Aktsiaselts Tallink Grupp

Offering of up to 66,988,204 shares

with the Issuer's option to increase the number of shares offered by 10% up to 73,687,024 shares

Price EUR 0.47 per share

Subscription period 18 August 2021 –1 September 2021

SECONDARY OFFERING, LISTING AND ADMISSION TO TRADING PROSPECTUS

This Secondary Offering, Listing and Admission to Trading Prospectus (the **Prospectus**) has been drawn up and published by Aktsiaselts Tallink Grupp (an Estonian public limited company, registered in the Estonian Commercial Register under register code 10238429, having its registered address at Sadama 5, 10111 Tallinn, Estonia; the **Issuer**) in connection with (i) the secondary public offering by the Issuer of up to 66,988,204 newly issued ordinary shares of the Issuer (the **Offer Shares**) to retail and institutional investors in Estonia and Finland, whereas in Finland, the Offer Shares will be delivered in the form of the Finnish share depositary receipts (each a **FDR**) (the **Offering**) on the terms and conditions described in this Prospectus and (ii) listing and admission to trading of the Offer Shares on the Baltic Main List of the Nasdaq Tallinn Stock Exchange (the **Nasdaq Tallinn**) and on the Main List of Nasdaq Helsinki Stock Exchange (the **Nasdaq Helsinki**) in the form of FDRs. Any reference to the Offer Shares in this Prospectus shall also include reference to the Offer Shares in the form of the FDRs (where the context so requires), unless stated otherwise.

Upon oversubscription, the Issuer may, at its sole discretion, increase the number of the Offer Shares by up to 10%, such that the total number of the Offer Shares to be issued and allocated to the investors following such an increase will be altogether up to 73,687,024 Offer Shares.

The Offering is made by way of public offering to all investors in Estonia and Finland. In addition to the Offering, the Offer Shares may be offered to institutional investors in and outside of Estonia and Finland as qualified investors within the meaning of Article 2(e) of the Prospectus Regulation and other types of investors in reliance on certain exemptions available under the laws of each jurisdiction where the Offering is being made.

A public offering will be carried out only in Estonia and Finland and there will not be any public offering in any other jurisdiction.

The Offer Shares are offered for the price of EUR 0.47 per one Offer Share (the **Offer Price**). The Offer Shares may be subscribed for during the period commencing on 18 August 2021 at 10:00 a.m. local time in Estonia and Finland and ending on 1 September 2021 at 16:00 p.m. local time in Estonia and Finland (the **Subscription Period**) in accordance with the terms and conditions described in this Prospectus. The Issuer reserves the right to postpone or cancel the Offering or change the terms and conditions thereof as described in this Prospectus.

The Issuer's shares (the **Shares**) have been admitted to trading on the Baltic Main List of the Nasdaq Tallinn as of 9 December 2005 and on the Main List of Nasdaq Helsinki in the form of FDRs as of 3 December 2018. In connection with the Offering, the Issuer will apply for the listing and the admission to trading of the Offer Shares on the Baltic Main List of the Nasdaq Tallinn and on the Main List of Nasdaq Helsinki in the form of FDRs. It is estimated that trading with the Offer Shares on Nasdaq Tallinn will commence on or about 17 September 2021 following the registration of the Offer Shares at the Estonian Commercial Register. The trading of the Offer Shares in the form of FDRs on Nasdaq Helsinki is estimated to commence on or about 21 September 2021 following the completion of conversion of the Offer Shares into FDRs and delivery of the FDRs to the investors in Finland who have subscribed for and have been allocated the Offer Shares in the form of FDRs in accordance with this Prospectus.

After registration of the increase of the share capital of the Issuer with the Estonian Commercial Register and registration of the issue of the Offer Shares with Nasdaq CSD, the Offer Shares will rank *pari passu* with all the existing Shares and the Offer Shares will be eligible for any dividends declared and paid on the Shares for the financial period starting on 1 January 2021, and for any dividends declared and paid for any subsequent financial period.

This Prospectus has been approved by the Estonian Financial Supervision and Resolution Authority (the **EFSA**) on 16 August 2021 under registration number 4.3-4.9/3173. The EFSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by applicable laws and should not be regarded as endorsement of the Issuer or the Offer Shares.

The Prospectus has been drawn up as an EU recovery prospectus in accordance with Article 14a of the Prospectus Regulation (as amended by the Regulation (EU) 2021/337 of the European Parliament and of the Council of 16 February 2021).

Investing into the Offer Shares involves risks inherent to investments in capital market equity instruments and risks connected with the Issuer's and its subsidiaries' (the Group) operations and business

environment. Before investing in the Offer Shares or FDRs representing the Offer Shares, the Prospectus should be read in full (including Section "Risk Factors"). While every care has been taken to ensure that this Prospectus presents a fair and complete overview of the risks related to the Issuer, the operations of the Issuer and its subsidiaries and to the Offer Shares, the value of any investment in the Offer Shares may be adversely affected by circumstances that are either not evident at the date hereof or not reflected in this Prospectus. The contents of this Prospectus are not intended to be construed as legal, financial or tax advice. Each prospective investor should consult its own legal advisor, financial advisor or tax advisor for such advice.

NOTICE TO ALL INVESTORS

No person has been authorised to give any information or to make any representation in connection with the offering of the Offer Shares other than as contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, or by the Lead Arranger (as defined in Section "Glossary") or by any of the advisors of the Company or the Lead Arranger. Neither the Lead Arranger nor any of its affiliates makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained herein or any responsibility for the acts or omissions of the Issuer or any other person in connection with the issue and offering of the Offer Shares, and no fiduciary duty between the Lead Arranger and any investors will be created in respect of any issue and offering of the Offer Shares.

This Prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire the Offer Shares offered by any person in any jurisdiction in which such an offer or solicitation is unlawful, in particular in or into the Restricted Territories (as defined in Section "Glossary") or the Excluded Territories (as defined in Section "Glossary"). The Offer Shares have not been and will not be registered under the relevant laws of any state, province or territory other than Estonia and Finland and may not be offered, sold, transferred or delivered, directly or indirectly, within any other jurisdiction than Estonia or Finland, except pursuant to an applicable exemption.

Distribution of copies of the Prospectus or any related documents are not allowed in those countries where such distribution or participation in the offering of the Offer Shares requires any extra measures or is in conflict with the laws and regulations of these countries. Persons who receive this Prospectus or any related document should inform themselves about any restrictions and limitations on distribution of the information contained in this Prospectus and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, such documents should not be distributed, forwarded to or transmitted in or into the Restricted Territories or the Excluded Territories. No action has been taken by the Issuer in relation to the Offer Shares or rights thereto or possession or distribution of this Prospectus in any jurisdiction where action is required, other than in Estonia and Finland. The Issuer is not liable in cases where persons or entities take measures that are in contradiction with the restrictions mentioned in this paragraph.

INFORMATION FOR UNITED STATES INVESTORS

The Offer Shares have not been approved or disapproved by any United States' regulatory authority. The Offer Shares will not be, and are not required to be, registered with the SEC under the US Securities Act of 1933, as amended (the **Securities Act**) or on a United States securities exchange. The Issuer does not intend to take any action to facilitate a market for the Offer Shares in the United States. The Offer Shares may not be offered, sold, resold, transferred or delivered, directly or indirectly, within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States.

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1. INTRODUCTORY INFORMATION

1.1. Applicable Law and Jurisdiction

The Prospectus has been drawn up as an EU recovery prospectus in accordance with Article 14a of the Prospectus Regulation (as amended by the Regulation (EU) 2021/337 of the European Parliament and of the Council of 16 February 2021) and in accordance with Commission Delegated Regulation No 2019/980/EU of 14 March 2019 supplementing Regulation No 2017/1129/EU of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation No 809/2004/EC (the **Delegated Regulation**), in particular the Annex 5a of the Prospectus Regulation.

This Prospectus is governed by Estonian law. Any disputes arising in connection with the Offering shall be settled by Harju County Court (*Harju Maakohus*) in Estonia unless the exclusive jurisdiction of any other court is provided for by the provisions of law, which cannot be derogated from by an agreement of the parties.

Before reading this Prospectus, please take notice of the following important introductory information.

1.2. Persons Responsible and Limitations of Liability

The person responsible for the information given in this Prospectus is Aktsiaselts Tallink Grupp (the **Issuer**). The Issuer accepts responsibility for the fullness and correctness of the information contained in this Prospectus as of the date hereof. Having taken all reasonable care to ensure that such is the case, the Issuer believes that the information contained in this Prospectus is, to the best of the Issuer's knowledge, in accordance with the facts, and contains no omission likely to affect its import.

Aktsiaselts Tallink Grupp

Paavo Nõgene

/signed digitally/

Without prejudice to the above, no responsibility is accepted by the persons responsible for the information given in this Prospectus solely based on the summary of this Prospectus, unless such summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid the investors when considering whether to invest in the Offer Shares.

1.3. Financial Statements

The following financial statements are incorporated into this Prospectus by reference in full (i.e. all the pages of the following documents):

(i) the unaudited consolidated financial statements of the Group as at and for the 6-month period ended 30 June 2021 available at the website of the Issuer at https://www.tallink.com/documents/10192/152333562/Tallink-Grupp-Interim-Report-2021-Q2_EN.pdf/62b66976-5862-b9d2-d49a-f3693bf119e5?t=1627542742726 (the **Interim Financial Statements**);

(ii) the audited consolidated annual report of the Group for the financial year ended on 31 December 2020 prepared for statutory purposes available at the website of the Issuer at https://www.tallink.com/documents/10192/126509912/2020-FY_Tallink-Grupp-Audited-Annual-Report_en.pdf/f36c6170-4831-aff2-307d-0c3663919f8f?t=1619688919967 (the **Audited Financial Statements**).

The independent auditor's report of the Audited Financial Statements available at pages 103 - 108 of the Audited Financial Statements available at the website of the Issuer at https://www.tallink.com/documents/10192/126509912/2020-FY_Tallink-Grupp-Audited-Annual-Report_en.pdf/f36c6170-4831-aff2-307d-0c3663919f8f?t=1619688919967 contain an opinion on material uncertainty related to going concern in the following wording: "We draw attention to Note 24 to the consolidated financial statements which describes how the COVID-19 pandemic and the restrictions on international travel have negatively influenced the Group's operations, liquidity position and financial performance. Management's assessment of the Group's ability to continue as a going concern is based on business plans, which take into account different scenarios for the COVID-19 pandemic, as well as the activities described in the Note 24 which are aimed at strengthening the Group's liquidity. These circumstances along with other matters presented in the Note 24 indicate that a material uncertainty may arise on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.".

1.4. Presentation of Information

Approximation of Numbers. Numerical and quantitative values in this Prospectus (e.g. monetary values, percentage values, etc.) are presented with such precision that is deemed by the Issuer to be sufficient in order to convey adequate and appropriate information on the relevant matter. From time to time, quantitative values have been rounded up or down, as the case may be, to the nearest reasonable decimal or whole value in order to avoid excessive level of detail. As a result, certain values presented as percentages do not necessarily add up to 100% due to the effects of rounding. Exact numbers may be derived from the Financial Statements to the extent that the relevant information is reflected therein.

Dating of Information and Updates. Where not expressly indicated otherwise, all information presented in this Prospectus must be understood to refer to the state of affairs as of the date of the Prospectus. Where information is presented as of a date other than the date of this Prospectus, this is identified by specifying the relevant date. The Issuer will update the information contained in this Prospectus only to such extent and at such intervals and by such means as required by the applicable law or considered necessary and appropriate by the Management. The Issuer is under no obligation to update or modify forward-looking statements included in this Prospectus.

Definitions of Terms. In this Prospectus, capitalised terms have the meaning ascribed to them in Section "Glossary", except for such cases where the context evidently requires to the contrary, whereas the singular shall include plural and vice versa. Other terms may be defined elsewhere in the Prospectus.

References to the Issuer's website. This Prospectus contains references to the Issuer's website. The Issuer is not incorporating by reference into this Prospectus any information posted on such website, unless explicitly stated otherwise, e.g. in Section 1.3 "Financial Statements" and such information posted on the Issuer's website has not been scrutinised or approved by the EFSA.

1.5. Documents on Display

In addition to this Prospectus, the following documents are on display:

(iii) the Articles of Association available at the website of the Issuer at https://www.tallink.com/articles-of-association;

(iv) company announcements published by the Issuer via the information system of the Nasdaq Tallinn available at http://www.nasdaqbaltic.com and via the information system of the Nasdaq Helsinki available at http://www.nasdaqomxnordic.com/.

1.6. Use of Prospectus

This Prospectus is prepared solely for the purposes of the Offering of the Offer Shares and listing and the admission to trading of the Offer Shares on the Baltic Main List of the Nasdaq Tallinn and on the Main List of the Nasdaq Helsinki. No public offering of the Offer Shares is conducted in any jurisdiction other than Estonia and Finland and consequently the dissemination of this Prospectus in other countries may be restricted or prohibited by law. This Prospectus may not be used for any other purpose than for making the decision of participating in the Offering or investing into the Shares.

You may not copy, reproduce (other than for private and non-commercial use) or disseminate this Prospectus without express written permission from the Issuer.

1.7. Validity of Prospectus

This Prospectus shall be valid until commencement of trading with the Offer Shares on Nasdaq Tallinn or on Nasdaq Helsinki, whichever occurs later. The Issuer is obliged to update this Prospectus by publishing a supplement only in case new facts, material errors or inaccuracies occur until such date, and the obligation to supplement this Prospectus does not apply after the end of the validity period of the Prospectus.

1.8. Approval of Prospectus

This Prospectus has been approved by the EFSA on 16 August 2021 under registration number 4.3-4.9/3173. The EFSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by applicable laws and should not be regarded as endorsement of the Issuer or the Offer Shares.

The Prospectus has been drawn up as an EU recovery prospectus in accordance with Article 14a of the Prospectus Regulation (as amended by the Regulation (EU) 2021/337 of the European Parliament and of the Council of 16 February 2021).

2. SUMMARY

<table>
<tr><th colspan="2">Introduction and Warnings</th></tr>
<tr><td colspan="2">This summary (Summary) should be read as an introduction to Prospectus and any decision to invest in the Offer Shares (or FDRs, if the context so requires) by the investors should be based on consideration of the Prospectus as a whole. The information in the Summary is presented as of the date of approval of the Prospectus, unless indicated otherwise. Civil liability in relation to this Summary attaches only to those persons who have tabled the Summary, including any translation thereof, but where the Summary is misleading, inaccurate of inconsistent when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Offer Shares (or FDRs, if the context so requires). Investment into Offer Shares (or FDRs, if the context so requires) involves risks and the investor may lose all or part of the investment. The investor may be required under national law to bear the costs of translating the Prospectus before being able to bring a claim to the court in relation to this Prospectus.</td></tr>
<tr><td>Name and international securities identification number (ISIN) of the Offer Shares</td><td>TALLINK GRUPP AKTSIA, ISIN code EE3100004466

During the Offering and at the time of settlement the Offer Shares will bear temporary ISIN code EE3811004466, which shall be converted into permanent ISIN code EE3100004466 after registration of the increase of the share capital of the Issuer with the Estonian Commercial Register and registration of the issue of the Offer Shares with Nasdaq CSD, but prior to the commencement of trading with the Offer Shares.

In Finland, the Offer Shares will be delivered in the form of the Finnish share depositary receipts (each a FDR).</td></tr>
<tr><td>The identity and contact details of the issuer, including its legal entity identifier (LEI);</td><td>The business name of the issuer is Aktsiaselts Tallink Grupp (an Estonian public limited company, registered in the Estonian Commercial Register under register code 10238429, having its registered address at Sadama 5, 10111 Tallinn, Estonia; the Issuer). The contact details of the Company are the following: address Sadama tn 5, 10111 Tallinn, Estonia, phone: +372 640 9800, fax: +372 640 9810, e-mail: info@tallink.ee, website: https://www.tallink.com/.

The legal entity number (LEI) of the Issuer is 529900QRMWAKKR3L9W75.</td></tr>
<tr><td>The identity and contact details of the competent authority approving the prospectus, date of approval of the prospectus</td><td>This Prospectus has been approved by the Estonian Financial Supervision and Resolution Authority under registration number 4.3-4.9/3173 on 16 August 2021. The contact details of the EFSA are the following: address Sakala 4, 15030, Tallinn, Estonia, phone +372 668 0500, e-mail info@fi.ee.</td></tr>
<tr><th colspan="2">Key Information on Issuer</th></tr>
<tr><td colspan="2">Who is the Issuer?

The business name of the Issuer is Aktsiaselts Tallink Grupp. The Issuer was established under the laws of the Republic of Estonia for an indefinite term in the form of a public limited company and was registered in the Estonian Commercial Register on 21 August 1997 under the register code 10238429. The Issuer is the holding company of the group.

According to the latest available annual report of the Issuer, i.e. the annual report for the financial year ended on 31 December 2020, the principal field of activity of the Issuer was “sea and coastal passenger water transport” (EMTAK 50101) and the additional field of activity “sea and coastal freight water transport” (EMTAK 50201).</td></tr>
<tr><td colspan="2">What is the impact of the COVID-19 pandemic on the Issuer?

In 2020, the Group’s operations and results were strongly influenced by the COVID-19 pandemic situation, the restrictions on international travel and the authorities’ advice against travel. As a result of decreased demand and restricted operations, the revenue and net result declined by 53% and 318%, respectively, compared to 2019. In 2020, the limitations included also restrictions on the maximum number of passengers on vessels. Travel restrictions on all routes were in force from March to June and again starting from September. While the restrictions remained limited in most markets during the summer months, the restrictions for international passenger traffic to and from Sweden were in force since March 2020 until the end of the 2020. In early 2021, the outbreak of the COVID-19 pandemic took a turn for worse. Additional limitations and restrictions were imposed by the governments of the markets where the Group companies operate. The Finnish border was effectively closed for travel from Estonia and Sweden, including strict restrictions also on commuter traffic, from late January 2021 until late July 2021. This has had an adverse effect on the results of operations of the Group in 2021. Throughout 2021, the Group’s strategy and objectives have not changed and the strategic focus has remained on managing the costs and cash flows as it has been since the start of the COVID-19 pandemic. From the onset of the pandemic and following the decrease in demand the Group suspended temporarily the operation of several shipping routes and operation of hotels. The Group’s main focus has been on activities aimed at reducing the cost base and increasing efficiency. The changes concerning personnel have included temporary lay-offs, redundancies, reduction of workload and remuneration. In order to ensure sustainability of operations and liquidity, the Group has negotiated with financial institutions the amendment and prolongation of the waivers of financial covenants and deferral of loan principal payments also in 2021 alike the year earlier. Due to the ongoing COVID-19 situation the earnings outlook is uncertain and continues to be strongly affected by external factors such as the progress of vaccination, states’ decisions regarding the timing of the lifting and/or imposing of travel</td></tr>
</table>

restrictions and allowing passenger traffic as well as the duration of the recovery period. Subject to the development of the operating environment, the Group looks to gradually restart the suspended routes, given indications of sufficient demand for profitable operation.

Key Information on Offer Shares and FDRs

What are the main features of the securities?

The current registered and fully paid-in share capital of the Issuer is EUR 314,844,558.80, which is divided into 669,882,040 ordinary shares of the Issuer (the **Shares**) without nominal value. The Shares are registered in Nasdaq CSD under ISIN code EE3100004466 and kept in book-entry form. The Issuer has a single share class.

The Shares are governed by the laws of the Republic of Estonia. The Shares are freely transferrable. The Shares bear the following rights – right to participate in corporate governance, right to information, right to subscribe for new shares, right to dividends and right to liquidation proceeds.

The Shares have been admitted to trading on the Baltic Main List of the Nasdaq Tallinn as of 9 December 2005 and on the Main List of Nasdaq Helsinki in the form of the FDRs as of 3 December 2018.

The Offer Shares to be issued by the Issuer will during the Offering bear temporary ISIN code EE3811004466. After registration of the increase of the share capital of the Issuer with the Estonian Commercial Register and registration of the issue of the Offer Shares with Nasdaq CSD, the Offer Shares will have the same ISIN code as the existing Shares and will rank *pari passu* with all the existing Shares and the Offer Shares will be eligible for any dividends declared and paid on the Shares for the financial period starting on 1 January 2021, and for any dividends declared and paid for any subsequent financial period.

The FDRs are dematerialized depositary interests representing entitlements to the Shares in the Issuer. The Issuer has appointed Nordea Bank Abp as the issuer of the FDRs (the **FDR Issuer**). The FDRs are issued in the Finnish book-entry system. One FDR entitles its holder to one Share, and it may be converted into one Share according to the FDR terms and conditions which are available on the Issuer's website https://www.tallink.com/documents/12397/88494104/Tallink-Grupp-FDR-Terms-and-Conditions-en.pdf/cdb8e3ca-0a55-8e02-d1c8-e39f0687942d. A number of the Shares corresponding to the number of the outstanding FDRs are held in custody by the sub-custodian bank appointed by the FDR Issuer in Estonia in the name of the FDR Issuer and for the account of the FDR holders.

Where will the securities be traded?

In connection with the Offering, the Issuer will apply for the listing and the admission to trading of the Offer Shares on the Baltic Main List of the Nasdaq Tallinn and on the Main List of Nasdaq Helsinki in the form of FDRs.

Key Information on Offering

Under which conditions and timetable can I invest in this security?

The Issuer is offering up to 66,988,204 Shares (the **Offer Shares**). The Offer Shares are publicly offered to all investors in Estonia and Finland on terms and conditions as described in this Prospectus (the **Offering**). Upon oversubscription, the Issuer may, at its sole discretion, increase the number of the Offer Shares by up to 10%, such that the total number of the Offer Shares to be issued and allocated to the investors following such an increase will be up to 73,687,024 Offer Shares.

In addition to the Offering, the Offer Shares may be offered to institutional investors in and outside of Estonia and Finland which are qualified investors within the meaning of Article 2(e) of the Prospectus Regulation and other types of investors in reliance on certain exemptions from the requirement to draw-up and publish prospectus and from other registration requirements available under applicable laws.

Indicative timetable of the Offering

18 August 2021 at 10:00	Commencement of the Offering Period
1 September 2021 at 16:00	End of the Offering Period
On or about 3 September 2021	Announcement of the results of the Offering
8 September 2021	Settlement and delivery of the Offer Shares to investors in Estonia *The Offer Shares settled will bear a temporary ISIN code EE3811004466*
On or about 15 September 2021	Registration of the Offer Shares at the Estonian Commercial Register
On or about 17 September 2021	Commencement of trading with the Offer Shares on Nasdaq Tallinn
On or about 21 September 2021	Settlement of the Offer Shares in the form of FDRs in Finland
On or about 21 September 2021	Commencement of trading with FDRs on Nasdaq Helsinki

The offer price is EUR 0.47 per one Offer Share (and per one Offer Share in the form of the FDR), of which EUR 0.47 is the accounting value of one Offer Share, i.e. there is no issue premium.

To subscribe for the Offer Shares, an investor in Estonia must have a securities account with Nasdaq CSD. Such securities account may be opened through any custodian of Nasdaq CSD. An investor wishing to subscribe for the Offer Shares in the course of the Offering should contact a custodian that operates such investor's Nasdaq CSD securities account and submit a Subscription Undertaking in the form set out in the Prospectus.

To subscribe for the Offer Shares in the form of FDRs, an investor in Finland must have a book-entry account in Finland held by an account operator operating in Finland or must nominee register its Offer Shares in the form of FDRs for recordings on the securities account. The subscription for the Offer Shares in the form of FDRs will be conducted through Nordnet Bank AB Finnish Branch (Nordnet). The subscription may only be made in Nordnet's online service at www.nordnet.fi/fi/tallink.

3. RISK FACTORS

3.1. Introduction

Investing into the Shares issued by the Issuer entails various risks. Each prospective investor in the Shares should thoroughly consider all the information in this Prospectus, including the risk factors described below. Any of the risk factors described below, or additional risks not currently known to the Management or not considered significant by the Management, could have a material adverse effect on the business, financial condition, operations or prospects of the Group and result in a corresponding decline in the value of the Shares. As a result, investors could lose a part or all of the value of their investments. The Management believes that the factors described below present the principal risks inherent in investing into the Shares. The risk factors are listed in certain categories whereas the most material risk factors, based on the significance or probability, are mentioned first and the reminder of the risk factors are not presented in any order of priority.

This Prospectus is not, and does not purport to be, investment advice or an investment recommendation to acquire the Offer Shares (or FDRs representing the Offer Shares). Each prospective investor in the Shares must determine, based on its own independent review and analysis and such professional advice as it deems necessary and appropriate, whether an investment into the Shares is consistent with its financial needs and investment objectives and whether such investment is consistent with any rules, requirements and restrictions as may be applicable to that investor, such as investment policies and guidelines, laws and regulations of the relevant authorities, etc.

3.2. Risks relating to the Group and its Business

***COVID-19 (known also as SARS-CoV-2) pandemic has had and is continuously having material adverse effect on the business operations of the Group*.**

The break-out of the COVID-19 pandemic in March 2020 and the lockdowns, restrictions and the global health and economic crisis that followed, have had and continue having a clear and significant adverse impact on the business of the Group and the transportation and tourism sector. Despite the efforts of the Group companies and the external support, 2020 may be characterised as the year of unprecedented reductions, decreases and losses on all fronts. The restrictions introduced by the governments of the markets where the Group companies operate due to the pandemic (mostly travelling restrictions and closing the borders but also the authorities' advice against travel) meant applying significant measures for cost-cutting. At the end of June 2021, the number of the Group companies' staff had decreased to 4,352 or 40% compared to the end of the year 2019, i.e. pre-COVID-19. The reduction of employees in all of the Group companies altogether has been nearly 3,000 people from the onset of the pandemic. In 2020 most of the redundancies took place in Estonia and Latvia while the setup in Finland and Sweden allowed more flexibility to retain staff. As the lock-down regimes and travel restrictions continued in 2021, nearly half of Group's fleet was still suspended in ports in Group's home markets at the end of May before gradual re-employment of most of the idle vessels, either on routes in the Baltic Sea or on charter agreements, over June and July. The hotel operations are partially suspended.

The Group companies made great efforts to reorganise their business operations in the new changed circumstances of worldwide health crisis in order to decrease the impact of the crisis on the business operations of the Group companies. In addition to the above-mentioned partial and temporary suspension of vessel and hotel operations and among other measures taken, certain vessels were temporarily rerouted, additional capital was engaged by signing EUR 260 million worth of new overdraft and working capital loan agreements, the Group companies received direct financial support through the state aid measures in the total net amount of EUR 36.6 million in 2020 and in the total amount of EUR 11.0 million in the first six months of 2021.

In 2020, the Group's total consolidated revenue decreased by EUR 506.2 million to EUR 442.9 million. Total revenue for 2019 and 2018 amounted to EUR 949.1 million and EUR 949.7 million, respectively. Revenue from route operations (core business) decreased in 2020 by EUR 483.0 million to EUR 400.2 million with the revenue on the Estonia-Finland routes decreasing by EUR 153.5 million to EUR 200.4 million. By the end of the financial year 2020, the Finland-Sweden routes' revenue decreased by EUR 194.9 million and amounted to EUR 149.5 million. The Estonia-Sweden routes' revenue decreased by EUR 77.4 million, compared to the previous year, and amounted to EUR 34.9 million. The Latvia-Sweden route's revenue decreased by EUR 57.1 million, compared to the previous year and amounted to EUR 15.4 million. Consolidated revenue from the segment Other decreased by a total of EUR 23.2 million and amounted to EUR 42.8 million. The decrease was mainly driven by significantly lower accommodation sales and lower revenue from services provided at the hotels.

In the first six months of 2021 the Group's total consolidated revenue remained at EUR 139.8 million (EUR 219.9 million and EUR 435.0 million in comparable periods in 2020 and 2019, respectively). In the same period the revenue of the Estonia-Finland routes amounted to EUR 65.9 million (EUR 92.8 million in 2020 and EUR 165.3 million in 2019), revenue of Finland-Sweden routes amounted to EUR 33.6 million (EUR 73.4 million in 2020 and EUR 157.5 million in 2019), revenue of Estonia-Sweden routes amounted to EUR 11.0 million (EUR 22.4 million in 2020 and EUR 49.9 million in 2019) and revenue of Latvia-Sweden route amounted to only EUR 0.1 million (EUR 11.4 million in 2020 and EUR 32.6 million in 2019). In the first six months of 2021 the consolidated revenue from the segment Other was EUR 29.2 million (EUR 19.8 million in 2020 and EUR 29.7 million in 2019).

Certain restrictions as imposed by the governments of the markets where the Group companies operate continue to remain in enact also as at the date of this Prospectus and it is unpredictable when and in what pace the transportation and tourism sector will recover, the overall effect of the global pandemic on the operations of the Group and future outlook thereof is currently unpredictable. As at the date of this Prospectus, the COVID-19 pandemic related risk factors are the most significant risk factors for the entire industry and the business operations of the Group, which are beyond the control of the Issuer. The earnings outlook for the current financial year and the future periods is uncertain and continues to be largely subject to external factors such as the progress of vaccinations, states' decisions regarding the timing of lifting and/or imposing of the travel restrictions, allowing passenger traffic as well as the duration of the recovery period.

The Group's inability to engage additional capital or to comply with existing financing agreements may adversely affect the results of operations of the Group.

The Group's operates a capital expenditure heavy business, which may at times require sizeable investments in new vessels and in the refurbishment and maintenance of existing vessels. Such sizeable investments may from time to time affect the Group's ability to distribute dividends or return capital to its shareholders as well as increase the Group's financing expenses.

The Group uses bank loans to finance its operations, and the Group's obligations under the loan agreements have been secured by different security arrangements. If the Issuer or any of the Issuer's ship-owning subsidiaries default under any of the Group's respective loan agreements, the creditors may enforce the relevant security and, among other, the Group could forfeit the rights to the Group's vessels through the relevant enforcement by creditors.

The Group's loan agreements contain extensive requirements relating to the use of the Group's vessels, compliance with environmental laws and the Group's insurance policies. Some of the Group's loan agreements contain restrictions on payment of dividend by the Group and/or provisions according to which payment of dividend requires prior consent of the lenders. The loan agreements also include various financial covenants, including minimum level of liquidity, minimum equity ratio, maximum net debt to EBITDA multiple and loan to asset values. These terms and conditions of the Group's loan agreements may adversely affect the Group's ability to operate its business efficiently or to be able to adjust to changes in the operating environment. The adverse effect of the COVID-19 pandemic on the results of operations of the Group companies as described above has resulted in the Group obtaining pre-emptive waivers and amendment of certain financial covenants contained in certain financing agreements of the Group companies from the banks and financing partners of the Group. Although every effort is made to re-negotiate and extend the terms of such financing agreements, upon the need, reaching respective agreements with the banks and financing parties cannot be assured.

The interest rates of the Group's loan agreements are mainly tied to EURIBOR with specific margins, and interest rate fluctuations may affect the amounts payable under the loan agreements.

Fluctuations in the market value of the Group's fleet may impair the Group's ability to obtain additional funding. This depends in part on the general economic and market conditions affecting the ferry industry, competition from other ferry companies, the supply of similar vessels, the price of new vessels, government regulations, the development of other means of transportation, and technological advancements. It should be expected that the fair market value of the vessels will fluctuate, and as vessels grow older, they generally decline in value.

The Group operates in a highly competitive market.

There are currently and/or may in the future be other ferry and/or cargo vessel operators on the routes in direct or indirect competition with the routes which the Group operates in passenger and cargo traffic, and the Group cannot guarantee that it is successful in retaining or improving its market position. The introduction of new vessels and routes and related capacity increases involves risks and uncertainties, such as timely delivery and introduction of ordered new vessels, investments, changes in economic cycles, dealing with authorities, obtaining permits, as well as marketing expenditures. Possible increases in the fleet capacity of the Group's competitors in the Group's key markets and potential overcapacity in these markets may cause the Group to lower pricing, which would reduce profitability and adversely affect the Group's results of operations. The Group competes with onshore shops and faces uncertainties regarding onboard trade and price development. The prices in the Group's onboard shops must be comparable to the prices in onshore shops in the countries of the Group's operating region in order to be competitive.

The Group's earnings are concentrated on one business segment.

Although significant effort has been made by the Group companies to decrease the dependency on one business segment and diversify the operations of the Group, most of the Group's revenue and earnings come from the ferry operation business segment. In 2019, i.e. pre-COVID-19, and in 2020 the revenue from the ferry operations made up 93.1% and 90.3%, respectively, of the total consolidated revenue. The ratio for segment result, i.e. earnings before administrative expenses, financial items and income tax expenses, was 87.1% in 2019, while the segment result was negative in 2020. More specifically, a large proportion of the Group's revenue and earnings is concentrated on the Estonia-Finland segment, which emphasizes the importance of undisrupted operation of the ships operating in that segment. In 2019 and 2020 the revenue of the Estonia-Finland segment made up 37.3% and 45.3%, respectively, of the total consolidated revenue. In 2019 the Estonia-Finland segment result (operating profit less expenses which are not directly related to a segment or cannot be allocated to a segment) made up 62.3% of the total consolidated segment result and in 2020 the Estonia-Finland was the only ferry segment with a positive segment result. Disruption on that segment could adversely affect the Group's results of operations.

In order to balance out the above-described concentration risk, the Group companies have operations in other business segments and are constantly, especially in the worldwide health crisis situation, searching for new business opportunities on-shore and off-shore.

As at the date of this Prospectus, the Group operates three quality hotels in Tallinn city centre and one hotel in Riga, however, the Issuer has decided to suspend the operations of the hotel in Riga in 2021. The Group operates, as the exclusive owner of Burger King franchise in the Baltics, ten restaurants of the fast-food chain in Estonia, Latvia and Lithuania. The Group also has a growing online presence in the Group's home markets.

The financial results of the Group are dependent on consumer behaviour trends, which are subject to unpredictable change.

Consumer behaviour may change due to the changes in economic environment, demographics or consumption preferences, which may affect the Group's earnings and demand for its services. The consumer behaviour trends risk is especially relevant in the current COVID-19 pandemic situation as it is impossible to predict how will the worldwide health crisis affect the overall social and financial well-being of the population, traveling trends and consumer preferences. The Group's success depends on the strength and continued development of its brands and on the effectiveness of its brand strategies. Failure to protect and differentiate its brand from competitors throughout the passenger and cargo transportation markets could adversely affect the Group's results of operations.

The Group's operations are subject to seasonality risks.

The Group's passenger transportation operations are subject to the dynamics of high seasonality, as most of the Group's revenue and profit is made during the summer months. Thus, the Group may not be able to generate revenue that is sufficient to cover its expenses during certain periods of the year. In the current financial year the high-season is adversely affected by travel restrictions imposed by the government of Finland, relatively low levels of fully vaccinated population in Group's home markets and Finnish authorities' advice to avoid travelling abroad.

The Group is dependent on third party services providers.

A portion of the Group's sales is dependent on third party services who sell tickets to the Group's ferries. Changes in their operations or ceasing partnership with the Group companies may reduce the number of passengers, which in turn may have adverse effect on the results of operations of the Group companies. Travel agencies and other third party service provides who are operating in the transportation and tourism sector have also been materially adversely affected by the COVID-19 pandemic and, therefore, the number of co-operation partners intermediating the services rendered by the Group companies may decrease, which in turn may have adverse effect on the ticket sales of the Group companies.

In addition to the ticket sales services, the Group companies are dependant on other third party service providers. Commissioning construction of new vessels involves a counterparty risk in case the contract party fails to deliver the vessel in due shape, in due time or at all. Realization of such counterparty risk could cause delays and force the Group to change its future plans. Any prepayments made by the Group in connection with such construction projects may be tied to the respective projects for long periods of time even if the counterparty risk realizes.

The Group relies on supply chain vendors and third-party service providers who are integral to the operations of the Group's businesses. These vendors and service providers may be unable or unwilling to deliver on their commitments or may act in ways that could harm the Group's business.

The Group may be unable to retain key management personnel or other employees in its service or to attract qualified new personnel, which may negatively impact the Group's business.

The Group may be negatively affected by the actions of trade unions and general strikes, and constructive relations with trade unions are important for the continuity of the Group's operations.

The Group's operations may be adversely affected by information system failures.

Information systems failures, computer viruses or cyber-attacks impacting the Group's shoreside or shipboard operations may adversely affect the Group's results of operations.

The Group's business continues to demand the use of systems and technology. If the Group is unable to refine, update and replace these systems and technologies on a timely basis or within reasonable cost parameters, or if the Group is unable to appropriately and timely train its employees to operate any of these new systems, the Group's business could suffer.

The operations of the Group are subject to technical risks.

Ship repair or revitalization delays or other mechanical and technical issues on existing vessels may result in cancellation of trips or unscheduled dry-dockings and repairs or loss of reputation of the Group and thus adversely affect the Group's results of operations.

Inability to implement the Group's maintenance plan and upgrades on terms that are favourable or consistent with the Group's expectations, as well as increases to the Group's repairs and maintenance expenses and refurbishment costs as the Group's fleet ages may adversely affect the Group's results of operations.

The Group's operations are subject to data protection related risks.

The Group may be exposed to risks and costs associated with protecting the integrity and security of its guests' and employees' personal information.

Changes in the regulatory environment of the Group's target markets may adversely affect the Group's operations.

Changes in regulations concerning subsidies granted for shipping companies from state funds in relation to enhancing the competitiveness of vessels under Finnish and Swedish flags may cause a rise in labour costs, particularly concerning onboard personnel of the Group's vessels.

The Group's operations could be affected by any actions taken by competition authorities. The Group operates in the transportation sector, which has traditionally been subject of special attention by the competition authorities, particularly at the European Union level.

The Group companies are subject to certain legal proceedings, the outcome of which may have material adverse effect on the results of the operations of the Group.

In its ordinary course of business, the Group companies process from time to time claims relating to, among other things, ship crew members and other employees and adverse events in the ferry business, and while none of the recent claims is considered significant by the Issuer (except for as described below), any future development or future legal or regulatory proceedings or claims could have a material adverse effect on the Group.

On 1 March 2021, the Issuer filed an action against AS Tallinna Sadam with Harju County Court with a claim of EUR 15.4 million. The Issuer demands compensation from AS Tallinna Sadam for unjust enrichment or alternatively for damage caused by abusing the dominant position AS Tallinna Sadam has on the market for provision of port services in Old City Harbour (in Estonian: *Vanasadam*). According to the Estonian Competition Act an undertaking having a dominant position on a goods market is prohibited from directly or indirectly establishing or applying unfair purchase or selling prices or other unfair trading conditions.

The filed claim includes fees paid by the Issuer in 2017, 2018 and 2019. It is the view of the Issuer that in relation to the port services offered to passenger vessels in Tallinn Old City Harbour, AS Tallinna Sadam has imposed excessively high prices and thereby abused its dominant market position on the market for offering port services in the Old City Harbour.

The case is currently pending before Harju County Court; however, unfavourable result of the claim filed with the court may have adverse effect on the result of operations of the Group and so in respect of monetary claim filed but also terms and conditions of using the services provided by AS Tallinna Sadam going forward.

3.3. Risks relating to Group's Industry

Macroeconomic environment is materially adversely affected by COVID-19 pandemic.

The outbreak of COVID-19 pandemic has had and will continue to have significant impact on the global economy and financial markets and by the extension thereof, on the market where the Group companies operate. This in turn may have an unpredictable effect on the financial positions and behaviour of both, companies and consumers. The virus has spread rapidly and as at the date of this Prospectus it could not be claimed with high confidence that such spread is under control or that the social and financial consequences thereof are clear. The recovery of the society and economy depend on circumstances, which are currently unknown, such as the progress of vaccinations and effectiveness of vaccinations against the spread of the virus, new strains of concern and the vaccine efficacy on such strains. The above is especially applicable in respect of the Group's industry – transportation and tourism sector, which were hit directly by the lock-down regimes and travel restrictions imposed by the governments of the markets where the Group companies operate. Such macroeconomic risk factors have and continue to have material adverse effect of the Issuer's results of operations.

Fuel costs and increases in port and regulatory fees are beyond the Group's control and may have a material adverse effect on the Group's business, results of operations and financial condition.

Marine transportation is inherently risky, and an incident involving vessels could harm the Group's reputation and have a material adverse effect on the Group's business, results of operations and financial condition.

Compliance with environmental, health and safety and other national and international laws and regulations may increase the Group's operating costs.

The Group's vessels operate within the rules and regulations of the International Maritime Organization, the United Nations agency for maritime safety and the prevention of marine pollution by ships, the European Union and other jurisdictions in which the Group's vessels operate or are registered. Failure to comply with such laws and regulations may entail actions by authorities or regulators and affect the Group's reputation that may materially adversely affect the business and operations of the Issuer.

The Group's insurance coverage may be insufficient to cover losses that may occur to the Group's property or result from the Group's operations.

Even if the Group's insurance coverage is adequate to cover the Group's direct losses, the Group may be adversely affected by a loss of earnings during the period in which a damaged vessel is being repaired, or while the Group search for a replacement vessel in the event of a loss.

Poor weather conditions in the Northern Baltic Sea region may disturb the Group's operations and reduce passenger volumes.

Port authorities' changes in tariffs or port operations may increase the Group's costs or restrict the operations of the Group's vessels.

Changes in the port authorities' pricing policies may increase its costs and reduce earnings, and other changes in their operations may restrict or disturb the operations of the vessels, including favourable arrival and departure times. The Group's possibilities to agree on individual prices are also affected by the ownership base of the ports, whether state, municipality or privately-owned.

Terrorist attacks and other acts of violence or war may affect trade and passenger flows, which could have a material adverse effect on the Group's business, results of operations and financial condition.

Epidemics and viral outbreaks could have an adverse effect on the Group's business, financial condition and results of operations through constraints imposed by authorities on travelling or quarantines or a decline in number of passengers.

3.4. Risks relating to Doing Business in Baltic Sea Region

The Group's operations are exposed to legal, political and economic developments in the region.

Regulatory, legal, political or economic developments relating to countries the Group operates in may have a material adverse effect on the Group's business, results of operations and financial condition.

Fluctuation in imports and exports of the countries in the region may affect the amount of cargo that the Group transports.

The Group's operations are subject to tax regime related risks.

Changes in taxation or excises in the countries the Group operates in could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's operations are subject to foreign currency exchange rates related risks.

Fluctuations in exchange rates could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's operations may be affected by the developments of infrastructure and transportation services in the region.

Developments in infrastructure and traffic regulations in the region's major ports and adjacent areas may affect the Group's ability to continue to transport both passengers and cargo on the same ferries.

Possible realization of a tunnel between Helsinki and Tallinn sometime in the next decades may reduce the demand for the Group's services and materially hinder the Group's business model.

3.5. Risks relating to Shares, FDRs, Offering and Listing

The investment into the Shares is subject to risks related to volatility and limited liquidity of the securities listed on Nasdaq Tallinn.

The Issuer will apply for the listing and admission to trading of the Offer Shares on the Baltic Main List of the Nasdaq Tallinn and in the Main List of Nasdaq Helsinki. Though every effort will be made to ensure that listing and admission to trading will occur, the Issuer cannot provide any assurance the Offer Shares will be listed and admitted to trading. The total trading turnover of the Baltic Main list the Nasdaq Baltic Stock Exchanges[1] in 2020 was EUR 444 million. As at 30 June 2021 a total of 32 companies were listed on the Baltic Main List of the Nasdaq Baltic Stock Exchange. The aggregate market capitalisation of the Baltic Main list of the Nasdaq Baltic Stock Exchange was as at 30 Jun 2021 EUR 7.6 billion. Consequently, the Baltic Main List of the Nasdaq Tallinn, as well as Nasdaq

[1] Nasdaq Tallinn Stock Exchange is part of the Nasdaq Baltic Stock Exchanges.

Tallinn in general, is substantially less liquid and more volatile than established markets such as those in other countries with highly developed securities markets. The relatively small market capitalisation and low liquidity of the Nasdaq Tallinn may impair the ability of shareholders to sell the Shares on the Nasdaq Tallinn or could increase the volatility of the price of the Shares. The delisting of any of the large companies listed on the Nasdaq Tallinn would be likely to have a negative effect on the market capitalisation and liquidity of the Nasdaq Tallinn as a whole. Since the Nasdaq Tallinn is characterised by relatively low investor activity, the impact of individual transactions on the market price of securities may be significant. Lower investor activity may lead to wider spreads between the bid and ask prices and a correspondingly lower liquidity of traded securities. Although Nasdaq Helsinki is more developed comparing to the Nasdaq Tallinn, it cannot be guaranteed that an active trading with the Shares in the form of the FDRs will develop on Nasdaq Helsinki or that significant liquidity will be available at the time the FDRs are traded.

For investors in Finland, the Shares are governed by foreign law, which may have adverse effect on the investors' ability to exercise their shareholder rights attached to the FDRs.

The Issuer is a public limited company incorporated and domiciled in Estonia and regulated under the Estonian Commercial Code and supplementing Estonian laws and regulations, and the Articles of Association of the Issuer. Shareholder rights provided by these laws and regulations may from time to time differ from those in a Finnish limited liability company. As an Estonian company with its primary listing on Nasdaq Tallinn, the Issuer is subject to the Corporate Governance Recommendations (CGR) (in Estonian: *Hea Ühingujuhtimise Tava*) of Nasdaq Tallinn instead of the Finnish Corporate Governance Code. The recommendations on good corporate governance in the CGR may from time to time differ materially in scope and content from the recommendations set out in the Finnish Corporate Governance Code, due to which shareholder rights in the Issuer may differ from those in a Finnish listed company.

The FDRs are dematerialized depositary interests representing entitlements to the underlying shares in the Issuer. The Issuer shall provide information on how FDR holders may participate and vote in the General Meeting and the FDR Issuer shall provide a power of attorney to the Issuer authorizing each FDR holder to vote at a General Meeting. The Issuer or the FDR Issuer are not responsible for an FDR holder's failure to follow the Issuer's or the FDR Issuer's instructions on participation in a General Meeting. Further, FDR holders may not receive the distributions that the Issuer makes on the Shares or any value for them if it is illegal or impracticable for the FDR Issuer to make them available to the holders. There may be several reasons why the FDR holders may not be able to exercise their rights arising from FDRs in full, such as e.g. travel restrictions imposed by relevant government (due to COVID-19 pandemic or otherwise), inability of the FDR Issuer to make the distribution payments due to anti-money laundering and know your client regulations in force in the relevant jurisdiction, lack or closing security or current account, etc.

Investment into the Shares is subject to tax regime risks.

Adverse changes in the tax regime applicable in respect of transacting with the Shares or receiving dividends may result in an increased tax burden of the shareholders and may therefore have adverse effect on the rate of return from the investment into the Shares.

There is no assurance that dividend will be paid to the investors on their Shares.

The Issuer is under no lasting and definite obligation to pay regular dividends to its shareholders and no representation can be made with respect to the payment and amount of future dividends. Although there is a dividend policy in place, the payment of dividends and the amount thereof will be subject to the ultimate discretion of the majority of the Issuer's shareholders.

Shareholders in certain jurisdictions may not be able to participate in the current Offering or in future equity offerings.

The Estonian Commercial Code provides for pre-emptive rights to subscribe for new issued shares (in Estonian: *märkimise eesõigus*) to be granted to existing shareholders of the Issuer in case of a new issue of shares by the Issuer, which can be excluded, subject to a decision supported by a majority of at least 3/4 of the votes represented at the general meeting of shareholders. However, the Issuer's ability to allow participation by existing shareholders in the current Offering or in any future offerings on the basis of such pre-emptive right may be restricted either by applicable law or for practical and technical reasons. Certain existing shareholders of the Issuer may not be able to exercise their pre-emptive rights unless local securities laws have been complied with. In particular, holders of the Shares in the United States may not be entitled to exercise these rights, unless the Shares and any other securities that are offered and sold are registered under the U.S. Securities Act, or the Shares and such other securities are offered pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. The Issuer cannot provide assurances to existing Shareholders or prospective investors that any exemption from such overseas securities law requirements would be available to enable U.S. or other shareholders outside Estonia to exercise their pre-emptive rights or, if available, that the Group will utilise any such exemption in the current Offering or in any future equity offerings. Furthermore, the ability of the Shareholders in certain jurisdictions to participate in the Offering or future equity offerings may depend on the existence of technical arrangements allowing such investors to place their subscription undertakings in their relevant jurisdiction, for which the Issuer cannot accept responsibility. Thus, the Shareholders in jurisdictions outside Estonia who are not able to, due to practical and technical reasons, or are not permitted, due to restrictions arising from applicable laws of the respective jurisdiction, to exercise their pre-emptive rights in the current Offering or in a future offering may suffer dilution of their shareholdings.

The holders of the FDRs are able to exercise the pre-emptive rights by submitting the Subscription Undertakings in accordance with these terms and conditions of the Offering.

The investment into Shares is subject to risks related to dilution.

The proportion of shareholding held by the Shareholders in the Issuer may be diluted if the share capital of the Issuer is increased and new Shares are issued in the future. In the future there may be a need to increase the share capital of the Issuer and issue new Shares to engage additional capital into the Issuer. Pursuant to the Estonian Commercial Code, existing shareholders of a public limited company have, upon the increase of the share capital of the company and the issue of the new shares of the company, a pre-emptive right to subscribe for such new shares (in Estonian: *märkimise eesõigus*) of the company proportionally to their existing shareholding in the company. Such pre-emptive right of subscription can; however, be excluded by the respective resolution of the General Meeting of shareholders, which requires the affirmative vote of 3/4 of the votes represented at the General Meeting of shareholders. Therefore, there can be no assurance that the Shareholders will be entitled to subscribe for the new Shares, which may be issued in the future and therefore the proportion of their shareholding in the Issuer may decrease in the future.

The Offer Shares delivered in the form of the FDRs will be delivered to investors in Finland later than the Offer Shares are delivered to investors in Estonia and the trading with the Offer Shares in the form of the FDRs commences later than with the Offer Shares.

Due to the FDRs being registered in the Finnish book-entry system, the FDR holders do not have directly certain rights attached to the underlying Shares registered in Estonia. The rights may be limited, and the use of such rights require specific actions to be taken and may be subject to the further instructions by the Issuer and the FDR Issuer. In accordance with the FDR terms and conditions available on the Issuer's website, corporate actions taken or to be taken by the Issuer affecting the FDRs or the FDR holders shall be carried out by the FDR Issuer in accordance with the relevant decision of the Company provided that (i) such actions are possible in accordance with Finnish legislation and (ii) the Finnish book-entry system and FDR Issuer's systems typically used to process such actions enable such actions to be carried out in accordance with the Issuer's decision. Further, the FDR Issuer shall have the right to carry out the Issuer's corporate actions and other measures related to the Shares or the FDRs or the FDR holders by choosing thereto the most technically appropriate and reasonable way.

Taking into account the time needed for the issue and delivery of the FDRs and the differences in the Estonian and Finnish settlement systems, the Offer Shares delivered in the form of the FDRs will be delivered to investors in Finland later than the Offer Shares are delivered to investors in Estonia and the trading with the Offer Shares in the form of the FDRs commences later than with the Offer Shares.

The Offering may be cancelled.

Although best efforts will be made by the Issuer to ensure that the Offering is successful, the Issuer cannot provide any assurance that the Offering will be successful and that the investors will receive the Offer Shares they subscribed for. The Issuer shall be entitled to cancel the Offering on the terms and conditions described in this Prospectus. The Offering may also be cancelled in the part not subscribed for in the course of the Offering.

4. TERMS AND CONDITIONS OF OFFERING

4.1. Offering

The Issuer is offering up to 66,988,204 Offer Shares. The Offer Shares are publicly offered to all investors in Estonia and Finland on terms and conditions as described in this Prospectus. Upon oversubscription, the Issuer may, at its sole discretion, increase the number of the Offer Shares by up to 10%, such that the total number of the Offer Shares to be issued and allocated to the investors following such an increase will be up to 73,687,024 Offer Shares.

In addition to the Offering, the Offer Shares may be offered to institutional investors in and outside of Estonia and Finland which are qualified investors within the meaning of Article 2(e) of the Prospectus Regulation and other types of investors in reliance on certain exemptions from the requirement to draw-up and publish prospectus and from other registration requirements available under applicable laws. Purchase of the Offer Shares by such institutional and other investors may be subject to procedure different from the one outlined in this Section "Terms and Conditions of Offering"; however, the Offer Shares may only be purchased for the Offer Price indicated under Section 4.3.

A public offering will be carried out only in Estonia and Finland and there will not be any public offering in any other jurisdiction.

The offering of the Offer Shares will involve the issue of new Shares in a volume corresponding to the number of the Offer Shares subscribed for and allocated to investors in accordance with the terms described in this Section "Terms and Conditions of Offering". To conduct the offering of the Offer Shares and issue the respective number of new Shares, the Articles of Association of the Issuer were amended to grant the Supervisory Board the right to increase the share capital of the Issuer. The respective resolution was adopted by the General Meeting of shareholders held on 15 June 2021. The resolution on the increase of the share capital of the Issuer and the issue of up to 73,687,024 new Shares was adopted by the Supervisory Board at the meeting of the Supervisory Board held on 2 August 2021.

The existing shareholders of the Issuer (including the FDR holders) shall have the pre-emptive right to subscribe for the Offer Shares pro rata to their existing shareholding in the Issuer. The list of the shareholders of the Issuer entitled to exercise the pre-emptive right to subscribe for the Offer Shares shall be fixed on 17 August 2021 at the end of the business day of the settlement system of Nasdaq CSD (the Record Date as defined below). In respect of the FDR holders, the list of the FDR holders entitled to exercise the pre-emptive right to subscribe for the Offer Shares shall be fixed on 17 August 2021 at the end of the business day of the settlement system of Euroclear Finland (the Record Date as defined below). The pre-emptive right does not restrict the existing shareholders (and FDR holders) from submitting their subscription undertakings in respect of a larger or smaller number than is covered by their pre-emptive rights.

The timetable below provides certain indicative key dates for the Offering (whereas, in the event of extending the Offering Period or postponement of the Offering in accordance with Section 4.13 of this Prospectus, the dates indicated below may also be changed):

18 August 2021 at 10:00	Commencement of the Offering Period
1 September 2021 at 16:00	End of the Offering Period
On or about 3 September 2021	Announcement of the results of the Offering
8 September 2021	Settlement and delivery of the Offer Shares to investors in Estonia *The Offer Shares settled will bear a temporary ISIN code EE3811004466*
On or about 15 September 2021	Registration of the Offer Shares at the Estonian Commercial Register
On or about 17 September 2021	Commencement of trading with the Offer Shares on Nasdaq Tallinn
On or about 21 September 2021	Settlement and delivery of the Offer Shares in the form of FDRs in Finland
On or about 21 September 2021	Commencement of trading with the Offer Shares in the form of FDRs on Nasdaq Helsinki

4.2. Right to Participate in the Offering

The Offering is directed to all natural and legal persons in Estonia and Finland. In addition to the Offering, the Offer Shares may be offered to and purchased by institutional investors in and outside of Estonia and Finland as provided in Section 4.1 of this Prospectus.

4.3. Offer Price

The Offer Price is EUR 0.47 per one Offer Share (and per one Offer Share in the form of the FDR), of which EUR 0.47 is the accounting value of one Offer Share, i.e. there is no issue premium.

4.4. Offering Period

The Offering Period is the period during which the persons who have the right to participate in the Offering may submit Subscription Undertakings (please see below for further details) for the Offer Shares or FDRs, as the case may be.

The Offering Period commences on 18 August 2021 at 10:00 a.m. local time in Estonia and Finland and terminates on 1 September 2021 at 16:00 p.m. local time in Estonia and Finland, unless the Offering Period is extended or the Offer is postponed or cancelled in accordance with Section 4.13 of this Prospectus.

4.5. Subscription Instructions for Investors in Estonia

The Subscription Undertakings by investors participating in the Offering may be submitted only during the Offering Period. An investor participating in the Offering may apply to subscribe for the Offer Shares only for the Offer Price. All investors participating in the Offering can submit Subscription Undertakings denominated only in euro. An investor shall bear all costs and fees charged by the respective custodian of Nasdaq CSD accepting the Subscription Undertaking in connection with the submission, cancellation, or amendment of a Subscription Undertaking.

Multiple Subscription Undertakings by one investor shall be merged for the purposes of allocation.

To subscribe for the Offer Shares, an investor must have a securities account with Nasdaq CSD. Such securities account may be opened through any custodian of Nasdaq CSD.

An investor wishing to subscribe for the Offer Shares in the course of the Offering should contact a custodian that operates such investor's Nasdaq CSD securities account and submit a Subscription Undertaking in the form set out below. The Subscription Undertaking must be submitted to the custodian by the end of the Offering Period. The investor may use any method that such investor's custodian offers to submit the Subscription Undertaking (e.g. physically at the client service venue of the custodian, over the internet or by other means). The Subscription Undertaking must include the following information:

Owner of the securities account:	name of the investor
Securities account:	number of the investor's securities account
Custodian:	name of the investor's custodian
Security:	Tallink Grupp share additional 11
ISIN code:	EE3811004466*
Amount of securities:	the number of Offer Shares for which the investor wishes to subscribe
Price (per one offer Share):	EUR 0.47
Transaction amount:	the number of Shares for which the investor wishes to subscribe multiplied by the Offer Price
Counterparty:	Aktsiaselts Tallink Grupp
Securities account of counterparty:	99110046253
Custodian of the counterparty:	Swedbank AS
Value date of the transaction:	8 September 2021
Type of transaction:	"purchase"
Type of settlement:	"delivery versus payment"

* *The Offer Shares subscribed for will bear a temporary ISIN code EE3811004466 at the time of settlement, which will be converted into permanent ISIN code EE3100004466 after registration of the increase of the share capital of the Issuer with the Estonian Commercial Register and registration of the issue of the Offer Shares with Nasdaq CSD, but prior to the commencement of trading with the Offer Shares.*

An investor may submit a Subscription Undertaking through a nominee account only if such investor authorises the owner of the nominee account to disclose the investor's identity to the registrar of Nasdaq CSD in writing. The Subscription Undertakings submitted through nominee accounts will be taken into consideration in the allocation only if the owner of the nominee account has actually disclosed the identity of the investor to the registrar of Nasdaq CSD in writing. Among other information it is also requested to disclose a permanent address and personal identification code in case of a natural person or a registration address for a legal entity.

A Subscription Undertaking is deemed submitted from the moment the registrar of Nasdaq CSD receives a duly completed transaction instruction from the custodian of the respective investor.

An investor must ensure that all information contained in the Subscription Undertaking is correct, complete and legible. The Issuer reserves the right to reject any Subscription Undertakings, which are incomplete, incorrect, unclear or illegible, or which have not been completed and submitted during the Offering Period in accordance with all requirements set out in these terms and conditions.

4.6. Subscription Instructions for Investors in Finland

The instructions under this Section shall only apply to subscription in the course of the Offering for Offer Shares in the form of the FDRs to be traded on Nasdaq Helsinki.

The Shares traded on Nasdaq Helsinki are currently registered with Euroclear Finland and are held by the relevant holders in the form of the FDRs. Accordingly, holders of the Shares listed on Nasdaq Helsinki in the form of the FDRs and other investors in Finland who subscribe for the Offer Shares in the course of the Offering will receive allocated Offer Shares in the form of the FDRs. Each FDR represents one Share.

The Subscription Undertakings may be submitted only during the Offering Period in accordance with these terms and conditions of the Offering and in accordance with the instructions by Nordnet Bank AB Finnish Branch (**Nordnet**). An investor participating in the Offering may subscribe for the Offer Shares only for the Offer Price. All investors participating in the Offering can submit Subscription Undertakings denominated only in euro. An investor shall bear all costs and fees charged by its account operator in connection with safe-keeping of securities such as FDRs on the securities account of the investor and in connection with opening and maintaining of a securities account, and costs and fees charged by nominee registration custodian in relation to participating in the Offering.

Multiple Subscription Undertakings by one investor shall be merged into one for the purposes of allocation.

To subscribe for the Offer Shares in the form of FDRs, an investor must have a book-entry account in Finland held by an account operator operating in Finland or must nominee register its Offer Shares in the form of FDRs for recordings on the securities account. A Finnish shareholder does not have the right to nominee register its shares in a Finnish book-account system. Legal entities as investors shall also have a legal entity identifier (LEI) code.

The subscription for the Offer Shares in the form of FDRs will be conducted through Nordnet. The subscription may only be made in Nordnet's online service at www.nordnet.fi/fi/tallink, except for in the below mentioned cases. The subscription can be made in the online service with the online bank user indentifiers of Nordnet and Aktia Bank, Danske Bank, Handelsbanken, Nordea, Oma Säästöpankki, Osuuspankki, POP Bank, S-Pankki, Säästöpankki and Ålandsbanken. A Subscription Undertaking referring to the issuance of the Offer Shares in the form of FDRs through Nordnet to an equity savings account can only be made to an equity savings account at Nordnet. The Subscription Undertaking can also be given on behalf of a legal entity via Nordnet's online service. Death estates or persons under guardianship who are not Nordnet's customers may not submit a Subscription Undertaking through Nordnet's online service but shall submit a Subscription Undertaking personally at Nordnet's office at Nordnet Bank AB Finnish Branch, Yliopistonkatu 5, FI-00100 Helsinki, Finland, before the end of the Offering Period. An investor shall be prepared to prove his/her/its identity and present any proxy documents and representation rights in originals. The identity of a representative must also be proven. The visit must be arranged in advance by calling to the telephone number +358 9 681 78444 during Nordnet's normal office hours. According to the Finnish Guardianship Act (442/1999), a guardian cannot make a subscription on behalf of a minor child without the permission of the magistrate.

The Subscription Undertaking through a nominee account shall be submitted to Nordnet at Nordnet Bank AB Finnish Branch, Yliopistonkatu 5, FI-00100 Helsinki, Finland by the end of the Offering Period. It is recommended to contact Nordnet in advance by telephone. Further instructions may be received by calling to the telephone number +358 9 681 78444 during Nordnet's normal office hours.

An investor entitled and willing to use shareholder's pre-emptive subscription right may submit a Subscription Undertaking through a nominee account only if such investor also provides to Nordnet upon submitting the Subscription Undertaking a written statement of balance issued by the custodian on the FDRs owned by the investor on the Record Date. The FDRs will be settled through nominee accounts without undue delay.

An investor wishing to subscribe for the Offer Shares in the form of FDRs should submit a Subscription Undertaking in accordance with the instructions of Nordnet, including instructions related to the applicable anti-money laundering and know your client rules and regulations. The Subscription Undertaking must be submitted in the Nordnet's online service and for exceptional cases as defined above personally at Nordnet's office to Nordnet by the end of the Offering Period. The investor shall follow further instructions in the Nordnet's online service or otherwise provided by Nordnet to submit the Subscription Undertaking.

4.7. Investors' Undertakings

An investor must ensure that all information contained in the Subscription Undertaking is correct, complete and legible. The Issuer reserves the right to reject any Subscription Undertakings, which are incomplete, incorrect, unclear or illegible, or which have not been completed and submitted during the Offering Period in accordance with all requirements set out in these terms and conditions of the Offering, the Subscription Undertaking form and as regards FDRs, instructions by Nordnet.

By submitting a Subscription Undertaking every investor:

(i) accepts the terms and conditions of the Offering set out under this Section "Terms and Conditions of Offering" and elsewhere in this Prospectus and agrees with the Issuer that such terms will be applicable to the investor's acquisition of any Offer Shares or FDRs, as the case may be;

(ii) acknowledges that the Offering does not constitute an offer of the Offer Shares by the Issuer within the meaning of Section 16(1) of the Estonian Law of Obligations Act or otherwise and that the submission of a Subscription Undertaking does not itself entitle the investor to acquire the Offer Shares nor result in a contract for the sale of Offer Shares between the Issuer and the investor;

(iii) accepts that the number of the Offer Shares indicated by the investor in the Subscription Undertaking will be regarded as the maximum number of the Offer Shares, which the investor wishes to acquire (the **Maximum Amount**) and that the investor may receive less (but not more) Offer Shares than the Maximum Amount;

(iv) undertakes to acquire and pay for any number of Offer Shares allocated to it in accordance with these terms and conditions, up to the Maximum Amount;

(v) in respect of the investors in Estonia, authorises and instructs its custodian to forward the registered transaction instruction to the registrar of Nasdaq CSD;

(vi) in respect of the investors in Finland, in respect of the Offer Shares in the form of FDRs, authorises Nordnet to execute and record the subscription order in accordance with the information and instructions provided in the Subscription Undertaking, and gives consent to the verification of the necessary information by Nordnet;

(vii) in respect of the investors in Estonia, authorises the custodian and the registrar of Nasdaq CSD to amend the information contained in the investor's transaction instruction, including (a) to specify the value date of the transaction and (b) to specify the number of the Offer Shares to be purchased by the investor and the total amount of the transaction found by multiplying the Offer Price by the number of Offer Shares allocated to the relevant investor;

(viii) in respect of the investors in Estonia, acknowledges that the Offer Shares distributed to the investors on the settlement date will bear a temporary ISIN code EE3811004466 and will become tradable only after the conversion of the temporary ISIN into permanent ISIN code EE3100004466 following the registration of the Offer Shares at the Estonian Commercial Register and Nasdaq CSD (and each investor shall be entitled to transfer the Offer Shares from his/her/its securities' account after such conversion is completed), and that the rights described under Section "Rights attached to the Shares" will attach to the Offer Shares only after such date;

(ix) in respect of the investors in Finland, acknowledges that the delivery of the FDRs representing the Offer Shares shall occur and trading with the Offer Shares in the form of the FDRs is expected to occur on 21 September 2021 which is later than the delivery and first day of trading of the Offer Shares on the Main List of Nasdaq Tallinn;

(x) authorises the Issuer, the Lead Arranger, Nordnet and Nasdaq CSD to process its personal data and the data in the Subscription Undertaking during the Offer Period and after it for the purpose of participating in the Offering, accepting or rejecting the Subscription Undertaking and complying with the obligations of the Issuer arising from either this Prospectus or applicable law;

(xi) confirms, that he/she/it is not subject to the laws of any other jurisdiction which would prohibit the placing of the Subscription Undertaking or allocation of the Offer Shares to him/her/it and represents that he/she/it is authorised to place a Subscription Undertaking in accordance with the Prospectus.

4.8. Payment for Offer Shares for Investors in Estonia

By submitting a Subscription Undertaking, an investor authorises and instructs the institution operating the investor's cash account linked to its securities account (which may or may not also be the investor's custodian) to immediately block the whole transaction amount on the investor's cash account until the settlement is completed or funds are released in accordance with this Prospectus. The transaction amount to be blocked will be equal to the Offer Price multiplied by the Maximum Amount. An investor may submit a Subscription Undertaking only when there are sufficient funds on the cash account linked to its Nasdaq CSD securities account or its securities account to cover the whole transaction amount for that particular Subscription Undertaking.

If the Offering or a part thereof is cancelled in accordance with the terms and conditions described in this Prospectus, if the investor's Subscription Undertaking is rejected or if the allocation deviates from the amount of Offer Shares applied for, the funds blocked on the investor's cash account, or a part thereof (the amount in excess of payment for the allocated Offer Shares), will be released by the respective custodian on or about 8 September 2021. The Issuer shall not be liable for the release of the respective amount and for the payment of interest on the released amount for the time it was blocked.

4.9. Payment for FDRs by Investors in Finland

Payment of the Offer Price must be made when subscribing for the Offer Shares in the form of FDRs from a Finnish bank account or cash account at Nordnet in the name of the investor making the subscription.

For the purpose of facilitating the settlement and payment for the FDRs, the Lead Arranger will arrange the delivery of the Offer Shares allocated to the Investors in Finland by having the Offer Shares converted to the FDRs once the share capital increase has been registered with the Commercial Register and Nasdaq CSD and delivering the FDRs to Nordnet for delivery to investors who have made subscriptions.

If the Offering or a part thereof is cancelled in accordance with the terms and conditions described in this Prospectus, if the investor's Subscription Undertaking is rejected in accordance with these terms and conditions or if the allocation deviates from the amount of Offer Shares paid by the investor, or a part thereof (the amount in excess of payment for the allocated Offer Shares), as the case may be, will be refunded to the bank account specified in the Subscription Undertaking within five (5) banking days from allocation of the Offer Shares, or in case the bank account specified in the Subscription Undertaking is in different financial institution than to which the Offer Price has been paid, approximately two (2) banking days thereafter. In case an investor who has submitted a Subscription Undertaking is a customer of Nordnet, the amount to be refunded will only be paid into a cash account in Nordnet. No interest is paid on the funds refunded. The Issuer shall not be liable for the refunding of the respective amount and for the payment of interest on the refunded amount for the time it was blocked.

4.10. Distribution and Allocation

In the allocation, the Issuer shall take into consideration only those Subscription Undertakings, which have been completed and submitted during the Offer Period. The Issuer may reject any Subscription Undertaking, which has not been submitted in accordance with all the requirements set out in this Prospectus or which is deemed to be contrary to law or regulation.

The Issuer will decide on the allocation of the Offer Shares after the expiry of the Offering Period, and no later than on 3 September 2021 (which date may be postponed in the event of extending the Offering Period or postponement of the Offering in accordance with Section 4.13 of the Prospectus). The Offer Shares will be allocated to the investors participating in the offering of the Offer Shares in accordance with the following principles:

(i) *firstly*, all investors participating in the offering and qualifying as existing shareholders as per the list of shareholders of the Issuer as fixed on 17 August 2021 at the end of the business day of the settlement system of Nasdaq CSD and in respect of the FDR holders, the list of the FDR holders is fixed on 17 August 2021 at the end of the business day of the settlement system of Euroclear Finland (the **Record Date**) (and thereby holding pre-emptive right to subscribe for the Offer Shares) (the **Participating Existing Shareholders**) will be allocated Offer Shares *pro rata* to their relevant existing shareholding in the Issuer as at the above-referenced date as set forth by applicable law (the **Pre-emptive Rights Allocation Amount**), but in a number not larger than the number of Offer Shares that they subscribed for in their relevant Subscription Undertakings;

(ii) *secondly,* any Offer Shares remaining following the allocation as per item (i) above will be allocated at the Issuer's sole discretion, whereas the Issuer may prefer any of the following persons to other investors: (a) the members of the corporate governance bodies of the Issuer and the Group companies who have submitted Subscription Undertakings (including through legal persons under their direct control) and/or (b) to the extent decided by the Issuer in its sole discretion, Participating Existing Shareholders who have subscribed for the Offer Shares in the amount exceeding their relevant Pre-emptive Rights Allocation Amount to be allocated to such investors as per item (i) above.

Upon allocating the Offer Shares in accordance with the above principles, the following shall further apply:

(a) no tranche has been predetermined to investors in Estonia or Finland;

(b) possible multiple Subscription Undertakings submitted by an investor in the Offering shall be merged for the purpose of allocation. If different securities' accounts of the investor have been indicated in the Subscription Undertakings submitted by such investor, the Issuer shall have the discretion to determine the number of the Offer Shares that will be transferred to each such securities' accounts of such investor in the course of the settlement of the Offering;

(c) each investor subscribing via a nominee account is considered as an independent investor if the Issuer has received information on such investor's identity and the amount of Offer Shares subscribed for by such investor; and

(d) each investor entitled to receive the Offer Shares shall be allocated a whole number of the Offer Shares and, if necessary, the number of the Offer Shares to be allocated shall be rounded down to the closest whole number. Any remaining Offer Shares which cannot be allocated using the above-described process will be allocated to investors on a random basis.

The Issuer expects to announce the results of the allocation process through the information system of the Nasdaq Tallinn, Nasdaq Helsinki and at the Issuer's website https://www.tallink.com/investors no later than on 3 September 2021.

4.11. Firm Commitment of Key Shareholders

On 30 June 2021, AS Infortar, the largest shareholder of the Issuer, holding, as at the date of this Prospectus approximately 39% of all the Shares, issued a subscription guarantee to the Issuer under which it undertook to subscribe for the Offer Shares as offered in accordance with this Prospectus in the total value of EUR 15.0 million. The subscription undertaking of AS Infortar is unconditional and irrevocable.

4.12. Settlement and Trading

The Offering is expected to be settled with the investors in Estonia on or about 8 September 2021 and for the investors in Finland on or about 21 September 2021 (which dates may be postponed in the event of extending the Offering Period or postponement of the Offering in accordance with Section 4.13 of the Prospectus). The Offer Shares allocated to the investors who participated in the Offering shall be transferred to their securities accounts on or about the relevant settlement date through the "delivery versus payment" method simultaneously with effecting the payment for such Offer Shares.

The Offer Shares distributed to the investors in Estonia on or about that date will bear a temporary ISIN code EE3811004466 and will become tradable only after the conversion of the temporary ISIN into permanent ISIN code EE3100004466 following the registration of the Offer Shares at the Estonian Commercial Register and Nasdaq CSD (and each investor shall be entitled to transfer the Offer Shares from his/her/its securities' account after such conversion is completed). The rights described under Section "Rights attached to the Shares" will attach to the Offer Shares upon the conversion of the temporary ISIN into permanent ISIN (which will occur after registration of the increase of the share capital of the Issuer with the Estonian Commercial Register and registration of the issue of the Offer Shares with Nasdaq CSD),on or about 17 September 2021 (which date may be postponed in the event of extending the Offering Period or postponement of the Offering in accordance with Section 4.13 of the Prospectus).

For the investors in Finland the clearing and settlement of the FDRs to the book-entry accounts of the investors in Finland will take place on or about 21 September 2021.

Trading with the Offer Shares is expected to commence on the Nasdaq Tallinn on or about 17 September 2021 and the trading with the Offer Shares in the form of the FDRs is expected to commence on the Nasdaq Helsinki on or about 21 September 2021.

4.13. Cancellation, Extending and Postponement of Offering

The Issuer shall be entitled to extend the Offering Period or postpone the Offering at any time prior to the date and time on which allocation of the Offer Shares occurs.

The Issuer has the right to cancel the Offering either partially or in full. As to partial cancellation of the Offering, the Issuer has reserved the right to cancel the Offering in the part not subscribed for in the course of the Offering.

Any cancellation, extending and postponement of the Offering will be announced through the information system of the Nasdaq Tallinn, Nasdaq Helsinki and at the Issuer's website https://www.tallink.com/investors. All rights and obligations of the parties in relation to the cancelled part of the Offering will be considered terminated at the moment when such announcement is made public.

Cancellation of the Offering after trading has begun is not permitted.

If exercising the rights referred to in this Section triggers the obligation to draw up a supplement to this Prospectus by applicable law, the Issuer will draw up such supplement, apply for the approval thereof by the EFSA and disclose it in accordance with applicable law.

4.14. Conflicts of Interests

According to the knowledge of the Management, there are no personal interests of the persons involved in the Offering material to the Offering. The Management is unaware of any conflicts of interests related to the Offering.

4.15. Dilution

As at the date of this Prospectus, the number of the Shares of the Issuer is 669,882,040. The amount of the Offer Shares (considering the 10% increase option) is up to 73,687,024. Therefore, assuming that all Offer Shares will be subscribed for, the number of the Shares of the Issuer after the successful registration of the increase of the share capital of the Issuer will be up to 743,569,064, provided, however, that the number of the Offer Shares is not changed in accordance with the terms and conditions described in the Section 4.13 of this Prospectus. Therefore, the shareholdings in the Issuer prior to the Offering will be diluted by up to approximately 11% as a result of the Offering.

4.16. Listing and Admission to Trading

The Issuer intends to apply for the listing and admission to trading of the Offer Shares subscribed for in the course of the Offering on the Main List of Nasdaq Tallinn and on the Main List of Nasdaq Helsinki in the form of FDRs, respectively, as soon as possible after the registration of the Offer Shares in the Nasdaq CSD and the Estonian Commercial Register. The Issuer will take all necessary measures in order to comply with the Nasdaq Tallinn and Nasdaq Helsinki rules so that its application would be approved, however, there is no assurance that the applications of the Issuer will be accepted. The expected date of listing and admission to trading of the Offer Shares on Nasdaq Tallinn is on or about 17 September 2021 and in the form of FDRs on Nasdaq Helsinki on 21 September 2021.

4.17. Reasons for Offering and Use of Proceeds

Provided that the Offering is successful and that all the Offer Shares (considering the increase option, altogether 73,687,024 Shares) are subscribed for and issued by the Issuer, the expected amount of gross proceeds of the Offering is EUR 34.6 million. Expenses directly related to the Offering are estimated to be approximately EUR 0.6 million comprising of legal and advisory expenses and communication and marketing expenses. Therefore, the net proceeds of the Offering are expected to be EUR 34.1 million.

The purpose of the Offering is to strengthen the capital position and the capital structure of the Group and engage additional capital to comply with the commitments agreed to in its financing agreements and to overcome the current and potential financial difficulties caused by COVID-19 pandemic through improving the liquidity buffer. There are no binding agreements for using the proceeds from the offering of the Offer Shares for a specific purpose.

5. INFORMATION ON ISSUER AND SHARES

5.1. General Corporate Information

The business name of the Issuer is Aktsiaselts Tallink Grupp. The Issuer was registered in the Estonian Commercial Register on 21 August 1997under the register code 10238429. The Issuer has been established and is currently operating under the laws of the Republic of Estonia in the form of a public limited company (in Estonian: *aktsiaselts* or *AS*) and is established for an indefinite term.

The contact details of the Issuer are the following:

Address: Sadama tn 5, 10111 Tallinn, Estonia

Phone: +372 640 9800

Fax: +372 640 9810

E-mail: info@tallink.ee

Website: https://www.tallink.com/[2]

The legal entity number (LEI) of the Issuer is 529900QRMWAKKR3L9W75. According to the latest available annual report of the Issuer, i.e. the annual report for the financial year ended on 31 December 2020, the principal field of activity of the Issuer was “sea and coastal passenger water transport” (EMTAK[3] 50101) and the additional field of activity “sea and coastal freight water transport” (EMTAK 50201).

The information on the Issuer’s business operations and services can be found on the Issuer’s website: https://www.tallink.com/services.

The principal markets where the Issuer competes are Estonia and Finland and respective information can be found on the Issuer’s website: https://www.tallink.com/routes.

The information on the Issuer’s major shareholders can be found on the Issuer’s website: https://www.tallink.com/share-information#tabs-content-4.

The information on the composition of the Issuer' administrative, management and supervisory bodies and of its senior management can be found on the Issuer’s website: https://www.tallink.com/management.

The information on the Issuer's website does not form part of the Prospectus, unless explicitly stated otherwise.

5.2. Shares and FDRs

The current registered and fully paid-in share capital of the Issuer is EUR 314,844,558.80, which is divided into 669,882,040 ordinary shares of the Issuer (the **Shares**) without nominal value. The Shares are registered in Nasdaq CSD under ISIN code EE3100004466 and kept in book-entry form. The Issuer has a single share class.

The Offer Shares distributed to the investors at the time of the settlement of the Offering will bear a temporary ISIN code EE3811004466, which will be converted into permanent ISIN code EE3100004466 following the registration of the Offer Shares at the Estonian Commercial Register and registration of the issue of the Offer Shares with Nasdaq CSD. The rights described under the following Section 5.25.3 of this Prospectus will attach to the Offer Shares upon such conversion of the temporary ISIN code into permanent ISIN code.

The Shares are governed by the laws of the Republic of Estonia. The Shares are freely transferrable. The Shares have been admitted to trading on the Baltic Main List of the Nasdaq Tallinn as of 9 December 2005 and on the Main List of Nasdaq Helsinki in the form of FDRs as of 3 December 2018.

The FDRs are dematerialized depositary interests representing entitlements to the Shares in the Issuer. The Issuer has appointed Nordea Bank Abp as the issuer of the FDRs (the **FDR Issuer**). The FDRs are issued in the Finnish book-entry system. One FDR entitles its holder to one Share, and it may be converted into one Share according to the FDR terms and conditions which are available on the Issuer’s website https://www.tallink.com/documents/12397/88494104/Tallink-Grupp-FDR-Terms-and-Conditions-en.pdf/cdb8e3ca-0a55-8e02-d1c8-e39f0687942d. A number of the Shares corresponding to the number of the outstanding FDRs are held in custody by the sub-custodian bank appointed by the FDR Issuer in Estonia in the name of the FDR Issuer and for the account of the FDR holders.

[2] The Issuer is not incorporating by reference into this Prospectus any information posted on the website.
[3] EMTAK (the Estonian Classification of Economic Activities) is the basis for determining the fields of activity of Estonian companies. EMTAK is the national version of the international harmonised NACE classification. As of 1 January 2007, the Estonian companies are, instead of providing their fields of activity in the Articles of Association, required to report them in their annual reports using EMTAK classification.

5.3. Rights attached to the Shares

Introductory Remarks. This Section aims to provide general overview of the rights of shareholders arising from Estonian law applicable in respect of the Shareholders of the Issuer.

Right to Participate in Corporate Governance. The shareholders of a public limited company are entitled to take part in the corporate governance of such company through the general meeting of shareholders, where they can exercise their powers to decide on certain important corporate matters, such as the amendment of the articles of association, the increase and decrease of the share capital, the issue of convertible bonds, the election and removal of the members of the supervisory board and the auditor, the approval of annual reports and the distribution of profit, the dissolution, merger, division or transformation of the company, and certain other matters. The general meeting of shareholders is the highest governing body of a public limited company. Each Share of the Issuer carries one vote at the General Meeting. No preference shares or shares with special rights have been issued in the Issuer.

The ordinary general meeting of shareholders must be held once a year pursuant to the procedure and at the time set forth by the law and the articles of association. Despite the fact that according to the Estonian Commercial Code the ordinary general meeting of shareholders must be held within six months as from the end of the financial year, the Estonian Securities Market Act specifies that the audited annual report of a listed and publicly traded company must be made public within four months as from the end of the financial year. According to the Estonian Commercial Code, before the ordinary general meeting of shareholders is held, the supervisory board must review the annual report and provide the general meeting of the shareholders with a written report on the annual report, indicating whether the supervisory board approves the report or not but also providing information on how the supervisory board has organised and supervised the activities of the management of the public limited company in the respective year. In practice, the referred report is made available together with the notice on convening the annual general meeting of the shareholders.

An extraordinary general meeting of the shareholders must be convened in the cases set forth in the articles of association of a public limited company but also: (i) in the event where the net equity of the company decreases below the legally required minimum level, or (ii) if shareholders representing at least 1/20 of the share capital of a public limited company listed and admitted to trading on a regulated market, the supervisory board, or the auditor request that a meeting is convened or (iii) if the meeting is required in the interests of the company. The Articles of Association of the Issuer do not include any deviation from the applicable law with respect to when the General Meeting of shareholders needs to be convened. If the management board of a public limited company fails to convene the extraordinary general meeting within one month after the receipt of the relevant request from shareholders (or from the supervisory board or from the auditor), the shareholders (or, respectively, the supervisory board or the auditor) have the right to convene the meeting themselves.

The notice of an upcoming general meeting of shareholders must be published and disclosed to shareholders three weeks in advance. The notice on convening the general meeting of shareholders must be published in at least one national daily newspaper in Estonia and, for issuers of listed instruments, through the information system of the Nasdaq Tallinn. In case of the Issuer, the respective notice must be published also through the information system of the Nasdaq Helsinki for the purpose of notifying the FDR holders of the upcoming general meeting. If there is a material breach of the requirements of convening the general meeting of the shareholders, such meeting does not have the capacity to adopt resolutions, except if all shareholders participate in the meeting.

As a rule, the agenda of the general meeting of the shareholders is determined by the supervisory board. However, if the meeting is convened by the shareholders or by the auditor, the agenda is determined by them. Furthermore, the management board or the shareholders whose shares represent at least 1/20 of the share capital of a public limited company listed and admitted to trading on a regulated market may demand the inclusion of a certain item into the agenda. An item which is initially not on the agenda of a general meeting of shareholders may be included in the agenda upon the consent of at least 9/10 of the shareholders who participate at the meeting if their shares represent at least 2/3 of the share capital of such company.

A general meeting of shareholders of a public limited company is capable of passing resolutions if more than 1/2 of the votes represented by all shares held by shareholders are present at the meeting. If this quorum requirement is not met, the management board is required to convene a new meeting not more than three weeks but not less than seven days after the date of the initial meeting. There are no quorum requirements for the newly convened general meetings of shareholders convened in such a manner.

Only those shareholders are eligible to attend and vote at a general meeting of shareholders who were on the list of shareholders as of the date falling seven calendar days before the meeting as at the end of the working day of the settlement system of the registrar of the Estonian register of securities and Euroclear Finland Oy. A shareholder whose shares are registered in the name of a nominee may exercise the voting rights only if the nominee account holder has given a power of attorney to the shareholder.

As a rule, the resolutions of a general meeting of shareholders require the affirmative vote of the majority of the votes represented at the meeting. Certain resolutions, such as amending the articles of association, increasing or decreasing the share capital, resolutions relating to a merger or liquidation of the company, etc., require a qualified majority of 2/3 of the votes represented at the meeting of shareholders. In addition to such resolutions, there are resolutions which require an even higher rate of affirmative votes of shareholders, such as excluding the shareholders' pre-emptive right to subscribe for new shares upon an increase of the share capital, which requires the affirmative vote of 3/4 of the votes represented at the general meeting of shareholders, and squeeze-out of minority shares, which requires the affirmative vote of 95/100 of the votes represented at the general meeting of shareholders. Higher quorum and voting requirements compared to the ones described herein may be stipulated by the articles of association of a public limited company. The quorum and voting requirements set forth by the Articles of Association of the Issuer do not deviate from the ones set forth by the applicable law.

Right to Information. Pursuant to the Estonian Commercial Code, the shareholders of a public limited company have the right to receive information on the activities of the company from the management board at the general meetings of shareholders. However, management board may refuse to give information if there is a reason to presume that this may cause significant damage to the interests of the company. In the event the management board refuses to give information, shareholders may require the general meeting of shareholders to decide on the legality of such refusal or submit a respective claim to the competent court.

Right to Subscribe for New Shares. Pursuant to the Estonian Commercial Code, existing shareholders of a public limited company have, upon the increase of the share capital of the company and the issue of the new shares of the company, the pre-emptive right to subscribe for such new shares of the company proportionally to their existing shareholding in the company. Such pre-emptive right can be excluded by the respective resolution of the general meeting of shareholders, which requires the affirmative vote of 3/4 of the votes represented at the general meeting of shareholders.

Right to Dividends. All shareholders of a public limited company have the right to participate in the distribution of profit of the company and have the right to receive dividends proportionally to their shareholding in the company. Resolving the distribution of profit and the payment of dividends is in the competence of the general meeting of shareholders. The resolution of the distribution of profit and the payment of dividends is adopted on the basis of the approved annual report for the preceding financial year, whereas the management board is under the obligation to make a proposal for the distribution of profit and the payment of dividends in the annual report or in a separate document accompanying the annual report, whereas such a proposal of the management board is subject to a review by supervisory board, which is in turn entitled to introduce amendments to the proposal. The resolution on the distribution of profit and on the payment of dividends must include the following information – (i) the amount of net profit; (ii) the payments into statutory capital reserve; (iii) the payments into other reserves if such exist according to the applicable law or the articles of association (which is not the case for the Company); (iv) the amount of profit being distributed among shareholders; and (v) using the profit for other purposes, if applicable. The shareholders who are entitled to participate in the distribution of profit and receive dividends shall be determined on the basis of the list of shareholders as maintained by Nasdaq CSD, which is fixed on the date determined by the general meeting of shareholders resolving the distribution of profit, whereas in respect of companies listed on the Nasdaq Tallinn, such date may not occur earlier than on the tenth trading day after the general meeting of the shareholders. While distributing profit and making dividend payments to shareholders, a public limited company is under the obligation to treat all shareholders equally.

Right to liquidation proceeds. According to the Estonian Commercial Code, upon liquidation of the Issuer, the assets remaining after satisfying or securing all the creditors' claims (and depositing the money for this purpose) are distributed among the shareholders *pro rata* to the nominal value or book value of their shares pursuant to the asset distribution plan prepared by the liquidators. Assets may be distributed no earlier than six months after the entry of the dissolution of the public limited company in the Estonian Commercial register and no earlier than two months after the date on which the shareholders were informed that the final balance sheet and asset distribution plan are presented to the shareholders for examination, provided that the balance sheet or asset distribution plan have not been contested in court, the action has not been heard or has not been satisfied, or if the proceeding in the matter has been concluded. According to the Estonian Commercial Code, liquidation proceeds are distributed by way of monetary payments unless the articles of association prescribe otherwise. The Articles of Association of the Issuer provide that the liquidation of the Issuer (including the payment of liquidation proceeds) shall be carried out as set out by law.

Acquisition by a company of own shares. Pursuant to the Estonian Commercial Code a public limited company is entitled to acquire its own shares only if all the following conditions are met: (i) the acquisition occurs within five years after the adoption of a resolution of the general meeting of shareholders which specifies the conditions and term for the acquisition and the amounts to be paid for the shares; (ii) the sum of the nominal value of the shares held by the company does not exceed 1/10 of its share capital; and (iii) the shares are paid for from assets excluding the share capital, reserve capital and premium. Regardless of the above, a public limited company may acquire its shares by inheritance. A public limited company may also acquire its shares by a resolution of the supervisory board without requiring a resolution of the general meeting of shareholders if the acquisition of the shares is necessary to prevent significant damage to the company. In such case, the shareholders must be informed of the circumstances and details of the acquisition of the company's own shares at the next general meeting of shareholders. If the shares are obtained in compliance with the law but form more than 1/10 of the share capital, the excess shares must be disposed of within three years of their acquisition. In case the public limited company acquires its own shares in violation of the law, such shares must be disposed of or cancelled (by decreasing the share capital) within one year of acquisition. The rules regarding the acquisition of a company's own shares are also applied to the acquisition of a parent company's shares by the subsidiaries. In the event that a subsidiary acquires the shares of its parent company, the parent company shall be regarded as the acquiring party.

Squeeze-out rules. According to the Estonian Commercial Code, a shareholder whose shares, together with the shares of its parent undertaking and its subsidiaries, represent at least 90% of the share capital of a public limited company, is entitled to request that the general meeting of shareholders approves taking over by that shareholder of the remaining outstanding shares of the company for fair monetary compensation ("squeeze-out"). The squeeze-out must be approved at the general meeting of shareholders by at least 95% of the votes represented by the shares of the company. Squeeze-out of minority shareholders of a public limited company may also be carried out according to the Estonian Commercial Code in the course of a merger between two companies, if the surviving company owns at least 90% of the shares of the company being merged. In such a case the squeeze-out is approved if at least 90% of the votes represented by the shares of the company are cast in favour of the relevant resolution at the general meeting of shareholders of the company being merged.

In addition to the above, a special squeeze-out regime applies to listed companies under the Estonian Securities Market Act in case a person reaches at least a 90% shareholding in a company as a result of making a voluntary or a mandatory takeover bid to the company's shareholders. In such a case the relevant acquirer may request the general meeting of shareholders of the company to be called within 3 months after the expiry of the takeover term and to vote on the takeover of the remaining shares belonging to the shareholders of the company ("squeeze-out") for a fair compensation (not being less than the takeover bid price). In such a case, a resolution on the takeover of the remaining shares of the target is adopted if at least 90% of all votes represented by all shares of the company are cast in favour of the resolution. If a squeeze-out resolution has not been passed in the abovementioned scenario, then the takeover bid term is to be extended for up to 3 months after the date of disclosure of the takeover bid results, with respect to the target persons who, within the framework of the takeover bid, did not agree to taking over their shares.

Mandatory takeover bids. The legal regime applicable to takeover bids is provided in the Estonian Securities Market Act which implements the rules stipulated in the Takeover Directive 2004/25/EC.

If a person (either directly or together with any persons acting in concert) acquires dominant influence over an Estonian listed company such person is required to make a mandatory offer to all remaining shareholders for acquisition of the shares held by them in the relevant company (i.e. mandatory takeover bid). The obligation to make a mandatory takeover bid is triggered when the acquirer (alone or together with persons acting in concert) becomes the holder of the voting rights attached to the shares of the issuer representing the majority of all votes. The obligation to make a mandatory takeover bid may be triggered also regardless of the stake acquired, if: (i) the person, as the issuer's shareholder, has the right to appoint or remove the majority of the target's supervisory council or management board members; or (ii) the person, as the issuer's shareholder, controls alone the majority of votes on the basis of an agreement with other shareholders; or (iii) the person has dominant influence or control over the issuer and the possibility to exercise it.

The mandatory takeover bid must be published within 20 days of gaining a dominant influence over the issuer. The price offered under a mandatory takeover bid must be fair, which is determined by specific parameters stipulated in the Estonian Securities Market Act and the Takeover Rules enacted by the Minister of Finance of Estonia.

5.4. Rights attached to the FDRs

One FDR entitles its holder to one Share, and it may be converted into one Share according to the FDR terms and conditions. A number of the Issuer’s Shares corresponding to the number of the outstanding FDRs are held in custody by the sub-custodian bank appointed by the FDR Issuer in Estonia in the name of the FDR Issuer and for the account of the FDR holders. A FDR is a form of right that has been issued as a book-entry in accordance with Chapter 5 of the Finnish Act on Book-Entry System and Settlement (348/2017, as amended) and registered into the Finnish book-entry system. An FDR is a security as defined in Chapter 2, Section 1, subsection 1 of the Finnish Securities Markets Act (746/2012, as amended).

The FDR holders have the right to all dividends and other distributions related to the underlying Shares in the Issuer, subject to taxation and applicable fees, such as Issuer’s FDR holder’s book-entry account operator’s possible service fees. Should the distribution of profit by the Issuer be in any other form than money and if it is not legally possible or technically feasible to implement the distribution of such a profit in accordance with the decision by the Issuer to the FDR holders the same way as for the Issuer’s Shareholders, the FDR Issuer has the right to compensate the FDR holders in cash (if feasible under the legislation of the FDR holder) and any action (including but not limited to disposal of securities or other assets) by the FDR Issuer to so compensate the FDR holders shall be effected in a timely manner and at fair market value.

Due to the FDRs being registered in the Finnish book-entry system, the FDR holders do not have directly certain rights attached to the underlying Shares registered in Estonia represented by the FDRs, such as voting rights in General Meetings. The rights may be limited, and the use of such rights require specific actions to be taken and may be subject to further instructions by the Issuer and the FDR Issuer. The FDR Issuer shall provide a power of attorney, in keeping with the applicable laws and regulations and terms and conditions of the FDRs, to the Issuer authorizing each FDR holder to vote at a General Meeting with the number of votes corresponding to number of FDRs held by an FDR holder at a relevant record date.

The FDR holders are entitled to receive information or documents supplied by the Issuer, which affect the position of the FDR holders in accordance with the applicable legislation and information what would otherwise be provided to the holders of the Shares.

An FDR holder can convert its FDRs into Shares and a Shareholder can convert its Shares into FDRs following the procedure specified in the terms and conditions of the FDRs.

The FDR Issuer shall have the right to charge the Shareholder or FDR holder for any fees, costs and expenses arising in connection with conversion of the FDRs or Shares in accordance with its price list valid at any given time, including potential costs arising from the conversion and charged from the FDR Issuer by foreign banks. As at the date of this Prospectus, the conversion fee of the FDR Issuer amounted to EUR 120.

5.5. Dividend Policy

The Offer Shares will give rights to dividends declared by the Issuer (if any) for the financial year beginning on 1 January 2021 and for the subsequent financial years. The Group's dividend strategy is to pay annual dividends in the minimum amount of EUR 0.05 per share if the economic performance enables it.

The Issuer cannot ensure that dividends will be paid in the future or, if dividends will be paid, how much they will amount to. Resolving the payment of dividends is in the competence of the General Meeting. The Management Board and the Supervisory Board are required to submit a recommendation on the distribution of profit. Nevertheless, the General Meeting is not bound by that recommendation. The payment by the Issuer of any future dividends and the amount thereof will depend on the Group's results of operations, financial condition, capital requirements, future prospects and other aspects.

Certain financing agreements of the Group companies renegotiated due to the COVID-19 pandemic contain the respective banks' and financing parties' rights to restrict the payment of dividends, which may result in the Issuer's inability to honour the dividend policy as described above.

The Group has paid dividends annually since 2013 but considering Group's long-term interests in the deteriorated operating environment occurring due to COVID-19 pandemic no dividends were paid in 2020 and according to the 15 June 2021 resolution of the General Meeting no dividends will be paid in 2021. The Issuer expects its operating result to recover, and its balance sheet structures to stabilise after the COVID-19 pandemic ends and therefore the Issuer aims to continue the approved dividend strategy in the future.

5.6. State Aid

During the year 2020, the Group companies received a net total of EUR 36.6 million as COVID-19 related government assistance from the governments of Estonia, Finland, Sweden and Germany. In the first 6 months of 2021 the Group companies received a total of EUR 11.0 million of government assistance from the governments of Estonia, Finland, Sweden, Latvia and Germany. The assistance has been recognised in other operating income as stated in the table below:

In thousands of EUR	2020	6m 2021
Government assistance		
Estonia	15,121	1,028
Finland	9,797	3,877
Sweden	11,660	5,726
Germany	64	47
Latvia	0	350
Total government assistance	36,642	11,029

In 2020, further EUR 10.5 million of COVID-19 related aid was paid directly to the employees of the Group companies by the Estonian Unemployment Insurance Fund. During the first 6 months of 2021, a further EUR 6.0 million of such COVID-19 related aid was paid directly to employees.

In the second quarter of 2020, the Estonian Parliament approved a change in legislation granting exemption from ships' fairway dues for twelve months starting from April 2020 and a 50% reduction of the fairway dues for twelve months starting from April 2021. The effect of the exemption amounted to EUR 3.4 million in 2020 and the effect of the exemption and reduction of the dues amounted to EUR 1.7 million in the first 6 months of 2021.

In order to relieve the liquidity issues caused by the COVID-19 situation, Group entities were allowed to postpone tax payments. The postponed tax liabilities amounted to EUR 5.4 million at the end of 2020 and EUR 8.0 million at the end of June 2021. The postponed tax payments have different settlement dates over the coming years.

The information on state aid received by the Group companies is provided solely under the responsibility of the persons responsible for this Prospectus (as referred to in Section "Introductory Information"), the EFSA's role in approving the Prospectus is to scrutinise its completeness, comprehensibility and consistency, and that therefore in respect of the statement on state aid the competent authority is not obliged to independently verify that statement.

6. TREND INFORMATION

6.1. Overview of Recent Trends

In 2020, the Group's operations and results were strongly influenced by the COVID-19 pandemic situation, the restrictions on international travel and the authorities' advice against travel. As a result of decreased demand and restricted operations, the revenue and net result declined by 53% and 318%, respectively, compared to 2019. In 2020, the limitations included also restrictions on the maximum number of passengers on vessels. Travel restrictions on all routes were in force from March to June and again starting from September. While the restrictions remained limited in most markets during the summer months, the restrictions for international passenger traffic to and from Sweden were in force since March 2020 until the end of the 2020. In early 2021, the outbreak of the COVID-19 pandemic took a turn for worse. Additional limitations and restrictions were imposed by the governments of the markets where the Group companies operate. The Finnish border was effectively closed for travel from Estonia and Sweden, including strict restrictions also on commuter traffic, from late January 2021 until late July 2021. This has had an adverse effect on the results of operations of the Group in 2021. In the first six months of 2021 the revenue reached to EUR 139.8 million remaining 36.4% and 67.9% below the results achieved in 2020 and 2019, respectively. During the same periods the EBITDA (earnings before interest, tax, depreciation and amortisation) was, respectively, EUR -1.9 million, EUR 1.2 million and EUR 54.5 million.

The spread of the virus in the Group's main markets, Estonia and Finland, was the highest in mid-March 2021. Since then, the numbers of infections started to gradually decline. The European Union, Finland and Sweden, made strong progress with the vaccination process in the second quarter of 2021 and at the date of this Prospectus, the Management estimates that the level of protection against COVID-19 among the adult population in Finland and Sweden has reached about 80% (either vaccinated with at least one shot or recovered from COVID-19). Despite a good start, the vaccination pace in Estonia remained slow in the second quarter of 2021 with the level of immunized adult population to have reached only around 65%, according to the Management estimates. In the light of these developments, the Government of the Republic of Estonia, Finland and Sweden lifted some of the restrictions applying in order to contain the virus and have made the restrictions conditional on immunization certificates. The level of vaccinations in the population continues to grow on daily basis. Starting from late July the travel restrictions of Finland have been eased but are conditional on immunization. The improved situation with COVID-19 in Sweden allowed for restart of Estonia-Sweden route in limited capacity in July 2021. The numbers of infections started to increase in Finland in late June and in Estonia in July, which may lead to new or additional travel restrictions.

6.2. Issuer's Business Strategy and Objectives

Throughout 2021 the Group's strategy and objectives have not changed and the strategic focus has remained on managing the costs and cash flows as it has been since the start of the COVID-19 pandemic.

From the onset of the pandemic and following the decrease in demand the Group suspended temporarily the operation of several shipping routes and operation of hotels. The Group's main focus has been on activities aimed at reducing the cost base and increasing efficiency. The changes concerning personnel have included temporary lay-offs, redundancies, reduction of workload and remuneration. In order to ensure sustainability of operations and liquidity, the Group has negotiated with financial institutions the amendment and prolongation of the waivers of financial covenants and deferral of loan principal payments also in 2021 alike the year earlier.

In the first six months of 2021 the Group has operated and plans to continue operating two Shuttle vessels and a cargo vessel on the Estonia-Finland route, two cargo vessels on Estonia-Sweden routes and two ferries on Finland-Sweden route to ensure continuity of cargo transportation. In the summer months the Group restarted offering passenger service on the Estonia-Sweden route with one vessel, domestic cruise service for Swedish and Finnish market as well as operation on Helsinki-Stockholm route. The continuation of offering the restarted services after the summer season is highly subject to development of the restrictions and demand.

Due to the ongoing COVID-19 situation the earnings outlook is uncertain and continues to be strongly affected by external factors such as the progress of vaccination, states' decisions regarding the timing of the lifting and/or imposing of travel restrictions and allowing passenger traffic as well as the duration of the recovery period. Subject to the development of the operating environment, the Group looks to gradually restart the suspended routes, given indications of sufficient demand for profitable operation.

The progress of vaccinations in the Groups main markets, Estonia and Finland, provides a moderately optimistic outlook for a gradual recovery of traffic for the services between Estonia and Finland, particularly for the Shuttle service. Based on the surveys conducted among the Group's customers and on the number of bookings, Management Board believes that after the completion of the vaccination period and the start of gradual market recovery, there is increased demand for cruise services. In the opinion of the Management Board in the remaining period of 2021 it may be possible to operate some of the routes profitably. For some routes it may be possible to operate at a break-even, either without or in combination with the available government assistance measures. For some routes it may not be possible to operate profitably or in a manner to cover variable cost during the low season period in 2021 and therefore some routes may remain suspended until further improvement in the economic environment and government restrictions, at least earliest until spring 2022. The Group continues seeking opportunities to employ the suspended vessels under charter agreements. In 2021 the Group continues preparations for taking delivery of the LNG fuelled shuttle vessel MyStar, currently being built in Rauma Marine Construction shipyard. Upon delivery MyStar will replace Star on the route in the first half of 2022 and is expected to improve the operational efficiency.

7. CAPITALISATION AND INDEBTEDNESS

7.1. Capitalisation

The following table sets forth the consolidated total capitalisation of the Group on an actual basis as of 30 June 2021. The information dated 30 June 2021 has been derived from the unaudited Interim Financial Statements, which have been prepared in accordance with the IFRS, IAS 34. The table should be interpreted in conjunction with the Financial Statements presented elsewhere in this Prospectus and incorporate to this Prospectus by reference.

In thousands of EUR	**30.06.2021**
Total current debt[4]	**94,387**
Guaranteed	0
Secured	80,084
Unguaranteed/unsecured[5]	14,303
Total non-current debt[4]	**650,136**
Guaranteed	0
Secured	548,830
Unguaranteed/unsecured[5]	101,306
Shareholder equity	**655,682**
Share capital	314,844
Share premium	663
Legal reserves	32,159
Other reserves	36,775
Retained earnings	271,241
Total	**1,400,205**

All interest-bearing liabilities, including long-term bank loans, overdrafts and lease liabilities, are secured. The Group's ships were encumbered with first or second ranking mortgages to secure the Group's bank loans.

The interest-bearing liabilities do not include the EUR 90.0m undisbursed portion of the total EUR 100.0m loan facility signed with the Nordic Investment Bank. The interest-bearing liabilities do not include the EUR 197.6m bank loan signed with the KfW-IPEX-Bank GmbH for financing of the contractual commitment of the new vessel MyStar, drawn upon the expected delivery of the vessel in the first half of 2022.

[4] Please note that the data of interest-bearing loans and borrowings is presented in aggregated form in the unaudited Interim Financial Statements, which have been prepared in accordance with the IFRS, IAS 34.

[5] Unsecured debt reflects lease liabilities related to right-of-use assets.

7.2. Indebtedness

The following table sets forth the consolidated total indebtedness of the Group on an actual basis as of 30 June 2021. The information dated 30 June 2021 has been derived from the unaudited Interim Financial Statements, which have been prepared in accordance with the IFRS, IAS 34. The table should be interpreted in conjunction with the Financial Statements presented elsewhere in this Prospectus and incorporate to this Prospectus by reference.

In thousands of EUR		**30.06.2021**
A	Cash	37,816
B	Cash equivalents	0
C	Other current financial assets	0
D	**Liquidity** (A + B + C)	**37,816**
E	Current financial debt[6]	70,446
F	Current portion of non-current financial debt[6]	23,941
G	**Current financial indebtedness** (E + F)	**94,387**
H	**Net current financial indebtedness** (G - D)	**56,571**
I	Non-current financial debt[6]	650,136
J	Debt instruments	0
K	Non-current trade and other payables	0
L	**Non-current financial indebtedness** (I + J + K)	**650,136**
M	**Total financial indebtedness** (H + L)	**706,707**

Financial debt (E and I) includes bank loans, overdrafts, interest-bearing lease liabilities and lease liabilities related to right-of-use assets. The current portion and non-current portion of lease liabilities related to right-of-use assets amount to EUR 14,303 thousand and EUR 101,306 thousand, respectively.

The indebtedness as of 30 June 2021 does not include the EUR 197.6m bank loan signed for financing of the contractual commitment to build the new vessel MyStar, drawn upon the expected delivery of the vessel in Q1 2022.

7.3. Working Capital Statement

In the opinion of the Management Board, the Issuer's working capital is sufficient to cover the Group's foreseeable obligations for a period of at least 12 months following the date of this Prospectus.

7.4. Material Change in Financial Position

There has been no material adverse change in the Group's financial position between the date of the Interim Financial Statements, i.e. 30 June 2021, and the date of this Prospectus.

[6] Please note that the data of interest-bearing loans and borrowings is presented in aggregated form in the unaudited Interim Financial Statements, which have been prepared in accordance with the IFRS, IAS 34.

8. GLOSSARY

Term	Definition
Articles of Association	shall mean the Articles of Association of the Issuer effective as at the date of this Prospectus.
Audited Financial Statements	shall mean the consolidated audited financial statements of the Group of and for the year ended 31 December 2020 prepared in accordance with the IFRS and the Estonian Accounting Act incorporated into this Prospectus by reference.
Delegated Regulation	Commission Delegated Regulation No 2019/980/EU of 14 March 2019 supplementing Regulation No 2017/1129/EU of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation No 809/2004/EC.
EUR	shall mean the official currency of Eurozone countries, including Estonia, Latvia, Lithuania and Finland, the euro.
Eurozone	shall mean the economic and monetary union (EMU) of the European Union member states, which have adopted euro as their single official currency.
Excluded Territories	Australia, Canada, Hong Kong, Japan, South Africa and any other jurisdiction where the distribution of this Prospectus and/or the transfer of Subscription Rights and/or the Offer Shares would breach applicable law.
FDR Issuer	Nordea Bank Abp, is a public limited company incorporated and domiciled in Helsinki, Finland, registered in the Finnish Trade Register under the business ID code 2858394-9.
Financial Statements	shall mean the Audited Financial Statements and the Interim Financial Statements as incorporated into this Prospectus by reference.
EFSA	shall mean the Estonian Financial Supervision and Resolution Authority.
General Meeting	shall mean the General Meeting of shareholders of the Issuer, the highest governing body of the Issuer.
Group	shall mean the Issuer and all its subsidiaries.
IFRS	shall mean the International Financial Reporting Standards as adopted by the European Union.
Interim Financial Statements	shall mean the unaudited condensed consolidated interim financial statements of the Group as of and for the period ended 30 June 2021, prepared in accordance with International Accounting Standards (IAS) 34 “Interim Financial Reporting” incorporated into this Prospectus by reference.
Issuer	shall mean Aktsiaselts Tallink Grupp, an Estonian public limited company (in Estonian: *aktsiaselts* or *AS*), registered in the Estonian Commercial Register under the register code 10238429.
Lead Arranger	shall mean AS Swedbank, a credit institution registered in the Commercial Register under the register code 10060701.
Management	shall mean the Management Board and the Supervisory Board of the Issuer.
Management Board	shall mean the Management Board of the Issuer.
Maximum Amount	shall have the meaning assigned to it in Section 4.7 of this Prospectus.

Nasdaq CSD	shall mean the Estonian Register of Securities, operated by Nasdaq CSD SE Estonian branch, registered in the Estonian Commercial Register under register code 14306553, having its registered address at Maakri 19/1, 10145 Tallinn, Estonia.
Nasdaq Helsinki	shall mean the only regulated market operated by Nasdaq Helsinki Oy incorporated and domiciled in Helsinki, Finland, registered in the Finnish Trade Register under the business ID code 0815051-3.
Nasdaq Tallinn	shall mean the only regulated market in Estonia operated by Nasdaq Tallinn AS (register code 10359206).
Nordnet	shall mean Nordnet Bank AB Finnish Branch, a credit institution incorporated and domiciled in Stockholm, Sweden, the Finnish branch registered in the Finnish Trade Register under the business ID code 2329589-2.
Offer Price	shall mean the final price per each Offer Share, which shall be a fixed price of EUR 0.47.
Offer Shares	shall mean up to 66,988,204 Shares that are being offered to investors in the course of the Offering (in Finland, the Offer Shares will be delivered in the form of the FDRs), which may, upon oversubscription and sole discretion of the Issuer, be increased by up to 10%, such that the total number of the Offer Shares to be issued and allocated to the investors following such an increase will be altogether up to 73,687,024 Offer Shares.
Offering	shall mean the public offering of the Offer Shares conducted in Estonia and Finland on the terms and conditions described in this Prospectus.
Participating Existing Shareholder	shall have the meaning assigned to it in Section 4.10 of this Prospectus.
Prospectus	shall mean this document, including the registration document of the Issuer and the securities notes of the Shares.
Prospectus Regulation	Regulation No 2017/1129/EU of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market and repealing Directive 2003/71/EC.
Record Date	shall mean the date of fixing the list of the shareholders of the Issuer entitled to exercise the pre-emptive right to subscribe for the Offer Shares, which shall be 17 August 2021 at the end of the business day of the settlement system of Nasdaq CSD.
Restricted Territories	member states of the European Economic Area (excluding Estonia and Finland).
Section	shall mean a section of this Prospectus.
Share(s)	shall mean the ordinary shares of the Issuer without nominal value, registered in Nasdaq CSD under ISIN code EE3100004466 and kept in book-entry form.
Shareholder	shall mean natural or legal person(s), holding the Share(s) of the Issuer at any relevant point of time.
Subscription Period	shall mean the period commencing on 18 August 2021 at 10:00 a.m. local time in Estonia and Finland and ending on 1 September 2021 at 16:00 p.m. during which the Offer Shares (and the Offer Shares in the form of the FDRs in Finland) may be subscribed for.
Subscription Undertaking	shall mean the order submitted by an investor for the purchase of the Offer Shares in accordance with the terms and conditions of the Offering.

Supervisory Board	shall mean the Supervisory Board of the Issuer.
Summary	shall mean the summary of this Prospectus.

ISSUER

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