

AS Tallinna Lennujaam

Interim report, Q4

1 January - 31 December 2022

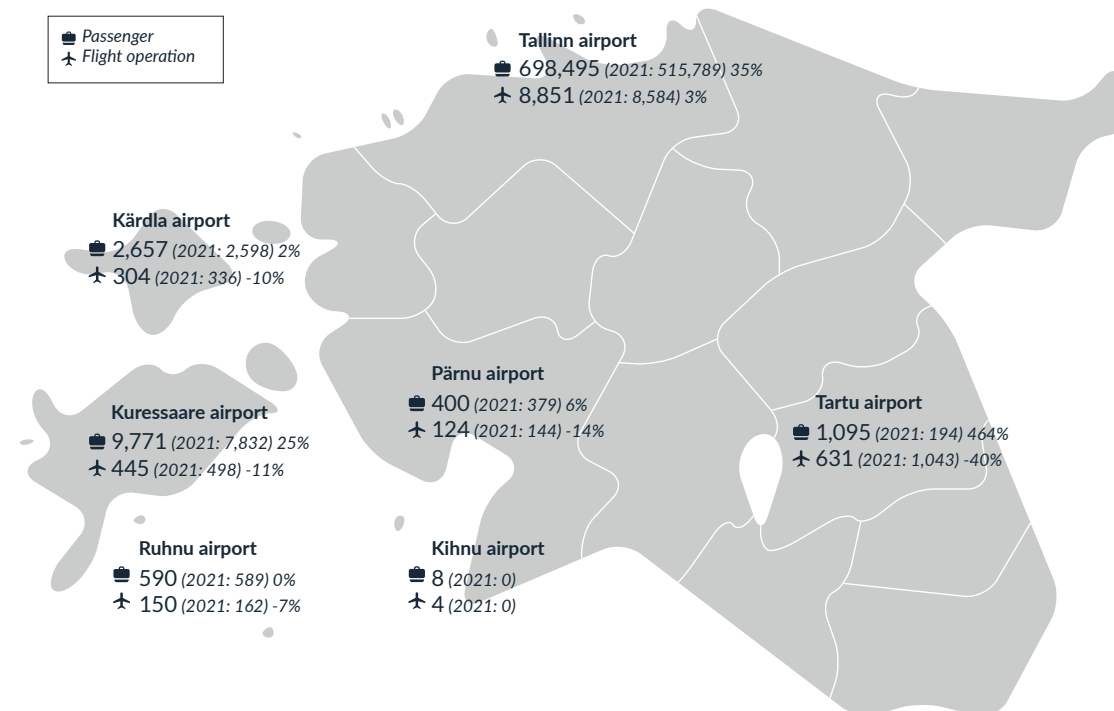


The most important indicators

Overview of Q4 2022

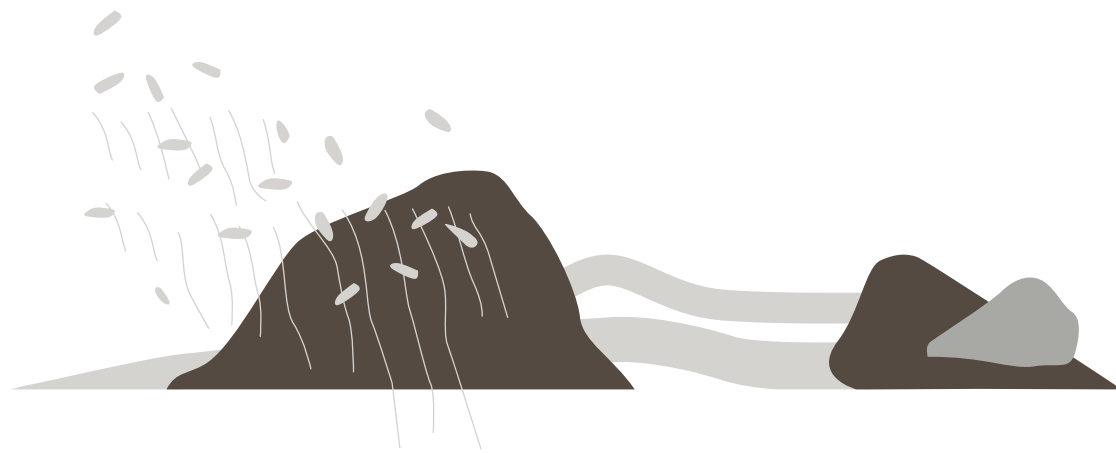
- A total of 698,495 passengers passed through Tallinn Airport in Q4, with 8,851 flights operated.
- Regional airports, from which 1,658 flights operated, served 14,521 passengers.
- As of December, direct flights were available to 33 destinations, offered by 14 airlines.
- The EBITDA of the group was €2.3 million and net profit €0.1 million in Q4.
- The group invested a total of €3.2 million in Q4.
- The new café Caffeine open its doors in the terminal in October.
- In November, Tallinn Airport switched from gas to district heating and we launched the format of green mornings.
- Level 3 certification of the Airport Carbon Accreditation programme was carried out.

Figure 1.
AS Tallinn Airport 2022 Q4 number of passengers and flight operations compared to 2021



The most important indicators

Key performance indicators
of the group Q4, 2022 vs 2021



	2022, Q4	2021, Q4	Change %
Passengers at Tallinn airport	698,495	515,789	35%
Flight operations at Tallinn airport	8,851	8,584	3%
Passengers at regional airports	14,521	11,592	25%
Flight operations at regional airports	1,658	2,183	-24%
Average number of employees reduced to full-time equivalents	542	480	13%
Total operating income EUR million	13.4	11.6	16%
Sales revenue EUR million	16.9	15.4	10%
Operating profit before depreciation EUR million	2.3	2.8	-19%
Net profit EUR million	0.1	-0.2	133%
Cash flows from operating activities EUR million	3.1	3.7	-15%
Investments EUR million	3.2	4.2	-26%
Return on equity (ROE)	0.1%	-0.2%	127%
EBITDA margin	17%	24%	-30%

Management Board statement



Dear reader

In late October, we switched to a winter timetable, which always leads to a decrease in the number of flights and passengers. This gives our employees the chance to breathe a little easier, but at the same time we continue working on connecting Estonia with the world. However, the last quarter of the year cannot be considered a low season, as it includes the school holidays at the end of October as well as Christmas and New Year's Eve, which always bring people to the airport.

A total of 698,495 passengers passed through Tallinn Airport in Q4, representing 88% of pre-pandemic numbers. The average load factor for scheduled flights during the month was 70%. As at the end of December, regular flights were departing from Tallinn Airport to 33 destinations, operated by 14 airlines. The biggest share of passengers – 50% – flew to the largest hubs (Helsinki, Riga, Frankfurt, Warsaw and Stockholm).

A total of 2.7 million passengers passed through Tallinn Airport in the year, with 38,044 flights operated.

The number of passengers passing through regional airports in the last three months was 14,521 and there were 1,658 flight operations. In total, 63,946 passengers travelled through regional airports during the year and 9,987 flight operations were carried out.

In order to ensure our sustainable development and investment capacity, and in view of the rapid increase in the cost of energy, labour, outsourced services and the freezing of targeted funding, in early summer we made airlines the proposal to increase airport charges, which have remained unchanged since 2009. Today, 71% of our revenue comes from sources related to non-aviation, which has helped us emerge from the COVID crisis faster and stronger than many other airports. Looking at the Group's financial results as a whole, our performance in 2022 was not bad, but looking at the services separately, we can clearly see that the aviation part of the business generates a loss and costs are covered by non-aviation revenues. This is not sustainable in the long term, as our ability to make investments in the coming years will be significantly reduced as profits fall.

The Group's EBITDA in the last quarter of the year was €2.3 million, which dropped by €0.5 million or 19% on the fourth quarter of the year

before. The Group's net profit for Q4 was €0.1 million and the unaudited profit for the year totalled €8.7 million. €3.8 million of the Group's profit was earned by our subsidiary and €4.9 million by the parent company. The aviation side of the parent company made a loss of €2.7 million, regional airports made a loss of €0.5 million and the non-aviation side made a profit of €8.4 million.

The Group's expenses in Q4 amounted to €16.7 million, which was €1.1 million or 7% more than in the fourth quarter of the previous year. The increase in costs was driven by higher utility and runway maintenance costs, as well as higher prices for outsourced services and products.

We invested a total of €3.2 million in the last quarter of the year. The biggest projects included the construction of a multifunctional hangar at Pärnu Airport, the expansion of the departing baggage area and the construction of a sorting system at Tallinn Airport, and the construction of solar parks at Tallinn, Tartu and Pärnu Airports.

As the world's cosiest airport and Estonia's air gateway, we believe it's important to continuously develop to offer our passengers and partners modern and digital facilities, as well as a cosy feel. Ensuring our own business continuity is equally important to us – in November, we carried out blackout drills in the passenger terminal and in the air traffic area to test the readiness and reliability of our systems.

Green topics have also become an integral part of what we do, and we're working every day to reduce our footprint. Level 3 certification of the Airport Carbon Accreditation programme was carried out at the airport in the last quarter of the year. In November, we switched from gas heating to district heating at Tallinn Airport, and in December, we launched the format of green mornings to bring together partners who want to contribute to the green transition at the airport and their own company alike and reduce their carbon footprint.

Tallinn Airport is the air gateway of Estonia and our mission is to connect Estonia with the world. Every day, all of the Group's 586 employees and our partner companies make sure that all arriving and departing flights and passengers are served quickly and professionally.

Riivo Tuvike
CEO

AS Tallinna Lennujaam consolidated financial statements (unaudited)

01.01.2022-31.12.2022



Table 2. Consolidated statement of financial position as at 31.12.2022

<i>In thousands of euros</i>	31.12.2022	31.12.2021	Change	Change %
Assets				
Non-current assets				
Property, plant and equipment	180,098	179,218	880	0%
Prepayments for property, plant and equipment	308	1,942	-1,633	-84%
Intangible assets	848	565	283	50%
Assets subject to the right of use	83	59	24	40%
Investment property	16,376	14,737	1,639	11%
Total non-current assets	197,713	196,521	1,193	1%
Current assets				
Inventories	1,096	527	569	108%
Receivables and prepayments	8,529	11,425	-2,896	-25%
Cash	50,995	49,814	1,181	2%
Total current assets	60,620	61,766	-1,146	-2%
Total assets	258,333	258,286	47	0%

<i>In thousands of euros</i>	31.12.2022	31.12.2021	Change	Change %
Equity				
Share capital	45,617	45,617	0	0%
Statutory reserve capital	2,625	2,510	115	5%
Retained earnings	76,728	68,155	8,573	13%
Total equity	124,970	116,282	8,688	7%
Liabilities				
Non-current liabilities				
Borrowings	40,684	45,394	-4,407	-10%
Finance lease liabilities	48	28	20	71%
Government grants	75,801	80,773	-4,971	-6%
Provision	1,696	0	1,696	
Other payables	140	181	-41	-22%
Total non-current liabilities	118,369	126,375	-7,703	-6%
Current liabilities				
Borrowings	4,796	3,663	830	23%
Finance lease liabilities	35	32	3	10%
Payables and prepayments	10,163	11,934	-1,771	-15%
Total current liabilities	14,994	15,629	-938	-6%
Total liabilities	133,363	142,005	-8,641	-6%
Total liabilities and equity	258,333	258,286	47	0%

Table 3. Consolidated statement of comprehensive income

In thousands of euros	2022, Q4	2021, Q4	Change %	2022, 12 months	2021, 12 months	Change %
Revenue	13,436	11,616	16%	49,958	29,777	68%
Aviation revenue	3,447	3,192	8%	14,358	8,686	65%
Non-aviation revenue	9,989	8,424	19%	35,600	21,091	69%
Ground handling services	4,896	4,575	7%	16,859	10,039	68%
Rental income (property and real estate)	1,475	1,190	24%	5,338	4,183	28%
Passengers related services	3,099	2,181	42%	11,299	5,511	105%
Other non-aviation revenue	519	478	8%	2,103	1,358	55%
Other operating income	3,448	3,777	-9%	13,910	15,323	-9%
Government grants related to operating expenses	2,354	2,526	-7%	9,516	11,493	-17%
Government grants related to assets recognised as income	1,069	1,225	-13%	4,222	3,729	13%
Other income	25	26	-5%	171	101	69%
Total income	16,884	15,393	10%	63,868	45,100	42%

In thousands of euros	2022, Q4	2021, Q4	Change %	2022, 12 months	2021, 12 months	Change %
Goods, raw material and services	-6,218	-4,437	40%	-19,433	-12,086	61%
Other operating expenses	-866	-798	9%	-2,036	-1,001	103%
Staff costs	-6,113	-6,127	-0%	-20,825	-17,194	21%
Depreciation, amortisation and impairment	-3,124	-4,193	-25%	-12,136	-12,324	-2%
Other expenses	-357	-16	2142%	-386	-61	536%
Total operating expenses	-16,678	-15,571	7%	-54,815	-42,665	28%
Operating profit	206	-179	-215%	9,053	2,434	272%
Finance income and costs	-142	-16	793%	-365	-134	173%
Profit for the period	64	-194	-133%	8,688	2,300	278%
EBITDA¹	2,261	2,790	-19%	16,967	11,029	54%
Comprehensive income for the period	64	-194	-133%	8,688	2,300	278%

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 service

<i>In thousands of euros</i>	2022	2021	Change %
AS Tallinna Lennujaam: aviation services			
Total income	21,361	17,133	25%
Total operating expenses (including overhead)	-24,026	-19,606	23%
Profit/loss of aviation services	-2,665	-2,473	-8%
Including profit/loss of airfield and passenger services and aircraft parking services	-1,977	-4,257	54%
Including security and rescue services profit/loss	-688	1,784	-139%
AS Tallinna Lennujaam: non-aviation services			
Total income	18,591	10,944	70%
Total operating expenses (including overhead)	-10,235	-7,558	35%
Profit/loss of non-aviation services	8,356	3,385	147%

<i>In thousands of euros</i>	2022	2021	Change %
AS Tallinna Lennujaam: regional airports			
Total income	5,218	4,223	24%
Total operating expenses (including overhead)	-5,686	-3,932	45%
Profit/loss of regional airports	-468	291	-260%
Finance income and costs			
	-370	-137	169%
Total profit of AS Tallinna Lennujaam	4,854	1,066	355%
Tallinn Airport GH profit	3,810	1,224	211%
Consolidation profit	24	10	138%
Comprehensive income for the period	8,688	2,300	278%

Table 5. Consolidated statement of cash flows

<i>In thousands of euros</i>	2022, Q4	2021, Q4	Change %	2022, 12 months	2021, 12 months	Change %
Cash flows from operating activities						
Collections from customers	13,884	11,252	23%	58,767	32,388	81%
Payments to suppliers and employees	-13,070	-10,125	29%	-48,296	-34,406	40%
Interest received	30	30	1%	35	35	0%
Interest paid	-156	-47	229%	-261	-143	83%
Government grants received from state budget	2,267	2,517	-10%	9,067	10,067	-10%
Other grants received	166	50	232%	446	50	793%
Total cash flows from operating activities	3,120	3,675	-15%	19,759	7,992	147%
Cash flows from investing activities						
Paid for acquisition of intangible assets, property, plant and equipment	-2,796	-7,781	-64%	-16,728	-33,497	-50%
Proceeds from sale of property, plant and equipment	0	3	-100%	0	6	-100%
Government grants received for non-current assets	0	3,374	-100%	1,832	9,105	-80%
Total cash flows from investing activities	-2,796	-4,404	-37%	-14,896	-24,385	-39%

<i>In thousands of euros</i>	2022, Q4	2021, Q4	Change %	2022, 12 months	2021, 12 months	Change %
Cash flows from financing activities						
Repayments of borrowings	-1,446	-1,393	4%	-3,642	-3,286	11%
Repayments of lease liabilities	-11	-8	36%	-40	-37	8%
Total cash flows from financing activities	-1,457	18,599	-108%	-3,681	16,678	-122%
Net cash flows	-1,133	17,870		1,181	284	
Cash and cash equivalents at beginning of the period	52,128	31,943		49,814	49,530	
Cash and cash equivalents at end of the period	50,995	49,814		50,995	49,814	
Net increase/decrease in cash and cash equivalents	-1,133	17,870		1,181	284	

Table 6. Air traffic at Tallinn Airport

	2022, Q4	2021, Q4	Change %
Passengers	698,495	515,789	35%
Flight operations	8,851	8,584	3%
MTOW	219,900	237,701	-7%
Cargo and mail, tons	2,598	3,126	-17%

	2022, 12 months	2021, 12 months	Change %
Passengers	2,748,255	1,301,066	111%
Flight operations	38,044	26,689	43%
MTOW	906,581	573,955	58%
Cargo and mail, tons	11,111	10,560	5%



Table 7. Air traffic at regional airports

	2022, Q4	2021, Q4	Change %	2022, 12 months	2021, 12 months	Change %
Kärdla Airport						
Passengers	2,657	2,598	2%	12,004	10,769	11%
Flight operations	304	336	-10%	1,534	1,654	-7%
MTOW	1,152	1,270	-9%	5,111	5,517	-7%
Kuressaare Airport						
Passengers	9,771	7,832	25%	38,749	29,447	32%
Flight operations	445	498	-11%	2,197	2,361	-7%
MTOW	3,128	3,264	-4%	14,761	14,575	1%
Tartu Airport						
Passengers	1,095	194	464%	8,653	497	1641%
Flight operations	631	1,043	-40%	4,805	4,468	8%
MTOW	1,042	968	8%	8,437	4,583	84%

	2022, Q4	2021, Q4	Change %	2022, 12 months	2021, 12 months	Change %
Pärnu Airport						
Passengers	400	379	6%	2,887	379	662%
Flight operations	124	144	-14%	791	152	420%
MTOW	169	196	-14%	1,771	213	731%
Kihnu Airfield						
Passengers	8	0		12	0	
Flight operations	4	0		186	0	
MTOW	10	0		287	0	
Ruhnu Airfield						
Passengers	590	589	0%	1,641	1,571	4%
Flight operations	150	162	-7%	474	556	-15%
MTOW	225	242	-7%	700	824	-15%
Total of regional airports						
Passengers	14,521	11,592	25%	63,946	42,663	50%
Flight operations	1,658	2,183	-24%	9,987	9,191	9%
MTOW	5,726	5,940	-4%	31,067	25,712	21%



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