

Q4 & 12 MONTHS 2023 AS TALLINK GRUPP



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

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MANAGEMENT REPORT

In the financial year 2023 (1 January – 31 December), AS Tallink Grupp and its subsidiaries (hereinafter referred to as “the Group”) carried 5 705 600 passengers, which is 4.5% more than in the financial year 2022. The number of cargo units transported decreased by 20.9% compared to the previous financial year. The Group’s unaudited consolidated revenue amounted to EUR 835.3 million (EUR 771.4 million in the financial year 2022), up by 8.3% year-on-year. Unaudited EBITDA was EUR 214.5 million (EUR 135.8 million in 2022 financial year) and the unaudited net profit for the period was EUR 78.9 million (EUR 13.9 million in 2022 financial year), up by 58.0% and 466.0%, respectively.

The following operational factors impacted the Group’s revenue and operating results in the financial year 2023:

- The volume of cargo and passenger transportation was impacted by less vessels in operations due to chartering and by less trips made compared to the same period a year ago.
- The demand was also impacted by low consumer and business confidence levels, and weak economic environment in all Group’s core markets but also by global geopolitical instability.
- As at the end of the financial year, the Group operated 15 vessels including 2 shuttle vessels, 2 cargo vessels and 5 cruise ferries as well as 5 vessels that were chartered out (3 vessels on long-term and 2 vessels on short-term charter) and one in lay-up.
- During the financial year, 2 charter agreements ended. The charter agreement of the cruise vessel Romantika was terminated in September 2023 prior to the agreement’s expiration date. The short-term charter agreement of the cruise ferry Victoria I ended in July 2023. In addition, the Group extended the charter agreements of cruise vessels Galaxy I and Silja Europa until April 2024 and end of 2024, respectively. The shuttle vessel Oscar Wilde (former Star) was chartered out in May 2023 for 20 months with the option to extend the charter period by 2+2 years and included a purchase option.
- The planned maintenance works of vessels totalled to 61 days.
- The Group operated 3 hotels in Tallinn and 1 in Riga.
- Declining global fuel prices, the optimal fleet size and strict cost control had a positive impact on the Group’s cost base. However, while the fuel prices have dropped the fuel transportation cost component has increased.
- The Group repaid loans in the amount of EUR 487.6 million, which includes refinancing of loans in the amount of EUR 298 million. The net repayment of interest-bearing loans was EUR 189.6 million.
- The Group’s net debt to EBITDA ratio amounted to 2.8 as at the end of the financial year 2023 compared to 5.4 as at the end of the financial year 2022.
- The Group continues to focus on cost efficiency from previously implemented measures and retaining 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 new chartering options for vessels not used on the main routes and to work on extending the existing chartering agreements.

Number of passengers
carried by the Group’s
vessels in 2023

5.7
million

The Group’s unaudited
consolidated revenue
for 2023

EUR **835.3**
million

The Group’s EBITDA
for 2023

EUR **214.5**
million

Sales and Results by Segments

In the financial year 2023, the Group's total revenue increased by EUR 63.9 million to EUR 835.3 million compared to EUR 771.4 million in the financial year 2022.

Revenue from route operations (core business) amounted to EUR 645.8 million, which is EUR 16.9 million more than during the financial year 2022. The segment result from route operations (core business) amounted to EUR 107.2 million compared to EUR 39.7 million in the financial year 2022.

In the financial year 2023, the Group's vessels carried a total of 3.5 million passengers on the **Estonia-Finland** route, up by 10.8% year-on-year. The number of transported cargo units decreased by 20.4%. The revenue from the Estonia-Finland route increased by EUR 20.2 million to EUR 298.0 million and the segment result improved by EUR 27.3 million to EUR 79.0 million. In the financial year 2023, the segment reflects the operations of the following vessels:

- 1 January – 2 May 2023: the shuttle vessels MyStar, Megastar and Oscar Wilde (formerly Star). The latter stopped operating the route in May 2023 due to a charter agreement.
- 2 May – 11 October 2023: the shuttle vessels MyStar and Megastar.
- 12 October – 31 December 2023: the shuttle vessels MyStar and Megastar and the cruise ferry Victoria I that was added to the route in October 2023.

The cruise ferry Silja Europa stopped operating on the Estonia-Finland route in August 2022 due to a charter agreement.

In the financial year 2023, the Group carried a total of 1.7 million passengers on **Finland-Sweden** routes, down by 9.9% year-on-year. The number of transported cargo units decreased by 41.6%. The routes' revenue decreased by EUR 17.2 million to EUR 257.1 million while the segment result improved by EUR 24.7 million to EUR 23.8 million, year-on-year. The decline in passenger numbers and cargo volumes were mostly driven by less vessels in operations, 26% of less trips made compared to the financial year 2022 and change of route to Turku-Kapellskär. In the financial year 2023, the segment reflects the operations of one cruise ferry on Turku-Stockholm/Kapellskär routes and two cruise ferries on the Helsinki-Stockholm route. The cruise ferry Galaxy I stopped operating on the Turku-Stockholm route from September 2022 due to a charter agreement.

On **Estonia-Sweden** routes the number of carried passengers increased by 19.0% in the financial year 2023 and amounted to 0.6 million. The number of transported cargo units increased by 3.0% year-on-year. The revenue of Estonia-Sweden routes increased by EUR 13.9 million to EUR 90.8 million and segment result improved by EUR 15.5 million to EUR 4.5 million, year-on-year. Estonia-Sweden routes reflect the operation of two cargo vessels on the Paldiski-Kapellskär route and one cruise ferry on the Tallinn-Stockholm route.

Revenue from the segment **Other** increased by a total of EUR 48.6 million and amounted to EUR 196.0 million. The segment result was up by EUR 19.5 million year-on-year amounting to EUR 54.5 million. As at the end of the financial year 2023, the Group had 5 vessels on charter including 3 on long-term and 2 on short-term charter.

As at the end of the 2023 financial year, the long-term charters included:

- The 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 shuttle vessel Oscar Wilde (formerly Star) was chartered out from 5 May 2023 for 20 months with the option of extending the charter by 2+2 year and the option of purchasing the shuttle.
- The cruise ferry Isabelle has been on long-term charter since 1 July 2023 and the charter agreement includes a purchase option.

As at the end of the 2023 financial year, the short-term charters included:

- The cruise ferry Galaxy I was chartered out in September 2022. In September 2023, the agreement was extended for six months until April 2024.
- The cruise ferry Silja Europa was chartered out in August 2022. In October 2023, the charter agreement was extended until the end of 2024.

During the year, the charter agreements of 2 vessels ended. The agreement for chartering out the cruise ferry Romantika, signed in March 2022, was terminated on 1 September 2023. The cruise ferry Victoria I, the charter agreement of which ended in July, started operating the Tallinn-Helsinki route on 12 October 2023.

Earnings

In the financial year 2023, the Group's gross profit improved by EUR 90.4 million amounting to EUR 203.8 million compared to EUR 113.5 million in the financial year 2022. EBITDA improved by EUR 78.7 million and amounted to EUR 214.5 million.

Amortisation and depreciation expense increased by EUR 3.1 million to EUR 101.2 million year-on-year.

As a result of increased interest rates and increased financing obligations related to the shuttle-vessel Mystar, net finance costs increased by EUR 10.9 million year-on-year to EUR 35.5 million in financial year 2023.

The Group's unaudited net profit as at the end of the 2023 financial year was EUR 78.9 million or EUR 0.106 per share compared to a EUR 13.9 million or EUR 0.019 per share as at the end of the 2022 financial year.

Investments

The Group's investments in the financial year 2023 amounted to EUR 28.2 million.

Majority of the investments were related to the maintenance and repair works of the vessels which lasted for a total of 61 days during the financial year. Main investments in vessels included the preparation of cruise ferry Victoria I for cruise service operations between Tallinn and Helsinki, technical works as well as interior upgrades of the cruise ferry Baltic Queen and maintenance and repairs of the cruise ferries Silja Serenade, Silja Symphony and Baltic Princess.

During the financial year, the Group opened 3 new Burger King restaurants in Riga and Kaunas. Additionally, the hotel in Riga was re-opened in April 2023.

Financial Position

At the end of the financial year 2023, the Group's net debt amounted to EUR 607.3 million, a decrease of EUR 13.0 million compared to the end of third quarter of 2023. The net debt to EBITDA ratio was 2.8 at the reporting date (2.7 as at 30 September 2023).

As at the end of the financial year 2023, the Group's cash and cash equivalents amounted to EUR 41.9 million (EUR 64.4 million as at 30 September 2023). The Group's available credit lines were scaled back from EUR 135 million as at 30 September 2023 to the pre-COVID-19 levels of EUR 75.0 million as at the end of the reporting period. The total liquidity buffer (cash, cash equivalents and unused credit facilities) amounted to EUR 116.9 million (EUR 199.4 million as at 30 September 2023). During the financial year 2023, the Group repaid loans in the total amount of EUR 487.6 million, which includes refinancing of loans in the amount of EUR 298.0 million. The net repayment of interest-bearing loans amounted to EUR 189.6 million in the financial year 2023. During the financial year 2022, the Group repaid loans in

The Group's
net debt to EBITDA ratio

2.8

as at 31 December 2023

the amount of EUR 110.1 million. The current trade and other payables amounted to EUR 85.4 million (EUR 83.6 million as at 30 September 2023).

Dividends

In 2018, the Group adopted a dividend policy subject to which dividends of a minimum amount of EUR 0.05 per share would be paid if the economic performance enables it.

Due to continued global uncertainties the Annual General Meeting of Shareholders held on 13 June 2023 decided not to pay dividends for the financial year 2022.

Concorded with the Supervisory Board of the Group, the Management Board of the Group has decided to prepare a proposal to the General Meeting of Shareholders to pay a dividend of 6 cents per share in 2024 for the financial year of 2023.

Results of the Q4 2023

In the fourth quarter 2023 (1 October – 31 December), the Group carried 1.3 million passengers which is 3.3% more compared to the same period last year.

The restaurant and shop sales on-board and onshore increased by EUR 1.0 million and ticket revenue by EUR 2.4 million year-on-year. The cargo revenue decreased EUR 2.4 million year-on-year. Revenues from hotel operations were up by EUR 0.5 million and other revenues by EUR 1.0 million year-on-year. Revenues from chartering decreased by EUR 12.3 million compared to fourth quarter 2022 due to less vessels being chartered out.

The Group's unaudited revenue for the period decreased by 4.9% year-on-year and amounted to EUR 193.7 million. Unaudited EBITDA of the fourth quarter 2023 was EUR 36.8 million (EUR 50.4 million in the fourth quarter 2022) and unaudited net profit was EUR 2.2 million (net profit of EUR 16.7 million in the fourth quarter 2022).

The financial result of the fourth quarter of 2023 was impacted by the following factors:

- The chartering of vessels supporting the stability of cash flows.
- The cruise vessel Romantika remained in lay-up during the Q4 2023.
- Repayment of long-term loans in the amount of EUR 332.1 million, which includes refinancing of loans in the amount of EUR 298.0 million.
- Higher financing costs due to increased Euribor and transaction costs related to refinancing.

Key Figures

For the period	Q4 2023	Q4 2022	Q4 2021	Jan-Dec 2023	Jan-Dec 2022	Jan-Dec 2021
Revenue (EUR million)	193.7	203.7	166.6	835.3	771.4	476.9
Gross profit/loss (EUR million)	34.9	41.8	20.0	203.8	113.5	21.7
EBITDA ¹ (EUR million)	36.8	50.4	25.1	214.5	135.8	58.3
EBIT ¹ (EUR million)	11.4	23.5	0.9	113.3	37.7	-37.0
Net profit/loss for the period (EUR million)	2.2	16.7	-3.3	78.9	13.9	-56.6
Depreciation and amortisation (EUR million)	25.5	27.0	24.2	101.2	98.1	95.3
Capital expenditures ^{1 2} (EUR million)	5.9	179.7	9.2	28.2	203.3	20.2
Weighted average number of ordinary shares outstanding	743 569 064	743 569 064	743 569 064	743 569 064	743 569 064	694 444 381
Earnings/loss per share ¹ (EUR)	0.003	0.022	-0.004	0.106	0.019	-0.081
Number of passengers	1 338 921	1 296 047	1 122 892	5 705 600	5 462 085	2 961 975
Number of cargo units	76 198	96 052	101 486	323 990	409 769	369 170
Average number of employees	4 879	4 947	4 743	4 879	5 023	4 360
As at	31.12.2023	30.09.2023		31.12.2023	31.12.2022	31.12.2021
Total assets (EUR million)	1 555.2	1 597.4		1 555.2	1 691.6	1 585.9
Total liabilities (EUR million)	769.5	1 152.0		769.5	984.7	893.4
Interest-bearing liabilities (EUR million)	649.3	684.8		649.3	853.5	779.9
Net debt ¹ (EUR million)	607.3	620.4		607.3	620.4	652.4
Net debt to EBITDA ¹	2.8	2.7		2.8	2.7	11.2
Total equity (EUR million)	785.8	783.7		785.8	706.9	692.5
Equity ratio ¹ (%)	51%	49%		51%	42%	44%
Number of ordinary shares outstanding	743 569 064	743 569 064		743 569 064	743 569 064	743 569 064
Shareholders' equity per share (EUR)	1.06	1.05		1.06	0.95	0.93
Ratios¹	Q4 2023	Q4 2022	Q4 2021	Jan-Dec 2023	Jan-Dec 2022	Jan-Dec 2021
Gross margin (%)	18.0%	20.5%	12.0%	24.4%	14.7%	4.5%
EBITDA margin (%)	19.0%	24.8%	15.1%	25.7%	17.6%	12.2%
EBIT margin (%)	5.9%	11.5%	0.5%	13.6%	4.9%	-7.8%
Net profit/loss margin (%)	1.1%	8.2%	-2.0%	9.4%	1.8%	-11.9%
ROA (%)	7.0%	2.4%	-2.4%	7.0%	2.4%	-2.4%
ROE (%)	10.6%	2.1%	-8.2%	10.6%	2.1%	-8.2%
ROCE (%)	8.4%	3.1%	-2.8%	8.4%	3.1%	-2.8%

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.

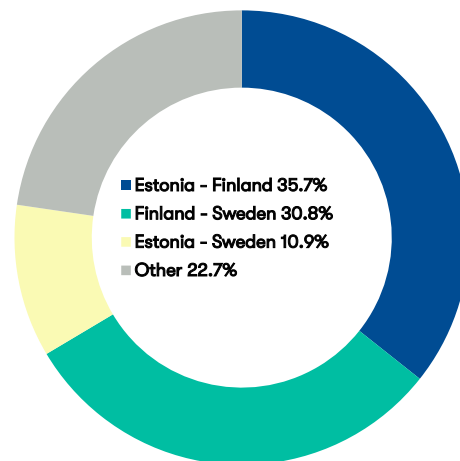
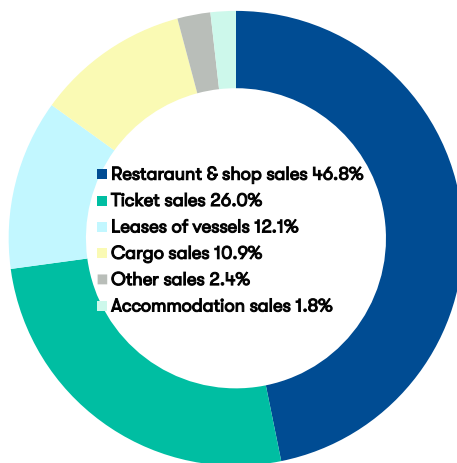
		Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q4 Change 2023 vs 2022
Estonia- Finland	Passengers (thousands)	732	627	921	1 077	831	13.6%
	Cargo units (thousands)	73	64	61	56	56	-23.8%
	Revenue (EUR million)	65.0	57.4	79.8	86.4	74.3	14.3%
	Segment result ¹ (EUR million)	13.9	6.2	24.9	32.3	15.7	12.6%
Finland- Sweden	Passengers (thousands)	433	312	450	539	374	-13.5%
	Cargo units (thousands)	11	9	11	9	9	-19.6%
	Revenue (EUR million)	66.4	47.7	70.3	83.7	55.4	-16.6%
	Segment result ¹ (EUR million)	3.4	-3.4	10.0	18.9	-1.7	-151.3%
Estonia- Sweden	Passengers (thousands)	132	111	170	160	133	1.1%
	Cargo units (thousands)	12	14	13	11	11	-2.4%
	Revenue (EUR million)	21.3	19.4	24.8	25.5	21.0	-1.5%
	Segment result ¹ (EUR million)	-1.4	-1.5	3.3	3.9	-1.3	11.0%
Other	Revenue (EUR million)	52.4	47.8	56.5	47.4	44.3	-15.5%
	Segment result ¹ (EUR million)	14.6	14.4	17.0	12.2	10.9	-25.5%
	Intersegment revenue (EUR million)	-1.4	-1.1	-1.8	-2.4	-1.2	15.3%
	Total revenue (EUR million)	203.7	171.2	229.7	240.7	193.7	-4.9%
	EBITDA (EUR million)	50.4	27.1	68.5	82.1	36.8	-26.9%
	Total segment result ¹ (EUR million)	30.4	15.7	55.2	67.3	23.5	-22.6%
	Net profit/loss	16.7	-5.4	33.4	48.7	2.2	-87.1%

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)	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q4 Change 2023 vs 2022
Restaurant and shop sales on-board and onshore	96.2	74.2	108.2	111.4	97.1	1.0%
Ticket sales	44.8	35.2	59.2	76.0	47.2	5.3%
Sales of cargo transportation	23.6	25.3	23.8	20.7	21.2	-10.4%
Accommodation sales	2.9	2.2	4.0	5.4	3.4	17.2%
Income from charter of vessels	31.6	30.3	29.5	22.1	19.3	-39.0%
Other sales	4.5	4.0	5.0	5.1	5.6	22.5%
Total revenue	203.7	171.2	229.7	240.7	193.7	-4.9%

The following charts provide an overview of the Group's sales by operational and geographical segments in the financial year 2023.



Costs Breakdown

The following table provides a detailed overview of the cost items during the 12-month period ended 31 December.

Costs (in thousands of EUR)	Jan-Dec 2023	Jan-Dec 2022	Change
Cost of goods	170 561	160 556	6.2%
Staff cost	131 729	120 018	9.8%
Marketing & Administration ^{1 2}	82 971	74 262	11.7%
Port & Stevedoring	69 943	77 198	-9.4%
Fuel cost	97 189	144 141	-32.6%
Ship operating expenses	53 584	51 607	3.8%
Other costs ³	19 094	18 667	2.3%
Total costs from operations	625 072	646 449	-3.3%
Depreciation and amortisation	101 224	98 136	3.1%
Net finance cost ⁴	35 607	24 746	43.9%
Total costs	761 903	769 331	-1.0%

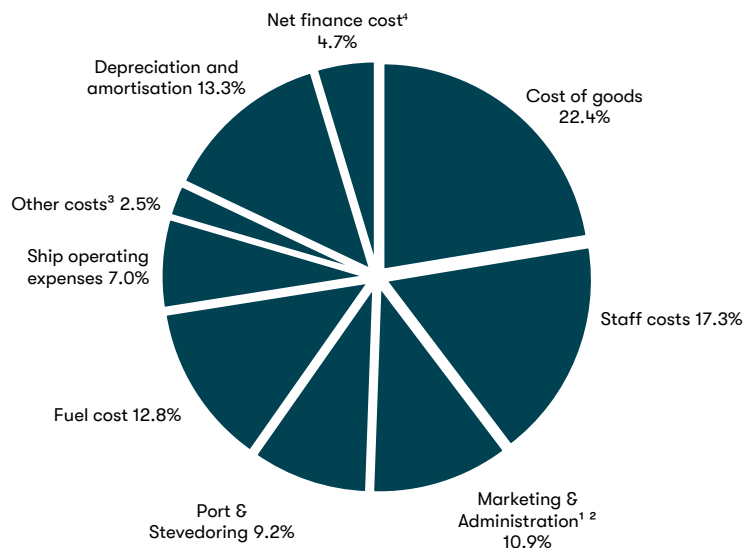
¹ Depreciation and amortisation excluded

² Includes marketing and administration staff costs

³ Includes package costs

⁴ Includes share of profit/loss of equity-accounted investees

The following chart provides breakdown of costs in the financial year 2023.



Market Developments

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

Passengers	Q4 2023	Q4 2022	Change	Jan-Dec 2023	Jan-Dec 2022	Change
Estonia-Finland	831 499	731 650	13.6%	3 456 736	3 120 531	10.8%
Finland-Sweden	374 083	432 521	-13.5%	1 674 686	1 859 209	-9.9%
Estonia-Sweden	133 339	131 876	1.1%	574 178	482 345	19.0%
Total	1 338 921	1 296 047	3.3%	5 705 600	5 462 085	4.5%

Cargo units	Q4 2023	Q4 2022	Change	Jan-Dec 2023	Jan-Dec 2022	Change
Estonia-Finland	55 573	72 920	-23.8%	236 256	296 950	-20.4%
Finland-Sweden	9 159	11 388	-19.6%	37 281	63 838	-41.6%
Estonia-Sweden	11 466	11 744	-2.4%	50 453	48 981	3.0%
Total	76 198	96 052	-20.7%	323 990	409 769	-20.9%

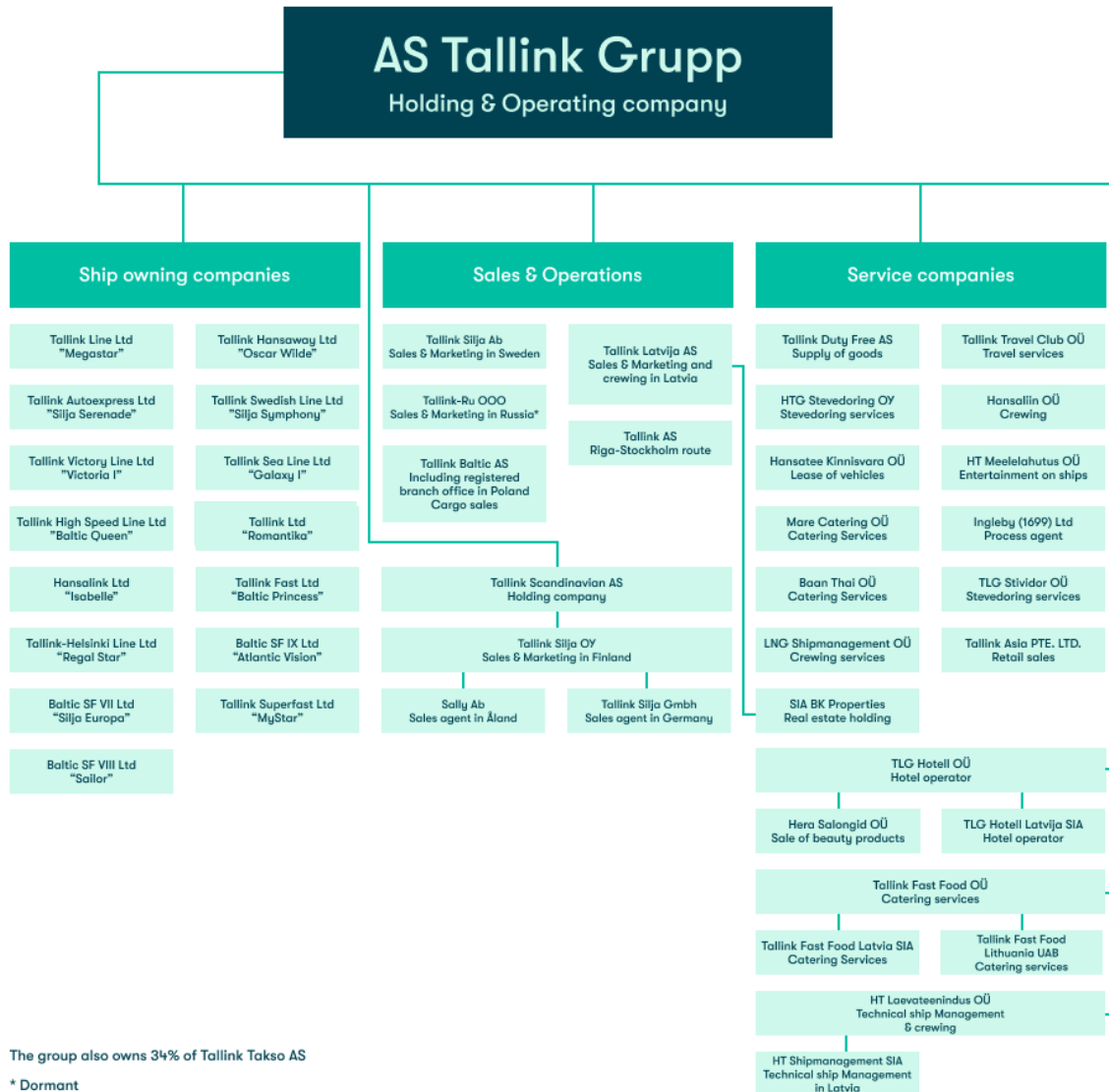
Passenger vehicles	Q4 2023	Q4 2022	Change	Jan-Dec 2023	Jan-Dec 2022	Change
Estonia-Finland	156 497	155 589	0.6%	727 580	670 630	8.5%
Finland-Sweden	11 288	14 300	-21.1%	83 903	117 308	-28.5%
Estonia-Sweden	5 187	5 650	-8.2%	29 398	31 291	-6.0%
Total	172 972	175 539	-1.5%	840 881	819 229	2.6%

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

- the Group carried approximately 48% of the passengers and 51% of the ro-ro cargo on the route between Tallinn and Helsinki.
- the Group carried approximately 43% of the passengers and 16% 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.

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 at 31 December 2023, the Group had 4 912 employees (4 904 as at 31 December 2022). The number of employees includes 139 employees on maternity leave. The following table provides a more detailed overview of the Group's personnel.

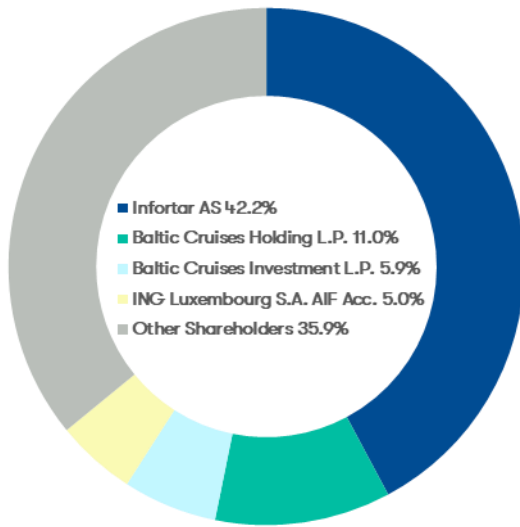
	Average of Q4			Average of Jan-Dec			End of Q4		
	2023	2022	Change	2023	2022	Change	2023	2022	Change
Onshore total	1 096	1 099	-0.3%	1 107	1 112	-0.4%	1 100	1 081	1.8%
Estonia	737	738	-0.1%	736	727	1.3%	736	723	1.8%
Finland	242	242	0.0%	254	252	0.8%	245	241	1.7%
Sweden	102	99	3.0%	99	103	-3.9%	104	98	6.1%
Latvia	8	13	-41.0%	11	19	-44.3%	8	13	-38.5%
Russia	1	2	-50.0%	1	6	-83.3%	1	1	0.0%
Germany	6	5	20.0%	6	5	20.0%	6	5	20.0%
Onboard	3 056	3 185	-4.1%	3 055	3 282	-6.9%	3 090	3 150	-1.9%
Burger King ¹	374	379	-1.3%	370	350	5.9%	370	380	-2.6%
Hotel ¹	354	285	24.2%	347	280	23.9%	352	293	20.1%
Total	4 879	4 947	-1.4%	4 879	5 023	-2.9%	4 912	4 904	0.2%

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

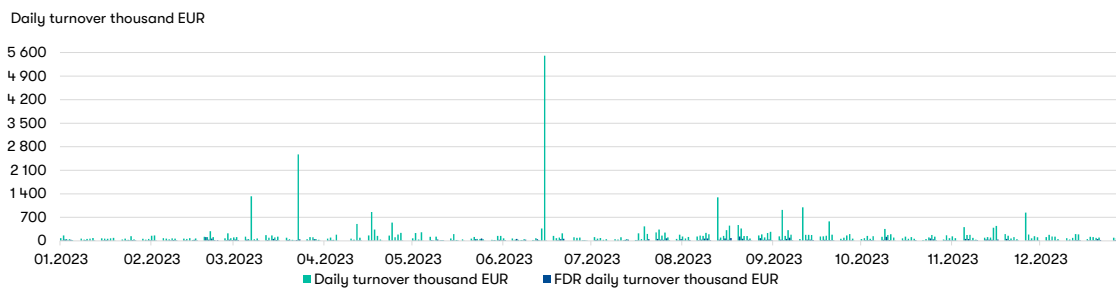
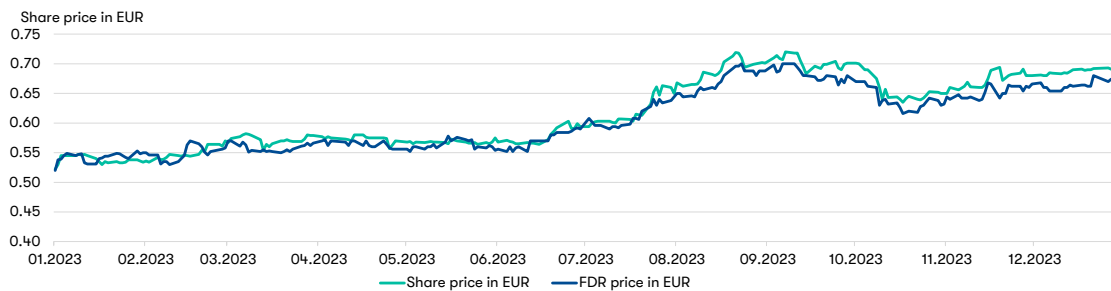
In the financial year 2023, staff costs amounted to EUR 181.0 million (EUR 162.9 million in 2022), which is an 11.1% increase compared to the previous financial year. The increase was driven mostly by the new collective agreement that was signed in February 2023 for the next four years. Subject to the agreement, the wages of the Group's maritime workers in Estonia increased by 13.5% (service personnel) and 16.1% (technical personnel) compared to the minimum wages of the previous collective agreement.

Shareholders & Share Price Development

The following chart displays the shareholder structure of AS Tallink Grupp as at 31 December 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 0.69 and the closing price of the FDR on Nasdaq Helsinki was EUR 0.67. 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 8 331 FDR-holders on 31 December 2023. The total number of shareholders and FDR-holders was 38 894.



Key Management Personnel

Supervisory Board

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

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

Management Board

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

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

Economic Environment

During the financial year 2023, 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.

According to the World Tourism Barometer for 2023 published by UNWTO, the international tourism reached 88% of the pre-pandemic levels. Some of the factors contributing to the surge include recovery of demand, enhanced air connectivity and return of Asian tourists. While UNWTO expects the full recovery of tourism to pre-pandemic levels in 2024, the economic and geopolitical challenges continue to persist. Factors such as challenging economic environment, potential escalation of military conflict in the Middle East, volatile oil prices, higher transportation costs and resulting trade disruptions as well as war in Ukraine continue to be critical factors in the effective recovery of international tourism.

OECD measured consumer confidence index that hit the record low level in September 2022 was followed by the upward trend until June 2023. The consumer confidence level in Estonia has declined ever since and is considerably lower than the levels in Finland and Sweden indicating more pessimistic prospects the consumers in Estonia have towards their future finances. The business confidence index follows a similar trend in the Group's core markets being the lowest in Estonia. The war in Ukraine, the tight monetary policy, the continuing high inflation, and the outlook of economic recession continue to be key concerns globally.

In 2023, the global fuel prices decreased about 23% year-on-year. In the financial year 2023, the Group's overall fuel cost decreased by 32.6% or EUR 47.0 million year-on-year driven also by lower consumption- and more vessels being on charter compared to the previous financial year. At the same time, the Group's fuel transport cost component in fuel price 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 and military conflict in the Middle East, increased interest rates and changing customer travel and consumption habits.

Events in the Q4 2023

Changes in the loan obligations

In December 2023, AS Tallink Grupp signed a loan agreement in the amount of EUR 298 million. The financing was arranged by Nordea Bank Abp, filial i Norge, Danske Bank A/S, KfW-IPEX Bank GmbH, AS Swedbank and Skandinaviska Enskilda Banken AB (publ). Nordea Bank Abp, filial i Norge, Skandinaviska Enskilda Banken AB (publ) acted as coordinators. The payment and security agent is Nordea Bank Abp, filial i Norge. The loan includes sustainability-linked clauses. Nordea Bank, Filial i Norge acted as Sustainability Coordinator.

The final maturity of the Euribor based floating interest rate loan is five years.

The loan was used to repay the outstanding balances of the following loan obligations:

- EUR 280 million loan from the syndicate of banks taken in December 2016 and amended and restated in December 2022;
- EUR 110 million loan from the syndicate of banks taken in July 2018;
- EUR 60 million revolving credit facility from AS Swedbank taken in November 2019;
- EUR 100 million loan from Ettevõtluse ja Innovatsiooni SA (formerly SA KredEx) taken in June 2020;
- EUR 100 million loan from Nordic Investment Bank taken in November 2020; and
- remaining principal repayments that were postponed during the COVID-19 pandemic.

As a result of the transaction the Group's refinancing risk decreases, repayment profile lengthens, loan service burden declines and pre-COVID-19 operational flexibility is restored.

The new loan is guaranteed by the subsidiaries of AS Tallink Grupp: Tallink Sea Line Ltd, Tallink Victory Line Ltd, Tallink Ltd, Tallink Autoexpress Ltd, Tallinn Swedish Line Ltd, Tallink High Speed Line Ltd, Tallink Fast Limited and Tallink Hansaway Limited. The loan is secured by the mortgages on the ships belonging to these subsidiaries.

Extension of the cruise ferry Silja Europa charter agreement

In October 2023, the Group extended the charter agreement of the cruise ferry Silja Europa until the end of 2024. The cruise ferry Silja Europa has been chartered out to the Netherlands for providing temporary accommodation since August 2022.

Cruise ferry Victoria I to operate on the Tallinn-Helsinki route

The cruise ferry Victoria I started operating the 22-hour cruise service on the Tallinn-Helsinki route from 12 October 2023. Previously, Victoria I was chartered out to provide accommodation service in Scotland from July 2022 until July 2023.

Opening of two new Burger King restaurants

The Group opened two new Burger King restaurants in the Q4 2023, including the seventh restaurant in Riga and the second restaurant in Kaunas. In total, the Group operates 21 Burger King restaurants across Estonia, Latvia and Lithuania on a franchise basis. Subject to the updated franchise agreement, the Group is entitled to opening one Burger King restaurant in the Baltics annually instead of the initial 8 new restaurants annually.

Events After the Reporting Period and Outlook

Cruise ferry Victoria I to operate on Tallinn-Stockholm route in summer 2024

The Group will add the cruise ferry Victoria I to the Tallinn-Stockholm route from 31 May to 31 August 2024. During the period the route is operated by two cruise ferries. The cruise ferry Victoria I will return to the Tallinn-Helsinki route from 31 August 2024.

Sale of the cruise ferry Isabelle

The subsidiary of AS Tallink Grupp, Hansalink Ltd, signed in January 2024 a sales-purchase agreement with the Cyprus entity Notamare Shipping Company Limited for the sale of the cruise ferry Isabelle. Notamare Shipping Company Limited is the group company of Bridgemans Floatel LP/Bridgemans Services Group Ltd to whom the cruise ferry Isabelle has been chartered out since 1 July 2023. The charter agreement included a purchase option.

Profitability

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 2024, seasonal fluctuations in revenue generation are smoothed by Group's earnings from chartering services. The management is continuously looking for ways to manage risks for the low season including chartering out of vessels and partial short-term hedging of LNG price risk.

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
- Changes in the Estonian tax environment no longer support the stability of tax environment, the key advantage to the Estonian economy until now
- 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 fourth quarter and 12 months 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	Q4 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
Revenue (Note 3)	193 737	203 661	835 325	771 387
Cost of sales	-158 809	-161 827	-631 491	-657 917
Gross profit/loss	34 928	41 834	203 834	113 470
Sales and marketing expenses	-11 381	-11 399	-42 162	-38 796
Administrative expenses	-14 978	-12 658	-52 472	-47 708
Other operating income	2 893	5 759	4 275	10 871
Other operating expenses	-103	-80	-171	-164
Result from operating activities	11 359	23 456	113 304	37 673
Finance income (Note 4)	528	167	1 332	215
Finance costs (Note 4)	-10 061	-7 024	-36 864	-24 871
Share of profit/loss of equity-accounted investees	-75	-90	-75	-90
Profit/loss before income tax	1 751	16 509	77 697	12 927
Income tax	413	214	1 175	1 008
Net profit/loss for the period	2 164	16 723	78 872	13 935
Net profit/loss for the period attributable to equity holders of the Parent	2 164	16 723	78 872	13 935
Other comprehensive income				
<i>Items that may be reclassified to profit or loss</i>				
Exchange differences on translating foreign operations	-201	-11	-172	480
Other comprehensive income for the period	-201	-11	-172	480
Total comprehensive profit/loss for the period	1 963	16 712	78 700	14 415
Total comprehensive profit/loss for the period attributable to equity holders of the Parent	1 963	16 712	78 700	14 415
Basic and diluted profit/loss per share (in EUR, Note 5)	0.003	0.022	0.106	0.019

Consolidated Statement of Financial Position

Unaudited, in thousands of EUR	31.12.2023	31.12.2022
ASSETS		
Cash and cash equivalents	41 921	114 935
Trade and other receivables	31 766	31 380
Prepayments	7 661	9 379
Prepaid income tax	193	37
Inventories	41 411	39 965
Current assets	122 952	195 696
Investments in equity-accounted investees	0	75
Other financial assets and prepayments	4 794	3 622
Deferred income tax assets	21 840	21 840
Investment property	300	300
Property, plant and equipment (Note 6)	1 377 664	1 438 286
Intangible assets (Note 7)	27 671	31 823
Non-current assets	1 432 269	1 495 946
TOTAL ASSETS	1 555 221	1 691 642
LIABILITIES AND EQUITY		
Interest-bearing loans and borrowings (Note 8)	104 097	165 049
Trade and other payables	85 406	86 934
Payables to owners	6	6
Income tax liability	10	35
Deferred income	34 788	44 222
Current liabilities	224 307	296 246
Interest-bearing loans and borrowings (Note 8)	545 160	688 465
Non-current liabilities	545 160	688 465
Total liabilities	769 467	984 711
Share capital (Note 9)	349 477	349 477
Share premium	663	663
Reserves	67 056	66 363
Retained earnings	368 558	290 428
Equity attributable to equity holders of the Parent	785 754	706 931
Total equity	785 754	706 931
TOTAL LIABILITIES AND EQUITY	1 555 221	1 691 642

Consolidated Statement of Cash Flows

Unaudited, in thousands of EUR	Q4 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Net profit/loss for the period	2 164	16 723	78 872	13 935
Adjustments	34 603	33 557	135 324	122 147
Changes in:				
Receivables and prepayments related to operating activities	6 622	10 964	1 340	-3 638
Inventories	-1 653	-208	-1 446	-5 334
Liabilities related to operating activities	-7 754	-3 618	-10 457	17 415
Changes in assets and liabilities	-2 785	7 138	-10 563	8 443
Cash generated from operating activities	33 982	57 418	203 633	144 525
Income tax repaid/paid	-75	-112	-186	-227
NET CASH FROM/USED OPERATING ACTIVITIES	33 907	57 306	203 447	144 298
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant, equipment and intangible assets (Notes 6, 7)	-5 882	-179 689	-28 131	-203 322
Proceeds from disposals of property, plant, equipment	369	25	613	2 768
Interest received	528	209	1 332	215
NET CASH USED IN INVESTING ACTIVITIES	-4 985	-179 455	-26 186	-200 339
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from loans received (Note 8)	59 972	196 290	59 972	196 290
Repayment of loans received (Note 8)	-95 954	-39 025	-251 431	-110 055
Change in overdraft (Note 8)	0	-11 811	-15	-165
Payment of lease liabilities (Note 8)	-4 494	-4 313	-21 519	-17 157
Interest paid	-7 615	-5 494	-32 827	-23 516
Payment of transaction costs related to loans	-3 343	-1 376	-4 455	-1 977
NET CASH FROM/USED IN FINANCING ACTIVITIES	-51 434	134 271	-250 275	43 420
TOTAL NET CASH FLOW	-22 512	12 122	-73 014	-12 621
Cash and cash equivalents at the beginning of period	64 433	102 813	114 935	127 556
Change in cash and cash equivalents	-22 512	12 122	-73 014	-12 621
Cash and cash equivalents at the end of period	41 921	114 935	41 921	114 935

Consolidated Statement of Changes in Equity

Unaudited, in thousands of EUR	Share capital	Share premium	Translation reserve	Ships re-valuation reserve	Mandatory legal reserve	Share option programme 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	0	290 428	706 931	706 931
Net profit/loss for the period	0	0	0	0	0	0	78 872	78 872	78 872
Other comprehensive income for the period									
Exchange differences on translating foreign operations	0	0	-172	0	0	0	0	-172	-172
Total comprehensive profit/loss for the period	0	0	-172	0	0	0	78 872	78 700	78 700
Transactions with owners of the Company recognised directly in equity									
Transfer from profit for 2022	0	0	0	0	2 789	0	-2 789	0	0
Transfer from revaluation reserve	0	0	0	-2 047	0	0	2 047	0	0
Share-based payment transactions	0	0	0	0	0	123	0	123	123
Transactions with owners of the Company recognised directly in equity	0	0	0	-2 047	2 789	123	-742	123	123
As at 31 December 2023	349 477	663	668	31 317	34 948	123	368 558	785 754	785 754
As at 31 December 2021	349 477	663	360	35 411	32 159	0	274 446	692 516	692 516
Net profit/loss for the period	0	0	0	0	0	0	13 935	13 935	13 935
Other comprehensive income for the period									
Exchange differences on translating foreign operations	0	0	480	0	0	0	0	480	480
Total comprehensive profit/loss for the period	0	0	480	0	0	0	13 935	14 415	14 415
Transactions with owners of the Company recognised directly in equity									
Transfer from revaluation reserve	0	0	0	-2 047	0	0	2 047	0	0
Transactions with owners of the Company recognised directly in equity	0	0	0	-2 047	0	0	2 047	0	0
As at 31 December 2022	349 477	663	840	33 364	32 159	0	290 428	706 931	706 931

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 fourth quarter and 12 months of 2023 were authorised for issue by the Management Board on 22 February 2024.

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. As at 31 December 2023, the Group had a total of 38 894 shareholders and FDR-holders.

The principal activities of the Group are related to marine transportation in the Baltic Sea (passenger and cargo transportation). As of 31 December 2023, the Group employed 4 912 people (4 904 as of 31 December 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 December, in thousands of EUR	Estonia-Finland routes	Estonia-Sweden routes	Finland-Sweden routes	Other	Intersegment elimination	Total
2023						
Sales to external customers	297 977	90 755	257 080	189 513	0	835 325
Intersegment sales	0	0	0	6 485	-6 485	0
Revenue	297 977	90 755	257 080	195 998	-6 485	835 325
Segment result	78 961	4 471	23 763	54 477	0	161 672
Unallocated expenses						-48 368
Net financial items (Note 4)						-35 532
Share of profit/loss of equity-accounted investees						-75
Profit/loss before income tax						77 697

For the period 1 January - 31 December, in thousands of EUR	Estonia-Finland routes	Estonia-Sweden routes	Finland-Sweden routes	Other	Intersegment elimination	Total
2022						
Sales to external customers	277 806	76 835	274 314	142 432	0	771 387
Intersegment sales	0	0	0	4 997	-4 997	0
Revenue	277 806	76 835	274 314	147 429	-4 997	771 387
Segment result	51 664	-10 997	-941	34 948	0	74 674
Unallocated expenses						-37 001
Net financial items (Note 4)						-24 656
Share of profit/loss of equity-accounted investees						-90
Profit/loss before income tax						12 927

Revenue by Service

In thousands of EUR	Q4 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
Restaurant and shop sales on-board and onshore	97 142	96 164	390 998	378 163
Ticket sales	47 150	44 794	217 502	191 920
Sales of cargo transport	21 198	23 646	91 007	103 183
Sales of accommodation	3 429	2 926	15 009	11 325
Income from charter of vessels	19 261	31 596	101 179	65 808
Other	5 557	4 535	19 630	20 988
Total revenue of the Group	193 737	203 661	835 325	771 387

Note 4 Financial Items

In thousands of EUR	Q4 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
Net foreign exchange gain	0	-42	0	0
Income from other financial assets	528	209	1 332	215
Total finance income	528	167	1 332	215
Net foreign exchange loss	-24	-34	-242	-34
Interest expense on financial liabilities measured at amortised cost	-9 497	-6 424	-34 389	-22 447
Interest expense on right-of-use asset lease liabilities	-540	-566	-2 233	-2 390
Total finance costs	-10 061	-7 024	-36 864	-24 871
Net finance costs	-9 533	-6 857	-35 532	-24 656

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. The Group has issued 7 270 thousand share options. As at 31 December, the effective number of share options was 7 210 thousand.

At the end of the period, in thousands	Q4 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
Shares issued	743 569	743 569	743 569	743 569
Shares outstanding	743 569	743 569	743 569	743 569
For the period, in thousands of EUR	Q4 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
Weighted average number of ordinary shares outstanding (in thousands)	743 569	743 569	743 569	743 569
Effect of share options on issue	2 152	0	716	0
Weighted average number of ordinary shares outstanding (in thousands, diluted)	745 721	743 569	744 285	743 569
Net profit/loss attributable to equity holders of the Parent	2 164	16 723	78 872	13 935
Profit/loss per share	0,003	0,022	0,106	0,019
Diluted EPS (EUR)	0,003	0,022	0,106	0,019

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	317	10 349	8 917	15 044	34 627
Reclassification	0	12 122	1 949	0	-14 071	0
Disposals	0	-360	-176	-78	0	-614
Depreciation for the period	-229	-61 645	-14 898	-17 863	0	-94 635
Book value as at 31 December 2023	2 556	1 238 149	45 156	87 480	4 323	1 377 664
As at 31 December 2023						
Gross carrying amount	10 065	1 916 638	141 335	164 130	4 323	2 236 491
Accumulated depreciation	-7 509	-678 489	-96 179	-76 650	0	-858 827
As at 31 December 2021						
Book value as at 31 December 2021	1 582	1 082 535	50 472	108 809	79 955	1 323 353
Additions	1 388	175 893	7 152	8 245	16 362	209 040
Reclassification	0	87 152	5 892	0	-92 967	77
Disposals	0	-2 587	-159	-222	0	-2 968
Depreciation for the period	-185	-55 278	-15 425	-20 328	0	-91 216
Book value as at 31 December 2022	2 785	1 287 715	47 932	96 504	3 350	1 438 286
As at 31 December 2022						
Gross carrying amount	10 065	1 908 961	131 139	156 638	3 350	2 210 153
Accumulated depreciation	-7 280	-621 246	-83 207	-60 134	0	-771 867

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	8 915	2	8 917
Disposals	-76	-2	-78
Depreciation for the period	-17 524	-339	-17 863
Book value as at 31 December 2023	87 022	458	87 480
As at 31 December 2023			
Gross carrying amount	162 672	1 458	164 130
Accumulated depreciation	-75 650	-1 000	-76 650
Book value as at 31 December 2021	108 340	469	108 809
Additions	7 548	697	8 245
Reclassification	0	0	0
Disposals	-184	-38	-222
Depreciation for the period	-19 997	-331	-20 328
Book value as at 31 December 2022	95 707	797	96 504
As at 31 December 2022			
Gross carrying amount	154 910	1 728	156 638
Accumulated depreciation	-59 203	-931	-60 134

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	598	1 900	2 498
Reclassification	0	0	1 778	-1 778	0
Disposals	0	0	0	-61	-61
Amortisation for the period	0	-2 916	-3 673	0	-6 589
Book value as at 31 December 2023	11 066	7 258	8 748	599	27 671
As at 31 December 2023					
Cost	11 066	58 288	38 698	599	108 651
Accumulated amortisation	0	-51 030	-29 950	0	-80 980
As at 31 December 2021					
Book value as at 31 December 2021	11 066	13 090	11 426	711	36 293
Additions	0	0	167	2 360	2 527
Reclassification	0	0	2 456	-2 533	-77
Amortisation for the period	0	-2 916	-4 004	0	-6 920
Book value as at 31 December 2022	11 066	10 174	10 045	538	31 823
As at 31 December 2022					
Cost	11 066	58 288	44 071	538	113 963
Accumulated amortisation	0	-48 114	-34 026	0	-82 140

Note 8 Interest-Bearing Loans and Borrowings

In thousands of EUR	31.12.2022	Addition	Repayments	Exchange differences	Other changes ¹	31.12.2023
Lease liabilities	77	77	-26	2	-4	126
Right-of-use assets lease liabilities	107 095	8 917	-21 493	-31	-70	94 418
Overdrafts	15	0	-15	0	0	0
Long-term bank loans	746 327	298 000	-487 553	0	-2 061	554 713
Total borrowings	853 514	306 994	-509 087	-29	-2 135	649 257
Current portion	165 049					104 097
Non-current portion	688 465					545 160
Total borrowings	853 514					649 257

In thousands of EUR	31.12.2021	Addition	Repayments	Exchange differences	Other changes ¹	31.12.2022
Lease liabilities	116	0	-31	-8	0	77
Right-of-use assets lease liabilities	116 403	8 245	-17 126	-129	-298	107 095
Overdrafts	180		-165	0	0	15
Long-term bank loans	663 226	196 290	-110 055	0	-3 134	746 327
Total borrowings	779 925	204 535	-127 377	-137	-3 432	853 514
Current portion	244 436					165 049
Non-current portion	535 489					688 465
Total borrowings	779 925					853 514

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 and KfW IPEX-Bank GmbH for loans of EUR 260 056 thousand granted to its ship-owning subsidiaries. Ship-owning subsidiaries have given guarantees to Nordea Bank Finland Plc for loan of EUR 294 657 thousand granted to AS Tallink Grupp. The primary securities for this loan 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 Share Option Programme

On 13 June 2023, the Group's General Meeting of Shareholders adopted a resolution to approve the 3-year share option program and subject to which the Group has the right to issue share options for acquiring shares, which represent a total of up to 3% of AS Tallink Grupp's share capital (maximum 1% of share capital annually).

On 1 August 2023, the Group issued 7 270 thousand share options of which 3 300 thousand were issued to the members of the Management and the Supervisory Board and 3 970 thousand to the key employees of the Group. As at 31 December 2023, the effective number of share options was 7 210 thousand. Each option entitles to the acquiring of one share of AS Tallink Grupp at a price equal to the notional value of the share at the time of exercise of the share option (EUR 0.47 as at 31 December 2023).

The share options are non-transferable with the vesting period of three years from issuing of the share options. Exercising of share options is carried out by increasing the share capital of AS Tallink Grupp and issuing of new shares, which is decided by the General Meeting of Shareholders of AS Tallink Grupp or by the Supervisory Board of AS Tallink Grupp on the basis of the Articles of Association.

The fair value of the share options is measured by using the Black-Scholes model as of the grant date and is recorded as an expense during the vesting period of 36 months from August 2023. The cost of share options issued amounted to EUR 123 thousand in 2023.

The outstanding share options have diluting effect due to their exercise price being lower than average price in stock market during the reporting period (see Note 5).

Note 11 Related Party Disclosures

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

For the period ended 31 December 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	733	33 595	28	80 094
Associated companies	22	149	2	13
Total	755	33 744	30	80 107

For the period ended 31 December 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	823	22 912	43	94 005
Associated companies	9	142	0	14
Total	832	23 054	43	94 019

Note 12 Subsequent Events

In the first quarter of 2024, the subsidiary of AS Tallink Grupp, Hansalink Ltd, sold the cruise vessel Isabelle.

STATEMENT BY THE MANAGEMENT BOARD

Hereby we acknowledge our responsibility for the AS Tallink Grupp Unaudited Condensed Consolidated Interim Financial Statements for the fourth quarter and 12 months 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	Q4 2023	Q4 2022
Depreciation	23 885	25 211
Amortisation	1 595	1 742
Depreciation and amortisation	25 480	26 953
Result from operating activities	11 359	23 456
Depreciation and amortisation	25 480	26 953
EBITDA	36 839	50 409
EBITDA	36 839	50 409
IFRS 16 adoption effect	-5 042	-7 702
Adjusted EBITDA	31 797	42 707
Additions to property, plant and equipment	5 392	179 002
Additions to intangible assets	532	687
Capital expenditures	5 924	179 689
Net profit/loss for the period	2 164	16 723
Weighted average number of shares outstanding	743 569 064	743 569 064
Earnings/loss per share (EUR)	0.003	0.022
Lease liabilities	126	77
Lease liabilities related to right-of-use assets	94 418	107 095
Overdraft	0	15
Long-term bank loans	554 713	746 327
Interest-bearing liabilities	649 257	853 514
Gross profit/loss	34 928	41 834
Net sales	193 737	203 661
Gross margin (%)	18.0%	20.5%
EBITDA	36 839	50 409
Net sales	193 737	203 661
EBITDA margin (%)	19.0%	24.8%
Adjusted EBITDA	31 797	42 707
Net sales	193 737	203 661
Adjusted EBITDA margin (%)	16.4%	21.0%
EBIT	11 359	23 456
Net sales	193 737	203 661
EBIT margin (%)	5.9%	11.5%
Net profit/loss	2 164	16 723
Net sales	193 737	203 661
Net profit/loss margin (%)	1.1%	8.2%
Result from operating activities 12-months trailing	113 304	37 673
Total assets 31 December (previous year)	1 691 642	1 585 915
Total assets 31 March	1 672 052	1 560 167
Total assets 30 June	1 613 646	1 550 110
Total assets 30 September	1 597 395	1 535 300
Total assets 31 December	1 555 221	1 691 642
Average assets	1 625 991	1 584 627
ROA (%)	7.0%	2.4%

In thousands of EUR	Q4 2023	Q4 2022
Net profit/loss 12-months trailing	78 872	13 935
Total equity 30 December (previous year)	706 931	692 516
Total equity 31 March	701 581	652 526
Total equity 30 June	735 229	652 304
Total equity 30 September	783 717	690 219
Total equity 30 December	785 754	706 931
Average equity	742 642	678 899
ROE (%)	10.6%	2.1%
Result from operating activities 12-months trailing	113 304	37 673
Total assets 30 December (previous year)	1 691 642	1 585 915
Total assets 31 March	1 672 052	1 560 167
Total assets 30 June	1 613 646	1 550 110
Total assets 30 September	1 597 395	1 535 300
Total assets 30 December	1 555 221	1 691 642
Current liabilities 30 December (previous year)	296 246	357 910
Current liabilities 31 March	308 623	390 345
Current liabilities 30 June	325 820	405 694
Current liabilities 30 September	255 019	383 316
Current liabilities 30 December	224 307	296 246
Total assets - current liabilities 30 December (previous year)	1 395 396	1 228 005
Total assets - current liabilities 31 March	1 363 429	1 169 822
Total assets - current liabilities 30 June	1 287 826	1 144 416
Total assets - current liabilities 30 September	1 342 376	1 151 984
Total assets - current liabilities 30 December	1 330 914	1 395 396
Average assets - current liabilities	1 343 988	1 217 925
ROCE (%)	8.4%	3.1%
In thousands of EUR	31.12.2023	30.09.2023
Interest-bearing liabilities	649 257	684 807
Cash and cash equivalents	41 921	64 433
Net debt	607 336	620 374
Total equity	785 754	783 717
Total assets	1 555 221	1 597 395
Equity ratio (%)	50.5%	49.1%
Equity attributable to equity holders of the Parent	785 754	783 717
Number of ordinary shares outstanding	743 569 064	743 569 064
Shareholders' equity per share (EUR)	1.06	1.05
Net debt	607 336	620 374
12-months trailing		
Depreciation	94 635	95 961
Amortisation	6 589	6 736
Depreciation and amortisation	101 224	102 697
EBITDA	214 528	228 098
Net debt to EBITDA	2.8	2.7

CONTACT INFORMATION

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