share premium	Statutory capital reserve	Retained earnings	Total equity attributable to owners of the Parent
Equity at 31 December 2021	263,000	44,478	21,271	52,146	380,895
Profit for the period	0	0	0	12,252	12,252
<i>Total comprehensive income for the period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>12,252</i>	<i>12,252</i>
Dividend declared	0	0	0	-25,511	-25,511
<i>Total transactions with owners</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-25,511</i>	<i>-25,511</i>
Increase of capital reserve	0	0	844	-844	0
Equity at 30 June 2022	263,000	44,478	22,115	38,043	367,636

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**1. REPORTING ENTITY**

AS Tallinna Sadam (also referred to as the 'Parent' or the 'Company') is a company incorporated and registered in the Republic of Estonia on 5 November 1996. The interim condensed consolidated financial statements of AS Tallinna Sadam as at and for the 6 months ended 30 June 2022 comprise the Parent and its subsidiaries (together referred to as the 'Group'). The Group's core business lines are rendering of port services in the capacity of a landlord port, organising ferry service between Estonia's mainland and biggest islands and operating the multifunctional icebreaker Botnica.

The Group owns four harbours: Old City, Saaremaa, Muuga and Paldiski South. Old City Harbour in the centre of Tallinn and Saaremaa Harbour that is designed for receiving cruise ships provide mainly passenger harbour services. Muuga Harbour, which is Estonia's largest cargo harbour, and Paldiski South Harbour provide mainly cargo harbour services. In addition, the Group provides the services set out in the port rules under a service contract in Paljassaare Harbour.

The Group's subsidiaries at 30 June 2022 and 31 December 2021:

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

In addition, the Group has a 51% interest in the associate AS Green Marine but 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 Economic Affairs and Communications).

2. ACCOUNTING POLICIES

These interim condensed consolidated financial statements for the 6 months ended 30 June 2022 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes and explanations included in the Group's annual report for the year ended 31 December 2021. See note 2 to the consolidated financial statements in the annual report for 2021 for additional information about material accounting policies.

The interim condensed consolidated financial statements have been prepared using the same accounting policies as those applied in the preparation of the Group's consolidated financial statements for 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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

3. OPERATING SEGMENTS

In thousands of euros	6 months 2022				
	Passenger harbours	Cargo harbours	Ferry	Other	Total
Vessel dues	9,517	8,729	0	0	18,246
Cargo charges	740	2,885	0	0	3,625
Passenger fees	4,067	97	0	0	4,164
Sale of electricity	612	2,572	0	0	3,184
Sale of ferry services – ticket sales	0	0	5,840	0	5,840
Sale of other services	611	370	34	1	1,016
Lease income	1,202	4,849	434	0	6,485
Charter fees	0	0	0	4,635	4,635
Sale of ferry services – government support	0	0	9,940	0	9,940
Total segment revenue* (note 10)	16,749	19,502	16,248	4,636	57,135
Adjusted segment EBITDA	8,843	10,188	7,158	2,682	28,871
Depreciation and amortisation	-3,952	-4,419	-2,886	-1,181	-12,438
Impairment losses	-74	0	0	0	-74
Amortisation of government grants received	242	304	0	0	546
Share of profit of an associate accounted for under the equity method	0	0	0	-577	-577
Segment operating profit	5,059	6,073	4,272	924	16,328
Finance income and costs, net					-542
Share of profit of an associate accounted for under the equity method					577
Income tax expense					-4,111
Profit for the period					12,252

* Total segment revenue represents revenue from external customers and excludes inter-segment revenue of EUR 233 thousand and EUR 6 thousand for the Passenger harbours and the Cargo harbours segments, respectively, which was eliminated during consolidation.

Note 3 continued

	6 months 2021				
In thousands of euros	Passenger harbours	Cargo harbours	Ferry	Other	Total
Vessel dues	7,001	9,253	0	0	16,254
Cargo charges	671	2,573	0	0	3,244
Passenger fees	1,482	100	0	0	1,582
Sale of electricity	495	2,319	0	0	2,814
Sale of ferry services – ticket sales	0	0	4,791	0	4,791
Sale of other services	277	498	38	0	813
Lease income	738	4,649	287	0	5,674
Charter fees	0	0	0	4,545	4,545
Sale of ferry services – government support	0	0	9,531	0	9,531
Total segment revenue* (note 10)	10,664	19,392	14,647	4,545	49,248
Adjusted segment EBITDA	4,290	10,986	6,441	2,435	24,153
Depreciation and amortisation	–3,438	–4,602	–2,988	–1,070	–12,098
Impairment losses	0	0	0	0	0
Amortisation of government grants received	119	306	0	0	425
Share of profit of an associate accounted for under the equity method	0	0	0	–41	–41
Segment operating profit	971	6,690	3,453	1,325	12,439
Finance income and costs, net					–704
Share of profit of an associate accounted for under the equity method					41
Income tax expense					–3,275
Profit for the period					8,501

* Total segment revenue represents revenue from external customers and excludes inter-segment revenue of EUR 113 thousand and EUR 5 thousand for the Passenger harbours and the Cargo harbours segments, respectively, which was eliminated during consolidation.

4. TRADE AND OTHER RECEIVABLES

In thousands of euros	30 June 2022	31 December 2021
Trade receivables	6,362	6,544
Allowance for credit losses	-434	-445
Prepaid taxes	787	1,013
Government grants receivable	1,837	6,017
Other prepayments	679	552
Receivables from an associate (note 15)	7	8
Other receivables	1,111	1,358
Total trade and other receivables	10,349	15,047
Of which current receivables	9,453	14,151
non-current receivables	896	896

Trade receivables – expected credit loss matrix

In thousands of euros	Days past due					
At 30 June 2022	Not past due	0–30	31–60	61–90	>90	Total
Expected credit loss rate	2.73%	1.5%	3.0%	80.0%	100.0%	
Total trade receivables	5,684	307	97	16	258	6,362
Lifetime expected credit loss (ECL)	-155	-5	-3	-13	-258	-434
						5,928
At 31 December 2021						
Expected credit loss rate	6.4%	1.5%	3.0%	80.0%	100.0%	
Total trade receivables	6,238	164	99	10	33	6,544
Lifetime expected credit loss (ECL)	-399	-2	-3	-8	-33	-445
						6,099

5. INVESTMENTS IN AN ASSOCIATE

In thousands of euros		
For the 6 months ended 30 June	2022	2021
Income	4,002	2,163
Expenses	2,763	2,036
Net profit	1,110	108

Note 5 continued

In thousands of euros	At 30 June 2022	At 31 December 2021
Net assets of the associate	3,688	3,056
The Group's ownership interest in the associate, %	51%	51%
Carrying amount of the Group's investment in the associate in the Group's statement of financial position	1,881	1,559

6. PROPERTY, PLANT AND EQUIPMENT

In thousands of euros	Land and buildings	Plant and equipment	Other items of property, plant and equipment	Assets under construction	Pre-payments	Total
At 31 December 2021						
Cost	648,873	254,742	8,634	3,790	16	916,055
Accumulated depreciation and impairment losses	-237,547	-96,898	-6,047	0	0	-340,492
Carrying amount at 31 December 2021	411,326	157,844	2,587	3,790	16	575,563
<i>Movements in the 6 months ended 30 June 2022</i>						
Acquisition and reconstruction	356	383	334	7,013	648	8,734
Sales at carrying amount	0	-16	0	-7	0	-23
Depreciation charge	-6,072	-5,662	-384	0	0	-12,118
Impairment	0	0	0	-74	0	-74
Reclassification at carrying amount	637	1,554	0	-2,175	-16	0
At 30 June 2022						
Cost	649,739	255,717	8,921	8,547	648	923,572
Accumulated depreciation and impairment losses	-243,492	-101,614	-6,384	0	0	-351,490
Carrying amount at 30 June 2022	406,247	154,103	2,537	8,547	648	572,082

7. TRADE AND OTHER PAYABLES

In thousands of euros

At	30 June 2022	31 December 2021
Trade payables	6,010	6,739
Payables to employees	1,457	1,337
Interest payable	328	299
Accrued taxes payable on employee remuneration	706	654
Advances for goods and services	3,983	645
Payables to an associate (note 15)	287	153
Other payables	734	1,116
Total trade and other payables	13,505	10,943
Of which current liabilities	12,953	10,291
non-current liabilities	552	652

8. LOANS AND BORROWINGS

In thousands of euros

At	30 June 2022	31 December 2021
Current portion		
Loans and borrowings	8,266	8,266
Debt securities	7,650	7,650
Total current portion	15,916	15,916
Non-current portion		
Loans and borrowings	42,415	45,798
Debt securities	141,600	141,600
Total non-current portion	184,015	187,398
Total loans and borrowings	199,931	203,314

Debt securities

All debt securities have been issued in euros and have floating interest rates (a base rate of 3-month or 6-month Euribor plus a fixed risk margin). At 30 June 2022, AS Tallinna Sadam had two debt security issues with final maturities in 2026 and 2027. In line with the redemption schedules, no debt securities were redeemed in the six-month period ended 30 June 2022. At 30 June 2022, the weighted average interest rate of the debt securities was 0.61% (31 December 2021: 0.49%). The interest rate risk of the debt securities issued has not been hedged with interest rate swaps.

Note 8 continued**Loans**

All loan agreements are denominated in euros and have floating interest rates (the base rate is 6-month Euribor). The final maturities of outstanding loan liabilities fall in the period 2024–2030. Principal repayments made in the 6-month period ended 30 June 2022 amounted to EUR 3,383 thousand (6-month period ended 30 June 2021: EUR 3,383 thousand).

At 30 June 2022, the weighted average interest rate of drawn loans was 0.81% (31 December 2021: 0.77%). At 30 June 2022, the Group did not have any undrawn loans or credit limits. The interest rate risk of loans taken has not been hedged with interest rate swaps.

Contractual maturities of loans and borrowings

In thousands of euros

At	30 June 2022
Up to 12 months	15,916
1–5 years	112,515
> 5 years	71,500
Total loans and borrowings	199,931

Fair value

In the reporting period, the assessment of the Group's risk level did not change and there were no significant changes in the interest rates of international financial markets. Thus, according to the Group's assessment, at 30 June 2022 and 31 December 2021 the fair values of loans and debt securities that are measured at amortised cost did not differ significantly from their carrying amounts.

All loan and debt securities agreements currently in force are unsecured, i.e. no assets have been pledged to cover the liabilities, and the debt securities are not listed. The Group has fulfilled all its obligations under the loan and debt securities agreements, including those resulting from special terms. At 30 June 2022, the Group was in compliance with all covenants that set requirements to its financial indicators.

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

At 30 June 2022, AS Tallinna Sadam had 263,000,000 registered ordinary shares (31 December 2021: 263,000,000 shares), of which 67.03% were held by the Republic of Estonia (through the Ministry of Economic Affairs and Communications) 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.

According to the articles of association of AS Tallinna Sadam, the maximum number of authorised ordinary shares is 664,000,000 (in the comparative period in 2021: 664,000,000). At 30 June 2022 and 31 December 2021, all shares issued had been fully paid for.

Earnings per share

	Q2 2022	Q2 2021	6 months ended 30 June 2022	6 months ended 30 June 2021
Weighted average number of shares outstanding	263,000,000	263,000,000	263,000,000	263,000,000
Consolidated net profit for the period (in thousands of euros)	5,061	1,658	12,252	8,501
Basic and diluted earnings per share (in euros)*	0.02	0.01	0.05	0.03

* In the periods ended 30 June 2022 and 30 June 2021 there were no dilutive instruments outstanding.

Consistent with the decision of the general meeting of 25 April 2022, the Group paid a dividend of EUR 0.097 per share, i.e. EUR 25,511 thousand in total, for 2021. The list of shareholders entitled to receive the dividend was determined on 5 May 2022 (the ex-dividend date: 4 May 2022) and the dividend was paid out to the shareholders on 12 May 2022 (through Nasdaq CSD).

10. REVENUE

In thousands of euros

For the 6 months ended 30 June	2022	2021
Revenue from contracts with customers		
Vessel dues	18,246	16,254
Cargo charges	3,625	3,244
Passenger fees	4,164	1,582
Sale of electricity	3,184	2,814
Sale of ferry services – ticket sales	5,840	4,791
Sale of other services	1,016	813
Total revenue from contracts with customers	36,075	29,498
Revenue from other sources		
Operating lease income	6,485	5,674
Charter fees	4,635	4,545
Sale of ferry services – government support	9,940	9,531
Total revenue from other sources	21,060	19,750
Total revenue (note 3)	57,135	49,248

Vessel dues include the tonnage charge, which is calculated on the basis of the gross tonnage of a vessel for each vessel call. For vessels visiting the port based on a pre-agreed schedule that have a prospective volume discount during the year, the transaction price is allocated between the tonnage services and the option for discounted tonnage services based on the estimated total number of vessel calls by that vessel during the calendar year. Revenue from tonnage charges is recognised based on the yearly average tariffs and estimated volume. At 30 June 2022, the difference between revenue recognised and amounts billed to customers was recognised as a contract liability of EUR 2,890 thousand (amounts billed exceeded revenue recognised).

Some cargo charge contracts set out a minimum annual cargo volume. If the cargo operator handles less than the minimum, the Group has the right to charge the customer at the end of the calendar year based on the minimum annual cargo volume. Management estimated the Group's remaining right to consideration by reference to the minimum cargo volume and the amount of consideration received from customers as at 30 June 2022. Based on the estimation, the Group recognised contract assets of EUR 575 thousand. At 30 June 2022, revenue received from some customers exceeded management's estimates. As a result, the Group recognised contract liabilities of EUR 322 thousand so that estimated revenue would be evenly recognised over all interim periods of 2022.

Note 10 continued

When connecting to the electricity network, customers pay a connection fee based on the expenses incurred in enabling connection to the network. The connection service does not represent a separate performance obligation as the customer does not benefit from this service separately from the consumption of electricity. Therefore, connection fees form part of the consideration for electricity and are recognised as revenue over the period during which customers consume electricity. Amounts received for connection fees not yet included in revenue are recognised in the statement of financial position as contract liabilities. At 30 June 2022, such liabilities amounted to EUR 788 thousand (31 December 2021: EUR 809 thousand).

Revenue from ticket sales is recognised over the time during which the ferry transports the passengers and/or vehicles from the port of departure to the port of destination, which happens in a single day, or at the point in time when the ticket expires. Consideration received from tickets sold for trips not yet performed is deferred and recognised in the statement of financial position as a contract liability. At 30 June 2022, such liabilities amounted to EUR 339 thousand (31 December 2021: EUR 56 thousand).

11. OPERATING EXPENSES

In thousands of euros

For the 6 months ended 30 June	2022	2021
Fuel, oil and energy costs	7,621	4,750
Technical maintenance and repair of non-current assets	2,613	2,637
Services purchased for infrastructure	1,605	1,460
Tax expenses	1,323	1,327
Consultation and development expenses	264	196
Services purchased	2,489	2,400
Acquisition and maintenance of assets of insignificant value	491	606
Advertising expenses	110	57
Lease expenses	294	335
Insurance expenses	399	391
Other operating expenses	1,295	1,213
Total operating expenses	18,504	15,372

12. COMMITMENTS

At 30 June 2022, the Group's contractual commitments related to the acquisition of property, plant and equipment, repair and maintenance, and research and development expenditures totalled EUR 9,949 thousand (31 December 2021: EUR 11,058 thousand).

13. CONTINGENT LIABILITIES

In June 2019, the court accepted a statement of claim for damages of EUR 23.8 million in total filed against group companies OÜ TS Laevad and OÜ TS Shipping in relation to alleged use of confidential information in a public procurement tender to provide public passenger transport service on the Saaremaa and Hiiumaa routes. The statement of claim was identical to the one filed by the same plaintiffs in a previous civil case which was dismissed by the Harju County Court on 8 March 2019 because the plaintiffs did not provide security of EUR 14,000 in total ordered by the court to cover the estimated costs of the proceedings.

The Group has not admitted guilt and is defending itself in the action. The management board believes that the claim is not substantiated and legal advice indicates that it is not probable that a liability will arise. Thus, the management board has not considered it necessary to recognise a provision for the claim.

14. INVESTIGATIONS CONCERNING THE GROUP

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

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

At the date this report is authorised for issue, court hearings in the criminal matter were under way and legal proceedings against other persons that have been charged continued. Based on information available at the date this report is authorised for issue, the management board believes that the above events will not have a material adverse impact on the Group's financial performance or financial position. However, they may continue to cause significant damage to the Group's reputation.

15. RELATED PARTY TRANSACTIONS

The Republic of Estonia (through the Ministry of Economic Affairs and Communications) holds 67.03% of the shares in AS Tallinna Sadam.

In thousands of euros

For the 6 months ended 30 June	2022	2021
Transactions with the associate		
Revenue	37	82
Operating expenses	890	540
Transactions with companies in which members of supervisory and management boards of group companies have significant influence		
Revenue	1	1
Operating expenses	5	5
Other expenses	20	21
Transactions with government agencies and companies in which the state has control		
Revenue	15,539	14,264
Operating expenses	5,573	4,066
Other expenses	0	28
Acquisition of property, plant and equipment	0	64

In thousands of euros

At 30 June 2022 At 31 December 2021

Trade receivables from and payables to the associate		
Receivables (note 4)	7	8
Payables (note 7)	287	153
Trade receivables from and payables to companies in which members of supervisory and management boards of group companies have significant influence		
Payables	1	1
Trade receivables from and liabilities to government agencies and companies in which the state has control		
Receivables	484	352
Liabilities	1,529	2,446

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

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

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

16. EVENTS AFTER THE REPORTING PERIOD

The Competition Authority announced on 7 July 2022 that it had terminated the supervision proceedings initiated on the basis of the complaint filed by Worldwide Cargo Establishment on 30 October 2019 regarding the activities of AS Tallinna Sadam pursuant to clauses 1 and 2 of subsection 1 of section 63⁴ of the Competition Act. The purpose of the supervision proceedings was to determine whether the activities of AS Tallinna Sadam, when offering the use of infrastructure at Muuga Harbour to Worldwide Cargo Establishment, had the characteristics of a violation of clauses 1 and 3 of section 16 of the Competition Act. The Competition Authority did not analyse the market position of AS Tallinna Sadam, but as a result of the supervision proceedings still came to the conclusion that the activities of AS Tallinna Sadam, regardless of the market position of AS Tallinna Sadam, did not have the characteristics of violation of the Competition Act and the company had not significantly harmed competition and there was no threat of significantly harming competition.

MANAGEMENT'S CONFIRMATION AND SIGNATURES

The management board has prepared the unaudited management report and interim condensed consolidated financial statements of AS Tallinna Sadam as at and for the period ended 30 June 2022.

The management board confirms that the Group's management report, set out on pages 4 to 15, provides a true and fair view of the Group's business operations, performance and significant events in the reporting period.

The management board confirms that the Group's unaudited interim condensed consolidated financial statements, set out on pages 17 to 33, are correct and complete and that:

1. the unaudited interim condensed consolidated financial statements have been prepared in accordance with the Estonian Accounting Act and International Financial Reporting Standards as adopted by the European Union (IFRS EU);
2. the unaudited interim condensed consolidated financial statements give a true and fair view of the financial position, cash flows and financial performance of the Group;
3. all significant events that occurred until the date on which the interim financial report was authorised for issue (9 August 2022) have been properly recognised and disclosed in the unaudited interim condensed consolidated financial statements;
4. AS Tallinna Sadam and its subsidiaries are going concerns.

9 August 2022

Valdo Kalm
Chairman of the
Management Board

Andrus Ait
Member of the
Management Board

Margus Vihman
Member of the
Management Board