

TALLINNA SADAM

**Unaudited interim condensed consolidated
report for the
9 months ended 30 September 2021**

AS Tallinna Sadam

AS TALLINNA SADAM**UNAUDITED INTERIM CONDENSED CONSOLIDATED REPORT
FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2021**

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Auditor	KPMG Baltics OÜ

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

Indicator	Unit	9 months 2021	9 months 2020	Difference	Change %	Q3 2021	Q3 2020	Difference	Change %
Revenue	EUR '000	81,511	82,055	-544	-0.7%	32,263	31,766	497	1.6%
Operating profit	EUR '000	23,109	29,305	-6,196	-21.1%	10,670	14,193	-3,523	-24.8%
Adjusted EBITDA	EUR '000	41,233	46,302	-5,069	-10.9%	17,080	19,909	-2,829	-14.2%
Depreciation, amortisation and impairment	EUR '000	-18,502	-17,895	-607	3.4%	-6,404	-5,983	-421	7.0%
Income tax	EUR '000	-3,275	-4,913	1,638	-33.3%	0	0	0	-
Profit for the period	EUR '000	19,077	22,795	-3,718	-16.3%	10,576	13,644	-3,068	-22.5%
Investment	EUR '000	10,216	28,926	-18,710	-64.7%	2,286	11,544	-9,258	-80.2%
Number of employees (average)		472	469	3	0.6%	480	467	13	2.8%
Cargo volume	t '000	17,709	15,537	2,172	14.0%	6,541	5,302	1,239	23.4%
Number of passengers	'000	2,327	3,703	-1,376	-37.2%	1,358	1,620	-262	-16.2%
Number of vessel calls		5,524	5,320	204	3.8%	2,010	2,123	-113	-5.3%
Total assets at period-end	EUR '000	622,934	622,251	683	0.1%	622,934	622,251	683	0.1%
Net debt ¹ at period-end	EUR '000	178,473	193,354	-14,881	-7.7%	178,473	193,354	-14,881	-7.7%
Equity at period-end	EUR '000	374,360	369,672	4,688	1.3%	374,360	369,672	4,688	1.3%
Number of shares at period-end	'000	263,000	263,000	0	0.0%	263,000	263,000	0	0.0%
Operating profit/revenue		28.4%	35.7%			33.1%	44.7%		
Adjusted EBITDA/revenue		50.6%	56.4%			52.9%	62.7%		
Profit for the period/ revenue		23.4%	27.8%			32.8%	43.0%		
EPS: Profit for the period/ average number of shares	EUR	0.07	0.09	-0.01	-16.3%	0.04	0.05	-0.01	-22.5%
Equity/number of shares at end of period	EUR	1.42	1.41	0.02	1.3%	1.42	1.41	0.02	1.3%

The Group's results for the first 9 months of 2021 continued to be 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, passenger numbers² dropped sharply year on year, particularly in the first quarter but the figure for the third quarter decreased somewhat as well. The number of port calls by ferries grew slightly year on year and there were also 39 port calls by cruise ships, compared with none last year. Cargo throughput continued to grow vigorously through growth in liquid bulk, ro-ro and dry bulk cargo.

¹ Net debt = loans and borrowings less cash and cash equivalents

² The number of passengers does not include passengers of the Ferry segment that travelled between Estonia's mainland and two biggest islands.

Nine-month revenue decreased slightly, dropping to EUR 81.5 million (–0.7%), mainly because the negative impact of a decrease in passenger numbers outweighed the positive impact of growth in cargo throughput. Expenses related to operating activities grew by EUR 3.8 million (6.5%) because the prices of several services increased and the comparative figure was lower than usual due to the cost-control measures implemented in 2020 (mainly for personnel and non-current asset repair expenses). Other income decreased by EUR 1.8 million because in the comparative period the Group earned one-off gains on asset sales at Paljassaare Harbour and, to a lesser extent, Muuga Harbour (the Cargo harbours segment). The Group's operating profit decreased by EUR 6.2 million. Net profit for the period was EUR 19.1 million, EUR 3.7 million lower than a year earlier. Profit before income tax decreased by EUR 5.4 million. Income tax on dividends decreased by EUR 1.6 million because the Group paid a smaller dividend: EUR 20.25 million (2020: EUR 30.2 million). Adjusted EBITDA³ decreased by EUR 5.1 million (–11%).

In the third quarter, the volume of cargo handled grew by 23% year on year but passenger numbers decreased by 16%. Although growth in cargo throughput increased revenue in the Cargo harbours segment and cruise ship calls generated additional revenue not earned in 2020, a decline in the number of passengers and ferry calls had an almost equal effect on third-quarter revenue. Due to divergent impacts, revenue growth remained modest. This along with growth in expenses related to operating activities lowered the Group's profitability indicators, including adjusted EBITDA. The Group's revenue for the third quarter grew by 1.6% to EUR 32.3 million while net profit dropped by EUR 3.1 million (–22.5%) to EUR 10.6 million.

OPERATING VOLUMES

Cargo throughput at the Group's harbours in the first nine months of 2021 totalled 17.7 million tonnes, growing by 2.2 million tonnes (14%) compared with the same period last year. In terms of cargo types, growth was driven fairly equally by three major cargo types: liquid bulk, dry bulk and ro-ro. The volumes of ro-ro and dry bulk cargo remained at the past 10 years' record levels. The volume of liquid bulk cargo increased the most: by 769 thousand tonnes, mainly due to the impact of short-term projects. The volume of ro-ro cargo continued to grow rapidly: by 720 thousand tonnes (18%) to 4.8 million tonnes. Growth was driven by busier ferry traffic on the Muuga-Vuosaari route and continued demand for road transport. The volume of dry bulk cargo increased by 606 thousand tonnes (19%), mainly through growth in the volumes of wood pellets and crushed stone. The volume of general cargo grew by 48 thousand tonnes (15%) and the volume of container cargo by 41 thousand tonnes (3.1%) (by 8.3 thousand units, 5.2% in TEUs).

In the third quarter, the Group's harbours handled 6.5 million tonnes of cargo, 1.2 million tonnes (23%) more than in the third quarter of 2020. The main growth driver was liquid bulk cargo that grew by 56% (nearly 1.1 million tonnes). Strong growth in liquid bulk cargo resulted from short-term projects whose margins dropped slightly due to stiff competition. The volume of ro-ro cargo grew by nearly 0.2 million tonnes (13%). Ro-ro figures reflect growing demand for road transport. A slight decline in the volume of dry bulk cargo is attributable to a decrease in grain handling volumes.

³ 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

The number of passengers served in the first nine months dropped by roughly 1.4 million (–37%) to 2.3 million. The decline is mostly attributable to the first quarter because there were no COVID-19-related travel restrictions in the first quarter of 2020 (until mid-March). The Tallinn-Helsinki route had the strongest impact. There were 39 cruise ship calls in the first nine months of 2021, compared with none last year, that brought 54 thousand cruise passengers. The Tallinn-Stockholm route, which had been closed since March 2020, was reopened in July. In the third quarter, passenger numbers decreased by 16% to 1.36 million due to the impact of the Tallinn-Helsinki route. Compared to last year, there were significantly fewer passengers in the summer months, mainly because of the restrictions imposed by Finland and the Finnish government's recommendation that Finnish citizens not travel abroad, which was followed. In September, when increasing vaccination rates softened Finland's stance and recommendation regarding travel, the number of passengers on the Tallinn-Helsinki route increased by almost 30% year on year.

The ferries operated by TS Laevad (the Ferry segment) made 16,652 trips between the mainland and the two largest islands in the first nine months of 2021, 1,238 trips (8.0%) more than a year earlier because passenger traffic on the routes was suspended from the second half of March to early May 2020 in connection with COVID-19-related restrictions and, therefore, the number of trips was reduced. The number of trips made in the third quarter was 6,561, which is 28 (0.4%) more than a year earlier.

The icebreaker Botnica (the segment Other) operated by TS Shipping had 206 (2020: 205) charter days (contractual working days) in the first nine months and its utilisation rate was 75% (2020: 76%). In the third quarter, the number of charter days was 92 and the utilisation rate was 100%, the same as a year earlier.

REVENUE, EXPENSES AND PROFIT

Revenue for the first nine months of 2021 was EUR 81.5 million, EUR 0.5 million (–0.7%) 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 third quarter grew by EUR 0.5 million (1.6%).

In terms of revenue streams, the biggest change in the first nine months was in **passenger fees revenue**, which dropped by EUR 2.31 million (–39%) proportionately to the decline in the number of passengers. **Vessel dues revenue** decreased by EUR 0.36 million (–1.3%) to EUR 28.0 million. The main factor was a decline in ferry traffic: there were fewer vessels on the routes this summer and fewer extra trips to smaller destinations. On the other hand, there was cruise ship revenue which was not earned last year. Due to changes in cargo volumes and growing price competition, revenue from tankers decreased. This was partly offset by higher revenue from dry bulk carriers. Other revenue streams increased, with the **sale of electricity** growing the most: by EUR 1.08 million (35%) through a rise in both the electricity price and consumption in harbour operations. Electricity sales and distribution grew because the Group began to provide a new service in the Passenger harbours segment: supplying onshore power to ferries moored in the harbour.

Revenue from the provision of public ferry service⁴ grew by EUR 0.36 million (1.6%) through the combined effect of divergent changes: revenue was increased mainly 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. **Cargo charge revenue** increased by EUR 0.30 million (6.0%) due to growth in cargo volumes. **Revenue from operating leases** grew by EUR 0.26 million (3.0%) due to low comparative figures in harbour operations and the Ferry segment that were attributable to travel restrictions. Changes in other revenues were less significant. In segment terms, nine-month revenue increased in the Cargo harbours segment and the Ferry segment but decreased even more in the Passenger harbours segment.

Other income for nine months decreased by EUR 1.76 million year on year mainly because in the comparative period there was one-off gain on the sale of the last assets used in the harbour operations of Paljassaare Harbour (the Cargo harbours segment) and a fall in the other income of Muuga Harbour (the Cargo harbours segment). Other income for the third quarter dropped by EUR 0.44 million (the Cargo harbours segment).

Operating expenses for the first nine months grew by EUR 2.17 million (9%). In terms of items, changes varied. The largest growth was in fuel and energy costs (EUR 1.47 million) because electricity and electricity distribution sales in harbours grew and the electricity price increased, as did the price of electricity used by the Group. Fuel costs also increased in the Ferry segment, primarily due to higher fuel prices, which will increase the contractual fee through the fuel price index in the next quarter. Non-current asset repair costs grew by EUR 0.87 million, primarily in the Cargo harbours segment and the Ferry segment, but the increase was offset by a decrease in the segment Other. Non-current asset repair costs in the Ferry segment exceeded the usual level by almost EUR 0.5 million due to the recognition of part of the planned maintenance costs of the vessels' main engines and the repair costs of the ferry Tõll incurred in connection with an accident in July. Expenses on services purchased for the management of ship-generated waste grew (due to a larger volume and a higher price) as did expenses on mooring services in the Passenger harbours segment (due to higher prices) and harbour services in the Ferry segment (due to a rise in passenger traffic). Other operating expenses decreased by EUR 0.65 million, mainly because in the comparative period expenses on doubtful receivables were higher than usual. Expenses on assets of insignificant value decreased because the one-off furnishing expenses of a new cruise terminal opened in Old City Harbour (the Passenger harbours segment) that were recognised in the reporting period (EUR 0.34 million for nine months and EUR 0.22 million for the third quarter) were smaller than the one-off furnishing expenses of the reconstructed Terminal D in Old City Harbour that were recognised in the comparative period (EUR 0.71 million for nine months and EUR 0.26 million for the third quarter). Operating expenses for the third quarter grew by EUR 2.3 million (30%). The increase was the largest in harbour operations and in the Ferry segment. Expenses increased due to a sharp rise in energy prices, cruise ship services that were not supplied last year (reception of ship-generated waste, mooring services) and planned maintenance and repairs, which were larger than in the comparative period when cost control measures were applied.

⁴ Ferry service between Estonia's mainland and two largest islands

Personnel expenses for nine months grew by EUR 1.05 million (7.5%), mainly through growth in employee remuneration and the effect of one-off cost-cutting applied last year that was partly offset by the reversal of an unused bonus provision. The figure for the third quarter grew by EUR 0.79 million (17%). The Group's average number of employees increased year on year, rising from 469 to 472 (0.6%) for nine months and from 467 to 480 (2.8%) for the third quarter, mainly due to extra workforce hired for the summer in the Ferry segment.

Depreciation, amortisation and impairment expenses for the first nine months grew by EUR 0.61 million (3.4%) year on year. The figure includes a one-off item of EUR 0.23 million related to the reduction of the useful life of a non-current asset leased out in harbour operations (the Cargo harbours segment). Expenses for the third quarter increased by EUR 0.42 million (7.1%).

Operating profit for the first nine months decreased by EUR 6.2 million (–21%) due to a decline in revenue and other income (EUR 2.3 million total) and growth in expenses (operating expenses, personnel expenses, and depreciation, amortisation and impairment expenses of EUR 3.8 million in total). The Group's operating margin dropped from 35.7% to 28.4% because the decrease in operating profit exceeded the decline in revenue. Operating profit decreased mainly in the first and the third quarter. Operating profit for the third quarter decreased by EUR 3.5 million (–25%) because growth in expenses exceeded revenue growth. Operating margin for the third quarter dropped from 44.7% to 33.1%.

Adjusted EBITDA for nine months decreased by EUR 5.1 million to EUR 41.2 million, primarily due to the impacts of the Passenger harbours segment (EUR –3.0 million) and the Cargo harbours segment (EUR –2.1 million), which in the case of the latter was attributable to one-off gain on asset sales in the comparative period. Adjusted EBITDA for the third quarter decreased by EUR 2.8 million, mainly through the impacts of the Passenger harbours segment (EUR –1.4 million) as well as the Cargo harbours segment and the Ferry segment (EUR –1.1 million and EUR –0.6 million, respectively). Adjusted EBITDA margin for the first nine months declined from 56.4% to 50.6%. The margin for the third quarter decreased from 62.7% to 52.9%.

Finance costs (net) for nine months decreased by EUR 0.24 million (–19%) through a decline in the average interest rate and the volume of loans and borrowings. The decrease occurred mostly in the third quarter when the costs declined by EUR 0.16 million (–33%).

Profit before tax for the first nine months decreased by EUR 5.4 million (–19%) year on year to EUR 22.4 million. Profit decreased less than operating profit because net finance costs decreased and the result of the Group's equity-accounted associate Green Marine improved by EUR 0.6 million.

The dividend declared in the second quarter of 2021 in an amount of EUR 20.25 million gave rise to income tax expense of 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 nine months was EUR 19.1 million, EUR 3.7 million less than the EUR 22.8 million earned in the comparative period. Profit for the third quarter was EUR 10.6 million, which is EUR 3.1 million less than in the comparative period.

INVESTMENTS

In the first nine months of 2021, the Group invested EUR 10.2 million, significantly less than in the same period last year (EUR 28.9 million). Investments of the period were mostly made in 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 third quarter totalled EUR 2.3 million (Q3 2020: EUR 11.5 million).

SEGMENT REPORTING

In thousands of euros	9 months 2021					9 months 2020				
	Passenger harbours	Cargo harbours	Ferry	Other	Total	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	20,358	30,262	23,264	7,627	81,511	22,582	29,085	22,758	7,630	82,055
Adjusted EBITDA	9,648	16,929	10,154	4,501	41,233	12,658	19,018	10,996	3,630	46,302
Operating profit	4,567	10,299	5,666	2,577	23,109	7,830	12,622	6,596	2,257	29,305
Adjusted EBITDA margin	47.4%	55.9%	43.6%	59.0%	50.6%	56.1%	65.4%	48.3%	47.6%	56.4%

In thousands of euros	Change for 9 months				
	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	-2,224	1,177	506	-3	-544
Adjusted EBITDA	-3,009	-2,089	-842	871	-5,069
Operating profit	-3,263	-2,323	-930	320	-6,196

In thousands of euros	Q3 2021					Q3 2020				
	Passenger harbours	Cargo harbours	Ferry	Other	Total	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	9,693	10,870	8,617	3,083	32,263	10,046	10,342	8,338	3,040	31,766
Adjusted EBITDA	5,358	5,944	3,713	2,066	17,081	6,785	7,035	4,278	1,811	19,909
Operating profit	3,596	3,609	2,213	1,252	10,670	5,151	4,951	2,786	1,305	14,193
Adjusted EBITDA margin	55.3%	54.7%	43.1%	67.0%	52.9%	67.5%	68.0%	51.3%	59.6%	62.7%

In thousands of euros	Change for Q3				
	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	-353	528	279	43	497
Adjusted EBITDA	-1,427	-1,091	-565	255	-2,828
Operating profit	-1,555	-1,342	-573	-53	-3,523

In segment terms, the largest year-on-year change in nine-month revenue was in the Passenger harbours segment (EUR -2.2 million, -9.8%), followed by growth in the Cargo harbours segment (EUR 1.2 million, 4.0%) and the Ferry segment (EUR 0.5 million, 2.2%), while the revenue of the segment Other did not change. Third-quarter revenue increased the most in the Cargo harbours segment (EUR 0.5 million) and the Ferry segment (EUR 0.3 million) and decreased in the Passenger harbours segment (EUR -0.4 million).

The nine-month revenue of the **Passenger harbours segment** decreased year-on-year, mainly because passenger fees dropped due to COVID-19-related travel restrictions that lowered the number of passengers (primarily in the first quarter). There was also a slight decrease in vessel dues, recorded mainly for the first quarter because travel restrictions were imposed and ferry timetables were reduced from the second half of March 2020. Both revenue streams also saw a year-on-year decline in the third quarter. Other revenues for nine months grew year on year. Electricity sales revenue grew the most, supported by a rise in both sales volume (incl. the launch of onshore power supply to ferries) and the electricity price. The third-quarter revenue of the Passenger harbours segment decreased by EUR 0.4 million year on year. The biggest decline was in passenger fees (due to a drop in passenger numbers) and vessel dues (due to a decrease in the calls and gross tonnage of ferries that exceeded the effect of cruise ship calls) and growth in other revenue was not large enough to cover it.

The nine-month revenue of the **Cargo harbours segment** grew due to the combined effect of all revenue streams but mostly through higher revenue from electricity sales (as an agent), cargo charges and vessel dues. The first was mainly attributable to a rise of the electricity price. 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 (the Passenger harbours segment) during the second quarter due to the temporary reinstatement of border checks. The third-quarter revenue of the Cargo harbours segment grew by EUR 0.5 million, mainly due to an increase in both electricity sales and vessel dues revenue.

The revenue of the **Ferry segment** grew through slight growth in ferry service revenue and lease revenue, which in the comparative period was affected by travel restrictions that lowered passenger traffic. Ferry service revenue for the reporting period was increased by a smaller number of trips in the comparative period (caused by travel restrictions) and the indexation of the fees to the Estonian consumer price and employment cost indices, and lowered by a decline in the fuel price index. The third-quarter revenue of the Ferry segment grew by EUR 0.3 million, mostly through an increase in the fee rates.

The nine-months revenue of the **segment Other** remained stable year on year. There was no significant change in the revenue for the third quarter either.

Adjusted EBITDA for nine months decreased the most in the Passenger harbours segment, which was expected. It also declined in the Cargo harbours segment (due to one-off gains on asset sales at Paljassaare and Muuga Harbours in 2020) and the Ferry segment (due to an increase in fuel costs and various operating expenses). The adjusted EBITDA of the segment Other grew through growth in the profit of the multifunctional icebreaker Botnica and the result of the Group's equity-accounted associate Green Marine. Adjusted EBITDA for the third quarter dropped by EUR 2.8 million, declining in all segments, except for the segment Other.

Adjusted EBITDA margin for nine months decreased from 65.4% to 55.9% in the Cargo harbours segment, from 56.1% to 47.4% in the Passenger harbours segment and from 48.3% to 43.6% in the Ferry segment, and increased from 47.6% to 59.0% in the segment Other. The Group's overall adjusted EBITDA margin declined from 56.4% to 50.6%. The adjusted EBITDA margin for the third quarter also decreased in the Cargo harbours segment, the Passenger harbours segment and the Ferry segment but increased in 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. As the protective measures in place are aimed at minimising contacts between people and cross-border movement, they 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 a fall in demand resulting from 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 were closed from mid-March 2020. The Tallinn-Stockholm route was reopened on 9 July 2021 but with reduced timetables. There were no cruise ship calls during the 2020 cruise season but since July 2021 cruise ships have been calling at Tallinn again.

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 nearshoring resulting from the pandemic may even increase cargo volumes in the near term.

Domestic ferry service on the 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. The number of passengers and vehicles carried continues to increase 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 third 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. The Group has also participated in vaccination campaigns – in July and August AS Tallink Grupp and AS Tallinna Sadam distributed free travel vouchers to passengers who were vaccinated on board of Tallink’s ferries.

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 from listing on the Nasdaq Tallinn Stock Exchange on 13 June 2018 to 30 September 2021 is presented in the following graph:



The opening price of the share at the beginning of the third quarter was EUR 1.97. The closing price of the share at 30 September 2021 was EUR 1.9, having decreased in the third quarter by 3.4%. The company’s market capitalisation at 30 September 2021 was EUR 500.8 million (31 June 2021: EUR 518.1 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 third quarter of 2021, there were 17,104 transactions with the AS Tallinna Sadam share (Q2: 15,021 transactions) in which 4.9 million shares (Q2: 4.8 million shares) changed hands. The total turnover of the transactions was EUR 9.6 million (Q2: EUR 9.5 million).

At 30 September 2021, the company had 19,128 shareholders (31 June 2021: 18,185 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 September 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%
SEB Progressiivne Pensionifond	6,484,365	2%
State Street Bank and Trust Omnibus	6,282,746	2%
LHV Pensionifond L	5,536,570	2%

There were no significant changes in the shareholder structure in the third quarter.

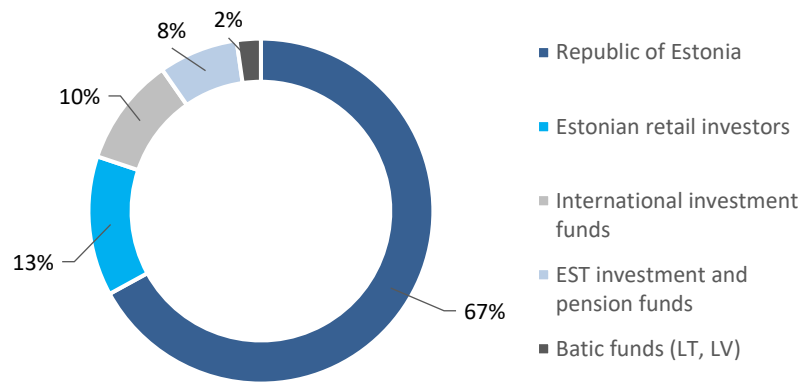


Chart: Shareholder structure at 30 September 2021

DIVIDENDS

AS Tallinna Sadam distributed a dividend of EUR 0.077 per share and EUR 20.3 million in total in 2021, i.e. 71% of profit for the previous year.

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 year⁵, 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 September 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 September 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, and a four-member remuneration committee (since 11 October 2021). The composition of the supervisory board and the audit committee did not change in the third 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 September 2021, the management board had three members: Valdo Kalm (chairman and CEO), Marko Raid (CFO) and Margus Vihman (CCO). Marko Raid, member of the management board / CFO, resigned as of 16 October 2021 and a public competition was announced to fill the vacancy.

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

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 corporate website: <https://www.ts.ee/en/investor/annual-reports>.

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

SIGNIFICANT EVENTS IN THE THIRD QUARTER OF 2021


- 1. Opening of a cruise terminal and a promenade.** A modern multifunctional cruise terminal, built using environmentally friendly construction technologies, and a nearly kilometre-long promenade, which makes the waterfront accessible to the townspeople for leisure pursuits, was opened at Old City Harbour. The cruise terminal's energy needs are met by solar panels tailored to suit the Nordic climate and the facility is heated by sea power.
- 2. New HHLA container cranes in Muuga Harbour.** In July, two large container cranes arrived at HHLA TK Estonia's terminal in Muuga Harbour. After commissioning, the cranes will provide Muuga Harbour with the capacity to serve much larger post-Panamax container ships than today, making Estonia a more attractive trade hub.
- 3. Opening of Admiral Bridge.** In August, a pedestrian bridge, which extends across the Admiralty Basin and connects the shore areas of Terminals A and D, was opened. The name of the bridge is Admiral Bridge. The new and unique swing bridge connects Pirita and Kadriorg via Reidi road and Kalamaja and North Tallinn via the Culture Kilometre (a walkway between the port area and numerous new leisure areas) for pedestrians and non-motorised road users. When the ongoing development of the area around Old City Harbour has been completed, a green promenade will pass through the entire area from Pirita road to Kalaranna with smaller green areas and spaces added here and there.
- 4. AS Tallinna Sadam's Investor Day in the cruise terminal.** On 25 August, another Investor Day was held in the recently opened cruise terminal where Valdo Kalm and Marko Raid, members of the management board, introduced the company, gave an overview of financial results, the impact of the COVID-19 crisis, current developments and future plans, and answered participants' questions.
- 5. Expansion of the Katoen Natie terminal at Muuga.** Katoen Natie, a global provider of engineering and logistics services, expanded its logistics centre in the industrial park at Muuga Harbour, investing EUR 10 million in the construction of an additional warehouse to meet the increased business volumes.
- 6. The cruise terminal and the promenade are Tallinn's Development Project of the Year.** At the Tallinn 2021 Business Awards gala held in September, the Old City Harbour cruise terminal and roof promenade were declared the Development Project of the Year. The purpose of the competition was to recognise entrepreneurs and organizations whose real estate development projects contribute to the design of modern urban space that supports business or tourism and the creation of an attractive living environment.

MANAGEMENT'S CONFIRMATION AND SIGNATURES

By authorising the unaudited interim condensed consolidated report as at and for the period ended 30 September 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 17 to 32, 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 November 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 November 2021



Valdo Kalm

Chairman 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	30 September 2021	31 December 2020
ASSETS			
Current assets			
Cash and cash equivalents		25,724	26,679
Trade and other receivables	4	12,981	10,183
Contract assets	10	692	0
Inventories		276	360
<i>Total other current assets</i>		<i>39,673</i>	<i>37,222</i>
Non-current assets held for sale		0	114
Total current assets		39,673	37,336
Non-current assets			
Investments in an associate	5	1,412	1,147
Other long-term receivables	4	530	0
Property, plant and equipment	6	579,144	587,506
Intangible assets		2,175	2,104
Total non-current assets		583,261	590,757
Total assets		622,934	628,093
LIABILITIES			
Current liabilities			
Loans and borrowings	8	17,266	17,266
Derivative financial instruments		0	102
Provisions		1,170	1,289
Government grants		2,011	1,919
Taxes payable		1,542	744
Trade and other payables	7	8,564	9,116
Contract liabilities	10	1,821	33
Total current liabilities		32,374	30,469
Non-current liabilities			
Loans and borrowings	8	186,931	194,314
Government grants		27,688	26,145
Other payables	7	722	841
Contract liabilities	10	859	892
Total non-current liabilities		216,200	222,192
Total liabilities		248,574	252,661
EQUITY			
Share capital	9	263,000	263,000
Share premium		44,478	44,478
Statutory capital reserve		21,271	20,262
Hedge reserve		0	-102
Retained earnings (prior periods)		26,534	19,276
Profit for the period		19,077	28,518
Total equity		374,360	375,432
Total liabilities and equity		622,934	628,093

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the 9 months ended 30 September

Consolidated statement of profit or loss

In thousands of euros	Note	Q3 2021	Q3 2020	2021	2020
Revenue	3, 10	32,263	31,767	81,511	82,055
Other income		379	823	1,037	2,793
Operating expenses	11	-10,081	-7,744	-25,454	-23,281
Personnel expenses		-5,370	-4,581	-15,114	-14,065
Depreciation, amortisation and impairment	3	-6,405	-5,983	-18,502	-17,895
Other expenses		-116	-89	-369	-302
Operating profit		10,670	14,193	23,109	29,305
Finance income and costs					
Finance income		23	5	60	29
Finance costs		-341	-482	-1,082	-1,295
Finance costs – net		-318	-477	-1,022	-1,266
Share of profit(+)/loss(-) of an associate accounted for under the equity method		224	-72	265	-331
Profit before income tax		10,576	13,644	22,352	27,708
Income tax expense		0	0	-3,275	-4,913
Profit for the period		10,576	13,644	19,077	22,795
Attributable to:					
Owners of the Parent		10,576	13,644	19,077	22,795
Basic earnings and diluted earnings per share (in euros)					
		0.04	0.05	0.07	0.09
Basic earnings and diluted earnings per share – continuing operations (in euros)					
		0.04	0.05	0.07	0.09

Consolidated statement of other comprehensive income

In thousands of euros	Q3 2021	Q3 2020	2021	2020
Profit for the period	10,576	13,644	19,077	22,795
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	29	33	102	104
Total other comprehensive income	29	33	102	104
Total comprehensive income for the period	10,605	13,677	19,179	22,899
Attributable to:				
Owners of the Parent	10,605	13,677	19,179	22,899

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the 9 months ended 30 September

In thousands of euros	Note	2021	2020
Cash receipts from sale of goods and services		87,777	86,160
Cash receipts related to other income		83	31
Payments to suppliers		-30,919	-31,146
Payments to and on behalf of employees		-13,877	-11,758
Payments for other expenses		-376	-327
Other payments		0	-2,600
Income tax paid on dividends		-3,440	-4,913
Cash from operating activities		39,248	35,447
Purchases of property, plant and equipment		-11,516	-28,134
Purchases of intangible assets		-525	-348
Proceeds from sale of property, plant and equipment		523	1,618
Government grants received		0	2,061
Interest received		2	15
Cash used in investing activities		-11,516	-24,788
Proceeds from loans received		0	10,000
Repayments of loans received	8	-7,383	-6,383
Dividends paid		-20,085	-30,008
Interest paid		-1,218	-1,331
Other payments related to financing activities		-1	-11
Cash used in financing activities		-28,687	-27,733
NET CASH FLOW		-955	-17,074
Cash and cash equivalents at beginning of period		26,679	35,183
Change in cash and cash equivalents		-955	-17,074
Cash and cash equivalents at end of period		25,724	18,109

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 9 months ended 30 September

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 2019	263,000	44,478	18,520	-243	51,263	377,018
Profit for the period	0	0	0	0	22,795	22,795
Other comprehensive income for the period	0	0	0	104	0	104
<i>Total comprehensive income for the period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>104</i>	<i>22,795</i>	22,899
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>	-30,245
Increase of capital reserve	0	0	1,742	0	-1,742	0
Equity at 30 September 2020	263,000	44,478	20,262	-139	42,071	369,672
Equity at 31 December 2020	263,000	44,478	20,262	-102	47,794	375,432
Profit for the period	0	0	0	0	19,077	19,077
Other comprehensive income for the period	0	0	0	102	0	102
<i>Total comprehensive income for the period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>102</i>	<i>19,077</i>	19,179
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>	-20,251
Increase of capital reserve	0	0	1,009	0	-1,009	0
Equity at 30 September 2021	263,000	44,478	21,271	0	45,611	374,360

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 9 months ended 30 September 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 September 2021 and 31 December 2020:

Subsidiary	Domicile	Ownership interest (%)		Core business line
		30 Sept 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 9 months ended 30 September 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 9 months ended 30 September 2021				
	Passenger harbours	Cargo harbours	Ferry	Other	Total
Vessel dues	13,238	14,754	0	0	27,992
Cargo charges	1,068	4,193	0	0	5,261
Passenger fees	3,521	154	0	0	3,675
Sale of electricity	765	3,424	0	0	4,189
Sale of ferry services – ticket sales	0	0	9,487	0	9,487
Sale of other services	499	706	70	69	1,344
Lease income	1,267	7,031	631	0	8,929
Charter fees	0	0	0	7,558	7,558
Sale of ferry services – government support	0	0	13,076	0	13,076
Total segment revenue* (note 10)	20,358	30,262	23,264	7,627	81,511
Adjusted segment EBITDA	9,648	16,929	10,154	4,501	41,233
Depreciation and amortisation	-5,265	-6,857	-4,488	-1,660	-18,270
Impairment losses	0	-232	0	0	-232
Amortisation of government grants received	184	459	0	0	643
Share of profit of an associate accounted for under the equity method	0	0	0	-265	-265
Segment operating profit	4,567	10,299	5,666	2,577	23,109
Finance income and costs, net					-1,022
Share of profit of an associate accounted for under the equity method					265
Income tax expense					-3,275
Profit for the period					19,077

* Total segment revenue represents revenue from external customers and excludes inter-segment revenue of EUR 126 thousand and EUR 7 thousand for the Passenger harbours and Cargo harbours segments, respectively, which was eliminated during consolidation.

Note 3 continued**For the 9 months ended 30 September 2020**

In thousands of euros	Passenger harbours	Cargo harbours	Ferry	Other	Total
Vessel dues	13,780	14,570	0	0	28,350
Cargo charges	973	3,989	0	0	4,962
Passenger fees	5,878	109	0	0	5,987
Sale of electricity	343	2,768	0	0	3,111
Sale of ferry services – ticket sales	0	0	8,164	0	8,164
Sale of other services	412	692	38	58	1,200
Lease income	1,196	6,957	512	0	8,665
Charter fees	0	0	0	7,572	7,572
Sale of ferry services – government support	0	0	14,044	0	14,044
Total segment revenue* (note 10)	22,582	29,085	22,758	7,630	82,055
Adjusted segment EBITDA	12,658	19,018	10,996	3,630	46,302
Depreciation and amortisation	-4,910	-6,644	-4,400	-1,704	-17,658
Impairment losses	-65	-172	0	0	-237
Amortisation of government grants received	147	420	0	0	567
Share of loss of an associate accounted for under the equity method	0	0	0	331	331
Segment operating profit	7,830	12,622	6,596	2,257	29,305
Finance income and costs, net					-1,266
Share of loss of an associate accounted for under the equity method					-331
Income tax expense					-4,913
Profit for the period					22,795

* Total segment revenue represents revenue from external customers and excludes inter-segment revenue of EUR 38 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

At	30 September 2021	31 December 2020
Trade receivables	7,731	7,820
Allowance for credit losses	-846	-1,693
Prepaid taxes	622	744
Government grants receivable	4,591	2,487
Other prepayments	519	487
Receivables from an associate (note 15)	27	15
Other receivables	1,484	323
Allowance for credit losses for other receivables	-617	0
Total trade and other receivables	13,511	10,183
Of which current receivables	12,981	10,183
non-current receivables	530	0

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

In thousands of euros		Days past due				Total
	Not past due	0–30	31–60	61–90	>90	
At 30 September 2021						
Expected credit loss rate	6.26%	1.5%	3.0%	80.0%	100.0%	
Total trade receivables	6,933	268	119	37	374	7,731
Lifetime expected credit loss (ECL)	–434	–4	–4	–30	–374	–846
						6,885
At 31 December 2020						
Expected credit loss rate	0.8%	1.5%	3.0%	80.0%	100.0%	
Total trade 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

5. INVESTMENTS IN AN ASSOCIATE

In thousands of euros

For the 9 months ended 30 September	2021	2020
Income	3,839	2,137
Expenses	3,263	2,706
Net profit or loss	548	–600

In thousands of euros

	At 30 September 2021	At 31 December 2020
Net assets of the associate	2,769	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	1,412	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	Prepayments	Total
At 31 December 2020						
Cost	627,291	246,929	8,615	25,554	0	908,389
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
<i>Movements in the 9 months ended 30 September 2021</i>						
Acquisition and reconstruction	52	375	210	9,032	15	9,684
Sales at carrying amount	-5	0	0	0	0	-5
Depreciation charge	-8,956	-8,266	-587	0	0	-17,809
Impairment	-232	0	0	0	0	-232
Reclassification at carrying amount	22,321	2,195	107	-24,623	0	0
At 30 September 2021						
Cost	648,643	248,811	8,912	9,963	15	916,344
Accumulated depreciation and impairment losses	-235,397	-95,670	-6,133	0	0	-337,200
Carrying amount at 30 September 2021	413,246	153,141	2,779	9,963	15	579,144

7. TRADE AND OTHER PAYABLES

In thousands of euros		
At	30 September 2021	31 December 2020
Trade payables	4,315	5,764
Payables to employees	1,253	1,233
Interest payable	246	388
Accrued taxes payable on remuneration	636	621
Advances for goods and services	1,069	414
Payables to an associate (note 15)	209	78
Other payables	1,558	1,459
Total trade and other payables	9,286	9,957
Of which current liabilities	8,564	9,116
non-current liabilities	722	841

8. LOANS AND BORROWINGS

In thousands of euros

At	30 September 2021	31 December 2020
Current portion		
Loans and borrowings	8,266	8,266
Debt securities	9,000	9,000
Total current portion	17,266	17,266
Non-current portion		
Loans and borrowings	46,681	54,064
Debt securities	140,250	140,250
Total non-current portion	186,931	194,314
Total loans and borrowings	204,197	211,580

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 nine-month periods ended 30 September 2021 and 30 September 2020. At 30 September 2021, the weighted average interest rate of the debt securities was 0.53% (30 September 2020: 0.77%).

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 nine-month period ended 30 September 2021 amounted to EUR 7,383 thousand (nine-month period ended 30 September 2020: EUR 6,383 thousand).

At 30 September 2021, the weighted average interest rate of drawn loans was 0.76% (30 September 2020: 1.14%). The Group did not have any hedging instruments to hedge interest rate risk at 30 September 2021 but at 30 September 2020 the average interest rate of loans, taking into account the effect of derivative transactions used to hedge interest rate risk, was 1.22%.

Contractual maturities of loans and borrowings

In thousands of euros

At	30 September 2021
Up to 12 months	17,266
1 – 5 years	72,681
> 5 years	114,250
Total loans and borrowings	204,197

Note 8 continued**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 September 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 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 September 2021, the Group was also in compliance with the covenants that set requirements to its financial indicators.

9. EQUITY

At 30 September 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 September 2021 and 31 December 2020 all shares issued had been fully paid for.

	Q3 2021	Q3 2020	For the 9 months ended 30 September 2021	For the 9 months ended 30 September 2020
Weighted average number of shares outstanding	263,000,000	263,000,000	263,000,000	263,000,000
Consolidated net profit for the period (in thousands of euros)	10,576	13,644	19,077	22,795
Basic and diluted earnings per share (in euros)	0.04	0.05	0.07	0.09

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.

10. REVENUE

In thousands of euros

For the 9 months ended 30 September	2021	2020
Revenue from contracts with customers		
Vessel dues	27,992	28,350
Cargo charges	5,261	4,962
Passenger fees	3,675	5,987
Sale of electricity	4,189	3,111
Sale of ferry services – ticket sales	9,487	8,164
Sale of other services	1,344	1,200
Total revenue from contracts with customers	51,948	51,774
Revenue from other sources		
Operating lease income	8,929	8,665
Charter fees	7,558	7,572
Sale of ferry services – government support	13,076	14,044
Total revenue from other sources	29,563	30,281
Total revenue (note 3)	81,511	82,055

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 September 2021, the difference between revenue recognised and amounts billed to customers was recognised as a contract asset of EUR 5 thousand (revenue recognised exceeded amounts billed) and as a contract liability of EUR 1,533 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 September 2021. Based on the estimation, the Group recognised contract assets of EUR 687 thousand. At 30 September 2021, revenue received from some customers exceeded management's estimates. As a result, the Group recognised contract liabilities of EUR 188 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 September 2021, such liabilities amounted to EUR 859 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 September 2021, such liabilities amounted to EUR 100 thousand (31 December 2020: EUR 33 thousand).

11. OPERATING EXPENSES

In thousands of euros

For the 9 months ended 30 September	2021	2020
Fuel, oil and energy costs	7,738	6,267
Technical maintenance and repair of non-current assets	4,637	3,765
Services purchased for infrastructure	2,242	2,115
Tax expenses	1,994	2,047
Consultation and development expenses	305	381
Services purchased	4,190	3,450
Acquisition and maintenance of assets of insignificant value	1,104	1,449
Advertising expenses	153	161
Lease expenses	508	426
Insurance expenses	581	570
Other operating expenses	2,002	2,650
Total operating expenses	25,454	23,281

12. COMMITMENTS

At 30 September 2021, the Group's contractual commitments related to the acquisition of property, plant and equipment, repairs, and research and development expenditures totalled EUR 15,825 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. Harju County Court decided on 19 January 2021 and Tallinn Circuit Court decided on 22 October 2021 that the statement of claim is to be denied and procedural expenses are to be borne by the customer. At the reporting date, the decision had not yet taken effect.

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.

Note 13 continued

Nor has the Group made any special deals with any ferry operators at prices outside the official price list. 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 and on 23 September 2021 Marika Kiil was involved in the proceedings as a civil defendant and a third party in place of Allan Kiil.

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

For the 9 months ended 30 September	2021	2020
Transactions with the associate		
Revenue	126	123
Operating expenses	1,075	784
Transactions with companies in which members of supervisory and management boards of group companies have significant influence		
Revenue	1	0
Operating expenses	7	7
Other expenses	18	18

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

Revenue	18,014	19,006
Other income	30	3
Operating expenses	6,585	4,798
Other expenses	28	57
Acquisition of property, plant and equipment	8	4

In thousands of euros	At 30 September 2021	At 31 December 2020
Trade receivables from and payables to the associate		
Receivables (note 4)	27	15
Payables (note 7)	209	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	145	245
Liabilities	1,176	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.