

**TALLINNA  SADAM**

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**Unaudited interim condensed consolidated  
report for the  
6 months ended 30 June 2021**

AS Tallinna Sadam

**AS TALLINNA SADAM****UNAUDITED INTERIM CONDENSED CONSOLIDATED REPORT  
FOR THE 6 MONTHS ENDED 30 JUNE 2021**

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<b>End of financial year</b>	<b>31 December</b>
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<b>Auditor</b>	<b>KPMG Baltics OÜ</b>

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**MANAGEMENT REPORT****KEY PERFORMANCE INDICATORS OF THE GROUP**

Indicator	Unit	6 months 2021	6 months 2020	Difference	Change %	Q2 2021	Q2 2020	Difference	Change %
Revenue	EUR '000	49,248	50,289	-1,041	-2.1%	24,260	22,399	1,861	8.3%
Operating profit	EUR '000	12,439	15,113	-2,674	-17.7%	5,218	4,598	620	13.5%
Adjusted EBITDA	EUR '000	24,153	26,394	-2,241	-8.5%	11,132	10,222	910	8.9%
Depreciation, amortisation and impairment	EUR '000	-12,098	-11,912	-186	1.6%	-6,076	-5,924	-152	2.6%
Income tax	EUR '000	-3,275	-4,913	1,638	-33.3%	-3,275	-4,913	1,638	-33.3%
Profit/loss for the period	EUR '000	8,501	9,151	-650	-7.1%	1,657	-831	2,488	-299.4%
Investment	EUR '000	7,930	17,382	-9,452	-54.4%	4,290	8,625	-4,335	-50.3%
Number of employees (average)		467	471	-4	-0.8%	472	468	4	0.9%
Cargo volume	t '000	11,168	10,235	933	9.1%	5,893	5,421	472	8.7%
Number of passengers	'000	969	2,083	-1,114	-53.5%	596	531	65	12.2%
Number of vessel calls		3,514	3,197	317	9.9%	1,836	1,612	224	13.9%
Total assets at period-end	EUR '000	618,631	640,662	-22,031	-3.4%	618,631	640,662	-22,031	-3.4%
Net debt <sup>1</sup> at period-end	EUR '000	187,806	160,132	27,674	17.3%	187,806	160,132	27,674	17.3%
Equity at period-end	EUR '000	363,755	355,994	7,761	2.2%	363,755	355,994	7,761	2.2%
Number of shares at period-end	'000	263,000	263,000	0	0.0%	263,000	263,000	0	0.0%
Operating profit/revenue		25.3%	30.1%			21.5%	20.5%		
Adjusted EBITDA/revenue		49.0%	52.5%			45.9%	45.6%		
Profit or loss for the period/ revenue		17.3%	18.2%			6.8%	-3.7%		
EPS: Profit or loss for the period/ average number of shares	EUR	0.03	0.03	0.00	-7.1%	0.01	0.00	0.01	-299.4%
Equity/number of shares at end of period	EUR	1.38	1.35	0.03	2.2%	1.38	1.35	0.03	2.2%

The Group's results for the first half of 2021 were strongly influenced by cross-border travel restrictions between countries put in place due to the COVID-19 pandemic, which had a particularly strong effect on the performance of the Passenger harbours segment. As a result of the restrictions, the number of passengers<sup>2</sup> dropped sharply in the first quarter, because there were practically no restrictions yet in the same period last year, and remained low through the second quarter, similarly to the previous year. The number of port calls by ferries grew somewhat year on year but, like last year, there were no port calls by cruise ships in the first half of the year. Cargo throughput continued to grow vigorously through growth in dry bulk and ro-ro cargo.

Six-month revenue declined by EUR 1.0 million (-2.1%) to EUR 49.2 million, mainly through a decline in the number of passengers. Expenses related to operating activities remained stable year on year (up EUR 0.3 million; 0.8%). Other income decreased by EUR 1.3 million because the figure for the comparative period included a one-off gain on the disposal of the assets of Paljassaare Harbour (the Cargo harbours segment).

<sup>1</sup> Net debt = loans and borrowings less cash and cash equivalents

<sup>2</sup> The number of passengers does not include passengers of the Ferry segment who travelled between Estonia's mainland and two biggest islands.

The Group's six-month operating profit decreased by EUR 2.7 million. Net profit for the half-year was EUR 8.5 million, EUR 0.7 million lower than a year earlier. Profit before income tax declined by EUR 2.3 million. Income tax on dividends decreased by EUR 1.6 million because the Group paid a smaller dividend: EUR 20.25 million compared with EUR 30.2 million a year earlier. Adjusted EBITDA<sup>3</sup> decreased by EUR 2.2 million.

In the second quarter of 2021, the number of passengers served increased by 12.2% and the volume of cargo handled grew by 8.7% year on year. Despite growth, the number of passengers remained small. The number of port calls by ferries also increased year on year, partly because last year's comparative figure was very low. Growth in business volumes increased revenue and improved the Group's profit figures, including adjusted EBITDA. The Group's revenue grew by 8.3% to EUR 24.3 million and profit for the period increased by EUR 2.5 million to EUR 1.7 million. Profit before tax grew by EUR 0.9 million to EUR 4.9 million.

### OPERATING VOLUMES

Cargo throughput at the Group's harbours in the first half of 2021 totalled 11.2 million tonnes, an increase of 0.9 million tonnes (9.1%) compared with the same period last year. In terms of cargo types, the biggest change was in dry bulk cargo, which grew by 647 thousand tonnes (38%) (to the past 10 years' highest level), mainly through growth in the volumes of fertilizers, grain and wood pellets. Ro-ro cargo continued to grow rapidly, rising by 537 thousand tonnes (20%) to 3.2 million tonnes. This marks a new record, which exceeds the previous one from three years earlier by a strong 0.5 million tonnes. Growth was supported by busier ferry schedules on the Muuga-Vuosaari route and continuing demand for road transport. The volume of liquid bulk cargo decreased by nearly 300 thousand tonnes (-6.3%) due to fierce competition for the cargo left over from Russian ports. The volume of container cargo grew by 37 thousand tonnes (4.2%) (5.5 thousand units, 5.2% in TEUs). The volume of general cargo did not change significantly.

In the second quarter, the Group's harbours handled 5.9 million tonnes of cargo, roughly 0.5 million tonnes (8.7%) more than in the second quarter of 2020. Growth resulted from a rise in ro-ro and dry bulk cargo that grew by 329 thousand tonnes and 312 thousand tonnes (24% and 33%), respectively, the impact of which was reduced by a decrease of 203 thousand tonnes (-7.9%) in the volume of liquid bulk cargo. The volume of container cargo grew by 52 thousand tonnes (12%) (3.9 thousand units, 7.2% in TEUs).

The number of passengers served in the first six months dropped by 1.1 million (-54%) year on year to a mere 0.97 million. The decline is attributable to the first quarter because there were no COVID-19-related travel restrictions in the first quarter of 2020 until mid-March. The number of passengers fell on the Tallinn-Helsinki and Tallinn-Stockholm routes. There were no cruise passengers in the reporting or the comparative period.

The number of passengers served in the second quarter grew due to the impact of the Tallinn-Helsinki route by 12.3% to 596 thousand, which is still a very low level.

The ferries operated by TS Laevad OÜ (the Ferry segment) made 10,091 trips between the mainland and the two largest islands in the first half of 2021, 1,210 trips (13.6%) more than a year earlier because passenger traffic on the routes was suspended from the second half of March to early May 2020 due to COVID-19-related restrictions.

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<sup>3</sup> Adjusted EBITDA = profit before depreciation, amortisation and impairment losses, finance income and costs, and income tax expense, adjusted for amortisation of government grants related to assets

As a result, the number of trips was reduced. The number of trips made in the second quarter was 5,786, which is 967 (20%) more than a year earlier.

The icebreaker Botnica (the segment Other) operated by TS Shipping had 115 charter days (contractual working days) in the first half-year, one less than in the same period last year because the year 2020 was a leap year with an extra day in February. The vessel's first-quarter utilisation rate was 63% both in 2021 and 2020. In the second quarter, the number of charter days was 24 and the utilisation rate was 26%, the same as a year earlier.

## REVENUE, EXPENSES AND PROFIT

**Revenue** for the first six months of 2021 was EUR 49.2 million, EUR 1.0 million (–2.1%) down from a year earlier. The decrease is attributable to the first quarter because there were no COVID-19-related restrictions or impacts at the beginning of last year. Revenue for the second quarter grew by EUR 1.9 million (8.3%).

In terms of revenue streams, the biggest change in the first half-year occurred in **passenger fees revenue**, which dropped by EUR 1.8 million (–53%) proportionately to the decline in the number of passengers. **Vessel dues revenue** decreased by EUR 0.34 million (–2.0%) to EUR 16.3 million. Due to changes in cargo volumes and growing price competition, revenue from tankers decreased significantly. To an extent, this was offset by growth in revenue from dry bulk vessels. Revenue from ferries also grew because the number of port calls increased mostly on the routes mainly designed for ro-ro cargo, and also on the Tallinn-Helsinki route. Vessel dues revenue was also supported by the wintering and extended mooring of some cruise ships at Old City Harbour (the Passenger harbours segment) because due to COVID-19-related restrictions there was no usual cruise ship traffic in the Baltic Sea in the first half of the year. Other revenue streams increased, the **sale of electricity** growing the most: by EUR 0.62 million (28%) through a higher electricity price and larger consumption at passenger and cargo harbours. Both electricity sales (as an agent) and distribution grew because the Group began to provide a new service in the Passenger harbours segment: supplying ferries moored with onshore power. **Cargo charge revenue** grew by EUR 0.22 million (7.3%) through growth in cargo volumes. **Revenue from operating leases** grew by EUR 0.15 million (2.7%), mainly due to a low comparative figure in the Ferry segment where passenger traffic in the second quarter of 2020 dropped due to pandemic-related travel restrictions. **Revenue from the provision of public ferry service**<sup>4</sup> grew by EUR 0.10 million due to the combined effect of divergent changes: revenue was increased by a smaller number of trips in the comparative period (due to restrictions) and the indexation of the fees to the Estonian consumer price and employment cost indices, and reduced by a decline in the fuel price index. Changes in other revenues were less significant. In segment terms, six-month revenue increased in the Cargo harbours and the Ferry segment, and decreased primarily in the Passenger harbours segment and somewhat in the segment Other.

**Other income** for six months decreased by EUR 1.3 million year on year mainly because in the first half of 2020 the Group recognised a one-off sales gain on the disposal of the last assets used in the port operations of Paljassaare Harbour (the Cargo harbours segment). Other income for the second quarter grew by EUR 0.13 million.

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<sup>4</sup> Ferry service between Estonia's mainland and two largest islands

**Operating expenses** for the first six months did not change significantly, decreasing by EUR 0.17 million (–1.1%). In terms of items, changes varied. Other operating expenses decreased (by EUR 0.53 million), mainly because in the comparative period expenses on doubtful receivables were larger than usual. Expenses on the acquisition of assets of insignificant value decreased because last year there were one-off expenses related to the implementation of phase 1 in the reconstruction of passenger terminal D at Old City Harbour. The largest growth in operating expenses was in fuel and energy costs (EUR 0.48 million) because the sales of electricity and electricity distribution service in harbours grew and the electricity price increased. Expenses on services purchased grew for the management of ship-generated waste as well as for port services in connection with a rise in passenger traffic in the Ferry segment. Non-current asset repair costs grew by EUR 0.12 million in the Passenger harbours segment and the Ferry segment but the increase was offset by a decrease in the segment Other. Operating expenses for the second quarter increased by EUR 0.9 million (12%). The increase was the largest in harbour operations and the Ferry segment.

**Personnel expenses** for six months grew slightly, rising by EUR 0.3 million (2.7%), mainly through growth in employee remuneration. The effect was reduced by the reversal of an unused bonus provision. The figure for the second quarter increased by EUR 0.3 million (6.1%). In the first six months, the average number of the Groups' employees decreased from 471 to 467 (–0.8%) year on year.

**Depreciation, amortisation and impairment expenses** for the first half-year grew by EUR 0.19 million (1.6%) year on year. Last year's figure included one-off impairment losses of EUR 0.24 million, resulting mainly from the write-down of assets retired in connection with the Group's exit from Paljassaare Harbour (the Cargo harbours segment) and the write-off of assets demolished during construction work at Old City Harbour. Expenses for the second quarter increased by EUR 0.15 million (2.6%).

**Operating profit** for the first six months decreased by EUR 2.7 million (–18%) due to a decline in other income and revenue (EUR 1.3 million and EUR 1.0 million, respectively) and a slight increase in expenses (operating expenses, personnel expenses, and depreciation, amortisation and impairment expenses of EUR 0.3 million in total). The Group's operating margin dropped from 30.1% to 25.3% because the decrease in operating profit exceeded the decline in revenue. Operating profit decreased mainly due to the effect of the first quarter. Operating profit for the second quarter grew by EUR 0.6 million (13.5%) because the increase in revenue and other income (EUR 1.9 million) exceeded the increase in expenses (EUR 1.3 million). Operating margin for the second quarter increased from 20.5% to 21.5%.

**Adjusted EBITDA** decreased by EUR 2.2 million to EUR 24.2 million, primarily due to the impacts of the Passenger harbours segment, where the decrease was EUR 1.6 million, and the Cargo harbours segment (EUR –1.0 million), which earned a one-off sales gain on the disposal of the assets of Paljassaare Harbour last year. Adjusted EBITDA for the second quarter grew by EUR 0.9 million, mainly through the impacts of the Passenger harbours segment (EUR 0.6 million) as well as the Cargo harbours segment and the segment Other (EUR 0.15 million each).

Adjusted EBITDA margin for the first six months declined from 52.5% to 49.0%. The margin for the second quarter improved slightly, rising from 45.6% to 45.9%.

**Finance costs (net)** for six months declined by EUR 86 thousand (–11%) through a drop in the average interest rate. The decrease occurred mostly in the second quarter when the costs declined by EUR 76 thousand (–18%).

**Profit** before tax for the first six months decreased by EUR 2.3 million (–16%) year on year to EUR 11.8 million. Profit decreased less than operating profit because the result of the Group’s equity-accounted associate Green Marine improved by EUR 0.3 million.

In the second quarter of 2021, the Group declared a dividend of EUR 20.25 million. Related income tax expense amounted to EUR 3.28 million, EUR 1.64 million less than in the previous year when the Group declared a dividend of EUR 30.2 million. Profit for six months (EUR 8.5 million) was EUR 0.7 million smaller than the figure for the comparative period (EUR 9.2 million). Profit for the second quarter (EUR 1.7 million) exceeded the figure for the comparative period (a loss) by EUR 2.5 million, while profit before tax exceeded the figure for the comparative period by around EUR 0.9 million.

## INVESTMENTS

In the first six months of 2021, the Group invested EUR 7.9 million, significantly less than in the same period last year (EUR 17.4 million). Investments of the period were mostly related to the completion of the construction of a cruise terminal and a promenade and the construction of a footbridge at Old City Harbour. Investments of the second quarter totalled EUR 4.3 million (Q2 2020: EUR 8.6 million).

## SEGMENT REPORTING

In thousands of euros	6 months 2021					6 months 2020				
	Passenger harbours	Cargo harbours	Ferry	Other	Total	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	10,664	19,392	14,647	4,545	49,248	12,536	18,743	14,420	4,590	50,289
Adjusted EBITDA	4,290	10,986	6,441	2,435	24,153	5,873	11,984	6,718	1,819	26,394
Operating profit	971	6,690	3,453	1,325	12,439	2,679	7,672	3,810	952	15,113
Adjusted EBITDA margin	40.2%	56.7%	44.0%	53.6%	49.0%	46.8%	63.9%	46.6%	39.6%	52.5%

In thousands of euros	Change for 6 months				
	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	–1,872	649	227	–45	–1,041
Adjusted EBITDA	–1,582	–998	–277	616	–2,241
Operating profit	–1,708	–982	–357	373	–2,674



In thousands of euros	Q2 2021					Q2 2020				
	Passenger harbours	Cargo harbours	Ferry	Other	Total	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	5,701	9,818	7,809	932	24,260	4,644	9,440	7,377	938	22,399
Adjusted EBITDA	2,469	5,400	3,447	-185	11,132	1,830	5,249	3,473	-330	10,222
Operating profit/loss	798	3,252	1,952	-783	5,219	264	3,120	2,009	-795	4,598
Adjusted EBITDA margin	43.3%	55.0%	44.1%	-19.8%	45.9%	39.4%	55.6%	47.1%	-35.2%	45.6%

In thousands of euros	Change for Q2				
	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	1,057	378	432	-6	1,861
Adjusted EBITDA	639	151	-26	145	910
Operating profit/loss	534	132	-57	12	621

In terms of segments, the largest year-on-year change in six-month revenue occurred in the Passenger harbours segment (EUR -1.9 million, -15%), followed by growth in the Cargo harbours segment (EUR 0.7 million, 3.5%) and the Ferry segment (EUR 0.2 million, 1.6%), and a slight decline in the segment Other (EUR -0.05 million, -1.0%). Second-quarter revenue grew in all segments, except the segment Other, by a total of EUR 1.9 million.

The six-month revenue of the **Passenger harbours segment** decreased year-on-year, mainly because passenger fees revenue dropped due to a decline in the number of passengers (primarily in the first quarter) in connection with COVID-19-related travel restrictions. There was also a slight decrease in vessel dues revenue, which also occurred mainly in the first quarter because travel restrictions were imposed and ferry timetables reduced from the second half of March 2020. Both revenue streams increased in the second quarter. Revenue from the sale of electricity in the first six months grew through growth in sales volume (including the launch of onshore power supply to ferries) and a rise in the electricity price. The second-quarter revenue of the Passenger harbours segment increased by EUR 1.1 million year-on-year, mainly through growth in vessel dues revenue (through growth in the gross tonnage of the ferries), electricity sales revenue (mainly due to the launch of onshore power supply) and passenger fees revenue (through growth in the number of passengers).

The six-month revenue of the **Cargo harbours segment** grew due to the combined effect of various revenue items but mostly through growth in electricity sales (as an agent) and cargo charge revenue. The former is attributable to a rise in consumption and the electricity price and the latter to growth in cargo volumes. The revenue of the Cargo harbours segment was not significantly affected by COVID-19-related restrictions. The revenue of the comparative period was lowered by the temporary rerouting of the ferries operating on the Muuga-Vuosaari route to Old City Harbour (Passenger harbours segment) during the second quarter due to the reinstatement of border checks. The second-quarter revenue of the Cargo harbours segment grew by EUR 0.4 million, mainly due to an increase in both electricity sales and cargo charge revenue.

The revenue of the **Ferry segment** grew through slight growth in ferry service revenue as well as lease revenue which in the comparative period was lowered by a decline in passenger traffic caused by travel restrictions.

Ferry service revenue for six months was improved by the impacts of a smaller number of trips in the comparative period (due to travel restrictions) and the indexation of the fees to the Estonian consumer price and employment cost indices, and lowered by the impact of a decline in the fuel price index. The second-quarter revenue of the Ferry segment grew by EUR 0.4 million for the same reasons.

The revenue of the **segment Other** decreased somewhat, mostly because last year was a leap year and thus there was an extra charter day along with related revenue in February. There was no significant change in the revenue for the second quarter.

In segment terms, **adjusted EBITDA** for the first six months decreased the most in the Passenger harbours segment, which was expected. It also declined in the Cargo harbours segment (due to a one-off sales gain on the disposal of the assets of Paljassaare Harbour in the first quarter of 2020) and slightly in the Ferry segment. The adjusted EBITDA of the segment Other increased through growth in the profit of the multifunctional icebreaker Botnica and the improved result of the Group's equity-accounted associate Green Marine. Adjusted EBITDA for the second quarter increased by EUR 0.9 million, growing in all segments, except the Ferry segment where the increase in expenses (partial maintenance of the main engines) outpaced revenue growth.

**Adjusted EBITDA margin** for six months decreased from 63.9% to 56.7% in the Cargo harbours segment, from 46.8% to 40.2% in the Passenger harbours segment and from 46.6% to 44.0% in the Ferry segment, and increased from 39.2% to 53.6% in the segment Other. The Group's overall adjusted EBITDA margin declined from 52.5% to 49.0%. The margin for the second quarter increased in the Passenger harbours segment and the segment Other.

#### **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. Thus, this is the first interim report which contains (for the second quarter) a comparison of financial and operating indicators for the reporting and the comparative period, both fully affected by COVID-19. As the protective measures in place are aimed at minimising contacts between people and cross-border movement, they have, and will continue to have, the greatest impact on the tourism sector and passenger traffic, which in turn mainly affect the performance of the Group's Passenger harbours segment.

In connection with a rise in the infection rate, Finland re-imposed restrictions on arrivals from Estonia from 28 September 2020 and only people travelling for work, in transit, or with other compelling reasons could enter Finland without the quarantine requirement. Starting from 27 January 2021 Finland also imposed a ban on labour migration, which lasted until 7 June 2021. From 21 June all people including tourists can enter Finland without restrictions if they are fully vaccinated or have recovered from COVID-19 in the past six months. People arriving in Estonia from other countries are subject to various measures and restrictions depending on their vaccination and the current rate of infection in their country of departure. Due to the fall in demand caused by the restrictions, international ferry operators have made adjustments to their timetables and the ferries serving the routes. The Tallinn-Stockholm and Tallinn-St Petersburg routes have been closed since mid-March 2020.

The Tallinn-Stockholm route was reopened on 9 July 2021 and the first cruise ship since the beginning of the pandemic visited Old City Harbour on 2 July 2021. The cruise season should continue during the coming months.

There have been no restrictions on international cargo transport and on the whole the pandemic has not reduced the Group's cargo throughput. From time to time there have been supply interruptions at the place of dispatch (e.g. short-term production suspensions) but these have not had any long-term effect. The volumes of certain cargo types (especially ro-ro cargo) have been growing steadily because regular vessel traffic has continued and in the near term nearshoring resulting from the pandemic may even increase cargo volumes.

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, has continued as usual and in strict compliance with protective measures. In the second quarter, both the number of passengers and vehicles carried increased by more than half year on year. The changes resulting from the restrictions have not had a significant impact on the financial results of 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 (the segment Other) has not been significantly affected by the COVID-19 pandemic. The number of charter days and Botnica's utilisation rate in the second quarter remained stable year on year.

The Group applies all necessary measures and cooperates closely with the authorities to prevent the spread of the virus and to protect people's lives and health. The Group has made vaccination against COVID-19 available to all staff that have requested it and uses rapid COVID-19 tests to test shift workers before they start their work. All passengers arriving in Estonia by ferry can get tested for COVID-19 in the passenger terminals of Old City Harbour in order to reduce the period of self-isolation and to return to work more quickly.

Due to a large share of fixed costs it is inevitable that when revenue declines the profitability of the Passenger harbours segment decreases. The Group will continue with planned investments and management believes that the impacts of COVID-19 will not affect 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 30 June 2021 is presented in the following graph:



The opening price of the share at the beginning of the second quarter was EUR 1.8. The closing price of the share at 30 June 2021 was EUR 1.97, having increased in the second quarter by 5.9%. The company’s market capitalisation at 30 June 2021 was EUR 518.1 million (31 March 2021: EUR 489.2 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 second quarter of 2021, there were 15,021 transactions with the AS Tallinna Sadam share (Q1: 12,093 transactions) in which 4.8 million shares (Q1: 4.9 million shares) changed hands. The total turnover of the transactions was EUR 9.5 million (Q1: EUR 9 million).

At 30 June 2021, the company had 18,185 shareholders (31 March 2021: 16,412 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 at 30 June 2021 were:

Name of shareholder	Number of shares	Interest, %
Ministry of Economic Affairs and Communications	176,295,032	67%
European Bank for Reconstruction and Development (EBRD)	9,350,000	4%
State Street Bank and Trust Omnibus	7,616,136	3%
SEB Progressiivne Pensionifond	6,484,365	2%
LHV Pensionifond L	5,536,570	2%

There have been practically no changes in shareholder structure compared with the end of the first quarter. The share of international investment funds has decreased from 11% to 10.6% while the share of Estonian retail investors has increased from 12.2% to 12.7%.

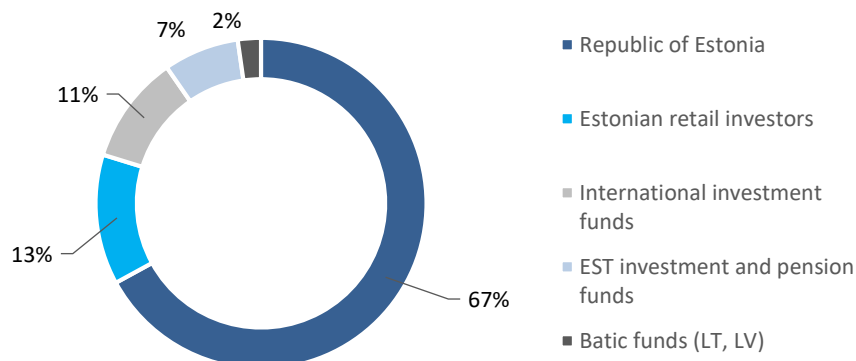


Chart: Shareholder structure as at 30 June 2021

## DIVIDENDS

On 24 May 2021, the general meeting approved the proposal of the management board to distribute in 2021 a dividend of EUR 0.077 per share and EUR 20.3 million in total, i.e. 71% of profit for the previous year. The list of shareholders entitled to receive the dividend was determined on 3 June 2021 (the ex-dividend date: 2 June 2021) and the dividend was paid out to the shareholders on 10 June 2021 (through Nasdaq CSD).

The dividend policy of AS Tallinna Sadam sets the target to pay the shareholders regular post-tax dividends, which should amount to at least 70% of profit for the previous year<sup>5</sup>, subject to market conditions, the company's growth and development plans, while taking into account the need to maintain a reasonable level of liquidity and excluding the impact of non-recurring transactions.

## CORPORATE GOVERNANCE

At 30 June 2021, AS Tallinna Sadam had two wholly-held 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 30 June 2021, 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 first 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 30 June 2021, the management board had three members: Valdo Kalm (chairman and CEO), Marko Raid (CFO) and Margus Vihman (CCO). On 11 May 2021, the supervisory board of AS Tallinna Sadam decided to extend the term of office of member of the management board and chief commercial officer (CCO) Margus Vihman for a new three-year term as from the date of expiry of the previous term, i.e. for the period 1 November 2021 – 31 October 2021.

Further information about the company's corporate governance and members of the management and supervisory boards is presented in its annual report for 2020, which is available on the company's website: <https://www.ts.ee/en/investor/annual-reports>.

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

## SIGNIFICANT EVENTS IN THE SECOND QUARTER OF 2021

- 1. Record volumes of ro-ro and dry bulk cargo.** In the first six months of 2021, the harbours of AS Tallinna Sadam handled an all-time record volume of ro-ro cargo, including mainly goods transported by trucks and trailer trucks. The volume of dry bulk cargo reached the past ten years' highest level.
- 2. The term of office of member of management board Margus Vihman was extended.** On 11 May 2021, the supervisory board of AS Tallinna Sadam decided to extend the term of office of member of the management

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<sup>5</sup> The target for 2019–2020 was to make the shareholders a post-tax dividend distribution of at least EUR 30 million per year.

board and chief commercial officer Margus Vihman for a new three-year term as from the date of expiry of the previous term, i.e. for the period 1 November 2021 – 31 October 2024. The management board of AS Tallinna Sadam has three members.

- 3. The state decided to change the financing of the construction of a new ferry.** On 13 May 2020, the Ministry of Economic Affairs and Communications announced its intention to order a new ferry for the improvement of ferry connections between Estonia's mainland and two largest islands through the Transport Administration, not through TS Laevad OÜ as was the initial plan. The Transport Administration will order the ferry through competitive tendering and expects the ferry to start servicing the Virtsu-Kuivastu route in the autumn of 2024. The operation of the ferry is planned to be transferred to TS Laevad OÜ under the current service agreement until the end of September 2026. In that case, the state will bear the costs of building the new ferry and will purchase only the ferry operation service from TS Laevad OÜ.
- 4. Additional trips to be made by the ferry Regula in summer 2021.** The subsidiary of AS Tallinna Sadam TS Laevad OÜ concluded an additional agreement with the Transport Administration under the current public transport contract according to which the Transport Administration will order 536 additional trips to be made by the ferry Regula on the Virtsu-Kuivastu route from 10 June to 31 August 2021. In addition, the Transport Administration has an option to extend the order of additional trips for the period of 1 – 12 September 2021 by giving at least 7 days' notice prior to the start of the period. The additional trips will be made if scheduled trips fail to meet demand at peak times. In summer 2020, the Transport Administration ordered 334 additional trips on the Virtsu-Kuivastu route from the ferry Regula.
- 5. Voting on the resolutions of the annual general meeting on 18 – 24 May 2021.** Due to risks and the restrictions imposed on gatherings in connection with the COVID-19 pandemic, the resolutions of the annual general meeting of AS Tallinna Sadam were adopted without convening the meeting and shareholders could only cast their votes in writing. A webinar was organized on 18 May 2021 where the representatives of the management board and the supervisory board introduced the draft resolutions. 80 shareholders, whose shares represented 207,177,398 votes, that is 78.77% of total share capital, took part in the voting. The annual general meeting of the shareholders resolved to approve the annual report 2020 and the profit allocation proposal, including the payment of a dividend of EUR 0.077 per share, that is EUR 20.251 million in total (71% of the profit for the previous financial year), and to appoint KPMG Baltics OÜ as the auditor of AS Tallinna Sadam for the next two financial years.
- 6. Dividend distribution.** AS Tallinna Sadam paid the shareholders a dividend of EUR 0.077 per share, that is EUR 20.251 million in total, for the year 2020. The list of shareholders entitled to receive the dividend was determined on 3 June 2021 and the dividend was paid out to the shareholders on 10 June 2021 (through Nasdaq CSD).

- 7. AS Tallinna Sadam achieved again the silver level for its socially responsible activities.** AS Tallinna Sadam responded to the Estonian Responsible Business Forum's Corporate Social Responsibility Index questionnaire in order to once again obtain an external assessment of its socially responsible and sustainable activities. This year, activities were assessed in three categories: governance, climate and environment, and society and social environment. The Group responded to the Corporate Social Responsibility Index questionnaire for the first time in 2014 and achieved the bronze level in 2015. AS Tallinna Sadam achieved the silver level for the first time in 2017.
- 8. AS Tallinna Sadam adopted stricter environmental measures.** According to updated port rules, from May 2021 onward the cleaning of the underwater hull of a vessel and other works will be permitted in the harbours of AS Tallinna Sadam only if cleaning residues are collected. The decision is another step forward in the Group's sustainable development strategy and helps reduce the environmental impact of the harbours and the vessels staying there by protecting the Baltic Sea from all kinds of waste, algae and possible non-indigenous species, as well as the input of nitrogen, phosphorus and other nutrients, and eutrophication.
- 9. Completion of an interim report on a cooperation project with the Estonian Academy of Arts.** The third interim report "Heritage and Community" of the research project "Tallinn's Old Town: Sustainable Management and Presentation", commissioned by AS Tallinna Sadam and carried out by the Estonian Academy of Arts, has been completed. The report focuses on changes in the building stock and the population of Tallinn's Old Town throughout the city's long history, with a focus on recent history. The aim of the research project "Tallinn's Old Town: Sustainable Management and Presentation" is to analyse the impact of tourism on cultural heritage and seek ways to introduce and promote the Old Town of Tallinn as a UNESCO World Heritage Site in a responsible and sustainable manner that respects its cultural and historical value. The main goal of the project is to find ways to improve the logistics of tourists, to develop new products and services, to better connect the harbour and the Old Town by improving the public space between them, and to promote Tallinn as a tourist destination. The interim reports of the study in Estonian are available [here](#).



**MANAGEMENT'S CONFIRMATION AND SIGNATURES**

By authorising the unaudited interim condensed consolidated report as at and for the period ended 30 June 2021 for issue, the management board confirms that the information about AS Tallinna Sadam and the companies related to it, as set out on pages 18 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 (9 August 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

9 August 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

<b>As at</b>	<b>Note</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		20,391	26,679
Trade and other receivables	4	10,396	10,183
Contract assets	10	335	0
Inventories		327	360
<i>Total other current assets</i>		<i>31,449</i>	<i>37,222</i>
Non-current assets held for sale		98	114
<b>Total current assets</b>		<b>31,547</b>	<b>37,336</b>
<b>Non-current assets</b>			
Investments in an associate	5	1,188	1,147
Other long-term receivables	4	454	0
Property, plant and equipment	6	583,205	587,506
Intangible assets		2,237	2,104
<b>Total non-current assets</b>		<b>587,084</b>	<b>590,757</b>
<b>Total assets</b>		<b>618,631</b>	<b>628,093</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Loans and borrowings	8	17,266	17,266
Derivative financial instruments		29	102
Provisions		862	1,289
Government grants		2,142	1,919
Taxes payable		4,238	744
Trade and other payables	7	8,163	9,116
Contract liabilities	10	2,863	33
<b>Total current liabilities</b>		<b>35,563</b>	<b>30,469</b>
<b>Non-current liabilities</b>			
Loans and borrowings	8	190,931	194,314
Government grants		26,764	26,145
Other payables	7	748	841
Contract liabilities	10	870	892
<b>Total non-current liabilities</b>		<b>219,313</b>	<b>222,192</b>
<b>Total liabilities</b>		<b>254,876</b>	<b>252,661</b>
<b>EQUITY</b>			
Share capital	9	263,000	263,000
Share premium		44,478	44,478
Statutory capital reserve		21,271	20,262
Hedge reserve		-29	-102
Retained earnings (prior periods)		26,534	19,276
Profit for the period		8,501	28,518
<b>Total equity</b>		<b>363,755</b>	<b>375,432</b>
<b>Total liabilities and equity</b>		<b>618,631</b>	<b>628,093</b>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
for the 6 months ended 30 June**Consolidated statement of profit or loss**

In thousands of euros	Note	Q2 2021	Q2 2020	2021	2020
Revenue	<b>3, 10</b>	24,260	22,399	49,248	50,289
Other income		335	219	659	1,970
Operating expenses	<b>11</b>	-8,070	-7,210	-15,372	-15,537
Personnel expenses		-5,100	-4,807	-9,744	-9,484
Depreciation, amortisation and impairment	<b>3</b>	-6,076	-5,924	-12,098	-11,912
Other expenses		-130	-79	-254	-213
<b>Operating profit</b>		<b>5,219</b>	<b>4,598</b>	<b>12,439</b>	<b>15,113</b>
<b>Finance income and costs</b>					
Finance income		27	13	37	24
Finance costs		-365	-427	-741	-814
<b>Finance costs – net</b>		<b>-338</b>	<b>-414</b>	<b>-704</b>	<b>-790</b>
Share of profit(+)/loss(-) of an associate accounted for under the equity method		52	-102	41	-259
<b>Profit before income tax</b>		<b>4,933</b>	<b>4,082</b>	<b>11,776</b>	<b>14,064</b>
Income tax expense		-3,275	-4,913	-3,275	-4,913
<b>Profit/loss for the period</b>		<b>1,658</b>	<b>-831</b>	<b>8,501</b>	<b>9,151</b>
Attributable to:					
Owners of the Parent		1,658	-831	8,501	9,151
Basic earnings and diluted earnings per share (in euros)					
		0.01	0.00	0.03	0.03
Basic earnings and diluted earnings per share – continuing operations (in euros)					
		0.01	0.00	0.03	0.03

**Consolidated statement of other comprehensive income**

In thousands of euros	Q2 2021	Q2 2020	2021	2020
<b>Profit/loss for the period</b>	<b>1,658</b>	<b>-831</b>	<b>8,501</b>	<b>9,151</b>
<b>Other comprehensive income</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net fair value gain on hedging instruments in cash flow hedges	35	36	73	70
<b>Total other comprehensive income</b>	<b>35</b>	<b>36</b>	<b>73</b>	<b>70</b>
<b>Total comprehensive income/expense for the period</b>	<b>1,693</b>	<b>-795</b>	<b>8,574</b>	<b>9,221</b>
Attributable to:				
Owners of the Parent	1,693	-795	8,574	9,221

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

for the 6 months ended 30 June

In thousands of euros	Note	2021	2020
Cash receipts from sale of goods and services		55,753	55,328
Cash receipts related to other income		34	21
Payments to suppliers		-19,123	-20,587
Payments to and on behalf of employees		-9,064	-7,956
Payments for other expenses		-271	-196
<b>Cash from operating activities</b>		<b>27,329</b>	<b>26,610</b>
Purchases of property, plant and equipment		-9,255	-16,162
Purchases of intangible assets		-426	-272
Proceeds from sale of property, plant and equipment		263	1,101
Government grants received		0	2,061
Interest received		1	15
<b>Cash used in investing activities</b>		<b>-9,417</b>	<b>-13,257</b>
Repayments of loans received	9	-3,383	-3,383
Dividends paid		-20,082	0
Interest paid		-734	-816
Other payments related to financing activities		-1	-6
<b>Cash used in financing activities</b>		<b>-24,200</b>	<b>-4,205</b>
<b>NET CASH FLOW</b>		<b>-6,288</b>	<b>9,148</b>
Cash and cash equivalents at beginning of the period		26,679	35,183
Change in cash and cash equivalents		-6,288	9,148
Cash and cash equivalents at end of the period		20,391	44,331

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

for the 6 months ended 30 June

In thousands of euros	Share capital	Share premium	Statutory capital reserve	Hedge reserve	Retained earnings	Total equity attributable to owners of the Parent
<b>Equity at 31 December 2019</b>	<b>263,000</b>	<b>44,478</b>	<b>18,520</b>	<b>-243</b>	<b>51,263</b>	<b>377,018</b>
Profit for the period	0	0	0	0	9,151	9,151
Other comprehensive income for the period	0	0	0	70	0	70
<i>Total comprehensive income for the period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>70</i>	<i>9,151</i>	<i>9,221</i>
Dividend 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
<b>Equity at 30 June 2020</b>	<b>263,000</b>	<b>44,478</b>	<b>20,262</b>	<b>-173</b>	<b>28,427</b>	<b>355,994</b>
<b>Equity at 31 December 2020</b>	<b>263,000</b>	<b>44,478</b>	<b>20,262</b>	<b>-102</b>	<b>47,794</b>	<b>375,432</b>
Profit for the period	0	0	0	0	8,501	8,501
Other comprehensive income for the period	0	0	0	73	0	73
<i>Total comprehensive income for the period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>73</i>	<i>8,501</i>	<i>8,574</i>
Dividend declared	0	0	0	0	-20,251	-20,251
<i>Total transactions with owners</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-20,251</i>	<i>-20,251</i>
Increase of capital reserve	0	0	1,009	0	-1,009	0
<b>Equity at 30 June 2021</b>	<b>263,000</b>	<b>44,478</b>	<b>21,271</b>	<b>-29</b>	<b>35,035</b>	<b>363,755</b>

**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 6 months ended 30 June 2021 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, organising 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. Old City Harbour in the centre of Tallinn together with Old City Marina for small vessels and Saaremaa Harbour designed for receiving cruise ships provide mainly passenger harbour services. Muuga Harbour, which is Estonia's largest cargo harbour, Paldiski South Harbour and Paljassaare Harbour that serves mostly ship repair companies provide mainly cargo harbour services. The Group has ceased active operations in Paljassaare Harbour and has launched a process to exit from the harbour. In connection with this, the Group sold a lot of assets belonging to Paljassaare Harbour in 2020.

The Group's subsidiaries at 30 June 2021 and 31 December 2020:

Subsidiary	Domicile	Ownership interest (%)		Core business line
		30 June 2021	31 Dec 2020	
OÜ TS Shipping	Republic of Estonia	100	100	Rendering icebreaking and other offshore support services with the multifunctional icebreaker Botnica
OÜ TS Laevad	Republic of Estonia	100	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 6 months ended 30 June 2021 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

**Note 2 continued**

The 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 2020. See note 2 to the consolidated financial statements in the annual report for 2020 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 2020. 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.

**3. OPERATING SEGMENTS**

In thousands of euros	For the 6 months ended 30 June 2021				
	Passenger harbours	Cargo harbours	Ferry	Other	Total
Vessel dues	7,001	9,253	0	0	16,254
Cargo charges	671	2,573	0	0	3,244
Passenger fees	1,482	100	0	0	1,582
Sale of electricity	495	2,319	0	0	2,814
Sale of ferry services – ticket sales	0	0	4,791	0	4,791
Sale of other services	277	498	38	0	813
Lease income	738	4,649	287	0	5,674
Charter fees	0	0	0	4,545	4,545
Sale of ferry services – government support	0	0	9,531	0	9,531
<b>Total segment revenue* (note 10)</b>	<b>10,664</b>	<b>19,392</b>	<b>14,647</b>	<b>4,545</b>	<b>49,248</b>
<b>Adjusted segment EBITDA</b>	<b>4,290</b>	<b>10,986</b>	<b>6,441</b>	<b>2,435</b>	<b>24,153</b>
Depreciation and amortisation	-3,438	-4,602	-2,988	-1,070	-12,098
Amortisation of government grants received	119	306	0	0	425
Share of profit of an associate accounted for under the equity method	0	0	0	-41	-41
<b>Segment operating profit</b>	<b>971</b>	<b>6,690</b>	<b>3,453</b>	<b>1,325</b>	<b>12,439</b>
Finance income and costs, net					-704
Share of profit of an associate accounted for under the equity method					41
Income tax expense					-3,275
<b>Profit for the period</b>					<b>8,501</b>

\* Total segment revenue represents revenue from external customers and excludes inter-segment revenue of EUR 113 thousand and EUR 5 thousand for the Passenger harbours and Cargo harbours segments, respectively, which was eliminated during consolidation.

**Note 3 continued**

	<b>For the 6 months ended 30 June 2020</b>				
In thousands of euros	<b>Passenger harbours</b>	<b>Cargo harbours</b>	<b>Ferry</b>	<b>Other</b>	<b>Total</b>
Vessel dues	7,325	9,269	0	0	<b>16,594</b>
Cargo charges	627	2,395	0	0	<b>3,022</b>
Passenger fees	3,345	49	0	0	<b>3,394</b>
Sale of electricity	234	1,957	0	0	<b>2,191</b>
Sale of ferry services – ticket sales	0	0	3,706	0	<b>3,706</b>
Sale of other services	248	486	14	1	<b>749</b>
Lease income	757	4,587	183	0	<b>5,527</b>
Charter fees	0	0	0	4,589	<b>4,589</b>
Sale of ferry services – government support	0	0	10,517	0	<b>10,517</b>
<b>Total segment revenue* (note 10)</b>	<b>12,536</b>	<b>18,743</b>	<b>14,420</b>	<b>4,590</b>	<b>50,289</b>
<b>Adjusted segment EBITDA</b>	<b>5,873</b>	<b>11,984</b>	<b>6,718</b>	<b>1,819</b>	<b>26,394</b>
Depreciation and amortisation	–3,228	–4,413	–2,908	–1,126	<b>–11,675</b>
Impairment losses	–65	–172	0	0	<b>–237</b>
Amortisation of government grants received	99	273	0	0	<b>372</b>
Share of loss of an associate accounted for under the equity method	0	0	0	259	<b>259</b>
<b>Segment operating profit</b>	<b>2,679</b>	<b>7,672</b>	<b>3,810</b>	<b>952</b>	<b>15,113</b>
Finance income and costs, net					–790
Share of loss of an associate accounted for under the equity method					–259
Income tax expense					–4,913
<b>Profit for the period</b>					<b>9,151</b>

\* Total segment revenue represents revenue from external customers and excludes inter-segment revenue of EUR 25 thousand and EUR 113 thousand for the Passenger harbours and Cargo harbours segments, respectively, which was eliminated during consolidation.



**4. TRADE AND OTHER RECEIVABLES**

In thousands of euros

<b>At</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
Trade receivables	6,109	7,820
Allowance for credit losses	-738	-1,693
Prepaid taxes	669	744
Government grants receivable	3,532	2,487
Other prepayments	415	487
Receivables from an associate (note 15)	21	15
Other receivables	1,471	323
Allowance for credit losses for other receivables	-629	0
<b>Total trade and other receivables</b>	<b>10,850</b>	<b>10,183</b>
Of which current receivables	10,396	10,183
non-current receivables	454	0

**Trade receivables – expected credit loss matrix**

In thousands of euros

<b>At 30 June 2021</b>	Not past due	Days past due				Total
		0–30	31–60	61–90	>90	
Expected credit loss rate	7.50%	1.5%	3.0%	80.0%	100.0%	
Total trade and other receivables	5,214	437	110	55	293	6,109
Lifetime expected credit loss (ECL)	-391	-7	-3	-44	-293	-738
						<b>5,371</b>
<b>At 31 December 2020</b>						
Expected credit loss rate	0.8%	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
						<b>6,127</b>

**5. INVESTMENTS IN AN ASSOCIATE**

In thousands of euros

<b>For the 6 months ended 30 June</b>	<b>2021</b>	<b>2020</b>
Income	2,163	1,460
Expenses	2,036	1,899
Net profit (+)/loss (-)	108	-459

**Note 5 continued**

In thousands of euros	At 30 June 2021	At 31 December 2020
Net assets of the associate	2,329	2,249
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	1,188	1,147

**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
<b>At 31 December 2020</b>						
Cost	627,291	246,929	8,615	25,554	0	<b>908,389</b>
Accumulated depreciation and impairment losses	-227,225	-88,092	-5,565	0	0	<b>-320,882</b>
<b>Carrying amount at 31 December 2020</b>	<b>400,066</b>	<b>158,837</b>	<b>3,049</b>	<b>25,554</b>	<b>0</b>	<b>587,506</b>
<i>Movements in the 6 months ended 30 June 2021</i>						
Acquisition and reconstruction	32	329	143	6,966	26	<b>7,496</b>
Depreciation charge	-5,931	-5,479	-387	0	0	<b>-11,797</b>
Reclassified at carrying amount	3,519	849	9	-4,377	0	<b>0</b>
<b>At 30 June 2021</b>						
Cost	630,421	247,440	8,747	28,143	26	<b>914,777</b>
Accumulated depreciation and impairment losses	-232,735	-92,904	-5,933	0	0	<b>-331,572</b>
<b>Carrying amount at 30 June 2021</b>	<b>397,686</b>	<b>154,536</b>	<b>2,814</b>	<b>28,143</b>	<b>26</b>	<b>583,205</b>

**7. TRADE AND OTHER PAYABLES**

In thousands of euros

At	30 June 2021	31 December 2020
Trade payables	4,184	5,764
Payables to employees	1,502	1,233
Interest payable	391	388
Accrued taxes payable on remuneration	653	621
Advances for goods and services	587	414
Payables to an associate (note 15)	113	78
Other payables	1,481	1,459
<b>Total trade and other payables</b>	<b>8,911</b>	<b>9,957</b>
Of which current liabilities	8,163	9,116
non-current liabilities	748	841

**8. LOANS AND BORROWINGS**

In thousands of euros

At	30 June 2021	31 December 2020
<b>Current portion</b>		
Loans and borrowings	8,266	8,266
Debt securities	9,000	9,000
<b>Total current portion</b>	<b>17,266</b>	<b>17,266</b>
<b>Non-current portion</b>		
Loans and borrowings	50,681	54,064
Debt securities	140,250	140,250
<b>Total non-current portion</b>	<b>190,931</b>	<b>194,314</b>
<b>Total loans and borrowings</b>	<b>208,197</b>	<b>211,580</b>

**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). The maturities of the debt securities will arrive in 2026 and 2027. In line with settlement schedules, no debt securities were redeemed in the six-month period ended 30 June 2021. At 30 June 2021, the weighted average interest rate of the debt securities was 0.54% (30 June 2020: 0.77%).

**Note 8 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 2028. Principal repayments made in the six-month period ended 30 June 2021 amounted to EUR 3,383 thousand (six-month period ended 30 June 2020: EUR 3,383 thousand).

At 30 June 2021, the weighted average interest rate of drawn loans was 0.76% (30 June 2020: 0.71%). Considering the effect of derivative transactions used to hedge interest rate risk, the average interest rate of loans at 30 June 2021 was 1.08% (30 June 2020: 1.00%).

**Contractual maturities of loans and borrowings**

In thousands of euros

<b>At</b>	<b>30 June 2021</b>
Up to 12 months	17,266
1 – 5 years	60,681
> 5 years	130,250
<b>Total loans and borrowings</b>	<b>208,197</b>

**Fair value**

In the reporting period, the assessment of the Group's risk level did not change and there were no significant changes in the interest rates of international financial markets. Thus, according to the Group's assessment, at 30 June 2021, similarly to 31 December 2020, the fair values of loans and debt securities that are measured at amortised cost did not differ significantly from their carrying amounts.

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 and the debt securities are not listed. The Group has fulfilled all its obligations under the loan and debt securities agreements, including those resulting from special terms. At 30 June 2021, the Group was also in compliance with the covenants that set requirements to its financial indicators.

**9. EQUITY**

At 30 June 2021, AS Tallinna Sadam had 263,000,000 registered ordinary shares (31 December 2020: 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.

According to the articles of association of AS Tallinna Sadam, the maximum number of authorised ordinary shares is 664,000,000 (in the comparative period in 2020: 664,000,000). At 30 June 2021 and 31 December 2020 all shares issued had been fully paid for.

	<b>Q2 2021</b>	<b>Q2 2020</b>	<b>For the 6 months ended 30 June 2021</b>	<b>For the 6 months ended 30 June 2020</b>
Weighted average number of shares outstanding	263,000,000	263,000,000	263,000,000	263,000,000
Consolidated net profit(+)/ loss(-) for the period (in thousands of euros)	1,658	-831	8,501	9,151
Basic and diluted earnings per share (in euros)	0.01	0	0.03	0.03

According to the resolution of the annual general meeting of 24 May 2021, the Group paid a dividend of EUR 0.077 per share, that is EUR 20,251 thousand in total, for the year 2020. The list of shareholders entitled to receive the dividend was determined on 3 June 2021 (the ex-dividend date: 2 June 2021) and the dividend was paid out to the shareholders on 10 June 2021 (through Nasdaq CSD).

Tax liabilities as at 30 June 2021 include the income tax liability on dividends of EUR 3,275 thousand (31 December 2020: EUR nil).

**10. REVENUE**

In thousands of euros

<b>For the 6 months ended 30 June</b>	<b>2021</b>	<b>2020</b>
<b>Revenue from contracts with customers</b>		
Vessel dues	16,254	16,594
Cargo charges	3,244	3,022
Passenger fees	1,582	3,394
Sale of electricity	2,814	2,191
Sale of ferry services – ticket sales	4,791	3,706
Sale of other services	813	749
<b>Total revenue from contracts with customers</b>	<b>29,498</b>	<b>29,656</b>
<b>Revenue from other sources</b>		
Operating lease income	5,674	5,527
Charter fees	4,545	4,589
Sale of ferry services – government support	9,531	10,517
<b>Total revenue from other sources</b>	<b>19,750</b>	<b>20,633</b>
<b>Total revenue (note 3)</b>	<b>49,248</b>	<b>50,289</b>

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 yearly average tariffs and estimated volume as described above. At 30 June 2021, the difference between revenue recognised and amounts billed to customers was recognised as a contract asset EUR 4 thousand (revenue recognised exceeded amounts billed) and as a contract liability of EUR 2,484 thousand (amounts billed exceeded revenue recognised).

Some cargo charge contracts 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 minimum annual cargo volume. Management estimated the Group's remaining right to consideration by reference to the minimum cargo volume and the amount of consideration received from customers as at 30 June 2021. Based on the estimation, the Group recognised contract assets of EUR 331 thousand. At 30 June 2021, revenue received from some customers exceeded management's estimates. As a result, the Group recognised contract liabilities of EUR 141 thousand so that estimated revenue would be evenly recognised over all interim periods of 2021.

**Note 10 continued**

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 30 June 2021, such liabilities amounted to EUR 870 thousand (31 December 2020: EUR 892 thousand).

Revenue from ticket sales is recognised over the time during which the ferry transports the passengers and/or vehicles from the port of departure to the port of destination, 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 30 June 2021, such liabilities amounted to EUR 238 thousand (31 December 2020: EUR 33 thousand).

**11. OPERATING EXPENSES**

In thousands of euros

<b>For the 6 months ended 30 June</b>	<b>2021</b>	<b>2020</b>
Fuel, oil and energy costs	4,750	4,273
Technical maintenance and repair of non-current assets	2,637	2,519
Services purchased for infrastructure	1,460	1,373
Tax expenses	1,327	1,366
Consultation and development expenses	196	284
Services purchased	2,400	2,218
Acquisition and maintenance of assets of insignificant value	606	1,005
Advertising expenses	57	91
Lease expenses	335	281
Insurance expenses	391	385
Other operating expenses	1,213	1,742
<b>Total operating expenses</b>	<b>15,372</b>	<b>15,537</b>

**12. COMMITMENTS**

At 30 June 2021, the Group's contractual commitments related to the acquisition of property, plant and equipment, repairs, and research and development expenditures totalled EUR 19,136 thousand (31 December 2020: EUR 9,448 thousand).

### 13. 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. 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.

AS Tallink Grupp, the operator of several international ferry routes and a major and long-term customer of the Group, filed a claim against AS Tallinna Sadam with Harju County Court on 1 March 2021. AS Tallink Grupp is seeking partial repayment of baselessly received port dues of EUR 15.4 million (plus interest on arrears) or, alternatively, compensation of damage caused. According to AS Tallink Grupp, in the years 2017, 2018 and 2019 AS Tallinna Sadam charged unfairly high port dues at Old City Harbour from ferries operating on international routes and thus abused its dominant position in the market.

The Group considers the claim submitted by AS Tallink Grupp for compensation of allegedly unfair port dues to be baseless. AS Tallinna Sadam has a long-term and transparent pricing policy. The port dues for ferries have been at the same level since 2016 and have not been indexed despite a rise in consumer prices. Nor has the Group made any special deals with any ferry operators at prices outside the official price list.



**Note 13 continued**

AS Tallinna Sadam intends to contest the claim and to defend itself in the case. Management believes that the claim is not substantiated and therefore the Group has not recognised a provision for it.

**14. 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 criminal proceedings concerning Allan Kiil in connection with his terminal illness. At the same time, Tallinn Circuit Court issued an order requiring Allan Kiil to be involved in the criminal proceedings as a civil defendant. Allan Kiil passed away on 15 June 2021.

At the reporting date, court hearings in the criminal matter were under way and legal proceedings against other persons that have been charged continued. Based on information available at the reporting date, the management board believes that the above events will not have a 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.

**15. 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

<b>For the 6 months ended 30 June</b>	<b>2021</b>	<b>2020</b>
<b>Transactions with an associate</b>		
Revenue	82	88
Operating expenses	540	482
<b>Transactions with companies in which members of supervisory and management boards of group companies have significant influence</b>		
Revenue	1	0
Operating expenses	5	5
Other expenses	21	17

**Note 15 continued****Transactions with government agencies and companies in which the state has control**

Revenue	14 264	15 276
Other income	0	3
Operating expenses	4 066	3 101
Other expenses	28	28
Acquisition of property, plant and equipment	64	4

In thousands of euros

**At 30 June 2021****At 31 December 2020****Trade receivables from and payables to an associate**

Receivables (note 4)	21	15
Payables (note 7)	113	78

**Trade receivables from and payables to companies in which members of supervisory and management boards of group companies have significant influence**

Receivables	0	2
Payables	1	1

**Trade receivables from and payables to government agencies and companies in which the state has control**

Receivables	140	245
Liabilities	857	1,331

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 declarations provided by related parties.