

Q3 2023

AS TALLINK GRUPP



| | |
|---------------------------------|---------------------------------|
| Beginning of the financial year | 1 January 2023 |
| End of the financial year | 31 December 2023 |
| Interim reporting period | 1 July 2023 – 30 September 2023 |

CONTENTS

| | |
|---|----|
| MANAGEMENT REPORT..... | 3 |
| MANAGEMENT BOARD'S CONFIRMATION..... | 17 |
| UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS..... | 18 |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 18 |
| Consolidated Statement of Financial Position | 19 |
| Consolidated Statement of Cash Flows | 20 |
| Consolidated Statement of Changes in Equity..... | 21 |
| NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS..... | 22 |
| Note 1 Corporate Information..... | 22 |
| Note 2 Basis of Preparation | 22 |
| Note 3 Segment Information..... | 22 |
| Note 4 Financial Items | 24 |
| Note 5 Earnings Per Share | 24 |
| Note 6 Property, Plant, and Equipment | 25 |
| Note 7 Intangible Assets | 27 |
| Note 8 Interest-Bearing Loans and Borrowings..... | 27 |
| Note 9 Share Capital..... | 28 |
| Note 10 Share Option Programme | 28 |
| Note 11 Related Party Disclosures | 29 |
| STATEMENT BY THE MANAGEMENT BOARD | 30 |
| ALTERNATIVE PERFORMANCE MEASURES | 31 |
| CONTACT INFORMATION | 34 |

MANAGEMENT REPORT

In the third quarter (1 July – 30 September) of the 2023 financial year, AS Tallink Grupp and its subsidiaries (the Group) carried 1 775 821 passengers, which is 6.2% less than in the third quarter of 2022. The number of cargo units transported decreased by 26.1% compared to the same period a year ago. The Group's unaudited consolidated revenue amounted to EUR 240.7 million (EUR 255.6 million in Q3 2022), down by 5.8% year-on-year. Unaudited EBITDA was EUR 82.1 million (EUR 67.7 million in Q3 2022) and the unaudited net profit for the period was EUR 48.7 million (EUR 37.9 million in Q3 2022), up by 21.3% and 28.5%, respectively.

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

- The volume of cargo and passenger transportation was impacted by less vessels in operations due to chartering and by 17% less trips made compared to the same period a year ago.
- The demand was also impacted by low consumer confidence levels, and weak economic environment in all Group's core markets but also by global geopolitical instability.
- As at the end of the quarter the Group operated 15 vessels including 2 shuttle vessels, 2 cargo vessels and 4 cruise ferries as well as 5 vessels that were chartered out (3 vessels on long-term and 2 vessels on short-term charter). During the quarter, 2 charter agreements ended. The charter agreement of the Group's 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.
- The planned dry docking of the cruise ferry *Baltic Queen* for 12 days in September 2023.
- The Group operated 3 hotels in Tallinn and 1 in Riga.
- Declining global fuel prices and the optimal fleet size 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's net debt to EBITDA ratio was down to 2.7 as at 30 September 2023 compared to 3.1 as at 30 June 2023.
- 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 ships in Q3 2023

1.8
million

The Group's unaudited consolidated Q3 2023 revenue

EUR **240.7**
million

The Group's EBITDA for Q3 2023

EUR **82.1**
million



Sales and Results by Segments

In the third quarter of 2023, the Group's total revenue decreased by EUR 14.9 million to EUR 240.7 million compared to EUR 255.6 million in the third quarter of 2022.

Revenue from route operations (core business) amounted to EUR 195.7 million, which is EUR 15.1 million less than in the third quarter of 2022. The segment result from route operations (core business) amounted to EUR 55.0 million compared to EUR 39.1 million in the third quarter of 2022.

The number of passengers carried on the **Estonia-Finland** route decreased by 0.6% year-on-year. The number of transported cargo units decreased by 27.0%. While the revenue from the Estonia-Finland route decreased by EUR 7.1 million to EUR 86.4 million, the segment result improved by EUR 5.6 million to EUR 32.3 million. The decline in passenger numbers, cargo volumes and revenue were mostly driven by less vessels in operations and less trips made compared to the same period a year ago. In the third quarter of 2023, the segment reflects the operations of two shuttle vessels, compared to two shuttle vessels and one cruise ferry in the third quarter of 2022. The cruise ferry *Silja Europa* stopped operating on the Estonia-Finland route in August 2022 due to a charter agreement. During the third quarter of 2022, the Tallinn-Helsinki route was operated by the shuttle vessels *Megastar* and *Oscar Wilde* (formerly *Star*). The shuttle vessel *Oscar Wilde* stopped operating the route in May 2023 due to a charter agreement. In the third quarter of 2023, a route was operated by shuttle vessel *Megastar* and a new shuttle vessel *MyStar* that was launched to the Tallinn-Helsinki route in December 2022.

In the third quarter of 2023, the year-on-year decrease in the number of passengers on **Finland-Sweden** routes was 18.1%. The number of transported cargo units decreased by 41.0%. The routes' revenue decreased by EUR 10.0 million to EUR 83.7 million while the segment result improved by EUR 8.0 million to EUR 18.9 million, year-on-year. The decline in passenger numbers, cargo volumes and revenue were mostly driven by less vessels in operations and less trips made compared to the same period a year ago. In the third quarter of 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 5.3% while the number of transported cargo units decreased by 1.1% compared to the third quarter of 2022. The revenue of Estonia-Sweden routes increased by EUR 2.0 million to EUR 25.5 million and segment result improved by EUR 2.3 million to EUR 3.9 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 0.6 million and amounted to EUR 47.4 million. The segment result declined year-on-year by EUR 5.2 million amounting to EUR 12.2 million. As at the end of third quarter 2023, the Group had 5 vessels on charter including 3 on long-term and 2 on short-term charter. During the quarter, 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.

In the third quarter of 2023, 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.

In the third quarter of 2023, 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.

Earnings

In the third quarter of 2023, the Group's gross profit improved by EUR 11.6 million to EUR 77.7 million compared to EUR 66.0 million in the third quarter of 2022. EBITDA improved by EUR 14.4 million and amounted to EUR 82.1 million.

Amortisation and depreciation expense increased by EUR 1.5 million to EUR 25.2 million compared to the third quarter of the financial year 2022.

As a result of increased interest rates and increased financing obligations related to the shuttle-vessel Mystar, net finance costs increased by EUR 2.1 million year-on-year to EUR 8.4 million in the third quarter of 2023.

The Group's unaudited net profit for third quarter 2023 was EUR 48.7 million or EUR 0.065 per share compared to a EUR 37.9 million or EUR 0.051 per share in Q3 2022.

Investments

The Group's investments in the third quarter of 2023 amounted to EUR 6.1 million.

Majority of the investments were related to the maintenance and repair works of the vessels. The cruise ferry Victoria I was prepared for operating a 22-hour cruise service between Tallinn and Helsinki from October 2023.

During the planned docking of the cruise ferry Baltic Queen both technical works as well as interior upgrades were carried out. The ferry's propellers were re-bladed to enhance the speed of the ferry and to make the ferry more energy efficient. The expected fuel-saving from the re-blading is more than 13%. Additionally, the graphite paint was piloted on the cruise ferry Baltic Queen for hull painting to significantly reduce the water resistance of the vessel's hull and thus increase the vessel's efficiency.

Financial Position

At the end of the third quarter 2023, the Group's net debt amounted to EUR 620.4 million, a decrease of EUR 44.5 million compared to the end of second quarter of 2023. The net debt to EBITDA ratio was 2.7 at the reporting date (3.1 as at 30 June 2023).

As at 30 September 2023, the Group's cash and cash equivalents amounted to EUR 64.4 million (EUR 57.6 million as at 30 June 2023) and the Group had EUR 135.0 million in unused credit lines (EUR 135.0 million as at 30 June 2023). The total liquidity buffer (cash, cash equivalents and unused credit facilities) amounted to EUR 199.4 million (EUR 192.6 million as at 30 June 2023). In the third quarter of 2023, the Group repaid loans in the total amount of EUR 30.9 million compared to EUR 105.3 million in the second quarter of 2023. The current trade and other payables amounted to EUR 83.6 million (EUR 96.3 million as at 30 June 2023).



The Group's
net debt to EBITDA ratio
2.7
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.

Results of the First 9 Months of 2023

In the first 9 months (1 January – 30 September) of the 2023 financial year, the Group carried 4.4 million passengers which is 4.8% more compared to the same period last year. The Group's unaudited revenue for the period increased by 13.0% and amounted to EUR 641.6 million. Unaudited EBITDA for the first 9 months was EUR 177.7 million (EUR 85.4 million in January-September 2022) and unaudited net profit was EUR 76.7 million (net loss of EUR 2.8 million in January-September 2022).

The financial result of the first 9 months of 2023 was impacted by the following factors:

- The volume of cargo and passenger transportation was impacted by less vessels available due to chartering of vessels resulting in 12% less trips made compared to the same period a year ago.
- The chartering of vessels supporting the stability of cash flows.
- Planned maintenance works of 57 days which affected both the Finland-Sweden segment's first quarter and the Estonia-Sweden segment's third quarter passenger and cargo levels as well as the financial result.
- Repayment of long-term loans in the amount of EUR 155.5 million compared to EUR 71.0 million in 9 months 2022.
- The lower operating cost base compared to the same period in 2022 arising from chartering of vessels but also lower global fuel costs.

Key Figures

| For the period | Q3 2023 | Q3 2022 | Jan-Sep 2023 | Jan-Sep 2022 |
|--|-------------------|-------------------|---------------------|---------------------|
| Revenue (EUR million) | 240.7 | 255.6 | 641.6 | 567.7 |
| Gross profit/loss (EUR million) | 77.7 | 66.0 | 168.9 | 71.6 |
| EBITDA ¹ (EUR million) | 82.1 | 67.7 | 177.7 | 85.4 |
| EBIT ¹ (EUR million) | 56.8 | 43.9 | 101.9 | 14.2 |
| Net profit/loss for the period (EUR million) | 48.7 | 37.9 | 76.7 | -2.8 |
| Depreciation and amortisation (EUR million) | 25.2 | 23.7 | 75.7 | 71.2 |
| Capital expenditures ^{1 2} (EUR million) | 6.1 | 5.5 | 22.3 | 23.6 |
| Weighted average number of ordinary shares outstanding | 743 569 064 | 743 569 064 | 743 569 064 | 743 569 064 |
| Earnings/loss per share ¹ (EUR) | 0.065 | 0.051 | 0.103 | -0.004 |
| Number of passengers | 1 775 821 | 1 893 603 | 4 366 679 | 4 166 038 |
| Number of cargo units | 75 701 | 102 399 | 247 792 | 313 717 |
| Average number of employees | 4 756 | 5 256 | 4 878 | 5 048 |
| As at | 30.09.2023 | 30.06.2023 | 30.09.2022 | 31.06.2022 |
| Total assets (EUR million) | 1 597.4 | 1 613.6 | 1 535.3 | 1 550.1 |
| Total liabilities (EUR million) | 813.7 | 878.4 | 845.1 | 897.8 |
| Interest-bearing liabilities (EUR million) | 684.8 | 722.5 | 711.5 | 746.5 |
| Net debt ¹ (EUR million) | 620.4 | 664.9 | 608.7 | 655.9 |
| Net debt to EBITDA ¹ | 2.7 | 3.1 | 5.5 | 8.4 |
| Total equity (EUR million) | 783.7 | 735.2 | 690.2 | 652.3 |
| Equity ratio ¹ (%) | 49% | 46% | 45% | 42% |
| Number of ordinary shares outstanding | 743 569 064 | 743 569 064 | 743 569 064 | 743 569 064 |
| Shareholders' equity per share (EUR) | 1.05 | 0.99 | 0.93 | 0.88 |
| Ratios¹ | Q3 2023 | Q3 2022 | Jan-Sep 2023 | Jan-Sep 2022 |
| Gross margin (%) | 32.3% | 25.8% | 26.3% | 12.6% |
| EBITDA margin (%) | 34.1% | 26.5% | 27.7% | 15.0% |
| EBIT margin (%) | 23.6% | 17.2% | 15.9% | 2.5% |
| Net profit/loss margin (%) | 20.2% | 14.8% | 12.0% | -0.5% |
| ROA (%) | 7.7% | 1.0% | 7.7% | 1.0% |
| ROE (%) | 12.9% | -0.9% | 12.9% | -0.9% |
| ROCE (%) | 9.6% | 1.2% | 9.6% | 1.2% |

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.

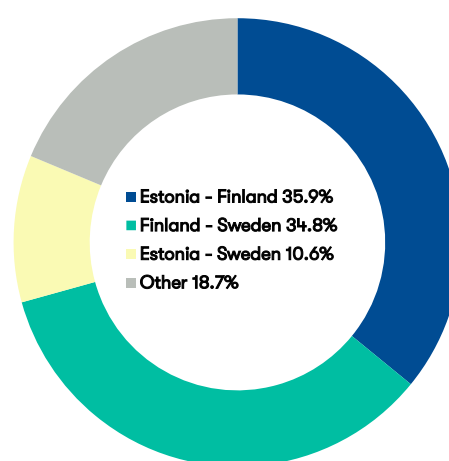
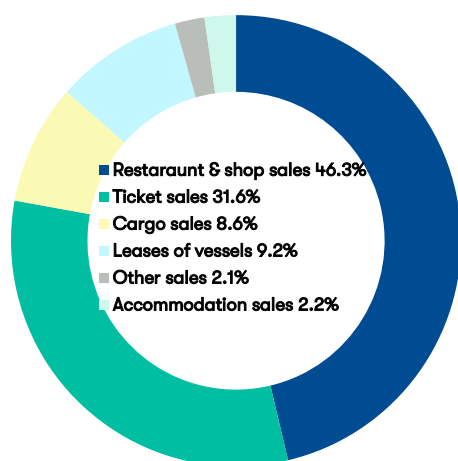
| | | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q3 Change 2022 vs 2023 |
|-----------------------------|---|---------|---------|---------|---------|---------|---------------------------|
| Estonia- Finland | Passengers (thousands) | 1 083 | 732 | 627 | 921 | 1 077 | -0.6% |
| | Cargo units (thousands) | 76 | 73 | 64 | 61 | 56 | -27.0% |
| | Revenue (EUR million) | 93.5 | 65.0 | 57.4 | 79.8 | 86.4 | -7.6% |
| | Segment result ¹ (EUR million) | 26.7 | 13.9 | 6.2 | 24.9 | 32.3 | 20.9% |
| Finland- Sweden | Passengers (thousands) | 658 | 433 | 312 | 450 | 539 | -18.1% |
| | Cargo units (thousands) | 15 | 11 | 9 | 11 | 9 | -41.0% |
| | Revenue (EUR million) | 93.8 | 66.4 | 47.7 | 70.3 | 83.7 | -10.7% |
| | Segment result ¹ (EUR million) | 10.9 | 3.4 | -3.4 | 10.0 | 18.9 | 73.3% |
| Estonia- Sweden | Passengers (thousands) | 152 | 132 | 111 | 170 | 160 | 5.3% |
| | Cargo units (thousands) | 12 | 12 | 14 | 13 | 11 | -1.1% |
| | Revenue (EUR million) | 23.5 | 21.3 | 19.4 | 24.8 | 25.5 | 8.6% |
| | Segment result ¹ (EUR million) | 1.5 | -1.4 | -1.5 | 3.3 | 3.9 | 151.0% |
| Other | Revenue (EUR million) | 46.8 | 52.4 | 47.8 | 56.5 | 47.4 | 1.2% |
| | Segment result ¹ (EUR million) | 17.5 | 14.6 | 14.4 | 17.0 | 12.2 | -29.8% |
| | Intersegment revenue (EUR million) | -2.1 | -1.4 | -1.1 | -1.8 | -2.4 | -14.8% |
| | Total revenue (EUR million) | 255.6 | 203.7 | 171.2 | 229.7 | 240.7 | -5.8% |
| | EBITDA (EUR million) | 67.7 | 50.4 | 27.1 | 68.5 | 82.1 | 21.3% |
| | Total segment result ¹ (EUR million) | 56.6 | 30.4 | 15.7 | 55.2 | 67.3 | 18.9% |
| | Net profit/loss | 37.9 | 16.7 | -5.4 | 33.4 | 48.7 | 28.5% |

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) | Q3 2022 | Q4 2022 | Q1 2023 | Q2 2023 | Q3 2023 | Q3 Change 2022 vs 2023 |
|--|--------------|--------------|--------------|--------------|--------------|---------------------------|
| Restaurant and shop sales on-board and onshore | 120.9 | 96.2 | 74.2 | 108.2 | 111.4 | -7.9% |
| Ticket sales | 75.4 | 44.8 | 35.2 | 59.2 | 76.0 | 0.8% |
| Sales of cargo transportation | 25.3 | 23.6 | 25.3 | 23.8 | 20.7 | -18.3% |
| Accommodation sales | 4.1 | 2.9 | 2.2 | 4.0 | 5.4 | 30.4% |
| Income from charter of vessels | 21.4 | 31.6 | 30.3 | 29.5 | 22.1 | 2.9% |
| Other sales | 8.3 | 4.5 | 4.0 | 5.0 | 5.1 | -38.1% |
| Total revenue | 255.6 | 203.7 | 171.2 | 229.7 | 240.7 | -5.8% |

The following charts provide an overview of the Group's third 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 the third quarter and nine months of 2023 and 2022.

| Passengers | Q3 2023 | Q3 2022 | Change | Jan-Sep 2023 | Jan-Sep 2022 | Change |
|-------------------|------------------|------------------|---------------|---------------------|---------------------|---------------|
| Estonia-Finland | 1 076 675 | 1 083 276 | -0.6% | 2 625 237 | 2 388 881 | 9.9% |
| Finland-Sweden | 539 121 | 658 376 | -18.1% | 1 300 603 | 1 426 688 | -8.8% |
| Estonia-Sweden | 160 025 | 151 951 | 5.3% | 440 839 | 350 469 | 25.8% |
| Total | 1 775 821 | 1 893 603 | -6.2% | 4 366 679 | 4 166 038 | 4.8% |

| Cargo units | Q3 2023 | Q3 2022 | Change | Jan-Sep 2023 | Jan-Sep 2022 | Change |
|--------------------|----------------|----------------|---------------|---------------------|---------------------|---------------|
| Estonia-Finland | 55 601 | 76 117 | -27.0% | 180 683 | 224 030 | -19.3% |
| Finland-Sweden | 8 718 | 14 771 | -41.0% | 28 122 | 52 450 | -46.4% |
| Estonia-Sweden | 11 382 | 11 511 | -1.1% | 38 987 | 37 237 | 4.7% |
| Total | 75 701 | 102 399 | -26.1% | 247 792 | 313 717 | -21.0% |

| Passenger vehicles | Q3 2023 | Q3 2022 | Change | Jan-Sep 2023 | Jan-Sep 2022 | Change |
|---------------------------|----------------|----------------|---------------|---------------------|---------------------|---------------|
| Estonia-Finland | 223 335 | 208 526 | 7.1% | 571 083 | 515 041 | 10.9% |
| Finland-Sweden | 39 189 | 57 503 | -31.8% | 72 615 | 103 008 | -29.5% |
| Estonia-Sweden | 10 990 | 11 718 | -6.2% | 24 211 | 25 641 | -5.6% |
| Total | 273 514 | 277 747 | -1.5% | 667 909 | 643 690 | 3.8% |

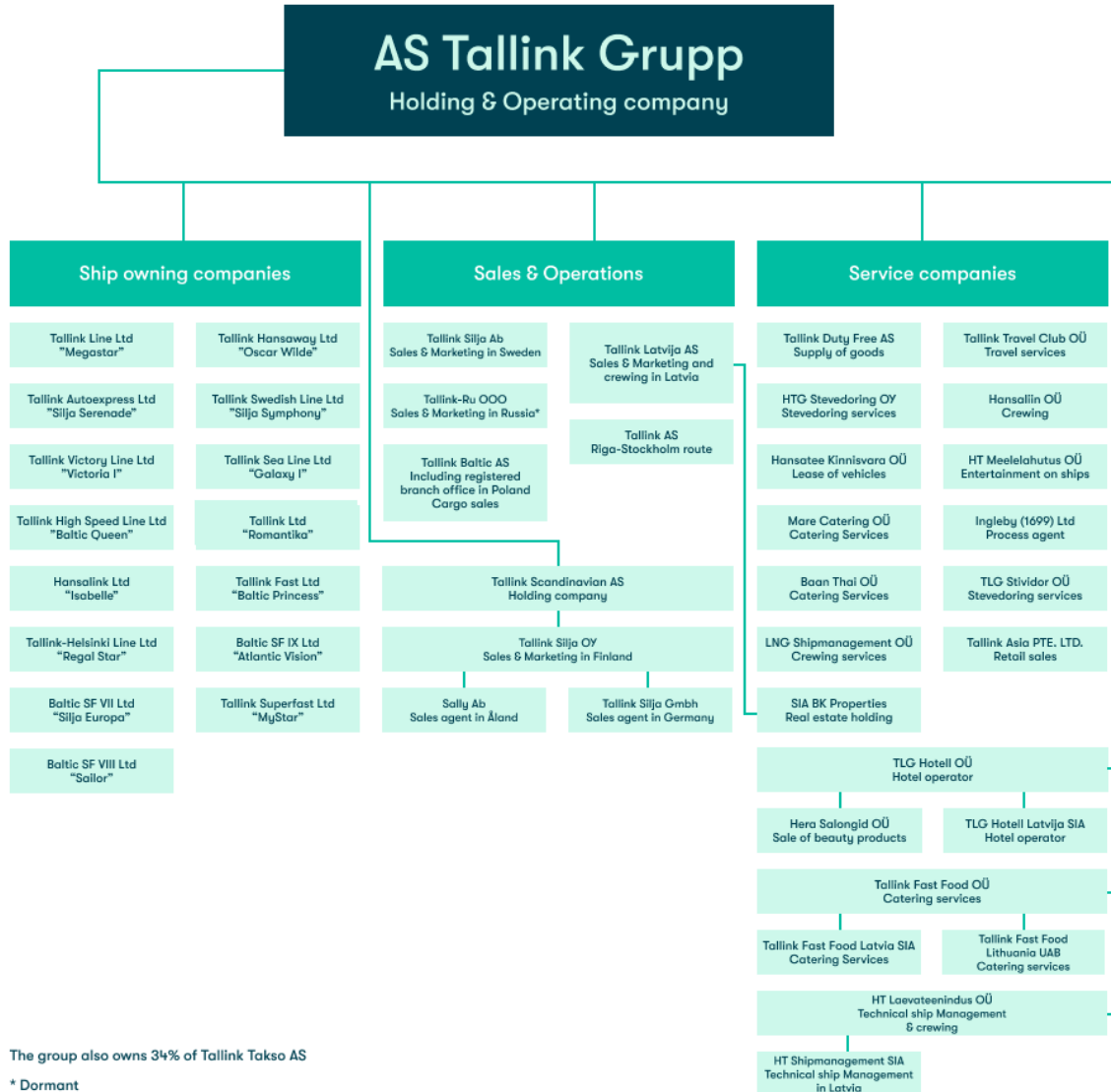
The Group's estimated market shares on the routes operated during the 12-month period ended on 30 September 2023 were as follows:

- the Group carried approximately 47% of the passengers and 54% of the ro-ro cargo on the route between Tallinn and Helsinki.
- the Group carried approximately 44% of the passengers and 17% 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. During the third quarter of 2023, the Group had charters covering the cruise ferry Silja Europa previously operating on the Estonia-Finland route as well as the cruise ferry Galaxy I previously operating on the Finland-Sweden route. Both vessels were operating in the third quarter of 2022.

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 30 September 2023, the Group had 4 619 employees (4 916 as at 30 September 2022). The number of employees includes 138 employees on maternity leave. The following table provides a more detailed overview of the Group's personnel.

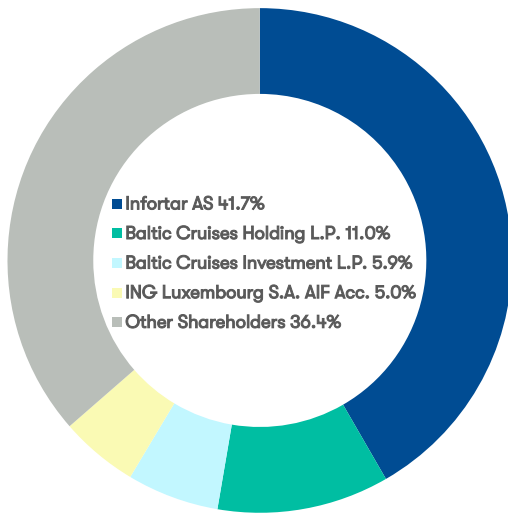
| | Average of Q3 | | | Average of Jan-Sep | | | End of Q3 | | |
|--------------------------|---------------|-------|--------|--------------------|-------|--------|-----------|-------|--------|
| | 2023 | 2022 | Change | 2023 | 2022 | Change | 2023 | 2022 | Change |
| Onshore total | 1 125 | 1 157 | -2.8% | 1 109 | 1 115 | -0.5% | 1 103 | 1 117 | -1.3% |
| Estonia | 744 | 760 | -2.1% | 736 | 723 | 1.8% | 731 | 742 | -1.5% |
| Finland | 262 | 263 | -0.4% | 258 | 255 | 1.2% | 254 | 249 | 2.0% |
| Sweden | 103 | 110 | -6.4% | 98 | 104 | -5.8% | 102 | 105 | -2.9% |
| Latvia | 9 | 15 | -40.0% | 11 | 21 | -47.6% | 9 | 13 | -30.8% |
| Russia | 1 | 5 | -80.0% | 1 | 7 | -85.7% | 1 | 3 | -66.7% |
| Germany | 6 | 4 | 50.0% | 5 | 5 | 0.0% | 6 | 5 | 20.0% |
| Onboard | 2 897 | 3 443 | -15.9% | 3 055 | 3 315 | -7.8% | 2 801 | 3 176 | -11.8% |
| Burger King ¹ | 369 | 355 | 3.9% | 369 | 340 | 8.5% | 359 | 342 | 5.0% |
| Hotel ¹ | 365 | 301 | 21.3% | 345 | 278 | 24.1% | 356 | 281 | 26.7% |
| Total | 4 756 | 5 256 | -9.5% | 4 878 | 5 048 | -3.4% | 4 619 | 4 916 | -6.0% |

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

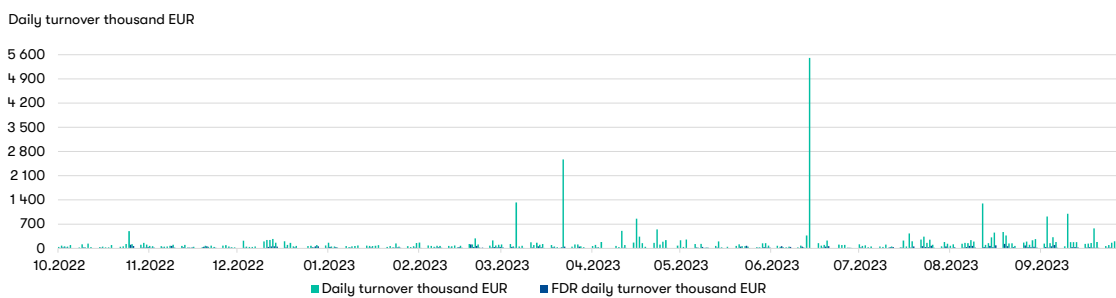
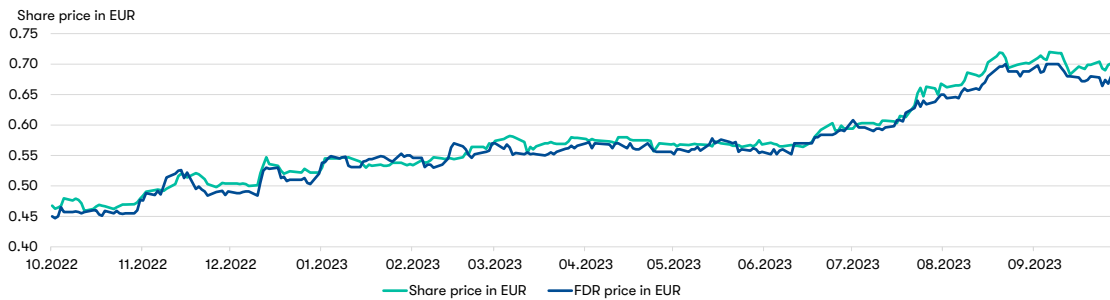
In the third quarter of 2023, staff costs amounted to EUR 43.0 million (EUR 42.7 million in Q3 2022).

Shareholders & Share Price Development

The following chart displays the shareholder structure of AS Tallink Grupp as at 30 September 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 0.701 and the closing price of the FDR on Nasdaq Helsinki was EUR 0.68. 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 8 583 FDR-holders on 30 September 2023. The total number of shareholders and FDR-holders was 39 254.



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 of the Management Board
- 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.

According to UNWTO, the demand for international travel is expected to reach about 80-95% of pre-pandemic levels in 2023 since current prospects point to a more moderate pace following the peak travel season of June-August. Challenging economic environment continues to be a critical factor in the effective recovery of international tourism. The recovery is also impacted by the recent geopolitical developments in Israel. The inbound tourism from Asia is slowly recovering since the region raised its COVID-19 related travel restrictions at the end of 2022.

OECD measured consumer confidence index that reached its record low in September 2022 was followed by the upward trend until June 2023 when the consumer confidence level in the Group's home markets especially in Sweden and Finland have shown steady decline. The war in Ukraine, the tight monetary policy, the continuing high inflation, and the outlook of economic recession continue to be key concerns globally.

The Group's operations were impacted by the availability of vessels for operations and the number of trips made but also the challenging economic environment and the weak demand in construction sectors in the Group's core markets.

During the third quarter, the global fuel prices decreased about 23% compared to the same period a year ago. In the third quarter of 2023, the Group's overall fuel cost decreased by 45% or EUR 19.6 million compared to the same period in 2022. The decrease was driven by significantly lower global fuel prices, but also lower consumption compared to the same period a year ago arising from the number of vessels on charter. 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, rising interest rates and changing customer travel and consumption habits.

Events in the Third Quarter 2023

Early termination of charter agreement for cruise ferry Romantika

The charter agreement for the cruise ferry Romantika signed between a subsidiary of AS Tallink Grupp, AS Tallink Latvija and Holland Norway Lines BV, has been terminated on 1 September 2023 before the charter agreement's expiration date.

Extension of Galaxy I charter agreement

In September 2023, the charter agreement of the cruise ferry Galaxy I was extended for six months until April 2024 with the option of extending the agreement for another six months at the end of the agreement period.

All Tallink hotels awarded with the Green Key international eco-label

All the Group's hotels, Tallink City Hotel, Tallink Spa & Conference Hotel, Tallink Express Hotel and Tallink Hotel Riga, have been awarded with the international Green Key eco-label. The Green Key is awarded to businesses in the tourism sector who in their activities are dedicated to sustainable operations and environmental responsibility, thus enabling their guests to make a difference to the environment and reduce their carbon footprint.

Events After the Reporting Period and Outlook

Extension of Silja Europa charter agreement

In October 2023, the Group extended the charter agreement of 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 popular 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.

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 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. Recent geopolitical developments in Israel also increase the fuel price risk. The exact magnitude and duration of the potential effects from such conflicts 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). The Group has partially fixed the 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 third quarter and 9 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 | Q3 2023 | Q3 2022 | Jan-Sep 2023 | Jan-Sep 2022 |
|---|----------|----------|--------------|--------------|
| Revenue (Note 3) | 240 668 | 255 555 | 641 588 | 567 726 |
| Cost of sales | -163 013 | -189 536 | -472 682 | -496 090 |
| Gross profit/loss | 77 655 | 66 019 | 168 906 | 71 636 |
| Sales and marketing expenses | -10 399 | -9 455 | -30 781 | -27 397 |
| Administrative expenses | -11 175 | -12 156 | -37 494 | -35 050 |
| Other operating income | 789 | -463 | 1 382 | 5 112 |
| Other operating expenses | -35 | 0 | -68 | -84 |
| Result from operating activities | 56 835 | 43 945 | 101 945 | 14 217 |
| Finance income (Note 4) | 133 | -133 | 804 | 48 |
| Finance costs (Note 4) | -8 507 | -6 188 | -26 803 | -17 847 |
| Profit/loss before income tax | 48 461 | 37 624 | 75 946 | -3 582 |
| Income tax | 222 | 248 | 762 | 794 |
| Net profit/loss for the period | 48 683 | 37 872 | 76 708 | -2 788 |
| Net profit/loss for the period attributable to equity holders of the Parent | 48 683 | 37 872 | 76 708 | -2 788 |
| Other comprehensive income | | | | |
| <i>Items that may be reclassified to profit or loss</i> | | | | |
| Exchange differences on translating foreign operations | -244 | 43 | 29 | 491 |
| Other comprehensive income for the period | -244 | 43 | 29 | 491 |
| Total comprehensive profit/loss for the period | 48 439 | 37 915 | 76 737 | -2 297 |
| Total comprehensive profit/loss for the period attributable to equity holders of the Parent | 48 439 | 37 915 | 76 737 | -2 297 |
| Basic and diluted profit/loss per share (in EUR, Note 5) | 0.065 | 0.051 | 0.103 | -0.004 |

Consolidated Statement of Financial Position

| Unaudited, in thousands of EUR | 30.09.2023 | 30.09.2022 | 31.12.2022 |
|--|------------------|------------------|------------------|
| ASSETS | | | |
| Cash and cash equivalents | 64 433 | 102 813 | 114 935 |
| Trade and other receivables | 34 577 | 39 988 | 31 380 |
| Prepayments | 11 485 | 14 522 | 9 379 |
| Prepaid income tax | 1 | 1 | 37 |
| Inventories | 39 758 | 39 757 | 39 965 |
| Current assets | 150 254 | 197 081 | 195 696 |
| Investments in equity-accounted investees | 75 | 165 | 75 |
| Other financial assets and prepayments | 4 510 | 3 377 | 3 622 |
| Deferred income tax assets | 21 840 | 21 840 | 21 840 |
| Investment property | 300 | 300 | 300 |
| Property, plant and equipment (Note 6) | 1 391 682 | 1 279 659 | 1 438 286 |
| Intangible assets (Note 7) | 28 734 | 32 878 | 31 823 |
| Non-current assets | 1 447 141 | 1 338 219 | 1 495 946 |
| TOTAL ASSETS | 1 597 395 | 1 535 300 | 1 691 642 |
| LIABILITIES AND EQUITY | | | |
| Interest-bearing loans and borrowings (Note 8) | 126 148 | 249 707 | 165 049 |
| Trade and other payables | 83 593 | 85 257 | 86 934 |
| Payables to owners | 6 | 6 | 6 |
| Income tax liability | 35 | 47 | 35 |
| Deferred income | 45 237 | 48 299 | 44 222 |
| Current liabilities | 255 019 | 383 316 | 296 246 |
| Interest-bearing loans and borrowings (Note 8) | 558 659 | 461 765 | 688 465 |
| Non-current liabilities | 558 659 | 461 765 | 688 465 |
| Total liabilities | 813 678 | 845 081 | 984 711 |
| Share capital (Note 9) | 349 477 | 349 477 | 349 477 |
| Share premium | 663 | 663 | 663 |
| Reserves | 67 694 | 66 885 | 66 363 |
| Retained earnings | 365 883 | 273 194 | 290 428 |
| Equity attributable to equity holders of the Parent | 783 717 | 690 219 | 706 931 |
| Total equity | 783 717 | 690 219 | 706 931 |
| TOTAL LIABILITIES AND EQUITY | 1 597 395 | 1 535 300 | 1 691 642 |

Consolidated Statement of Cash Flows

| Unaudited, in thousands of EUR | Q3 2023 | Q3 2022 | Jan-Sep 2023 | Jan-Sep 2022 |
|---|----------------|----------------|-----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Net profit/loss for the period | 48 683 | 37 872 | 76 708 | -2 788 |
| Adjustments | 33 283 | 29 671 | 100 721 | 88 590 |
| Changes in: | | | | |
| Receivables and prepayments related to operating activities | 2 480 | 5 254 | -5 282 | -14 602 |
| Inventories | 2 496 | 4 736 | 207 | -5 126 |
| Liabilities related to operating activities | -27 274 | -17 051 | -2 703 | 21 033 |
| Changes in assets and liabilities | -22 298 | -7 061 | -7 778 | 1 305 |
| Cash generated from operating activities | 59 668 | 60 482 | 169 651 | 87 107 |
| Income tax repaid/paid | -20 | -39 | -111 | -115 |
| NET CASH FROM/USED OPERATING ACTIVITIES | 59 648 | 60 443 | 169 540 | 86 992 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of property, plant, equipment and intangible assets (Notes 6, 7) | -6 083 | -5 500 | -22 249 | -23 633 |
| Proceeds from disposals of property, plant, equipment | 164 | -38 | 244 | 2 743 |
| Interest received | 133 | 4 | 804 | 6 |
| NET CASH USED IN INVESTING ACTIVITIES | -5 786 | -5 534 | -21 201 | -20 884 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Repayment of loans received (Note 8) | -30 858 | -25 042 | -155 477 | -71 030 |
| Change in overdraft (Note 8) | -15 | -6 481 | -15 | 11 646 |
| Payment of lease liabilities (Note 8) | -8 219 | -4 332 | -17 025 | -12 844 |
| Interest paid | -7 982 | -6 548 | -25 212 | -18 022 |
| Payment of transaction costs related to loans | 0 | -298 | -1 112 | -601 |
| NET CASH FROM/USED IN FINANCING ACTIVITIES | -47 074 | -42 701 | -198 841 | -90 851 |
| TOTAL NET CASH FLOW | 6 788 | 12 208 | -50 502 | -24 743 |
| Cash and cash equivalents at the beginning of period | 57 645 | 90 605 | 114 935 | 127 556 |
| Change in cash and cash equivalents | 6 788 | 12 208 | -50 502 | -24 743 |
| Cash and cash equivalents at the end of period | 64 433 | 102 813 | 64 433 | 102 813 |

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 | 76 708 | 76 708 | 76 708 |
| Other comprehensive income for the period | | | | | | | | | |
| Exchange differences on translating foreign operations | 0 | 0 | 29 | 0 | 0 | 0 | 0 | 29 | 29 |
| Total comprehensive profit/loss for the period | 0 | 0 | 29 | 0 | 0 | 0 | 76 708 | 76 737 | 76 737 |
| 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 | -1 536 | 0 | 0 | 1 536 | 0 | 0 |
| Share-based payment transactions | 0 | 0 | 0 | 0 | 0 | 49 | 0 | 49 | 49 |
| Transactions with owners of the Company recognised directly in equity | 0 | 0 | 0 | -1 536 | 2 789 | 49 | -1 253 | 49 | 49 |
| As at 30 September 2023 | 349 477 | 663 | 869 | 31 828 | 34 948 | 49 | 365 883 | 783 717 | 783 717 |
| 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 | -2 788 | -2 788 | -2 788 |
| Other comprehensive income for the period | | | | | | | | | |
| Exchange differences on translating foreign operations | 0 | 0 | 491 | 0 | 0 | 0 | 0 | 491 | 491 |
| Total comprehensive profit/loss for the period | 0 | 0 | 491 | 0 | 0 | 0 | -2 788 | -2 297 | -2 297 |
| Transactions with owners of the Company recognised directly in equity | | | | | | | | | |
| Transfer from revaluation reserve | 0 | 0 | 0 | -1 536 | 0 | 0 | 1 536 | 0 | 0 |
| Transactions with owners of the Company recognised directly in equity | 0 | 0 | 0 | -1 536 | 0 | 0 | 1 536 | 0 | 0 |
| As at 30 September 2022 | 349 477 | 663 | 851 | 33 875 | 32 159 | 0 | 273 194 | 690 219 | 690 219 |

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 third quarter and 9 months of 2023 were authorised for issue by the Management Board on 26 October 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. As at 30 September, the Group had a total of 39 254 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 30 September 2023, the Group employed 4 619 people (4 916 as of 30 September 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 - 30 September, in thousands of EUR | Estonia-Finland routes | Estonia-Sweden routes | Finland-Sweden routes | Other | Intersegment elimination | Total |
|--|------------------------|-----------------------|-----------------------|---------|--------------------------|---------|
| 2023 | | | | | | |
| Sales to external customers | 223 675 | 69 778 | 201 688 | 146 447 | 0 | 641 588 |
| Intersegment sales | 0 | 0 | 0 | 5 286 | -5 286 | 0 |
| Revenue | 223 675 | 69 778 | 201 688 | 151 733 | -5 286 | 641 588 |
| Segment result | 63 294 | 5 731 | 25 484 | 43 616 | 0 | 138 125 |
| Unallocated expenses | | | | | | -36 180 |
| Net financial items (Note 4) | | | | | | -25 999 |
| Profit/loss before income tax | | | | | | 75 946 |

| For the period 1 January - 30 September, in thousands of EUR | Estonia-Finland routes | Estonia-Sweden routes | Finland-Sweden routes | Other | Intersegment elimination | Total |
|--|------------------------|-----------------------|-----------------------|--------|--------------------------|---------|
| 2022 | | | | | | |
| Sales to external customers | 212 819 | 55 529 | 207 936 | 91 442 | 0 | 567 726 |
| Intersegment sales | 0 | 0 | 0 | 3 581 | -3 581 | 0 |
| Revenue | 212 819 | 55 529 | 207 936 | 95 023 | -3 581 | 567 726 |
| Segment result | 37 750 | -9 581 | -4 293 | 20 363 | 0 | 44 239 |
| Unallocated expenses | | | | | | -30 022 |
| Net financial items (Note 4) | | | | | | -17 799 |
| Profit/loss before income tax | | | | | | -3 582 |

Revenue by Service

| In thousands of EUR | Q3 2023 | Q3 2022 | Jan-Sep 2023 | Jan-Sep 2022 |
|--|----------------|----------------|----------------|----------------|
| Restaurant and shop sales on-board and onshore | 111 397 | 120 949 | 293 856 | 281 999 |
| Ticket sales | 75 971 | 75 393 | 170 352 | 147 126 |
| Sales of cargo transport | 20 713 | 25 339 | 69 809 | 79 537 |
| Sales of accommodation | 5 401 | 4 141 | 11 580 | 8 399 |
| Income from charter of vessels | 22 053 | 21 440 | 81 918 | 34 212 |
| Other | 5 133 | 8 293 | 14 073 | 16 453 |
| Total revenue of the Group | 240 668 | 255 555 | 641 588 | 567 726 |

Note 4 Financial Items

| In thousands of EUR | Q3 2023 | Q3 2022 | Jan-Sep 2023 | Jan-Sep 2022 |
|--|---------------|---------------|----------------|----------------|
| Net foreign exchange gain | 0 | -137 | 0 | 42 |
| Income from other financial assets | 133 | 4 | 804 | 6 |
| Total finance income | 133 | -133 | 804 | 48 |
| Net foreign exchange loss | 35 | 0 | -218 | 0 |
| Interest expense on financial liabilities measured at amortised cost | -7 996 | -5 598 | -24 892 | -16 023 |
| Interest expense on right-of-use asset lease liabilities | -546 | -590 | -1 693 | -1 824 |
| Total finance costs | -8 507 | -6 188 | -26 803 | -17 847 |
| Net finance costs | -8 374 | -6 321 | -25 999 | -17 799 |

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 30 September, the effective number of share options was 7 210 thousand.

| At the end of the period, in thousands | Q3 2023 | Q3 2022 | Jan-Sep 2023 | Jan-Sep 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 | Q3 2023 | Q3 2022 | Jan-Sep 2023 | Jan-Sep 2022 |
| Weighted average number of ordinary shares outstanding (in thousands) | 743 569 | 743 569 | 743 569 | 743 569 |
| Effect of share options on issue | 2 165 | 0 | 1 566 | 0 |
| Weighted average number of ordinary shares outstanding (in thousands, diluted) | 745 734 | 743 569 | 745 135 | 743 569 |
| Net profit/loss attributable to equity holders of the Parent | 48 683 | 37 872 | 76 708 | -2 788 |
| Profit/loss per share | 0.065 | 0.051 | 0.103 | -0.004 |
| Diluted EPS (EUR) | 0.065 | 0.051 | 0.103 | -0.004 |

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 | 7 357 | 4 029 | 12 644 | 24 347 |
| Reclassification | 0 | 9 371 | 583 | 0 | -9 954 | 0 |
| Disposals | 0 | 0 | -168 | -33 | 0 | -201 |
| Depreciation for the period | -172 | -46 090 | -11 127 | -13 361 | 0 | -70 750 |
| Book value as at 30 September 2023 | 2 613 | 1 251 313 | 44 577 | 87 139 | 6 040 | 1 391 682 |
| As at 30 September 2023 | | | | | | |
| Gross carrying amount | 10 065 | 1 915 588 | 138 445 | 159 979 | 6 040 | 2 230 117 |
| Accumulated depreciation | -7 452 | -664 275 | -93 868 | -72 840 | 0 | -838 435 |
| As at 30 September 2022 | | | | | | |
| Book value as at 31 December 2021 | 1 582 | 1 082 535 | 50 472 | 108 809 | 79 955 | 1 323 353 |
| Additions | 0 | -960 | 5 558 | 3 261 | 17 195 | 25 054 |
| Reclassification | 0 | 11 843 | 3 560 | 4 | -15 326 | 81 |
| Disposals | 0 | -2 587 | -136 | -101 | 0 | -2 824 |
| Depreciation for the period | -137 | -41 167 | -11 511 | -13 190 | 0 | -66 005 |
| Book value as at 30 September 2022 | 1 445 | 1 049 664 | 47 943 | 98 783 | 81 824 | 1 279 659 |
| As at 30 September 2022 | | | | | | |
| Gross carrying amount | 8 677 | 1 657 283 | 128 158 | 154 822 | 81 824 | 2 030 764 |
| Accumulated depreciation | -7 232 | -607 619 | -80 215 | -56 039 | 0 | -751 105 |

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 | 4 027 | 2 | 4 029 |
| Disposals | -31 | -2 | -33 |
| Depreciation for the period | -13 107 | -254 | -13 361 |
| Book value as at 30 September 2023 | 86 596 | 543 | 87 139 |
| As at 30 September 2023 | | | |
| Gross carrying amount | 158 465 | 1 514 | 159 979 |
| Accumulated depreciation | -71 869 | -971 | -72 840 |
| As at 31 December 2021 | | | |
| Book value as at 31 December 2021 | 108 340 | 469 | 108 809 |
| Additions | 2 561 | 700 | 3 261 |
| Reclassification | 4 | 0 | 4 |
| Disposals | -66 | -35 | -101 |
| Depreciation for the period | -12 944 | -246 | -13 190 |
| Book value as at 30 September 2022 | 97 895 | 888 | 98 783 |
| As at 30 September 2022 | | | |
| Gross carrying amount | 152 963 | 1 859 | 154 822 |
| Accumulated depreciation | -55 068 | -971 | -56 039 |

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 | 489 | 1 477 | 1 966 |
| Reclassification | 0 | 0 | 914 | -914 | 0 |
| Disposals | 0 | 0 | 0 | -61 | -61 |
| Amortisation for the period | 0 | -2 187 | -2 807 | 0 | -4 994 |
| Book value as at 30 September 2023 | 11 066 | 7 987 | 8 641 | 1 040 | 28 734 |
| As at 30 September 2023 | | | | | |
| Cost | 11 066 | 58 288 | 45 474 | 1 040 | 115 868 |
| Accumulated amortisation | 0 | -50 301 | -36 833 | 0 | -87 134 |
| As at 31 December 2021 | | | | | |
| Book value as at 31 December 2021 | 11 066 | 13 090 | 11 426 | 711 | 36 293 |
| Additions | 0 | 0 | 125 | 1 715 | 1 840 |
| Reclassification | 0 | 0 | 1 457 | -1 534 | -77 |
| Amortisation for the period | 0 | -2 187 | -2 991 | 0 | -5 178 |
| Book value as at 30 September 2022 | 11 066 | 10 903 | 10 017 | 892 | 32 878 |
| As at 30 September 2022 | | | | | |
| Cost | 11 066 | 58 288 | 43 281 | 892 | 113 527 |
| Accumulated amortisation | 0 | -47 385 | -33 264 | 0 | -80 649 |

Note 8 Interest-Bearing Loans and Borrowings

| In thousands of EUR | 31.12.2022 | Addition | Repayments | Exchange differences | Other changes ¹ | 30.09.2023 |
|---------------------------------------|------------|----------|------------|----------------------|----------------------------|------------|
| Lease liabilities | 77 | 35 | -18 | -2 | 0 | 92 |
| Right-of-use assets lease liabilities | 107 095 | 4 029 | -17 012 | -111 | -20 | 93 981 |
| Overdrafts | 15 | 0 | -15 | 0 | 0 | 0 |
| Long-term bank loans | 746 327 | 0 | -155 477 | 0 | -116 | 590 734 |
| Total borrowings | 853 514 | 4 064 | -172 522 | -113 | -136 | 684 807 |
| Current portion | 165 049 | | | | | 126 148 |
| Non-current portion | 688 465 | | | | | 558 659 |
| Total borrowings | 853 514 | | | | | 684 807 |

| In thousands of EUR | 31.12.2021 | Addition | Repayments | Exchange differences | Other changes ¹ | 30.09.2022 |
|---------------------------------------|------------|----------|------------|----------------------|----------------------------|------------|
| Lease liabilities | 116 | 0 | -24 | -5 | 0 | 87 |
| Right-of-use assets lease liabilities | 116 403 | 3 261 | -12 820 | -105 | -161 | 106 578 |
| Overdrafts | 180 | 11 646 | 0 | 0 | 0 | 11 826 |
| Long-term bank loans | 663 226 | 0 | -71 030 | 0 | 785 | 592 981 |
| Total borrowings | 779 925 | 14 907 | -83 874 | -110 | 624 | 711 472 |
| Current portion | 244 436 | | | | | 249 707 |
| Non-current portion | 535 489 | | | | | 461 765 |
| Total borrowings | 779 925 | | | | | 711 472 |

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 345 236 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 245 498 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 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 30 September 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 30 September 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 49 thousand in the third quarter of 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 30 September 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 | 467 | 23 089 | 50 | 81 472 |
| Associated companies | 17 | 112 | 2 | 10 |
| Total | 484 | 23 201 | 52 | 81 482 |

| For the period ended 30 September 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 | 488 | 17 857 | 53 | 93 335 |
| Associated companies | 4 | 102 | 4 | 12 |
| Total | 492 | 17 959 | 57 | 93 347 |

STATEMENT BY THE MANAGEMENT BOARD

Hereby we acknowledge our responsibility for the AS Tallink Grupp Unaudited Condensed Consolidated Interim Financial Statements for the third quarter and 9 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 | Q3 2023 | Q3 2022 |
|---|-------------|-------------|
| Depreciation | 23 640 | 21 977 |
| Amortisation | 1 607 | 1 741 |
| Depreciation and amortisation | 25 247 | 23 718 |
| Result from operating activities | 56 835 | 43 945 |
| Depreciation and amortisation | 25 247 | 23 718 |
| EBITDA | 82 082 | 67 663 |
| EBITDA | 82 082 | 67 663 |
| IFRS 16 adoption effect | -5 017 | -4 996 |
| Adjusted EBITDA | 77 065 | 62 667 |
| Additions to property, plant and equipment | 5 672 | 4 769 |
| Additions to intangible assets | 446 | 731 |
| Capital expenditures | 6 118 | 5 500 |
| Net profit/loss for the period | 48 683 | 37 872 |
| Weighted average number of shares outstanding | 743 569 064 | 743 569 064 |
| Earnings/loss per share (EUR) | 0.065 | 0.051 |
| Lease liabilities | 92 | 87 |
| Lease liabilities related to right-of-use assets | 93 981 | 106 578 |
| Overdraft | 0 | 11 826 |
| Long-term bank loans | 590 734 | 592 981 |
| Interest-bearing liabilities | 684 807 | 711 472 |
| Gross profit/loss | 77 655 | 66 019 |
| Net sales | 240 668 | 255 555 |
| Gross margin (%) | 32.3% | 25.8% |
| EBITDA | 82 082 | 67 663 |
| Net sales | 240 668 | 255 555 |
| EBITDA margin (%) | 34.1% | 26.5% |
| Adjusted EBITDA | 77 065 | 62 667 |
| Net sales | 240 668 | 255 555 |
| Adjusted EBITDA margin (%) | 32.0% | 24.5% |
| EBIT | 56 835 | 43 945 |
| Net sales | 240 668 | 255 555 |
| EBIT margin (%) | 23.6% | 17.2% |
| Net profit/loss | 48 683 | 37 872 |
| Net sales | 240 668 | 255 555 |
| Net profit/loss margin (%) | 20.2% | 14.8% |
| Result from operating activities 12-months trailing | 125 401 | 15 097 |
| Total assets 30 September (previous year) | 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 |
| Total assets 30 June | 1 613 646 | 1 550 110 |
| Total assets 30 September | 1 597 395 | 1 535 300 |
| Average assets | 1 622 007 | 1 569 630 |
| ROA (%) | 7.7% | 1.0% |

| In thousands of EUR | Q3 2023 | Q3 2022 |
|---|-------------------|-------------------|
| Net profit/loss 12-months trailing | 93 431 | -6 126 |
| Total equity 30 September (previous year) | 690 219 | 695 867 |
| Total equity 31 December | 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 |
| Average equity | 723 535 | 676 686 |
| ROE (%) | 12.9% | -0.9% |
| Result from operating activities 12-months trailing | 125 401 | 15 097 |
| Total assets 30 September (previous year) | 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 |
| Total assets 30 June | 1 613 646 | 1 550 110 |
| Total assets 30 September | 1 597 395 | 1 535 300 |
| Current liabilities 30 September (previous year) | 383 316 | 207 183 |
| Current liabilities 31 December | 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 |
| Total assets - current liabilities 30 September (previous year) | 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 |
| Total assets - current liabilities 30 June | 1 287 826 | 1 144 416 |
| Total assets - current liabilities 30 September | 1 342 376 | 1 151 984 |
| Average assets - current liabilities | 1 308 202 | 1 220 740 |
| ROCE (%) | 9.6% | 1.2% |
| In thousands of EUR | 30.09.2023 | 30.06.2023 |
| Interest-bearing liabilities | 684 807 | 722 513 |
| Cash and cash equivalents | 64 433 | 57 645 |
| Net debt | 620 374 | 664 868 |
| Total equity | 783 717 | 735 229 |
| Total assets | 1 597 395 | 1 613 646 |
| Equity ratio (%) | 49.1% | 45.6% |
| Equity attributable to equity holders of the Parent | 783 717 | 735 229 |
| Number of ordinary shares outstanding | 743 569 064 | 743 569 064 |
| Shareholders' equity per share (EUR) | 1.05 | 0.99 |
| Net debt | 620 374 | 664 868 |
| 12-months trailing | | |
| Depreciation | 95 961 | 94 298 |
| Amortisation | 6 736 | 6 870 |
| Depreciation and amortisation | 102 697 | 101 168 |
| EBITDA | 228 159 | 213 679 |
| Net debt to EBITDA | 2.7 | 3.1 |

CONTACT INFORMATION

| | |
|-------------------------|--|
| Commercial Registry no. | 10238429 |
| Address | Sadama 5 10111, Tallinn Republic of Estonia |
| Phone | +372 6 409 800 |
| Fax | +372 6 409 810 |
| Website | www.tallink.com |
| Main activity | maritime transport (passenger & cargo transport) |