



**Unaudited interim condensed consolidated
report for the
12 months ended 31 December 2020**

AS Tallinna Sadam

AS TALLINNA SADAM**UNAUDITED INTERIM CONDENSED CONSOLIDATED REPORT
FOR THE 12 MONTHS ENDED 31 DECEMBER 2020**

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MANAGEMENT REPORT

In 2020, the number of passengers¹ passing through the Group's harbours decreased by 59% to 4.33 million due to the COVID-19 pandemic while cargo throughput grew by 7% to 21.3 million tonnes, rising to the past five years' highest level. The year as a whole was stable for the Ferry segment and the segment Other. The Group's revenue decreased by EUR 23.2 million (–18%) to EUR 107.4 million through a decline in the revenue of the Passenger harbours segment. Expenses related to operating activities dropped by EUR 5.1 million (–6.4%) and net profit decreased by EUR 15.9 million (–36%) to EUR 28.5 million.

In the fourth quarter of 2020, the number of passengers continued to decline while the volume of cargo handled grew slightly compared to the same period in 2019. Due to a fall in the number of passengers, revenue, profit and adjusted EBITDA also decreased. Profitability indicators decreased less than revenue because of the cost-saving measures implemented by the Group. The Group's fourth-quarter revenue decreased by EUR 4.7 million to EUR 25.3 million and profit dropped by EUR 2.7 million to EUR 5.7 million.

KEY PERFORMANCE INDICATORS OF THE GROUP

Indicator	Unit	12 months		12 months		Q4 2020	Q4 2019	Difference		Change	
		2020	2019	Difference	Change			Difference	Change		
Revenue	EUR '000	107,358	130,536	–23,178	–17.8%	25,303	30,005	–4,702	–15.7%		
Operating profit	EUR '000	35,562	51,679	–16,117	–31.2%	6,257	9,081	–2,824	–31.1%		
Adjusted EBITDA ²	EUR '000	58,423	74,292	–15,869	–21.4%	12,121	14,841	–2,720	–18.3%		
Depreciation, amortisation and impairment	EUR '000	–24,094	–23,037	–1,057	4.6%	–6,199	–6,125	–74	1.2%		
Income tax	EUR '000	–4,913	–5,764	851	–14.8%	0	0	0	–		
Profit for the period	EUR '000	28,518	44,404	–15,886	–35.8%	5,723	8,457	–2,734	–32.3%		
Investment	EUR '000	37,138	29,484	7,654	26.0%	8,212	10,671	–2,459	–23.0%		
Number of employees (average)		465	492	–27	–5.4%	454	479	–25	–5.2%		
Cargo volume	t '000	21,327	19,931	1,396	7.0%	5,790	5,647	143	2.5%		
Number of passengers	'000	4,333	10,639	–6,306	–59.3%	630	2,342	–1,712	–73.1%		
Number of vessel calls		7,088	7,855	–767	–9.8%	1,768	1,894	–126	–6.7%		
Total assets at period-end	EUR '000	628,093	625,532	2,561	0.4%	628,093	625,532	2,561	0.4%		
Net debt ³ at period-end	EUR '000	184,901	172,663	12,238	7.1%	184,901	172,663	12,238	7.1%		
Equity at period-end	EUR '000	375,432	377,018	–1,586	–0.4%	375,432	377,018	–1,586	–0.4%		
Number of shares at period-end	'000	263,000	263,000	0	0.0%	263,000	263,000	0	0.0%		
Operating profit/revenue		33.1%	39.6%			24.7%	30.3%				
Adjusted EBITDA/revenue		54.4%	56.9%			47.9%	49.5%				
Profit for the period/ revenue		26.6%	34.0%			22.6%	28.2%				
EPS: Profit for the period/ average number of shares	EUR	0.11	0.17	–0.06	–35.8%	0.02	0.03	–0.01	–32.3%		
Equity/number of shares	EUR	1.43	1.43	–0.01	–0.4%	1.43	1.43	–0.01	–0.4%		

¹ The number of passengers does not include passengers of the Ferry segment who travelled between Estonia's mainland and biggest islands.

² Adjusted EBITDA = profit before depreciation, amortisation and impairment losses, finance income and costs (net) and income tax expense, adjusted for amortisation of government grants

³ Loans and borrowings less cash and cash equivalents

CARGO AND PASSENGER TRAFFIC

Despite the COVID-19 crisis, which had an unprecedented effect on the global economic environment in 2020, cargo throughput at the Group's harbours grew by 1.4 million tonnes (+7%) to 21.3 million tonnes, which is the highest level recorded in the past five years. In terms of cargo types, growth was driven by liquid bulk cargo (+1.5 million tonnes, +20%) and ro-ro cargo (+0.2 million tonnes, +3.7%) whose impact was partly offset by a slight decrease in other cargo types: general cargo –0.19 million tonnes (–31%), dry bulk cargo –97 thousand tonnes (–2.1%), and container cargo –27 thousand tonnes (–1.5%) (–9 thousand TEUs).

In the fourth quarter, the Group's harbours handled 5.8 million tonnes of cargo, 0.14 million tonnes (+2.5%) more than in the fourth quarter of 2019. Growth resulted from a rise in the volume of ro-ro cargo (+0.14 million tonnes, +10%), primarily on the Muuga-Vuosaari route. The volumes of other cargo types did not change significantly.

Due to the COVID-19 crisis, the number of passengers served plummeted in 2020, falling by 59% to 4.33 million compared to a record-high 10.64 million a year earlier. Travel restrictions reduced the number of passengers on all routes and there were no cruise passengers.

In the fourth quarter, the number of passengers dropped by 1.7 million (–73%) year on year, due to a fall in the number of international route passengers, particularly on the Tallinn-Helsinki and Tallinn-Stockholm routes.

REVENUE, EXPENSES AND PROFIT

Revenue for 2020 was EUR 107.4 million, EUR 23.2 million (–17.8%) less than a year earlier. All revenue streams decreased. The fall was the sharpest in passenger fee revenue, which dropped by EUR 10.0 million (–59%) to EUR 7.0 million due to an equivalent fall in the number of passengers. Vessel dues revenue also decreased significantly, dropping by EUR 9.1 million (–20%) to EUR 37.6 million. The decline is mainly attributable to the cancellation of the cruise season as well as reduced ferry timetables and a slight decrease in the volumes of general, dry bulk and container cargo. Growth in the volume of liquid bulk cargo had a positive effect on revenue. Revenue from the provision of domestic ferry service dropped by EUR 1.2 million to EUR 29.0 million, mainly because the number of extra trips made during the summer season was smaller and they were provided without an additional ferry, and because trip fee revenue declined due to fewer trips (COVID-19 restrictions) and a lower fee rate, resulting from a fall in the fuel price index. Revenue from electricity sales decreased by EUR 1.0 million (–17.8%) to EUR 4.5 million, mostly because demand at cargo harbours declined, the volume of electricity sold as an agent decreased and the weather was warmer than in 2019. Revenue from other services dropped by EUR 0.6 million (–26%) through a COVID-19 related decrease in services, such as sales of water to cruise ships and advertising space at passenger terminals. Charter fee revenue from the icebreaker Botnica dropped by EUR 0.5 million (–5.5%) to EUR 9.1 million because the summer charter was shorter due to COVID-19 related restrictions, which disrupted the charterer's production operations. The effect was mitigated by the indexation of charter fees. Lease income declined by EUR 0.4 million (–3.2%) to EUR 11.6 million, primarily due to rent reductions at the Old City Harbour where pandemic related restrictions have had the strongest impact. Despite growth in cargo volumes, cargo charge revenue decreased by EUR 0.3 million (–4.8%) because the volume and share of liquid bulk cargo whose cargo charges are lower increased and penalty income declined.

Fourth quarter revenue decreased by EUR 4.7 million (–15.7%) to EUR 25.3 million. The decline is mainly attributable to a decrease in passenger fee revenue by EUR 2.8 million (–72%) due to a fall in the number of passengers, a decline in vessel dues revenue by EUR 1 million (–9.6%) due to reduced timetables and a decrease in lease income by EUR 0.7 million (–12.8%) due to a fall in charter fee revenue from the icebreaker Botnica.

Other income grew by EUR 2.0 million to EUR 3.0 million in 2020. The main sources of growth were the disposal of assets used in the harbour operations of the Paljassaare Harbour and, to a lesser extent, the disposal of land in the Industrial Park of the Muuga Harbour with a view to expanding the operations of a hinterland logistics terminal. Income from government grants decreased (EUR –0.1 million, –14%) due to a decline in costs partly covered with external support. Other income for the fourth quarter of 2020 remained stable year on year.

Operating expenses decreased by EUR 5.8 million (–15.8%) through a decline in various expense items. Fuel and energy costs decreased the most (EUR –2.9 million, –25.9%), both in ferry operations, where fuel costs dropped due to lower fuel prices and optimisation of vessels' operating modes, and in harbour operations, where consumption decreased and the price and volume of electricity sold as an agent declined. Non-current asset repair costs decreased (EUR –1.9 million, –26.8%), mainly through the cost-cutting measures implemented in due to the COVID-19 crisis. Expenses on services purchased to provide services to ships decreased (EUR –1.1 million, –20.2%), primarily due to the cancellation of the cruise season, reduced ferry timetables and a significantly lower number of passengers. Other expense items decreased as well but to a lesser extent. Within operating expenses, expenses on the acquisition of assets of insignificant value grew (EUR +0.5 million, +36.6%) in connection with the reconstruction and refurbishment of Terminal D at the Old City Harbour but they were a one-off nature. Within operating expenses, allowances for expected credit losses grew, mainly due to the deterioration of the economic environment.

Operating expenses for the fourth quarter decreased by EUR 1.6 million (–17.8%), mainly due to a fall in fuel and energy costs (Ferry segment) and non-current asset repair costs (harbour operations) by EUR 0.6 million and EUR 0.5 million, respectively.

Personnel expenses decreased by EUR 0.4 million (–1.9%) due to the combined effect of reduction in the number of employees and temporary reduction in salaries, and one-off downsizing expenses. Personnel expenses for the fourth quarter decreased by EUR 0.3 million (–5.5%).

Depreciation, amortisation and impairment expenses grew by EUR 1.1 million (+4.6%), mainly through growth in depreciation and amortisation in harbour operations where non-current assets increased at the Old City Harbour in connection with the reconstruction of Terminal D, the construction of onshore electricity supply systems for ships and the completion of a shore promenade, and at the Muuga Harbour in connection with the completion of several projects undertaken to increase the capacity to serve ro-ro traffic. Depreciation, amortisation and impairment expenses for the fourth quarter grew by EUR 0.1 million (+1.2%).

Operating profit for the year decreased by EUR 16.1 million (–31%) to EUR 35.6 million due to a fall in revenue, which was significantly larger than the combined effect of a cut in costs of a fixed nature and growth in other income. Due to the decrease in operating profit, operating margin, which reflects the Group’s operating efficiency, also dropped: from 39.6% to 33.1%. Operating profit for the fourth quarter decreased by EUR 2.8 million (–31%) year on year.

Adjusted EBITDA for the year decreased by EUR 15.9 million (–21.4%) to EUR 58.4 million due to a fall in the Passenger harbours segment. Adjusted EBITDA margin declined from 56.9% to 54.4%. Adjusted EBITDA for the fourth quarter declined by EUR 2.7 million (–18.3%) year on year.

Finance costs (net) decreased by EUR 86 thousand (–4.9%) in 2020, mainly through a decline in expenses related to derivative financial instruments. Net finance costs for the fourth quarter decreased by EUR 47 thousand.

Profit before tax decreased by EUR 16.7 million (–33.4%) to EUR 33.4 million in 2020. Profit before tax for the fourth quarter decreased by EUR 2.7 million, year on year.

Income tax expense decreased by EUR 0.9 million due to a smaller dividend distribution: in 2019 the Group distributed a record dividend of EUR 35.2 million compared with EUR 30.2 million in 2020. The Group’s net profit for 2020 amounted to EUR 28.5 million, EUR 15.9 million less than a year earlier. Net profit for the fourth quarter was EUR 5.7 million compared with EUR 8.5 million for the same period in 2019.

INVESTMENTS

The Group’s capital investments in 2020 totalled EUR 37.1 million, which is EUR 7.7 million (+26%) more than in the prior year and the past few years’ highest figure. The main investments were again made at the Old City Harbour, where despite the crisis the Group continued to invest in major improvements to the environment and travel conditions. The largest completed projects were the reconstruction of Terminal D and the construction of a nearby multi-storey parking structure. The installation of on-shore power supply systems and auto-mooring equipment for ferries reached the final phase and the construction of a cruise terminal and a footbridge across the canal of the Admiralty Basin was started. The largest works at the Muuga Harbour were related to improving the conditions of ro-ro traffic. Dredging works were carried out in the turning basin and approach canal of the Paldiski South Harbour. The largest projects in the Ferry segment were the installation of battery bank energy solution on the ferry Tõll in order to achieve energy savings and make the ferry more environmentally friendly and scheduled smaller-scale dry dock maintenance of ferries. On the icebreaker Botnica, the second part of the machinery control system was renewed and other technical systems were also upgraded.

Fourth quarter capital investments amounted to EUR 8.2 million, EUR 2.5 million less than in the fourth quarter of 2019.

SEGMENT REPORTING

In thousands of euros	12 months 2020					12 months 2019				
	Passenger harbours	Cargo harbours	Ferry	Other	Total	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	28,770	39,683	29,705	9,200	107,358	49,826	40,113	30,825	9,772	130,536
Adjusted EBITDA	15,140	25,377	14,101	3,805	58,423	32,792	22,248	13,932	5,320	74,292
Operating profit	8,665	16,685	8,209	2,003	35,562	26,367	14,151	8,289	2,872	51,679
Adjusted EBITDA margin	52.6%	63.9%	47.5%	41.4%	54.4%	65.8%	55.5%	45.2%	54.4%	56.9%

In thousands of euros	Change, 12 months				
	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	-21,056	-430	-1,120	-572	-23,178
Adjusted EBITDA	-17,652	3,129	169	-1,515	-15,869
Operating profit	-17,702	2,534	-80	-869	-16,117
Adjusted EBITDA margin	-13.2%	8.5%	2.3%	-13.1%	-2.5%

In thousands of euros	Q4 2020					Q4 2019				
	Passenger harbours	Cargo harbours	Ferry	Other	Total	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	6,188	10,598	6,947	1,570	25,303	10,412	10,383	7,070	2,140	30,005
Adjusted EBITDA	2,482	6,359	3,105	175	12,121	5,648	5,210	3,283	699	14,841
Operating profit	835	4,063	1,613	-254	6,257	3,807	3,109	1,851	314	9,081
Adjusted EBITDA margin	40.1%	60.0%	44.7%	11.2%	47.9%	54.2%	50.2%	46.4%	32.7%	49.5%

In thousands of euros	Change, Q4				
	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	-4,224	215	-123	-570	-4,702
Adjusted EBITDA	-3,166	1,149	-178	-524	-2,719
Operating profit	-2,972	954	-238	-568	-2,824
Adjusted EBITDA margin	-14.1%	9.8%	-1.7%	-21.5%	-1.6%

In terms of segments, annual revenue dropped primarily in the Passenger harbours segment (EUR -21.1 million, -42.3%) and slightly in other segments: in the Ferry segment by EUR -1.1 million (-3.6%), in the segment Other by EUR -0.6 million (-5.9%) and in the Cargo harbours segment by EUR -0.4 million (-1.1%).

The revenue of the Passenger harbours segment decreased because the number of passengers declined in connection with COVID-19 related mobility restrictions, which led to the reduction of ferry timetables and the cancellation of the cruise season. As a result, revenue from vessel dues and passenger fees contracted sharply. The segment's revenue was supported by the temporary transfer of the Muuga-Vuosaari route (Cargo harbours segment) to the Old City Harbour, effective from mid-March to late June, due to the temporary reinstatement of border checks. Revenue from the sale of electricity and services decreased, as did lease income due to rent concessions provided to lessees. The fourth quarter revenue of the Passenger harbours segment decreased by EUR 4.2 million (-41%) to EUR 6.2 million.

The revenue of the Cargo harbours segment decreased only slightly because cargo throughput grew in spite of the crisis. In terms of revenue streams, vessel dues revenue grew although it was negatively affected by the temporary transfer of the Muuga-Vuosaari route to the Old City Harbour as described above (Passenger harbours segment). Revenue from the sale of electricity declined due to a decrease in the volume of electricity distribution service and the volume and price of electricity sold as an agent. Cargo charge revenue also decreased somewhat, both due to the temporary transfer of the Muuga-Vuosaari route to the Old City Harbour and growth in the volume and share of liquid bulk cargo whose cargo charges are lower. The fourth quarter revenue of the Cargo harbours segment grew by EUR 0.2 million (+2.1%) to EUR 10.6 million.

The revenue of the Ferry segment decreased mostly during the summer season when the customer (the state) ordered a smaller number of extra trips and did not order an additional ferry to be put in service. Contract revenue decreased through a smaller number of trips (due to COVID-19 related restrictions) and a fall in the fee rate (due to a decrease in the fuel price index). Fourth quarter revenue decreased by EUR 0.1 million (–1.7%) to EUR 6.9 million.

The revenue of the segment Other decreased because the summer charter of the icebreaker Botnica was shorter than in 2019 (ended late October, in 2019 the charter period ended mid-November) due to COVID-19 related restrictions, which disrupted the production operations of the Canadian charterer. The indexation of the ice-breaking and charter fee rates to the inflation index had a slight positive effect on revenue. Revenue for the fourth quarter decreased by EUR 0.6 million (–27%) to EUR 1.6 million because the summer charter period of the icebreaker Botnica was shorter than a year earlier.

In terms of segments, adjusted EBITDA for the year decreased the most in the Passenger harbours segment (EUR –17.7 million, –54%), due to revenue decline. This was offset somewhat by growth of EUR 3.1 million (+14%) in the adjusted EBITDA of the Cargo harbours segment, where cost savings exceeded the decrease in revenue. In the segment Other, adjusted EBITDA dropped by EUR 1.5 million (–29%) because the revenue generated by Botnica dropped, expenses increased somewhat and the Group incurred a loss from its equity-accounted associate Green Marine. Green Marine's loss was mostly due to a decrease in the handling of ship-generated waste, which was caused by a fall in the number of passengers and vessel calls (cruise ships, in particular) as well as a decline in the oil price, which significantly reduced the price of the petroleum product recovered from oil-containing waste. Adjusted EBITDA for the Ferry segment increased somewhat, because the decrease in expenses slightly exceeded the decrease in revenue, and reached an all-time high of EUR 14.1 million.

Compared to the same period last year, adjusted EBITDA for the fourth quarter decreased significantly in the Passenger harbours segment (EUR –3.2 million) and somewhat in the segment Other (EUR –0.6 million) and the Ferry segment (EUR –0.1 million). However, the adjusted EBITDA of the Cargo harbours segment increased by EUR 0.2 million, mainly due to cost savings and slight revenue growth. The adjusted EBITDA of the Passenger harbours segment decreased due to a fall in the number of passengers, the impact of which was softened by cost savings. Adjusted EBITDA for the segment Other decreased, mostly because the icebreaker Botnica was chartered out for a shorter period.

Adjusted EBITDA margin dropped from 56.9% to 54.4% as a result of a steep decrease in the Passenger harbours segment due to COVID-19 related restrictions. In the fourth quarter, the margin also decreased in all segments except Cargo harbours.

IMPACTS OF THE COVID-19 PANDEMIC

The protective measures imposed by countries due to the COVID-19 pandemic began to affect the Group from the second half of March 2020. As the measures focused on minimizing contact between people and cross-border movement, they had the greatest impact on the tourism sector and passenger traffic, which in turn mainly affected the performance of the Group's Passenger harbours segment.

The state of emergency declared in Estonia in March 2020 lasted until 17 May and at the time foreign citizens were banned from entering the country in both Estonia and Finland. Labour migration between Estonia and Finland resumed in the middle of May. Estonia opened its border to arrivals from most European countries from 1 June and Finland opened its border to all arrivals from Estonia on 15 June. Due to changing restrictions and quarantine requirements in most European countries, cruise companies cancelled the cruises they had scheduled and there were no cruise ship calls in 2020. In connection with a rise in the infection rate in September, Finland re-imposed restrictions on arrivals from Estonia from 28 September. Only people who travel for work, are in transit, or have other compelling reasons could enter Finland without the quarantine requirement. From 27 January 2021 Finland also restricted travel for work. From 15 June, people arriving in Estonia from other countries are subject to a two-week self-isolation requirement, depending on the weekly infection rate per 100,000 inhabitants in the country of departure and the established limit. Cruises between Estonia and Sweden are banned and Sweden has been classified as a high-risk country since spring, which means that all arrivals from Sweden are subject to the two-week self-isolation requirement.

Due to the fall in demand caused by the restrictions, international ferry operators have made a number of adjustments to their timetables and the ferries serving the routes. The Tallinn-Stockholm and the Tallinn-St Petersburg routes have been closed since the middle of March while new temporary routes have been added, such as Paldiski-Sassnitz (from Estonia to Germany) during the state of emergency in Estonia, Tallinn-Mariehamn from June, and Tallinn-Turku from July, but these have had a smaller effect. At the end of June, a record number of vessels sailed between Estonia and Finland and ferry traffic was busier than ever. However, the total number of passengers was almost half smaller than it was in the same period in 2019, and began to decline again towards the end of the year.

There have been no restrictions on cargo transport between countries and cargo throughput at the Group's harbours increased due to growth in the volume of liquid bulk cargo and ro-ro cargo. According to management's assessment, cargo transport may be affected by the general economic crisis, caused by the virus containment measures, in the next quarters, mainly through container and ro-ro cargo, although the impacts feared for the second half of 2020 did not materialise.

Domestic ferry service on routes between mainland Estonia and the islands of Saaremaa and Hiiumaa that are operated by OÜ TS Laevad, a subsidiary of AS Tallinna Sadam, continued through the state of emergency but with reduced timetables. The restrictions on movement between mainland and the two islands were lifted on 8 May and normal passenger traffic has resumed with measures taken to prevent the spread of the virus. During the summer months, the number of vehicles carried even increased year on year. The changes resulting from the restrictions did not have a significant impact on the Ferry segment because a major share of ferry service revenue is made up of a fixed fee that does not depend on the number of trips or passengers.

The multifunctional icebreaker Botnica, which is operated by OÜ TS Shipping, a subsidiary of AS Tallinna Sadam, has continued its normal operations and its revenue (segment Other) has not been significantly affected by the COVID-19 pandemic. The number of charter days decreased by 5% year on year because Botnica's summer charter was shorter than a year earlier due to COVID-19 containment measures, which disrupted the Canadian charterer's production operations.

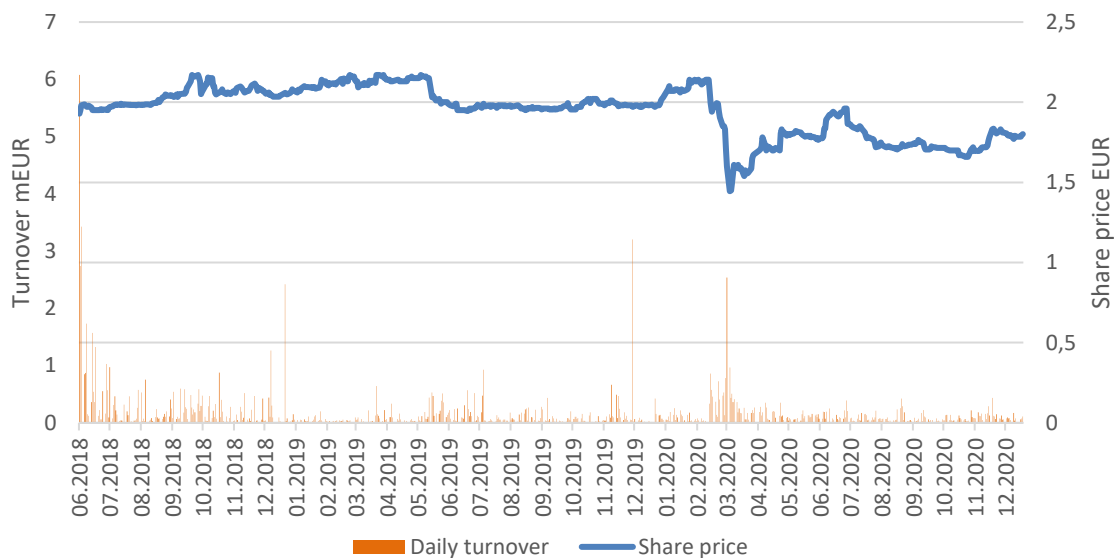
The Group has taken all the necessary measures and cooperates closely with the authorities to prevent the spread of the virus and to protect people's lives and health. From 1 September, passengers arriving from high-risk countries can take a COVID-19 test in the passenger terminals of the Old City Harbour in order to reduce the period of self-isolation and to be able to return to work more quickly.

To compensate for the decrease in revenue in the changed circumstances, we have critically reviewed all of the Group's expenses but due to a large share of fixed costs, a decline in the Group's profitability, particularly in the Passenger harbours segment, is inevitable. To improve the Group's cash flow, some planned investments have been postponed but ongoing investments have not been suspended. The Group's management believes that the impacts of COVID-19 do not endanger the Group's ability to continue as a going concern.

SHARE AND SHAREHOLDERS

AS Tallinna Sadam was listed in the Baltic Main List of the Nasdaq Tallinn Stock Exchange on 13 June 2018. The ticker symbol of the share is TSM1T and the ISIN code is EE3100021635. The company has 263,000,000 ordinary shares of which 176,295,032 (67.03%) are held by the Republic of Estonia. The par value of a share is EUR 1. Each share carries one vote at the general meeting of the shareholders.

The dynamics of the closing price of the AS Tallinna Sadam share and the volume of shares traded since listing on the Nasdaq Tallinn Stock Exchange on 13 June 2018 to 31 December 2020 is presented in the following graph:



The opening price of the share at the beginning of the fourth quarter of 2020 was EUR 1.71. The closing price of the share at 31 December 2020 was EUR 1.8, having increased in the fourth quarter by 5.3%. The company's market capitalisation at 31 December 2020 was EUR 473.4 million (31 December 2019: EUR 522.1 million).

The dynamics of the price of the AS Tallinna Sadam share compared to the OMX Baltic Benchmark GI index is presented in the following graph:



Source: nasdaqbaltic.com

In the fourth quarter of 2020, there were 11,747 transactions with the Tallinna Sadam share (Q3 2020: 11,790 transactions) in which 3.3 million shares (Q3 2020: 3.6 million shares) changed hands. The total turnover of the transactions was EUR 5.7 million (Q3 2020: EUR 6.4 million).

In 2020, there were a total of 47,555 transactions with the Tallinna Sadam share (2019: 9,412 transactions) in which 20.4 million shares (2019: 15.5 million shares) changed hands. The total turnover of the transactions was EUR 36.1 million (2019: EUR 31.1 million). The number of transactions has increased significantly year on year

because banks have lowered their transaction fees, which has triggered a surge in retail investors' trading activity. Turnover has increased as well but at a slower pace.

At 31 December 2020, the company had 15,433 shareholders (31 December 2019: 12,796 shareholders) but only the Republic of Estonia (through the Ministry of Economic Affairs and Communications) had an ownership interest exceeding 5%.

The five largest shareholders as at 31 December 2020 were:

Name of shareholder	Number of shares	Interest, %
Ministry of Economic Affairs and Communications	176,295,032	67.0%
State Street Bank and Trust Omnibus (USA)	9,850,682	3.7%
European Bank for Reconstruction and Development (EBRD)	9,350,000	3.6%
SEB Progressiivne Pensionifond	6,484,365	2.5%
LHV Pensionifond L	5,536,570	2.1%

The shareholder structure has changed somewhat compared to the end of 2019. The share of international investment funds has decreased from 14% to 12% (–5 million shares), the share of Estonian retail investors has increased from 10% to 12% (+5.2 million shares) and the share of Estonian and other Baltic investment and pension funds has remained more or less stable.

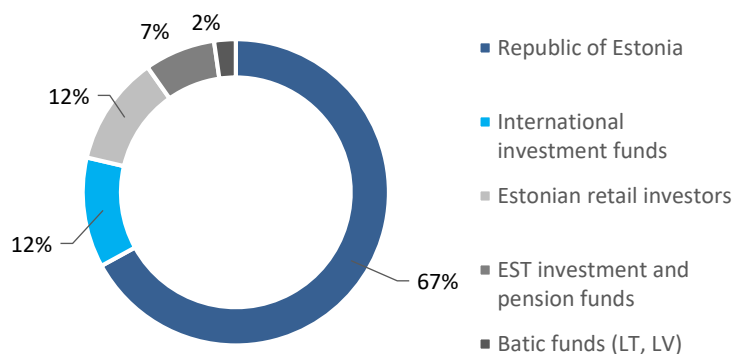


Chart: Shareholder structure as at 31 December 2020

DIVIDENDS

In 2020, we distributed shareholders a dividend of EUR 0.115 per share (2019: EUR 0.134), i.e. EUR 30.2 million in total (2019: EUR 35.2 million) on which we paid income tax of EUR 4.9 million (2019: EUR 5.8 million), the gross distribution amounting to EUR 35.1 million (2019: EUR 41.0 million).

The dividend policy of AS Tallinna Sadam sets the target to pay the shareholders regular post-tax dividends, which from 2021 should amount to at least 70% of the preceding year's profit, subject to market conditions, the company's growth and development plans, taking into account the need to maintain a reasonable level of liquidity and excluding the impact of non-recurring transactions. The target for the period 2019–2020 was to distribute a dividend of at least EUR 30 million per year. The target was met despite the COVID-19 pandemic, which had an unprecedented impact on the global economy in 2020.

CORPORATE GOVERNANCE

At 31 December 2020, AS Tallinna Sadam had two 100% owned subsidiaries, OÜ TS Shipping and OÜ TS Laevad, and a 51% interest in an associate, AS Green Marine.

The supervisory board is responsible for the strategic planning of the company's activities and supervising the activities of the management board. According to the Articles of Association of AS Tallinna Sadam, the supervisory board has six to eight members. At 31 December 2020, the supervisory board had eight members: Aare Tark (chairman), Ahti Kuningas, Maarika Honkonen, Raigo Uukkivi, Urmas Kaarlep, Üllar Jaaksoo, Riho Unt and Veiko Sepp, of whom six members are independent. Under the supervisory board, there is a four-member audit committee, which consists of members of the supervisory board and provides advice in supervisory matters.

The composition of the supervisory board and the audit committee did not change in the fourth quarter.

The management board is responsible for the day-to-day management of the company in accordance with the law and the Articles of Association. According to the Articles of Association, the management board may have two to five members. At 31 December 2020, the management board had three members: Valdo Kalm (chairman and CEO), Marko Raid (CFO) and Margus Vihman (CCO).

The composition of the management board did not change in the fourth quarter.

Further information about the company's corporate governance and members of the management and supervisory boards is presented on the Group's website and in its annual report for 2019.

The Group follows the principles of the Estonian Corporate Governance Code.

SIGNIFICANT EVENTS IN THE FOURTH QUARTER OF 2020

- 1. Compromise with AS ESTEVE on the termination of legal disputes.** Harju County Court issued orders, approving compromises on two legal disputes between AS ESTEVE and AS Tallinna Sadam as a result of which both pending legal disputes were terminated and AS ESTEVE will waive all claims against AS Tallinna Sadam. The disputes were related to AS Tallinna Sadam's early termination of AS ESTEVE's contracts for the provision of mooring services in the Old City Harbour and Paldiski South Harbour.
- 2. Appointment of the chairman of the management board of TS Laevad.** The supervisory board of OÜ TS Laevad, a subsidiary of AS Tallinna Sadam, appointed Indrek Randveer as the new chairman of the management board for a term of three years, effective from 4 January 2021.
- 3. Enlight Research started covering Tallinna Sadam.** Enlight Research, which analyses companies on the Nasdaq Baltic Stock Exchange, started covering AS Tallinna Sadam and published the initiation of coverage report. Investors can download the report and subsequent quarterly commentary free of charge from the Enlight Research website at www.enlightresearch.net.

- 4. Strategy update.** The supervisory board of AS Tallinna Sadam approved the company's strategy for the next five years (2021–2025). The main focus of the strategy is on implementing the company's vision – to become the most innovative port in the Baltic Sea region, meeting the expectations of owners, delivering on the dividend promise, promoting good corporate culture and ensuring sustainable development. An important element is an increased focus on sustainable development whose principles and long-term goals have been more closely integrated with the strategy in three areas – the environment, the economy and social responsibility. A summary of the strategy is available on the company's website.
- 5. Mapping of Tallinna Sadam's ecological footprint and measures to reduce greenhouse gas emissions.** In co-operation with the Estonian Maritime Academy, Tallinna Sadam conducted a study into the environmental impacts and greenhouse gas (GHG) emissions of its activities based on the data for 2019. This included developing a methodology for measuring GHG emissions, mapping the GHG emissions of 2019 and describing measures that could be implemented to reduce GHG emissions and achieve carbon neutrality by 2050. In 2019, the Group's total direct and indirect GHG emissions amounted to 27,069 tonnes of CO₂ equivalent.
- 6. Changes in the composition of the nomination committee.** In connection with the resignation of Veiko Tali, the chairman of the nomination committee of AS Tallinna Sadam, as the secretary general of the Ministry of Finance from January 2021 and, accordingly, as the chairman of the nomination committee of AS Tallinna Sadam, and to ensure continuity of work, on 8 December 2020 the nomination committee elected committee member Ando Leppiman as the new chairman of the nomination committee.
- 7. Completion of a parking structure for Terminal D.** A parking structure featuring one below-ground and four above-ground levels next to Terminal D was completed. The structure provides direct access to the terminal building and convenient boarding. The parking structure can accommodate up to 400 vehicles and is going to have up to 40 charging points for electric cars. AS Tallinna Sadam strives to reduce parking areas in public space and thereby to create more opportunities to design attractive urban space.
- 8. Past five years' largest cargo throughput.** In 2020, cargo throughput in the harbours of AS Tallinna Sadam grew by 7% to 21.3 million tonnes, which is the past five years' highest level. Growth was driven by a strong increase in liquid bulk cargo.

MANAGEMENT'S CONFIRMATION AND SIGNATURES

By authorising the unaudited interim condensed consolidated report as at and for the period ended 31 December 2020 for issue, the management board confirms that the information about AS Tallinna Sadam and the companies related to it, as set out on pages 17 to 34, is correct and complete and that:

1. the unaudited interim condensed consolidated financial statements have been prepared in accordance with the Estonian Accounting Act and International Financial Reporting Standards as adopted by the European Union (IFRS EU);
2. the unaudited interim condensed consolidated financial statements give a true and fair view of the financial position, cash flows and financial performance of the Group;
3. all significant events that occurred until the date on which the interim financial report was authorised for issue (25 February 2021) have been properly recognised and disclosed in the unaudited interim condensed consolidated financial statements;
4. AS Tallinna Sadam and its subsidiaries are going concerns

25 February 2021

Valdo Kalm
Chairman of the
Management Board

Marko Raid
Member of the
Management Board

Margus Vihman
Member of the
Management Board

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

In thousands of euros

As at	Note	31 December 2020	31 December 2019
ASSETS			
Current assets			
Cash and cash equivalents		26,679	35,183
Trade and other receivables	4	10,183	10,614
Inventories		360	408
<i>Total other current assets</i>		<i>37,222</i>	<i>46,205</i>
Non-current assets held for sale		114	142
Total current assets		37,336	46,347
Non-current assets			
Investments in an associate	5	1,147	1,609
Other long-term receivables	4	0	294
Property, plant and equipment	6	587,506	575,267
Intangible assets		2,104	2,015
Total non-current assets		590,757	579,185
Total assets		628,093	625,532
LIABILITIES			
Current liabilities			
Loans and borrowings	9	17,266	16,266
Derivative financial instruments		102	243
Provisions		1,289	1,915
Government grants		1,919	193
Taxes payable	7	744	893
Trade and other payables	8	9,149	11,755
Total current liabilities		30,469	31,265
Non-current liabilities			
Loans and borrowings	9	194,314	191,580
Government grants		26,145	24,754
Other payables	8	1,733	915
Total non-current liabilities		222,192	217,249
Total liabilities		252,661	248,514
EQUITY			
Share capital		263,000	263,000
Share premium		44,478	44,478
Statutory capital reserve		20,262	18,520
Hedge reserve		-102	-243
Retained earnings (prior periods)		19,276	6,859
Profit for the period		28,518	44,404
Total equity	10	375,432	377,018
Total liabilities and equity		628,093	625,532

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the 12 months ended 31 December**Consolidated statement of profit or loss**

In thousands of euros	Note	Q4 2020	Q4 2019	2020	2019
Revenue	11	25,303	30,005	107,358	130,536
Other income		223	229	3,015	1,017
Operating expenses	12	-7,576	-9,212	-30,858	-36,669
Personnel expenses		-5,426	-5,740	-19,491	-19,867
Depreciation, amortisation and impairment		-6,199	-6,125	-24,094	-23,037
Other expenses		-68	-77	-368	-301
Operating profit		6,257	9,080	35,562	51,679
Finance income and costs					
Finance income		7	13	36	42
Finance costs		-410	-463	-1,705	-1,797
Finance costs – net		-403	-450	-1,669	-1,755
Share of loss (-)/profit(+) of an associate accounted for under the equity method	5	-130	-173	-462	244
Profit before income tax		5,724	8,457	33,431	50,168
Income tax expense		0	0	-4,913	-5,764
Profit for the period		5,724	8,457	28,518	44,404
Attributable to:					
Owners of the Parent		5,724	8,457	28,518	44,404
Basic earnings and diluted earnings per share (in euros)					
	10	0.02	0.03	0.11	0.17
Basic earnings and diluted earnings per share – continuing operations (in euros)					
		0.02	0.03	0.11	0.17

Consolidated statement of other comprehensive income

In thousands of euros	Q4 2020	Q4 2019	2020	2019
Profit for the period	5,724	8,457	28,518	44,404
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net fair value gain on hedging instruments in cash flow hedges	37	106	141	182
Total other comprehensive income	37	106	141	182
Total comprehensive income for the period	5,761	8,563	28,659	44,586
Attributable to:				
Owners of the Parent	5,761	8,563	28,659	44,586

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the 12 months ended 31 December

In thousands of euros	Note	2020	2019
Cash receipts from sale of goods and services		114,378	138,690
Cash receipts related to other income		94	193
Payments to suppliers		-43,954	-47,210
Payments to and on behalf of employees		-15,713	-16,892
Payments for other expenses		-376	-377
Income tax paid on dividends		-4,913	-10,985
Cash from operating activities		49,516	63,419
Purchases of property, plant and equipment		-35,811	-27,965
Purchases of intangible assets		-661	-550
Proceeds from sale of property, plant and equipment		2,863	39
Government grants received		3,561	0
Dividends received		0	204
Interest received		15	28
Cash used in investing activities		-30,033	-28,244
Redemption of debt securities	9	-9,000	-9,000
Loans received	9	20,000	10,000
Repayments of loans received	9	-7,266	-6,766
Dividends paid		-30,008	-34,970
Interest paid		-1,694	-1,769
Other payments related to financing activities		-19	-50
Cash used in financing activities		-27 987	-42,555
NET CASH FLOW		-8,504	-7,380
Cash and cash equivalents at beginning of the period		35,183	42,563
Change in cash and cash equivalents		-8,504	-7,380
Cash and cash equivalents at end of the period		26,679	35,183

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 12 months ended 31 December

In thousands of euros	Share capital	Share premium	Statutory capital reserve	Hedge reserve	Retained earnings	Total equity attributable to owners of the Parent
Equity at 31 December 2018	263,000	44,478	18,520	-425	42,101	367,674
Profit for the period	0	0	0	0	44,404	44,404
Other comprehensive income for the period	0	0	0	182	0	182
<i>Total comprehensive income for the period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>182</i>	<i>44,404</i>	<i>44,586</i>
Dividends declared	0	0	0	0	-35,242	-35,242
<i>Total transactions with owners</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-35,242</i>	<i>-35,242</i>
Equity at 31 December 2019	263,000	44,478	18,520	-243	51,263	377,018
Profit for the period	0	0	0	0	28,518	28,518
Other comprehensive income for the period	0	0	0	141	0	141
<i>Total comprehensive income for the period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>141</i>	<i>28,518</i>	<i>28,659</i>
Dividends declared	0	0	0	0	-30,245	-30,245
<i>Total transactions with owners</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-30,245</i>	<i>-30,245</i>
Increase of capital reserve	0	0	1,742	0	-1,742	0
Equity at 31 December 2020	263,000	44,478	20,262	-102	47,794	375,432

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**1. REPORTING ENTITY**

AS Tallinna Sadam (also referred to as the 'Parent' or the 'Company') is a company incorporated and registered in the Republic of Estonia on 5 November 1996. The interim condensed consolidated financial statements of AS Tallinna Sadam as at and for the 12 months ended 31 December 2020 comprise the Parent and its subsidiaries (together referred to as the 'Group'). The Group's core business lines are rendering of port services in the capacity of a landlord port, providing passenger ferry service between Estonia's mainland and biggest islands and operating the multifunctional icebreaker Botnica.

The Group owns five harbours: Old City, Saaremaa, Muuga, Paljassaare and Paldiski South. The Old City Harbour in the centre of Tallinn together with the Old City Marina for small vessels that was opened in 2010 and the Saaremaa Harbour designed for receiving cruise ships provide mainly passenger harbour services. The Muuga Harbour, which is Estonia's largest cargo harbour, the Paldiski South Harbour and the Paljassaare Harbour that serves mostly ship repair companies provide mainly cargo harbour services. The Group has ceased active operations in the Paljassaare Harbour and is making preparations to exit from the harbour. In connection with this, in 2020 the Group sold a lot of assets belonging to the Paljassaare Harbour.

The Group's subsidiaries at 31 December 2020 and 31 December 2019:

Subsidiary	Domicile	Ownership interest (%)	Core business line
OÜ TS Shipping	Republic of Estonia	100	Rendering icebreaking and other offshore support services with the multi-functional icebreaker Botnica
OÜ TS Laevad	Republic of Estonia	100	Rendering domestic ferry service between Estonia's mainland and biggest islands

In addition, the Group has a 51% interest in the associate AS Green Marine but it does not have control over the entity's decision-making. In the Group's financial statements, the interest in the associate is accounted for using the equity method.

The address of the Parent's registered office is Sadama 25, Tallinn 15051, the Republic of Estonia.

The ultimate controlling party of AS Tallinna Sadam is the Republic of Estonia (ownership interest of 67.03% through the Ministry of Economic Affairs and Communications).

2. ACCOUNTING POLICIES

These interim condensed consolidated financial statements for the 12 months ended 31 December 2020 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes and explanations included in the Group's annual report for the year ended 31 December 2019. See note 2 to the consolidated financial statements in the annual report for 2019 for additional information about significant accounting policies.

The interim condensed consolidated financial statements have been prepared using the same accounting policies as those applied on the preparation of the Group's consolidated financial statements for 2019. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The interim condensed consolidated financial statements are presented in thousands of euros.

Changes in accounting policies

According to the interpretation of IAS 12 that was generally accepted in Estonia until recently, companies did not have to recognise deferred tax for investments in subsidiaries and associates domiciled in Estonia and countries whose income tax system is similar to that of Estonia in their consolidated financial statements. In June 2020, IFRS Interpretations Committee (IFRIC) decided, however, that entities preparing IFRS financial statements have to recognise the deferred tax associated with their investments in their consolidated financial statements even if the investments are in countries where income tax is paid only when profit is distributed.

Deferred tax is recognised for temporary differences that arise between the carrying amounts of assets and liabilities and their tax bases (the tax base is the amount attributed to an asset or liability for tax purposes).

Under Estonian laws, corporate profit for the year is not subject to taxation. The obligation to pay income tax arises on the distribution of profit and is recognised as an expense (in profit or loss for the period) when the dividend is declared. Due to the nature of the taxation system, companies registered in Estonia generally have no deferred tax assets or liabilities.

The Group incurs deferred tax liabilities only in connection with investments in entities domiciled in countries where profit for the year is subject to income tax and investments in subsidiaries and associates domiciled in Estonia except to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Examples of the reversal of taxable temporary differences include the distribution of a dividend, the disposal of an investment, and similar transactions.

Since the Group is able to control its subsidiaries' dividend policy and to block, where necessary, the profit distribution decisions of the associate AS Green Marine, it is able to control the timing of the reversal of the temporary differences associated with those investments.

AS Tallinna Sadam has decided not to distribute the profits of the subsidiaries and the associate AS Green Marine in the foreseeable future. Therefore, it has not recognised any deferred tax liabilities.

Note 2 continued

If profit is expected to be distributed in the foreseeable future, a deferred tax liability will be recognised for the planned profit distribution, assuming that at the reporting date there are sufficient funds to make the profit distribution and there is sufficient equity from which profit can be distributed in the foreseeable future.

The Group measures deferred tax liabilities using tax rates that, based on the tax rates enacted at the reporting date, are expected to apply to the taxable temporary differences in the periods in which the temporary differences are expected to reverse.

The change in the interpretation of the standard does not require the Group to recognise any deferred tax liabilities associated with profit distributions because the subsidiaries and the associate are not planning to distribute dividends in the foreseeable future.

3. OPERATING SEGMENTS

In thousands of euros	12 months 2020				
	Passenger harbours	Cargo harbours	Ferry	Other	Total
Vessel dues	17,614	19,990	0	0	37,604
Cargo charges	1,439	5,358	0	0	6,797
Passenger fees	6,883	156	0	0	7,039
Sale of electricity	584	3,882	0	0	4,466
Sale of ferry services – ticket sales	0	0	10,479	0	10,479
Sale of other services	654	994	51	69	1,768
Operating lease income	1,596	9,303	674	0	11,573
Charter fees	0	0	0	9,131	9,131
Sale of ferry services – government support	0	0	18,501	0	18,501
Total segment revenue* (note 11)	28,770	39,683	29,705	9,200	107,358
Adjusted segment EBITDA	15,140	25,377	14,101	3,805	58,423
Depreciation and amortisation	-6,604	-8,913	-5,892	-2,264	-23,673
Impairment losses	-69	-352	0	0	-421
Amortisation of government grants received	198	573	0	0	771
Share of loss of an associate accounted for under the equity method	0	0	0	462	462
Segment operating profit	8,665	16,685	8,209	2,003	35,562
Finance income and costs, net					-1,669
Share of loss of an associate accounted for under the equity method					-462
Income tax expense					-4,913
Profit for the period					28,518

* Total segment revenue represents revenue from external customers and excludes inter-segment revenue of EUR 82 thousand and EUR 114 thousand for the Passenger harbours and Cargo harbours segments, respectively, which was eliminated during consolidation.

Note 3 continued

In thousands of euros	12 months 2019				
	Passenger harbours	Cargo harbours	Ferry	Other	Total
Vessel dues	27,581	19,139	0	0	46,720
Cargo charges	1,475	5,666	0	0	7,141
Passenger fees	16,905	169	0	0	17,074
Sale of electricity	742	4,691	0	0	5,433
Sale of ferry services – ticket sales	0	0	11,583	0	11,583
Sale of other services	1,174	1,063	45	107	2,389
Operating lease income	1,949	9,385	626	0	11,960
Charter fees	0	0	0	9,665	9,665
Sale of ferry services – government support	0	0	18,571	0	18,571
Total segment revenue* (note 11)	49,826	40,113	30,825	9,772	130,536
Adjusted segment EBITDA	32,792	22,248	13,932	5,320	74,292
Depreciation and amortisation	–6,475	–8,468	–5,643	–2,204	–22,790
Impairment losses	–154	–93	0	0	–247
Amortisation of government grants received	204	464	0	0	668
Share of profit of an associate accounted for under the equity method	0	0	0	–244	–244
Segment operating profit	26,367	14,151	8,289	2,872	51,679
Finance income and costs, net					–1,755
Share of profit of an associate accounted for under the equity method					244
Income tax expense					–5,764
Profit for the period					44,404

* Total segment revenue represents revenue from external customers and excludes inter-segment revenue of EUR 51 thousand and EUR 154 thousand for the Passenger harbours and Cargo harbours segments, respectively, which was eliminated during consolidation.

4. TRADE AND OTHER RECEIVABLES

In thousands of euros

At	31 December 2020	31 December 2019
Financial assets		
Receivables from customers	7,820	8,849
Allowance for credit losses	–1,693	–2,160
Government grants receivable	2,487	2,287
Receivables from an associate (note 16)	15	36
Other receivables	278	320
Total financial assets	8,907	9,332
Non-financial assets		
Prepaid taxes	744	1,093
Other prepayments	487	470
Other receivables	45	13
Total non-financial assets	1,276	1,576
Total trade and other receivables	10,183	10,908
Of which current receivables	10,183	10,614
non-current receivables	0	294

Note 4 continued**Trade receivables – expected credit loss matrix**

In thousands of euros	Not past due	Days past due				Total
		0–30	31–60	61–90	>90	
At 31 December 2020						
Expected credit loss rate	0.80%	1.5%	3.0%	80.0%	100.0%	
Total trade and other receivables	5,713	460	6	6	1,636	7,820
Lifetime expected credit loss (ECL)	–46	–7	0	–4	–1,636	–1,693
						6,127
At 31 December 2019						
Expected credit loss rate	0.8%	1.5%	3.0%	80.0%	100.0%	
Total trade and other receivables	6,220	467	52	45	2,065	8,849
Lifetime expected credit loss (ECL)	–50	–7	–2	–36	–2,065	–2,160
						6,689

5. INVESTMENTS IN AN ASSOCIATE

In thousands of euros		
For the 12 months ended 31 December	2020	2019
Income	3,055	5,307
Expenses	3,870	4,695
Net loss (-)/profit (+)	–856	500

In thousands of euros		
At 31 December	2020	2019
Net assets of the associate	2,249	3,154
The Group's ownership interest in the associate, %	51%	51%
Carrying amount of the Group's investment in the associate in the Group's statement of financial position	1,147	1,609

The associate did not distribute any dividends in 2020. Dividends received from the associate in 2019 amounted to EUR 204 thousand.

6. PROPERTY, PLANT AND EQUIPMENT

In thousands of euros	Land and buildings	Plant and equipment	Other items of property, plant and equipment	Assets under construction	Pre-payments	Total
At 31 December 2019						
Cost	614,182	240,253	7,399	7,699	5,504	875,037
Accumulated depreciation and impairment losses	-216,471	-78,121	-5,177	0	0	-299,769
Carrying amount at 31 December 2019	397,711	162,132	2,221	7,699	5,504	575,267
<i>Movements in 2020</i>						
Acquisition and reconstruction	327	2,174	1,377	32,592	0	36,470
Sold at carrying amount	-591	-40	0	0	0	-631
Depreciation charge	-11,599	-10,857	-638	0	0	-23,094
Impairment losses	-237	-184	0	0	0	-421
Transferred to non-current assets held for sale at carrying amount	-74	0	0	0	0	-74
Other adjustments	0	0	0	0	-11	-11
Reclassified at carrying amount	14,529	5,612	89	-14,737	-5,493	0
At 31 December 2020						
Cost	627,291	246,929	8,614	25,554	0	908,388
Accumulated depreciation and impairment losses	-227,225	-88,092	-5,565	0	0	-320,882
Carrying amount at 31 December 2020	400,066	158,837	3,049	25,554	0	587,506

7. TAXES PAYABLE

At 31 December 2020, the Group's taxes payable amounted to EUR 744 thousand (31 December 2019: EUR 893 thousand).

8. TRADE AND OTHER PAYABLES

In thousands of euros		
At 31 December	2020	2019
Financial liabilities		
Trade payables	5,764	5,281
Interest payable	388	405
Payables to an associate (note 16)	78	127
Other payables	676	4,011
Total financial liabilities	6,906	9,824
Non-financial liabilities		
Payables to employees	1,233	1,092
Accrued taxes payable on remuneration	621	596
Payables related to contracts with customers (note 11)	925	946
Advances for goods and services	414	212
Other payables	783	0
Total non-financial liabilities	3,976	2,846
Total trade and other payables	10,882	12,670
Of which current liabilities	9,149	11,755
non-current liabilities	1,733	915

9. LOANS AND BORROWINGS

In thousands of euros		
At 31 December	2020	2019
Current portion		
Loans and borrowings	8,266	7,266
Debt securities	9,000	9,000
Total current portion	17,266	16,266
Non-current portion		
Loans and borrowings	54,064	42,330
Debt securities	140,250	149,250
Total non-current portion	194,314	191,580
Total loans and borrowings	211,580	207,846

Debt securities

All debt securities have been issued in euros and have floating interest rates (base rate of 3-month or 6-month Euribor plus a fixed risk margin). At 31 December 2020, AS Tallinna Sadam had two debt security issues with final maturities in 2026 and 2027. Principal payments made in accordance with payment schedules in 2020 totalled EUR 9,000 thousand (2019: EUR 9,000 thousand). At 31 December 2020, the weighted average interest rate of the debt securities was 0.54% (31 December 2019: 0.63%). The interest rate risk of debt securities issued has not been hedged with interest rate swaps

Note 9 continued**Loans**

All loan agreements are denominated in euros and have floating interest rates (the base rate is 6-month Euribor). The final maturities of outstanding loan liabilities fall in the period 2024 to 2029. Principal repayments made in the 12-month period ended 31 December 2020 amounted to EUR 7,266 thousand (12-month period ended 31 December 2019: EUR 6,766 thousand).

In the second quarter a loan agreement was signed with SEB Pank according to which AS Tallinna Sadam could take a loan of EUR 20 million of which EUR 10 million could be drawn before 30 July 2020 and EUR 10 million could be drawn before 31 December 2020. The first portion of EUR 10 million was drawn in July 2020 and the second portion, also EUR 10 million, was drawn in October 2020. The base interest rate of the new loan is also 6-month Euribor.

At 31 December 2020, the weighted average interest rate of drawn loans was 0.89% (31 December 2019: 0.68%). Considering the effect of derivative transactions used to hedge interest rate risk, at 31 December 2020 the average interest rate of loans was 1.24% (31 December 2019: 1.38%).

Contractual maturities of loans and borrowings

In thousands of euros

At 31 December	2020	2019
< 6 months	3,383	3,383
6 – 12 months	13,883	12,883
1 – 5 years	127,064	63,064
> 5 years	67,250	128,516
Total loans and borrowings	211,580	207,846

Fair value

The fair value of loans and borrowings was calculated using the discounted cash flow method. The expected future cash flows were estimated based on future interest rates (extrapolated from observable corporate bond yield curves and 3-month and 6-month Euribor swap rates at the end of the reporting period) and contractual interest rates, which were discounted at a rate reflecting the Group's credit risk.

As at 31 December 2020, the fair value of financial liabilities calculated using the discounted cash flow method was 2.2% lower than their carrying amount (31 December 2019: 7.2% lower).

All derivative financial instruments are measured at fair value in the statement of financial position. The fair value of derivatives is estimated on a monthly basis using pricing provided by banks based on the forward-looking yield curves of interest rate swap transactions from market information providers. In the fair value hierarchy, this qualifies as a level 2 measurement.

All loan and debt securities agreements currently in force are unsecured, i.e. no assets have been pledged to cover the liabilities. The debt securities are not listed. The Group's loan agreements include covenants that set certain limits for the Group's consolidated financial indicators. At 31 December 2020 and 31 December 2019, the Group was in compliance with all covenants that set requirements to its financial indicators.

10. EQUITY

Share capital and share premium

At 31 December 2020, AS Tallinna Sadam had 263,000,000 registered ordinary shares (31 December 2019: 263,000,000 shares), of which 67.03% were held by the Republic of Estonia (through the Ministry of Economic Affairs and Communications) and 32.97% were held by Estonian and international investment funds, banks, pension funds and retail investors. The par value of a share is EUR 1.

The maximum number of ordinary shares stipulated in the Articles of Association of AS Tallinna Sadam is 664,000,000 (in the comparative period in 2019: 664,000,000). At 31 December 2020 and 31 December 2019 all shares issued had been fully paid for.

Earnings per share

	Q4 2020	Q4 2019	2020	2019
Weighted average number of shares	263,000,000	263,000,000	263,000,000	263,000,000
Consolidated net profit for the period (in thousands of euros)	5,724	8,457	28,518	44,404
Basic and diluted earnings per share (in euros)	0.02	0.03	0.11	0.17

Based on the resolution of the annual general meeting of 29 June 2020, in 2020 the Group paid a dividend of EUR 0.115 per share and EUR 30,245 thousand in total for 2019. The list of shareholders entitled to receive the dividend was determined on 13 July 2020 (the ex-dividend date was 10 July 2020) and the dividend was paid out to the shareholders on 20 July 2020 (through Nasdaq CSD).

11. REVENUE

In thousands of euros	2020	2019
Revenue from contracts with customers		
Vessel dues	37,604	46,720
Cargo charges	6,797	7,141
Passenger fees	7,039	17,074
Sale of electricity	4,466	5,433
Sale of ferry services – ticket sales	10,479	11,583
Sale of other services	1,768	2,389
Total revenue from contracts with customers	68,153	90,340
Revenue from other sources		
Operating lease income	11,573	11,960
Charter fees	9,131	9,665
Sale of ferry services – government support	18,501	18,571
Total revenue from other sources	39,205	40,196
Total revenue (note 3)	107,358	130,536

Note 11 continued

In 2020, revenue from services provided in Estonia and Canada amounted to EUR 103,095 thousand and EUR 4,263 thousand (including charter fees of EUR 4,194 thousand), respectively. In 2019, revenue from services provided in Estonia and Canada amounted to EUR 125,578 thousand and EUR 4,958 thousand (including charter fees of EUR 4,854 thousand), respectively.

Vessel dues include the tonnage charge, which is calculated on the basis of the gross tonnage of a vessel for each port call. For vessels visiting the port based on a pre-agreed schedule that have a prospective volume discount during the year, the transaction price is allocated between the tonnage services and the option for discounted tonnage services based on the estimated total number of port calls by that vessel during the calendar year. Revenue from tonnage charges is recognised based on the annual average (estimated) rates and the actual volumes (the number of port calls) for the period.

The agreements signed with cargo operators generally set out a minimum annual cargo volume. If the cargo operator handles less than the minimum, the Group has the right to charge the customer at the end of the calendar year based on the agreed minimum annual cargo volume.

When connecting to the electricity network, customers pay a connection fee based on the expenses incurred in connecting to the network. The connection service does not represent a separate performance obligation as the customer does not benefit from this service separately from the consumption of electricity. Therefore, connection fees form part of the consideration for electricity and are recognised as revenue over the period during which customers consume electricity. Amounts received for connection fees not yet included in revenue are recognised in the statement of financial position as contract liabilities. At 31 December 2020, such liabilities amounted to EUR 892 thousand (31 December 2019: EUR 913 thousand).

Revenue from ticket sales is recognised over time, as the ferry transfers the passengers and/or vehicles which happens in a single day, or at the point in time when the ticket expires. Consideration received from tickets sold for trips not yet performed is deferred and recognised in the statement of financial position as a contract liability. At 31 December 2020, such liabilities amounted to EUR 33 thousand (31 December 2019: EUR 33 thousand).

12. OPERATING EXPENSES

In thousands of euros	2020	2019
Fuel, oil and energy costs	8,440	11,388
Technical maintenance and repair of non-current assets	5,142	7,022
Services purchased for infrastructure	2,875	2,780
Tax expenses	2,738	2,762
Consultation and development expenses	647	757
Services purchased	4,410	5,523
Acquisition and maintenance of assets of insignificant value	1,733	1,269
Advertising expenses	229	349
Lease expenses	562	566
Expenses on short-term leases	12	581
Insurance expenses	767	809
Other operating expenses	3,303	2,863
Total operating expenses	30,858	36,669

13. COMMITMENTS

At 31 December 2020, the Group's contractual commitments related to the acquisition of property, plant and equipment, repairs, and research and development expenditures totalled EUR 9,448 thousand (31 December 2019: EUR 19,810 thousand).

14. CONTINGENT LIABILITIES

In June 2019, the court accepted a statement of claim for damages of EUR 23.8 million in total filed against Group companies OÜ TS Laevad and OÜ TS Shipping in relation to alleged unjustified use of confidential information in a public tender to provide public passenger transport service on the Saaremaa and Hiiumaa routes. The statement of claim is identical to the one filed by the same plaintiffs in a previous civil case which was dismissed by Harju County Court on 8 March 2019 because the plaintiffs did not provide security of EUR 14,000 in total ordered by the court for covering the estimated costs of the proceedings.

The Group did not admit guilt and is defending itself in the action. The management board believes that the claim is not substantiated and legal advice indicates that it is not probable that a liability will arise. Thus, the management board has not considered it necessary to recognise a provision for the claim.

Due to a significant decrease in cargo volumes handled, one of the Group's long-term customers has lodged a claim to void select conditions in a long-term cooperation contract concluded between the Group and the customer retrospectively as from 1 January 2015. The conditions set out the minimum cargo volume that the customer is required to handle each calendar year as well as the customer's minimum annual cargo charge obligation, which are related to the contractual penalty charged for failure to meet the minimum cargo charge obligation.

Note 14 continued

The customer's contractual penalties for failure to meet the minimum cargo charge obligation in the years 2015–2017 amount to EUR 0.45 million. The customer's minimum annual cargo charge obligation is EUR 0.31 million. On 19 January 2021 Harju County Court decided that the statement of claim is to be denied and procedural expenses are to be borne by the customer. The decision has not entered into force because the customer has filed an appeal against it.

At the end of 2019, the customer filed an application to the Competition Authority, requesting the initiation of supervision proceedings in connection with the same claim to establish whether the Group has violated the Competition Act. The supervision proceedings by the Competition Authority are still ongoing.

The management board believes that the claim is not substantiated and legal advice indicates that it is not probable that a liability will arise. Thus, the management board has not considered it necessary to recognise a provision for the claim.

15. INVESTIGATIONS CONCERNING THE GROUP

On 26 August 2015, the Estonian Internal Security Service detained Ain Kaljurand and Allan Kiil, long-term members of the management board of the Group's Parent, AS Tallinna Sadam, as they are suspected of large-scale bribery during several prior years.

After long-term investigation, on 31 July 2017 the Group filed a civil action lawsuit against Ain Kaljurand, Allan Kiil and other private and legal persons involved in the episodes under investigation. By the order of Harju County Court dated 19 November 2018, the civil action was included in the criminal proceedings against the above persons. On 28 October 2020, Harju County Court issued an order terminating the criminal proceedings concerning Allan Kiil in connection with his terminal illness and rejected the application to involve Allan Kiil as a civil defendant and/or a third party. On 17 December 2020, Tallinn Circuit Court issued an order by which it partially annulled the order of Harju County Court of 28 October 2020 and granted the application filed by the victims, AS Tallinna Sadam and TS Laevad OÜ, to involve Allan Kiil in the criminal proceedings as a civil defendant, required that the conduct of proceedings in the civil action lawsuit of the victims, AS Tallinna Sadam and TS Laevad OÜ, against Allan Kiil be continued, did not amend the action securing measure applied by the order of Harju County Court of 5 March 2020, and maintained the seizure of the property of Allan Kiil. The order has not yet entered into force. At the date of release of these financial statements, court hearings in the criminal matter are ongoing and the court case concerning the other accused persons continues.

Based on information available at the reporting date, the management board believes that the above events will not have any material adverse impact on the Group's financial performance or financial position. However, they may continue to cause significant damage to the Group's reputation.

16. RELATED PARTY TRANSACTIONS

The Republic of Estonia (through the Ministry of Economic Affairs and Communications) holds 67.03% of the shares in AS Tallinna Sadam.

In thousands of euros	2020	2019
Transactions with an associate		
Revenue	164	238
Operating expenses	1,004	2,426
Transactions with companies in which members of supervisory and management boards of group companies have significant influence		
Operating expenses	9	15
Other expenses	22	22
Transactions with government agencies and companies in which the state has control		
Revenue	24,110	24,117
Other income	66	10
Operating expenses	6,772	7,747
Other expenses	57	15
Acquisition of property, plant and equipment	64	2,579

In thousands of euros	2020	2019
At 31 December		
Trade receivables from and payables to an associate		
Receivables (note 4)	15	36
Payables (note 8)	78	127
Trade receivables from and payables to companies in which members of supervisory and management boards of group companies have significant influence		
Receivables	2	4
Payables	1	1
Trade receivables from and payables to government agencies and companies in which the state has control		
Receivables	245	412
Payables	1,331	1,202

All purchases and sales of services were transactions conducted in the ordinary course of business on an arm's length basis.

Revenue and operating expenses from transactions with related parties comprise revenue and expenses from sales and purchases of business-related services.

Information presented about companies in which members of the supervisory and management boards of group companies have significant influence is based on the information provided by related parties.

17. EVENTS AFTER THE REPORTING PERIOD

OÜ TS Shipping, a subsidiary of AS Tallinna Sadam, won the public tender organised by the Estonian Transport Administration for the delivery of icebreaking service and ensuring navigation in the Gulf of Finland during the period 20 December 2022 to 20 April 2032. Similarly to the previous 10-year charter agreement, the multifunctional icebreaker Botnica will deliver icebreaking service in Estonia's coastal waters annually from 20 December to 20 April. The contract will be signed in the near future in accordance with the terms and conditions of the tender and the offer made.

The total estimated contract price is EUR 54.2 million, that is EUR 5.4 million per year. Starting from the season of 2025/2026, the contractual fee may be indexed to the Estonian consumer price index, but the annual change, if any, may not exceed 3%. The contractual fee is fixed, that is the Transport Administration will pay for all charter days, regardless of whether or not the icebreaker is used for icebreaking.

Compared to the previous 10-year icebreaking contract, there is a new requirement to provide a replacement vessel for delivering the service within 10 days should Botnica, the vessel specified the contract, be out of commission. We will mitigate this risk, among other things, by improving the reliability of Botnica's critical systems.