

# FINANTSINSPEKTSIOON

Company AS TALLINNA SADAM

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Title The state is changing the financing of the construction of a new ferry

In order to develop the ferry connection between the Estonian islands and the mainland, the Estonian state plans to purchase an additional ferry. According to the initial plan, the ship was to be ordered through AS Tallinna Sadam subsidiary TS Laevad OÜ, but now it is planned to order it through the Transport Administration in order to seize the opportunity to use the modernization fund and CO(2) trading revenue to finance the shipbuilding.

In connection with the expected increase in demand on the Virtsu-Kuivastu and Rohuküla-Heltermaa ferry lines in the following years, TS Laevad and the Estonian Road Administration (from 01.01.2021 merged into Transport Administration) on 30.04.2020 signed an annex to the public passenger service agreement for ordering additional voyages on the Virtsu-Kuivastu route in summer high-season periods of 2020-2026 and for evaluating the possibilities to serve the line with an environmentally friendly new ferry in 2023-2026. Please see more about it in the Tallinna Sadam stock exchange announcement (<https://view.news.eu.nasdaq.com/view?id=b87f44011e293a0f2fd86a16ddf1b3364&lang=en>).

In autumn 2020, TS Laevad announced a tender for the construction of the new ferry in accordance with the parameters and other conditions agreed with the Transport Administration and, based on the results of the tender, submitted a proposal of the additional service with the new ferry to the Transport Administration on 05.02.2021. As on 13.05.2021, the Transport Administration informed the company that they do not have the opportunity to order the new ferry in the previously agreed manner, TS Laevad rejects the best offer submitted for the tender for the construction of the new passenger ferry and will not order the ship.

On 13.05.2020, the Ministry of Economic Affairs and Communications announced its intention to build the new ferry through the Transport Administration. The Transport Administration will order the ship with a public procurement and expects the ship to start servicing the Virtsu-Kuivastu line in the autumn of 2024. The operation of the ferry is planned to be transferred to TS Laevad



according to the valid service agreement until the end of September 2026. In this case, the state will bear the costs of building the new ferry and in will purchase only the ferry operating service from TS Laevad.

TS Laevad services Virtsu-Kuivastu line with ferries Piret and Tõll and Rohuküla-Heltermaa line with ferries Leiger and Tiiu. The company also owns replacement ferry Regula.

Tallinna Sadam is one of the largest cargo- and passenger port complexes in the Baltic Sea region, which serves annually 10 million passengers and 20 million tons of cargo in average. In addition to passenger and freight services, Tallinna Sadam group also operates in shipping business via its subsidiaries - OÜ TS Laevad provides ferry services between the Estonian mainland and the largest islands, and OÜ TS Shipping charters its multifunctional vessel Botnica for icebreaking and construction services in Estonia and offshore projects abroad. Tallinna Sadam group is also a shareholder of an associate AS Green Marine, which provides waste management services. The group's sales in 2020 totalled EUR 107.4 million, adjusted EBITDA EUR 58.4 million and profit EUR 28.5 million.

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