

Q4 2020

TALLINK GRUPP AS



Beginning of the financial year	1 January 2020
End of the financial year	31 December 2020
Interim reporting period	1 October 2020 – 31 December 2020

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MANAGEMENT REPORT

In the 2020 financial year (1 January – 31 December), Tallink Grupp AS and its subsidiaries (the Group) carried a total of 3 732 102 passengers, which is 62% passengers less compared to the 2019 financial year. The number of cargo units transported decreased by 5.2% compared to the previous financial year. The Group's unaudited consolidated revenue amounted to EUR 442.9 million (EUR 949.1 million in 2019). Unaudited EBITDA was EUR 8.0 million (EUR 171.1 million, 2019) and unaudited net loss for the financial year was EUR 108.3 million or EUR 0.16 per share (net profit of EUR 49.7 million or EUR 0.07 per share, 2019).

Impact of Covid-19 and travel restrictions

In the 2020 financial year, 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. As a result of changes in the operating schedules there were 20% less trips compared to last year. Other limitations included restrictions on maximum capacity on vessels.

Travelling restrictions on all routes were in force from March until June and again starting from September. While the restrictions remained limited in most markets during the summer months, the restrictions for international passenger traffic to and from Sweden have been continuously in force effectively since March 2020. During the summer, vessel operations were flexibly rerouted to other routes and operated various special cruises. From mid-December the Group operates the shuttle and cargo service on Estonia-Finland route, Turku-Stockholm route and Paldiski-Kapellskär cargo route with the operation of other routes and vessels suspended.

Several operational changes were effective in 2020:

- Daily operations of the Tallinn-Stockholm, Riga-Stockholm and Helsinki-Stockholm routes were suspended from mid-March 2020.
- Tallink City Hotel was closed from March 2020, Riga Hotel was from since October 2020.

Throughout the year our vessels were flexibly rerouted to other routes:

- The cruise ferry Victoria I was temporarily rerouted to the Tallinn-Helsinki route from June until late December. It also operated a limited number of special cruises to various destinations. In autumn, the ferry operated also weekly Tallinn-Stockholm-Riga roundtrip.
- During summer season and until the end of September, the cruise ferry Baltic Queen operated special cruises

Number of passengers carried by the Group's ships in 2020

3.7 million

The Group's unaudited consolidated 2020 revenue

EUR **442.9** million



from Tallinn to Mariehamn and from Tallinn to Turku. In addition to that, the cruise ferry also operated special return trips on the Tallinn-Stockholm route and special cruises on the Helsinki-Riga route.

- From mid-March until mid-April the shuttle vessel Star was temporarily rerouted to Paldiski-Sassnitz route.
- In spring, the cruise ferry Romantika operated special return trips on the Riga-Stockholm route in order to secure transport of cargo. During summer season and until the end of September the ferry operated special cruises from Riga to Mariehamn and from Riga to Helsinki.
- The cruise ferry Isabelle operated temporarily on the Paldiski-Kapellskär route from June to October.
- The cruise ferry Silja Serenade operated on the Helsinki-Riga route during summer season.
- From July until the end of October the cruise ferry Silja Symphony operated special cruises from Stockholm to Visby and special cruises from Stockholm to Härnösand.

The Estonia-Finland routes shuttle vessels Megastar, cargo vessel Seawind, the Paldiski-Kapellskär route cargo vessel Regal Star and the Turku-Stockholm route cruise ferries Baltic Princess and Galaxy continued operating on their regular routes. Shuttle vessel Star returned to Tallinn-Helsinki route operations from mid-May. From July 2020, cargo vessel Sailor started operating on Paldiski-Kapellskär route in addition to cargo vessel Regal Star.

Changes concerning personnel

Due to the Covid-19 situation the following changes relating to personnel were in force in the financial year of 2020:

- During spring the workload and remuneration of all Latvian and Estonian personnel was reduced to 70% for two and three months, respectively.
- In autumn the workload and remuneration of a portion of Estonian personnel was reduced to 70% until spring 2021.
- Most of the Finnish personnel were temporarily laid off, except the staff on duty.
- The workload of Swedish personnel was reduced to varying extent.
- Reorganisation and collective redundancies concerned both shore and sea personnel in all markets.

Given the different labour regulations in our home markets most efficient immediate response to the changes in the environment was possible on the Finnish flagged vessels. The situation was the most difficult in Estonia and Latvia where the rigid legislation did not enable to combine unpaid leave with other salary support measures to the employee. Therefore, lengthy redundancies processes were first initiated in Estonia and Latvia but were carried out in Finland and Sweden later in the year. After completion of the processes some support functions were migrated to Estonia.

As a result of changes in the business and processes regarding personnel, including collective redundancies processes, the number of employees at the end of the year decreased by 3 040 compared to the beginning of the year. The average number of employees during the year and the number of employees at the end of the year were, respectively, 16.0% and 42.0% lower compared to the same period last year.

Support measures

In the second quarter of 2020 the Group used temporary salary compensation measures offered by the states.

In the second quarter of 2020, the Estonian Parliament approved the change in legislation granting exemption from ships' fairway dues for twelve months starting from April 2020. The effect of the exemption amounted to EUR 3.4 million in the 2020 financial year.

During the year the Group received a net total of EUR 36.6 million in direct financial support from various government grants from all home markets.

Activities to improve liquidity

On 30 July 2020, the shareholders' annual general meeting decided not to pay dividends from net profit for 2019.

In order to relieve the liquidity issues caused by the Covid-19 situation, the Group's companies were allowed to postpone the tax payments. At the end of the year, the postponed tax liability amounted to EUR 5.4 million and will be paid by autumn 2021.

During the year the Group negotiated with existing and new financial institutions financing and payment terms including waivers of loan covenants, deferral of loan principal repayments for the year 2020 and new loan agreements. As a result, the Group's liquidity improved in great extent.

Sales and segments

In 2020, the Group's total revenue decreased by EUR 506.2 million and amounted to EUR 442.9 million. The total revenue in 2019 amounted to EUR 949.1 million and in 2018 to EUR 949.7 million.

Revenue from route operations (core business) decreased by EUR 483.0 million to EUR 400.2 million. The passenger operations and segment results on all routes were significantly affected by the Covid-19 situation and imposed travel restrictions.

In 2020, The Group's ships carried a total of 2.4 million passengers on the **Estonia-Finland** routes, which is a 52.3% decrease compared to last year. The number of transported cargo units on the routes increased by 1.0%. Estonia-Finland routes' revenue decreased by EUR 153.5 million and amounted to EUR 200.4 million. The segment result decreased by EUR 77.0 million to EUR 3.5 million. The Estonia-Finland routes' results include also the operations of the Tallinn-Turku, Tallinn-Mariehamn and Paldiski-Sassnitz routes.

The **Finland-Sweden** routes' revenue decreased by EUR 194.9 million and amounted to EUR 149.5 million. The segment result decreased by EUR 80.7 million to EUR -53.9 million. The Finland-Sweden routes' results include also the operations of the Helsinki-Riga route and the special cruises from Stockholm to Visby and to Härnösand.

The **Estonia-Sweden** routes' revenue decreased by EUR 77.4 million, compared to the previous year, and amounted to EUR 34.9 million. The segment result decreased by EUR 22.6 million to EUR -17.9 million. The Estonia-Sweden routes' results reflect the operations of the Paldiski-Kapellskär route and the limited operations of the Tallinn-Stockholm route.

The **Latvia-Sweden** route's revenue decreased by EUR 57.1 million, compared to the previous year and amounted to EUR 15.4 million. The segment result decreased by EUR 18.1 million to EUR -17.5 million. The Latvia-Sweden route's results include the limited operations of the Riga-Stockholm route as well as the special cruises from Riga to Helsinki and to Mariehamn.

Revenue from the segment **other** decreased by a total of EUR 28.5 million and amounted to EUR 45.2 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 2020, the Group's gross profit decreased by EUR 240.3 million compared to last year, amounting to EUR -43.5 million. The Group's EBITDA decreased by EUR 163.1 million and amounted to EUR 8.0 million.

In 2020 the Group's profitability was impacted mainly by the following factors:

- Significant cut in operating expenses, including significant decrease in personnel expenses as a result of collective redundancies, state support measures and remuneration cuts.
- Negative impact from one-off costs related to redundancies processes in the amount of EUR 9.0 million. Positive financial impact from the redundancy processes is expected to start from 2021.
- Positive impact from various government grants in total net amount of EUR 36.6 million.
- Positive impact from exemption from ships' fairway dues in Estonia in the amount of EUR 3.4 million.



Amortisation and depreciation expense increased by EUR 4.4 million to EUR 100.7 million compared to last year.

Compared to last year, net finance costs increased by EUR 0.2 million to EUR 17.8 million. The change includes a decrease of EUR 0.3 million in interest costs compared to same period the previous year and EUR 0.5 million net loss from foreign exchange differences.

The Group's unaudited net loss for 2020 financial year was EUR 108.3 million or EUR 0.162 per share compared to a net profit of EUR 49.7 million or EUR 0.074 per share in 2019 and net profit of EUR 40.0 million or EUR 0.060 per share in 2018.

Investments

In the 2020 financial year the Group's investments amounted to EUR 100.1 million. The Group's investments mainly reflect prepayments for a new LNG shuttle vessel MyStar in the total amount of EUR 61.8 million and a purchase of a ro-pax vessel Sailor in the amount of EUR 8.5 million.

Investments were made in the ships' technical maintenance and completion of energy efficiency and emissions reduction projects. 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.



Results of the Q4 of 2020

In the fourth quarter (1 October – 31 December) of 2020, the Group's revenue decreased by EUR 147.1 million compared to same period last year and amounted to EUR 79.3 million.

Restaurant and shop sales on-board and onshore decreased by EUR 96.2 million, ticket revenue decreased by EUR 35.5 million and, as a result of 12.6% less transported cargo units, cargo revenue decreased by EUR 8.1 million.

The fourth quarter EBITDA decreased by EUR 32.2 million to EUR 1.2 million and net loss for the period was EUR 26.9 million.

In the fourth quarter of 2020, the Group's revenue and operating result were impacted by following factors:

- Changes in operations of vessels and hotels due to the Covid-19 situation and the travel restrictions.
- Negative impact from one-off costs related to redundancies process in the amount of EUR 3.9 million.
- Positive impact from various government grants in the total net amount of EUR 14.7 million.

Dividends

Due to a deteriorated operating environment and considering the Company's long-term interests, the Management will propose not to pay dividends for the financial year 2020.

Financial position

In the fourth quarter, the Group's net debt increased by EUR 138.3 million to EUR 677.3 million (EUR 539.0 million at 31 December 2019) and the net debt to EBITDA ratio was 84.2 at the reporting date (3.1 at 31 December 2019).

At the end of the fourth quarter, total liquidity buffer (cash, cash equivalents and unused credit facilities) amounted to EUR 147.1 million (EUR 128.9 million at 31 December 2019).

At 31 December 2020, the Group's cash and cash equivalents amounted to EUR 27.8 million (EUR 38.9 million at 31 December 2019) and the Group had EUR 119.3 million in unused credit lines (EUR 90.0 million at 31 December 2019).

Key figures

For the period	Q4 2020	Q4 2019	Change %
Revenue (million euros)	79.3	226.4	-65.0%
Gross loss/profit (million euros)	-18.4	39.1	-147.0%
EBITDA ¹ (million euros)	1.2	33.4	-96.5%
EBIT ¹ (million euros)	-24.2	9.0	-369.6%
Net loss/profit for the period (million euros)	-26.9	5.5	-590.5%
Depreciation and amortisation (million euros)	25.4	24.5	3.7%
Capital expenditures ^{1 2} (million euros)	4.8	10.0	-52.0%
Weighted average number of ordinary shares outstanding	669 882 040	669 882 040	0.0%
Earnings per share ¹	-0.040	0.008	-590.5%
Number of passengers	462 859	2 280 805	-79.7%
Number of cargo units	81 861	93 645	-12.6%
Average number of employees	4 707	7 197	-34.6%
As at	31/12/2020	30/09/2020	Change %
Total assets (million euros)	1 516.2	1 542.9	-1.7%
Total liabilities (million euros)	801.9	801.4	0.1%
Interest-bearing liabilities (million euros)	705.1	671.2	5.1%
Net debt ¹ (million euros)	677.3	640.5	5.7%
Net debt to EBITDA ¹	84.2	15.9	429.9%
Total equity (million euros)	714.3	741.5	-3.7%
Equity ratio ¹ (%)	47%	48%	
Number of ordinary shares outstanding	669 882 040	669 882 040	0.0%
Equity per share ¹	1.07	1.11	-3.7%
Ratios¹	Q4 2020	Q4 2019	
Gross margin (%)	-23.2%	17.3%	
EBITDA margin (%)	1.5%	14.8%	
EBIT margin (%)	-30.5%	4.0%	
Net loss/profit margin (%)	-33.9%	2.4%	
ROA (%)	-6.1%	4.8%	
ROE (%)	-14.1%	6.0%	
ROCE (%)	-7.2%	5.7%	

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.

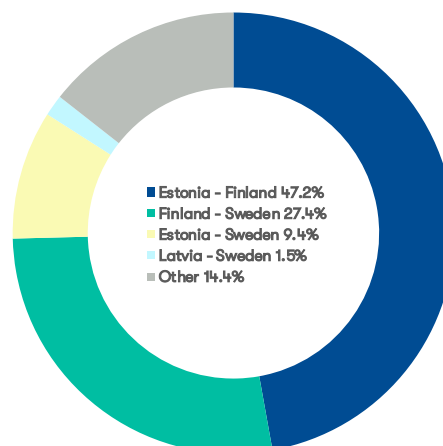
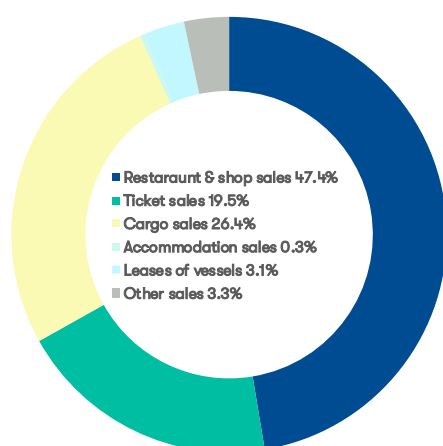
		Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q4 Change
Estonia - Finland	Passengers (thousands)	1 200	848	323	932	338	-71.8%
	Cargo units (thousands)	58	65	60	64	56	-4.5%
	Revenue (million euros)	86.5	59.2	33.6	70.2	37.4	-56.7%
	Segment result ¹ (million euros)	18.9	3.3	-2.4	3.3	-0.8	-104.1%
Finland - Sweden	Passengers (thousands)	676	470	54	344	112	-83.4%
	Cargo units (thousands)	20	21	18	17	15	-26.4%
	Revenue (million euros)	80.5	57.2	16.2	54.3	21.7	-73.0%
	Segment result ¹ (million euros)	2.0	-8.2	-18.4	-10.1	-17.3	-974.3%
Estonia - Sweden	Passengers (thousands)	224	141	8	13	10	-95.4%
	Cargo units (thousands)	11	11	9	10	11	-4.3%
	Revenue (million euros)	26.4	17.2	5.2	5.0	7.5	-71.6%
	Segment result ¹ (million euros)	-0.1	-4.7	-4.9	-3.5	-4.8	-6075.5%
Latvia - Sweden	Passengers (thousands)	181	109	3	26	2	-98.9%
	Cargo units (thousands)	4	3	0	1	1	-82.1%
	Revenue (million euros)	16.1	10.1	1.3	2.7	1.2	-92.4%
	Segment result ¹ (million euros)	-0.9	-5.3	-4.2	-3.5	-4.5	-376.6%
Other	Revenue (million euros)	18.5	12.5	8.7	12.6	11.5	-37.8%
	Segment result ¹ (million euros)	2.8	0.8	0.6	1.5	1.8	-36.5%
	Intersegment revenue (million euros)	-1.6	-1.3	-0.1	-1.0	-0.1	96.3%
	Total revenue (million euros)	226.4	154.9	65.0	143.7	79.3	-65.0%
	EBITDA (million euros)	33.4	-1.3	2.4	5.7	1.2	-96.5%
	Total segment result ¹ (million euros)	22.7	-14.1	-29.2	-12.3	-25.7	-213.0%
	Net profit/loss	5.5	-30.2	-27.4	-23.9	-26.9	-590.5%

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)	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q4 Change
Restaurant and shop sales on-board and onshore	133.8	86.9	26.2	77.7	37.6	-71.9%
Ticket sales	51.0	31.6	12.9	35.7	15.5	-69.7%
Sales of cargo transportation	29.1	28.1	22.4	22.5	20.9	-28.0%
Accommodation sales	3.2	2.1	0.2	1.5	0.2	-92.4%
Income from charter of vessels	2.3	2.5	2.5	2.5	2.4	6.8%
Other sales	7.0	3.7	0.7	3.8	2.6	-62.5%
Total revenue	226.4	154.9	65.0	143.7	79.3	-65.0%

The following charts provide an overview of the Group's fourth quarter sales by operational and geographical segments.



Costs breakdown

The following table provides a detailed overview of the cost items during the 12-month period ended 31 December.

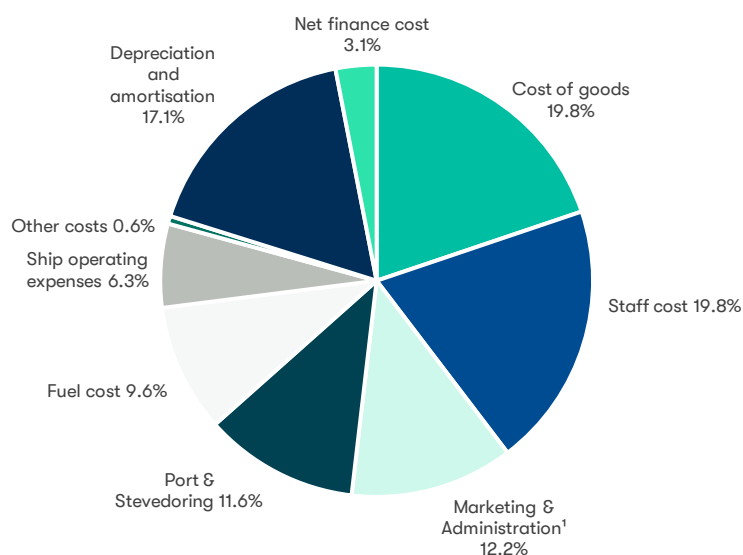
Costs (million euros)	Jan-Dec 2020	Jan-Dec 2019	Change
Cost of goods	116 624	221 139	-47.3%
Staff cost	116 818	163 148	-28.4%
Marketing & Administration ¹	71 797	110 974	-35.3%
Port & Stevedoring	68 100	103 446	-34.2%
Fuel cost	56 341	89 614	-37.1%
Ship operating expenses	36 923	72 594	-49.1%
Other costs	3 430	9 005	-61.9%
Total costs from operations	470 033	769 920	-39.0%
Depreciation and amortisation	100 661	96 246	4.6%
Net finance cost ²	18 000	17 683	1.8%
Total costs	588 694	883 849	-33.4%

¹ Depreciation and amortisation excluded.

² Includes share of profit/loss of equity-accounted investees.

2020 staff cost was impacted by salary support from Government of Estonia paid directly to employees. Salary support paid by Government of Sweden is recognized as other operating income.

The following chart provides an overview of the proportions of the cost items in the 2020 financial year.



Market developments

The following table provides an overview of the passengers, cargo units and passenger vehicles transported during the fourth quarter of 2020 and 2019.

Passengers	Q4 2020	Q4 2019	Change	Jan-Dec 2020	Jan-Dec 2019	Change
Estonia - Finland	338 057	1 199 939	-71.8%	2 439 972	5 115 602	-52.3%
Finland - Sweden	112 481	675 650	-83.4%	980 076	2 894 494	-66.1%
Estonia - Sweden	10 305	224 083	-95.4%	172 226	953 153	-81.9%
Latvia - Sweden	2 016	181 133	-98.9%	139 828	799 961	-82.5%
Total	462 859	2 280 805	-79.7%	3 732 102	9 763 210	-61.8%

Cargo units	Q4 2020	Q4 2019	Change	Jan-Dec 2020	Jan-Dec 2019	Change
Estonia - Finland	55 775	58 423	-4.5%	244 481	242 142	1.0%
Finland - Sweden	14 672	19 941	-26.4%	70 088	78 095	-10.3%
Estonia - Sweden	10 675	11 158	-4.3%	40 193	42 845	-6.2%
Latvia - Sweden	739	4 123	-82.1%	5 049	16 552	-69.5%
Total	81 861	93 645	-12.6%	359 811	379 634	-5.2%

Passenger vehicles	Q4 2020	Q4 2019	Change	Jan-Dec 2020	Jan-Dec 2019	Change
Estonia - Finland	117 102	188 834	-38.0%	596 661	827 106	-27.9%
Finland - Sweden	15 739	27 919	-43.6%	80 768	158 699	-49.1%
Estonia - Sweden	763	12 149	-93.7%	10 788	61 981	-82.6%
Latvia - Sweden	592	14 123	-95.8%	14 485	62 528	-76.8%
Total	134 196	243 025	-44.8%	702 702	1 110 314	-36.7%

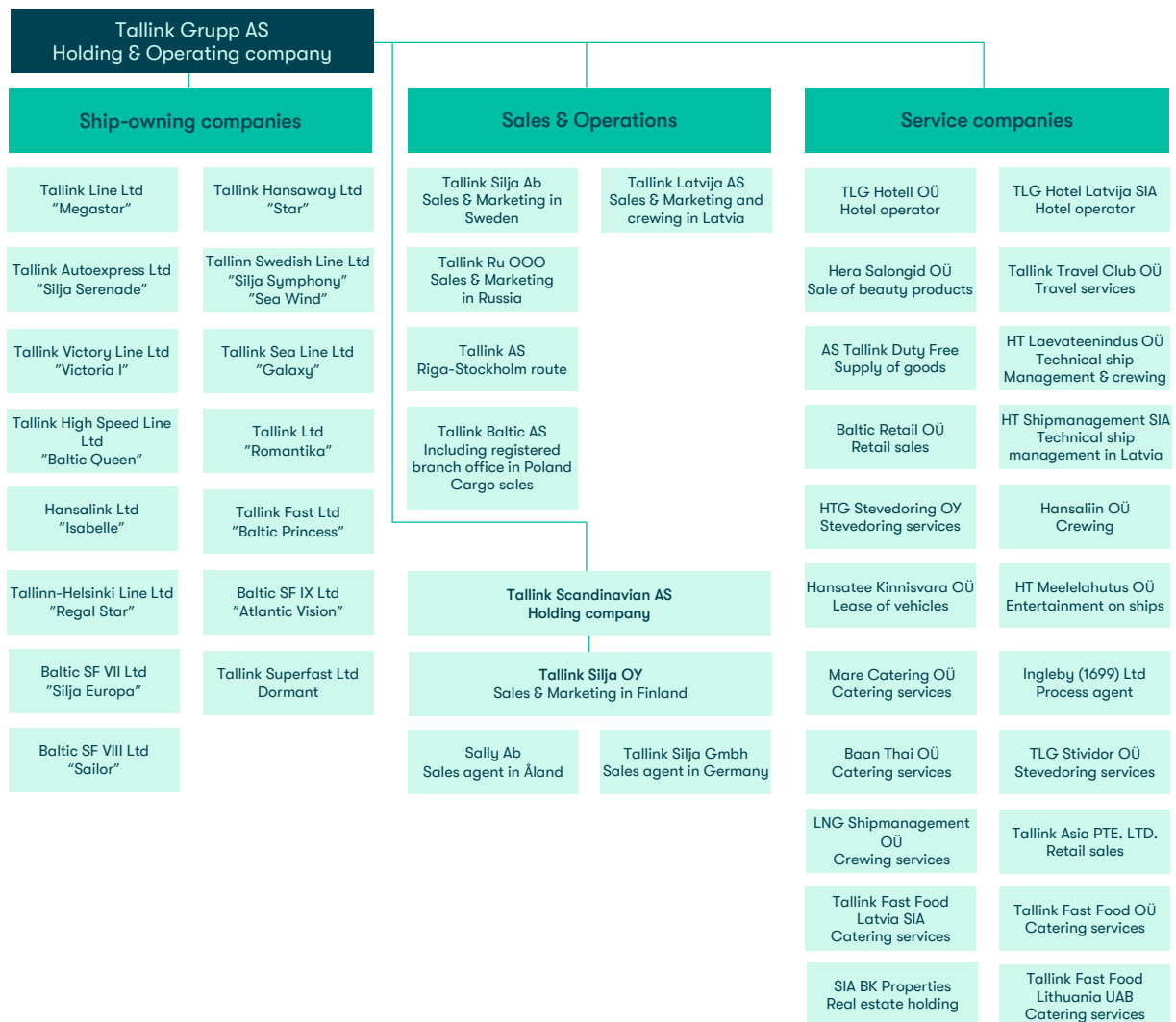
The Group's market shares on the routes operated during the 12-month period ended 31 December 2020 were as follows:

- the Group carried approximately 58% of the passengers and 58% of the ro-ro cargo on the route between Tallinn and Helsinki;
- the Group carried approximately 53% of the passengers and 26% 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 December 2020, the Group had 4 200 employees including employees with reduced workload, on temporary lay-offs and on maternity leave (7 240 at 31 December 2019). During the year, the number of employees decreased by 42.0%.

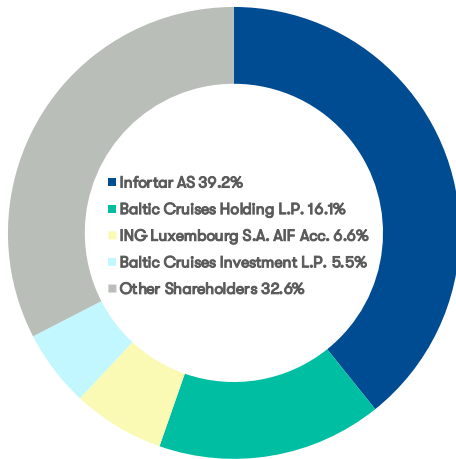
The following table provides a more detailed overview of the Group's personnel.

	Average of Q4			Average of Jan-Dec			End of Q4		
	2020	2019	Change	2020	2019	Change	2020	2019	Change
Onshore total	1 226	1 616	-24.1%	1 467	1 646	-10.9%	1 123	1 623	-30.8%
Estonia	699	976	-28.4%	864	973	-11.2%	671	976	-31.3%
Finland	343	411	-16.5%	396	438	-9.6%	272	414	-34.3%
Sweden	122	142	-14.1%	131	149	-12.1%	122	147	-17.0%
Latvia	44	68	-35.3%	58	68	-14.7%	40	67	-40.3%
Russia	12	13	-7.7%	12	12	0.0%	12	13	-7.7%
Germany	6	6	0.0%	6	6	0.0%	6	6	0.0%
Onboard	3 101	5 077	-38.9%	4 187	5 109	-18.0%	2 750	5 109	-46.2%
Burger King ¹	186	0	-	98	0	-	206	0	-
Hotel ¹	194	504	-61.5%	352	515	-31.7%	121	508	-76.2%
Total	4 707	7 197	-34.6%	6 104	7 270	-16.0%	4 200	7 240	-42.0%

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

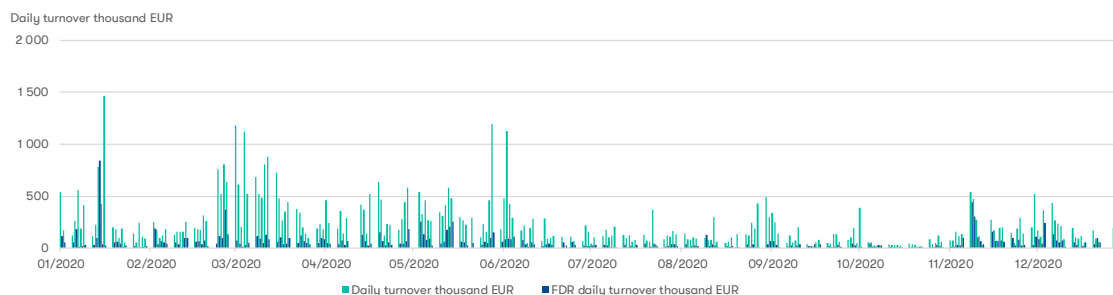
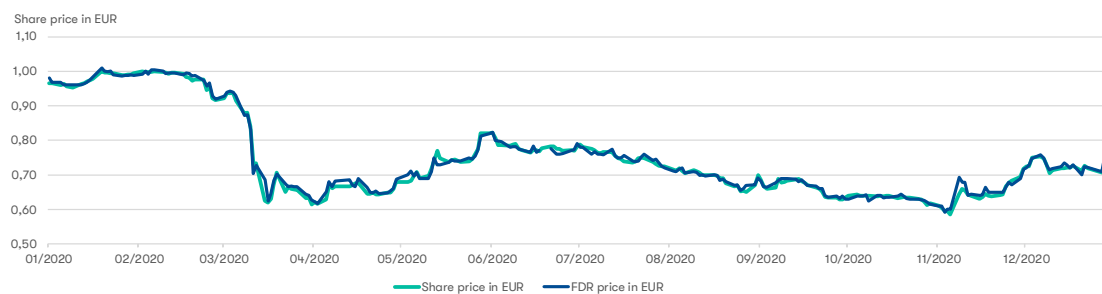
Shareholders & share price development

The following chart displays the shareholder structure of Tallink Grupp AS as at 31 December 2020.



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 0.74 and the closing price of the FDR on Nasdaq Helsinki was EUR 0.75. At the end of 2020 the Group had 18,675 shareholders and 4,468 FDR-holders.

The following charts give an overview of the share and FDR price and turnover developments in the past twelve months.



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 fourth quarter of 2020, the Group's economic environment was dominated by the second wave of Covid-19 pandemic and the restrictions related to international travelling.

Despite the stabilisation of confidence of the Finnish and 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 fourth 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.

While more flexible labour regulations in Finland and Sweden had previously allowed to employ temporary lay-offs as opposed to the extensive redundancy processes in the Group's Estonian and Latvian subsidiaries, in the fourth quarter the Group initiated sizeable redundancy process also in its Finnish and Swedish organisations in the face of the persistently weak outlook of the operational environment and following the negotiations with the unions.

Measured in euros the global fuel prices declined, on average, by 37% in the fourth quarter of 2020 compared to last year. The Group's overall fuel cost declined by 50% compared to the same period last year. In addition to the decrease in the fuel market price, the cost was affected by the changes in the operating schedule as well as an existing fuel price agreement with the price fixed above the market level.

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

Events in Q4

Prepayment for the new shuttle vessel MyStar

The last prepayment instalment for the new LNG shuttle vessel MyStar in the total amount of EUR 12.4 million was made in the fourth quarter of 2020. The completion and delivery of the vessel is expected in early 2022 and the arrival of MyStar will make Tallinn-Helsinki shuttle route Tallink's first service operated by only environmentally friendly LNG fuelled vessels.

Signing of the loan agreement

On 27 November 2020, Tallink Silja OY and Nordic Investment Bank signed a term loan agreement for financing of working capital. The total amount of the loan limit is EUR 100 million and the loan can be drawn in EUR 10-40 million disbursements. The loan carries Euribor based floating interest rate and has final maturity of four years.

The loan is secured by the mortgages on the vessels Megastar and Baltic Queen, ranking after the existing creditors and the corporate guarantee of AS Tallink Grupp. The Government of the Republic of Finland has issued a state guarantee in favour of Nordic Investment Bank regarding the loan facility.

Extensive reorganisation

In October and November 2020, the Group's Finnish and Swedish subsidiaries had cooperation negotiations with the employee representatives which resulted in agreement of changes in the organisational structure, redundancies, reduction in working hours and temporary lay-offs.

During the quarter, additional redundancies affected both shore and sea personnel in all home markets.

Opening of Burger King restaurants

During the quarter first Burger King restaurants were opened in Latvia and Lithuania, and one restaurant in Tallinn Old Town.

Suspended operations of Tallink Hotel Riga

The operations of Tallink Hotel Riga were suspended from 18 October 2020. The hotel will be closed until spring 2021 unless the operating environment does not improve sooner.

Events after the reporting period and outlook

Opening of Burger King restaurants

In January 2021, second Burger King restaurant was opened in Latvia. The Group continues preparations for opening additional Burger King restaurants.

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).

Due to the ongoing Covid-19 situation the earnings outlook has become uncertain and continues to be largely subject to external factors such as the progress of vaccinations, states' decisions regarding the timing of lifting of the travel restrictions, allowing passenger traffic as well as the duration of the recovery period.

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 fourth quarter of 2020 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, 25 February 2021

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated statement of profit or loss and other comprehensive income

Unaudited, in thousands of EUR	Q4 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
Revenue (Note 3)	79 295	226 375	442 934	949 119
Cost of sales	-97 658	-187 305	-486 388	-752 234
Gross loss/profit	-18 363	39 070	-43 454	196 885
Sales and marketing expenses	-7 289	-16 365	-37 817	-67 727
Administrative expenses	-13 301	-14 375	-48 391	-56 783
Other operating income	14 974	723	37 339	2 599
Other operating expenses	-205	-83	-298	-106
Result from operating activities	-24 184	8 970	-92 621	74 868
Finance income (Note 4)	0	4	1	995
Finance costs (Note 4)	-4 983	-4 228	-17 843	-18 674
Share of profit/loss of equity-accounted investees	-158	-4	-158	-4
Loss/profit before income tax	-29 325	4 742	-110 621	57 185
Income tax	2 474	732	2 313	-7 467
Net loss/profit for the period	-26 851	5 474	-108 308	49 718
Net loss/profit for the period attributable to equity holders of the Parent	-26 851	5 474	-108 308	49 718
Other comprehensive income				
<i>Items that may be reclassified to profit or loss</i>				
Exchange differences on translating foreign operations	-320	-295	-193	161
Other comprehensive income for the period	-320	-295	-193	161
Total comprehensive loss/profit for the period	-27 171	5 179	-108 501	49 879
Total comprehensive loss/profit for the period attributable to equity holders of the Parent	-27 171	5 179	-108 501	49 879
Earnings per share (in EUR, Note 5)	-0.040	0.008	-0.162	0.074

Consolidated statement of financial position

Unaudited, in thousands of EUR	31.12.2020	31.12.2019
ASSETS		
Cash and cash equivalents	27 834	38 877
Trade and other receivables	25 463	37 606
Prepayments	6 340	6 805
Prepaid income tax	0	67
Inventories	28 707	37 255
Current assets	88 344	120 610
Investments in equity-accounted investees	245	403
Other financial assets and prepayments	2 233	1 619
Deferred income tax assets	21 146	18 674
Investment property	300	300
Property, plant and equipment (Note 6)	1 363 485	1 347 093
Intangible assets (Note 7)	40 448	44 264
Non-current assets	1 427 857	1 412 353
TOTAL ASSETS	1 516 201	1 532 963
LIABILITIES AND EQUITY		
Interest-bearing loans and borrowings (Note 8)	111 601	89 198
Trade and other payables	73 477	98 926
Payables to owners	6	6
Income tax liability	10	0
Deferred income	23 253	33 314
Current liabilities	208 347	221 444
Interest-bearing loans and borrowings (Note 8)	593 518	488 682
Non-current liabilities	593 518	488 682
Total liabilities	801 865	710 126
Share capital (Note 9)	314 844	314 844
Share premium	663	663
Reserves	69 854	69 608
Retained earnings	328 975	437 722
Equity attributable to equity holders of the Parent	714 336	822 837
Total equity	714 336	822 837
TOTAL LIABILITIES AND EQUITY	1 516 201	1 532 963

Consolidated statement of cash flows

Unaudited, in thousands of EUR	Q4 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss/profit for the period	-26 851	5 474	-108 308	49 718
Adjustments	29 188	28 428	117 305	122 260
Changes in:				
Receivables and prepayments related to operating activities	2 950	15 108	10 822	4 740
Inventories	3 799	3 185	8 548	-1 514
Liabilities related to operating activities	-21 343	-3 480	-35 307	-311
Changes in assets and liabilities	-14 594	14 813	-15 937	2 915
Cash generated from operating activities	-12 257	48 715	-6 940	174 893
Income tax paid	-21	-29	-107	-317
NET CASH FROM OPERATING ACTIVITIES	-12 278	48 686	-7 047	174 576
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant, equipment and intangible assets (Notes 6, 7)	-17 163	-10 031	-100 024	-60 887
Proceeds from disposals of property, plant, equipment	37	-20	115	192
Interest received	0	0	1	1
NET CASH USED IN INVESTING ACTIVITIES	-17 126	-10 051	-99 908	-60 694
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from loans received (Note 8)	70 000	45 000	125 000	45 000
Repayment of loans received (Note 8)	0	-23 375	-14 667	-79 750
Change in overdraft (Note 8)	-34 937	-5 157	15 736	0
Payments for settlement of derivatives	0	0	0	-1 029
Payment of lease liabilities (Note 8)	-3 704	-3 888	-12 565	-14 822
Interest paid	-4 122	-3 069	-16 290	-16 717
Payment of transaction costs related to loans	-670	-636	-1 302	-1 431
Dividends paid (Note 10)	0	15	0	-33 443
Reduction of share capital	0	-46 888	0	-46 888
Income tax on dividends paid	0	3	0	-8 100
NET CASH FROM/USED IN FINANCING ACTIVITIES	26 567	-37 995	95 912	-157 180
TOTAL NET CASH FLOW	-2 837	640	-11 043	-43 298
Cash and cash equivalents at the beginning of period	30 671	38 237	38 877	82 175
Change in cash and cash equivalents	-2 837	640	-11 043	-43 298
Cash and cash equivalents at the end of period	27 834	38 877	27 834	38 877

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 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	-108 308	-108 308	-108 308
Other comprehensive income for the period	0	0	-193	0	0	0	0	-193	-193
Total comprehensive loss for the period	0	0	-193	0	0	0	-108 308	-108 501	-108 501
Transactions with owners of the Company recognised directly in equity									
Transfer from profit for 2019	0	0	0	0	2 486	0	-2 486	0	0
Transfer from revaluation reserve	0	0	0	-2 047	0	0	2 047	0	0
Transactions with owners of the Company recognised directly in equity	0	0	0	-2 047	2 486	0	-439	0	0
As at 31 December 2020	314 844	663	237	37 458	32 159	0	328 975	714 336	714 336
As at 31 December 2018	361 736	662	269	41 552	27 670	-17	425 044	856 916	856 916
Initial application of IFRS 16	0	0	0	0	0	0	-3 590	-3 590	-3 590
Adjusted balance as at 1 January 2019	361 736	662	269	41 552	27 670	-17	421 454	853 326	853 326
Net profit for the period	0	0	0	0	0	0	49 718	49 718	49 718
Other comprehensive income for the period	0	0	161	0	0	0	0	161	161
Total comprehensive income for the period	0	0	161	0	0	0	49 718	49 879	49 879
Transactions with owners of the Company recognised directly in equity									
Transfer from profit for 2018	0	0	0	0	2 003	0	-2 003	0	0
Transfer from revaluation reserve	0	0	0	-2 047	0	0	2 047	0	0
Dividends	0	0	0	0	0	0	-33 494	-33 494	-33 494
Share-based payment transactions	0	1	0	0	0	17	0	18	18
Reduction of share capital	-46 892	0	0	0	0	0	0	-46 892	-46 892
Transactions with owners of the Company recognised directly in equity	-46 892	1	0	-2 047	2 003	17	-33 450	-80 368	-80 368
As at 31 December 2019	314 844	663	430	39 505	29 673	0	437 722	822 837	822 837

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 fourth quarter of 2020 were authorised for issue by the Management Board on 25 February 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 December 2020, the Group employed 4 200 people (7 240 as at 31 December 2019).

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 2019. The Group prepares its consolidated annual financial statements in accordance with IFRS as adopted by the EU.

Recognition of deferred income tax on investments in subsidiaries, associates and joint ventures (IAS 12)

In accordance with paragraph 39 of IAS 12, an enterprise recognizes a deferred tax liability for all investments in subsidiaries, associates, joint ventures and branches that give rise to temporary taxable differences, unless: (a) the entity is able to control the timing of the reversal of the temporary difference; and (b) it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is not recognized if the investment meets both criteria (a) and (b) above.

The Group's Management analysed the investments made in the subsidiaries and found that in those subsidiaries where there is a temporary taxable difference in the investment, both exclusion criteria a) and b) are met at the same time and there is no need to recognize deferred income tax.

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 December, 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	200 439	34 858	15 390	149 485	42 762	0	442 934
Intersegment sales	0	0	0	0	2 434	-2 434	0
Revenue	200 439	34 858	15 390	149 485	45 196	-2 434	442 934
Segment result	3 461	-17 921	-17 519	-53 937	4 645	0	-81 271
Unallocated expenses							-11 350
Net financial items (Note 4)							-17 842
Share of profit/loss of equity-accounted investees							-158
Loss before income tax							-110 621

For the period 1 January - 31 December, in thousands of EUR	Estonia-Finland routes	Estonia-Sweden routes	Latvia-Sweden route	Finland-Sweden routes	Other	Intersegment elimination	Total
2019							
Sales to external customers	353 977	112 271	72 535	344 404	65 932	0	949 119
Intersegment sales	0	0	0	0	7 795	-7 795	0
Revenue	353 977	112 271	72 535	344 404	73 727	-7 795	949 119
Segment result	80 435	4 724	606	26 771	16 622	0	129 158
Unallocated expenses							-54 290
Net financial items (Note 4)							-17 679
Share of profit of equity-accounted investees							-4
Profit before income tax							57 185

Revenue by service

In thousands of EUR	Q4 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
Restaurant and shop sales on-board and onshore	37 574	133 783	228 487	536 568
Ticket sales	15 458	50 951	95 628	240 653
Sales of cargo transport	20 938	29 081	93 960	119 078
Sales of accommodation	245	3 234	4 022	16 084
Income from charter of vessels	2 438	2 283	9 968	8 289
Other	2 642	7 043	10 869	28 447
Total revenue of the Group	79 295	226 375	442 934	949 119

Note 4 Financial items

In thousands of EUR	Q4 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
Net foreign exchange gain	0	4	0	76
Income on interest rate swaps	0	0	0	918
Income from other financial assets	0	0	1	1
Total finance income	0	4	1	995
Net foreign exchange loss	-338	0	-569	0
Interest expense on financial liabilities measured at amortised cost	-4 086	-3 646	-14 989	-15 308
Expenses on interest rate swaps	0	0	0	-1 029
Interest expense on right-of-use asset lease liabilities	-559	-582	-2 285	-2 337
Total finance costs	-4 983	-4 228	-17 843	-18 674
Net finance costs	-4 983	-4 224	-17 842	-17 679

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	Q4 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
Shares issued	669 882	669 882	669 882	669 882
Shares outstanding	669 882	669 882	669 882	669 882
For the period, in thousands of EUR	Q4 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
Weighted average number of ordinary shares outstanding (in thousands)	669 882	669 882	669 882	669 881
Net loss/profit attributable to equity holders of the Parent	-26 851	5 474	-108 308	49 718
Earnings per share	-0.040	0.008	-0.162	0.074

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 2019	1 870	1 173 534	56 985	97 723	16 981	1 347 093
Additions	13	8 500	3 187	13 747	84 865	110 312
Reclassification	0	12 580	11 043	0	-23 623	0
Disposals	0	0	-283	-331	0	-614
Depreciation for the period	-406	-60 050	-16 449	-16 401	0	-93 306
Book value as at 31 December 2020	1 477	1 134 564	54 483	94 738	78 223	1 363 485
As at 31 December 2020						
Gross carrying amount	8 278	1 653 005	112 447	125 779	78 223	1 977 732
Accumulated depreciation	-6 801	-518 441	-57 964	-31 041	0	-614 247
Book value as at 31 December 2018	2 324	1 215 295	43 658	0	6 651	1 267 928
Initial application of IFRS 16	0	0	0	100 770	0	100 770
Adjusted book value as at 1 January 2019	2 324	1 215 295	43 658	100 770	6 651	1 368 698
Additions	0	0	13 103	12 297	42 808	68 208
Reclassification	68	18 061	14 349	0	-32 478	0
Disposals	0	0	-154	-303	0	-457
Depreciation for the period	-522	-59 822	-13 971	-15 041	0	-89 356
Book value as at 31 December 2019	1 870	1 173 534	56 985	97 723	16 981	1 347 093
As at 31 December 2019						
Gross carrying amount	8 264	1 646 370	101 257	112 670	16 981	1 885 542
Accumulated depreciation	-6 394	-472 836	-44 272	-14 947	0	-538 449

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 2019	97 142	581	97 723
Additions	13 038	709	13 747
Disposals	-90	-241	-331
Depreciation for the period	-15 988	-413	-16 401
Book value as at 31 December 2020	94 102	636	94 738
As at 31 December 2020			
Gross carrying amount	124 491	1 288	125 779
Accumulated depreciation	-30 389	-652	-31 041
As at 31 December 2018			
Book value as at 31 December 2018	0	0	0
Initial application of IFRS 16	99 701	1 069	100 770
Adjusted book value as at 1 January 2019	99 701	1 069	100 770
Additions	12 256	41	12 297
Disposals	-288	-15	-303
Depreciation for the period	-14 527	-514	-15 041
Book value as at 31 December 2019	97 142	581	97 723
As at 31 December 2019			
Gross carrying amount	111 608	1 062	112 670
Accumulated depreciation	-14 466	-481	-14 947

Note 7 Intangible assets

In thousands of EUR	Goodwill	Trademark	Other	Assets under construction	Total
Book value as at 31 December 2019	11 066	18 922	13 055	1 221	44 264
Additions	0	0	394	3 144	3 538
Reclassification	0	0	3 818	-3 818	0
Amortisation for the period	0	-2 916	-4 438	0	-7 354
Book value as at 31 December 2020	11 066	16 006	12 829	547	40 448
As at 31 December 2020					
Cost	11 066	58 288	40 357	547	110 258
Accumulated amortisation	0	-42 282	-27 528	0	-69 810
As at 31 December 2018					
Book value as at 31 December 2018	11 066	21 838	12 000	1 260	46 164
Additions	0	0	712	4 281	4 993
Reclassification	0	0	4 320	-4 320	0
Amortisation for the period	0	-2 916	-3 977	0	-6 893
Book value as at 31 December 2019	11 066	18 922	13 055	1 221	44 264
As at 31 December 2019					
Cost	11 066	58 288	36 870	1 221	107 445
Accumulated amortisation	0	-39 366	-23 815	0	-63 181

Note 8 Interest-bearing loans and borrowings

In thousands of EUR	31/12/2019	Addition	Repayments	Exchange differences	Other changes ¹	31/12/2020
Lease liabilities	304	79	-95	12	-42	258
Right-of-use assets lease liabilities	101 577	13 747	-12 470	2	-347	102 509
Overdrafts	0	15 736	0	0	0	15 736
Long-term bank loans	475 999	125 000	-14 667	0	284	586 616
Total borrowings	577 880	154 562	-27 232	14	-105	705 119
Current portion	89 198					111 601
Non-current portion	488 682					593 518
Total borrowings	577 880					705 119

In thousands of EUR	31/12/2018	Addition	Repayments	Exchange differences	Other changes ¹	31/12/2019
Lease liabilities	428	17	-101	-9	-31	304
Right-of-use assets lease liabilities	0	116 657	-14 721	-45	-314	101 577
Overdrafts	0	0	0	0	0	0
Long-term bank loans	509 707	45 000	-79 750	0	1 042	475 999
Total borrowings	510 135	161 674	-94 572	-54	697	577 880
Current portion	78 658					89 198
Non-current portion	431 477					488 682
Total borrowings	510 135					577 880

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 164 370 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 422 246 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, on 30 July 2020, the shareholders' general meeting decided not to pay dividend from net profit for 2019.

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 December 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	716	18 287	59	5 226
Associated companies	4	157	0	11
Total	720	18 444	59	5 237

For the period ended 31 December 2019, 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	950	24 093	211	1 833
Associated companies	1	187	0	20
Total	951	24 280	211	1 853

STATEMENT BY THE MANAGEMENT BOARD

Hereby we acknowledge our responsibility for the Tallink Grupp AS Unaudited Condensed Consolidated Interim Financial Statements for the fourth quarter 2020 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 successfully concluded negotiations regarding financing 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



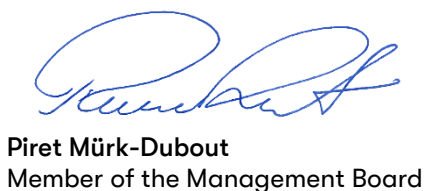
Lembit Kitter
Member of the Management Board



Kadri Land
Member of the Management Board



Harri Hanschmidt
Member of the Management Board



Piret Mürk-Dubout
Member of the Management Board



Tallinn, 25 February 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	Q4 2020	Q4 2019
Depreciation	23 555	22 539
Amortisation	1 814	1 922
Depreciation and amortisation	25 369	24 461
Result from operating activities	-24 184	8 970
Depreciation and amortisation	25 369	24 461
EBITDA	1 185	33 431
EBITDA	1 185	33 431
IFRS 16 adoption effect	-4 806	-4 504
EBITDA adjusted	-3 621	28 927
Additions to property, plant and equipment	4 171	8 689
Additions to intangible assets	642	1 342
Capital expenditures	4 813	10 031
Net loss/profit for the period	-26 851	5 474
Weighted average number of shares outstanding	669 882 040	669 882 040
Earnings per share (EUR)	-0.040	0.008
Lease liabilities	258	304
Lease liabilities related to right-of-use assets	102 509	101 577
Overdraft	15 736	0
Long-term bank loans	586 616	475 999
Interest-bearing liabilities	705 119	577 880
Gross loss/profit	-18 363	39 070
Net sales	79 295	226 375
Gross margin	-23.2%	17.3%
EBITDA	1 185	33 431
Net sales	79 295	226 375
EBITDA margin	1.5%	14.8%
EBITDA adjusted	-3 621	28 927
Net sales	79 295	226 375
EBITDA margin adjusted	-4.6%	12.8%
EBIT	-24 184	8 970
Net sales	79 295	226 375
EBIT margin	-30.5%	4.0%
Net loss/profit	-26 851	5 474
Net sales	79 295	226 375
Net loss/profit margin	-33.9%	2.4%
Result from operating activities 12-months trailing	-92 621	74 868
Total assets 31 December (previous year)	1 532 963	1 500 904
Total assets 31 March	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
Average assets	1 523 149	1 556 039
ROA	-6.1%	4.8%

In thousands of EUR	Q4 2020	Q4 2019
Net loss/profit 12-months trailing	-108 308	49 718
Total equity 31 December (previous year)	822 837	856 916
Total equity 31 March	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
Average equity	767 451	827 115
ROE	-14.1%	6.0%
Result from operating activities 12-months trailing	-92 621	74 868
Total assets 31 December (previous year)	1 532 963	1 500 904
Total assets 31 March	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
Current liabilities 31 December (previous year)	221 444	212 489
Current liabilities 31 March	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
Total assets - current liabilities 31 December (previous year)	1 311 519	1 288 415
Total assets - current liabilities 31 March	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
Average assets - current liabilities	1 284 173	1 305 211
ROCE	-7.2%	5.7%
In thousands of EUR	31/12/2020	30/09/2020
Interest-bearing liabilities	705 119	671 152
Cash and cash equivalents	27 834	30 671
Net debt	677 285	640 481
Total equity	714 336	741 507
Total assets	1 516 201	1 542 932
Equity ratio	47.1%	48.1%
Equity attributable to equity holders of the Parent	714 336	741 507
Number of ordinary shares outstanding	669 882 040	669 882 040
Shareholders' equity per share (EUR per share)	1.07	1.11
Net debt	677 285	640 481
12-months trailing		
Depreciation	93 306	92 290
Amortisation	7 354	7 462
Depreciation and amortisation	100 660	99 752
EBITDA	8 039	40 285
Net debt to EBITDA	84.2	15.9

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