

AS Tallinna Lennujaam

Interim report, Q2 2023

1 January - 30 June 2023

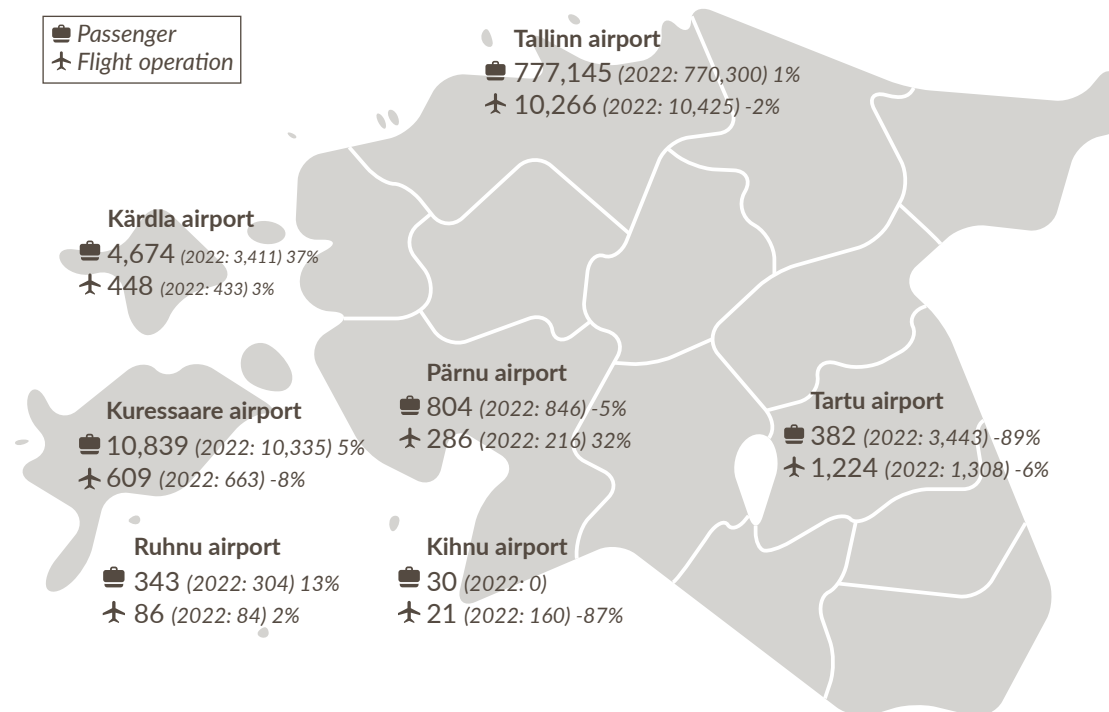


The most important indicators

Overview Q2 2023

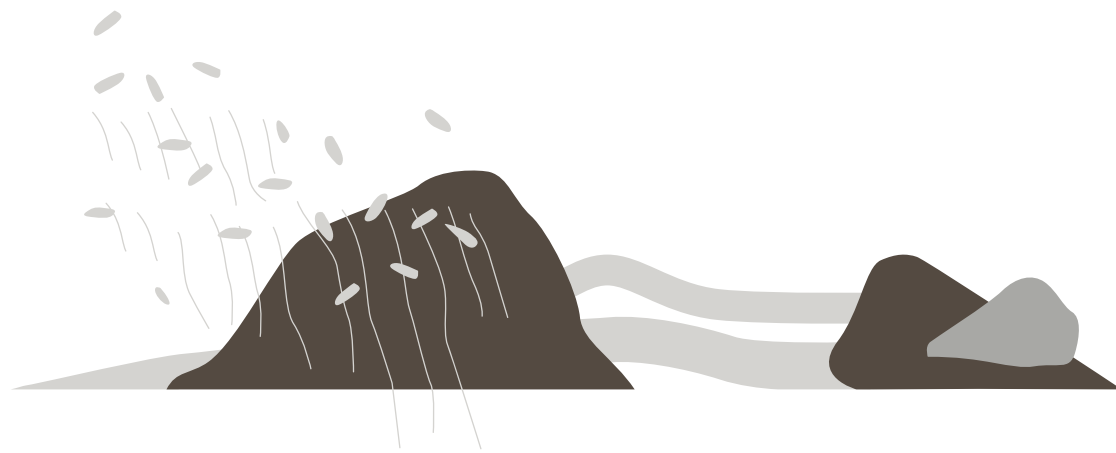
- A total of 777,145 passengers passed through Tallinn Airport in Q2, with 10,266 flights operated.
- Regional airports served 17,072 passengers and 2674 flights were operated.
- As of the end of June, direct flights were available to 32 destinations, served by 14 airlines.
- The EBITDA of the group was €4.8 million and net profit €2.6 million in Q2.
- The group invested a total of €6.3 million in Q2.
- The group's management adopted a strategic decision to achieve carbon neutrality by 2025.
- The second Green Forum for the transport sector was held, led by Tallinn Airport.
- Construction work began on the non-Schengen area at Tallinn Airport to increase the capacity of the passenger terminal and to create more comfortable conditions for passengers.

- **Figure 1.**
AS Tallinn Airport 2023 Q2 number of passengers and flight operations compared to 2022



The most important indicators

 Key performance indicators
 of the group Q2, 2023 vs 2022



	2023, Q2	2022, Q2	Change %
Passengers at Tallinn airport	777,145	770,300	1%
Flight operations at Tallinn airport	10,266	10,425	-2%
Passengers at regional airports	17,072	18,339	-7%
Flight operations at regional airports	2,674	2,864	-7%
Average number of employees reduced to full-time equivalents	577	508	14%
Total operating income EUR million	13.4	11.9	12%
Sales revenue EUR million	17.1	15.4	11%
Operating profit before depreciation EUR million	4.8	5.0	-5%
Net profit EUR million	2.6	3.0	-14%
Cash flows from operating activities EUR million	4.8	6.1	-21%
Investments EUR million	6.3	4.2	51%
Return on equity (ROE)	2.0%	2.5%	-19%
EBITDA margin	36%	42%	-15%

Dear readers

The first half of the year is now behind us and we've reached the peak period for summer travel. The end of Q2 sees airports all over the world filling with passengers eager to explore and discover new places. **Whereas this time last year we were faced with long queues, going into this summer we were much better prepared.** Passengers today are facing few if any delays in getting through security and passport control and making it onto their flights.

A total of **777,145 passengers** passed through Tallinn Airport in Q2, with 10,266 flights being operated during the period. Altogether, 1,395,799 people passed through the airport in the first six months of the year, marking a 16% rise on the same period last year. From January to June a total of 18,433 flight operations were serviced – more or less the same number as in the first half of 2022.

At the end of June, regular flights were being operated out of Tallinn by **14 airlines on 32 direct routes**. Additions to the summer flight schedule this year included completely new routes and the reinstatement of former routes. For example, air-Baltic began operating seasonal flights to Split and Dubrovnik in Croatia and to Rhodes and Iraklion in Greece in May, and also commenced flying again to Berlin and Oslo. Aegean relaunched its direct flights to Athens in mid-May, and many other airlines added extra departures.

Regional airports served **17,072 passengers** in Q2, during which 2674 flights were operated. A total of 30,232 passengers passed through these airports in the first half of the year, with 4324 flights being operated in this period. While Kärđla and Kuressaare on Estonia's western islands enjoy year-round flight connections to Tallinn, the country's summer capital Pärnu is directly linked to Helsinki this summer thanks to NyxAir.

The Group's **EBITDA** in Q2 was **€4.8 million**, a drop of €0.2 million or 5% on the same period in 2022. The Group's **net profit** for the quarter was **€2.6 million**. **EBITDA was €8.8 million** and **net profit was €4.2 million** for the first half of 2023. The parent company's profit was €2.0 million, while its subsidiary's profit was €2.2 million. The aviation side of the parent company posted a loss of €2.1 million, while its non-aviation side made a profit of €4.7 million. The loss made by regional airports was €0.3 million. Today we're forecasting a total loss for regional airports by the end of the year of around €900,000, mainly due to the rise in costs from inflation. In order to manage our regional airports sustainably, we

consider it important that the state raise its levels of support for these airports in the coming years.

The Group's **expenditure in Q2 totalled €14.4 million**, which was €2.1 million or 17% more than in the same period last year. This increase was driven by the higher costs of labour, aviation security checks, vehicle management and depreciation on fixed assets, as well as higher prices for outsourced services and products.

The Group **invested €6.3 million** in Q2. Our biggest projects were the reconstruction of the air traffic area at Ruhnu Airport (investments in which are ongoing), construction work on Stage 3 of the extension of the air traffic area, the first part-payment for new security line equipment for the passenger terminal, investments based on the detailed plans for the southern section and installation of AWOS weather stations at the airports in Tallinn, Tartu and Kärđla.

It's important to us that our airports are both safe and comfortable for passengers. To this end, June saw the start of **construction work on the non-Schengen area of the passenger terminal at Tallinn Airport** in order to increase the capacity of the terminal and to create more comfortable conditions for passengers. Around 1100 m² of space on the lower level of the terminal is being reconstructed as part of the project, which will result in four waiting areas in place of the current two. The work is scheduled for completion by spring 2024.

The keywords characterising Q2 are without doubt environmental conservation and sustainability. Led by us, the **Green Forum for the transport sector** was held for the second time in May, this year focussing on sustainable construction and development. I'm delighted that we were joined in organising the event by the Port of Tallinn, Estonian Railway, Rail Baltic Estonia and Green Tiger. We know that we achieve more by working together, which is why we decided to join forces with other companies in our transport sector to make a combined contribution to the achievement of carbon and climate neutrality. Moreover, the Group's management adopted a **strategic decision to achieve carbon neutrality by 2025**, which is to say five years earlier than planned. In 2022 our carbon footprint was 25% smaller than it had been in 2018, and it's forecast to shrink by a further 50% compared to 2018.

Together we're creating a green aviation gateway for Estonia!
Riivo Tuvike
 CEO



AS Tallinna Lennujaam consolidated financial statements (unaudited)

1 January - 30 June 2023



Table 2. Consolidated statement of financial position as at 30.06.2023

<i>In thousands of euros</i>	30.06.2023	31.12.2022	Change	Change %
Assets				
Non-current assets				
Property, plant and equipment	180,607	180,098	509	0%
Prepayments for property, plant and equipment	2,030	308	1,722	558%
Intangible assets	988	848	140	17%
Assets subject to the right of use	93	83	11	13%
Investment property	15,868	16,376	-509	-3%
Total non-current assets	199,586	197,713	1,872	1%
Current assets				
Inventories	1,127	1,096	32	3%
Receivables and prepayments	8,916	8,529	387	5%
Cash	53,136	50,995	2,141	4%
Total current assets	63,179	60,620	2,559	4%
Total assets	262,765	258,333	4,432	2%

<i>In thousands of euros</i>	30.06.2023	31.12.2022	Change	Change %
Equity				
Share capital	45,617	45,617	0	0%
Statutory reserve capital	2,625	2,625	0	0%
Retained earnings	80,975	76,728	4,247	6%
Total equity	129,217	124,970	4,247	3%
Liabilities				
Non-current liabilities				
Borrowings	40,684	40,684	0	0%
Finance lease liabilities	77	48	29	61%
Government grants	76,752	75,801	951	1%
Provision	1,696	1,696	0	
Other payables	140	140	0	0%
Total non-current liabilities	119,350	118,369	980	1%
Current liabilities				
Borrowings	2,482	4,796	-2,314	-48%
Finance lease liabilities	16	35	-19	-53%
Payables and prepayments	11,700	10,163	1,537	15%
Total current liabilities	14,198	14,994	-796	-5%
Total liabilities	133,548	133,363	184	0%
Total liabilities and equity	262,765	258,333	4,432	2%

Table 3. Consolidated statement of comprehensive income

<i>In thousands of euros</i>	2023, Q2	2022, Q2	Change %	2023, 6 months	2022, 6 months	Change %
Revenue	13,386	11,929	12%	27,672	23,927	16%
Aviation revenue	5,020	3,992	26%	8,606	6,712	28%
Non-aviation revenue	8,366	7,937	5%	19,066	17,215	11%
Ground handling services	3,114	3,260	-4%	9,068	8,702	4%
Rental income (property and real estate)	1,130	1,159	-2%	2,432	2,644	-8%
Passengers related services	3,476	2,917	19%	6,433	4,897	31%
Other non-aviation revenue	645	602	7%	1,133	973	17%
Other operating income	3,696	3,506	5%	7,364	6,956	6%
Government grants related to operating expenses	2,681	2,413	11%	5,208	4,737	10%
Government grants related to assets recognised as income	999	1,050	-5%	2,115	2,093	1%
Other income	16	43	-62%	40	125	-68%
Total income	17,082	15,436	11%	35,036	30,882	13%

<i>In thousands of euros</i>	2023, Q2	2022, Q2	Change %	2023, 6 months	2022, 6 months	Change %
Goods, raw material and services	-4,135	-3,865	7%	-10,155	-8,797	15%
Other operating expenses	-552	-367	50%	-1,044	-749	39%
Staff costs	-6,556	-5,083	29%	-12,828	-9,781	31%
Depreciation, amortisation and impairment	-3,148	-2,995	5%	-6,586	-5,979	10%
Other expenses	-31	-32	-1%	-68	-55	23%
Total operating expenses	-14,421	-12,342	17%	-30,681	-25,362	21%
Operating profit	2,661	3,094	-14%	4,355	5,520	-21%
Finance income and costs	-57	-73	-22%	-108	-131	-17%
Profit for the period	2,604	3,021	-14%	4,247	5,390	-21%
EBITDA	4,810	5,039	-5%	8,825	9,406	-6%
Comprehensive income for the period	2,604	3,021	-14%	4,247	5,390	-21%

¹ EBITDA = operating profit - depreciation costs - Government grants related to assets recognised as income

Table 4. Consolidated statement of comprehensive income in terms of main services

In thousands of euros	2023, Q2	2022, Q2	Change %	2023, 6 months	2022, 6 months	Change %
AS Tallinna lennujaam: aviation services						
Total income	7,254	5,673	28%	12,812	10,255	25%
Total operating expenses (including overhead)	7,032	5,261	34%	14,876	11,016	35%
Profit/loss of aviation services	222	412	-46%	-2,064	-760	-172%
Including profit/loss of airfield and passenger services and aircraft parking services	762	443	72%	-1,042	-850	-23%
Including security and rescue services profit/loss	-540	-31	-1628%	-1,022	89	-1243%
AS Tallinna lennujaam: non-aviation services						
Total income	4,776	4,590	4%	9,527	8,452	13%
Total operating expenses (including overhead)	2,181	2,238	-3%	4,856	4,689	4%
Profit/loss of non-aviation services	2,595	2,352	10%	4,671	3,764	24%

In thousands of euros	2023, Q2	2022, Q2	Change %	2023, 6 months	2022, 6 months	Change %
AS Tallinna lennujaam: regional airports						
Total income	1,437	1,397	3%	2,678	2,539	5%
Total operating expenses (including overhead)	1,452	1,340	8%	3,019	2,598	16%
Profit/loss of regional airports	-15	57	-127%	-341	-58	-487%
Finance income and costs	-113	-73	-54%	-214	-131	-63%
Total profit/loss of AS Tallinna lennujaam	2,689	2,748	-2%	2,053	2,814	-27%
Tallinn Airport GH profit	-89	268	-133%	2,187	2,566	-15%
Consolidation profit	5	4	10%	7	9	-23%
Comprehensive income for the period	2,604	3,021	-14%	4,247	5,390	-21%

Table 5. Consolidated statement of cash flows

<i>In thousands of euros</i>	2023, Q2	2022, Q2	Change %	2023, 6 months	2022, 6 months	Change %
Cash flows from operating activities						
Collections from customers	15,180	14,180	7%	31,074	29,627	5%
Payments to suppliers and employees	-12,691	-10,440	22%	-27,667	-23,409	18%
Interest received	35	1	2250%	43	3	1137%
Interest paid	-436	-44	888%	-570	-68	732%
Government grants received from state budget	2,517	2,267	11%	5,033	4,533	11%
Other grants received	163	100	63%	173	112	54%
Total cash flows from operating activities	4,767	6,064	-21%	8,087	10,799	-25%
Cash flows from investing activities						
Paid for acquisition of intangible assets, property, plant and equipment	-3,411	-3,477	-2%	-6,054	-9,964	-39%
Proceeds from sale of property, plant and equipment	0	0	0%	0	0	0%
Government grants received for non-current assets (ÜF)	0	1,083	-100%	0	1,832	-100%
Government grants received for non-current assets (CEF)	2,483	0		2,483	0	
Total cash flows from investing activities	-927	-2,395	-61%	-3,571	-8,132	-56%

<i>In thousands of euros</i>	2023, Q2	2022, Q2	Change %	2023, 6 months	2022, 6 months	Change %
Cash flows from financing activities						
Repayments of borrowings	-1,749	-1,393	26%	-2,355	-1,643	43%
Repayments of lease liabilities	-9	-10	-14%	-20	-18	13%
Cash contribution to share capital	0	0	0%	0	0	0%
Total cash flows from financing activities	-1,758	-1,403	25%	-2,375	-1,661	43%
Net cash flows	2,082	2,266		2,141	1,006	
Cash and cash equivalents at beginning of the period	51,054	48,554		50,995	49,814	
Cash and cash equivalents at end of the period	53,136	50,820		53,136	50,820	
Net increase/decrease in cash and cash equivalents	2,082	2,266		2,141	1,006	

Table 6. Air traffic at Tallinn Airport

	2023, Q2	2022, Q2	Change %
Passengers	777,145	770,300	1%
Flight operations	10,266	10,425	-2%
MTOW	228,971	245,923	-7%
Cargo and mail, tons	2,114	2,807	-25%

	2023, 6 months	2022, 6 months	Change %
Passengers	1,395,799	1,202,989	16%
Flight operations	18,433	18,294	1%
MTOW	428,292	436,570	-2%
Cargo and mail, tons	4,262	5,570	-23%



Table 7. Air traffic at regional airports

	2023, Q2	2022, Q2	Change %	2023, 6 months	2022, 6 months	Change %
Kärdla Airport						
Passengers	4,674	3,411	37%	7,176	5,334	35%
Flight operations	448	433	3%	744	759	-2%
MTOW	2,154	1,352	59%	3,784	2,549	48%
Kuressaare Airport						
Passengers	10,839	10,335	5%	20,183	17,124	18%
Flight operations	609	663	-8%	1,026	1,147	-11%
MTOW	3,535	5,029	-30%	6,623	8,161	-19%
Tartu Airport						
Passengers	382	3,443	-89%	510	3,740	-86%
Flight operations	1,224	1,308	-6%	1,821	2,314	-21%
MTOW	1,743	2,905	-40%	2,434	4,260	-43%

	2023, Q2	2022, Q2	Change %	2023, 6 months	2022, 6 months	Change %
Pärnu Airport						
Passengers	804	846	-5%	1,281	1,197	7%
Flight operations	286	216	32%	434	365	19%
MTOW	448	536	-16%	663	740	-10%
Kihnu Airfield						
Passengers	30	0		31	0	
Flight operations	21	160	-87%	23	160	-86%
MTOW	24	249	-90%	31	249	-88%
Ruhnu Airfield						
Passengers	343	304	13%	1,051	961	9%
Flight operations	86	84	2%	276	282	-2%
MTOW	133	128	4%	438	428	2%
Total of regional airports						
Passengers	17,072	18,339	-7%	30,232	28,356	7%
Flight operations	2,674	2,864	-7%	4,324	5,027	-14%
MTOW	8,037	10,199	-21%	13,973	16,387	-15%



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