



**Unaudited interim condensed  
consolidated report for the  
6 months ended 30 June 2023**

AS Tallinna Sadam

**AS TALLINNA SADAM****UNAUDITED INTERIM CONDENSED CONSOLIDATED REPORT  
FOR THE 6 MONTHS ENDED 30 JUNE 2023**

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**MANAGEMENT REPORT**

The Group's results for the first half of 2023 were strongly influenced by growth in passenger traffic and a decrease in cargo throughput. While the number of passengers continued to recover steadily and there is still growth potential to reach the pre-pandemic level, the decline in cargo throughput continues due to the sanctions as well as the overall downturn in cargo volumes.

**KEY PERFORMANCE INDICATORS OF THE GROUP<sup>1</sup>**

Indicator	Unit	6 months 2023	6 months 2022	Difference	Change %	Q2 2023	Q2 2022	Difference	Change %
Revenue	EUR '000	57,189	57,135	54	0.1%	28,783	30,364	-1,581	-5.2%
Operating profit	EUR '000	12,555	16,328	-3,773	-23.1%	5,758	9,111	-3,353	-36.8%
Adjusted EBITDA	EUR '000	25,279	28,871	-3,592	-12.4%	11,715	15,389	-3,674	-23.9%
Depreciation, amortisation and impairment	EUR '000	-13,227	-12,512	-715	5.7%	-6,189	-6,225	36	-0.6%
Income tax	EUR '000	-2,985	-4,111	1,126	-27.4%	-2,985	-4,111	1,126	-27.4%
Profit for the period	EUR '000	7,065	12,252	-5,187	-42.3%	1,363	5,061	-3,698	-73.1%
Investment	EUR '000	6,147	8,966	-2,819	-31.4%	4,605	4,269	336	7.9%
Number of employees (average)		463	464	-1	-0.2%	468	470	-2	-0.4%
Cargo volume	t '000	6,614	9,526	-2,912	-30.6%	3,251	4,683	-1,432	-30.6%
Number of passengers	'000	3,546	2,804	742	26.5%	2,150	1,902	248	13.0%
Number of vessel calls		3,519	3,593	-74	-2.1%	1,801	1,948	-147	-7.5%
Total assets at period-end	EUR '000	611,361	618,604	-7,243	-1.2%	611,361	618,604	-7,243	-1.2%
Net debt <sup>2</sup> at period-end	EUR '000	146,179	168,821	-22,642	-13.4%	146,179	168,821	-22,642	-13.4%
Equity at period-end	EUR '000	368,842	367,636	1,206	0.3%	368,842	367,636	1,206	0.3%
Number of shares at period-end	'000	263,000	263,000	0	0.0%	263,000	263,000	0	0.0%
Operating profit/revenue		22.0%	28.6%			20.0%	30.0%		
Adjusted EBITDA/revenue		44.2%	50.5%			40.7%	50.7%		
Profit for the period/revenue		12.4%	21.4%			4.7%	16.7%		
EPS: Profit for the period/ average number of shares	EUR	0.03	0.05	-0.02	-42.3%	0.01	0.02	-0.01	-73.1%
Equity/number of shares at period-end	EUR	1.40	1.40	0.00	0.3%	1.40	1.40	0.00	0.3%

The number of passengers<sup>3</sup> grew by 26.5% in the first half of the year, mainly through growth on the Stockholm and Helsinki routes. The number of cruise passengers increased despite a decrease in cruise ship calls. The overall number of passengers grew year on year but the figures for the Helsinki route and the total for all routes remained about 21% and 24% below their pre-pandemic (2019) levels, respectively. Growth in passenger numbers was driven by a higher passenger load factor and growth in the number of vessel calls on the Stockholm and Helsinki routes. Half-year revenue remained at the level of last year due to vigorous growth in passenger numbers and higher revenue from the Ferry segment and the icebreaker Botnica. Revenue for the first half of 2023 grew by EUR 0.05 million (+0.1%) year on year to EUR 57.2 million.

<sup>1</sup> The ratios and changes presented in the table may contain rounding differences.

<sup>2</sup> Loans and borrowings less cash and cash equivalents

<sup>3</sup> The number does not include passengers of the Ferry segment that travelled between Estonia's mainland and two largest islands.

Cargo throughput continued to contract due to a decline in liquid and dry bulk cargoes which have been particularly strongly affected by the sanctions but the volumes of all types decreased against a backdrop of a general economic slowdown.

Operating profit for the first half of 2023 decreased by EUR 3.8 million (–23.1%) to EUR 12.6 million and profit for the period fell by EUR 5.2 million (–42.3%) to EUR 7.1 million, although income tax expense on dividends was about EUR 1.1 million lower than a year earlier. Adjusted EBITDA<sup>4</sup> decreased by EUR 3.6 million to EUR 25.3 million (–12.4%).

In the second quarter of 2023, the number of passengers grew by 13% but the volume of cargo decreased by 30.6% year on year. Contracting cargo throughput, fewer vessel calls and a lower electricity price also reduced revenue for the second quarter. Revenue dropped by EUR 1.6 million (–5.2%) to EUR 28.8 million, mostly due to the Cargo harbours and the Passenger harbours segments. The Group's operating profit decreased by 36.8% to EUR 5.8 million and profit fell by EUR 3.7 million (–73.1%) to EUR 1.4 million.

## OPERATING VOLUMES

In the first half of 2023, the Group's harbours handled 6.6 million tonnes of cargo, 2.9 million tonnes (–30.6%) less than in the same period last year. The decrease in cargo throughput is mainly attributable to liquid bulk cargo, whose volumes dropped by 2.2 million tonnes (–69.1%) due to the sanctions imposed on Russian and Belarusian oil products in connection with the war in Ukraine, but all other marine cargo types also contracted. The volume of dry bulk cargo fell by 266 thousand tonnes (–20.4%), mainly due to a decrease in the volume of fertilizers (the impact of sanctions against Russia), but the volumes of scrap metal and wood pellets decreased as well. The volume of ro-ro cargo decreased by 124 thousand tonnes (–3.5%), the volume of container cargo by 205 thousand tonnes (–17.9%) (in TEUs –38 thousand units, –26.0%) and the volume of general cargo by 140 thousand tonnes (–38.3%). The drop in ro-ro cargo was mostly attributable to lower volumes in the Cargo harbours segment; ro-ro volumes in the Passenger harbours segment did not decrease. Ro-ro cargo volume decreased in terms of tonnes, but cargo charges for ro-ro cargo are based on quantity (units of vehicles) and the quantity subject to cargo charges remained at the same level as a year earlier. The number of calls by vessels carrying container cargo increased, but relevant cargo volumes in tonnes and TEUs declined. As the decrease in ro-ro cargo was lower than in other cargo types, its share in total cargo throughput grew to 51% (37% a year earlier), making ro-ro the largest cargo type this year. Previously, liquid bulk was the largest cargo type, which even last year accounted for almost one third of total cargo throughput, but now its share is less than 15%.

In the second quarter, the Group's harbours handled 3.3 million tonnes of cargo, around 1.4 million tonnes less (–30.6%) than a year earlier. The drop was mainly due to the impact of the sanctions on liquid bulk cargo and a general decline in cargo volumes. The volume of liquid bulk cargo fell by 1.0 million tonnes (–67.8%). The volumes of other cargo types also dropped. The volume of ro-ro cargo decreased by 191 thousand tonnes (–10.2%), the volume of container cargo by 122 thousand tonnes (–20.6%; –23 thousand units, –29.1% in TEUs), the volume of general cargo by 84 thousand tonnes (–41.0%) and the volume of dry bulk cargo by 56 thousand tonnes (–9.8%).

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<sup>4</sup> Adjusted EBITDA = profit before depreciation, amortisation and impairment losses, finance income and costs (net) and income tax expense, adjusted for amortisation of government grants related to assets.

The growth in passenger numbers, which started after the lifting of the COVID-19 restrictions, continued in the first half of 2023. The half-year number of passengers grew by 0.7 million to 3.5 million (+26.5%). The Tallinn–Stockholm route (+77 thousand passengers, +42.1%) and the Tallinn–Helsinki route (+656 thousand passengers, +26.6%) showed rapid growth and the number of cruise passengers (+15 thousand, +28.1%) grew as well. Growth in passenger traffic on the Helsinki route was underpinned by growth in the number of vessel calls (+10%) and a higher passenger load factor.

In the second quarter, the number of passengers grew by 13.0% to 2.2 million. The growth in passenger traffic on the main routes was lower than in previous quarters because by the second quarter of last year COVID-19 restrictions had already been lifted.

The ferries operated by OÜ TS Laevad (the Ferry segment) made 10,839 trips between Estonia's mainland and two largest islands in the first half of 2023, 57 trips more than a year earlier (+0.5%). The number of trips made in the second quarter was 6,180, which is 23 more than a year earlier (+0.4%).

The icebreaker Botnica (the segment Other), which is operated by OÜ TS Shipping, had 119 charter days (contractual working days) in the first half of the year, 5 days more than a year earlier because the icebreaker's summer charter started earlier this year. The utilisation rate of the vessel was 66% (63% a year earlier). In the second quarter, the number of charter days was 29 (24 in the second quarter of 2022) and the utilisation rate was 32% (26% a year earlier).

	Q2 2023	Q2 2022	Change %	6 months 2023	6 months 2022	Change %
<b>Cargo volume by type of cargo (t '000)</b>	<b>3,251</b>	<b>4,683</b>	<b>-30.6%</b>	<b>6,614</b>	<b>9,526</b>	<b>-30.6%</b>
Ro-ro	1,681	1,872	-10.2%	3,410	3,534	-3.5%
Liquid bulk	463	1,438	-67.8%	978	3,169	-69.1%
Dry bulk	515	571	-9.8%	1,041	1,308	-20.4%
Container cargo	469	591	-20.6%	936	1,141	-17.9%
<i>Containers in TEUs</i>	<i>56,062</i>	<i>79,028</i>	<i>-29.1%</i>	<i>108,711</i>	<i>146,856</i>	<i>-26.0%</i>
General cargo	122	206	-41.0%	226	366	-38.3%
Non-marine	1	5	-70.3	23	10	140.9%
<b>Number of passengers by route ('000)</b>	<b>2,150</b>	<b>1,902</b>	<b>13.0%</b>	<b>3,546</b>	<b>2,804</b>	<b>26.5%</b>
Tallinn–Helsinki	1,865	1,657	12.5%	3,121	2,465	26.6%
Tallinn–Stockholm	158	129	22.4%	260	183	42.1%
Muuga–Vuosaari	48	47	1.8%	75	79	-4.6%
Cruise (traditional)	69	54	28.1%	69	54	28.1%
Other	9	14	-32.4%	21	24	-12.6%
<b>Number of vessel calls by vessel type</b>	<b>1,801</b>	<b>1,948</b>	<b>-7.5%</b>	<b>3,519</b>	<b>3,593</b>	<b>-2.1%</b>
Cargo vessels	379	411	-7.8%	700	760	-7.9%
Passenger vessels (incl. ro-pax)	1,378	1,469	-6.2%	2,775	2,765	0.4%
Cruise vessels (traditional)	44	68	-35.3%	44	68	-35.3%
<b>Ferries (Saaremaa and Hiiumaa routes)</b>						
Number of passengers ('000)	671	632	6.2%	1,021	955	6.9%
Number of vehicles ('000)	312	300	4.1%	493	478	3.1%
<b>Icebreaker Botnica</b>						
Charter days	29	24	20.8%	119	114	4.4%
Utility rate (%)	32%	26%	20.8%	66%	63%	4.4%

**REVENUE, EXPENSES AND PROFIT**

**Revenue** for the first half of 2023 grew by EUR 54 thousand (+0.1%) year on year to EUR 57.2 million. Revenue remained at the same level as a year earlier due to growth in revenue from ferry service between Estonia's mainland and two largest islands, passenger fee revenue in the Passenger harbours segment and charter fee revenue in the segment Other, which offset the decrease in revenue from vessel dues, cargo charges and electricity sales.

In terms of revenue streams, the biggest change in the first half-year was in **vessel dues revenue**, which dropped by EUR 2.2 million (–12.2%) to EUR 16.0 million. This was mainly attributable to fewer calls by cargo ships and ro-pax vessels due to decreasing cargo volumes as well as a decline in the number of cruise ship calls (–35.3%). **Electricity sales** revenue fell by EUR 1.0 million (–32.8%) to EUR 2.1 million. Electricity prices were lower than a year earlier and electricity consumption decreased due to lower cargo volumes. **Charter fees** revenue grew by EUR 1.1 million (+24.4%) as the number of charter days increased in the second quarter and the charter fee rate for the icebreaking season rose in the first quarter because of the new contract. **Ferry service**<sup>5</sup> revenue grew by EUR 1.5 million (+9.4%) to EUR 17.3 million, mainly due to the indexation of the fee rates to the Estonian fuel cost, employment cost and consumer price indices, which increased. The number of trips did not change significantly compared with the previous year. **Passenger fee** revenue grew by EUR 1.0 million (+24.6%) to EUR 5.2 million. The increase in passenger fee revenue was supported by a rise in the number of passengers (+26.5%). However, as the fee rate for passengers arriving at or departing from Old City Harbour on regularly operated ferry routes was reduced by 10% starting from March last year, passenger fee revenue grew at a lower rate than the number of passengers. **Cargo charge** revenue decreased by EUR 0.5 million (–13.2%) to EUR 3.1 million due to lower cargo volumes. Cargo charge revenue decreased less than cargo throughput (–30.6%), because the decline was stronger for cargo with lower charge rates. **Operating lease** income grew by EUR 0.2 million (+3.5%) to EUR 6.7 million, supported by the Passenger harbours and the Ferry segments, which offset the decline in the Cargo harbours segment. Changes in other revenues were less significant.

In terms of segments, six-month revenue grew in the Passenger harbours segment, the Ferry segment and the segment Other (the icebreaker Botnica), which offset the revenue decrease in the Cargo harbours segment.

**Other income** grew by EUR 133 thousand to EUR 0.9 million. Other income comprises 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 2023 increased by EUR 1.6 million (+8.5%) year on year. In terms of items, changes varied. Fuel and energy costs decreased (–EUR 1.5 million), because both electricity prices and electricity consumption dropped. Non-current asset repair costs showed the strongest growth (+EUR 1.3 million). Repair costs grew in the Ferry segment and the segment Other. One of the reasons for higher repair costs in the Ferry segment was that repair costs in the second quarter of 2022 were reduced by an insurance indemnity payment (EUR 0.3 million). Repair costs in the segment Other resulted mostly from regular dry dock maintenance and repairs of Botnica and, to a lesser extent, the preparations made for the icebreaker's summer charter.

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<sup>5</sup> Ferry service between Estonia's mainland and two largest islands.

Expenses on services purchased for harbour infrastructure increased due to a rise in the prices of cleaning and upkeep services. Expenses on services purchased grew because mooring charges, expenses on the reception of ship-generated waste (including the prices and volumes of accepted waste) and expenses on harbour services in the Ferry segment increased. Other operating expenses grew due to growth in expected credit losses and IT expenses as well as higher expenses in the segment Other due to the preparation of the icebreaker Botnica for the summer charter. Lease expenses increased in connection with the need to ensure additional technical capabilities for Botnica's summer charter. Operating expenses for the second quarter grew by EUR 1.1 million (+11.0%).

**Personnel expenses** for six months grew by EUR 1.7 million (+15.9%) due to a pay rise. The Group's average number of employees for the first half-year decreased from 464 to 463 year on year (−0.2%). Personnel expenses for the second quarter grew by EUR 0.8 million (+14.4%).

**Depreciation, amortisation and impairment** for the half-year grew by EUR 0.7 million (+5.7%). Growth was mainly attributable to a one-off write-off of non-current assets in the first quarter due to the raising of the threshold for recognising assets as non-current as from 1 January 2023 consistent with the amendments to the public sector financial accounting and reporting regulation applicable to the Group. In the second quarter, no non-current assets were written off and depreciation and amortisation decreased by 0.6% year on year.

**Operating profit** for the first half of 2023 decreased by EUR 3.8 million (−23.1%) year on year. The decline was due to a higher cost base (growth in operating expenses, personnel expenses, and depreciation, amortisation and impairment of EUR 4.0 million in total), while revenue remained at the same level as a year earlier and other income grew by EUR 133 thousand. Operating profit margin declined from 28.6% to 22.0%. Second-quarter operating profit was EUR 5.8 million (−36.8%) and operating profit margin decreased from 30.0% to 20.0%. Second-quarter margin dropped due to a decrease in revenue (−5.2%) and growth in operating expenses (+11.0%), personnel expenses (+14.4%) and other expenses. Only depreciation and amortisation expense decreased in the second quarter (−0.6%).

**Adjusted EBITDA** for the first half-year dropped by EUR 3.6 million (−12.4%) year on year to EUR 25.3 million. Adjusted EBITDA growth the Passenger harbours segment and the Ferry segment could not offset the decrease in the Cargo harbours segment and the segment Other. The adjusted EBITDA of the segment Other decreased due to higher expenses incurred in the second quarter in connection with the regular dry dock maintenance and repairs of the icebreaker Botnica. Adjusted EBITDA decreased slightly less than operating profit because the growth in depreciation, amortisation and impairment exceeded the growth in income from the amortisation of government grants related to assets and the decrease in profit from the associate.

In the second quarter, adjusted EBITDA decreased by EUR 3.7 million (−23.9%) year on year. Adjusted EBITDA decreased in all segments except the Ferry segment. The decrease in the Passenger harbours and the Cargo harbours segments resulted from revenue decline. In the segment Other, revenue grew, but expenses grew even more (in connection with preparations for the summer charter).

Adjusted EBITDA margin for the first half-year decreased from 50.5% to 44.2% and adjusted EBITDA margin for the second quarter decreased from 50.7% to 40.7%.



**Finance costs (net)** for six months increased by EUR 2.1 million (+388%) because interest expense on loans and borrowings grew due to an overall rise in interest rates (Euribor), although loans and borrowings decreased by EUR 22.6 million (–13.4%) year on year. Finance costs (net) for the second quarter grew by EUR 1.2 million (+421%).

**Profit** before tax for the first six months fell by EUR 6.3 million (–38.6%) year on year to EUR 10.1 million. Profit decreased more than operating profit because the profit from the equity-accounted associate AS Green Marine decreased by EUR 0.4 million and finance costs (net) grew. The dividend declared in the second quarter of 2023 in an amount of EUR 19.2 million gave rise to income tax expense of EUR 3.1 million, which was EUR 1.0 million smaller than the income tax expense on the dividend distributed in the previous year. Income tax expense was reduced by the reversal of deferred tax of EUR 0.1 million. Profit for the first half-year decreased by EUR 5.2 million (–38.6%) year on year. Second-quarter net profit was EUR 1.4 million (–EUR 3.7 million) and profit before tax was EUR 4.3 million (–EUR 4.8 million).

## INVESTMENTS

In the first six months of 2023, the Group invested EUR 6.1 million, EUR 2.8 million less than a year earlier. The largest investments were scheduled dry docking works and investments for improving ice class on the icebreaker Botnica, building a new quay in Paldiski South Harbour, reconstructing a quay and completing the reconstruction of the outdoor area around terminal D in Old City Harbour and increasing the capacity of Muuga Harbour to serve ro-ro cargo (second floor ramp). Investments of the II quarter totalled EUR 4.6 million (Q2 2022: EUR 4.3 million).

## SEGMENT REPORTING

The strongest revenue growth in the first half-year was delivered by the Ferry segment (+EUR 1.5 million, +9.5%), followed by the Passenger harbours segment (+EUR 1.3 million, +7.6%) and the segment Other (+EUR 1.4 million, +24.7%). Due to revenue decline in the Cargo harbours segment (–EUR 3.9 million, –20.1%), the Group’s revenue remained at the same level as a year earlier. The Group’s second-quarter revenue dropped by EUR 1.6 million, because the revenue of the Cargo harbours segment decreased due to lower cargo throughput and the revenue of the Passenger harbours segment declined due to fewer cruise ship calls. In the Ferry segment and the segment Other, revenue increased in the second quarter.

In thousands of euros	6 months 2023					6 months 2022				
	Passenger harbours	Cargo harbours	Ferry	Other	Total	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	18,027	15,585	17,797	5,780	57,189	16,749	19,502	16,248	4,636	57,135
Adjusted EBITDA	9,344	6,558	7,974	1,403	25,279	8,843	10,188	7,158	2,682	28,871
Operating profit	5,055	2,392	5,111	–3	12,555	5,059	6,073	4,272	924	16,328
Adjusted EBITDA margin	51.8%	42.1%	44.8%	24.3%	44.2%	52.8%	52.2%	44.1%	57.9%	50.5%

In thousands of euros	Change for 6 months				
	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	1,278	–3,917	1,549	1,144	54
Adjusted EBITDA	501	–3,630	816	–1,279	–3,592
Operating profit	–4	–3,681	839	–927	–3,773

In thousands of euros	Q2 2023					Q2 2022				
	Passenger harbours	Cargo harbours	Ferry	Other	Total	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	10,013	7,657	9,366	1,747	28,783	10,736	9,850	8,809	968	30,363
Adjusted EBITDA	5,711	3,088	4,123	-1,207	11,715	6,313	5,060	3,923	93	15,389
Operating profit	3,851	1,149	2,727	-1,969	5,758	4,464	3,011	2,484	-848	9,111
Adjusted EBITDA margin	57.0%	40.3%	44.0%	-69.1%	40.7%	58.8%	51.4%	44.5%	9.6%	50.7%

In thousands of euros	Change for Q2				
	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	-723	-2,193	557	779	-1,580
Adjusted EBITDA	-602	-1,972	200	-1,300	-3,674
Operating profit	-613	-1,862	243	-1,121	-3,353

The six-month revenue of the **Passenger harbours segment** grew by 7.6% year on year, mainly through an increase passenger fee revenue (+EUR 1.0 million) due to rapid growth in passenger numbers and higher lease income (+EUR 0.2 million). Lease income grew due to the addition of new premises, growth in parking charges and higher income from the cruise terminal. In the second quarter, revenue decreased by 6.7% year on year to EUR 9.3 million (-EUR 0.7 million). This was mainly due to lower revenue from vessel dues in connection with fewer cruise ship calls. Other main revenue streams (passenger fee revenue, cargo charge revenue and lease income) increased.

The six-month revenue of the **Cargo harbours segment** decreased year on year (-20.1%). Vessel dues revenue dropped significantly (-EUR 2.2 million) as the number of vessel calls fell due to a drop in cargo volumes. Cargo charge revenue decreased (-EUR 0.5 million) because volumes contracted for all cargo types (particularly liquid bulk and general cargo), with the exception of non-marine cargo but the volumes of the latter are small. Revenue from the sale of electricity (-EUR 1.0 million) decreased because consumption declined due to lower cargo volumes and electricity prices dropped. Lease income and revenue from the sale of other services also declined. The second-quarter revenue of the Cargo harbours segment decreased by EUR 2.2 million (-22.3%) year on year, mainly due to lower vessel dues revenue, cargo charge revenue and electricity sales revenue.

The six-month revenue of the **Ferry segment** grew by EUR 1.5 million (+9.5%) 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. In the second quarter, the revenue of the Ferry segment grew by EUR 0.6 million year on year (+6.3%).

The six-month revenue of the **segment Other** grew by EUR 1.1 million (+24.7%). Revenue grew due to the summer charter of the icebreaker Botnica and higher charter fee revenue for the icebreaking season (under a new contract with the Transport Administration), even though the summer charter of Botnica was cut short due to technical changes made to the project (9 days instead of 40 days). Revenue for the second quarter grew by EUR 0.8 million (+80.5%) through the summer charter of Botnica and higher revenue in the icebreaking season that ended on 20 April.

**Adjusted EBITDA** for the first half-year decreased in the Cargo harbours segment (–EUR 3.6 million) and the segment Other (–EUR 1.3 million). In the Cargo harbours segment, adjusted EBITDA decreased mostly due to lower cargo volumes. In the segment Other, adjusted EBITDA dropped because growth in costs exceeded revenue growth. Non-current asset maintenance and repair costs grew, while the profit from the equity-accounted associate AS Green Marine decreased. In the Ferry segment and the Passenger harbours segment, adjusted EBITDA grew by EUR 0.8 million and EUR 0.5 million, respectively.

In the second quarter, adjusted EBITDA decreased by EUR 3.7 million year on year. Adjusted EBITDA grew only in the Ferry segment.

The Group's **adjusted EBITDA margin** for the first six months decreased from 50.5% to 44.2%. The margin of the segment Other plummeted, falling from 57.9% to 24.3%. The margin of the Cargo harbours segment decreased from 52.2% to 42.1% whereas the margin of the Ferry segment improved slightly, rising by 0.7 percentage points to 44.7%. The margin of the Passenger harbours segment slipped from 52.8% to 51.8%. In the second quarter, adjusted EBITDA margin fell in all segments with the steepest decrease in the segment Other.

## RISKS

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 have been imposed and extended progressively since the start of the war. In addition, the government of Estonia decided on 27 October 2022 to ban the import and transit of Russian oil products, effective from 5 December 2022, and 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 financial results compared with 2021 is around EUR 7 million per year. In 2022, the impact was EUR 3.5 million, which was 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% (3.7 million tonnes) 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. 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. The changes in the volumes of other categories of cargo (i.e. excluding liquid and dry bulk) correlate more closely with the overall economic situation in Estonia and the countries which are its main trading partners and in an environment of slowing economic activity the throughput of other categories of cargo may decrease as well.

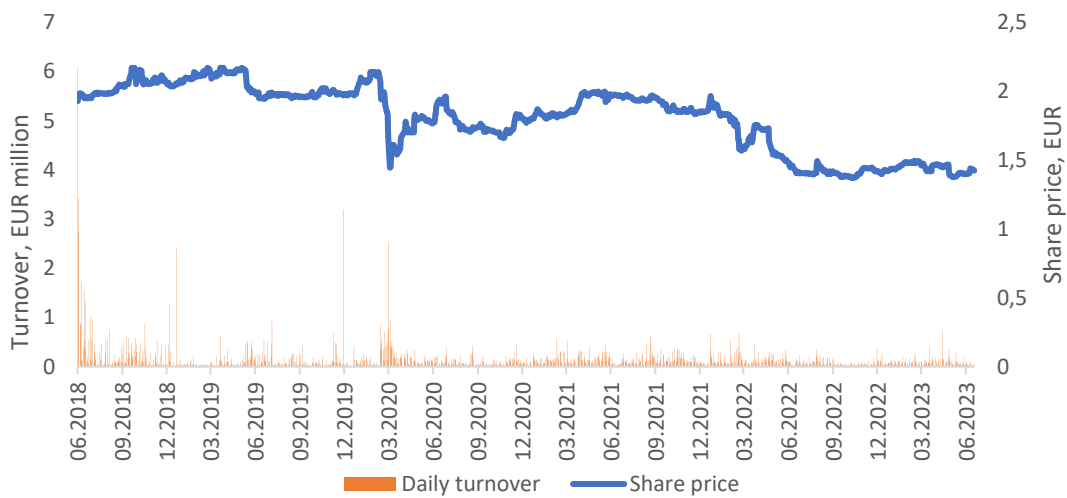
All of the Group's customers that are cargo operators are companies registered in the European Union and accounts with them are settled in euros. AS Tallinna Sadam cooperates fully with its partners, the Financial

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.

**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 30 June 2023 are presented in the following graph:



The opening price of the share at the beginning of the second quarter was EUR 1.418. The closing price of the share at 30 June 2023 was EUR 1.424, having increased in the second quarter by 0.4%. The company’s market capitalisation at 30 June 2023 was EUR 374.5 million (31 March 2023: EUR 372.9 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 second quarter of 2023, there were 17,211 transactions with the AS Tallinna Sadam share (Q1 2023: 14,660 transactions) in which 4.3 million shares (Q1 2023: 4.1 million shares) changed hands. The total turnover of the transactions was EUR 6.1 million (Q1 2023: EUR 5.9 million).

At 30 June 2023, the company had 24,035 shareholders (31 March 2023: 23,577 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 2023 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%
AB SEB Bankas	1,759,502	0.7%

In the second quarter, the shareholder structure did not change significantly compared with the end the first quarter. The share of international investors decreased by 7.6 percentage points (–1.4 million shares), while the share of Estonian retail investors as well as Estonian and Baltic funds increased accordingly.

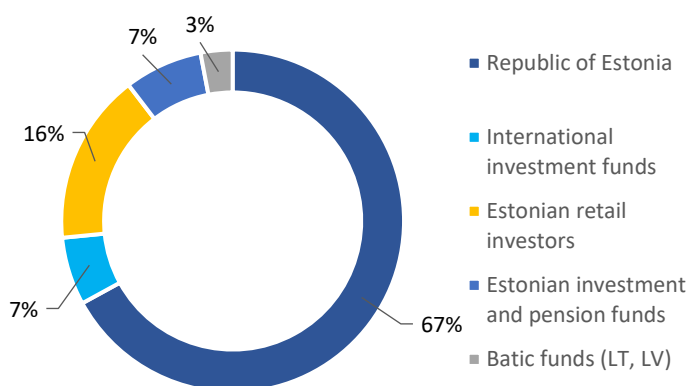
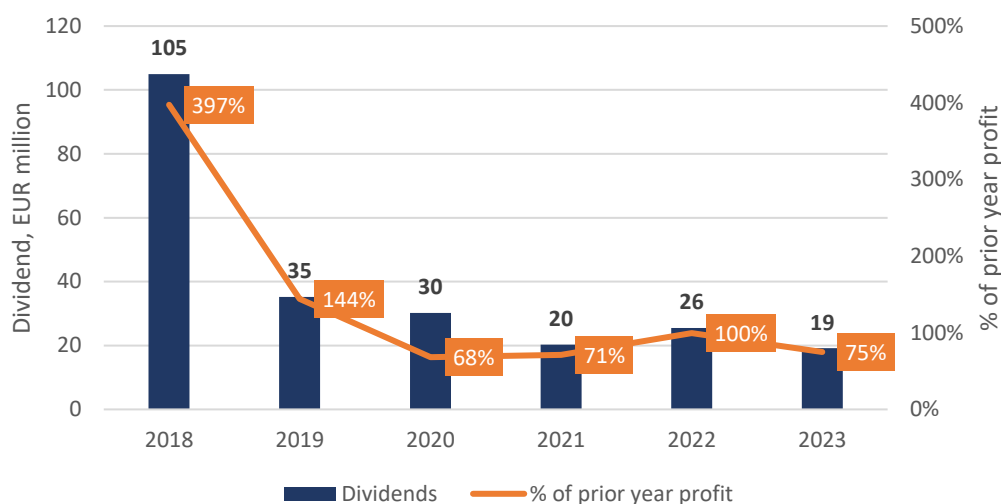


Chart: Shareholder structure at 30 June 2023

## DIVIDENDS

On 25 April 2023, the annual general meeting approved the dividend distribution proposal of the management board of EUR 0.073 per share and EUR 19.2 million in total, i.e. 75% of profit for the previous year. The list of shareholders entitled to receive the dividend was determined on 10 May 2023 (the ex-dividend date: 9 May 2023) and the dividend was paid out to the shareholders on 12 May 2023 (through Nasdaq CSD). In 2022, we paid shareholders a dividend of EUR 0.097 per share and EUR 25.5 million in total.

## Dividend payments



The dividend policy of AS Tallinna Sadam sets the target to pay regular 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.

### CORPORATE GOVERNANCE

At 30 June 2023, AS Tallinna Sadam had two wholly-held subsidiaries, OÜ TS Shipping and OÜ TS Laevad, and a 51% interest in an associate, AS Green Marine.

**The supervisory board** is responsible for the strategic planning of the company's activities and supervising the activities of the management board. According to the articles of association of AS Tallinna Sadam, the supervisory board has six to eight members. At 30 June 2023, the supervisory board had 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 has two to five members. At 30 June 2023, the management board had three members: Valdo Kalm (chairman and CEO), Andrus Ait (CFO) and Margus Vihman (CCO). There were no changes on the management board in the reporting period.

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

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

**SIGNIFICANT EVENTS IN THE SECOND QUARTER OF 2023**

- 1. Additional trips by the ferry Regula in summer 2023.** AS Tallinna Sadam's subsidiary OÜ TS Laevad and the Estonian Transport Administration signed an annex to the contract on public passenger transport service according to which the Transport Administration will order up to 536 additional trips by the ferry Regula on the Virtsu–Kuivastu route in the period 1 June–31 August 2023. The Transport Administration has the option to extend the order for a further period until 1 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.
- 2. The annual general meeting of AS Tallinna Sadam was held on 25 April 2023 in the Old City Harbour cruise terminal.** The general meeting approved the annual report and dividend for 2022, the election of the auditor and amendments to the articles of association. The general meeting was attended by 71 shareholders whose shares represented 192,191,024 votes, that is 73.08% of all votes arising from shares.
- 3. Additional summer charter of the icebreaker Botnica.** AS Tallinna Sadam's subsidiary OÜ TS Shipping and Equinor UK Ltd signed an agreement on chartering the multifunctional icebreaker Botnica for 40 days starting from 5 June 2023 with an option to extend the charter for up to 10 days. In reality, Botnica provided auxiliary vessel services to Equinor from 13 June 2023, but due to technical changes to the project, the scheduled 40-day charter period was cut short.
- 4. Agreement to build a new quay in Paldiski South Harbour.** AS Tallinna Sadam signed an agreement with the Estonian branch of Akciju Sabiedriba BMGS and Insenerihituse AS for the design and construction of multifunctional quay no. 6A and hinterland in Paldiski South Harbour. The initial cost of the agreement is EUR 53.2 million, which may increase up to EUR 55.9 million in connection with the indexation option provided in the agreement. The quay with the hinterland will be completed in July 2025. The investment is co-financed by the European Commission in the amount of EUR 20 million. The new quay will ensure the capacity of the port to receive deep-draft special-purpose vessels for the construction of offshore wind farms and the transport of wind turbine components.
- 5. Change in the supervisory board of AS Tallinna Sadam's subsidiary OÜ TS Laevad.** The representative of the former Ministry of Economic Affairs and Communications, Johann Peetre, was removed from the supervisory board of AS Tallinna Sadam's subsidiary OÜ TS Laevad by a resolution of the subsidiary's general meeting. The supervisory board of OÜ TS Laevad will continue with three members: Tallinna Sadam's management board members Valdo Kalm and Andrus Ait and the head of business development Rene Pärt.
- 6. Nordea started covering AS Tallinna Sadam share.** Nordea (Finland) started covering AS Tallinna Sadam and published the equity research initiation report. The report and further quarterly comments can be downloaded free of charge from Nordea's website <https://research.nordea.com/CommissionedResearch#>. The initiation report can also be found on the website of AS Tallinna Sadam.
- 7. Hydrogen Valley Estonia was established.** In April, AS Alexela, AS Eesti Energia, AS Tallinna Sadam, the University of Tartu and the Estonian Hydrogen Association signed an agreement to establish Hydrogen Valley Estonia to accelerate vigorous and comprehensive development of the hydrogen industry and to officially establish the world's first nationwide Hydrogen Valley. The steering group of Hydrogen Valley Estonia includes AS Alexela, AS Eesti Energia, AS Tallinna Sadam, the University of Tartu and the City of

Tartu. Boosting development in the field of green hydrogen based on renewable energy is set to play a key role in implementing green transformation and achieving Estonia's national climate goals. The ambitious goal of the European Union and Estonia to achieve carbon neutrality by 2050 has brought about the need to significantly accelerate the development and implementation of green technologies.

- 8. Transport sector Green Forum.** The Green Forum for the transport sector, which this year focused on sustainable construction and development, was held at the cruise terminal of Old City Harbour in May. A key issue at the Green Forum was how the gates to Estonia could become greener and set an example for other sectors. This year, the Green Forum was led by AS Tallinna Lennujaam (Tallinn Airport), AS Tallinna Sadam, AS Eesti Raudtee (Estonian Railway), OÜ Rail Baltic Estonia and Green Tiger.
- 9. Gold Labels from the Estonian Responsible Business Forum.** Both AS Tallinna Sadam and its subsidiary OÜ TS Laevad were awarded the Gold Label by the Estonian Responsible Business Forum. We participate in the responsible business index questionnaire organised by the Estonian Responsible Business Forum in order to receive an external assessment of the company's socially responsible and sustainable activities. AS Tallinna Sadam has been a member of the Estonian Socially Responsible Business Forum since 2014. Earlier, we have been awarded the Silver Label.



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

In thousands of euros

<b>At</b>	<b>Note</b>	<b>30 June 2023</b>	<b>31 December 2022</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		37,836	44,387
Trade and other receivables	4	11,005	7,477
Contract assets		407	0
Inventories		860	749
<i>Total other current assets</i>		<i>50,108</i>	<i>52,613</i>
Non-current assets held for sale		28	100
<b>Total current assets</b>		<b>50,136</b>	<b>52,713</b>
<b>Non-current assets</b>			
Investments in an associate	5	1,879	2,099
Other long-term receivables	4	341	303
Property, plant and equipment	6	557,130	564,379
Intangible assets		1,875	1,735
<b>Total non-current assets</b>		<b>561,225</b>	<b>568,516</b>
<b>Total assets</b>		<b>611,361</b>	<b>621,229</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Loans and borrowings	8	15,916	15,916
Provisions		760	2,013
Government grants		8,351	8,578
Taxes payable		1,146	1,060
Trade and other payables	7	11,310	9,770
Contract liabilities		2,759	62
<b>Total current liabilities</b>		<b>40,242</b>	<b>37,399</b>
<b>Non-current liabilities</b>			
Loans and borrowings	8	168,099	171,482
Government grants		32,871	30,156
Other payables	7	572	449
Contract liabilities		735	767
<b>Total non-current liabilities</b>		<b>202,277</b>	<b>202,854</b>
<b>Total liabilities</b>		<b>242,519</b>	<b>240,253</b>
<b>EQUITY</b>			
Share capital	9	263,000	263,000
Share premium		44,478	44,478
Statutory capital reserve		22,858	22,115
Retained earnings (prior periods)		31,441	25,791
Profit for the period		7,065	25,592
<b>Total equity</b>		<b>368,842</b>	<b>380,976</b>
<b>Total liabilities and equity</b>		<b>611,361</b>	<b>621,229</b>

**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT**

for the 6 months ended 30 June

In thousands of euros	Note	Q2 2023	Q2 2022	2023	2022
Revenue	<b>3, 10</b>	28,783	30,363	57,189	57,135
Other income		520	434	861	728
Operating expenses	<b>11</b>	-10,922	-9,841	-20,067	-18,504
Personnel expenses		-6,355	-5,554	-11,976	-10,325
Depreciation, amortisation and impairment	<b>3</b>	-6,189	-6,225	-13,227	-12,512
Other expenses		-79	-66	-225	-194
<b>Operating profit</b>		<b>5,758</b>	<b>9,111</b>	<b>12,555</b>	<b>16,328</b>
<b>Finance income and costs</b>					
Finance income		329	34	587	63
Finance costs		-1,837	-323	-3,230	-605
<b>Finance costs – net</b>		<b>-1,508</b>	<b>-289</b>	<b>-2,643</b>	<b>-542</b>
Share of profit of an associate accounted for under the equity method		98	350	138	577
<b>Profit before income tax</b>		<b>4,348</b>	<b>9,172</b>	<b>10,050</b>	<b>16,363</b>
Income tax expense		-2,985	-4,111	-2,985	-4,111
<b>Profit for the period</b>		<b>1,363</b>	<b>5,061</b>	<b>7,065</b>	<b>12,252</b>
Attributable to:					
Owners of the Parent		1,363	5,061	7,065	12,252
Basic earnings and diluted earnings per share (in euros)		0.01	0.02	0.03	0.05
Basic earnings and diluted earnings per share – continuing operations (in euros)		0.01	0.02	0.03	0.05

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

for the 6 months ended 30 June

In thousands of euros	Note	2023	2022
Cash receipts from sale of goods and services		62,283	67,852
Cash receipts related to other income		181	71
Payments to suppliers		-23,952	-23,580
Payments to and on behalf of employees		-12,569	-9,664
Payments for other expenses		-204	-238
Income tax paid on dividends		-3,264	-4,335
<b>Cash from operating activities</b>		<b>22,475</b>	<b>30,106</b>
Purchases of property, plant and equipment		-4,664	-9,618
Purchases of intangible assets		-404	-261
Proceeds from sale of property, plant and equipment		28	77
Proceeds from government grants related to assets		0	4,954
Dividends received		357	255
Interest received		555	2
<b>Cash used in investing activities</b>		<b>-4,128</b>	<b>-4,591</b>
Repayments of loans received	8	-3,383	-3,383
Dividends paid		-19,012	-25,287
Interest paid		-2,498	-570
Other payments related to financing activities		-5	-5
<b>Cash used in financing activities</b>		<b>-24,898</b>	<b>-29,245</b>
<b>NET CASH FLOW</b>		<b>-6,551</b>	<b>-3,730</b>
Cash and cash equivalents at beginning of period		44 387	34 840
Change in cash and cash equivalents		-6 551	-3 730
Cash and cash equivalents at end of period		37 836	31 110

**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	Retained earnings	Total equity attributable to owners of the Parent
<b>Equity at 31 December 2022</b>	<b>263,000</b>	<b>44,478</b>	<b>22,115</b>	<b>51,383</b>	<b>380,976</b>
Profit for the period	0	0	0	7,065	7,065
<i>Total comprehensive income for the period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>7,065</i>	<i>7,065</i>
Dividend declared	0	0	0	-19,199	-19,199
<i>Total transactions with owners</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-19,199</i>	<i>-19,199</i>
Increase of capital reserve	0	0	743	-743	0
<b>Equity at 30 June 2023</b>	<b>263,000</b>	<b>44,478</b>	<b>22,858</b>	<b>38,506</b>	<b>368,842</b>

In thousands of euros	Share capital	Share premium	Statutory capital reserve	Retained earnings	Total equity attributable to owners of the Parent
<b>Equity at 31 December 2021</b>	<b>263,000</b>	<b>44,478</b>	<b>21,271</b>	<b>52,146</b>	<b>380,895</b>
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
<b>Equity at 30 June 2022</b>	<b>263,000</b>	<b>44,478</b>	<b>22,115</b>	<b>38,043</b>	<b>367,636</b>

**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 2023 comprise the Parent and its subsidiaries (collectively referred to as the 'Group'). The Group's core business lines are rendering of port services in the capacity of a landlord port, organising ferry service between Estonia's mainland and biggest islands and operating the multifunctional icebreaker Botnica.

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

The Group's subsidiaries at 30 June 2023 and 31 December 2022:

<b>Subsidiary</b>	<b>Domicile</b>	<b>Ownership interest (%)</b>	<b>Core business line</b>
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 2023 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes and explanations included in the Group's annual report for the year ended 31 December 2022. See note 2 to the consolidated financial statements in the annual report for 2022 for additional information about 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 2022, except that the threshold for recognising items of property, plant and equipment and intangible assets has been increased from EUR 5,000 to EUR 10,000 effective from 1 January 2023 consistent with an amendment to the public sector financial accounting and reporting regulation, which applies to the Group. The Group has not early adopted any 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	For the 6 months ended 30 June 2023				
	Passenger harbours	Cargo harbours	Ferry	Other	Total
Vessel dues	9,503	6,511	0	0	<b>16,014</b>
Cargo charges	805	2,341	0	0	<b>3,146</b>
Passenger fees	5,096	94	0	0	<b>5,190</b>
Sale of electricity	562	1,577	0	0	<b>2,139</b>
Sale of ferry services – ticket sale revenue	0	0	6,169	0	<b>6,169</b>
Sale of other services	650	261	30	14	<b>955</b>
Lease income	1,411	4,801	499	0	<b>6,711</b>
Charter fees	0	0	0	5,766	<b>5,766</b>
Sale of ferry services – government support	0	0	11,099	0	<b>11,099</b>
<b>Total segment revenue* (note 10)</b>	<b>18,027</b>	<b>15,585</b>	<b>17,797</b>	<b>5,780</b>	<b>57,189</b>
<b>Adjusted segment EBITDA</b>	<b>9,344</b>	<b>6,558</b>	<b>7,974</b>	<b>1,403</b>	<b>25,279</b>
Depreciation and amortisation	-4,027	-4,518	-2,863	-1,268	<b>-12,676</b>
Impairment losses	-551	0	0	0	<b>-551</b>
Amortisation of government grants received	289	352	0	0	<b>641</b>
Share of profit of an associate accounted for under the equity method	0	0	0	-138	<b>-138</b>
<b>Segment operating profit</b>	<b>5,055</b>	<b>2,392</b>	<b>5,111</b>	<b>-3</b>	<b>12,555</b>
Finance income and costs, net					-2,643
Share of profit of an associate accounted for under the equity method					138
Income tax expense					-2,985
<b>Profit for the period</b>					<b>7,065</b>

\* Total segment revenue represents revenue from external customers and excludes inter-segment revenue of EUR 188 thousand and EUR 5 thousand for the Passenger harbours and the Cargo harbours segments, respectively, which was eliminated during consolidation.

**Note 3 continued**

	<b>For the 6 months ended 30 June 2022</b>				
In thousands of euros	<b>Passenger harbours</b>	<b>Cargo harbours</b>	<b>Ferry</b>	<b>Other</b>	<b>Total</b>
Vessel dues	9,517	8,729	0	0	<b>18,246</b>
Cargo charges	740	2,885	0	0	<b>3,625</b>
Passenger fees	4,067	97	0	0	<b>4,164</b>
Sale of electricity	612	2,572	0	0	<b>3,184</b>
Sale of ferry services – ticket sale revenue	0	0	5,840	0	<b>5,840</b>
Sale of other services	611	370	34	1	<b>1,016</b>
Lease income	1,202	4,849	434	0	<b>6,485</b>
Charter fees	0	0	0	4,635	<b>4,635</b>
Sale of ferry services – government support	0	0	9,940	0	<b>9,940</b>
<b>Total segment revenue* (note 10)</b>	<b>16,749</b>	<b>19,502</b>	<b>16,248</b>	<b>4,636</b>	<b>57,135</b>
<b>Adjusted segment EBITDA</b>	<b>8,843</b>	<b>10,188</b>	<b>7,158</b>	<b>2,682</b>	<b>28,871</b>
Depreciation and amortisation	-3,952	-4,419	-2,886	-1,181	<b>-12,438</b>
Impairment losses	-74	0	0	0	<b>-74</b>
Amortisation of government grants received	242	304	0	0	<b>546</b>
Share of profit of an associate accounted for under the equity method	0	0	0	-577	<b>-577</b>
<b>Segment operating profit</b>	<b>5,059</b>	<b>6,073</b>	<b>4,272</b>	<b>924</b>	<b>16,328</b>
Finance income and costs, net					-542
Share of profit of an associate accounted for under the equity method					577
Income tax expense					-4,111
<b>Profit for the period</b>					<b>12,252</b>

\* 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.

**4. TRADE AND OTHER RECEIVABLES**

In thousands of euros	30 June 2023	31 December 2022
Trade receivables	8,648	7,373
Allowance for expected credit losses	-1,757	-1,323
Prepaid taxes	610	481
Government grants receivable	2,721	38
Other prepayments	615	744
Receivables from an associate (note 15)	7	17
Other receivables	502	450
<b>Total trade and other receivables</b>	<b>11,346</b>	<b>7,780</b>
Of which current receivables	11,005	7,477
non-current receivables	341	303

**Trade receivables – expected credit loss matrix**

In thousands of euros		Days past due				Total
		Not past due	0–30	31–60	61–90	
<b>At 30 June 2023</b>						
Expected credit loss rate	5.39%	1.5%	3.0%	80.0%	100.0%	
Total trade receivables	6,551	628	59	85	1,325	8,648
Lifetime expected credit loss (ECL)	-353	-9	-2	-68	-1,325	-1,757
						<b>6,891</b>
<b>At 31 December 2022</b>						
Expected credit loss rate	10.0%	1.5%	3.0%	80.0%	100.0%	
Total trade receivables	6,553	135	19	18	648	7,373
Lifetime expected credit loss (ECL)	-657	-2	-1	-15	-648	-1,323
						<b>6,050</b>

**5. INVESTMENTS IN AN ASSOCIATE**

In thousands of euros	2023	2022
<b>For the 6 months ended 30 June</b>		
Income	3,422	4,002
Expenses	2,949	2,763
Net profit	270	1,110
In thousands of euros	<b>At 30 June 2023</b>	<b>At 31 December 2022</b>
Net assets of the associate	3,685	4,115
The Group's ownership interest in the associate, %	51%	51%
Carrying amount of the Group's investment in the associate in the Group's statement of financial position	1,879	2,099



**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
<b>At 31 December 2022</b>						
Cost	649,131	254,747	8,834	10,748	1,039	<b>924,499</b>
Accumulated depreciation and impairment losses	-248,048	-105,479	-6,593	0	0	<b>-360,120</b>
<b>Carrying amount at 31 December 2022</b>	<b>401,083</b>	<b>149,268</b>	<b>2,241</b>	<b>10,748</b>	<b>1,039</b>	<b>564,379</b>
<i>Movements in the 6 months ended 30 June 2023</i>						
Acquisition and reconstruction	47	626	215	4,524	298	<b>5,710</b>
Depreciation charge	-6,050	-5,667	-335	0	0	<b>-12,052</b>
Impairment	-19	-522	-338	0	0	<b>-879</b>
Transfer to non-current assets held for sale at carrying amount	0	-28	0	0	0	<b>-28</b>
Reclassification at carrying amount	5,841	7,964	307	-13,209	-903	<b>0</b>
<b>At 30 June 2023</b>						
Cost	654,836	261,290	8,398	2,063	434	<b>927,021</b>
Accumulated depreciation and impairment losses	-253,934	-109,649	-6,308	0	0	<b>-369,891</b>
<b>Carrying amount at 30 June 2023</b>	<b>400,902</b>	<b>151,641</b>	<b>2,090</b>	<b>2,063</b>	<b>434</b>	<b>557,130</b>

**7. TRADE AND OTHER PAYABLES**

In thousands of euros	At 30 June 2023	At 31 December 2022
<b>At</b>		
Trade payables	5,712	5,344
Payables to employees	1,835	1,421
Interest payable	1,733	1,012
Accrued taxes payable on employee remuneration	805	719
Advances for goods and services	832	857
Payables to an associate (note 15)	238	182
Other payables	727	684
<b>Total trade and other payables</b>	<b>11,882</b>	<b>10,219</b>
Of which current liabilities	11,310	9,770
non-current liabilities	572	449

**8. LOANS AND BORROWINGS**

In thousands of euros

At	At 30 June 2023	At 31 December 2022
<b>Current portion</b>		
Loans	8,266	8,266
Debt securities	7,650	7,650
<b>Total current portion</b>	<b>15,916</b>	<b>15,916</b>
<b>Non-current portion</b>		
Loans	34,149	37,532
Debt securities	133,950	133,950
<b>Total non-current portion</b>	<b>168,099</b>	<b>171,482</b>
<b>Total loans and borrowings</b>	<b>184,015</b>	<b>187,398</b>

**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 2023, AS Tallinna Sadam had two debt security issues with final maturities in 2026 and 2027. Consistent with the redemption schedules, in the 6-month period ended 30 June 2023 no debt securities were redeemed. At 30 June 2023, the weighted average interest rate of the debt securities was 4.26% (31 December 2022: 2.68%). 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 6 months of 2023 amounted to EUR 3,383 thousand (6 months of 2022: EUR 3,383 thousand).

At 30 June 2023, the weighted average interest rate of drawn loans was 4.01% (31 December 2022: 1.94%). The interest rate risk of loans taken has not been hedged with interest rate swaps. The Group did not have any undrawn loans or credit limits at 30 June 2023.

**Contractual maturities of loans and borrowings**

In thousands of euros

At	30 June 2023
< 6 months	12,533
6 – 12 months	3,383
1 – 5 years	162,099
> 5 years	6,000
<b>Total loans and borrowings</b>	<b>184,015</b>

**Note 8 continued****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 2023 and 31 December 2022 the fair values of loans and debt securities that are measured at amortised cost did not differ significantly from their carrying amounts.

All loan and debt security agreements currently in force are unsecured, i.e. no assets have been pledged to secure the liabilities, and the debt securities are not listed. The Group has fulfilled all its obligations under the loan and debt securities agreements, including those resulting from special terms. At 30 June 2023, the Group was in compliance with all covenants that set requirements for its financial indicators.

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

At 30 June 2023, AS Tallinna Sadam had 263,000,000 registered ordinary shares (31 December 2022: 263,000,000 shares), of which 67.03% were held by the Republic of Estonia (through the Ministry of 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 2022: 664,000,000). At 30 June 2023 and 31 December 2022, all shares issued had been fully paid for.

**Earnings per share**

	Q2 2023	Q2 2022	6 months ended 30 June 2023	6 months ended 30 June 2022
Weighted average number of shares outstanding	263,000,000	263,000,000	263,000,000	263,000,000
Consolidated net profit for the period (in thousands of euros)	1,363	5,061	7,065	12,252
Basic and diluted earnings per share (in euros)*	0.01	0.02	0.03	0.05

\* In the periods ended 30 June 2023 and 30 June 2022 there were no dilutive instruments outstanding.

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

**10. REVENUE**

In thousands of euros

For the 6 months ended 30 June	2023	2022
<b>Revenue from contracts with customers</b>		
Vessel dues	16,014	18,246
Cargo charges	3,146	3,625
Passenger fees	5,190	4,164
Sale of electricity	2,139	3,184
Sale of ferry services – ticket sale revenue	6,169	5,840
Sale of other services	955	1,016
<b>Total revenue from contracts with customers</b>	<b>33,613</b>	<b>36,075</b>
<b>Revenue from other sources</b>		
Operating lease income	6,711	6,485
Charter fees	5,766	4,635
Sale of ferry services – government support	11,099	9,940
<b>Total revenue from other sources</b>	<b>23,576</b>	<b>21,060</b>
<b>Total revenue (note 3)</b>	<b>57,189</b>	<b>57,135</b>

Vessel dues include the tonnage charge, which is calculated on the basis of the gross tonnage of a vessel for each port call. For vessels visiting the port based on a pre-agreed schedule that have a prospective volume discount during the year, the transaction price is allocated between the tonnage services and the option for discounted tonnage services based on the estimated total number of port calls by that vessel during the calendar year. Revenue from tonnage charges is recognised based on the average annual tariffs and estimated volume. At 30 June 2023, the difference between revenue recognised and amounts billed to customers was recognised as a contract liability of EUR 2,344 thousand (amounts billed exceeded revenue recognised).

Some agreements signed with cargo operators 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 2023. Based on the estimation, the Group recognised contract assets of EUR 407 thousand. At 30 June 2023, revenue received from some customers exceeded management's estimates. As a result, the Group recognised contract liabilities of EUR 91 thousand so that estimated revenue would be evenly recognised over all interim periods of 2023.

**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. The amounts of connection fees received but not yet included in revenue are recognised in the statement of financial position as contract liabilities. At 30 June 2023, such liabilities amounted to EUR 735 thousand (31 December 2022: EUR 767 thousand).

Revenue from ticket sales is recognised over the time during which the ferry transports the passengers and/or vehicles from the port of departure to the port of destination, which happens in a single day, or at the point in time when the ticket expires. Consideration received for tickets sold for trips not yet performed is deferred and recognised in the statement of financial position as a contract liability. At 30 June 2023, such liabilities amounted to EUR 324 thousand (31 December 2022: EUR 62 thousand).

**11. OPERATING EXPENSES**

In thousands of euros

For the 6 months ended 30 June	2023	2022
Fuel, oil and energy costs	6,100	7,621
Technical maintenance and repair of non-current assets	3,881	2,613
Services purchased for infrastructure	2,011	1,605
Tax expenses	1,323	1,323
Consultation and development expenses	98	264
Services purchased	2,808	2,489
Acquisition and maintenance of assets of insignificant value	604	491
Advertising expenses	113	110
Lease expenses	613	294
Insurance expenses	377	399
Other operating expenses	2,139	1,295
<b>Total operating expenses</b>	<b>20,067</b>	<b>18,504</b>

**12. COMMITMENTS**

At 30 June 2023, the Group's contractual commitments related to the acquisition of property, plant and equipment, repair and maintenance, and research and development expenditures totalled EUR 70,945 thousand (31 December 2022: EUR 5,945 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. By the ruling of the Harju County Court of 31 March 2023, the statement of claim filed by the trustee of the estate of AS Saaremaa Laevakompanii (bankrupt) and Väinamere Liinid OÜ against OÜ TS Laevad and OÜ TS Shipping was denied. On 8 May 2023, the court allowed the appeal filed by the trustee of the estate of AS Saaremaa Laevakompanii (bankrupt) and OÜ Väinamere Liinid for annulment of the ruling of the Harju County Court. The management board believes that the claim is not substantiated and legal advice indicates that it is not probable that a liability will arise. Thus, the management board has not considered it necessary to recognise a provision for the claim.

### 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 Keskkonnahoolduse 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

<b>For the 6 months ended 30 June</b>	<b>2023</b>	<b>2022</b>
<b>Transactions with the associate</b>		
Revenue	40	37
Operating expenses	966	890
<b>Transactions with companies in which the members of the supervisory and management boards of group companies have significant influence</b>		
Revenue	1	1
Operating expenses	24	5
Other expenses	20	20
<b>Transactions with government agencies and companies of which the state has control</b>		
Revenue	16,382	15,539
Other income	100	0
Operating expenses	2,923	5,573

In thousands of euros

**At 30 June 2023    At 31 December 2022**

<b>Trade receivables from and payables to the associate</b>		
Receivables (note 4)	7	17
Payables (note 7)	238	182
<b>Trade receivables from and payables to companies in which the members of the supervisory and management boards of group companies have significant influence</b>		
Payables	1	1
<b>Trade receivables from and payables to government agencies and companies of which the state has control</b>		
Receivables	106	174
Payables	5,444	2,755

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

Revenue and operating expenses from transactions with related parties comprise revenue and expenses from sales and purchases of services in the ordinary course of business.

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

**16. EVENTS AFTER THE REPORTING PERIOD**

For the purposes of reorganising the work of ministries, on 6 July 2023 the Government of the Republic of Estonia approved the order *Appointment of Administrators of State Assets and Transfer of State Assets*, by which AS Tallinna Sadam was appointed as the administrator of the shares held by the state, and the Ministry of Climate was appointed as the person exercising the shareholder's rights instead of the former Ministry of Economic Affairs and Communications. As the Republic of Estonia continues to hold the majority interest in AS Tallinna Sadam, the change did not result in an obligation to make a takeover bid.



## 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 2023.

The management board confirms that the Group's management report, set out on pages 4 to 16, 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 32, 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 2023) 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 2023

Valdo Kalm  
Chairman of the  
Management Board

Andrus Ait  
Member of the  
Management Board

Margus Vihman  
Member of the  
Management Board