



**Unaudited interim condensed consolidated
report for the
12 months ended 31 December 2022**

AS Tallinna Sadam

AS TALLINNA SADAM**UNAUDITED INTERIM CONDENSED CONSOLIDATED REPORT
FOR THE 12 MONTHS ENDED 31 DECEMBER 2022**

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MANAGEMENT REPORT

In 2022, the operating results of Tallinna Sadam were affected by the lifting of the COVID-19 related restrictions and the beginning of Russia's war against Ukraine. The removal of pandemic-related restrictions boosted the operations of the Passenger harbours segment. Passenger numbers¹ surged by 98%, rising to 7.0 million passengers. However, the start of the war and the sanctions imposed lowered the volumes of the Cargo harbours segment. Cargo throughput shrank by 4.6 million tonnes (–20.7%) to 17.8 million tonnes. High energy prices, rising service charges and wage pressures increased operating expenses. Expenses related to operating activities grew by EUR 10.3 million (+12.6%).

KEY PERFORMANCE INDICATORS OF THE GROUP

Indicator	Unit	12 months 2022	12 months 2021	Difference	Change %	Q4 2022	Q4 2021	Difference	Change %
Revenue	EUR '000	121,703	110,051	11,652	10.6%	28,243	28,540	–297	–1.0%
Operating profit	EUR '000	30,787	29,758	1,029	3.5%	2,616	6,649	–4,033	–60.7%
Adjusted EBITDA ²	EUR '000	55,817	54,046	1,771	3.3%	8,940	12,813	–3,873	–30.2%
Depreciation, amortisation and impairment	EUR '000	–25,312	–24,761	–551	2.2%	–6,609	–6,259	–350	5.6%
Income tax	EUR '000	–4,193	–3,275	–918	28.0%	–82	0	–82	–
Profit for the period	EUR '000	25,592	25,612	–20	–0.1%	1,632	6,534	–4,902	–75.0%
Investment	EUR '000	13,856	14,718	–862	–5.9%	1,432	4,502	–3,070	–68.2%
Number of employees (average)		468	469	–1	–0.2%	463	461	2	0.4%
Cargo volume	t '000	17,761	22,397	–4,636	–20.7%	3,874	4,688	–814	–17.4%
Number of passengers	'000	7,027	3,542	3,485	98.4%	1,690	1,215	474	39.0%
Number of vessel calls		7,130	7,333	–203	–2.8%	1,600	1,809	–209	–11.6%
Total assets at period-end	EUR '000	621,229	629,538	–8,309	–1.3%	621,229	629,538	–8,309	–1.3%
Net debt ³ at period-end	EUR '000	143,011	168,474	–25,463	–15.1%	143,011	168,474	–25,463	–15.1%
Equity at period-end	EUR '000	380,976	380,895	81	0.0%	380,976	380,895	81	0.0%
Number of shares at period-end	'000	263,000	263,000	0	0.0%	263,000	263,000	0	0.0%
Operating profit/revenue		25.3%	27.0%			9.3%	23.3%		
Adjusted EBITDA/revenue		45.9%	49.1%			31.7%	44.9%		
Profit for the period/revenue		21.0%	23.3%			5.8%	22.9%		
EPS: Profit for the period/ weighted average number of shares	EUR	0.10	0.10	0.00	–0.1%	0.01	0.02	0.02	–75.0%
Equity/number of shares	EUR	1.45	1.45	0.00	0.0%	1.45	1.45	0.00	0.0%

Revenue grew by EUR 11.7 million (10.6%) to EUR 121.7 million. Revenue growth was driven by the Passenger harbours segment and the Ferry segment. Revenue generated by the Cargo harbours segment decreased. Expenses grew more rapidly than revenue. Expenses related to operating activities increased by EUR 10.3 million (+12.6%). Operating profit grew by EUR 1.0 million (+3.5%) compared with a year earlier. Adjusted EBITDA increased by 3.3% and profit for the period decreased by EUR 20 thousand (–0.1%).

¹ The number does not include passengers of the Ferry segment that travelled between Estonia's mainland and two largest islands.

² Adjusted EBITDA = profit before depreciation, amortisation and impairment losses, finance income and costs (net) and income tax expense, adjusted for amortisation of government grants

³ Net debt = loans and borrowings less cash and cash equivalents

In the fourth quarter of 2022, the number of passengers served grew by 39% but cargo throughput decreased by 17.4% year on year. The Group's revenue declined by EUR 0.3 million to EUR 28.5 million (–1%) and profit for the period decreased by EUR 3.1 million to EUR 1.6 million (–75%). The decrease in profit was caused by lower revenue and higher expenses. Expenses on electricity and fuels grew most, followed by expenses on allowances for expected credit losses, personnel expenses and finance costs.

OPERATING VOLUMES

	Q4 2022	Q4 2021	Change %	2022	2021	Change %
Cargo volume by type of cargo (t '000)	3,874	4,688	–17.4%	17,761	22,397	–20.7%
Ro-ro	1,654	1,671	–1.0%	6,891	6,488	6.2%
Liquid bulk	835	1,441	–42.1%	5,160	8,837	–41.6%
Dry bulk	765	956	–20.0%	2,947	4,693	–37.2%
Container cargo	472	502	–6.0%	2,120	1,893	12.0%
Containers in TEUs	60,664	60,536	0.2%	267,752	226,689	18.1%
General cargo	134	118	13.4%	611	485	26.1%
Non-marine	14	0	–	32	1	3,853.1%
Number of passengers by routes ('000)	1,690	1,215	39.0%	7,027	3,542	98.4%
Tallinn-Helsinki	1,522	1,059	43.7%	6,155	3,012	104.3%
Tallinn-Stockholm	125	103	21.6%	454	208	118.3%
Muuga-Vuosaari	29	31	–5.5%	158	130	21.8%
Cruise (traditional)	2	9	–75.3%	172	63	172.8%
Other	11	13	–16.0%	87	129	–32.7%
Number of vessel calls by vessel type	1,600	1,809	–11.6%	7,130	7,333	–2.8%
Cargo vessels	327	367	–10.9%	1,458	1,654	–11.9%
Passenger vessels (incl. ro-pax)	1,272	1,436	–11.4%	5,493	5,634	–2.5%
Cruise vessels (traditional)	1	6	–83.3%	179	45	297.8%
Ferries (Saaremaa and Hiiumaa routes)						
Number of passengers ('000)	447	445	0.3%	2,299	2,204	4.3%
Number of vehicles ('000)	225	238	–5.3%	1,097	1,100	–0.2%
Icebreaker Botnica						
Charter days	43	61	–29.5%	249	267	–6.7%
Utility rate (%)	47%	66%	–29.5%	68%	73%	–6.7%

In 2022, cargo throughput at our harbours dropped by 4.6 million tonnes (–20.7%) to 17.8 million tonnes, which is the lowest level in recent decades and has resulted from the sanctions against Russia. The sharpest decrease was in liquid bulk (–3.7 million tonnes, –42%) and dry bulk cargo (–1.7 million tonnes, –37%). The decline in liquid bulk cargo is primarily attributable to the sanctions imposed on Russian and Belarusian oil products. The drop in dry bulk cargo is mainly due to a decrease in the volume of fertilizers (the impact of sanctions). Within dry bulk, the volume of wood pellets decreased while the volume of crushed stone grew. The volumes of other cargo types increased, but not sufficiently to offset the sharp fall in liquid and dry bulk cargo.

As the volume of ro-ro cargo has been increasing for nine years in a row and liquid bulk volumes have plummeted, ro-ro became Tallinna Sadam's largest cargo type in volume terms last year. In 2022, ro-ro accounted for nearly 39% of total cargo throughput, an increase of 10 percentage points from a year earlier.

In the fourth quarter, the Group's harbours handled 3.9 million tonnes of cargo, 0.8 million tonnes (–17%) less than a year earlier. The decrease was mainly due to a decline in liquid bulk cargo (–0.6 million tonnes, –42%) and dry bulk cargo (–0.2 million tonnes, –20%). Volume changes in other cargo types such as container cargo (–30 thousand tonnes, –6%), ro-ro cargo (–17 thousand tonnes, –1%), general cargo (+16 thousand tonnes, +3.4%) and non-marine cargo (+14.1 thousand tonnes) were less significant.

The ferries operated by OÜ TS Laevad (the Ferry segment) made 22,842 trips between Estonia's mainland and two largest islands in 2022, which is 6% more than a year earlier, serving 2.3 million passengers (+4%) and 1.1 million vehicles (+0%). Based on an agreement with the state (the customer of the ferry service), 436 additional trips (2021: 327) were made with a stand-by vessel to increase service capacity during the summer (June–August). The number of trips made in the fourth quarter was 5,047, which is 187 (+3.8%) more than a year earlier.

In 2022, the number of charter days (contractual working days) of the icebreaker Botnica (the segment Other), which is operated by OÜ TS Shipping, was 249 (2021: 267). Due to the summer season of 2022, the charter period was 18 days shorter (–7%). The utilisation rate of the vessel was 68% (2021: 73%). In the fourth quarter, the number of charter days was 43 and the utilisation rate was 47% (2021: 66%).

Passenger numbers have been growing rapidly since the lifting of the COVID-19 related travel restrictions. The number of passengers served surged by 98% to more than 7.0 million passengers. Due to the rapid recovery, the year-end number of passengers reached nearly two-thirds of the pre-pandemic level. The main routes of Tallinn–Helsinki (+104%) and Tallinn–Stockholm (+118%) showed rapid growth. The number of cruise passengers (+173%) also continued to recover, supported by growth in both the number of cruise ship calls and the passenger load factor. However, the number of cruise ship calls remained almost half lower than in the pre-pandemic time. In the fourth quarter, the number of passengers grew by 0.5 million (+39%) year on year due to growth in passenger numbers on regular routes, particularly on the Tallinn–Helsinki route (+44%).

REVENUE, EXPENSES AND PROFIT

Tallinna Sadam ended 2022 with consolidated **revenue** of EUR 121.7 million, EUR 11.7 million (+10.6%) up on a year earlier. All revenue streams grew with the exception of vessel dues. Growth was the fastest in passenger fee revenue, which grew by EUR 4.6 million (+81%) to EUR 10.2 million. Rapid growth in passenger fees was supported by a surge in passenger numbers (+98%) after the lifting of travel restrictions. Ferry service revenue grew by EUR 3.8 million (+13%), rising to EUR 33.6 million, mainly due to the indexation of passenger fees and the variable part of fixed fees, a 6% increase in the number of trips and a rise in diesel fuel prices. Lease income grew by EUR 1.4 million (+12%) to EUR 13.4 million, mainly because we earned more income at Old City Harbour from the implementation of the new cruise terminal as well as from parking service and the termination of rent concessions. In the Ferry segment, lease income from retail premises on board ferries increased.

Electricity sales revenue grew by EUR 0.9 million (+14%) to EUR 7.1 million due to a rapid increase in electricity prices. The growth was smaller in the Cargo harbours segment because of the sale of the electricity distribution network at Paljassaare Harbour (generation or relevant income ceased from December 2021). Revenue from other services increased by EUR 0.5 million (+24%), supported by the sale of advertising space in Old City Harbour and the sale of water to cruise ships. Charter fee revenue from the icebreaker Botnica grew by EUR 0.4 million (+4%) to EUR 10.2 million despite a decrease in charter days. Cargo charge revenue grew by EUR 0.3 million (+4%) although cargo volumes decreased by more than a fifth. Growth in cargo charge revenue was supported by changes in the cargo mix where cargoes with lower charge rates have been replaced by cargoes with higher charge rates. The only revenue stream that decreased was revenue from vessel dues, which declined by EUR 0.2 million (–0.5%) to EUR 37.2 million due to a smaller number of vessel calls and a lower tonnage charge rate for ferries visiting Old City Harbour.

Revenue for the fourth quarter of 2022 declined by EUR 0.3 million (–1%) to EUR 28.2 million. The main reasons were a decrease in vessel dues (EUR –1.8 million, –19.2%), primarily through fewer vessel calls in the Passenger harbours and the Cargo harbours segments, and the lowering of port dues for all ferry operators in spring 2022 in connection with a compromise reached with Tallink. The growth in ferry service revenue (EUR +0.9 million, +12%), passenger fees (EUR +0.5 million, +24%) and cargo charges (EUR +0.3 million, +15%) helped offset the impact of the sharp decrease in vessel dues revenue. Charter fee revenue from the icebreaker Botnica decreased by EUR 0.4 million (–16%), because at the request of the Canadian customer the charter period in the fourth quarter of 2021 was longer than in the same period in 2022.

Other income decreased by EUR 0.3 million to EUR 1.4 million in 2022 because other income for 2021 included gain on the sale of the assets of Paljassaare Harbour. Other income for the fourth quarter of 2022 decreased by EUR 0.4 million (–59%) year on year mainly for the same reason.

Operating expenses grew by EUR 7.4 million (+21%) due to an increase in various expense items. Fuel and energy costs grew the most (EUR +5.9 million, +51%), primarily due to soaring energy prices which increased the costs of harbour and ferry operations as well as the cost of electricity purchased for sale which concurrently increased revenue. A rise in the price of ferry fuel increased the trip fee component of contract revenue for ferry service through the relevant price index. Expenses on expected credit losses grew significantly (EUR +0.9 million) because in the comparative period the amount recorded was negative due to the agreement of settlement schedules and the collection of some previously expensed receivables. Non-current asset repair costs grew by EUR 0.1 million (+2%) to EUR 7.1 million, remaining at the same level as in the previous year. Expenses on services purchased for ships grew by 0.5% to EUR 5.6 million. Total expenses did not change significantly but the cost structure changed – automated mooring systems lowered expenses on purchased mooring services and higher passenger numbers and service charges increased expenses on the reception of ship-generated waste (+48%). Expenses on assets of insignificant value decreased (EUR –0.2 million, –15%) due to one-off expenses incurred in connection with the furnishing of the cruise terminal a year earlier.

Operating expenses for the fourth quarter increased by EUR 1.6 million (+16%), mainly through a rise in fuel and energy costs by EUR 1.0 million and growth in expenses on expected credit losses by EUR 0.8 million.

Personnel expenses grew by EUR 2.2 million (+10.7%), primarily through growth in salaries and bonuses/benefits. Personnel expenses for the fourth quarter increased by EUR 1.1 million (+20%) due to the adjustment of the provision for performance-related bonuses and other one-off payments.

Depreciation, amortisation and impairment expenses grew by EUR 0.6 million (+2.2%), mainly through asset write-offs and write-downs. Depreciation, amortisation and impairment expenses for the fourth quarter grew by EUR 0.4 million (+5.6%).

Other expenses did not change significantly in 2022 (+ EUR 0.03 million). In the fourth quarter, other expenses grew by EUR 0.2 million year on year, mainly due to the foreign exchange loss in the segment Other.

Operating profit for 2022 was EUR 30.8 million. The figure grew by EUR 1.0 million (+3.5%), because revenue growth exceeded growth in expenses. As operating profit did not grow as rapidly as revenue, operating margin, which reflects the Group's operating efficiency, dropped from 27.0% to 25.3%. Operating profit increased in the Passenger harbours segment and the Ferry segment, but decreased in the Cargo harbours segment and the segment Other. Operating profit for the fourth quarter decreased by EUR 4.0 million (–61%) year on year, because revenue decreased and expenses (operating expenses, personnel expenses, depreciation and amortisation expenses and other expenses) grew.

Adjusted EBITDA grew by EUR 1.8 million (+3.3%) to EUR 55.8 million due to adjusted EBITDA growth in the Passenger harbours segment and the Ferry segment. Adjusted EBITDA margin decreased from 49.1% to 45.9%. Adjusted EBITDA for the fourth quarter fell by EUR 3.9 million (–30%).

Finance costs (net) grew by EUR 0.5 million (+40%) in 2022, mainly due to the general rise in interest rates, although loans and borrowings decreased. Net finance costs for the fourth quarter increased by EUR 0.6 million.

Profit before tax was EUR 29.8 million, EUR 0.9 million higher than a year earlier (+3.1%). Income tax expense grew by EUR 0.9 million. In 2022, the Group paid a dividend of EUR 25.5 million (2021: EUR 20.3 million). In addition to a higher dividend distribution, income tax expense was increased by deferred tax expense of EUR 0.1 million recognised in the fourth quarter.

The Group's net profit for 2022 amounted to EUR 25.6 million, which is EUR 20 thousand (–0.1%) smaller than a year earlier. Net profit for the fourth quarter was EUR 1.6 million (EUR –4.9 million, –75%).

INVESTMENTS

The Group's capital investments in 2022 totalled EUR 13.9 million, which is EUR 0.9 million (6%) less than in the prior year and the past six years' lowest level. Investments in harbour infrastructure assets, acquisition of non-current assets and improvements to existing infrastructure totalled EUR 12.1 million. Investments in the icebreaker Botnica amounted to EUR 1.1 million and investments related to ferries (the Ferry segment) totalled EUR 0.7 million.

The main capital investments in 2022 were again made at Old City Harbour, where the largest completed project (the last works were completed in early 2023) was the reconstruction of the outdoor area around Terminal D which began in 2020. At Muuga Harbour, the largest investments were related to developing the conditions for ro-ro traffic and improving traffic conditions in the harbour area. No major works were carried out on the icebreaker Botnica. In the Ferry segment, the largest works included scheduled dry-dock maintenance of the ferries and upgrades to the customer service and ticket sale systems.

The fourth quarter capital investments amounted to EUR 1.4 million, which is EUR 3.1 million less than in the fourth quarter of 2021.

SEGMENT REPORTING

In thousands of euros	12 months 2022					12 months 2021				
	Passenger harbours	Cargo harbours	Ferry	Other	Total	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	37,862	38,781	34,757	10,303	121,703	28,800	40,678	30,676	9,897	110,051
Adjusted EBITDA	18,618	16,836	14,629	5,734	55,817	13,665	22,294	12,523	5,564	54,046
Operating profit	10,854	8,431	8,926	2,576	30,787	6,725	13,575	6,555	2,903	29,758
Adjusted EBITDA margin	49.2%	43.4%	42.1%	55.7%	45.9%	47.4%	54.8%	40.8%	56.2%	49.1%

Change for 12 months

In thousands of euros	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	9,062	-1,897	4,081	406	11,652
Adjusted EBITDA	4,953	-5,458	2,106	170	1,771
Operating profit	4,129	-5,144	2,371	-327	1,029
Adjusted EBITDA margin	1.8%	-11.4%	1.3%	-0.5%	-3.2%

In thousands of euros	Q4 2022					Q4 2021				
	Passenger harbours	Cargo harbours	Ferry	Other	Total	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	8,132	9,910	8,302	1,899	28,243	8,442	10,416	7,412	2,270	28,540
Adjusted EBITDA	2,298	3,151	3,035	457	8,941	4,017	5,364	2,369	1,062	12,811
Operating profit	242	855	1,633	-115	2,615	2,158	3,276	889	326	6,649
Adjusted EBITDA margin	28.3%	31.8%	36.6%	24.1%	31.7%	47.6%	51.5%	32.0%	46.8%	44.9%

Change for Q4

In thousands of euros	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	-310	-506	890	-371	-297
Adjusted EBITDA	-1,719	-2,213	666	-605	-3,870
Operating profit	-1,916	-2,421	744	-441	-4,034
Adjusted EBITDA margin	-19.3%	-19.7%	4.6%	-22.7%	-13.2%

In segment terms, revenue grew in all segments except Cargo harbours. Revenue growth was EUR 9.1 million (+31%) in the Passenger harbours segment, EUR 4.1 million (+13.3%) in the Ferry segment and EUR 0.4 million (+4.1%) in the segment Other. The revenue of the Cargo harbours segment decreased by EUR 1.9 million (-4.7%). Adjusted EBITDA also grew in all segments except Cargo harbours.

The revenue of the **Passenger harbours segment** increased through higher passenger numbers. Passenger fee revenue grew by EUR 4.6 million due to the lifting of the COVID-19 restrictions. Passenger traffic increased both on regular routes and in cruise travel. A higher number of cruise ship calls contributed to growth in vessel dues (EUR +2.3 million). Revenue from the sale of electricity grew due to a sharp rise in electricity prices and higher consumption. Lease income increased through letting of premises in the cruise terminal, higher parking charge income and termination of rent concessions. Revenue from other services grew through larger sales of water supply and sewerage service as well as higher revenue on the sale of advertising space. The fourth quarter revenue of the Passenger harbours segment decreased by EUR 0.3 million (–4%) to EUR 8.1 million. Vessel dues declined by EUR 1.3 million (–26%) year on year due to the reduction of port dues in connection with the compromise reached with Tallink as well as fewer vessel calls.

The revenue of the **Cargo harbours segment** dropped mainly due to the impact of vessel dues revenue, which declined because sanctions reduced the number of vessel calls. Fewer vessel calls also lowered revenue from other services. Despite smaller cargo volumes, cargo charge revenue grew slightly because cargo with lower charge rates was replaced by cargo with higher charge rates. Rising electricity prices supported growth in revenue from electricity sales. In addition to sanctions, the performance of the Cargo harbours segment was affected by the sale of the electricity distribution network at Paljassaare Harbour at the end of 2021. The fourth quarter revenue of the Cargo harbours segment decreased by EUR 0.5 million (–5%) to EUR 9.9 million.

The revenue of the **Ferry segment** grew mostly due to the indexation of the contractual fee rates and a higher number of trips made. The segment's fourth quarter revenue grew by EUR 0.9 million (+12%) to EUR 8.3 million.

The revenue of the **segment Other** grew, although the summer charter of the icebreaker Botnica was shorter than a year earlier when the Canadian customer extended the charter. Revenue growth was supported by the indexation of the icebreaking and summer charter fee rates to the inflation index. The segment's fourth quarter revenue decreased by EUR 0.4 million (–16%) to EUR 1.9 million (there were more charter days in the fourth quarter a year earlier).

Adjusted EBITDA for 2022 grew in all segments except Cargo harbours (EUR –5.5 million, –24%), rising by EUR 5.0 million (+36%) in the Passenger harbours segment, EUR 2.1 million (+17%) in the Ferry segment and EUR 0.2 million (+3%) in the segment Other. Overall, adjusted EBITDA grew by EUR 1.8 million (+3%), supported by higher revenue, especially a rapid rise in passenger fee revenue and revenue growth in the Ferry segment. Revenue growth in euro terms outpaced the spike in expenses which was caused by the rise in energy and service prices as well as personnel expenses. Adjusted EBITDA growth in the segment Other was supported by the profit of the equity-accounted associate Green Marine. Adjusted EBITDA for the fourth quarter declined year on year in all segments except Ferry (EUR +0.7 million), decreasing by EUR 1.7 million in the Passenger harbours segment, EUR 2.2 million in the Cargo harbours segment and EUR 0.6 million in the segment Other.

Adjusted EBITDA margin declined from 49.1% to 45.9%, mainly due to a decrease in the Cargo harbours segment. In the fourth quarter, the margin decreased in the Passenger harbours segment, the Cargo harbours segment and the segment Other by around 20 percentage points and improved only in the Ferry segment.

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. The restrictions had a strong impact on the tourism sector and passenger traffic, which in turn affected the performance of the Group's Passenger harbours segment. The results of the Passenger harbours segment have been recovering since autumn 2021. By the end of 2022, the number of passengers was at 72% of the pre-pandemic level. The impacts of the pandemic on the Group's other operating segments were not significant.

The Russia-Ukraine war 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 was the country of departure or destination used to account for around a third of the Group's total cargo throughput on average and consisted predominantly of Russian exports. The sanctions were imposed and extended progressively in 2022. In addition to the EU eighth package of sanctions adopted on 6 October 2022, which included an import ban on oil products supplied on the basis of earlier agreements, effective from December 2022 or February 2023 depending on the product group, the government of Estonia decided on 27 October 2022 to ban the import and transit of Russian oil products, effective from 5 December 2022. In addition, Estonia imposed full sanctions on Belarusian cargo from 1 March 2022. Cargo of Belarusian origin (liquid bulk) accounted for 9% of the Group's total cargo throughput in 2021. The estimated negative impact of the sanctions against Russia and Belarus (both the ban on the import and transit of oil products and the suspension of the economic activities of undertakings related to sanctioned persons) on the Group's annual financial results compared with 2021 is around EUR 7 million. In 2022, the impact was EUR 3.5 million, which is lower than expected because the sanctions were imposed progressively over the year. As a result, the share of Russian and Belarusian cargo declined but still accounted for 21% (tons 3.7 million) of the Group's total cargo throughput. The sanctions are expected to have a full impact in 2023. At the same time, the operators of liquid bulk cargo are working to replace sanctioned cargoes with alternative ones. To a certain extent, the volume of non-Russian and -Belarusian goods in liquid bulk increased already in 2022. The presented monetary impact has been estimated based on the results for 2021 and 2022 and the situation at the date the financial statements were authorised for issue and is not to be regarded as a forecast for future periods.

All of the Group's customers that are cargo operators are companies registered in the European Union and accounts with them are settled in euros. Tallinna Sadam cooperates fully with its partners, the Financial Intelligence Unit and other government agencies to comply with the sanctions imposed by the European Union and to apply the sanctions to both cargo and customers responsibly. To enable Ukrainian war refugees to reach their destination as conveniently as possible, our passenger terminals at Old City Harbour offered them service in the Ukrainian language and provided them separate resting areas. We have also been working with ferry operators to offer war refugees discounts on passenger fees.

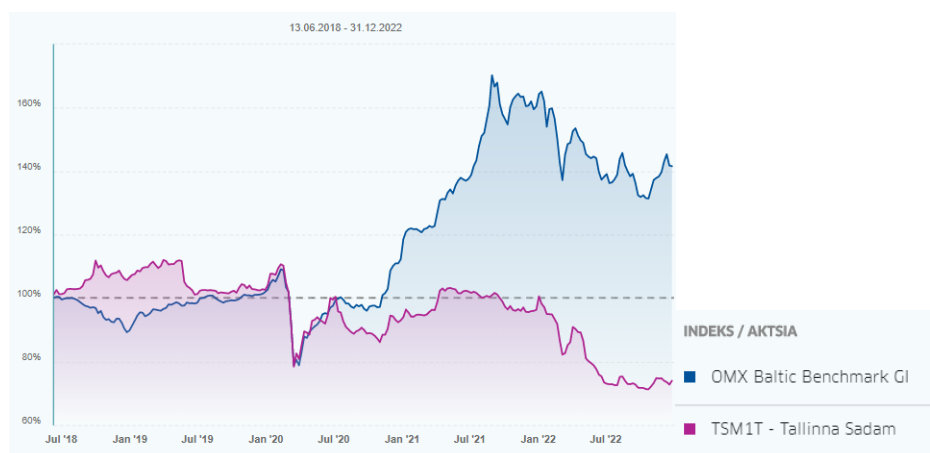
SHARE AND SHAREHOLDERS

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 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 31 December 2022 are presented in the following graph:



The opening price of the share at the beginning of the fourth quarter was EUR 1.386. The closing price of the share at 31 December 2022 was EUR 1.424, having increased in the fourth quarter by 2.7%. The company's market capitalisation at 31 December 2022 was EUR 374.5 million (31 December 2021: EUR 488.7 million). 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 fourth quarter of 2022, there were 11,000 transactions with the AS Tallinna Sadam share (Q3 2022: 15,485 transactions) in which 2.8 million shares (Q3 2022: 4.2 million shares) changed hands. The total turnover of the transactions was EUR 4.0 million (Q3 2022: EUR 6.0 million).

In 2022, there were a total of 73,060 transactions with the AS Tallinna Sadam share (2021: 60,889 transactions) in which 17.8 million shares (2021: 19.3 million shares) changed hands. The total turnover of the transactions was EUR 28.1 million (2021: EUR 36.7 million).

At 31 December 2022, the company had 22,866 shareholders (31 December 2021: 19,946 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 31 December 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)	2,215,156	0.8%

The shareholder structure has changed somewhat compared with the end of 2021. The share of international investors has decreased from 10% to 8% (–5.8 million shares), the share of Estonian retail investors has increased from 13% to 15% (+5.0 million shares), and the share of Estonian and other Baltic investment and pension funds has grown slightly at the expense of international investors.

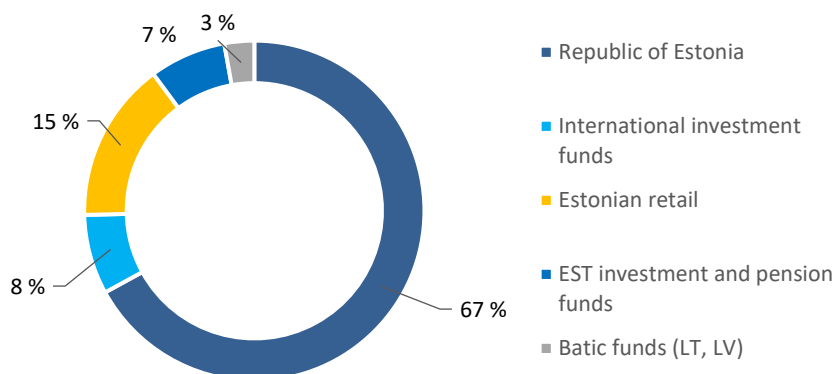
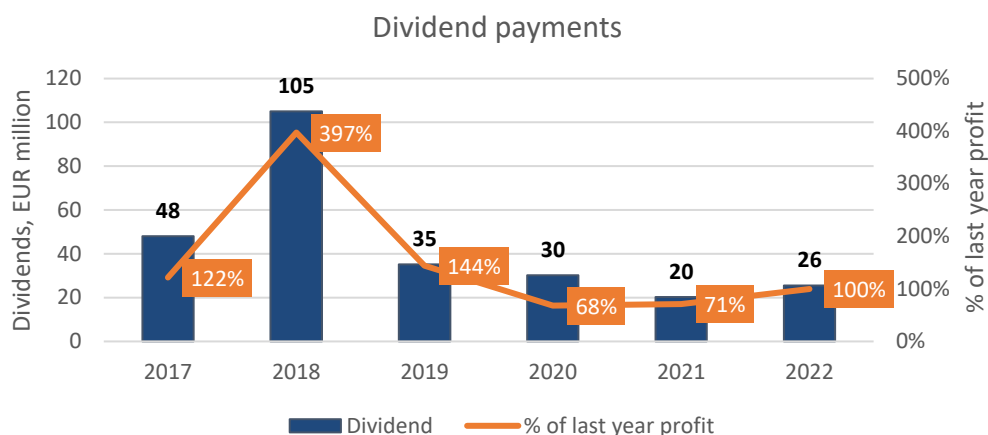


Chart: Shareholder structure at 31 December 2022

DIVIDENDS

In 2022, the Group paid the shareholders 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, i.e. 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 31 December 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. 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 are a four-member audit committee, which consists of members of the supervisory board and provides advice in supervisory matters, and a four-member remuneration committee.

The management board is responsible for the day-to-day management of the company in accordance with the law and the articles of association. According to the articles of association, the management board may have two to five members. At 31 December 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 FOURTH QUARTER OF 2022

- 1. Changes on the management board of OÜ TS Laevad, a subsidiary of AS Tallinna Sadam.** The supervisory board of the subsidiary of AS Tallinna Sadam decided to remove Ave Metsla from the management board, effective from 9 December 2022. A competition is being held to appoint a third member of the management board. In addition to the company's services, the new management board member will also be responsible for commercial affairs and business development.
- 2. Tallinn City Government put on public display the sketch designs of detailed plans of four areas in Old City Harbour.** During the period from 14 December 2022 to 12 January 2023, the Tallinn City Centre Government and the Tallinn City Planning Department put on public display the initial planning outlines and sketch designs of detailed plans of four areas in Old City Harbour, which belongs to AS Tallinna Sadam: the northern part of Old City Harbour, the area around the Admiralty Basin, the area of passenger terminal A and the cruise terminal, and the area of terminal D and the surrounding area. Putting the sketch designs on public display is an important step in implementing the Old City Harbour Masterplan and achieving the goals of the Group's real estate business.
- 3. Extension of icebreaker Botnica's charter for the summer period.** OÜ TS Shipping, a subsidiary of AS Tallinna Sadam, and Baffinland Iron Mines Corporation (Baffinland) extended the five-year framework agreement signed in 2018 for chartering the icebreaker Botnica for the summer period of 2023. Baffinland has a call option to continue chartering Botnica under the same conditions from the end of June to the end of November. More detailed decisions regarding the charter period will be made by Baffinland in February, by the due date for notification under the call option.
- 4. Opening of a square in front of passenger terminal D.** In October, AS Tallinna Sadam took another step towards connecting the city centre with the seafront by opening a square, which is connected to the cruise terminal and northern Tallinn via the Admiral Bridge and to Kadriorg via the Reidi road. The square that has been built in the location of a former parking lot provides townspeople with an attractive place to spend time and ship passengers with a convenient connection to the city centre.
- 5. Air quality survey in Old City Harbour was completed.** This summer, the Estonian Environmental Research Centre carried out measurements of ambient air quality in Tallinn Old City Harbour, which confirmed that AS Tallinna Sadam has effectively mitigated the risks of air pollution from ships and cars visiting the port as none of the measured pollutants exceeded the limit values.

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

In thousands of euros

At	Note	31 December 2022	31 December 2021
ASSETS			
Current assets			
Cash and cash equivalents		44,387	34,840
Trade and other receivables	4	7,477	14,151
Inventories		749	399
<i>Total other current assets</i>		<i>52,613</i>	<i>49,390</i>
Non-current assets held for sale		100	0
Total current assets		52,713	49,390
Non-current assets			
Investments in an associate	5	2,099	1,559
Other long-term receivables	4	303	896
Property, plant and equipment	6	564,379	575,563
Intangible assets		1,735	2,130
Total non-current assets		568,516	580,148
Total assets		621,229	629,538
LIABILITIES			
Current liabilities			
Loans and borrowings	8	15,916	15,916
Provisions		2,013	1,572
Government grants		8,578	1,223
Taxes payable		1,060	890
Trade and other payables	7	9,832	10,348
Total current liabilities		37,399	29,949
Non-current liabilities			
Loans and borrowings	8	171,482	187,398
Government grants		30,156	29,835
Other payables	7	1,216	1,461
Total non-current liabilities		202,854	218,694
Total liabilities		240,253	248,643
EQUITY			
Share capital		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		25,592	25,612
Total equity	18	380,976	380,895
Total liabilities and equity		621,229	629,538

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

for the 12 months ended 31 December

Consolidated statement of profit or loss

In thousands of euros	Note	Q4 2022	Q4 2021	2022	2021
Revenue	3, 10	28,243	28,540	121,703	110,051
Other income		301	742	1,441	1,779
Operating expenses	11	-12,152	-10,508	-43,418	-35,962
Personnel expenses		-6,955	-5,807	-23,165	-20,920
Depreciation, amortisation and impairment		-6,609	-6,258	-25,312	-24,761
Other expenses		-213	-60	-462	-429
Operating profit		2,615	6,649	30,787	29,758
Finance income and costs					
Finance income		119	35	216	95
Finance costs		-1,002	-296	-2,013	-1,378
Finance costs – net		-883	-261	-1,797	-1,283
Share of profit/loss of an associate accounted for under the equity method	5	-19	146	795	412
Profit before income tax		1,713	6,534	29,785	28,887
Income tax expense	9	-82	0	-4,193	-3,275
Profit for the period		1,631	6,534	25,592	25,612
Attributable to:					
Owners of the Parent		1,631	6,534	25,592	25,612
Basic earnings and diluted earnings per share (in euros)	9	0.01	0.02	0.10	0.10
Basic earnings and diluted earnings per share – continuing operations (in euros)		0.01	0.02	0.10	0.10
Consolidated statement of other comprehensive income					
In thousands of euros		Q4 2022	Q4 2021	2022	2021
Profit for the period		1,631	6,534	25,592	25,612
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	0	0	102
Total other comprehensive income		0	0	0	102
Total comprehensive income for the period		1,631	6,534	25,592	25,714
Attributable to:					
Owners of the Parent		1,631	6,534	25,592	25,714

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the 12 months ended 31 December

In thousands of euros	Note	2022	2021
Cash receipts from sale of goods and services		130,099	117,001
Cash receipts related to other income		188	144
Payments to suppliers		-53,548	-44,427
Payments to and on behalf of employees		-19,899	-18,665
Payments for other expenses		-368	-451
Income tax paid on dividends	9	-4,335	-3,440
Cash from operating activities		52,137	50,162
Purchases of property, plant and equipment		-15,189	-14,535
Purchases of intangible assets		-455	-641
Proceeds from sale of property, plant and equipment		191	2,573
Proceeds from government grants related to assets		15,001	409
Dividends received		255	0
Interest received		83	3
Cash used in investing activities		-114	-12,191
Redemption of debt securities	8	-7,650	0
Repayments of loans received	8	-8,266	-8,266
Dividends paid	9	-25,287	-20,085
Interest paid	8	-1,264	-1,458
Other payments related to financing activities		-9	-1
Cash used in financing activities		-42 476	-29,810
NET CASH FLOW		9,547	8,161
Cash and cash equivalents at beginning of period		34,840	26,679
Change in cash and cash equivalents		9,547	8,161
Cash and cash equivalents at end of period		44,387	34,840

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 12 months ended 31 December

In thousands of euros	Note	Share capital	Share premium	Statutory capital reserve	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	25,612	25,612
Other comprehensive income for the period		0	0	0	102	0	102
<i>Total comprehensive income for the period</i>		<i>0</i>	<i>0</i>	<i>0</i>	<i>102</i>	<i>25,612</i>	25,714
Dividend declared	9	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>	-20,251
Increase of capital reserve		0	0	1,009	0	-1,009	0
Equity at 31 December 2021		263,000	44,478	21,271	0	52,146	380,895
Profit for the period		0	0	0	0	25,592	25,592
<i>Total comprehensive income for the period</i>		<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>25,592</i>	25,592
Dividend declared	9	0	0	0	0	-25,511	-25,511
<i>Total transactions with owners</i>		<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-25,511</i>	-25,511
Increase of capital reserve		0	0	844	0	-844	0
Equity at 31 December 2022		263,000	44,478	22,115	0	51,383	380,976

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. REPORTING ENTITY

AS Tallinna Sadam (also referred to as the 'Parent' or the 'company') is a company incorporated and registered in the Republic of Estonia on 5 November 1996. The interim condensed consolidated financial statements of AS Tallinna Sadam as at and for the 12 months ended 31 December 2022 comprise the Parent and its subsidiaries (collectively referred to as the 'Group'). The Group's core business lines are rendering of port services in the capacity of a landlord port, organising ferry service between Estonia's mainland and biggest islands and operating the multifunctional icebreaker Botnica.

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

The Group's subsidiaries at 31 December 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 12 months ended 31 December 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	12 months 2022				Total
	Passenger harbours	Cargo harbours	Ferry	Other	
Vessel dues	20,457	16,776	0	0	37,233
Cargo charges	1,708	5,749	0	0	7,457
Passenger fees	10,064	184	0	0	10,248
Sale of electricity	1,488	5,653	0	0	7,141
Sale of ferry services – ticket sales	0	0	14,199	0	14,199
Sale of other services	1,498	751	77	97	2,423
Operating lease income	2,647	9,668	1,075	0	13,390
Charter fees	0	0	0	10,206	10,206
Sale of ferry services – government support	0	0	19,406	0	19,406
Total segment revenue* (note 10)	37,862	38,781	34,757	10,303	121,703
Adjusted segment EBITDA	18,618	16,836	14,629	5,734	55,817
Depreciation and amortisation	-7,982	-8,696	-5,703	-2,363	-24,744
Impairment losses	-252	-316	0	0	-568
Amortisation of government grants received	470	607	0	0	1,077
Share of profit of an associate accounted for under the equity method	0	0	0	-795	-795
Segment operating profit	10,854	8,431	8,926	2,576	30,787
Finance income and costs, net					-1,797
Share of profit of an associate accounted for under the equity method					795
Income tax expense					-4,193
Profit for the period					25,592

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

Note 3 continued

In thousands of euros	12 months 2021				
	Passenger harbours	Cargo harbours	Ferry	Other	Total
Vessel dues	18,134	19,275	0	0	37,409
Cargo charges	1,497	5,701	0	0	7,198
Passenger fees	5,472	201	0	0	5,673
Sale of electricity	1,111	5,126	0	0	6,237
Sale of ferry services – ticket sales	0	0	11,963	0	11,963
Sale of other services	769	1,007	91	93	1,960
Operating lease income	1,817	9,368	823	0	12,008
Charter fees	0	0	0	9,804	9,804
Sale of ferry services – government support	0	0	17,799	0	17,799
Total segment revenue* (note 10)	28,800	40,678	30,676	9,897	110,051
Adjusted segment EBITDA	13,665	22,294	12,523	5,564	54,046
Depreciation and amortisation	-7,209	-9,098	-5,968	-2,249	-24,524
Impairment losses	-5	-232	0	0	-237
Amortisation of government grants received	274	611	0	0	885
Share of profit of an associate accounted for under the equity method	0	0	0	-412	-412
Segment operating profit	6,725	13,575	6,555	2,903	29,758
Finance income and costs, net					-1,283
Share of profit of an associate accounted for under the equity method					412
Income tax expense					-3,275
Profit for the period					25,612

* Total segment revenue represents revenue from external customers and excludes inter-segment revenue of EUR 176 thousand and EUR 11 thousand for the Passenger harbours and the Cargo harbours segments, respectively, which was eliminated during consolidation.

4. TRADE AND OTHER RECEIVABLES

In thousands of euros

At 31 December	2022	2021
Financial assets		
Trade receivables	7,373	6,544
Allowance for expected credit losses	-1,323	-445
Government grants receivable	38	6,017
Receivables from an associate (note 15)	17	8
Other receivables	439	1,331
Total financial assets	6,544	13,455
Non-financial assets		
Prepaid taxes	481	1,013
Other prepayments	744	552
Other receivables	11	27
Total non-financial assets	1,236	1,592
Total trade and other receivables	7,780	15,047
Of which current receivables	7,477	14,151
non-current receivables	303	896

Trade receivables – expected credit loss matrix

In thousands of euros

At 31 December 2022	Not past due	Days past due				Total
		0–30	31–60	61–90	>90	
Expected credit loss rate	10.03%	1.5%	3.0%	80.0%	100.0%	
Total trade receivables	6,553	135	19	18	648	7,373
Lifetime expected credit loss (ECL)	-657	-2	-1	-15	-648	-1,323
						6,050
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 12 months ended 31 December	2022	2021
Income	7,753	5,410
Expenses	6,063	4,539
Net profit	1,536	835

In thousands of euros

At 31 December	2022	2021
Net assets of the associate	4,115	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	2,099	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 2022</i>						
Acquisition and reconstruction	384	943	406	10,685	1,023	13,441
Sales at carrying amount	0	-16	0	-7	0	-23
Depreciation charge	-12,115	-11,238	-751	0	0	-24,104
Impairment	-313	-9	0	-76	0	-398
Reclassified to non-current assets held for sale at carrying amount	-100	0	0	0	0	-100
Reclassification at carrying amount	1,900	1,744	0	-3,644	0	0
At 31 December 2022						
Cost	649,130	254,747	8,835	10,748	1,039	924,499
Accumulated depreciation and impairment losses	-248,048	-105,479	-6,593	0	0	-360,120
Carrying amount at 31 December 2022	401,082	149,268	2,242	10,748	1,039	564,379

7. TRADE AND OTHER PAYABLES

In thousands of euros

At 31 December	2022	2021
Financial liabilities		
Trade payables	5,344	6,739
Interest payable	1,012	299
Payables to an associate (note 15)	182	153
Other payables	302	533
Total financial liabilities	6,840	7,724
Non-financial liabilities		
Payables to employees	1,421	1,337
Accrued taxes payable on employee remuneration	719	654
Payables related to contracts with customers	829	866
Advances for goods and services	857	645
Other payables	382	583
Total non-financial liabilities	4,208	4,085
Total trade and other payables	11,048	11,809
Of which current liabilities	9,832	10,348
non-current liabilities	1,216	1,461

8. LOANS AND BORROWINGS

In thousands of euros

At 31 December	2022	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	37,532	45,798
Debt securities	133,950	141,600
Total non-current portion	171,482	187,398
Total loans and borrowings	187,398	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 31 December 2022, AS Tallinna Sadam had two debt security issues with final maturities in 2026 and 2027. Consistent with the redemption schedules, in the 12-month period ended 31 December 2022 the Group redeemed debt securities of EUR 7,650 thousand. Consistent with the agreement on the amendment of the terms and conditions of the debt securities, no debt securities were redeemed in 2021.

Note 8 continued

At 31 December 2022, the weighted average interest rate of the debt securities was 2.68% (31 December 2021: 0.49%). The average interest rate has increased due to the increase in the base interest rate (Euribor). The risk margins have not changed. The interest rate risk of debt securities issued 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). The final maturities of outstanding loan liabilities fall in the period 2024–2030. Principal repayments made in the 12-month period ended 31 December 2022 amounted to EUR 8,266 thousand (12-month period ended 31 December 2021: EUR 8,266 thousand).

At 31 December 2022, the weighted average interest rate of drawn loans was 1.94% (31 December 2021: 0.77%). The Group did not have any undrawn loans or credit limits at 31 December 2022. 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 31 December	2022	2021
< 6 months	3,383	3,383
6 – 12 months	12,533	12,533
1 – 5 years	164,482	114,898
> 5 years	7,000	72,500
Total loans and borrowings	187,398	203,314

Fair value

In the reporting period, the assessment of the Group's risk level did not change and there were no significant changes in the interest rates of international financial markets. Thus, according to the Group's assessment, at 31 December 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 secure the liabilities, and the debt securities are not listed. The Group has fulfilled all its obligations under the loan and debt securities agreements, including those resulting from special terms. At 31 December 2022, the Group was in compliance with all covenants that set requirements to its financial indicators.

9. EQUITY

Share capital and share premium

At 31 December 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 31 December 2022 and 31 December 2021, all shares issued had been fully paid for.

Earnings per share

	Q4 2022	Q4 2021	2022	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)	1,631	6,534	25,592	25,612
Basic and diluted earnings per share (in euros)*	0.01	0.02	0.1	0.1

* In the periods ended 31 December 2022 and 31 December 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	2022	2021
Revenue from contracts with customers		
Vessel dues	37,233	37,409
Cargo charges	7,457	7,198
Passenger fees	10,248	5,673
Sale of electricity	7,141	6,237
Sale of ferry services – ticket sales	14,199	11,963
Sale of other services	2,423	1,960
Total revenue from contracts with customers	78,701	70,440
Revenue from other sources		
Operating lease income	13,390	12,008
Charter fees	10,206	9,804
Sale of ferry services – government support	19,406	17,799
Total revenue from other sources	43,002	39,611
Total revenue (note 3)	121,703	110,051

Note 10 continued

In 2022, revenue from services provided in Estonia and Canada amounted to EUR 116,446 thousand and EUR 5,257 thousand (including charter fees of EUR 5,161 thousand), respectively. In 2021, revenue from services provided in Estonia and Canada amounted to EUR 105,058 thousand and EUR 4,993 thousand (including charter fees of EUR 4,900 thousand), respectively.

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.

The agreements signed with cargo operators generally set out a minimum annual cargo volume. If the cargo operator handles less than the minimum, the Group has the right to charge the customer at the end of the calendar year based on the minimum annual cargo volume.

When connecting to the electricity network, customers pay a connection fee based on the expenses incurred in enabling connection to the network. The connection service does not represent a separate performance obligation as the customer does not benefit from this service separately from the consumption of electricity. Therefore, connection fees form part of the consideration for electricity and are recognised as revenue over the period during which customers consume electricity. The amounts of connection fees received but not yet included in revenue are recognised in the statement of financial position as contract liabilities. At 31 December 2022, such liabilities amounted to EUR 767 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 31 December 2022, such liabilities amounted to EUR 62 thousand (31 December 2021: EUR 56 thousand).

11. OPERATING EXPENSES

In thousands of euros	2022	2021
Fuel, oil and energy costs	17,518	11,590
Technical maintenance and repair of non-current assets	7,127	6,995
Services purchased for infrastructure	3,408	3,015
Tax expenses	2,674	2,671
Consultation and development expenses	707	711
Services purchased	5,551	5,521
Acquisition and maintenance of assets of insignificant value	1,139	1,352
Advertising expenses	289	250
Lease expenses	583	674
Expenses on short-term leases	23	13
Insurance expenses	801	781
Other operating expenses	3,598	2,389
Total operating expenses	43,418	35,962

12. COMMITMENTS

At 31 December 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 5,945 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 are under way and proceedings against other persons that have been charged continue, except for Keskkonnahoiduse OÜ and its member of the management board against whom only the civil action proceedings continue. Based on information available at the date this report is authorised for issue, the management board believes that the above events will not have a material adverse impact on the Group's financial performance or financial position. However, they may continue to cause significant damage to the Group's reputation.

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	2022	2021
Transactions with the associate		
Revenue	75	169
Operating expenses	2,102	1,479
Transactions with companies in which members of supervisory and management boards of group companies have significant influence		
Revenue	1	1
Operating expenses	9	10
Other expenses	20	18
Transactions with government agencies and companies in which the state has control		
Revenue	26,011	23,822
Other income	0	30
Operating expenses	12,797	9,666
Other expenses	72	57
Acquisition of property, plant and equipment	346	8

Note 15 continued

In thousands of euros

At 31 December	2022	2021
Trade receivables from and payables to the associate		
Receivables (note 4)	17	8
Payables (note 7)	182	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 payables to government agencies and companies in which the state has control		
Receivables	174	352
Payables	2,755	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 the related parties.

16. EVENTS AFTER THE REPORTING PERIOD

Baffinland Iron Mines Corporation has announced that it will use the contractual option to charter the multifunctional icebreaker Botnica in 2023 for a shorter period of at least 60 days during the period from September to November. The exact number of charter days will depend on the weather and other conditions. The daily charter rate for the period will be higher than in the previous summers when the period was longer (June to November). According to management's estimates, the shorter charter period may have a negative impact on the Group's financial performance to the extent of EUR 2.5 million. In order to maintain a high utilisation rate of the vessel, TS Shipping is currently actively negotiating to secure work for the vessel in other offshore projects during summer months. Demand and prices in the offshore market have increased significantly in the last six months and, therefore, management believes that it is probable that the company will be able to secure other summer work for Botnica.

MANAGEMENT'S CONFIRMATION AND SIGNATURES

The management board has prepared the unaudited management report and interim condensed consolidated financial statements of AS Tallinna Sadam as at and for the period ended 31 December 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 16 to 31, are correct and complete and that:

1. the unaudited interim condensed consolidated financial statements have been prepared in accordance with the Estonian Accounting Act and International Financial Reporting Standards as adopted by the European Union (IFRS EU);
2. the unaudited interim condensed consolidated financial statements give a true and fair view of the financial position, cash flows and financial performance of the Group;
3. all significant events that occurred until the date on which the interim financial report was authorised for issue (27 February 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.

27 February 2023

Valdo Kalm
Chairman of the
Management Board

Andrus Ait
Member of the
Management Board

Margus Vihman
Member of the
Management Board