

Q1 2023

AS TALLINK GRUPP



Beginning of the financial year	1 January 2023
End of the financial year	31 December 2023
Interim reporting period	1 January 2023 – 31 March 2023

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MANAGEMENT REPORT

In the first quarter (1 January – 31 March) of 2023 financial year, AS Tallink Grupp and its subsidiaries (the Group) carried 1 049 777 passengers, which is 45.7% more than in the first quarter 2022. The number of cargo units transported decreased by 14.9% compared to the same period a year ago. The Group's unaudited consolidated revenue amounted to EUR 171.2 million (EUR 106.1 million in Q1 2022), up by 61.3%. Unaudited EBITDA was EUR 27.1 million (EUR -11.0 million in Q1 2022) and the unaudited net loss for the period was EUR 5.4 million (net loss of EUR 40.0 million in Q1 2022).

The following operational factors impacted the Group's revenue and operating results in the first quarter of 2023:

- Growing demand for travelling supported by improving consumer confidence levels in all Group's core markets.
- Ongoing war in Ukraine continues to impact the demand.
- During the quarter the Group operated 15 vessels including 3 shuttle vessels, 2 cargo vessels, 4 cruise ferries and 6 vessels that were chartered out (2 vessels on long-term and 4 vessels on short-term charter).
- The Group operated 3 hotels in Tallinn while the hotel in Riga remained closed since October 2020.
- Planned maintenance works totalled 45 days which affected the Finland-Sweden segment's first quarter passenger and cargo levels as well as the financial result.
- The Group continues to focus on cost savings from previously implemented measures and achieving profitable operations on its core routes.
- The Group regularly monitors the developments on its core routes including the capacity of each route and continues to look for chartering options for vessels not used on the main routes.

Sales and Segments

In the first quarter of 2023, the Group's total revenue increased by EUR 65.1 million to EUR 171.2 million, compared to EUR 106.1 million a year ago.

Revenue from route operations (core business) increased by EUR 33.2 million to EUR 124.5 million compared to Q1 2022.

The number of passengers carried on the **Estonia-Finland** route increased by 46.6% year-on-year. The number of transported cargo units decreased by 8.8%. The revenue from the Estonia-Finland route increased by EUR 16.1 million to EUR 57.4 million. The segment result improved by EUR 7.5 million to EUR 6.2 million. The segment reflects the operations of three shuttle vessels. Shuttle

Number of passengers carried by the Group's ships in Q1 2023

1.0 million

The Group's unaudited consolidated Q1 2023 revenue

EUR 171 million

The Group's EBITDA for Q1 2023

EUR 27.1 million



vessel MyStar that was added to the Estonia-Finland route in mid-December 2022 has received a warm welcome from passengers. The cruise ferry Silja Europa stopped operating on the Tallinn-Helsinki route in August 2022 due to a charter agreement. The cargo vessel Sea Wind was sold at the end of April 2022.

In the first quarter of 2023, the number of passengers increased by 35.5% on Finland-Sweden routes year-on-year. The number of transported cargo units decreased by 53.8%. The routes' revenue increased by EUR 10.0 million to EUR 47.7 million and the segment result improved by EUR 10.5 million to a loss of EUR 3.3 million. The segment reflects the operations of one cruise ferry on the Turku-Stockholm and two cruise ferries on the Helsinki-Stockholm route. The cruise ferry Galaxy stopped operating on Turku-Stockholm and Turku-Kapellskär routes from September 2022 due to a charter agreement.

On Estonia-Sweden routes the number of carried passengers increased by 77.4% year-on-year. The number of transported cargo units increased by 8.5% compared to Q1 2022. The revenue of Estonia-Sweden routes increased by EUR 7.1 million to EUR 19.4 million and segment result improved by EUR 5.3 million to a loss of EUR 1.5 million. Estonia-Sweden routes reflect operation of two cargo vessels and one cruise ferry in the first quarter of 2023.

Revenue from the segment Other increased by a total of EUR 32.5 million and amounted to EUR 47.8 million. The increase was mainly driven by chartering out vessels, accommodation sales and to a lesser extent by various catering and retail activities. The shuttle vessel Atlantic Vision was chartered to Canada in November 2008. The current agreement has been signed until May 2024 with an extension option for another 12 months. The agreement for chartering the cruise vessel Romantika was signed in March 2022 for three years and with the option to extend the agreement (3+1+1). Short-term charter agreements have been signed for cruise vessels Victoria I, Isabelle, Galaxy and Silja Europa.

Earnings

In the first quarter of 2023, the Group's gross profit improved by EUR 44.7 million to EUR 24.8 million. EBITDA improved by EUR 38.1 million and amounted to EUR 27.1 million.

Amortisation and depreciation expense increased by EUR 1.6 million to EUR 25.2 million compared to the first quarter of the financial year 2022.

As a result of increased interest-bearing liabilities, net finance costs increased by EUR 1.9 million year-on-year to EUR 7.6 million in first quarter 2023.

The Group's unaudited net loss for Q1 2023 was EUR 5.4 million or EUR 0.007 per share compared to a net loss of EUR 40.0 million or EUR 0.054 per share in Q1 2022.

Investments

The Group's investments in the first quarter of 2023 amounted to EUR 11.5 million majority of which were critical maintenance and repair works on three vessels (Silja Serenade, Silja Symphony and Baltic Princess). Maintenance and repair work on these vessels lasted for a total of 45 days.

Investments were also made in the development of IT systems and shore-to-ship green power solution. The shore-to-ship green power solution allows shuttle vessel Megastar to use more environmentally friendly shore power during overnight stay in port.



Financial Position

At the end of Q1 2023, the Group's net debt amounted to EUR 735.4 million having decreased by EUR 3.2 million compared to the end of 2022. The net debt to EBITDA ratio was 4.2 at the reporting date (5.4 as at 31 December 2022).

As at 31 March 2023, the Group's cash and cash equivalents amounted to EUR 96.5 million (EUR 114.9 million as at 31 December 2022) and the Group had EUR 135.0 million in unused credit lines (EUR 135.0 million as at 31 December 2022). The total liquidity buffer (cash, cash equivalents and unused credit facilities) amounted to EUR 231.5 million (EUR 249.9 million as at 31 December 2022). In the first quarter of 2023, the Group repaid loans in the total amount of EUR 19.3 million while no repayments were made during the same period a year ago. The current trade and other payables amounted to EUR 87.7 million (EUR 86.9 million as at 31 December 2022).

Key Figures

For the period	Q1 2023	Q1 2022	Change %
Revenue (EUR million)	171.2	106.1	61.3%
Gross profit/loss (EUR million)	24.8	-19.9	224.5%
EBITDA ¹ (EUR million)	27.1	-11.0	347.2%
EBIT ¹ (EUR million)	1.9	-34.6	105.4%
Net profit/loss for the period (EUR million)	-5.4	-40.0	86.4%
Depreciation and amortisation (EUR million)	25.2	23.7	6.6%
Capital expenditures ² (EUR million)	11.5	8.9	4.0%
Weighted average number of ordinary shares outstanding	743 569 064	743 569 064	0.0%
Earnings/loss per share ¹ (EUR)	-0.007	-0.054	86.4%
Number of passengers	1 049 777	720 261	45.7%
Number of cargo units	86 732	101 938	-14.9%
Average number of employees	4 883	4 634	5.4%
As at	31.03.2023	31.12.2022	Change %
Total assets (EUR million)	1 672.1	1 691.6	-1.2%
Total liabilities (EUR million)	970.5	984.7	-1.4%
Interest-bearing liabilities (EUR million)	831.8	853.5	-2.5%
Net debt ¹ (EUR million)	735.4	738.6	-0.4%
Net debt to EBITDA ¹	4.2	5.4	-22.2%
Total equity (EUR million)	701.6	706.9	-0.8%
Equity ratio ¹ (%)	42%	42%	
Number of ordinary shares outstanding	743 569 064	743 569 064	0.0%
Shareholders' equity per share (EUR)	0.94	0.95	-0.8%
Ratios¹	Q1 2023	Q1 2022	
Gross margin (%)	14.5%	-18.7%	
EBITDA margin (%)	15.8%	-10.3%	
EBIT margin (%)	1.1%	-32.6%	
Net profit/loss margin (%)	-3.2%	-37.7%	
ROA (%)	4.6%	-2.7%	
ROE (%)	7.1%	-9.2%	
ROCE (%)	6.0%	-3.3%	

¹ Alternative performance measures based on ESMA guidelines are disclosed in the Alternative Performance Measures section of this Interim Report.

² Does not include additions to right-of-use assets.

Sales & Results by Segments

The following table provides an overview of the quarterly sales and result development by geographical segments.

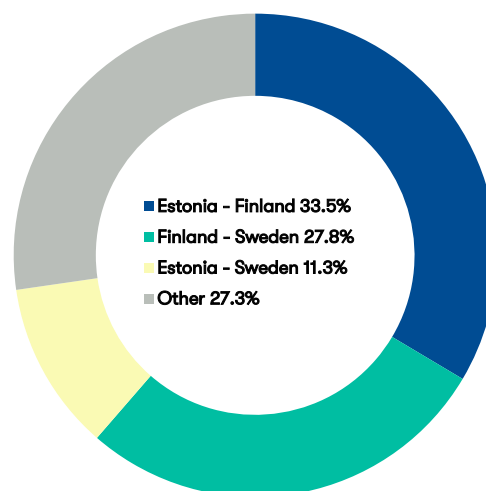
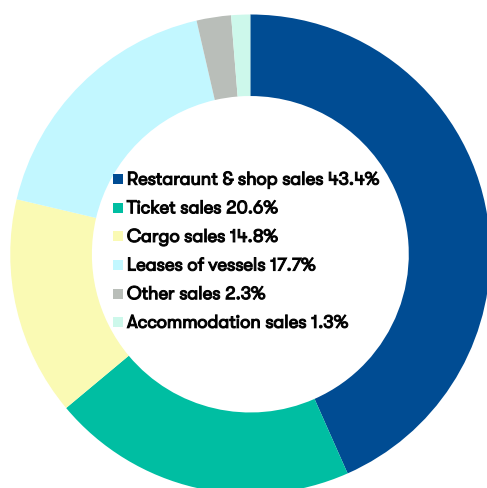
		Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q1 Change
Estonia- Finland	Passengers (thousands)	428	878	1 083	732	627	46.6%
	Cargo units (thousands)	70	78	76	73	64	-8.8%
	Revenue (EUR million)	41.3	78.0	93.5	65.0	57.4	39.0%
	Segment result ¹ (EUR million)	-1.4	12.4	26.7	13.9	6.2	550.3%
Finland- Sweden	Passengers (thousands)	230	538	658	433	312	35.5%
	Cargo units (thousands)	19	19	15	11	9	-53.8%
	Revenue (EUR million)	37.6	76.5	93.8	66.4	47.7	26.7%
	Segment result ¹ (EUR million)	-13.8	-1.3	10.9	3.4	-3.4	75.7%
Estonia- Sweden	Passengers (thousands)	63	136	152	132	111	77.4%
	Cargo units (thousands)	13	13	12	12	14	8.5%
	Revenue (EUR million)	12.3	19.7	23.5	21.3	19.4	57.4%
	Segment result ¹ (EUR million)	-6.8	-4.3	1.5	-1.4	-1.5	78.2%
Other	Revenue (EUR million)	15.3	32.9	46.8	52.4	47.8	212.6%
	Segment result ¹ (EUR million)	-5.2	8.1	17.5	14.6	14.4	374.8%
	Intersegment revenue (EUR million)	-0.4	-1.1	-2.1	-1.4	-1.1	-156.4%
	Total revenue (EUR million)	106.1	206.0	255.6	203.7	171.2	61.3%
	EBITDA (EUR million)	-11.0	28.7	67.7	50.4	27.1	347.2%
	Total segment result ¹ (EUR million)	-27.2	14.9	56.6	30.4	15.7	157.6%
	Net profit/loss	-40.0	-0.7	37.9	16.7	-5.4	86.4%

¹ Segment result is the result before administrative expenses, finance costs and taxes.

The following table provides an overview of the quarterly sales development by operating segments:

Revenue (EUR million)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023	Q1 Change
Restaurant and shop sales on-board and onshore	49.9	111.1	120.9	96.2	74.2	48.7%
Ticket sales	22.1	49.6	75.4	44.8	35.2	59.1%
Sales of cargo transportation	26.5	27.7	25.3	23.6	25.3	-4.5%
Accommodation sales	1.3	2.9	4.1	2.9	2.2	65.2%
Income from charter of vessels	2.9	9.9	21.4	31.6	30.3	964.7%
Other sales	3.4	4.7	8.3	4.5	4.0	15.9%
Total revenue	106.1	206.0	255.6	203.7	171.2	61.3%

The following charts provide an overview of the Group's first quarter of 2023 sales by operational and geographical segments.



Market Developments

The following table provides an overview of the passengers, cargo units and passenger vehicles transported during Q1 2023 and Q1 2022.

Passengers	Q1 2023	Q1 2022	Change
Estonia-Finland	627 209	427 805	46.6%
Finland-Sweden	311 596	229 905	35.5%
Estonia-Sweden	110 972	62 551	77.4%
Total	1 049 777	720 261	45.7%

Cargo units	Q1 2023	Q1 2022	Change
Estonia-Finland	63 821	69 997	-8.8%
Finland-Sweden	8 708	18 846	-53.8%
Estonia-Sweden	14 203	13 095	8.5%
Total	86 732	101 938	-14.9%

Passenger vehicles	Q1 2023	Q1 2022	Change
Estonia-Finland	142 465	122 426	16.4%
Finland-Sweden	9 828	13 200	-25.5%
Estonia-Sweden	5 346	4 754	12.5%
Total	157 639	140 380	12.3%

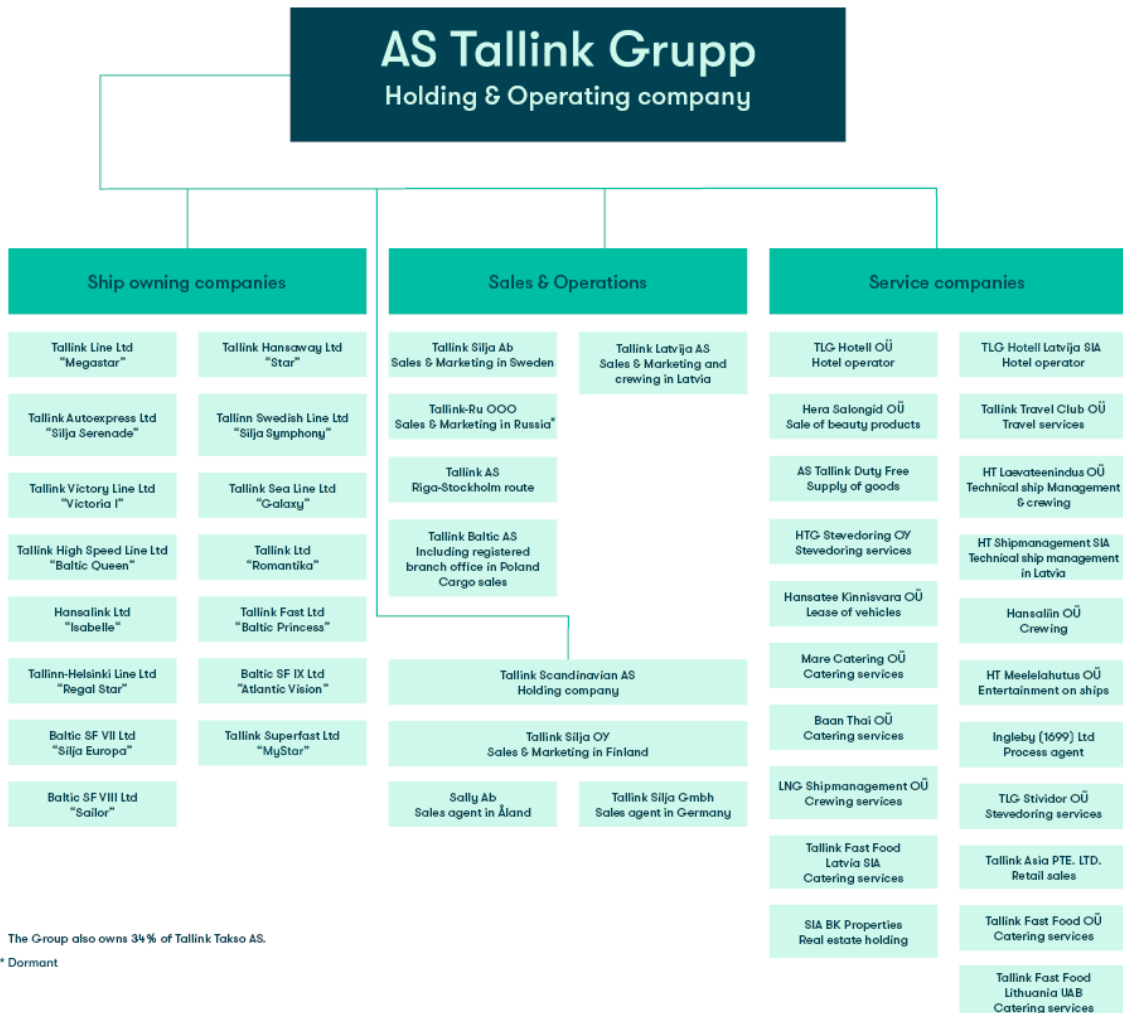
The Group's estimated market shares on the routes operated during the 12-month period ended on 31 March 2023 were as follows:

- the Group carried approximately 48% of the passengers and 59% of the ro-ro cargo on the route between Tallinn and Helsinki.
- the Group carried approximately 47% of the passengers and 22% of the ro-ro cargo on the routes between Finland and Sweden.
- the Group was the only provider of passenger transportation between Tallinn and Stockholm.

The Group's market share on its core routes was mainly impacted by the available capacity. Compared to the first quarter of 2022, the Group had chartered out the cruise ferry Silja Europa from the Estonia-Finland route and the cruise ferry Galaxy from the Finland-Sweden route in the first quarter of 2023.

Group Structure

At the reporting date, the Group consisted of 46 companies. All subsidiaries are wholly owned by AS Tallink Grupp. The following diagram represents the Group's structure as at the reporting date:



Personnel

As of 31 March 2023, the Group had 4 924 employees (4 740 on 31 March 2022). The number of employees includes 146 employees on maternity leave. The following table provides a more detailed overview of the Group's personnel.

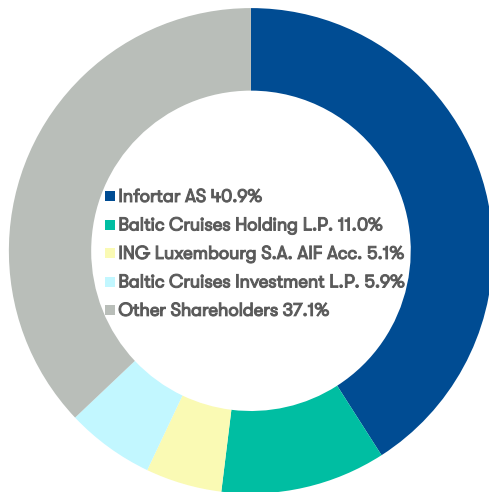
	Average of Q1			End of Q1		
	2023	2022	Change	2023	2022	Change
Onshore total	1 077	1 050	2.6%	1 086	1 063	2.2%
Estonia	723	670	7.9%	720	683	5.4%
Finland	242	243	-0.4%	251	239	5.0%
Sweden	95	99	-4.0%	97	100	-3.0%
Latvia	12	23	-47.8%	12	27	-55.6%
Russia	1	10	-90.0%	1	9	-88.9%
Germany	4	5	-20.0%	5	5	0.0%
Onboard	3 120	3 011	3.6%	3 138	3 096	1.4%
Burger King ¹	375	326	15.0%	373	319	16.9%
Hotel ¹	311	247	25.9%	327	262	24.8%
Total	4 883	4 634	5.4%	4 924	4 740	3.9%

¹ The number of Burger King and hotel personnel is not included in the total number of onshore personnel.

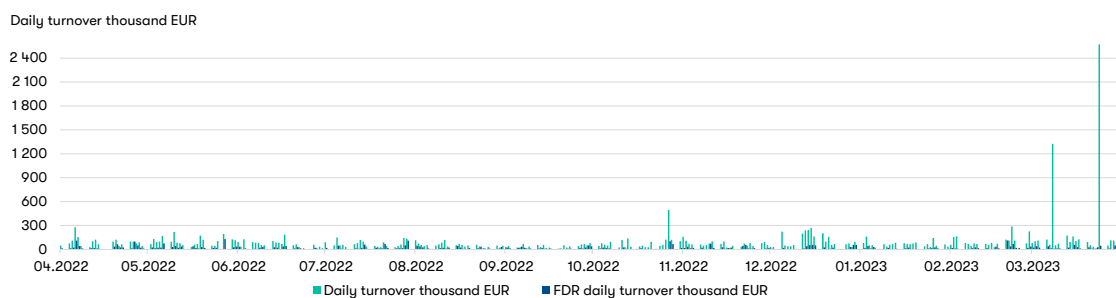
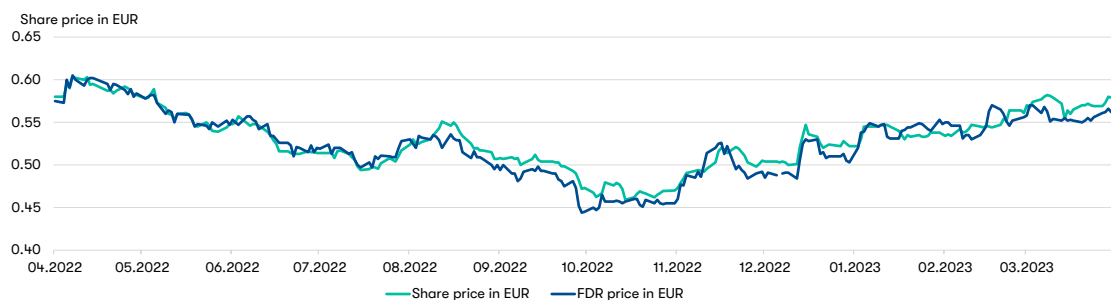
In the first quarter of 2023, staff costs amounted to EUR 43.1 million (EUR 32.9 million in Q1 2022), which is an 30.8% increase compared to the same period last year. The increase in average FTEs was 21.8% compared to the first quarter of 2022. The increase is driven mainly by expanded operations (more ships and hotels operated) compared to the first quarter of 2022 when strict COVID-19 restrictions were applied in all of Group's home markets.

Shareholders & Share Price Development

The following chart displays the shareholder structure of AS Tallink Grupp as at 31 March 2023.



The shares of AS Tallink Grupp have been listed on the Nasdaq Tallinn stock exchange since 9 December 2005, where the shares are traded under the ticker symbol TAL1T. Starting from 3 December 2018, the shares of AS Tallink Grupp are listed as Finnish Depository Receipts (FDRs) also on Nasdaq Helsinki stock exchange, where the FDRs are traded under the ticker symbol TALLINK. At the reporting date, the closing share price on Nasdaq Baltic was EUR 0.579 and the closing price of the FDR on Nasdaq Helsinki was EUR 0.566. The following charts give an overview of the share and FDR price and turnover developments in the past twelve months. The account NORDEA BANK ABP / CLIENTS FDR represented 9 092 FDR-holders on 31 March 2023. The total number of shareholders and FDR-holders was 39 796.



Key Management Personnel

Supervisory Board

The Supervisory Board of AS Tallink Grupp consists of seven members and includes:

- Mr Enn Pant, Chairman
- Mr Toivo Ninnas
- Ms Eve Pant
- Mr Ain Hanschmidt
- Mr Colin Douglas Clark
- Mr Kalev Järvelill
- Mr Raino Paron

Management Board

The Management Board of AS Tallink Grupp operates with five members, including:

- Mr Paavo Nõgene, Chairman
- Mrs Kadri Land
- Mr Harri Hanschmidt
- Mrs Piret Mürk-Dubout
- Mr Margus Schults

Economic Environment

The Group's operations were predominantly impacted by changes in consumer behaviour and the economic developments in its core markets of Finland, Sweden, and Estonia, but also by the global geopolitical situation and war in Europe. The demand for international travel has continued to grow steadily but has not yet returned to pre-COVID-19 levels. Additionally, the recovery of inbound tourism from Asia has been halted as number of countries in Asian region only raised their COVID-19 travel restrictions at the end of 2022.

OECD measured consumer confidence index that reached its record low in September 2022 has since started to show improvement as food and energy prices have started to fall. However, the volatility of energy prices, the war in Ukraine, the tightening monetary policy and the high inflation continue to be key concerns globally. The improving consumer confidence was reflected in the increasing passenger volumes during the quarter.

The company's cargo business remained steady and robust during the period, although the market conditions and availability of shipping fleet put further pressure on the already challenging price competition.

During the first quarter, global fuel prices decreased about 3% compared to the same period last year. In the first quarter of 2023, the Group's overall fuel cost decreased by 6% or EUR 1.7 million compared to the same period in 2022. The decrease was driven by lower global fuel prices, but also lower consumption compared to the same period a year ago. At the same time, the Group's transport cost has increased year-on-year due to the increased distance of the fuel sourcing.

For the foreseeable future and according to current best knowledge and estimates, the key risks for the business continue to be related to the fluctuations in fuel prices, the war in Ukraine, rising interest rates and the changing customer travel and consumption habits.

Events in the First Quarter 2023

New Collective Agreement

On 6 February 2023, Tallink and Estonian Seamen's Independent Union signed a new collective agreement for the next 4 years. Subject to the agreement, the wages of Tallink's maritime workers in Estonia will increase in 2023 by 13.5% (service personnel) and 16.1% (technical personnel) compared to the minimum wages of the previous collective agreement.

Silja Europa Charter Agreement Extension

In February 2023, AS Tallink Grupp and Slaapschepen Public BV, an organisation nominated by Centraal Orgaan Opvang Asielzoekers (COA) in the Netherlands, have used the option for extending the existing short-term charter agreement for Silja Europa until 19 June 2023.

Galaxy Charter Agreement Extension

In February 2023, the charter agreement extension was signed for the cruise vessel Galaxy. The charter agreement extension is valid from April 2023 for six months.

Events After the Reporting Period and Outlook

Long-term Charter Agreement for the Cruise Vessel Isabelle

The subsidiaries of AS Tallink Grupp, AS Tallink Latvija and Hansalink Ltd, and Canadian entity Bridgemans Floatel LP/Bridgemans Services Group LP signed a long-term bareboat charter agreement for chartering the cruise vessel Isabelle from 1 July 2023. The multi-year charter agreement has been signed with a purchase option.

Long-term Charter Agreement for the Shuttle Vessel Star

AS Tallink Grupp and Irish Continental Group plc signed a long-term bareboat charter agreement for the shuttle vessel Star. The charter agreement that includes a purchase option has been signed for 20 months with the possibility to extend the charter by 2+2 years.

Charter Agreement Extension for the Cruise Vessel Victoria I

AS Tallink Grupp and Corporate Travel Management (North) Ltd on behalf of The Scottish Government have agreed an extension to the short-term time-charter agreement for the vessel Victoria I for additional month until 15 July 2023.

Tallink Hotel Riga Re-opens

On 14 April 2023, Tallink Hotel Riga re-opened to customers after two and half years of suspended operations caused by travel restrictions in Latvia and in the wider Baltic Sea region due to the Covid pandemic and the aftermath on the entire hospitality sector.

Change of the Flag State of the Cruise Vessel Galaxy

On 20 April 2023, the flag state of the cruise vessel Galaxy was changed from Sweden to Latvia. As a result of the change of the flag state, the new name of the cruise vessel is Galaxy I.

Collective Redundancy Plan

On 24 April 2023, the Group started the collective redundancy process of up to 400 crew members in the Group's Estonian subsidiary Hansaliin OÜ and up to 100 crew members of the Group's Latvian subsidiary Tallink Latvija. The collective redundancy process will be completed in early autumn 2023.

Earnings

The Group's earnings are not generated evenly throughout the year. The summer period is the high season in the Group's operations. In management's opinion and based on prior experience, most of the Group's earnings are generated during the summer months (June-August). In 2023, seasonal fluctuations in revenue generation are smoothed by Group's earnings from chartering services.

The war in Ukraine has a negative impact on the demand of certain customer groups, mainly customers from the countries directly participating in the conflict and from Asian countries, together with the risk of an increase in some input prices, mainly fuel and raw materials. The exact magnitude and duration of the potential effects from the conflict remain difficult to assess.

Despite the uncertainties in the outlook of the economic environment the management is continuously looking for ways to manage risks for the low season (for example through charters).

Research and Development Projects

The Group does not have any substantial ongoing research and development projects. The Group is continuously seeking opportunities for expanding its operations to improve its results.

The Group is continuously looking for innovative ways to upgrade the ships and passenger area technology to improve its overall performance through modern solutions. The most recent technical projects are focusing on the solutions for reducing the CO₂ footprint of the ships.

Risks

The Group's business, financial position and operating results could be materially affected by various risks. These risks are not the only ones that we face. Additional risks and uncertainties not presently known to us, or that we currently believe are immaterial or unlikely, could also impair the business. The order of presentation of the risk factors below is not intended to be an indication of the probability of their occurrence or of their potential effect on our business.

- Protracted geopolitical and military conflict in Europe
- Governmental restrictions on business activities
- Impact of high inflation on consumer habits
- Accidents, disasters
- Macroeconomic and labour market developments
- Changes in laws and regulations
- Relations with trade unions
- Increase in the fuel prices and interest rates
- Market and customer behaviour
- Impact of variations in labour legislation on competitiveness while sailing under different flags

MANAGEMENT BOARD'S CONFIRMATION

We confirm that to the best of our knowledge, the management report of AS Tallink Grupp for the first quarter of 2023 presents a true and fair view of the Group's development, results and financial position and includes an overview of the main risks and uncertainties.



Paavo Nõgene
Chairman of the Management Board



Kadri Land
Member of the Management Board



Harri Hanschmidt
Member of the Management Board



Piret Mürk-Dubout
Member of the Management Board



Margus Schults
Member of the Management Board

This Interim Report has been signed digitally.

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Unaudited, in thousands of EUR	Q1 2023	Q1 2022
Revenue (Note 3)	171 245	106 143
Cost of sales	-146 463	-126 043
Gross profit/loss	24 782	-19 900
Sales and marketing expenses	-9 090	-7 329
Administrative expenses	-14 112	-11 128
Other operating income	285	3 734
Other operating expenses	-8	-5
Result from operating activities	1 857	-34 628
Finance income (Note 4)	355	39
Finance costs (Note 4)	-7 957	-5 698
Profit/loss before income tax	-5 745	-40 287
Income tax	321	298
Net profit/loss for the period	-5 424	-39 989
Net profit/loss for the period attributable to equity holders of the Parent	-5 424	-39 989
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translating foreign operations	74	-1
Other comprehensive income for the period	74	-1
Total comprehensive profit/loss for the period	-5 350	-39 990
Total comprehensive profit/loss for the period attributable to equity holders of the Parent	-5 350	-39 990
Profit/loss per share (in EUR, Note 5)	-0.007	-0.054

Consolidated Statement of Financial Position

Unaudited, in thousands of EUR	31.03.2023	31.03.2022	31.12.2022
ASSETS			
Cash and cash equivalents	96 455	100 977	114 935
Trade and other receivables	33 492	30 622	31 380
Prepayments	15 873	15 441	9 379
Prepaid income tax	35	0	37
Inventories	40 843	41 048	39 965
Current assets	186 698	188 088	195 696
Investments in equity-accounted investees	75	165	75
Other financial assets and prepayments	3 992	2 817	3 622
Deferred income tax assets	21 840	21 840	21 840
Investment property	300	300	300
Property, plant and equipment (Note 6)	1 428 058	1 311 910	1 438 286
Intangible assets (Note 7)	31 089	35 047	31 823
Non-current assets	1 485 354	1 372 079	1 495 946
TOTAL ASSETS	1 672 052	1 560 167	1 691 642
LIABILITIES AND EQUITY			
Interest-bearing loans and borrowings (Note 8)	169 986	272 159	165 049
Trade and other payables	87 668	84 625	86 934
Payables to owners	6	6	6
Income tax liability	35	47	35
Deferred income	50 928	33 508	44 222
Current liabilities	308 623	390 345	296 246
Interest-bearing loans and borrowings (Note 8)	661 848	517 296	688 465
Non-current liabilities	661 848	517 296	688 465
Total liabilities	970 471	907 641	984 711
Share capital (Note 9)	349 477	349 477	349 477
Share premium	663	663	663
Reserves	65 925	67 417	66 363
Retained earnings	285 516	234 969	290 428
Equity attributable to equity holders of the Parent	701 581	652 526	706 931
Total equity	701 581	652 526	706 931
TOTAL LIABILITIES AND EQUITY	1 672 052	1 560 167	1 691 642

Consolidated Statement of Cash Flows

Unaudited, in thousands of EUR	Q1 2023	Q1 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/loss for the period	-5 424	-39 989
Adjustments	32 502	29 037
Changes in:		
Receivables and prepayments related to operating activities	-8 606	-6 462
Inventories	-878	-6 417
Liabilities related to operating activities	8 039	5 561
Changes in assets and liabilities	-1 445	-7 318
Cash generated from operating activities	25 633	-18 270
Income tax repaid/paid	-47	-41
NET CASH FROM/USED OPERATING ACTIVITIES	25 586	-18 311
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant, equipment and intangible assets (Notes 6, 7)	-11 510	-8 891
Proceeds from disposals of property, plant, equipment	79	41
Interest received	355	1
NET CASH USED IN INVESTING ACTIVITIES	-11 076	-8 849
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans received (Note 8)	-19 307	0
Change in overdraft (Note 8)	-15	11 431
Payment of lease liabilities (Note 8)	-4 435	-4 215
Interest paid	-8 121	-6 332
Payment of transaction costs related to loans	-1 112	-303
NET CASH FROM/USED IN FINANCING ACTIVITIES	-32 990	581
TOTAL NET CASH FLOW	-18 480	-26 579
Cash and cash equivalents at the beginning of period	114 935	127 556
Change in cash and cash equivalents	-18 480	-26 579
Cash and cash equivalents at the end of period	96 455	100 977

Consolidated Statement of Changes in Equity

Unaudited, in thousands of EUR	Share capital	Share premium	Translation reserve	Ships re-valuation reserve	Mandatory legal reserve	Retained earnings	Equity attributable to equity holders of the Parent	Total equity
As at 31 December 2022	349 477	663	840	33 364	32 159	290 428	706 931	706 931
Net profit/loss for the period	0	0	0	0	0	-5 424	-5 424	-5 424
Other comprehensive income for the period								
Exchange differences on translating foreign operations	0	0	74	0	0	0	74	74
Total comprehensive profit/loss for the period	0	0	74	0	0	-5 424	-5 350	-5 350
Transactions with owners of the Company recognised directly in equity								
Transfer from revaluation reserve	0	0	0	-512	0	512	0	0
Transactions with owners of the Company recognised directly in equity	0	0	0	-512	0	512	0	0
As at 31 March 2023	349 477	663	914	32 852	32 159	285 516	701 581	701 581
As at 31 December 2021	349 477	663	360	35 411	32 159	274 446	692 516	692 516
Net profit/loss for the period	0	0	0	0	0	-39 989	-39 989	-39 989
Other comprehensive income for the period								
Exchange differences on translating foreign operations	0	0	-1	0	0	0	-1	-1
Total comprehensive profit/loss for the period	0	0	-1	0	0	-39 989	-39 990	-39 990
Transactions with owners of the Company recognised directly in equity								
Transfer from revaluation reserve	0	0	0	-512	0	512	0	0
Transactions with owners of the Company recognised directly in equity	0	0	0	-512	0	512	0	0
As at 31 March 2022	349 477	663	359	34 899	32 159	234 969	652 526	652 526

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 1 Corporate Information

The consolidated interim financial statements of AS Tallink Grupp (the “Parent”) and its subsidiaries (together referred to as the “Group”) for the first quarter of 2023 were authorised for issue by the Management Board on 27 April 2023.

AS Tallink Grupp is a public limited company incorporated and domiciled in Estonia, with a registered office at Sadama 5, Tallinn. AS Tallink Grupp shares have been publicly traded on the Nasdaq Tallinn Stock Exchange since 9 December 2005. Starting from 3 December 2018 the shares of AS Tallink Grupp are also listed as Finnish Depository Receipts (FDRs) on the Nasdaq Helsinki Stock Exchange.

The principal activities of the Group are related to marine transportation in the Baltic Sea (passenger and cargo transportation). As of 31 March 2023, the Group employed 4 924 people (4 740 as of 31 March 2022).

Note 2 Basis of Preparation

These interim consolidated financial statements of AS Tallink Grupp have been prepared in a condensed form in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting”.

These interim consolidated financial statements have been prepared using the same accounting policies and measurement bases that were applied in the preparation of the consolidated financial statements of AS Tallink Grupp for the financial year ended on 31 December 2022. The Group prepares its consolidated annual financial statements in accordance with IFRS as adopted by the EU.

The interim consolidated financial statements are presented in thousand euros (EUR).

Note 3 Segment Information

The Group’s operations are organized and managed separately according to the nature of the different markets. Different routes represent different business segments.

The following tables present the Group’s revenue and profit by reportable segments for the reporting and the comparative period.

Geographical Segments – by the Location of Assets

For the period 1 January - 31 March, in thousands of EUR	Estonia-Finland routes	Estonia-Sweden routes	Finland-Sweden routes	Other	Intersegment elimination	Total
2023						
Sales to external customers	57 440	19 421	47 660	46 724	0	171 245
Intersegment sales	0	0	0	1 122	-1 122	0
Revenue	57 440	19 421	47 660	47 846	-1 122	171 245
Segment result	6 173	-1 484	-3 366	14 369	0	15 692
Unallocated expenses						-13 835
Net financial items (Note 4)						-7 602
Profit/loss before income tax						-5 745

For the period 1 January - 31 March, in thousands of EUR	Estonia-Finland routes	Estonia-Sweden routes	Finland-Sweden routes	Other	Intersegment elimination	Total
2022						
Sales to external customers	41 326	12 335	37 614	14 868	0	106 143
Intersegment sales	0	0	0	437	-437	0
Revenue	41 326	12 335	37 614	15 305	-437	106 143
Segment result	-1 371	-6 800	-13 830	-5 228	0	-27 229
Unallocated expenses						-7 399
Net financial items (Note 4)						-5 659
Profit/loss before income tax						-40 287

Please note that the items previously reported under geographical segment Latvia-Sweden routes are included in the segment Other as Latvia-Sweden route was not operated in 2022, and in the first quarter of 2023, and the amounts are below materiality threshold.

Revenue by Service

In thousands of EUR	Q1 2023	Q1 2022
Restaurant and shop sales on-board and onshore	74 247	49 923
Ticket sales	35 212	22 133
Sales of cargo transport	25 284	26 487
Sales of accommodation	2 189	1 325
Income from charter of vessels	30 344	2 850
Other	3 970	3 425
Total revenue of the Group	171 245	106 143

Note 4 Financial Items

In thousands of EUR	Q1 2023	Q1 2022
Net foreign exchange gain	0	38
Income from other financial assets	355	1
Total finance income	355	39
Net foreign exchange loss	-91	0
Interest expense on financial liabilities measured at amortised cost	-7 281	-5 071
Interest expense on right-of-use asset lease liabilities	-585	-627
Total finance costs	-7 957	-5 698
Net finance costs	-7 602	-5 659

Note 5 Earnings Per Share

Earnings per share (EPS) are calculated by dividing the net profit/loss for the period attributable to ordinary shareholders of the Parent by the weighted average number of ordinary shares outstanding during the period.

At the end of the period, in thousands	Q1 2023	Q1 2022
Shares issued	743 569	743 569
Shares outstanding	743 569	743 569

For the period, in thousands of EUR	Q1 2023	Q1 2022
Weighted average number of ordinary shares outstanding (in thousands)	743 569	743 569
Net profit/loss attributable to equity holders of the Parent	-5 424	-39 989
Profit/loss per share	-0.007	-0.054

Note 6 Property, Plant, and Equipment

In thousands of EUR	Land and buildings	Ships	Plant and equipment	Right-of-use assets	Assets under construction	Total
Book value as at 31 December 2022	2 785	1 287 715	47 932	96 504	3 350	1 438 286
Additions	0	151	2 500	2 866	7 824	13 341
Reclassification	0	7 314	144	0	-7 458	0
Disposals	0	0	-15	-22	0	-37
Depreciation for the period	-58	-15 317	-3 715	-4 442	0	-23 532
Book value as at 31 March 2023	2 727	1 279 863	46 846	94 906	3 716	1 428 058
As at 31 March 2023						
Gross carrying amount	10 065	1 915 417	133 541	159 160	3 716	2 221 899
Accumulated depreciation	-7 338	-635 554	-86 695	-64 254	0	-793 841
Book value as at 31 December 2021	1 582	1 082 535	50 472	108 809	79 955	1 323 353
Additions	0	0	140	2 166	8 215	10 521
Reclassification	0	4 894	1 897	0	-6 714	77
Disposals	0	0	-37	-41	0	-78
Depreciation for the period	-46	-13 694	-3 842	-4 381	0	-21 963
Book value as at 31 March 2022	1 536	1 073 735	48 630	106 553	81 456	1 311 910
As at 31 March 2022						
Gross carrying amount	8 677	1 655 388	121 386	154 094	81 456	2 021 001
Accumulated depreciation	-7 141	-581 653	-72 756	-47 541	0	-709 091

Right-of-Use Assets

In thousands of EUR	Buildings and premises	Plant and equipment	Total right-of- use assets
Book value as at 31 December 2022	95 707	797	96 504
Additions	2 864	2	2 866
Disposals	-20	-2	-22
Depreciation for the period	-4 357	-85	-4 442
Book value as at 31 March 2023	94 194	712	94 906
As at 31 March 2023			
Gross carrying amount	157 438	1 722	159 160
Accumulated depreciation	-63 244	-1 010	-64 254
Book value as at 31 December 2021	108 340	469	108 809
Additions	2 132	34	2 166
Disposals	-41	0	-41
Depreciation for the period	-4 306	-75	-4 381
Book value as at 31 March 2022	106 125	428	106 553
As at 31 March 2022			
Gross carrying amount	152 639	1 455	154 094
Accumulated depreciation	-46 514	-1 027	-47 541

Note 7 Intangible Assets

In thousands of EUR	Goodwill	Trademark	Other	Assets under construction	Total
Book value as at 31 December 2022	11 066	10 174	10 045	538	31 823
Additions	0	0	374	661	1 035
Reclassification	0	0	492	-492	0
Disposals	0	0	0	-61	-61
Amortisation for the period	0	-729	-979	0	-1 708
Book value as at 31 March 2023	11 066	9 445	9 932	646	31 089
As at 31 March 2023					
Cost	11 066	58 288	44 937	646	114 937
Accumulated amortisation	0	-48 843	-35 005	0	-83 848
Book value as at 31 December 2021	11 066	13 090	11 426	711	36 293
Additions	0	0	5	531	536
Reclassification	0	0	271	-348	-77
Amortisation for the period	0	-729	-976	0	-1 705
Book value as at 31 March 2022	11 066	12 361	10 726	894	35 047
As at 31 March 2022					
Cost	11 066	58 288	41 976	894	112 224
Accumulated amortisation	0	-45 927	-31 250	0	-77 177

Note 8 Interest-Bearing Loans and Borrowings

In thousands of EUR	31.12.2022	Addition	Repayments	Exchange differences	Other changes ¹	31.03.2023
Lease liabilities	77	0	-8	0	0	69
Right-of-use assets lease liabilities	107 095	2 866	-4 427	-1	-20	105 513
Overdrafts	15	0	-15	0	0	0
Long-term bank loans	746 327	0	-19 307	0	-768	726 252
Total borrowings	853 514	2 866	-23 757	-1	-788	831 834
Current portion	165 049					169 986
Non-current portion	688 465					661 848
Total borrowings	853 514					831 834

In thousands of EUR	31.12.2021	Addition	Repayments	Exchange differences	Other changes ¹	31.03.2022
Lease liabilities	116	0	-8	0	0	108
Right-of-use assets lease liabilities	116 403	2 166	-4 207	-25	-89	114 248
Overdrafts	180	11 431	0	0	0	11 611
Long-term bank loans	663 226	0	0	0	262	663 488
Total borrowings	779 925	13 597	-4 215	-25	173	789 455
Current portion	244 436					272 159
Non-current portion	535 489					517 296
Total borrowings	779 925					789 455

¹ Capitalisation and amortisation of transaction costs and the termination of lease agreements.

Bank overdrafts are secured with commercial pledges (in the total amount of EUR 20 204 thousand) and ship mortgages. AS Tallink Grupp has given guarantees to Nordea Bank Plc, KfW IPEX-Bank GmbH and Nordic Investment Bank for loans of EUR 389 765 thousand granted to its ship-owning subsidiaries and Tallink Silja OY. Ship-owning subsidiaries have given guarantees to Nordea Bank Finland Plc, Swedbank AS and SA KredEx for loans of EUR 336 487 thousand granted to AS Tallink Grupp. The primary securities for these loans are pledges of the shares in the ship-owning subsidiaries and mortgages on the ships belonging to the aforementioned subsidiaries.

Note 9 Share Capital

According to the articles of association of the Parent the maximum number of ordinary shares is 2 400 000 000. Each share grants one vote at the shareholders' general meeting. Shares acquired by the transfer of ownership are eligible for participating in and voting at a general meeting only if the ownership change is recorded in the Estonian Central Registry of Securities at the time used to determine the list of shareholders for the given shareholders' general meeting.

AS Tallink Grupp has 743 569 064 registered shares without nominal value and the notional value of each share is EUR 0.47.

Note 10 Related Party Disclosures

The Group has conducted transactions with related parties and has outstanding balances with related parties.

For the period ended 31 March 2023, in thousands of EUR	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Companies controlled by the Key Management Personnel	119	5 504	19	91 804
Associated companies	6	34	3	11
Total	125	5 538	22	91 815

For the period ended 31 March 2022, in thousands of EUR	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Companies controlled by the Key Management Personnel	185	8 037	63	98 320
Associated companies	1	29	0	9
Total	186	8 066	63	98 329

Note 11 Subsequent Events

The subsidiaries of AS Tallink Grupp, AS Tallink Latvija and Hansalink Ltd, and Canadian entity Bridgemans Floatel LP/Bridgemans Services Group LP signed a long-term bareboat charter agreement for chartering the cruise vessel Isabelle from 1 July 2023. The multi-year charter agreement has been signed with a purchase option.

AS Tallink Grupp and Irish Continental Group plc signed a long-term bareboat charter agreement for chartering the shuttle vessel Star. The charter agreement has been signed for 20 months with the possibility to extend the charter by 2+2 years and includes a purchase option.

AS Tallink Grupp and Corporate Travel Management (North) Ltd on behalf of The Scottish Government have agreed an extension to the short-term time-charter agreement for the vessel Victoria I for additional month until 15 July 2023.

On 14 April 2023, Tallink Hotel Riga re-opened to customers after two and half years of suspended operations caused by travel restrictions in Latvia and in the wider Baltic Sea region due to the Covid pandemic and their aftermath on the entire hospitality sector.

On 20 April 2023, the flag state of the cruise vessel Galaxy changed from Sweden to Latvia. As a result of the change of the flag state, the new name of the cruise vessel is Galaxy I.

On 24 April 2023, the Group started the collective redundancy process of 400 crew members in the Group's Estonian subsidiary Hansaliin OÜ and 100 crew members of the Group's Latvian subsidiary Tallink Latvija. The collective redundancy process will be completed in early autumn 2023.

STATEMENT BY THE MANAGEMENT BOARD

Hereby we acknowledge our responsibility for the AS Tallink Grupp Unaudited Condensed Consolidated Interim Financial Statements for the first quarter of 2023 and confirm that these financial statements have been prepared in accordance with IAS 34 and give a true and fair view of the Group's financial position, financial performance, and cash flows.

Based on today's knowledge, the Management Board is of the opinion that AS Tallink Grupp and its subsidiaries are able to continue as going concerns for a period of at least one year after the date of approval of these interim financial statements.



Paavo Nõgene
Chairman of the Management Board



Kadri Land
Member of the Management Board



Harri Hanschmidt
Member of the Management Board



Piret Mürk-Dubout
Member of the Management Board



Margus Schults
Member of the Management Board

This Interim Report has been signed digitally.

ALTERNATIVE PERFORMANCE MEASURES

AS Tallink Grupp presents certain performance measures as key figures, which in accordance with the “Alternative Performance Measures” guidance by the European Securities and Markets Authority (ESMA) are not accounting measures of historical financial performance, financial position and cash flows, defined or specified in IFRS, but which are instead non-financial measures and alternative performance measures (APMs).

The non-financial measures and APMs provide the management, investors, securities analysts and other parties significant additional information related to the Group’s operating results, financial position and/or cash flows and are often used by analysts, investors and other parties.

The non-financial measures and APMs should not be considered in isolation or as substitute to the measures under IFRS. The APMs are unaudited.

Calculation Formulas of Alternative Performance Measures

EBITDA: result from operating activities before net financial items, share of profit of equity-accounted investees, taxes, depreciation and amortization

EBIT: result from operating activities before net financial items and taxes

Earnings/loss per share: net profit or loss / weighted average number of shares outstanding

Equity ratio: total equity / total assets

Shareholder’s equity per share: shareholder’s equity / number of shares outstanding

Gross margin: gross profit or loss / net sales

EBITDA margin: EBITDA / net sales

EBIT margin: EBIT / net sales

Net profit/loss margin: net profit or loss / net sales

Capital expenditure: additions to property, plant and equipment – additions to right-of-use assets + additions to intangible assets

ROA: earnings before net financial items, taxes 12-months trailing / average total assets

ROE: net profit or loss 12-months trailing / average shareholders’ equity

ROCE: earnings before net financial items, taxes 12-months trailing / (total assets – current liabilities (average for the period))

Net debt: interest-bearing liabilities less cash and cash equivalents

Net debt to EBITDA: net debt / EBITDA 12-months trailing

Reconciliations of Certain Alternative Performance Measures

In thousands of EUR	Q1 2023	Q1 2022
Depreciation	23 532	21 963
Amortisation	1 708	1 705
Depreciation and amortisation	25 240	23 668
Result from operating activities	1 857	-34 628
Depreciation and amortisation	25 240	23 668
EBITDA	27 097	-10 960
EBITDA	27 097	-10 960
IFRS 16 adoption effect	-5 027	-5 008
Adjusted EBITDA	22 070	-15 968
Additions to property, plant and equipment	10 475	8 355
Additions to intangible assets	1 035	536
Capital expenditures	11 510	8 891
Net profit/loss for the period	-5 424	-39 989
Weighted average number of shares outstanding	743 569 064	743 569 064
Earnings/loss per share (EUR)	-0.007	-0.054
Lease liabilities	69	108
Lease liabilities related to right-of-use assets	105 513	114 248
Overdraft	0	11 611
Long-term bank loans	726 252	663 488
Interest-bearing liabilities	831 834	789 455
Gross profit/loss	24 782	-19 900
Net sales	171 245	106 143
Gross margin (%)	14.5%	-18.7%
EBITDA	27 097	-10 960
Net sales	171 245	106 143
EBITDA margin (%)	15.8%	-10.3%
Adjusted EBITDA	22 070	-15 968
Net sales	171 245	106 143
Adjusted EBITDA margin (%)	12.9%	-15.0%
EBIT	1 857	-34 628
Net sales	171 245	106 143
EBIT margin (%)	1.1%	-32.6%
Net profit/loss	-5 424	-39 989
Net sales	171 245	106 143
Net profit/loss margin (%)	-3.2%	-37.7%
Result from operating activities 12-months trailing	74 158	-41 680
Total assets 31 March (previous year)	1 560 167	1 492 507
Total assets 30 June	1 550 110	1 524 741
Total assets 30 September	1 535 300	1 616 656
Total assets 31 December	1 691 642	1 585 915
Total assets 31 March	1 672 052	1 560 167
Average assets	1 601 854	1 555 997
ROA (%)	4.6%	-2.7%

In thousands of EUR	Q1 2023	Q1 2022
Net profit/loss 12-months trailing	48 500	-62 134
Total equity 31 March (previous year)	652 526	680 079
Total equity 30 June	652 304	655 682
Total equity 30 September	690 219	695 867
Total equity 31 December	706 931	692 516
Total equity 31 March	701 581	652 526
Average equity	680 712	675 334
ROE (%)	7.1%	-9.2%
Result from operating activities 12-months trailing	74 158	-41 680
Total assets 31 March (previous year)	1 560 167	1 492 507
Total assets 30 June	1 550 110	1 524 741
Total assets 30 September	1 535 300	1 616 656
Total assets 31 December	1 691 642	1 585 915
Total assets 31 March	1 672 052	1 560 167
Current liabilities 31 March (previous year)	390 345	233 651
Current liabilities 30 June	405 694	218 923
Current liabilities 30 September	383 316	207 183
Current liabilities 31 December	296 246	357 910
Current liabilities 31 March	308 623	390 345
Total assets - current liabilities 31 March (previous year)	1 169 822	1 258 856
Total assets - current liabilities 30 June	1 144 416	1 305 818
Total assets - current liabilities 30 September	1 151 984	1 409 473
Total assets - current liabilities 31 December	1 395 396	1 228 005
Total assets - current liabilities 31 March	1 363 429	1 169 822
Average assets - current liabilities	1 245 009	1 274 395
ROCE (%)	6.0%	-3.3%
In thousands of EUR	31.03.2023	31.12.2022
Interest-bearing liabilities	831 834	853 514
Cash and cash equivalents	96 455	114 935
Net debt	735 379	738 579
Total equity	701 581	706 931
Total assets	1 672 052	1 691 642
Equity ratio (%)	42.0%	41.8%
Equity attributable to equity holders of the Parent	701 581	706 931
Number of ordinary shares outstanding	743 569 064	743 569 064
Shareholders' equity per share (EUR)	0.94	0.95
Net debt	735 379	738 579
12-months trailing		
Depreciation	92 785	91 216
Amortisation	6 923	6 920
Depreciation and amortisation	99 708	98 136
EBITDA	173 866	135 809
Net debt to EBITDA	4.2	5.4

CONTACT INFORMATION

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