

Q1 2021

TALLINK GRUPP AS



Beginning of the financial year	1 January 2021
End of the financial year	31 December 2021
Interim reporting period	1 January 2021 – 31 March 2021

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MANAGEMENT REPORT

In the first quarter (1 January – 31 March) of the 2021 financial year, Tallink Grupp AS and its subsidiaries (the Group) carried 267 224 passengers, which is 82.9% less than in the first quarter last year. The number of cargo units transported decreased by 14.5% in the same comparison. The Group’s unaudited consolidated revenue decreased by 65.3% or EUR 101.2 million to a total of EUR 53.7 million. Unaudited EBITDA was EUR -6.3 million (EUR -1.3 million in Q1 2020) and unaudited net loss was EUR 34.4 million (net loss of EUR 30.2 million in Q1 2020).

In the first quarter, the Group’s operations and operating results were strongly influenced by the Covid-19 situation, restrictions on international travel and communications advising against travelling by state authorities. The operational factors impacting results were following:

- During the quarter 2 shuttle vessels, 3 cargo vessels, 2 cruise ferries and effectively one hotel were operating in limited capacity
- Covid-related stricter restrictions imposed by state authorities
- Operations of 7 vessels and effectively 3 hotels were suspended due to imposed travel restrictions
- Cost savings from previously implemented measures

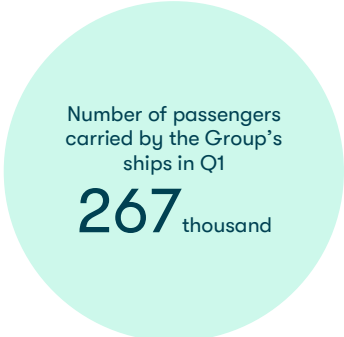
Operations during the quarter

Given the uncertainty regarding the duration of the crisis and the course of the post-crisis recovery with progress of vaccinations, the business environment has remained challenging.

In the current situation, the focus has remained on cost and cash flow management to ensure the sustainability of the Group’s core business.

Operations of Tallinn-Stockholm route vessels, Baltic Queen and Victoria I, Latvia-Sweden route vessels, Romantika and Isabelle, and Helsinki-Stockholm route vessels, Silja Serenade and Silja Symphony, were suspended. Operations of Tallinn-Helsinki route cruise ferry Silja Europa were also suspended. Tallink Hotel Riga has remained closed since October 2020. Tallink City hotel was undergoing renovation. Tallink Spa & Conference Hotel and Tallink Express Hotel operated in very limited capacity.

Estonia-Finland routes shuttle vessels Megastar and Star, cargo vessel Seawind, Paldiski-Kapellskär route cargo vessels Regal Star and Sailor, and Turku-Stockholm route cruise ferries Baltic Princess and Galaxy continued operating to ensure international movement of cargo. Operations, particularly Estonia-Finland route, were impacted negatively by additional traveling restrictions imposed by Finnish Government concerning commuter traffic since late January.



Sales and segments

In the first quarter of 2021, the Group's total revenue decreased by EUR 101.2 million to EUR 53.7 million. Total revenue in the first quarter of 2020 and 2019 was EUR 154.9 million and EUR 178.9 million, respectively.

Revenue from route operations (core business) decreased by EUR 99.2 million to EUR 44.5 million. The passenger operations and segment results on all routes were significantly affected by the Covid-19 situation and imposed travel restrictions.

The number of passengers carried on the **Estonia-Finland** routes decreased by 76.2% compared to last year. The number of transported cargo units decreased by 11.0%. Estonia-Finland routes' revenue decreased by EUR 34.4 million to EUR 24.8 million. The segment result decreased by EUR 8.2 million to EUR -4.9 million. The segment reflects operations of two shuttle vessels, a cargo vessel and expenses of suspended cruise ferry Silja Europa.

The number of passengers carried on the **Finland-Sweden** routes' decreased by 88.1%. The number of transported cargo units decreased by 17.6%. The route's revenue decreased by EUR 42.4 million to EUR 14.8 million and the segment result decreased by 63.5% or EUR 5.2 million to EUR -13.3 million. The segment reflects Turku-Stockholm operations and expenses of two suspended Helsinki-Stockholm route cruise ferries. The results do not reflect EUR 4.9 million government assistance related to operation of Turku-Stockholm route.

On **Estonia-Sweden** routes' the number of passengers carried decreased by 93.1%. The number of transported cargo units decreased by 4.2%. Despite the decrease in route's revenue by EUR 12.3 million to EUR 4.9 million, the segment result increased by 32.0% to EUR -3.2 million. Estonia-Sweden route reflects operation of two cargo vessel and expenses of two suspended cruise ferries.

The **Latvia-Sweden** route operations were suspended in the first quarter. The EUR -3.5 million segment results reflects the expenses of the two suspended cruise ferries.

Revenue from the segment **other** decreased by a total of EUR 3.2 million and amounted to EUR 9.2 million. The decrease was mainly driven by significantly lower accommodation sales and lower revenue from services provided at the hotels. The segment revenue was positively impacted by an increase in online shop sales, opening of Burger King restaurants and revenue from providing mooring services at the Tallinn Old City Harbour.

Earnings

In the first quarter of 2021, the Group's gross profit decreased by EUR 19.8 million compared to the same period last year, amounting to EUR -20.0 million. EBITDA decreased by EUR 5.1 million and amounted to EUR -6.3 million.

In 2020, the Group's main focus was on activities aimed at reducing the cost base and increasing efficiency. As a result, the cost of sales declined by EUR 81.4 million or 52.5% compared to previous year. Sales, marketing and administrative expenses declined by EUR 12.3 million or 45.1%. Management expects improved efficiency also from the coming periods.

Excluding cost of goods sold and depreciation and amortisation, reduction in all other operating expenses (including sales, marketing and administrative expenses) was 53.8% or EUR 66.6 million.

During the quarter, there was an exemption from ships' fairway dues in Estonia amounting to EUR 1.1 million. The exemption is valid until April 2021.

The Group used temporary salary support measures offered by Estonian government which reduced personnel expenses by EUR 2.0 million. In addition, government assistance from Group's other home markets amounted to EUR 5.0 million.

Amortisation and depreciation expense decreased by EUR 1.1 million to EUR 23.7 million compared to last year.

Net finance costs increased by EUR 0.6 million compared to the first quarter last year. The change includes an increase of EUR 0.6 million in interest expense.

The Group's unaudited net loss for the first quarter of 2021 was EUR 34.4 million or EUR 0.051 per share compared to a net loss of EUR 30.2 million or EUR 0.045 per share in 2020 and net loss of EUR 25.3 million or EUR 0.038 per share in 2019.

Investments

The Group's investments in first quarter of 2021 amounted to EUR 4.2 million.

Due to the changed economic environment and suspension of vessel operations, ship-related investments were kept to minimum and only critical maintenance and repair works were performed.

Investments were also made in the development of the online booking and sales systems as well as other administrative systems and in relation to the opening of Burger King restaurants.



Dividends

Due to a deteriorated operating environment after the reporting date and considering the Company's long-term interests, the Management Board has decided to propose to the Supervisory Board not to pay dividends from net profit for 2020.

Financial position

In the first quarter, the Group's net debt increased by EUR 36.2 million to EUR 713.5 million.

In order to relieve the liquidity issues caused by the COVID-19 situation, Group entities were allowed to postpone tax payments in 2020 and 2021 by home markets tax boards. The postponed tax liabilities amounted to EUR 4.8 million at the end of the quarter and have different settlement dates over the coming years.

At 31 March 2021, the Group's cash and cash equivalents amounted to EUR 14.8 million (EUR 16.5 million at 31 March 2020) and the Group had EUR 81.7 million in unused credit lines (EUR 62.7 million at 31 March 2020). The total liquidity buffer (cash, cash equivalents and unused credit facilities) amounted to EUR 96.4 million (EUR 79.2 million at 31 March 2020). At the reporting date, the Group had undrawn part of EUR 90.0 million of the EUR 100.0 million working capital loan from Nordic Investment Bank. At the same time, the current trade and other payables amounted to EUR 61.9 million (EUR 100.7 million at 31 March 2020).

During the quarter, the Group was in negotiations with financial institutions to agree on the amendment and the prolongation of the waivers of financial covenants and the postponement of principal payments under existing loan agreements.

Key figures

For the period	Q1 2021	Q1 2020	Change %
Revenue (million euros)	53.7	154.9	-65.3%
Gross profit (million euros)	-20.0	-0.2	-
EBITDA ¹ (million euros)	-6.3	-1.3	-400.6%
EBIT ¹ (million euros)	-30.0	-26.0	-15.2%
Net profit/loss for the period (million euros)	-34.4	-30.2	-14.0%
Depreciation and amortisation (million euros)	23.7	24.8	-4.5%
Capital expenditures ^{1 2} (million euros)	4.2	27.1	-84.5%
Weighted average number of ordinary shares outstanding	669 882 040	669 882 040	0.0%
Earnings/loss per share ¹	-0.051	-0.045	-14.0%
Number of passengers	267 224	1 566 730	-82.9%
Number of cargo units	85 156	99 617	-14.5%
Average number of employees	3 986	7 066	-43.6%
As at	31.03.2021	31.12.2020	Change %
Total assets (million euros)	1 492.5	1 516.2	-1.6%
Total liabilities (million euros)	812.4	801.9	1.3%
Interest-bearing liabilities (million euros)	728.3	705.1	3.3%
Net debt ¹ (million euros)	713.5	677.3	5.4%
Net debt to EBITDA ¹	238.7	84.2	183.4%
Total equity (million euros)	680.1	714.3	-4.8%
Equity ratio ¹ (%)	46%	47%	
Number of ordinary shares outstanding	669 882 040	669 882 040	0.0%
Equity per share ¹	1.02	1.07	-4.8%
Ratios¹	Q1 2021	Q1 2020	
Gross margin (%)	-37.2%	-0.1%	
EBITDA margin (%)	-11.7%	-0.8%	
EBIT margin (%)	-55.8%	-16.8%	
Net profit/loss margin (%)	-64.1%	-19.5%	
ROA (%)	-6.4%	4.5%	
ROE (%)	-15.2%	5.5%	
ROCE (%)	-7.6%	5.3%	

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 tables provide an overview of the quarterly sales and result development by geographical segments.

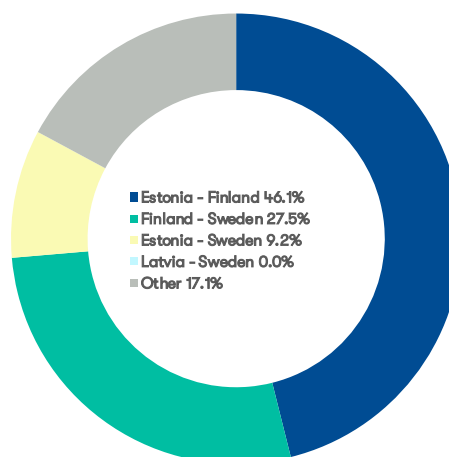
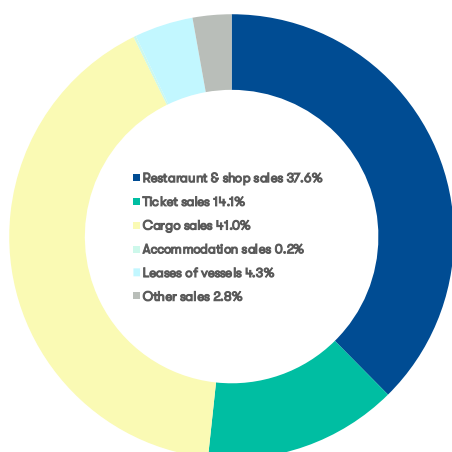
		Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q1 Change
Estonia - Finland	Passengers (thousands)	848	323	932	338	201	-76.2%
	Cargo units (thousands)	65	60	64	56	58	-11.0%
	Revenue (million euros)	59.2	33.6	70.2	37.4	24.8	-58.1%
	Segment result ¹ (million euros)	3.3	-2.4	3.3	-0.8	-4.9	-251.5%
Finland - Sweden	Passengers (thousands)	470	54	344	112	56	-88.1%
	Cargo units (thousands)	21	18	17	15	17	-17.6%
	Revenue (million euros)	57.2	16.2	54.3	21.7	14.8	-74.1%
	Segment result ¹ (million euros)	-8.2	-18.4	-10.1	-17.3	-13.3	-63.5%
Estonia - Sweden	Passengers (thousands)	141	8	13	10	10	-93.1%
	Cargo units (thousands)	11	9	10	11	11	-4.2%
	Revenue (million euros)	17.2	5.2	5.0	7.5	4.9	-71.2%
	Segment result ¹ (million euros)	-4.7	-4.9	-3.5	-4.8	-3.2	32.0%
Latvia - Sweden	Passengers (thousands)	109	3	26	2	0	-100.0%
	Cargo units (thousands)	3	0	1	1	0	-100.0%
	Revenue (million euros)	10.1	1.3	2.7	1.2	0.0	-100.0%
	Segment result ¹ (million euros)	-5.3	-4.2	-3.5	-4.5	-3.5	34.4%
Other	Revenue (million euros)	12.5	8.7	12.6	11.5	9.2	-26.0%
	Segment result ¹ (million euros)	0.8	0.6	1.5	1.8	-0.1	-108.1%
	Intersegment revenue (million euros)	-1.3	-0.1	-1.0	-0.1	-0.0	99.2%
	Total revenue (million euros)	154.9	65.0	143.7	79.3	53.7	-65.3%
	EBITDA (million euros)	-1.3	2.4	5.7	1.2	-6.3	-401.1%
	Total segment result ¹ (million euros)	-14.1	-29.2	-12.3	-25.7	-25.0	-77.4%
	Net profit/loss	-30.2	-27.4	-23.9	-26.9	-34.4	-14.0%

¹ Segment result is the result before administrative expenses, finance costs and taxes.

The following tables provide an overview of the quarterly sales development by operating segments:

Revenue (million euros)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q1 Change
Restaurant and shop sales on-board and onshore	86.9	26.2	77.7	37.6	20.2	-76.8%
Ticket sales	31.6	12.9	35.7	15.5	7.6	-76.0%
Sales of cargo transportation	28.1	22.4	22.5	20.9	22.1	-21.6%
Accommodation sales	2.1	0.2	1.5	0.2	0.1	-95.3%
Income from charter of vessels	2.5	2.5	2.5	2.4	2.3	-8.1%
Other sales	3.7	0.7	3.8	2.6	1.5	-59.1%
Total revenue	154.9	65.0	143.7	79.3	53.7	-65.3%

The following charts provide an overview of the Group's first quarter 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 first quarter of 2021 and 2020.

Passengers	Q1 2021	Q1 2020	Change
Estonia - Finland	201 446	847 818	-76.2%
Finland - Sweden	56 077	469 607	-88.1%
Estonia - Sweden	9 701	140 544	-93.1%
Latvia - Sweden	0	108 761	-100.0%
Total	267 224	1 566 730	-82.9%

Cargo units	Q1 2021	Q1 2020	Change
Estonia - Finland	57 595	64 739	-11.0%
Finland - Sweden	16 950	20 574	-17.6%
Estonia - Sweden	10 611	11 078	-4.2%
Latvia - Sweden	0	3 226	-100.0%
Total	85 156	99 617	-14.5%

Passenger vehicles	Q1 2021	Q1 2020	Change
Estonia - Finland	67 743	151 492	-55.3%
Finland - Sweden	7 739	20 000	-61.3%
Estonia - Sweden	333	8 844	-96.2%
Latvia - Sweden	0	9 956	-100.0%
Total	75 815	190 292	-60.2%

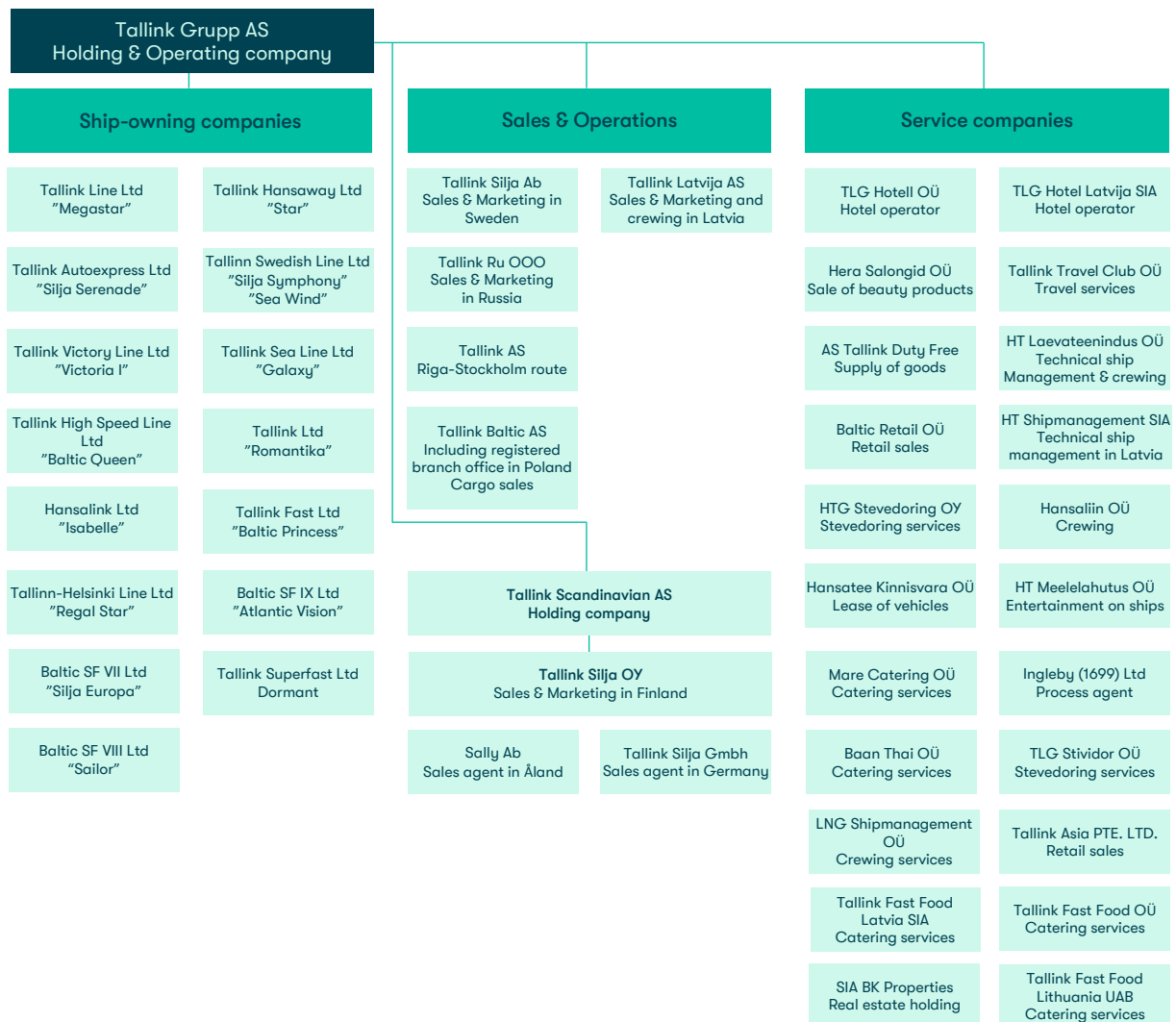
The Group's estimated market shares on the routes operated during the 12-month period ended 31 March 2021 were as follows:

- the Group carried approximately 57% of the passengers and 55% of the ro-ro cargo on the route between Tallinn and Helsinki;
- the Group carried approximately 49% of the passengers and 25% of the ro-ro cargo on the routes between Finland and Sweden;
- the Group was the only provider of daily passenger transportation between Estonia and Sweden*;
- the Group was the only provider of daily passenger and ro-ro cargo transportation between Riga and Stockholm*.

* Daily operations suspended since mid-March 2020.

Group structure

At the reporting date, the Group consisted of 47 companies. All subsidiaries are wholly owned by Tallink Grupp AS. The following diagram represents the Group's structure at the reporting date:



The Group also owns 34% of Tallink Takso AS.

Personnel

At 31 March 2021, the Group had 3 953 employees (6 819 at 31 March 2020). The number of employees includes 258 employees on maternity leave. The following table provides a more detailed overview of the Group's personnel.

	Average of Q1			End of Q1		
	2021	2020	Change	2021	2020	Change
Onshore total	1 064	1 629	-34.7%	1 052	1 618	-35.0%
Estonia	668	985	-32.1%	663	977	-32.1%
Finland	241	419	-42.5%	237	418	-43.3%
Sweden	113	139	-18.7%	111	140	-20.7%
Latvia	23	67	-64.9%	23	64	-64.1%
Russia	12	13	-7.7%	12	13	-7.7%
Germany	6	6	0.0%	6	6	0.0%
Onboard	2 582	4 951	-47.8%	2 570	4 720	-45.6%
Burger King ¹	230	6	-	223	7	-
Hotel ¹	110	480	-77.1%	108	474	-77.2%
Total	3 986	7 066	-43.6%	3 953	6 819	-42.0%

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

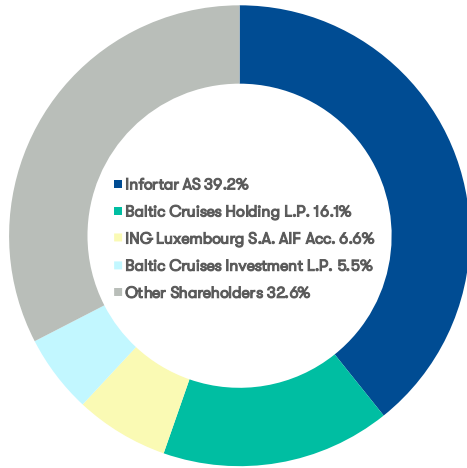
Due to the Covid-19 situation the following changes regarding personnel were effective in the first quarter of 2021:

- the workload and remuneration of a part of Estonian and Latvian personnel reduced to 70%;
- most of the Finnish personnel are on unpaid leave, except the staff on duty on vessels;
- workload reduced to 20% for a large percentage of Swedish employees and up to 80% of salary remunerated by the Swedish Government.

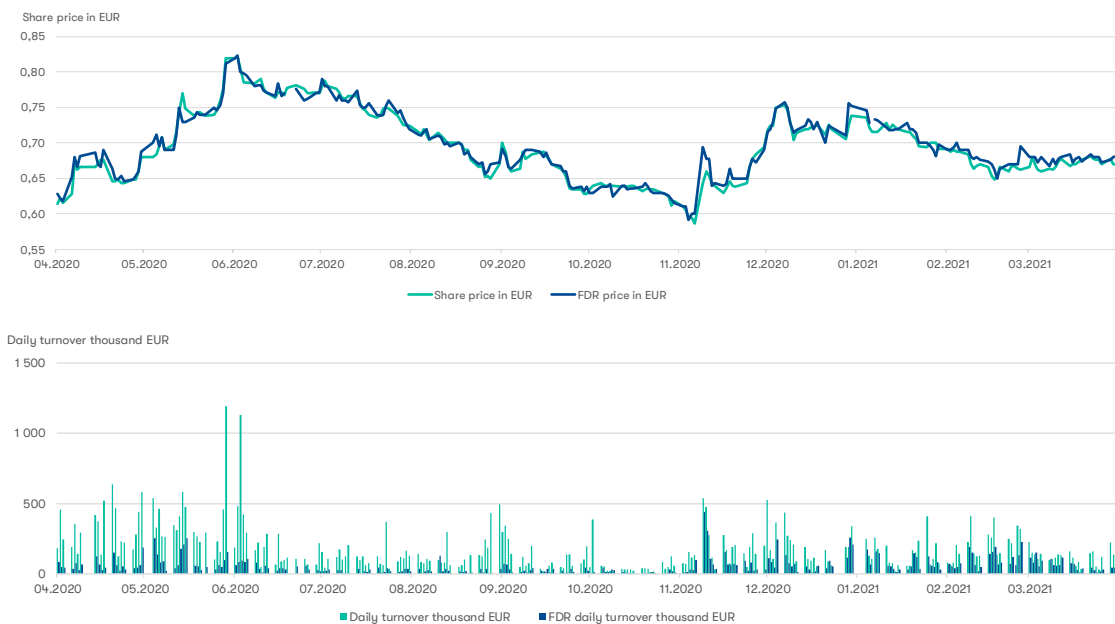
In the first quarter of 2021, staff costs amounted to EUR 23.4 million (EUR 51.5 million in 2020), which is a 54.6% decrease compared to the same period last year. The staff costs were impacted by salary support in a total amount of EUR 2.0 million from the government of Estonia, paid directly to employees in March. Salary support paid by the government of Sweden amounted to EUR 2.9 million and is recognised as other operating income. Effective reduction in salary costs, including salary support measure in Sweden, amounts to EUR 31.0 million, which is a decrease of 60.2% compared to the first quarter last year.

Shareholders & share price development

The following chart displays the shareholder structure of Tallink Grupp AS as at 31 March 2021.



The shares of Tallink Grupp AS 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 Tallink Grupp AS 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 0.67 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 5 739 FDR-holders at 31 March 2021. The total number of shareholders and FDR-holders was 25 702.



Key Management Personnel

Supervisory Board

The Supervisory Board of Tallink Grupp AS 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 Tallink Grupp AS operates with five members and includes:

- Mr Paavo Nõgene, Chairman
- Mr Lembit Kitter
- Mrs Kadri Land
- Mr Harri Hanschmidt
- Mrs Piret Mürk-Dubout

Economic Environment

The Group considers Finland, Sweden, Estonia and Latvia its home markets with the most exposure to the economic developments in Finland. The Group has also high exposure to the economic developments in Estonia and Sweden. In the first quarter of 2021, the Group's economic environment was dominated by the Covid-19 pandemic and stricter restrictions related to international travelling.

The consumer confidence for Finnish consumers worsened by the end of the quarter, mainly reflecting the rigid restrictions imposed by the Finnish government. Despite the slow stabilisation of confidence of the Swedish consumers the overall demand in passenger traffic remained low due to hindrances in travelling. The international travel restrictions and reduced air traffic also effectively meant the absence of demand from the customers from outside our home markets and the state-level travelling and border-crossing restrictions effectively allowed to offer only international cargo operations to and from Sweden.

In the first quarter, the cargo market fared somewhat better relative to the passenger business, supported by the recovering business confidence on all the home markets. Yet the market conditions regarding price competition remained challenging resulting in an overall decline both in the number of carried cargo units and in the average revenue per unit.

Measured in euros the global fuel prices increased, on average, by 10% in the first quarter of 2021 compared to last year. The Group's overall fuel cost declined by 45% compared to the same period last year, the cost was mainly affected by the changed operating schedule.

The European Union and the Group's home markets made strong progress with the vaccination process late in the first quarter and at the reporting date it can be said that the level of protection against COVID-19 among the adult population in Estonia, Finland and Sweden has reached about 40% (either vaccinated or recovered from COVID-19).

For the foreseeable future, the key risk has to do with global and regional developments with the Covid-19 situation, progress of vaccinations and related restrictions on travel and other economic activities, its economic damage and its impact on local and international trade.

Events in Q1

Opening of Burger King restaurant in Latvia

In January 2021, second Burger King restaurant was opened in Latvia. By the end of first quarter, the Group operated 9 Burger King restaurants.

Legal action against Port of Tallinn

In March 2021, AS Tallink Grupp filed an action against AS Tallinna Sadam with a claim of EUR 15.4 million for the fees paid by the Group in 2017, 2018 and 2019. The compensation is demanded for unjust enrichment or alternatively for damage caused by abusing the dominant position AS Tallinna Sadam has on the market for provision of port services in Old City Harbour.

Events after the reporting period and outlook

Opening of Burger King restaurants

In June 2021, two Burger King restaurants are planned to be opened in Latvia. The Group continues preparations for opening additional Burger King restaurants later in 2021.

Completion of renovation and planned reopening of Tallink City Hotel

The renovation of Tallink City Hotel is estimated to be completed in late spring of 2021. The planned reopening of Tallink City Hotel is expected in June 2021.

Short-term outlook of vaccination against COVID-19

According to the European Union (EU) vaccination program the Member States should have vaccinated 70% of the entire adult population, expected to be required for controlling a pandemic, by summer 2021. Depending on the pace of vaccination and natural infections, the pandemic might be controlled by the end 2021 in Europe, according to EU. In Group's main markets – Finland and Estonia - vaccination has progressed at a vigorous rate, providing a positive outlook for a gradual recovery of traffic between Estonia and Finland.

Earnings

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 (June-August). However, this year, dependent on situation with the cross-border travelling, the period may extend to autumn.

Due to the ongoing COVID-19 situation the earnings outlook is uncertain and continues to be strongly affected by external factors such as the progress of vaccination, states' decisions regarding the timing of the lifting of travel restrictions and allowing passenger traffic as well as the duration of the recovery period. Management expects the passenger traffic between Estonia and Finland to recover rapidly after the restrictions have been lifted.

Research and development projects

Tallink Grupp AS does not have any substantial ongoing research and development projects. The Group is continuously seeking opportunities for expanding its operations in order 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 reduction of the ships CO2 footprint.

Risks

The Group's business, financial position and operating results could be materially affected by various risks. These risks are not the only ones we face. Additional risks and uncertainties not

presently known to us, or that we currently believe are immaterial or unlikely, could also impair our 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.

- Covid-19 situation and developments
- Governmental restrictions on business activities
- Accidents, disasters
- Macroeconomic developments
- Changes in laws and regulations
- Relations with trade unions
- Increase in the fuel prices and interest rates
- Market and customer behaviour

MANAGEMENT BOARD'S CONFIRMATION

We confirm that to the best of our knowledge, the management report of Tallink Grupp AS for the first quarter of 2021 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



Lembit Kitter
Member 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



Tallinn, 29 April 2021

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated statement of profit or loss and other comprehensive income

Unaudited, in thousands of EUR	Q1 2021	Q1 2020
Revenue (Note 3)	53 746	154 930
Cost of sales	-73 721	-155 102
Gross loss /profit	-19 975	-172
Sales and marketing expenses	-5 073	-13 948
Administrative expenses	-9 956	-13 424
Other operating income	5 038	1 532
Other operating expenses	-13	-22
Result from operating activities	-29 979	-26 034
Finance income (Note 4)	5	1
Finance costs (Note 4)	-4 677	-4 112
Loss before income tax	-34 651	-30 145
Income tax	220	-53
Net loss for the period	-34 431	-30 198
Net loss for the period attributable to equity holders of the Parent	-34 431	-30 198
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translating foreign operations	174	585
Other comprehensive income for the period	174	585
Total comprehensive loss for the period	-34 257	-29 613
Total comprehensive loss for the period attributable to equity holders of the Parent	-34 257	-29 613
Loss per share (in EUR, Note 5)	-0,051	-0,045

Consolidated statement of financial position

Unaudited, in thousands of EUR	31.03.2021	31.03.2020	31.12.2020
ASSETS			
Cash and cash equivalents	14 762	16 462	27 834
Trade and other receivables	25 680	31 112	25 463
Prepayments	12 491	11 631	7 216
Prepaid income tax	25	1	0
Inventories	29 561	39 452	28 707
Current assets	82 519	98 658	89 220
Investments in equity-accounted investees	245	403	245
Other financial assets and prepayments	508	1 847	2 233
Deferred income tax assets	20 270	18 674	20 270
Investment property	300	300	300
Property, plant and equipment (Note 6)	1 349 398	1 353 868	1 363 485
Intangible assets (Note 7)	39 267	44 023	40 448
Non-current assets	1 409 988	1 419 115	1 426 981
TOTAL ASSETS	1 492 507	1 517 773	1 516 201
LIABILITIES AND EQUITY			
Interest-bearing loans and borrowings (Note 8)	149 511	100 784	111 601
Trade and other payables	61 886	100 679	73 477
Payables to owners	6	6	6
Income tax liability	10	0	10
Deferred income	22 238	32 867	23 253
Current liabilities	233 651	234 336	208 347
Interest-bearing loans and borrowings (Note 8)	578 777	490 213	593 518
Non-current liabilities	578 777	490 213	593 518
Total liabilities	812 428	724 549	801 865
Share capital (Note 9)	314 844	314 844	314 844
Share premium	663	663	663
Reserves	69 516	69 681	69 854
Retained earnings	295 056	408 036	328 975
Equity attributable to equity holders of the Parent	680 079	793 224	714 336
Total equity	680 079	793 224	714 336
TOTAL LIABILITIES AND EQUITY	1 492 507	1 517 773	1 516 201

Consolidated statement of cash flows

Unaudited, in thousands of EUR	Q1 2021	Q1 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	-34 431	-30 198
Adjustments	28 223	29 387
Changes in:		
Receivables and prepayments related to operating activities	-3 307	1 645
Inventories	-854	-2 197
Liabilities related to operating activities	-11 814	2 237
Changes in assets and liabilities	-15 975	1 685
Cash generated from operating activities	-22 183	874
Income tax repaid/paid	-39	13
NET CASH FROM OPERATING ACTIVITIES	-22 222	887
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant, equipment and intangible assets (Notes 6, 7)	-4 201	-27 070
Proceeds from disposals of property, plant, equipment	7	44
Interest received	0	1
NET CASH USED IN INVESTING ACTIVITIES	-4 194	-27 025
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans received (Note 8)	0	15 000
Repayment of loans received (Note 8)	-14 667	-14 667
Change in overdraft (Note 8)	37 581	12 258
Payment of lease liabilities (Note 8)	-4 225	-3 915
Interest paid	-5 144	-4 748
Payment of transaction costs related to loans	-201	-205
NET CASH FROM/USED IN FINANCING ACTIVITIES	13 344	3 723
TOTAL NET CASH FLOW	-13 072	-22 415
Cash and cash equivalents at the beginning of period	27 834	38 877
Change in cash and cash equivalents	-13 072	-22 415
Cash and cash equivalents at the end of period	14 762	16 462

Consolidated statement of changes in equity

Unaudited, in thousands of EUR	Share capital	Share premium	Translation reserve	Ships re-valuation reserve	Mandatory legal reserve	Reserve for treasury shares	Retained earnings	Equity attributable to equity holders of the Parent	Total equity
As at 31 December 2020	314 844	663	237	37 458	32 159	0	328 975	714 336	714 336
Net loss for the period	0	0	0	0	0	0	-34 431	-34 431	-34 431
Other comprehensive income for the period	0	0	174	0	0	0	0	174	174
Total comprehensive loss for the period	0	0	174	0	0	0	-34 431	-34 257	-34 257
Transactions with owners of the Company recognised directly in equity									
Transfer from revaluation reserve	0	0	0	-512	0	0	512	0	0
Transactions with owners of the Company recognised directly in equity	0	0	0	-512	0	0	512	0	0
As at 31 March 2021	314 844	663	411	36 946	32 159	0	295 056	680 079	680 079
As at 31 December 2019	314 844	663	430	39 505	29 673	0	437 722	822 837	822 837
Net loss for the period	0	0	0	0	0	0	-30 198	-30 198	-30 198
Other comprehensive income for the period	0	0	585	0	0	0	0	585	585
Total comprehensive loss for the period	0	0	585	0	0	0	-30 198	-29 613	-29 613
Transfer from revaluation reserve	0	0	0	-512	0	0	512	0	0
Transactions with owners of the Company recognised directly in equity	0	0	0	-512	0	0	512	0	0
As at 31 March 2020	314 844	663	1 015	38 993	29 673	0	408 036	793 224	793 224

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Note 1 Corporate information

The consolidated interim financial statements of Tallink Grupp AS (the “Parent”) and its subsidiaries (together referred to as the “Group”) for the first quarter of 2021 were authorised for issue by the Management Board on 29 April 2021.

Tallink Grupp AS is a public limited company incorporated and domiciled in Estonia, with a registered office at Sadama 5, Tallinn. Tallink Grupp AS shares have been publicly traded on the Nasdaq Tallinn Stock Exchange since 9 December 2005. Starting from 3 December 2018 the shares of Tallink Grupp AS are also listed as Finnish Depository Receipts (FDRs) on the Nasdaq Helsinki Stock Exchange.

The principal activities of the Group are related to marine transportation in the Baltic Sea (passenger and cargo transportation). As at 31 March 2021, the Group employed 3 953 people (6 819 as at 31 March 2020).

Note 2 Basis of preparation

These interim consolidated financial statements of Tallink Grupp AS 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 Tallink Grupp AS for the financial year ended on 31 December 2020. The Group prepares its consolidated annual financial statements in accordance with IFRS as adopted by the EU.

The interim consolidated financial statements are presented in thousand euros (EUR).

Note 3 Segment information

The Group’s operations are organized and managed separately according to the nature of the different markets. Different routes represent different business segments.

The following tables present the Group’s revenue and profit by reportable segments for the reporting and the comparative period.

Geographical segments – by the location of assets

For the period 1 January - 31 March, in thousands of EUR	Estonia-Finland routes	Estonia-Sweden routes	Latvia-Sweden route	Finland-Sweden routes	Other	Intersegment elimination	Total
2021							
Sales to external customers	24 775	4 950	2	14 805	9 214	0	53 746
Intersegment sales	0	0	0	0	10	-10	0
Revenue	24 775	4 950	2	14 805	9 224	-10	53 746
Segment result	-4 944	-3 217	-3 482	-13 339	-66	0	-25 048
Unallocated expenses							-4 931
Net financial items (Note 4)							-4 672
Loss before income tax							-34 651

For the period 1 January - 31 March, in thousands of EUR	Estonia-Finland routes	Estonia-Sweden routes	Latvia-Sweden route	Finland-Sweden routes	Other	Intersegment elimination	Total
2020							
Sales to external customers	59 171	17 212	10 136	57 202	11 209	0	154 930
Intersegment sales	0	0	0	0	1 264	-1 264	0
Revenue	59 171	17 212	10 136	57 202	12 473	-1 264	154 930
Segment result	3 262	-4 729	-5 309	-8 156	812	0	-14 120
Unallocated expenses							-11 914
Net financial items (Note 4)							-4 111
Loss before income tax							-30 145

Revenue by service

In thousands of EUR	Q1 2021	Q1 2020
Restaurant and shop sales on-board and onshore	20 201	86 929
Ticket sales	7 584	31 619
Sales of cargo transport	22 055	28 126
Sales of accommodation	96	2 054
Income from charter of vessels	2 295	2 497
Other	1 515	3 705
Total revenue of the Group	53 746	154 930

Note 4 Financial items

In thousands of EUR	Q1 2021	Q1 2020
Net foreign exchange gain	5	0
Income from other financial assets	0	1
Total finance income	5	1
Net foreign exchange loss	0	-9
Interest expense on financial liabilities measured at amortised cost	-4 120	-3 524
Expenses on interest rate swaps	0	0
Interest expense on right-of-use asset lease liabilities	-557	-579
Total finance costs	-4 677	-4 112
Net finance costs	-4 672	-4 111

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.

At the end of the period, in thousands	Q1 2021	Q1 2020
Shares issued	669 882	669 882
Shares outstanding	669 882	669 882

For the period, in thousands of EUR	Q1 2021	Q1 2020
Weighted average number of ordinary shares outstanding (in thousands)	669 882	669 882
Net loss attributable to equity holders of the Parent	-34 431	-30 198
Loss per share	-0.051	-0.045

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 2020	1 477	1 134 564	54 483	94 738	78 223	1 363 485
Additions	259	-398	2 032	4 361	1 747	8 001
Reclassification	140	419	805	0	-1 364	0
Disposals	0	0	-3	-157	0	-160
Depreciation for the period	-87	-13 607	-4 005	-4 229	0	-21 928
Book value as at 31 March 2021	1 789	1 120 978	53 312	94 713	78 606	1 349 398
As at 31 March 2021						
Gross carrying amount	8 677	1 653 026	115 247	129 762	78 606	1 985 318
Accumulated depreciation	-6 888	-532 048	-61 935	-35 049	0	-635 920
Book value as at 31 December 2019	1 870	1 173 534	56 985	97 723	16 981	1 347 093
Additions	13	0	1 720	4 496	23 743	29 972
Reclassification	0	8 082	2 166	0	-10 248	0
Disposals	0	0	-46	-246	0	-292
Depreciation for the period	-116	-14 911	-3 928	-3 950	0	-22 905
Book value as at 31 March 2020	1 767	1 166 705	56 897	98 023	30 476	1 353 868
As at 31 March 2020						
Gross carrying amount	8 278	1 654 452	103 274	116 675	30 476	1 913 155
Accumulated depreciation	-6 511	-487 747	-46 377	-18 652	0	-559 287

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 2020	94 102	636	94 738
Additions	4 238	123	4 361
Disposals	-157	0	-157
Depreciation for the period	-4 134	-95	-4 229
Book value as at 31 March 2021	94 049	664	94 713
As at 31 March 2021			
Gross carrying amount	128 351	1 411	129 762
Accumulated depreciation	-34 302	-747	-35 049
Book value as at 31 December 2019	97 142	581	97 723
Additions	3 838	658	4 496
Disposals	0	-246	-246
Depreciation for the period	-3 845	-105	-3 950
Book value as at 31 March 2020	97 135	888	98 023
As at 31 March 2020			
Gross carrying amount	115 446	1 229	116 675
Accumulated depreciation	-18 311	-341	-18 652

Note 7 Intangible assets

In thousands of EUR	Goodwill	Trademark	Other	Assets under construction	Total
Book value as at 31 December 2020	11 066	16 006	12 829	547	40 448
Additions	0	0	53	505	558
Reclassification	0	0	54	-54	0
Amortisation for the period	0	-729	-1 010	0	-1 739
Book value as at 31 March 2021	11 066	15 277	11 926	998	39 267
As at 31 March 2021					
Cost	11 066	58 288	40 464	998	110 816
Accumulated amortisation	0	-43 011	-28 538	0	-71 549
Book value as at 31 December 2019	11 066	18 922	13 055	1 221	44 264
Additions	0	0	252	1 375	1 627
Reclassification	0	0	81	-81	0
Amortisation for the period	0	-729	-1 139	0	-1 868
Book value as at 31 March 2020	11 066	18 193	12 249	2 515	44 023
As at 31 March 2020					
Cost	11 066	58 288	37 203	2 515	109 072
Accumulated amortisation	0	-40 095	-24 954	0	-65 049

Note 8 Interest-bearing loans and borrowings

In thousands of EUR	31.12.2020	Addition	Repayments	Exchange differences	Other changes ¹	31.03.2021
Lease liabilities	258	-3	-22	-5	0	228
Right-of-use assets lease liabilities	102 509	4 361	-4 203	-39	-184	102 444
Overdrafts	15 736	37 581	0	0	0	53 317
Long-term bank loans	586 616	0	-14 667	0	350	572 299
Total borrowings	705 119	41 939	-18 892	-44	166	728 288
Current portion	111 601					149 511
Non-current portion	593 518					578 777
Total borrowings	705 119					728 288

In thousands of EUR	31.12.2019	Addition	Repayments	Exchange differences	Other changes ¹	31.03.2020
Lease liabilities	304	33	-22	-16	-12	287
Right-of-use assets lease liabilities	101 577	4 496	-3 893	-89	-257	101 834
Overdrafts	0	12 258	0	0	0	12 258
Long-term bank loans	475 999	15 000	-14 667	0	286	476 618
Total borrowings	577 880	31 787	-18 582	-105	17	590 997
Current portion	89 198					100 784
Non-current portion	488 682					490 213
Total borrowings	577 880					590 997

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. Tallink Grupp AS has given guarantees to Nordea Bank Plc, Danske Bank A/S and Nordic Investment Bank for loans of EUR 156 847 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 415 452 thousand granted to Tallink Grupp AS. 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.

EUR 100 000 thousand has been drawn from the 100 000 thousand working capital loan limit signed between Tallink Grupp AS and SA KredEx. EUR 10 000 thousand has been drawn from the 100 000 thousand working capital loan limit signed between Tallink Silja OY and Nordic Investment Bank.

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.

Tallink Grupp AS has 669 882 040 registered shares without nominal value and the notional value of each share is EUR 0.47.

Note 10 Dividends

In October 2018, the Management Board of Tallink Grupp AS decided to supplement the Company's dividend policy, according to which if the economic performance enables it, dividends would be paid in the minimum amount of EUR 0.05 per share.

Due to a deteriorated operating environment and considering the Company's long-term interests, the Management Board has decided to propose to the Supervisory Board not to pay dividends in 2021.

Note 11 Related party disclosures

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

For the period ended 31 March 2021, 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	172	4 410	56	87 029
Associated companies	0	31	0	9
Total	172	4 441	56	87 038

For the period ended 31 March 2020, 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	201	5 543	68	94 799
Associated companies	4	39	0	9
Total	205	5 582	68	94 808

STATEMENT BY THE MANAGEMENT BOARD

Hereby we acknowledge our responsibility for the Tallink Grupp AS Unaudited Condensed Consolidated Interim Financial Statements for the first quarter of 2021, 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 and giving also consideration to the ongoing negotiations over the amendments of existing loan agreements the Management Board is of opinion that Tallink Grupp AS 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



Lembit Kitter
Member 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



Tallinn, 29 April 2021

ALTERNATIVE PERFORMANCE MEASURES

Tallink Grupp AS 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 results of operations, financial position 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

Earnings 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 / net sales

EBITDA margin: EBITDA / net sales

EBIT margin: EBIT / net sales

Net profit 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 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	Q1 2021	Q1 2020
Depreciation	21 928	22 905
Amortisation	1 739	1 868
Depreciation and amortisation	23 667	24 773
Result from operating activities	-29 979	-26 034
Depreciation and amortisation	23 667	24 773
EBITDA	-6 312	-1 261
EBITDA	-6 312	-1 261
IFRS 16 adoption effect	-4 786	-4 529
EBITDA adjusted	-11 098	-5 790
Additions to property, plant and equipment	3 640	25 476
Additions to intangible assets	558	1 627
Capital expenditures	4 198	27 103
Net loss for the period	-34 431	-30 198
Weighted average number of shares outstanding	669 882 040	669 878 007
Loss per share (EUR)	-0,051	-0,045
Lease liabilities	228	287
Lease liabilities related to right-of-use assets	102 444	101 834
Overdraft	53 317	12 258
Long-term bank loans	572 299	476 618
Interest-bearing liabilities	728 288	590 997
Gross profit	-19 975	-172
Net sales	53 746	154 930
Gross margin	-0,372	-0,001
EBITDA	-6 312	-1 261
Net sales	53 746	154 930
EBITDA margin	-11,7%	-0,8%
EBITDA adjusted	-11 098	-5 790
Net sales	53 746	154 930
EBITDA margin adjusted	-20,6%	-3,7%
EBIT	-29 979	-26 034
Net sales	53 746	154 930
EBIT margin	-55,8%	-16,8%
Net loss	-34 431	-30 198
Net sales	53 746	154 930
Net loss margin	-64,1%	-19,5%
Result from operating activities 12-months trailing	-96 566	69 735
Total assets 31 March (previous year)	1 517 773	1 572 259
Total assets 30 June	1 505 876	1 609 873
Total assets 30 September	1 542 932	1 564 197
Total assets 31 December	1 516 201	1 532 963
Total assets 31 March	1 492 507	1 517 773
Average assets	1 515 058	1 559 413
ROA	-6,4%	4,5%

In thousands of EUR	Q1 2021	Q1 2020
Net profit 12-months trailing	-112 541	44 775
Total equity 31 March (previous year)	793 224	828 255
Total equity 30 June	765 349	809 907
Total equity 30 September	741 507	817 658
Total equity 31 December	714 336	822 837
Total equity 31 March	680 079	793 224
Average equity	738 899	814 376
ROE	-15,2%	5,5%
Result from operating activities 12-months trailing	-96 566	69 735
Total assets 31 March (previous year)	1 517 773	1 572 259
Total assets 30 June	1 505 876	1 609 873
Total assets 30 September	1 542 932	1 564 197
Total assets 31 December	1 516 201	1 532 963
Total assets 31 March	1 492 507	1 517 773
Current liabilities 31 March (previous year)	234 336	240 074
Current liabilities 30 June	254 934	303 996
Current liabilities 30 September	275 820	276 139
Current liabilities 31 December	208 347	221 444
Current liabilities 31 March	233 651	234 336
Total assets - current liabilities 31 March (previous year)	1 283 437	1 332 185
Total assets - current liabilities 30 June	1 250 942	1 305 877
Total assets - current liabilities 30 September	1 267 112	1 288 058
Total assets - current liabilities 31 December	1 307 854	1 311 519
Total assets - current liabilities 31 March	1 258 856	1 283 437
Average assets - current liabilities	1 273 640	1 304 215
ROCE	-7,6%	5,3%
In thousands of EUR	31.03.2021	31.12.2020
Interest-bearing liabilities	728 288	705 119
Cash and cash equivalents	14 762	27 834
Net debt	713 526	677 285
Total equity	680 079	714 336
Total assets	1 492 507	1 516 201
Equity ratio	45,6%	47,1%
Equity attributable to equity holders of the Parent	680 079	714 336
Number of ordinary shares outstanding	669 882 040	669 882 040
Shareholders' equity per share (EUR per share)	1,02	1,07
Net debt	713 526	677 285
12-months trailing		
Depreciation	92 329	93 306
Amortisation	7 225	7 354
Depreciation and amortisation	99 554	100 660
EBITDA	2 989	8 040
Net debt to EBITDA	238,7	84,2

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