ANNUAL REPORT 2021

TALLINK GRUPP AS

TALLINK

Beginning of the financial year	1 January 2021
End of the financial year	31 December 2021

CONTENTS

THE GROUP

Tallink Grupp AS ("the Company") with its subsidiaries ("the Group") is the leading European ferry operator, which has been offering high quality mini-cruise, passenger transport and ro-ro cargo services in the northern part of the Baltic Sea for over 30 years. The Group's business model entails providing its services on routes between Estonia, Finland, Sweden and Latvia under the brand names of "Tallink" and "Silja Line". The Group has a fleet of 15 vessels that include cruise ferries, high-speed ro-pax ferries and ro-ro cargo vessels. In addition, the Group operates three quality hotels in Tallinn city centre and one in Riga (suspended in 2021), and, as the Burger King franchise owner in the Baltics, 14 restaurants of the fast food chain in Estonia, Latvia and Lithuania. The Group's subsidiary Tallink Duty Free is a successful international travel retail business with a number of shops on board and on shore, and a growing e-commerce presence in the Group's home markets.

STRATEGY

The Group's vision is to be the market pioneer in Europe by offering excellence in leisure and business travel and sea transportation services. Currently the strategic focus is on managing costs and cash flows to ensure sustainability and to bring Tallink Grupp through the global crisis.

The Group's long-term strategy is to:

- Strive for the highest level of customer satisfaction
- Increase business volumes and strengthen its market position in the region
- Develop a wide range of quality services for different customers and pursue new growth opportunities
- Ensure cost efficient operations
- Maintain an optimal debt level that allows paying sustainable dividends

A modern fleet, a wide route network, a strong market share and brand awareness together with high safety, security and environmental standards are the main competitive advantages for the Group. They are the cornerstones for successful and profitable operations.

LETTER TO SHAREHOLDERS

Dear shareholders

The 2021 was another year defined by serious COVID-19 related challenges for us, the entire industry, the whole global society. When 2020 was a year of initial reactions to the COVID-19 shock, then 2021 can be characterised as a year of carrying out decisive actions to end the pandemic. Be it through continuous restrictions, immunization of entire societies or developments of medical treatments.

We witnessed first-hand the extreme impact Finland's approach with its harsh restrictions had on our operating environment in the first half of the year as well as in the summer. On a flip side, it also contributed to relatively low numbers of COVID-19 infections in Finland and a high level of immunization by the autumn, which allowed to open the society and travel again.

I would like to express my gratitude to our loyal customers. It was very gratifying and encouraging to see how rapid and strong the recovery in the number of passengers from our home markets was in October and November last year, particularly on the routes between Finland and Sweden. But also on the re-opened Tallinn-Stockholm route with Baltic Queen. A strong signal that of our services are highly appreciated and were dearly missed. A loud and clear statement that Tallink Grupp has a mission to carry out – to continue offering our customers an enjoyable and return-worthy travel experience.

As a result of the painful cuts and concerted efforts made in 2020 we became a much more lean and efficient company in 2021 – a 'slim-fit' Tallink, which allowed us to drastically improve financial results and earn a profit in the second half of the year despite higher fuel prices and a significantly lower amount of financial support from our home markets' governments.

In 2021 many our own efforts were also aimed at helping the societies in our region open up again – we provided support to our home countries by bringing testing and vaccination services on board our vessels and into the terminals. I'm very proud that the rate of employee vaccination across the entire Group and our markets well exceeded 90% already by beginning of the autumn and that despite some inevitable infection cases there were no outbreaks of the virus on board our vessels as we were able to provide a safe environment for our customers and staff.

Throughout the year our focus remained on optimising the costs, ensuring liquidity and finding ways to earn new revenue streams in an extremely low demand and high uncertainty environment. We provided domestic cruises for Finnish and Swedish markets in the summer before reopening traffic on our regular routes, as well as managed to secure several short-term charter deals. All these efforts helped us to limit losses in the first half of the year and return to small profits in the second half. My total respect and appreciation goes to the entire professional team of our Group who pulled this off.

It has, no doubt, been a continuously difficult period for all our employees and words will fall short in expressing my gratitude and the pride I have for the dedication and hard work demonstrated by everyone within Tallink Grupp.

Although we were not yet able to earn profits in 2021 together with additional capital and a grace period for debt service agreed with our financing partners as well as shareholders, we ended the year with a very strong liquidity position. My sincere gratitude also to both all our shareholders and financing partners for the trust. Yet as we are still not completely out of the COVID crisis and did not reach profits in 2021, it will not be surprising to our shareholders that we are prioritising the long-term prospects of the company for now and are thus not going to propose any distributions this year.

From 2022 we expect continuous recovery, maintaining the efficiencies of a leaner organisation and improvements in financial results, although the events with the Omicron strain and even more the recent events threatening regional and global security complicate the outlook considerably and force us to make changes in our plans yet again.

At the time of writing this message to you in late-March we have seen a further significant hike in fuel prices and increases in the price volatility. We are also seeing high inflation nibbling away at purchasing power and a lower number of passengers arriving from many areas outside our home markets as a result of the military conflict in Europe. Planning has become even more difficult and, to reduce the risks, we have postponed the return of our laid-up vessels further into the high season.

In a way we find ourselves in a similar position as we did two years ago – looking optimistically ahead for a good year at the start, only to have global-scale shocks threatening to derail the outlook a few months later. The difference between 2020 and today is that the last two years have seasoned us well and taught us many lessons in crisis preparedness. So, although we find ourselves in a completely different kind of crisis in March 2022, our experience has taught us well and we have not only plans A, B and C up our sleeves, but also plans X, Y and Z.

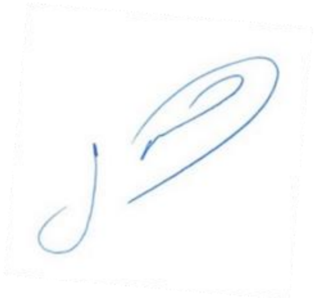
Similarly to the previous years we will continue keeping our costs under control and weigh and calculate the steps we take. Through vaccination and many people already recovered from COVID, the immunity levels in our region are high going into the high season of 2022. This is also reflected in the fact that by now COVID-19 restrictions have been abolished in Finland and Sweden and recently there has been a substantial easing of restrictions in Estonia, with final restrictions anticipated to be removed in a matter of weeks. With much less restrictions the operating environment looks much improved for our sales effort from the second quarter onward.

One of the distinctive highlights of last year were alternative revenue streams from the numerous short-term charters hunted down and delivered by our fast, agile and hungry-for-business mentality. Chartering activity will be important also in 2022 – in addition to Atlantic Vision in Canada our vessel Romantika has started a long-term charter deal from late March. Furthermore, we continue to actively look for more opportunities for other assets in our fleet.

The highlights of 2022 are yet to be discovered as the year unfolds, but there is no doubt that one of them will be the delivery of our brand new and the most efficient and environmentally friendly vessel in our fleet – shuttle vessel MyStar. Together with Megastar they will effectively create a 'green bridge' between Estonia and Finland and the development will underpin our increased environmental efforts towards a more sustainable future.

Dear shareholders, it is clear that 2022 will be another year of gradual recovery together with its own challenges, but we are confident it will also bring opportunities and positive developments. Our experience has shown that our customers want to travel with us once they're given the opportunity and we remain optimistic regarding the continuous recovery path we are on. The changes that we have made on our part, and the 'slim-fit' Tallink that we have become, gives us confidence that good financial results and sustainable operations can be achieved well before we are fully back to pre-pandemic levels of passengers. And the whole team of our Group will continue to do their very best to achieve this.

Yours sincerely,



Paavo Nõgene

Chairman of the Management Board

MANAGEMENT REPORT

Number of passengers carried by the Group's ships in 2021
3.0 million

The Group's revenue for 2021
EUR 476.9 million

The Group carried a total of 2 961 975 passengers in 2021, which is 21% less than in 2020. The number of cargo units transported increased by 2.6% compared to 2020. The Group's revenue amounted to EUR 476.9 million (EUR 442.9 million in 2020). EBITDA was EUR 58.3 million (EUR 8.0 million in 2020) and net loss EUR 56.6 million or EUR 0.08 per share (net loss of EUR 108.3 million or EUR 0.16 per share in 2020).

In 2021, the Group's total revenue increased by EUR 34.0 million to EUR 476.9 million compared to the previous year. Total revenue for 2020 and 2019 amounted to EUR 442.9 million and EUR 949.1 million, respectively. Revenue from route operations (core business) decreased by EUR 7.6 million to EUR 392.6 million.

In 2021, the Group's revenue and operating results were continuously affected by the COVID-19 situation and the imposed travel restrictions. The significant events in 2021 include:

- Temporary suspensions of vessel and hotel operations due to COVID-19 and related restrictions
- Chartering out vessels
- Reopening of Tallinn-Stockholm & Helsinki-Stockholm routes
- Public offering of shares and increase in share capital
- Ongoing construction of the new LNG-based vessel MyStar
- Completion of renovation of Tallink City Hotel
- Opening of Burger King restaurants in Latvia and Lithuania
- Amendments to loan agreements
- Exit from onshore fashion retail business

Operations during the year

The Group's operations were impacted by extensive travel restrictions in the first half of the year. Only the two shuttle vessels, Turku-Stockholm route cruise ferries and cargo vessels were operated throughout 2021. Cruise ferry Silja Europa was chartered out in June and restarted cruise operations on Tallinn-Helsinki route from the end of June. Tallinn-Stockholm route was reopened from July with one cruise ferry, Baltic Queen. Cruise ferries Silja Serenade and Silja Symphony operated special domestic cruises during the summer and restarted the Helsinki-Stockholm route from August. Cruise ferries Romantika and Victoria I were chartered out to Morocco in July-September. Cruise ferries Silja Europa and Romantika were chartered out to Scotland in the autumn for about a month. Riga-Stockholm route and cruise ferry Isabelle remained inactive throughout the year.

Tallink Spa & Conference Hotel and Tallink Express Hotel operated throughout the year, Tallink City Hotel was reopened after renovation in the end of June. Tallink Hotel Riga remained closed during the year. During the year, six new Burger King restaurants were opened in the Baltics.

Key figures

For the year ended 31 December	2021	2020	2019
Revenue (EUR million)	476.9	442.9	949.1
Gross profit/loss (EUR million)	21.7	-43.5	196.9
EBITDA[1] (EUR million)	58.3	8.0	171.1
EBIT[1] (EUR million)	-37.0	-92.6	74.9
Net profit/loss for the period (EUR million)	-56.6	-108.3	49.7
Depreciation and amortisation (EUR million)	95.3	100.7	96.2
Capital expenditures[1] [2](EUR million)	20.2	100.1	60.9
Weighted average number of ordinary shares outstanding	694 444 381	669 882 040	669 881 045
Earnings/loss per share[1]	-0.08	-0.16	0.07
Number of passengers[1]	2 961 975	3 732 102	9 763 210
Number of cargo units[1]	369 170	359 811	379 634
Average number of employees[1]	4 360	6 104	7 270
As at 31 December	**2021**	**2020**	**2019**
Total assets (EUR million)	1 585.9	1 516.2	1 533.0
Total liabilities (EUR million)	893.4	801.9	710.1
Interest-bearing liabilities (EUR million)	779.9	705.1	577.9
Net debt[1] (EUR million)	652.4	677.3	539.0
Net debt to EBITDA[1]	11.2	84.2	3.1
Total equity (EUR million)	692.5	714.3	822.8
Equity ratio[1] (%)	43.7%	47.1%	53.7%
Number of ordinary shares outstanding	743 569 064	669 882 040	669 882 040
Equity per share[1]	0.93	1.07	1.23
Ratios[1]	**2021**	**2020**	**2019**
Gross margin (%)	4.5%	-9.8%	20.7%
EBITDA margin (%)	12.2%	1.8%	18.0%
EBIT margin (%)	-7.8%	-20.9%	7.9%
Net profit/loss margin (%)	-11.9%	-24.5%	5.2%
ROA (%)	-2.4%	-6.1%	4.8%
ROE (%)	-8.2%	-14.1%	6.0%
ROCE (%)	-2.8%	-7.2%	5.7%
Current ratio	0.6	0.4	0.5

[1] Alternative performance measures based on ESMA guidelines are disclosed in the "Alternative performance measures" section of the report.
[2] Does not include additions to right-of-use assets.

Sales and segments

The Group's revenue amounted to EUR 476.9 million in 2021 (442.9 million in 2020). Restaurant and shop sales on board and on shore of EUR 233.4 million in total (228.5 million in 2020) contributed nearly half of the total revenue. Ticket sales amounted to EUR 99.1 million (95.6 million in 2020) and sales of cargo transport to EUR 94.8 million (94.0 million in 2020).

Geographically, 38.7% or EUR 184.5 million of revenue was generated by the Estonia-Finland routes and 33.3% or EUR 158.7 million by the Finland-Sweden routes. Revenue from the Estonia-Sweden routes was EUR 49.1 million or 10.3% and from the Latvia-Sweden route EUR 0.3 million or 0.1%. The share of revenue generated by other geographical segments increased to 17.9% or EUR 85.2 million.

In 2021, the Group's ships carried a total of 1.8 million passengers on the **Estonia-Finland** routes, a 27.7% decrease compared to 2020, but the number of cargo units transported on the routes increased by 2.1%. Estonia-Finland routes' revenue decreased by EUR 15.9 million to EUR 184.5 million. The Estonia-Finland routes' results also include the operations of the Tallinn-Visby and Tallinn-Mariehamn routes.

The **Finland-Sweden** routes' revenue increased by EUR 9.2 million and amounted to EUR 158.7 million. The Helsinki-Stockholm route was reopened from August 2021. The Finland-Sweden routes' results include also the special cruises from Stockholm to Visby, Härnösand and Ystad.

The **Estonia-Sweden** routes' revenue increased by EUR 14.2 million, compared to the previous year, and amounted to EUR 49.1 million. The Estonia-Sweden routes' results reflect the operations of the Paldiski-Kapellskär route and the operations of the Tallinn-Stockholm route that was reopened in July 2021.

The **Latvia-Sweden** route operations were suspended during the year. The EUR -12.5 million segment result reflects the expenses of the suspended cruise ferries Isabelle as well as Romantika after the conclusion of the charter period.

Revenue from the segment **other** increased by a total of EUR 40.0 million and amounted to EUR 85.2 million. The increase was mainly driven by significantly higher charter revenue, increase in online shop sales and the opening of Burger King restaurants.

The following tables provide an overview of the breakdown of revenue from operations between the Group's geographical and operating segments:

Geographical segments	**2021**	**%**	**2020**	**%**
Finland - Sweden	158 697	33.3%	149 485	33.7%
Estonia - Finland	184 529	38.7%	200 439	45.3%
Estonia - Sweden	49 065	10.3%	34 858	7.9%
Latvia - Sweden	280	0.1%	15 390	3.5%
Other	85 240	17.9%	45 196	10.2%
Intercompany eliminations	-874	-0.2%	-2 434	-0.5%
Total revenue of the Group	476 937	100.0%	442 934	100.0%

Operating segments	**2021**	**%**	**2020**	**%**
Restaurant and shop sales on-board and on mainland	233 376	48.9%	228 487	51.6%
Ticket sales	99 094	20.8%	95 628	21.6%
Sales of cargo transportation	94 763	19.9%	93 960	21.2%
Sales of accommodation	3 367	0.7%	4 022	0.9%
Income from charter of vessels	30 278	6.3%	9 968	2.3%
Other	16 059	3.4%	10 869	2.5%
Total revenue of the Group	476 937	100.0%	442 934	100.0%

Earnings

Gross profit for 2021 was EUR 21.7 million (gross loss of EUR 43.5 million in 2020) and EBITDA EUR 58.3 million (EUR 8.0 million in 2020). Net loss for 2021 was EUR 56.6 million (net loss of EUR 108.3 million in 2020). Net loss per share was EUR 0.08 (net loss per share was EUR 0.16 in 2020).

The Group's profitability was mainly influenced by the following factors:

- COVID-19 and related restrictions on travelling
- A significant cut in operating expenses and cost savings from previously implemented measures
- Short-term chartering of vessels and reopening of Tallinn-Stockholm and Helsinki-Stockholm routes
- A positive impact from various government support measures in the total net amount of EUR 12.8 million
- A positive impact from the exemption from and reduction of ships' fairway dues in Estonia in the amount of EUR 2.8 million
- An increase in global fuel prices

The cost of goods sold at shops and restaurants amounted to EUR 110.5 million (EUR 116.6 million in 2020).

Fuel costs for 2021 totalled EUR 72.2 million (EUR 56.3 million in 2020). Fuel costs were impacted by an increase in global prices. As a result, annual fuel costs increased by 28.2%. The Group makes continuous efforts to improve and optimise its day-to-day operations and lower the fleet's fuel costs.

The Group's total personnel expenses amounted to EUR 124.0 million (EUR 161.7 million in 2020). Staff costs related to administrative staff and sales & marketing staff were EUR 21.2 million and EUR 16.8 million, respectively (EUR 23.3 million and EUR 21.7 million, respectively, in 2020). The average number of employees in 2021 was 4 360 (6 104 in 2020).

Excluding personnel and depreciation expenses, administrative expenses for the period amounted to EUR 13.5 million and sales and marketing expenses to EUR 10.5 million (EUR 13.1 million and 13.7 million, respectively, in 2020).

During the year the Group received a net total of EUR 12.8 million in direct financial support through various government assistance measures in all its home markets (EUR 36.6 million in 2020).

Depreciation and amortisation totalled EUR 95.3 million (EUR 100.7 million in 2020). There were no impairment losses related to the Group's property, plant and equipment and intangible assets.

As a result of increased interest-bearing liabilities, net finance costs increased by EUR 4.0 million to EUR 21.9 million compared to 2020.

The Group's exposure to credit risk, liquidity risk and market risks, and its financial risk management activities are described in the notes to the financial statements.

Liquidity and cash flow

The Group's net operating cash flow for 2021 was positive at EUR 59.4 million (negative at EUR 7.0 million in 2020).

Net cash used in investing activities was EUR 19.4 million (EUR 99.9 million in 2020).

In 2021, the Group's loan repayments totalled EUR 14.7 million (EUR 14.7 million in 2020). Interest payments were EUR 19.3 million (EUR 16.3 million in 2020).

At 31 December 2021, the Group's cash and cash equivalents totalled EUR 127.6 million (EUR 27.8 million at 31 December 2020). In addition, available unused overdraft credit lines amounted to EUR 134.8 million (EUR 119.3 million in 2020).

At the end of the second quarter, the Group agreed with financial institutions on the postponement of principal payments under existing loan agreements. From the second quarter of 2021 until the end of first quarter of 2022 repayments in the total amount of EUR 82.1 million were deferred and added to the last payment of each respective loan facility. The deferrals for the 2021 financial year amount to EUR 67.4 million.

During 2021, EUR 90.0 million of a EUR 100.0 million loan from the Nordic Investment Bank was drawn (EUR 10.0 million drawn in 2020). In management's opinion, the Group has sufficient liquidity to support its operations. Activities to ensure the sustainability of operations and liquidity are described in more detail in Note 26.

In order to strengthen the liquidity position, the Group held a public offering of shares in Estonia and Finland in the third quarter. The Group issued 73 687 024 new shares and raised EUR 34.6 million of new equity capital.

Increase in interest-bearing leases and bank loans

EUR 74.8

million

Financing sources

The Group finances its operations and investments with operating cash flow, debt and equity financing and potential proceeds from the disposal of assets. At 31 December 2021, the Group's capitalisation ratio (interest-bearing liabilities as a percentage of interest-bearing liabilities and shareholders' equity) was 53.0% compared to 49.7% at 31 December 2020. The increase results from a EUR 74.8 million increase in interest-bearing liabilities and a EUR 21.8 million decrease in equity.

Loans and borrowings

At the end of 2021, interest-bearing liabilities totalled EUR 779.9 million, a 10.6% increase compared to the end of 2020.

At 31 December 2021, the Group had a EUR 180 thousand outstanding overdraft balance and unused overdraft facilities amounted to EUR 134.8 million.

At the reporting date, all interest-bearing liabilities were denominated in euros.

At the end of the second quarter, the Group agreed with financial institutions on the amendment and prolongation of the waivers of certain financial covenants under existing loan agreements. The covenants were not breached in 2021.

Shareholders' equity

In 2021, the Group's consolidated equity decreased by 3.1%, from EUR 714.3 million to EUR 692.5 million. Shareholders' equity per share was EUR 0.93. At the end of 2021, the Group's share capital amounted to EUR 349 477 460. For further information about shares, please see the "Shares and shareholders" section of this report.

Vessels and other investments

The Group's investments in 2021 amounted to EUR 20.2 million.

Due to the weak economic environment and suspension of vessel operations, ship-related investments were kept to a minimum and only critical maintenance and repair works were performed. Investments were also made in the completion of energy efficiency and emissions reduction projects, the development of the online booking and sales systems as well as other administrative systems and in the opening of Burger King restaurants.

The Group's main revenue-generating assets are vessels, which account for approximately 68% of total assets. During the financial year the Group owned 15 vessels.

Information about vessels as at the end of the financial year:

Vessel name	Vessel type	Built/renovated	Route	Other information
Silja Europa	Cruise ferry	1993/2016	Finland-Estonia	overnight cruise
Star	High-speed ro-pax	2007	Finland-Estonia	shuttle service
Megastar	High-speed ro-pax	2017	Finland-Estonia	shuttle service
Sea Wind	Ro-ro cargo vessel	1972/1989	Finland-Estonia	cargo transportation
Baltic Queen	Cruise ferry	2009	Sweden-Estonia	overnight cruise
Victoria I	Cruise ferry	2004	Sweden-Estonia	overnight cruise
Regal Star	Ro-ro cargo vessel	1999	Sweden-Estonia	cargo transportation
Sailor	Ro-ro cargo vessel	1987	Sweden-Estonia	cargo transportation
Silja Symphony	Cruise ferry	1991	Finland-Sweden	overnight cruise
Silja Serenade	Cruise ferry	1990	Finland-Sweden	overnight cruise
Galaxy	Cruise ferry	2006	Finland-Sweden	overnight cruise
Baltic Princess	Cruise ferry	2008	Finland-Sweden	overnight cruise
Romantika	Cruise ferry	2002	Sweden-Latvia[1]	overnight cruise
Isabelle	Cruise ferry	1989	Sweden-Latvia[1]	overnight cruise
Atlantic Vision	High-speed ro-pax	2002	Canada	chartered out

[1] The Sweden-Latvia route was not re-opened in 2021 due to the COVID-19 related situation. During the year the operations of cruise ferry Isabelle remained suspended and cruise ferry Romantika was used for two short-term charter agreements.

At 31 December 2021 the book value of the ships amounted to EUR 1 083 million (EUR 1 135 million at the end of 2020). The Group's vessels are regularly valued by two to three independent international shipbrokers who are also approved by the mortgagees.

All of the Group's vessels have protection and indemnity insurance (P&I) and hull and machinery insurance (H&M) and meet all applicable safety regulations.

The Group does not have any substantial ongoing research and development projects.

Market developments

The total number of passengers carried by the Group in 2021 was 3.0 million. The total number of cargo units carried was 369 thousand.

The following table provides an overview of transported passengers, cargo units and passenger vehicles in 2021 and 2020 by route.

Passengers	**2021**	**2020**	**Change**
Finland-Sweden	948 534	980 076	-3.2%
Estonia-Finland	1 764 058	2 439 972	-27.7%
Estonia-Sweden	249 383	172 226	44.8%
Latvia-Sweden	0	139 828	-100.0%
Total	2 961 975	3 732 102	-20.6%

Cargo units	**2021**	**2020**	**Change**
Finland-Sweden	70 855	70 088	1.1%
Estonia-Finland	249 603	244 481	2.1%
Estonia-Sweden	48 712	40 193	21.2%
Latvia-Sweden	0	5 049	-100.0%
Total	369 170	359 811	2.6%

Passenger vehicles	**2021**	**2020**	**Change**
Finland-Sweden	83 130	80 768	2.9%
Estonia-Finland	499 005	596 661	-16.4%
Estonia-Sweden	19 898	10 788	84.4%
Latvia-Sweden	0	14 485	-100.0%
Total	602 033	702 702	-14.3%

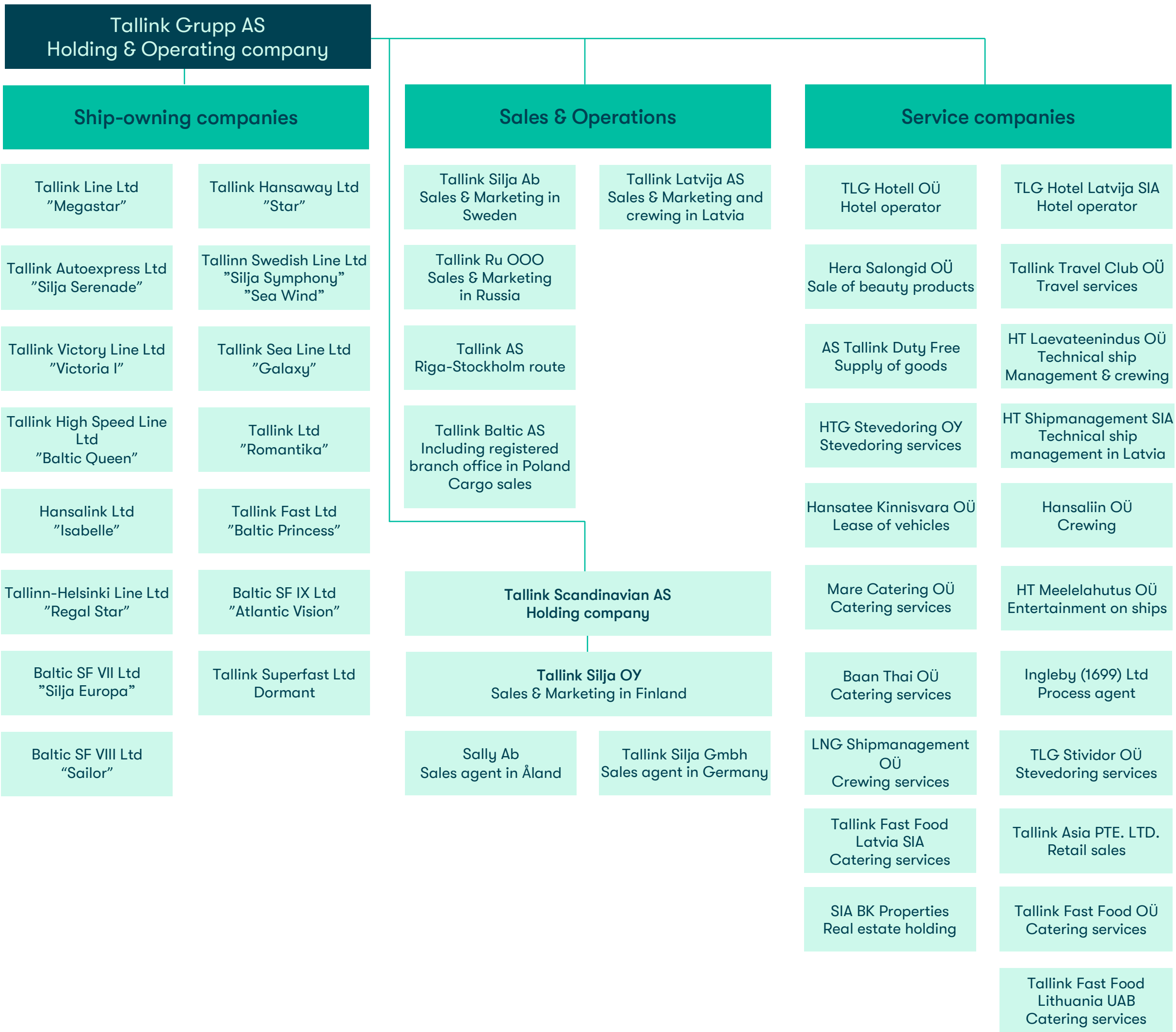
The Group's market shares on routes operated in 2021 were as follows:

- The Group carried approximately 54% of passengers and 53% of ro-ro cargo on the routes between Estonia and Finland
- The Group carried approximately 50% of passengers and 26% of ro-ro cargo on the routes between Finland and Sweden
- The Group was the only provider of daily passenger transportation between Tallinn and Stockholm

There were no operations on the Latvia-Sweden route in 2021.

Group structure

At the reporting date, the Group comprised 46 companies. All subsidiaries are wholly owned by Tallink Grupp AS. The following diagram represents the Group's structure at the reporting date:



The Group also owns 34% of Tallink Takso AS.

Changes in Group structure

In August 2021, Baltic Retail OÜ, a wholly-owned subsidiary of Tallink Grupp AS, was sold. With the disposal of the shares in Baltic Retail OÜ, the Group exited from the onshore fashion retail business.

Personnel

At 31 December 2021, the Group had 4 785 employees (4 200 at 31 December 2020). As at the year-end, the total number of employees included 217 employees on maternity leave.

As at 31 December	2021	2020	Change
Onshore total	1 049	1 123	-6.6%
Estonia	668	671	-0.4%
Finland	241	272	-11.4%
Sweden	103	122	-15.6%
Latvia	21	40	-47.5%
Russia	11	12	-8.3%
Germany	5	6	-16.7%
Onboard	3 231	2 750	17.5%
Burger King[1]	272	206	32.0%
Hotel[1]	233	121	92.6%
Total	4 785	4 200	13.9%

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

In 2021, staff costs in the cost of sales amounted to EUR 86.1 million (EUR 116.8 million in 2020). The 2021 staff costs were impacted by salary support from the government of Estonia paid directly to employees. Salary support paid by the government of Sweden is recognised as other operating income. Staff costs related to administrative staff and sales & marketing staff were EUR 21.2 million and EUR 16.8 million, respectively (EUR 23.3 million and EUR 21.7 million, respectively, in 2020).

Shares and shareholders

At 31 December 2021, Tallink Grupp AS had a total of 743 569 064 (31 December 2020: 669 882 040) shares issued and fully paid.

The shares of Tallink Grupp AS (ISIN: EE3100004466) are registered with Nasdaq CSD Estonian branch and traded on the Nasdaq OMX Tallinn Stock Exchange under the ticker symbol TAL1T (REUTERS: TAL1T.TL, BLOOMBERG: TAL1T ET). Starting from 3 December 2018, the shares of Tallink Grupp AS are also registered as Finnish Depository Receipts (FDRs) with Euroclear Finland Ltd and listed on the Nasdaq Helsinki Stock Exchange, where the FDRs are traded under the ticker symbol TALLINK (ISIN: FI4000349378). Each FDR entitles its holder to one share.

All shares are of the same kind and each share carries one vote at the shareholders' general meeting. No preference shares or shares with special rights have been issued. According to the articles of association of Tallink Grupp AS, shares can be freely transferred. No authorisation needs to be obtained in order to buy or sell Tallink Grupp AS shares.

Tallink Grupp AS shares have no nominal value and the notional value of each share is EUR 0.47.

On 9 June 2015, the annual general meeting of Tallink Grupp AS approved the terms of a share option programme that allowed issuing options for up to 20 million shares. At 31 December 2021 no options had been granted under the 2015 share option programme.

According to the resolution of the general meeting of 30 July 2020, the Company was granted the right to acquire its own shares subject to the following conditions:

1) The Company is entitled to acquire its own shares within five years as from the adoption of the resolution.

2) The sum of the book values of the own shares held by the Company shall not exceed 1/10 of share capital.

3) The price payable for one share shall not be higher than the highest price paid on the Nasdaq Tallinn Stock Exchange for the share of Tallink Grupp AS on the day when the share is acquired.

4) Own shares shall be paid for from the assets exceeding share capital, the legal reserve and share premium.

The Management Board of Tallink Grupp AS has not been granted the right to issue new shares. The Supervisory Board was authorised to increase share capital by EUR 35 000 000 to up to EUR 349 844 558.80 within three years from 1 July 2021.

In August and September 2021 Tallink Grupp AS carried out a public offering of shares in Estonia and Finland. The offering price was EUR 0.47 per share and up to 66 988 204 new shares were offered with the right to increase the number of shares offered by 10%. The offering was oversubscribed 3.1 times and a total of 73 687 024 new shares were issued. The Group raised EUR 34.6 million of new equity capital and after the EUR 0.7 million direct expenses related to the offering the net proceeds amounted to EUR 33.9 million.

The table below presents the breakdown of share capital by ownership size at 31 December 2021:

Ownership size	Number of shareholders	% of shareholders	Number of shares	% of share capital
1 - 99	5 177	18.6%	167 458	0.0%
100 - 999	10 967	39.5%	4 139 252	0.6%
1 000 - 9 999	10 071	36.3%	25 935 491	3.5%
10 000 - 99 999	1 358	4.9%	33 399 527	4.5%
100 000 - 999 999	151	0.5%	44 812 567	6.0%
1 000 000 - 9 999 999	33	0.1%	97 615 856	13.1%
10 000 000 +	7	0.0%	537 498 913	72.3%
Total	27 764	100.0%	743 569 064	100.0%

The account NORDEA BANK ABP / CLIENTS FDR represented 9 571 FDR-holders at 31 December 2021. The total number of shareholders and FDR-holders was 37 334.

The table below presents the largest shareholders of the Group at 31 December 2021:

Shareholder	Number of shares	% of share capital
Infortar AS	297 572 752	40.0%
Baltic Cruises Holding L.P.	81 971 609	11.0%
ING Luxembourg S.A. AIF Account	44 077 066	5.9%
Baltic Cruises Investment L.P.	43 831 732	5.9%
Other shareholders	276 115 905	37.1%
Total	743 569 064	100.0%

The table below presents the residency of the shareholders of the Group at 31 December 2021:

Residency	Number of shareholders	Number of shares	% of share capital
Estonia	27 366	447 997 078	60.2%
Cayman Islands	6	163 681 890	22.0%
Luxembourg	8	46 513 200	6.3%
Finland	160	31 354 855	4.2%
United States	13	16 876 931	2.3%
Lithuania	10	8 469 136	1.1%
Latvia	23	7 970 418	1.1%
Germany	20	7 727 345	1.0%
Austria	2	5 340 504	0.7%
Denmark	11	2 431 112	0.3%
Switzerland	10	1 973 032	0.3%
United Kingdom	15	1 745 010	0.2%
Sweden	34	1 166 565	0.2%
Other	86	321 988	0.0%
Total	27 764	743 569 064	100.0%

At 31 December 2021, 11.0% of the Group's shares were held by individuals. The table below presents the investors of the Group by investor type at 31 December 2021:

Investor type	Number of shareholders	Number of shares	% of share capital
Principal shareholder, Infortar AS	1	297 572 752	40.0%
Institutional investors	1 855	364 089 182	49.0%
Private individuals	25 908	81 907 130	11.0%

Shareholders' agreement

Major shareholders of the Group entered into a shareholders' agreement in August 2006. The agreement was amended in December 2012. The main terms of the agreement are available on the Group's website. The agreement sets forth among other terms that the parties of the agreement and each shareholder of Tallink will remain independent in their decisions and will not be restricted by the agreement or otherwise, directly or indirectly, to exercise their voting rights or any other powers available to them, in the manner which, in their own opinion, best complies with the obligations under Estonian laws, the Rules of the Nasdaq Tallinn Stock Exchange and the Nasdaq Helsinki Stock Exchange or the Corporate Governance Recommendations of the Nasdaq Tallinn Stock Exchange.

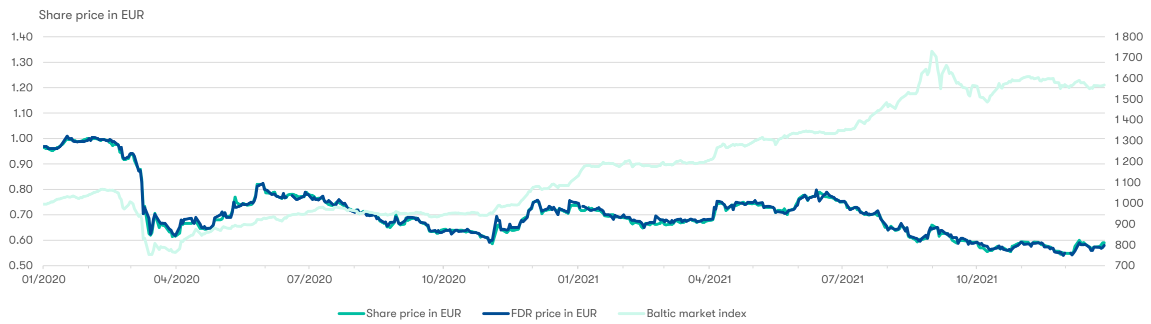
Two shareholders of Tallink Grupp AS, Baltic Cruises Holding L.P. ("BCH") and Baltic Cruises Investment L.P. ("BCI"), and another shareholder, Citigroup Venture Capital International Growth Partnership (Employee) II L.P. ("CVCI"), concluded an agreement that restricts the free transferability of Tallink Grupp AS shares as documented in the Co-Investment Agreement between BCI, BCH and CVCI dated 29 June 2017.

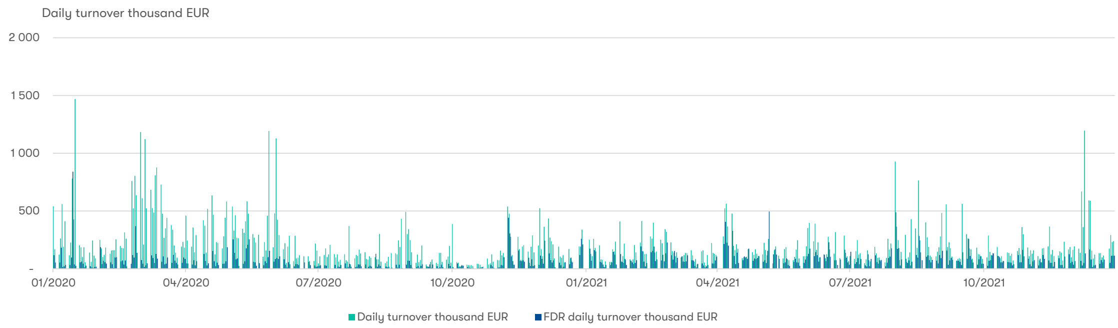
Trading

During 2021, 71 199 100 Tallink Grupp AS shares were traded on the Nasdaq Tallinn Stock Exchange. The highest share price on the Nasdaq Tallinn Stock Exchange was EUR 0.79 and the lowest share price was EUR 0.55. The average daily turnover of Tallink Grupp AS shares on the Nasdaq Tallinn Stock Exchange was EUR 184.4 thousand.

In 2021, 33 580 142 Tallink Grupp AS FDRs were traded on the Nasdaq Helsinki Stock Exchange. The highest price was EUR 0.80 and the lowest price was EUR 0.54. The average daily turnover of Tallink Grupp AS FDRs on the Nasdaq Helsinki Stock Exchange was EUR 88.6 thousand.

The following charts and table give an overview of the performance of the share price and FDR price, daily turnovers and the Baltic market index from 1 January 2020 to 31 December 2021 as well as implied market valuation at the end of 2021.





Instrument	Open	Close	Daily close average	Payout	Market value, EUR million	P/E ratio
TAL1T	0.742	0.590	0.662	-	438.7	-
TALLINK FDR	0.760	0.580	0.664	-	431.3	-

Takeover bids

The Group has not concluded any agreement with its management or employees that provides for a compensation payment in the case of a takeover bid.

Dividends

In June 2021, the shareholders' annual general meeting decided not to pay a dividend from net loss for 2020.

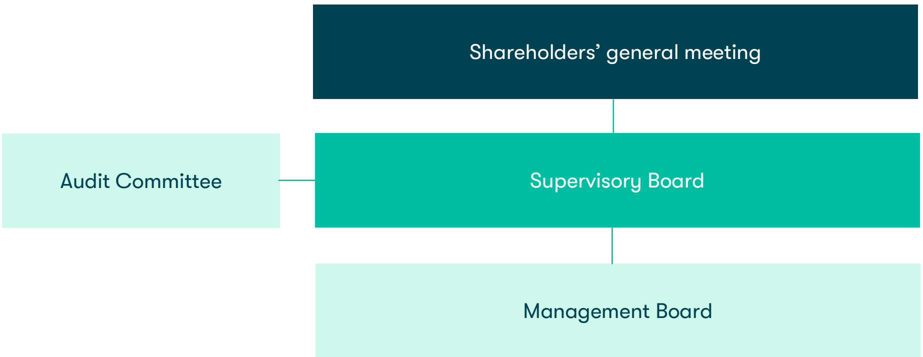
Due to a complicated operating environment and considering the Company's long-term interests, the Management Board has decided to prepare a proposal to the shareholders' annual general meeting not to pay a dividend for 2021.

CORPORATE GOVERNANCE REPORT

This report is made in accordance with the Estonian Accounting Act and gives an overview of the governance of Tallink Grupp AS and its compliance with the requirements of the Corporate Governance Recommendations (CGR) of the NASDAQ OMX Tallinn Stock Exchange. The Group follows most of the articles of the CGR except where indicated otherwise in this report.

Organization and administration

Pursuant to the Estonian Commercial Code and the articles of association of the Company, the right of decision and the administration of the Company are divided between the shareholders represented by the shareholders' general meeting, the Supervisory Board and the Management Board. The following diagram represents the governance structure of the Group:



Shareholders' general meeting

The Company's highest governing body is the shareholders' general meeting. The primary duties of the general meeting are to approve the annual report and the distribution of dividends, elect and remove members of the Supervisory Board, elect auditors, pass resolutions on any increase or decrease in share capital, change the articles of association and resolve other issues, which are the responsibility of the general meeting by law. According to the law, the articles of association can be amended only by the shareholders' general meeting. In such a case it is required that 2/3 of the participating votes are for it.

Every shareholder or his/her proxy with a relevant written power of attorney may attend the general meeting, discuss the items on the agenda, ask questions, make proposals and vote.

The Group publishes a notice of an annual general meeting and an extraordinary general meeting at least three weeks in advance in a national daily newspaper, in the stock exchange information system and on the Company's website at www.tallink.com. The notice includes information on where the meeting will be held.

The agenda of the meeting, the Board's proposals, draft resolutions, comments and other relevant materials are made available to the shareholders before the general meeting on the Company's website and in the stock exchange information system. The shareholders may ask questions before the general meeting by sending an email to info@tallink.ee.

The Company has not made it possible to observe and attend general meetings through electronic channels as there has not been any interest in it (CGR 1.3.3).

In the reporting period Tallink Grupp AS held the annual general meeting on 15 June 2021. The meeting was attended by the Management Board members Mr Paavo Nõgene, Mr Lembit Kitter, Mrs Kadri Land, Mr Harri Hanschmidt, Mrs Piret Mürk-Dubout and Mr Margus Schults.

The Supervisory Board members present were Mr Enn Pant, Mr Toivo Ninnas, Mrs Eve Pant, Mr Ain Hanschmidt, Mr Kalev Järvelill and Mr Raino Paron. The meeting was also attended by the Company's auditor. The chairman of the meeting was Mr Raino Paron. The meeting was held in Estonian. The attending shareholders represented 497 278 196 votes, i.e. 74.2% of all votes. The resolutions adopted were: approval of the annual report, approval of net loss and no dividend distribution, amendment of the articles of association, extension of the terms of office of the member of the Supervisory Board, and appointment of an auditor.

The Supervisory Board

The Supervisory Board engages in oversight and longer-term management activities such as supervising the Management Board and approving business plans, acting in the best interest of all shareholders. No residency requirements apply to the members of the Supervisory Board. The Supervisory Board reports to the general meeting of the shareholders.

The Supervisory Board consists of five to seven members. Members of the Supervisory Board are elected for periods of three years at a time. The Supervisory Board elects one of its members as chairman. For electing a member to the Supervisory Board, his or her written consent is needed. The general meeting of the shareholders may remove any member of the Supervisory Board without a reason. Such a decision requires 2/3 of the votes represented at the general meeting. A member of the Supervisory Board may resign without a reason by informing the general meeting of the shareholders about the resignation.

The Supervisory Board is responsible for supervising the management of the Company and organization of its operations. The Supervisory Board determines the principles for the Company's strategy, organization, annual operating plans and budgets, financing and accounting. The Supervisory Board elects the members of the Management Board and determines their salaries and benefits.

At present, the Supervisory Board has seven members: Mr Enn Pant – chairman, Mr Toivo Ninnas, Mrs Eve Pant, Mr Ain Hanschmidt, Mr Colin Douglas Clark, Mr Kalev Järvelill and Mr Raino Paron. The members of the Supervisory Board have the knowledge and experience necessary to fulfil their duties in accordance with the Corporate Governance Recommendations and legislation.

The meetings of the Supervisory Board are held according to need, but not less frequently than every three months. The Supervisory Board convened seven times in 2021, during which ten decisions were made, and one decision was made in writing without convening. The Company's operations, development, strategies, targets and budget were discussed.

The members of the Supervisory Board avoid conflicts of interest and observe the prohibition on competition. The Supervisory Board and the Management Board work closely in the best interests of the Company and its shareholders, acting in accordance with the articles of association. Confidentiality rules are followed in exchanging information.

The remuneration of the Supervisory Board was decided at the shareholders' general meeting on 7 June 2012. Accordingly, the remuneration of the chairman is EUR 2 500 per month and the remuneration of other members of the Supervisory Board is EUR 2 000 per month. There are no other special benefits for the chairman and the members of the Supervisory Board.

The shareholdings of the members of the Supervisory Board (direct holding and holding via wholly-owned legal entities) at the end of 2021 were as follows:

Name	Shares
Enn Pant	17 868 562
Toivo Ninnas	3 168 770
Eve Pant	781 000
Ain Hanschmidt	3 500 000
Raino Paron	62 500
Colin Douglas Clark	0
Kalev Järvelill	0

The expiry dates of the terms of office of the Supervisory Board members are as follows:

Name	Expiration of term
Enn Pant	14 June 2023
Toivo Ninnas	18 September 2022
Eve Pant	18 September 2022
Ain Hanschmidt	18 September 2022
Raino Paron	18 September 2022
Colin Douglas Clark	18 September 2022
Kalev Järvelill	13 June 2024

The Management Board

The Management Board is an executive body charged with the day-to-day management of the Company, as well as with representing the Company in its relations with third parties, for example in entering into contracts on behalf of the Company. The Management Board is independent in their decisions and acts in the best interests of the Company's shareholders.

The Management Board must adhere to the decisions of the general meeting of the shareholders and lawful orders of the Supervisory Board. The Management Board ensures, with its best efforts, that the Company complies with the law and that the Company's internal audit and risk management functions operate effectively.

The Management Board consists of three to seven members. The members and the chairman of the Management Board are elected by the Supervisory Board for periods of three years at a time. For electing a member to the Management Board his or her written consent is needed. The chairman of the Management Board may propose that the Supervisory Board also appoint a vice chairman of the Management Board, who fulfils the chairman's duties in the absence of the chairman. Every member of the Management Board may represent the Company alone in any legal and business matter. According to the law the Supervisory Board may recall any member of the Management Board without a reason. A member of the Management Board may resign without a reason by informing the Supervisory Board about the resignation.

At present, the Management Board has five members: Mr Paavo Nõgene – chairman, Mrs Kadri Land, Mr Harri Hanschmidt, Mrs Piret Mürk-Dubout and Mr Margus Schults. Mr Paavo Nõgene is responsible for leading the Board and general and strategic management of the Group, additionally he is responsible for daily operations, restaurant & bar operations, communications, route operations, internal audit and control, procurements, data protection and hotel operations. Mrs Kadri Land is responsible for cargo operations, technical management, safety and security, human resources and regional offices. Mr Harri Hanschmidt is responsible for IT, operational and business development, investor relations, EU funds and new strategic projects. Mrs Piret Mürk-Dubout is responsible for the Group's sales & marketing, customer experience, retail operations, onboard services and corporate social responsibility. Mr Margus Schults is responsible for the Group's finances and regional offices.

Members of the Management Board avoid conflicts of interest and observe the prohibition on competition.

The shareholdings of the members of the Management Board (direct holding and holding via wholly-owned legal entities) at the end of 2021 were as follows:

Name	Shares
Paavo Nõgene	470 000
Kadri Land	101 000
Harri Hanschmidt	212 648
Piret Mürk-Dubout	5 000
Margus Schults	15 750

Authority of the members of the Management Board to issue and acquire shares

According to the resolution of the general meeting of 30 July 2020, the Company was granted the right to acquire its own shares subject to the following conditions:

1) The Company is entitled to acquire its own shares within five years as from the adoption of the resolution.

2) The sum of the book values of the own shares held by the Company shall not exceed 1/10 of share capital.

3) The price payable for one share shall not be higher than the highest price paid on the Nasdaq Tallinn Stock Exchange for the share of Tallink Grupp AS on the day when the share is acquired.

4) Own shares shall be paid for from the assets exceeding share capital, then legal reserve and share premium.

The Management Board does not have the right to issue the Company's shares.

Remuneration report

The Supervisory Board has concluded service agreements with the members of the Management Board. In 2021, the remuneration of the members of the Group's Management Board was EUR 2.3 million in total (including retirement compensation).

The remuneration of the Management Board is determined by the Supervisory Board according to the CGR. The Supervisory Board has adopted and amended the principles of remuneration of the management of Tallink Grupp AS. According to the document, besides work benefits, termination benefits and a share option programme, the members of the Management Board are eligible to annual performance-related bonuses of up to 12-months' remuneration depending on the size of dividends. The performance-related bonus is paid when the Group earns a profit and when the shareholders' general meeting decides to pay dividends from the profit of the previous financial year.

As no profits were earned in 2020 and no dividends distributed the Management Board members did not receive performance-related bonuses in 2021 nor were they provided share options or shares. During 2021 there was no instance of recovery of previously paid performance-related bonuses.

The following table provides an overview of the gross remuneration of each Management Board member of Tallink Grupp AS excluding social security tax expense.

In thousands of EUR	2021	2020	2019	2018	2017
Paavo Nõgene	**294.0**	**263.0**	**294.0**	**203.0**	**-**
of which base remuneration	294.0	263.0	294.0	203.0	-
of which bonus	0.0	0.0	0.0	0.0	-
Kadri Land	**210.0**	**196.7**	**225.9**	**-**	**-**
of which base remuneration	210.0	196.7	179.3	-	-
of which bonus	0.0	0.0	46.7	-	-
Harri Hanschmidt	**198.8**	**196.7**	**206.8**	**-**	**-**
of which base remuneration	198.8	196.7	206.8	-	-
of which bonus	0.0	0.0	0.0	-	-
Piret Mürk-Dubout	**210.0**	**196.7**	**157.9**	**-**	**-**
of which base remuneration	210.0	196.7	157.9	-	-
of which bonus	0.0	0.0	0.0	-	-
Margus Schults	**243.4**	**-**	**-**	**-**	**-**
of which base remuneration	144.5	-	-	-	-
of which bonus	0.0	-	-	-	-
of which payments from other group entities	98.9	-	-	-	-
Lembit Kitter	**1 108.1**	**275.4**	**336.0**	**274.0**	**272.1**
of which base remuneration	352.1	275.4	294.0	274.0	238.1
of which bonus	0.0	0.0	42.0	0.0	34.0
of which termination benefit	756.0	-	-	-	-
Net profit/loss (EUR million)	-56.6	-108.3	49.7	40.0	46.5
Dividend per share (EUR)*	-	-	0.05	0.03	0.03
Salary per average FTE	39.7	39.4	33.6	31.8	27.6

* In 2019 payments to shareholders included dividends of EUR 0.05 per share and a share capital reduction of EUR 0.07 per share.

Disclosure of information

The Company follows the CGR in its information disclosure procedures and treats all shareholders equally. All the released information is published in Estonian and in English on the websites of the Company, the Nasdaq Tallinn Stock Exchange and the Nasdaq Helsinki Stock Exchange as well as through the OAM system managed by the Estonian Financial Supervision Authority.

Meetings with investors are arranged on an ad hoc basis as and when requested by the investors. Following the disclosure of interim reports the Company holds public webinar meetings. The information shared at the meetings is limited to data already disclosed. The Company publishes the times and locations of significant meetings with investors. The presentations made to investors are available on the Company's website. However, the Group does not meet the recommendation to publish the time and location of each individual meeting with investors and to allow all shareholders to participate in these events as it would be impractical and technically difficult to arrange (CGR 5.6).

Financial reporting and auditing

Preparation of financial reports and statements is the responsibility of the Company's Management Board. The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and relevant Estonian regulations. The Company issues quarterly unaudited interim financial reports and the audited annual report.

The Company's annual report is audited and then approved by the Supervisory Board. The annual report together with the written report of the Supervisory Board is sent for final approval to the shareholders' general meeting.

The notice of the shareholders' general meeting includes information on the auditor candidate. The Company observes the auditors' rotation requirement.

To the knowledge of the Company, the auditors have fulfilled their contractual obligations and have audited the Company in accordance with International Standards on Auditing.

For better risk management and control, the Company has established an Audit Committee and an Internal Audit Department. The Internal Audit Department takes part in the process of preparing the annual report. Internal audits are conducted to check that the information presented in the annual report is reliable.

The consolidated financial statements for 2021 were audited by KPMG Baltics OÜ. In addition to audit services, in 2021 KPMG Baltics OÜ provided the Group with services that are permissible in accordance with the Auditors Activities Act of the Republic of Estonia.

The tender for audit services was carried out in 2020 and a request for proposals was sent to the four largest audit firms in Estonia. The main evaluation criteria were as follows:

- Time and location of the audit
- International network and competency in the economic sector
- Audit contract and payment terms
- Audited entities

Based on these criteria, the received proposals were evaluated. As a result of the evaluation process, the audit contract was signed with KPMG Baltics OÜ.

The audit fee and the auditor's responsibilities are fixed in an agreement which is concluded by the Management Board. According to the agreement, the fee to be paid to the auditor is not subject to disclosure and is treated as confidential. In the notice of the annual general meeting, the Group publishes the information required by the Commercial Code, which does not include the audit fee.

The Audit Committee

The Audit Committee is responsible for monitoring and analysing the processing of financial information, the effectiveness of risk management and internal control, the process of auditing annual and consolidated accounts, and the independence of the audit firm and the auditor representing the audit firm on the basis of the law. The Audit Committee is responsible for making recommendations and proposals to the Supervisory Board.

At present, the Audit Committee has three members: Mr Meelis Asi – chairman, Mr Ain Hanschmidt and Ms Mare Puusaag.

Substantial shareholders

Shareholder	Number of shares	% of share capital
Infortar AS	297 572 752	40.0%
Baltic Cruises Holding L.P.	81 971 609	11.0%
ING Luxembourg S.A. AIF Account	44 077 066	5.9%

Related party transactions are disclosed in the notes to the financial statements.

Key management personnel

Supervisory board

Mr Enn Pant (born 1965) - Chairman of the Supervisory Board since 2015

- Chairman of the Management Board from 1996 to 2015, Chief Executive Officer
- Chairman of the Supervisory Board of Infortar AS
- Chancellor of the Ministry of Finance of Estonia from 1992 to 1996
- Graduated from the Faculty of Economics, the University of Tartu, Estonia, in 1990

Mr Toivo Ninnas (born 1940) - Member of the Supervisory Board since 1997

- Chairman of the Supervisory Board from 1997 to 2016
- Member of the Supervisory Board of Infortar AS
- Served at ESCO (Estonian Shipping Company) from 1973 to 1997 in various positions, Director General since 1987
- Graduated from the Far Eastern High Engineering Maritime College (FEHEMC), maritime navigation, in 1966

Ms Eve Pant (born 1968) - Member of the Supervisory Board since 1997

- Member of the Management Board of Infortar AS
- Graduated from the Tallinn School of Economics, Estonia, in 1992

Mr Ain Hanschmidt (born 1961) - Member of the Supervisory Board since 2005, also from 1997 to 2000

- Chief Executive Officer of Infortar AS
- For years served as Chairman of the Management Board of SEB Eesti Ühispank AS
- Graduated from the Tallinn Polytechnic Institute (Tallinn University of Technology), Estonia, in 1984

Mr Colin Douglas Clark (born 1974) - Member of the Supervisory Board since 2013

- Managing Director and Head of Central & Eastern Europe, Middle East and Africa for The Rohatyn Group
- Formerly a Partner of CVCI Private Equity, from 2003 to 2013 until the merger of CVCI with The Rohatyn Group in December 2013
- Director of the Supervisory Board of Prestige
- Worked from year 2000 in Citigroup Inc.'s leading emerging markets projects financing team
- Worked for the Bank of Scotland in Edinburgh in various positions
- Holds a Bachelor's degree in Accountancy and Management from the University of Dundee (Scotland)
- Member of the Institute of Chartered Accountants of Scotland

Mr Kalev Järvelill (born 1965) - Member of the Supervisory Board since 2007

- Member of the Supervisory Board of Infortar AS
- Member of the Management Board of Tallink Grupp AS from 1998 to 2006
- General Director of the Estonian Tax Board from 1995 to 1998
- Vice Chancellor of the Ministry of Finance of Estonia from 1994 to 1995
- Graduated from the Faculty of Economics, the University of Tartu, Estonia, in 1993

Mr Raino Paron (born 1965) - Member of the Supervisory Board since September 2019

- Head of Banking & Finance and EU & Competition practice groups in the law firm Raidla Ellex
- Member of the Management Board of Finance Estonia
- Member of the Supervisory Board of Inbank AS
- Partner and attorney-at-law at law firm Ellex Raidla since 1998
- Chairman of the Supervisory Board of the Arbitration Court of the Tallinn Stock Exchange
- Graduated from the University of Tartu, Estonia in 1990 (cum laude) and from Georgetown University, USA in 1993 with a LL.M degree (Master of Laws) with honours

Management board

Mr Paavo Nõgene (born 1980) – Chairman of the Management Board since May 2018

- Secretary-General of the Ministry of Culture of the Republic of Estonia from 2013 to 2018
- General Manager of Vanemuine Theatre in Estonia from 2007 to 2012
- Chairman of the Supervisory Board of the Art Museum of Estonia
- Graduated from the University of Tartu, Estonia, in 2012 with a degree in Journalism and Communications

Mrs Kadri Land (born 1964) – Member of the Management Board since February 2019

- Has been working for the Group since 2005 and, during that time, has held several senior positions within the organization, including the roles of a Member of the Management Board between 2012 and 2015, and since 2016 the role of the Head of the Group's Global Operations and Logistics
- Member of the Supervisory Board of AS Tallinna Lennujaam and Chairwoman of the Supervisory Board of Tallink Silja AB
- Member of the Management Board of the Swedish Maritime Employers' Association and Member of the Management Board of the Swedish Chamber of Commerce in Estonia
- Graduated from the Faculty of Chemistry and Physics, the University of Tartu, Estonia, in 1987

Mr Harri Hanschmidt (born 1982) – Member of the Management Board since February 2019

- Has been working for the Group since 2009 and has held positions of Head of Investor Relations and Head of the Finance Department among other roles
- Since 2015 has held the position of the Group Head of Strategic Projects
- Worked in various roles in Estonian IT sector organizations prior to joining Tallink Grupp
- Holds a Master's degree in Business Informatics from Tallinn University of Technology since 2008

Mrs Piret Mürk-Dubout (born 1970) – Member of the Management Board since April 2019

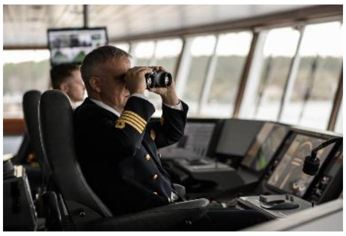
- Prior to joining the Group, worked in Tallinn Airport where held the position of Chief Executive Officer and Chairman of the Management Board since 2016
- Worked in several senior positions in Telia Company group companies between 2010 and 2016
- Holds an Executive Master of Business Administration degree from the Estonian Business School, a diploma in Jurisprudence from the University of Tartu, and a Master's degree in Media & Communications from the University of Tartu

Mr Margus Schults (born 1966) - Member of the Management Board since April 2021

- Has been working for the Group since 2008, has held position of Chief Executive Officer of Tallink Silja Oy since 2009, including the roles of a member of the Supervisory Board of Sally AB and Managing Director of Tallink Silja Gmbh
- Worked in SEB between 1994 and 2008 in leading positions, including as a member of the Management Board of SEB Estonia
- Member of the Main Council of the Helsinki region Chamber of Commerce, Deputy Chairman of Finnish-Estonian Trade Association, Member of the Board of the Finnish Shipowners' Association, Member of the Supervisory Board of WWF Finland (World Wildlife Fund)
- Holds a PhD degree in Technology, Electronics from Tallinn University of Technology

Safety and security

In the Group's operations the safety and security of people, the environment and property remain as the first priority. The Group's Safety Management System complies with the ISM (International Safety Management) and ISPS (International Ship Port Facility Security) Codes and the requirements according to the ISO 14001 Environmental Management System standard to provide the means which enable the operations of the ships and onshore organization prevent accidents, loss of human lives and minimize the environmental impact on the marine environment. The integrated Management Systems are audited by different Flag State Authorities (Estonian, Finnish, Latvian, and Swedish Maritime Administrations, or recognised organizations duly authorised by these administrations) and by the Certification Body (LRQA, ISO 14001 Environmental Management System) on a regular basis.



The Group's Safety Management System is designed to maintain and develop safe procedures for ships and create a safe ship environment for both, the crew and passengers. The skills of the crew and their safety and security-related expertise is consistently developed, tested and practised through regular drills and exercises, often in cooperation with relevant authorities. The competencies are developed by identifying and evaluating any risks and establishing possible mitigating measures to control the risks. We maintain the environmental and safety awareness of the crew on the highest possible level.

The objective of the Group's Safety Management System is to ensure that applicable rules and requirements set out by the IMO (International Maritime Organization), the EU, the maritime authorities of the Flag States, the certification bodies and other relevant organizations are strictly followed and, in many respects, exceeded.

Ship Masters have overall responsibility for onboard safety and security operations. Onshore organization is providing the comprehensive support to all Group's vessels irrespective of her flag.

All the Group's vessels carry on board lifesaving equipment, which meets all applicable safety standards and is always ready for immediate use when needed. Nevertheless, the Group's high-level nautical and good-seamanship practices, together with top-level safety and security organizations are designed to prevent situations where safety equipment should be put in use.

Environmental and corporate social responsibility

Tallink Grupp developed and agreed a group-wide sustainability strategy and goals in 2019, just months before the global COVID-19 pandemic broke out and quickly escalated. The strategy sets out key sustainability focus areas and high-level goals.

The more specific goals and a detailed action plan for delivering the goals were due to be agreed as a result of baseline current status measurements and real achievable activities in 2020. The action plan was created just before March 2020, but the global pandemic forced the company to temporarily refocus its activities on fighting the pandemic, protecting the people and ensuring the sustainability of the business for the time being.

Since March 2020 and also throughout the whole of 2021, Tallink Grupp has continued to use the principles of its sustainability strategy throughout its business operations to take the company towards achieving the goals, where possible and the restrictions and the pandemic situation allowing.

Tallink Grupp continues to take steps towards increasing its vessels' energy efficiencies and reducing emissions, through the use of shore power where possible and the implementation of new technologies like Energo ProFin for increased efficiencies, as well as to cooperate and work with universities and scientists to find more far-reaching solutions to the emissions reduction challenge faced by the whole shipping industry.

In addition to emissions reductions, Tallink's environmental goals are also related to stopping the use of single-use plastics across the Group, becoming a paperless business, reducing the use of harmful chemicals and increasing reuse, recycling and circular economy practices across the Group. Several projects were initiated at Tallink in 2021, such as the replacement of single-use toiletries in cabins across the fleet, which by the first quarter of 2022 were replaced by refillable dispensers, preventing tonnes of plastic from ending up in incinerators or landfills in the years to come. Pilot projects for reducing the volumes of paper printed by the company, plus further digital solutions to replace printed materials were also completed. The greatest strides were taken in the implementation of circular economy principles and a company-wide culture and mindset change towards reuse, with thousands of reusable items, such as furniture, bedding, soft furnishings, etc being circulated for continued use in the Estonian social care, healthcare, youth support and other sectors.

The key risks include breach of regulatory norms, accidents, environmental pollution and technical malfunctions. The Group keeps track of the number of such incidents and number of defects.

Although the environment and environmental protection dominate the sustainability agenda, the ongoing COVID pandemic continues to highlight the sustainability efforts needed in the area of the protection and safety of people and, as a result of increased localisation and regionalisation of operations, the cooperation with regional partners and suppliers for the support of regional economies.

Environmental activities in shipping operations

Environmental protection and management remain one of the priorities for the Group with every effort made across the fleet to reduce marine and air pollution, increase energy efficiency, control the use of chemicals and other pollutants, save resources and reduce waste wherever possible.

The Group's vessels are managed and operated in full compliance with MARPOL (the International Convention for the Prevention of Pollution from Ships) and its amendments.

The Group operates strictly under a zero-spill policy. The Group's objective is to avoid any pollution by maintaining the highest standards of its ship's technical condition, safety and crew competencies, and following the requirements of relevant legislation and conventions. The Group is committed to continuous improvement of its operations and achieving its objectives.

The Group continuously participates in an EU-funded project TWIN PORT 3, throughout the period 2018-2023. The project focuses on the reduction of the environmental impact of the increasing Ro-Pax ferry traffic and continues to improve the multimodal transport link between Helsinki and Tallinn. As an example, on-shore power supply systems are being installed in Tallinn Old City Harbour and in Helsinki South Harbour, where the Group's vessels are able to connect to shore power in order to reduce emissions to air and noise in the city centres of the two capitals.

During 2021 our ships and hence the traffic provided were continuously heavily influenced by the global pandemic. Several ships were in lay-up and their maintenance cut to an absolute minimum. Nevertheless, all necessary maintenance, specifically safety-related maintenance is performed in full before the ships resume their traffic.

An auto-mooring system was completed and taken into use on quay 5 in Tallinn Old City Harbour. This enabled our shuttle ships Star and Megastar to use this time and human resource saving technology in both ports. Auto-mooring enables us to save time by performing mooring operations more efficiently while reducing emissions and noise.

We have continued the cooperation with E-Marine in improving the energy efficiency of our ships despite the lay-up status of some vessels. At the same time, the solutions provided by E-Marine will provide us with considerable savings when the ships resume their traffic.

In 2021 the Group maintained its ISO 14001 certified status. The surveillance audit was successfully completed as planned.

A selection of some international certificates held by Group companies and ships:

- ISO 14001:2015 Environmental Management System Certificate by Lloyds Register
- MARPOL Sewage Pollution Prevention Certificate
- MARPOL Air Pollution Prevention Certificate
- IAFS International Anti-Fouling System Certificate
- MARPOL Oil Pollution Prevention Certificate
- Document of Compliance for Anti-fouling System
- MARPOL Garbage Pollution Prevention Attestation
- Document of Compliance by Estonian Maritime Administration
- Document of Compliance by Finnish Maritime Administration
- Document of Compliance by Swedish Maritime Administration
- Document of Compliance by Latvian Maritime Administration

Looking after people at Tallink Grupp

During 2020 Tallink Grupp's workforce was reduced nearly by half as a result of severe restrictions on our operations and business, the inability to restore our operations due to the travel restrictions and the need to reorganise work for the foreseeable future. We started the year with a workforce of around 4 000 instead of the 7 200 a year before.

Our passenger numbers during the year 2021 were also only about a third of what they had been only two years before in 2019, but the responsibility for ensuring the safety of these passengers was significantly higher than it had been in 2019.

During 2021 our main focus from the people point of view was naturally safety from the COVID virus and its various mutations. Tallink worked closely throughout the year, looking for opportunities to provide COVID testing and vaccination closer to its employees and passengers. In April, the company launched a COVID antigen testing service on board its Tallinn-Helsinki route shuttle vessels and later in the year the service was also brought on board its Tallinn-Stockholm route vessel. Additionally, the company supported the national vaccination drives in Estonia, making vaccination available for all its staff at the workplace and also carrying out vaccination on board its shuttle vessels Star and Megastar during the two national COVID vaccination campaigns. The result was Tallink leading the way with employee vaccination rates in Estonia with more than 90% of the company's Estonian employees being vaccinated by autumn 2021. By providing the testing and vaccination service on its vessels, Tallink ensured safe transport between the Baltic Sea countries during 2021.

The company further supported its employees in adapting to working remotely and the changing work environment in 2021 with clear policies and communication regarding the opportunities and responsibilities of home and office work and, most importantly, safety at work, when working at offices and other company locations, such as ships, hotels, restaurants, etc.

In 2021, a mental health helpline was officially implemented in Estonia and is now in place on a continuing basis. Mental health support has been available in the company's other markets through local healthcare systems and insurance for many years already.

As a multinational company, Tallink highly values and supports diversity and has zero tolerance for any form of discrimination. The Group regularly trains its employees on human rights issues and, in partnership with regional NGOs and authorities, educates its staff on diversity, equality and human rights topics.

The Group's own gender and nationality mix is a great example of diversity with a gender mix of 53% male, 47% female across the Group, and a Management Board mix of 60% male, 40% female. The remuneration of positions has been agreed in collective bargain agreements and is the same for the same position within ships' and hotels' job-families for both men and women. The same principle applies to Burger King restaurants and large job-families of the support organisation. The remaining positions are not comparable, hence no salary gap comparison is possible.

Despite an unprecedented decrease in revenues and suspension of operations, the Group honoured its support and sponsorship agreements signed in previous years in 2021 as well, providing vital lifelines to other struggling sectors, such as sports and culture.

The Group continues to support environmental protection, circular economy, children and young people, and sports in all its markets.

A more detailed overview of the Group's sustainable development goals, plans, policies, performance and activities across all the Group's sustainability focus areas is provided in the Group's Sustainability Report.

Anti-corruption activities and human rights

The Group places great emphasis on strong corporate governance principles and transparent business practises. Tallink Grupp operates on a zero tolerance for any form of corruption principle and the Group has been enforcing an anti-corruption policy (ACP) with clear reporting and whistleblowing procedures since 2018.

The ACP describes Group-wide guidelines for avoiding corruption in business activities and the code of conduct, including reporting for the key risk areas of potential cases of conflicts of interest, declaring gifts and raising integrity concerns. It also reflects the principles of the EU Whistleblower Protection Directive. The policy applies to all subsidiaries of Tallink Grupp worldwide, the members of their managing bodies and employees, both permanent and temporary, and to all related persons and the members of their managing bodies and employees.

Every employee of Tallink Grupp carrying out a transaction on behalf of the company is obliged to report upon the occurrence of a potential conflict of interest. When giving or receiving a gift, every employee should always make sure that the gift is not given to influence or determine the decision-making process of the recipient. The ACP sets a requirement to declare gifts with a value of EUR 50 and above. No gifts exceeding the value of EUR 100 per individual may be offered or accepted without approval from the Group's Management Board.

The Group is committed to and promotes honest, open and lawful conduct and invites its employees and other people to report on actual or suspected wrongdoings or non-compliances in the operations of the Group that have come to their attention in the performance of their work or professional duties at the Group or in the provision of services to the Group. The reporting will enable the Group to take the necessary action to eliminate and prevent any wrongdoings in a timely manner.

The Group also welcomes the submission of Integrity Concern Reports in cases when an actual or suspected wrongdoing was detected while establishing a contractual relationship with the Group (such as applying for a job or a service contract, etc.). Any suspicion may be reported in free form directly to the Head of the Group's Internal Audit department either by e-mail or by using a relevant anonymous form on the Group's intranet page.

Human rights

The Group continues to protect human rights, which includes taking action to prevent modern slavery and human trafficking in our business and supply chain. The Group respects the UN Declaration of Human Rights and the conventions of the International Labor Organization (ILO) and uses the GRI Index framework. We have adopted non-discrimination and equal opportunities policies and provide regular human rights training to employees. We comply with high ethical business conduct principles in all of our business and thus the key risk regarding human rights lays with outside parties.

The Group's Supplier Code of Conduct reflects the values of Tallink Grupp when dealing with employees, suppliers and customers and sets out the minimum Anti-Corruption and Human Rights requirements which the Group expects its suppliers and their sub-suppliers to adhere to when doing business with Tallink Grupp.

The key indicator for anti-corruption activities and human rights is the number of reports, complaints and declarations. During 2021 no material incidents of material misconduct were reported nor were there any such investigations ongoing in the Group.

EU Taxonomy reporting

Consistent with the Article 8 (1) of Taxonomy Regulation (EU) 2020/852, the Group is obliged to disclose how and to what extent the Group's economic activities are related to environmentally sustainable economic activities as defined by the taxonomy. During the reporting period, the Taxonomy Regulation covers economic activity that can contribute to two environmental objectives: climate change mitigation and adaptation.

The taxonomy currently covers two of the Group's economic activities in the transportation sector (transportation and storage): transportation of freight by sea and coastal waters and transportation of passengers by sea and coastal waters (NACE codes H50.2 and H50.1 respectively). These activities of the Group are related to climate change mitigation.

Under Article 8 (2), the Group, as a non-financial undertaking, is obliged to disclose key performance indicators relating to turnover, capital expenditure and operating expenses that are classified as environmentally sustainable under Articles 3 and 9 of the taxonomy. In addition, the Group is required to disclose the turnover, capital and operating expenses of taxonomy non-eligible activities. The Group classifies the ship restaurant and onboard sales service, onshore restaurant and hotel service, online shop and onshore business as taxonomy non-eligible activities. The Group has presented key performance indicators at the consolidated group level to avoid double counting.

Due to the disclosure requirements for the reporting period the Group has not assessed the compliance of the activities covered by the taxonomy but instead provides an overview of its taxonomy-eligible activities.

KPIs related to taxonomy-eligible activities

EUR million	Turnover	Proportion of turnover	CapEx	Proportion of CapEx	OpEx	Proportion of OpEx
Taxonomy eligible activities	**222.7**	**47%**	**10.5**	**52%**	**12.2**	**25%**
Sea and coastal freight water transport, vessels for port operations and auxiliary activities	94.8	20%	5.1	25%	6.9	14%
Sea and coastal passenger water transport	127.9	27%	5.4	27%	5.2	11%
Taxonomy non-eligible activities	**254.3**	**53%**	**9.7**	**48%**	**35.8**	**75%**
Total	**476.9**	**100%**	**20.2**	**100%**	**47.9**	**100%**

Methodology

Turnover

The turnover from services related to the taxonomy-eligible activities includes vessels' ticket revenue, revenue from the chartering of vessels and cargo revenue. The denominator includes the absolute turnover as the sum of taxonomy-eligible and non-eligible activities.

The turnover from taxonomy-eligible activities does not include revenue from onboard and onshore restaurant and retail services, the operation of hotels and the online shop.

Capital expenditures

Capital expenditures related to taxonomy-eligible activities are allocated to the numerator according to the Group's investments in vessels. In terms of capital expenditure, the numerator does not include investments related to the IT developments of onshore units, hotels and onshore businesses (including onshore restaurants). Capital expenditures are allocated equally between investments related to passenger and freight transport, technical investments and capital expenditure related to public areas of the ships according to the share of passengers and cargo drivers. Due to the nature of the Group's economic activities, its vessels carry both passengers and cargo, therefore investments contribute to both types of activities. The denominator includes the absolute capital expenditure as the sum of taxonomy-eligible and non-eligible activities.

Operating expenses

Operating expenses related to taxonomy-eligible activities include costs directly related to the maintenance of vessels to ensure the continued and efficient operation of assets. Maintenance costs are broken down between passenger and cargo transport as follows: the maintenance costs for cruise vessels are allocated proportionally 50/50 and the maintenance costs for cargo vessels are allocated 100% according to activities covered by the taxonomy. The denominator includes all maintenance costs of the group in accordance with the reporting requirements. In addition, the denominator includes operating costs that are excluded from the disclosure requirements of the taxonomy in relation to technical staff costs and other ship-related costs. This breakdown ensures that the share of operating costs covered by the taxonomy is proportionate to the total operating costs.

Assessment of eligibility

The Group has assessed the activities listed in the table as taxonomy-eligible activities based on the descriptions of activities and the NACE codes set out in the annexes to the delegated regulation on climate objectives of the Taxonomy Regulation. The Group's activities are classified as transitional in accordance with the delegated acts on climate objectives.

During the reporting period, the alignment with the criteria of Article 3 of the Taxonomy Regulation was not assessed due to the timing of the implementation of the disclosure requirements. In the next reporting period, the Group is also required to assess the alignment of its activities with the Taxonomy Regulation.

Contextual (qualitative) information

In accordance with Annex I of the Taxonomy Regulation, the Group is obliged to explain its key performance indicators and the reasons for any changes in these indicators during the reporting period. In the reporting period, it was inapplicable to estimate the change due to lack of comparative data. The Group has described each key performance indicator in the methodology section and has provided a quantitative breakdown in the eligibility tables above.

Economic environment

The Group considers Finland, Sweden, Estonia and Latvia its home markets with the most exposure to economic developments in Finland. The Group has also high exposure to economic developments in Estonia and Sweden. In 2021, the Group’s economic environment was dominated by the COVID-19 pandemic and international travel restrictions.

According to the latest data, in 2021 the real growth of the economies of all the Group’s home markets increased relative to 2020. Although the growth in imports of goods and services increased only in Estonia and Finland, the business and consumer confidence indicators increased in all home markets throughout the year. Despite the increase in the confidence of the Finnish and Swedish consumers in the first half of the year, overall demand in passenger traffic remained low due to the imposed travel restrictions with some improvement seen in the second half of the year. International travel restrictions and reduced air traffic had meant the absence of demand from customers from outside our home markets and international travel. However, for the first time since the start of the COVID-19 pandemic, the return of customers from outside the Group’s regular home markets was seen during the summer season.

The volume of cargo units transported by the Group in 2021 grew by 2.6%. Yet the market conditions regarding price competition remained challenging, resulting in a slight decline in the average revenue per unit.

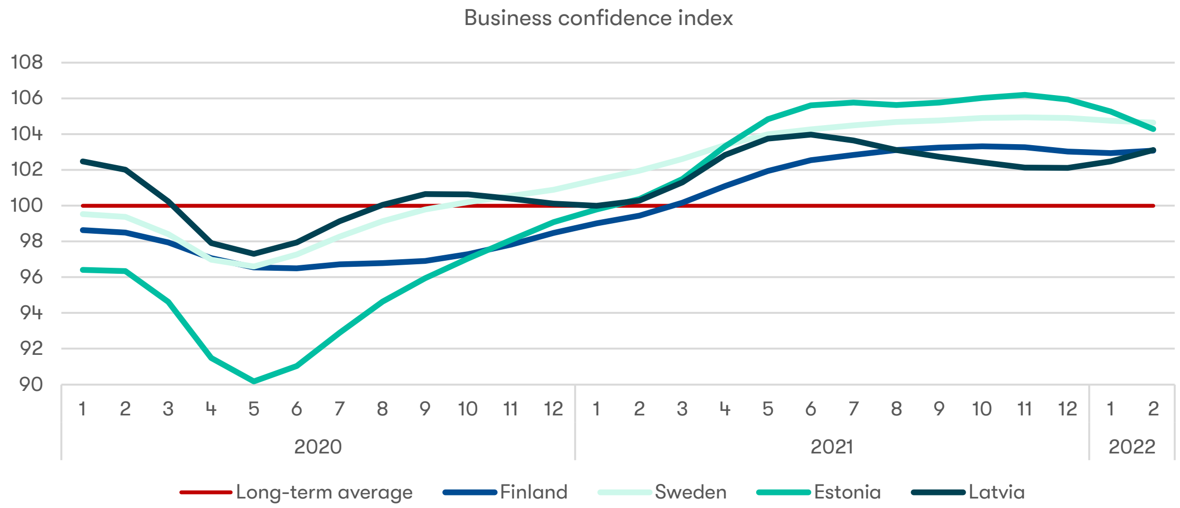
The unemployment rates decreased in all markets except Sweden. The largest decrease was recorded in Estonia, while the highest rate at 8.8% was reached in Sweden. High unemployment in turn affects consumer confidence and purchasing power. Such differences between the markets were also reflected in the period's consumer confidence, which according to the OECD data remained stable in Sweden and Finland while showing an increase in both Estonia and Latvia.

Average fuel prices were significantly higher in 2021 compared to a year earlier. Measured in euros and weighted with the Group's consumption volumes, the global fuel prices increased, on average, by 59% in 2021 compared to 2020. A rise in fuel prices was the main cause of the Group's overall fuel cost increase by 28% compared to the same period in 2020. Global fuel prices are expected to remain volatile due to uncertainties in the global economy and the political situation.

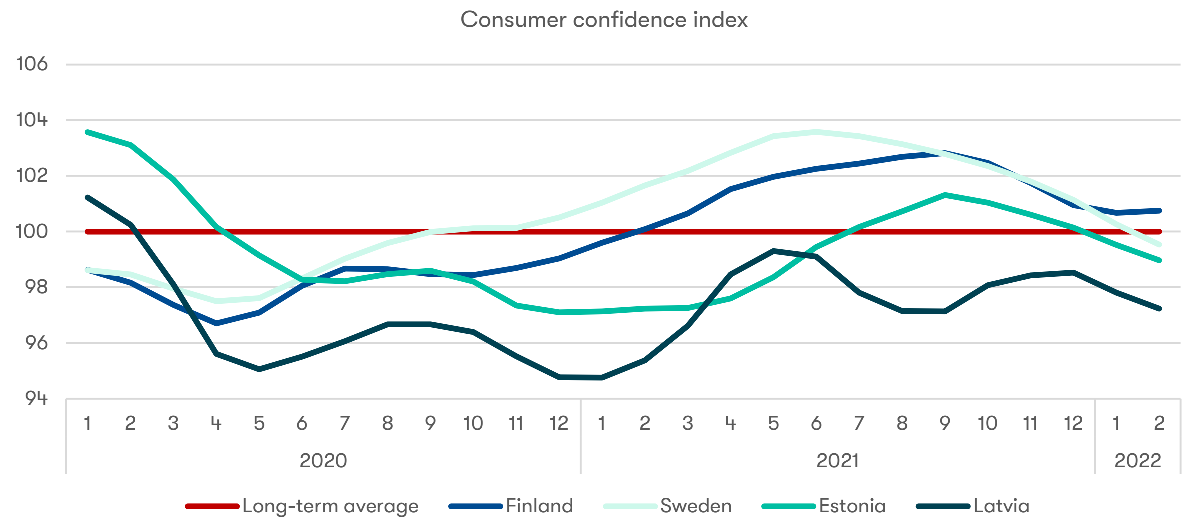
Although the second half of 2021 showed encouraging signs regarding the stabilisation and improvement of business confidence, the developments were not as positive as expected with the rise of the new COVID-19 variant at the end of the year.

At this stage, in late-March 2022, the outlook and forecast remain highly uncertain, with lower demand, restrictions on travel and public events, potential supply chain disruptions and the likely ripple effect in business activity and consumer confidence being the key risk factors. Because of the continuing COVID-19 pandemic, the global economic environment, especially travel and transportation sectors, will remain weak. Much will depend on the level of immunity reached by populations, the duration of the COVID-19 outbreak and the measures taken by the authorities to mitigate its impact. Additional risks arise from the geopolitical and military conflict in Europe which affects negatively demand for certain customer groups and the input prices, as well as having a potential long-term effect on the global economic environment.

For the foreseeable future, the key risks are related to global and regional developments in the COVID-19 situation and related restrictions on travel and other economic activities as well as their economic implications and the impact on local and international trade and risks of the geopolitical conflict.



Source: https://data.oecd.org/leadind/business-confidence-index-bci.htm#indicator-chart



Source: https://data.oecd.org/leadind/consumer-confidence-index-cci.htm#indicator-chart

Real GDP, change	**2020**	**2021**	**2022f**
Finland	-2.9%	3.5%	2.9%
Sweden	-2.9%	4.3%	3.4%
Estonia	-2.7%	9.6%	4.5%
Latvia	-3.6%	4.3%	3.6%

Source: OECD (2022), Real GDP forecast (indicator). doi: 10.1787/1f84150b-en (Accessed on 3 March 2022)

Unemployment rate (% of labour force)	**2020**	**2021**	**2022f**
Finland	7.8%	7.7%	6.6%
Sweden	8.3%	8.8%	7.6%
Estonia	6.8%	6.2%	5.4%
Latvia	8.1%	7.5%	6.6%

Source: OECD (2022), Unemployment rate forecast (indicator), doi: 10.1787/b487f2cf-en (Accessed on 3 March 2022).

Harmonised index of consumer prices	**2020**	**2021**	**2022f**
Finland	0.4%	2.1%	2.6%
Sweden	0.7%	2.7%	2.9%
Estonia	-0.6%	4.5%	6.1%
Latvia	0.1%	3.2%	5.9%

Source: Eurostat, f - European Comission, Winter 2022 Economic Forecast

Events after the reporting period and outlook

Opening of Burger King restaurants

In January 2022, one new Burger King restaurant was opened in Latvia. The Group continues preparations for opening additional Burger King restaurants in 2022.

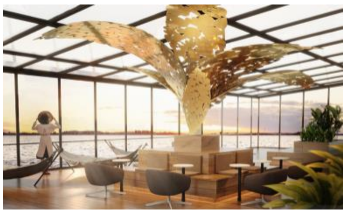
Easing of travel restrictions in Group's home markets

Starting from February 2022, travel restrictions were lifted in the Group's home markets in Finland and Sweden, which has contributed to an increase in the number of bookings.

Compromise for termination of a dispute with AS Tallinna Sadam

On 11 February 2022, AS Tallink Grupp and AS Tallinna Sadam concluded a settlement upon the approval of which by the court, the court dispute between the parties concerning the fees of port services provided to passenger vessels at Old City Harbour will be terminated, AS Tallink Grupp will waive all claims filed in the matter and AS Tallinna Sadam will amend the port fees applied to passenger vessels visiting Old City Harbour.

Geopolitical and military conflict in Europe



The geopolitical and military conflict in Europe that started at the end of February is expected to have a negative impact on the demand of certain customer groups, mainly customers from the countries directly participating in the conflict and from Asian countries, together with the risk of an increase in some input prices, mainly fuel and raw materials. The exact magnitude and duration of the potential effects from the conflict remain difficult to assess.

Completion of the new shuttle vessel MyStar

The new LNG-based shuttle vessel built in Rauma Shipyard is expected to be delivered in late spring 2022. MyStar is estimated to start operating on the Tallinn-Helsinki route from June 2022.

Earnings

The Group's earnings are not generated evenly throughout the year. The summer period is the high season in the Group's operations. In management's opinion and based on prior experience most of the Group's earnings are generated during the summer (June-August). However, in 2021 the period extended to autumn due to the situation in vaccination and cross-border travel.

Due to the ongoing COVID-19 situation and geopolitical conflict, the earnings outlook is uncertain and continues to be strongly affected by external factors such as the progress of vaccination and the situation with new COVID-19 variants, states' decisions regarding the timing of the lifting or imposing of travel restrictions and allowing passenger traffic, passengers' willingness to travel as well as the duration of the recovery period. Management expects passenger traffic between Estonia and Finland to recover more rapidly from the second quarter of 2022, when greater immunity is expected to be reached for most of the population in the Group's home markets and hospitalisation rates decrease.

Research and development projects

Tallink Grupp AS does not have any substantial ongoing research and development projects. The Group is continuously seeking opportunities to expand its operations in order to improve its results.

The Group is continuously looking for innovative ways to upgrade the ships and passenger area technology to improve its overall performance through modern solutions. The most recent technical projects are focused on solutions for reducing the ships' carbon footprint.

Risks

The Group's business, financial position and operating results could be materially affected by various risks. These risks are not the only ones we face. Additional risks and uncertainties not presently known to us, or that we currently believe are immaterial or unlikely, could also impair our business. The order of presentation of the risk factors below is not intended to be an indication of the probability of their occurrence or of their potential effect on our business.

- Protracted geopolitical and military conflict in Europe
- COVID-19 situation and developments
- Governmental restrictions on business activities
- Accidents, disasters
- Macroeconomic and labour market developments
- Changes in laws and regulations
- Relations with trade unions
- Increase in the fuel prices and interest rates
- Market and customer behaviour

MANAGEMENT BOARD'S CONFIRMATION

The Management Board confirms that to the best of their knowledge the management report of Tallink Grupp AS for the year 2021, including the remuneration report, presents a true and fair view of significant events and their impact on the Group's results and financial position and includes an overview of the main risks and uncertainties.

Paavo Nõgene
Chairman of the Management Board

Kadri Land
Member of the Management Board

Harri Hanschmidt
Member of the Management Board

Piret Mürk-Dubout
Member of the Management Board

Margus Schults
Member of the Management Board

31 March 2022

This audited annual report has been signed digitally.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of profit or loss and other comprehensive income

The Notes on pages 46-101 form an integral part of the financial statements

For the year ended 31 December, in thousands of EUR	**2021**	**2020**
Revenue (Note 4)	476 937	442 934
Cost of sales (Note 5)	-455 282	-486 388
Gross profit/loss	21 655	-43 454
Sales and marketing expenses (Note 5)	-29 262	-37 817
Administrative expenses (Note 5)	-45 633	-48 263
Impairment loss on receivables (Note 25)	-99	-128
Other operating income (Note 22)	16 336	37 339
Other operating expenses	-28	-298
Result from operating activities	-37 031	-92 621
Finance income (Note 5)	34	1
Finance costs (Note 5)	-21 921	-17 843
Share of profit/loss of equity-accounted investees (Note 12)	-80	-158
Profit/loss before income tax	-58 998	-110 621
Income tax (Note 6)	2 422	2 313
Net profit/loss	-56 576	-108 308
Net profit/loss attributable to equity holders of the Parent	-56 576	-108 308
Other compherensive income		
Items that may be reclassified to profit or loss		
Exchange differences on translating foreign operations	123	-193
Other comprehensive income	123	-193
Total comprehensive income	-56 453	-108 501
Total comprehensive income attributable to equity holders of the Parent	-56 453	-108 501
Basic and diluted loss per share (in EUR, Note 7)	-0.081	-0.162

Consolidated statement of financial position

The Notes on pages 46-101 form an integral part of the financial statements

As at 31 December, in thousands of EUR	**2021**	**2020**
ASSETS		
Cash and cash equivalents (Note 8)	127 556	27 834
Trade and other receivables (Note 9)	29 298	25 463
Prepayments (Note 10)	11 924	7 216
Inventories (Note 11)	34 631	28 707
Current assets	203 409	89 220
Investments in equity-accounted investees (Note 12)	165	245
Other financial assets and prepayments(Note 13)	555	2 233
Deferred income tax assets (Note 6)	21 840	20 270
Investment property	300	300
Property, plant and equipment (Note 14)	1 323 353	1 363 485
Intangible assets (Note 15)	36 293	40 448
Non-current assets	1 382 506	1 426 981
TOTAL ASSETS	1 585 915	1 516 201
LIABILITIES AND EQUITY		
Interest-bearing loans and borrowings (Notes 16, 24)	244 436	111 601
Trade and other payables (Note 18)	91 687	73 477
Payables to owners	6	6
Income tax liability	47	10
Deferred income (Note 19)	21 734	23 253
Current liabilities	357 910	208 347
Interest-bearing loans and borrowings (Notes 16, 17)	535 489	593 518
Non-current liabilities	535 489	593 518
Total liabilities	893 399	801 865
Share capital (Note 20)	349 477	314 844
Share premium (Note 20)	663	663
Reserves (Note 20)	67 930	69 854
Retained earnings	274 446	328 975
Equity attributable to equity holders of the Parent	692 516	714 336
Total equity	692 516	714 336
TOTAL LIABILITIES AND EQUITY	1 585 915	1 516 201

Consolidated statement of cash flows

The Notes on pages 46-101 form an integral part of the financial statements

For the year ended 31 December, in thousands of EUR	**2021**	**2020**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/loss for the period	-56 576	-108 308
Adjustments for:		
Depreciation and amortisation (Notes 14, 15)	95 313	100 660
Net gain/loss on disposals of property, plant and equipment	-494	110
Net interest expense (Note 5)	21 843	17 273
Loss from equity-accounted investees (Note 12)	80	158
Net unrealised foreign exchange gain/loss	118	-179
Loss from investments	75	0
Income tax (Note 6)	-852	-717
Adjustments	116 083	117 305
Changes in:		
Receivables related to operating activities	-3 918	12 377
Prepayments related to operating activities	-3 007	-1 555
Inventories	-6 513	8 548
Liabilities related to operating activities	13 447	-35 307
Changes in assets and liabilities	9	-15 937
Cash generated from operating activities	59 516	-6 940
Income tax paid	-137	-107
NET CASH FROM/USED IN OPERATING ACTIVITIES	59 379	-7 047
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment and intangible assets	-20 192	-100 024
Proceeds from disposals of property, plant and equipment	816	115
Interest received	3	1
NET CASH USED IN INVESTING ACTIVITIES	-19 373	-99 908
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans received	90 000	125 000
Repayment of loans received	-14 667	-14 667
Change in overdraft (Note 16)	-15 556	15 736
Payment of lease liabilities	-14 903	-12 565
Interest paid	-19 296	-16 290
Payment of transaction costs related to loans	-495	-1 302
Issue of shares (Note 20)	34 633	0
NET CASH FROM FINANCING ACTIVITIES	59 716	95 912
TOTAL NET CASH FLOW	99 722	-11 043
Cash and cash equivalents at the beginning of period	27 834	38 877
Change in cash and cash equivalents (Note 8)	99 722	-11 043
Cash and cash equivalents at the end of period	127 556	27 834

Consolidated statement of changes in equity

The Notes on pages 46-101 form an integral part of the financial statements

In thousands of EUR	Share capital	Share premium	Translation reserve	Ships re-valuation reserve	Legal reserve	Retained earnings	Equity attributable to equity holders of the Parent	Total equity
As at 31 December 2020	314 844	663	237	37 458	32 159	328 975	714 336	714 336
Net profit/loss for 2021	0	0	0	0	0	-56 576	-56 576	-56 576
Other comprehensive income for 2021								
Exchange differences on translating foreign operations	0	0	123	0	0	0	123	123
Total comprehensive income for 2021	0	0	123	0	0	-56 576	-56 453	-56 453
Transactions with owners of the Company recognised directly in equity								
Transfer from revaluation reserve	0	0	0	-2 047	0	2 047	0	0
Issue of shares (Note 20)	34 633	0	0	0	0	0	34 633	34 633
Total transactions with owners of the Company, recognised directly in equity	34 633	0	0	-2 047	0	2 047	34 633	34 633
As at 31 December 2021	349 477	663	360	35 411	32 159	274 446	692 516	692 516

In thousands of EUR	Share capital	Share premium	Translation reserve	Ships re-valuation reserve	Legal reserve	Retained earnings	Equity attributable to equity holders of the Parent	Total equity
As at 31 December 2019	314 844	663	430	39 505	29 673	437 722	822 837	822 837
Net profit/loss for 2020	0	0	0	0	0	-108 308	-108 308	-108 308
Other comprehensive income for 2020								
Exchange differences on translating foreign operations	0	0	-193	0	0	0	-193	-193
Total comprehensive income for 2020	0	0	-193	0	0	-108 308	-108 501	-108 501
Transactions with owners of the Company recognised directly in equity								
Transfer from profit for 2019	0	0	0	0	2 486	-2 486	0	0
Transfer from revaluation reserve	0	0	0	-2 047	0	2 047	0	0
Total transactions with owners of the Company, recognised directly in equity	0	0	0	-2 047	2 486	-439	0	0
As at 31 December 2020	314 844	663	237	37 458	32 159	328 975	714 336	714 336

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1 Corporate information

The consolidated financial statements of Tallink Grupp AS (the "Parent") and its subsidiaries (together referred to as the "Group") for the year ended 31 December 2021 were authorised for issue by the Management Board on 31 March 2022.

According to the Estonian Commercial Code, the annual report including the consolidated financial statements prepared by the Management Board must first be approved by the Supervisory Board and ultimately by the shareholders' general meeting. Shareholders have the power not to approve the annual report prepared and presented by the Management Board and the right to request that a new annual report be prepared.

Tallink Grupp AS is a public limited company incorporated and domiciled in Estonia, with a registered office at Sadama 5 Tallinn. Tallink Grupp AS shares have been publicly traded on the Nasdaq Tallinn Stock Exchange since 9 December 2005.

The principal activities of the Group are related to marine transportation in the Baltic Sea (passenger and cargo transportation), EMTAK 50101 – Sea and coastal passenger water transport, EMTAK 50201 – Sea and coastal freight water transport, EMTAK 79121 – Travel agency activities. Further information on the Group's principal activities is presented in Note 4 Segment information. At 31 December 2021 the Group employed 4 785 people (4 200 at 31 December 2020).

Note 2 Basis of preparation

2.1. Statement of compliance

The consolidated financial statements of Tallink Grupp AS and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (hereinafter: IFRS EU).

2.2. Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items in the statement of financial position:

- equity securities are measured at fair value (Note 13)
- ships are measured at revalued amounts (Note 14)

2.3. Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2021.

Changes in significant accounting policies

The Group applied the following amendments to standards initially on 1 January 2021.

COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)

Effective for annual periods beginning on or after 1 April 2021; to be applied retrospectively. Early application is permitted.

In May 2020, COVID-19-Related Rent Concessions (the 2020 amendment) were issued, which amended IFRS 16 *Leases*. The 2020 amendment introduced an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. Under that practical expedient, a lessee is not required to assess whether eligible rent concessions are lease modifications. Instead the lessee can account for them in accordance with other applicable guidance.

The practical expedient introduced in the 2020 amendment only applies to rent concessions for which any reduction in lease payments affects solely payments originally due on or before 30 June 2021. The 2021 amendment provides a one-year extension to the practical expedient for COVID-19 related rent concessions under IFRS 16 – i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

The amendment to IFRS 16 will provide relief to the Group in accounting for rent concessions from lessors specifically arising from the COVID-19 pandemic. However, the Group will need to reverse previous lease modification accounting if a rent concession was ineligible for the original practical expedient under the 2020 amendment but becomes eligible as a result of the extension.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform (IBOR) (Phase two)

Effective for annual periods beginning on or after 1 January 2021, to be applied prospectively. Early application is permitted.

The amendments address issues that might affect financial reporting as a result of the interest rate benchmark reform, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments provide practical relief from certain requirements in IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 relating to:

- changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities; and
- hedge accounting.

Change in the basis for determining cash flows

The amendments will require the Group to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by the interest rate benchmark reform by updating the effective interest rate of the financial asset or financial liability.

Hedge accounting

The amendments provide exceptions to the hedge accounting requirements in the following areas.

- Allow amendment of the designation of a hedging relationship to reflect changes that are required by the reform. This amendment will not result in a discontinuation of the hedge or designation of a new hedging relationship.
- When a hedged item in a cash flow hedge is amended to reflect the changes that are required by the reform, the amount accumulated in the cash flow hedge reserve will be

deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

- When a group of items is designated as a hedged item and an item in the group is amended to reflect the changes that are required by the reform, the hedged items are allocated to sub-groups based on the benchmark rates being hedged.
- If an entity reasonably expects that an alternative benchmark rate will be separately identifiable within a period of 24 months, it can designate the rate as a non-contractually specified risk component if it is not separately identifiable at the designation date.

Disclosure

The amendments will require the Group to disclose additional information to enable users to understand the effect of the interest rate benchmark reform on the Group's financial instruments, including information about the Group's exposure to risks arising from the interest rate benchmark reform and related risk management activities.

The Group does not expect the amendments to have a material impact on its financial statements when initially applied.

Standards, interpretations and amendments to published standards that are not yet effective

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements

Effective for annual periods beginning on or after 1 January 2023. Early application is permitted.

The amendments to IAS 1 aim to help entities provide accounting policy disclosures that are more useful by:

- Requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- Clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures.

The amendments are consistent with the refined definition of material:

"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements".

The Group does not expect the amendments to have an impact on its financial statements when initially applied.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Effective for annual periods beginning on or after 1 January 2023; to be applied prospectively. Early application is permitted.

The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The amendments are not expected to have a material impact on the Group as these amendments provide guidance in determining whether changes are to be treated as changes in estimates, changes in policies, or errors.

Amendments to IAS 12 Income Taxes

Effective for annual periods beginning on or after 1 January 2023. Early application is permitted.

The amendments clarify the accounting for deferred tax on transactions that involve recognising both an asset and a liability with a single tax treatment related to both. The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

The Group does not expect the amendments to have a material impact on its financial statements when initially applied.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The European Commission decided to defer the endorsement indefinitely. The amendments clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business, such that:

- a full gain or loss is recognised when a transaction between an investor and its associate or joint venture involves the transfer of an asset or assets which constitute a business (whether it is housed in a subsidiary or not), while
- a partial gain or loss is recognised when a transaction between an investor and its associate or joint venture involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

The Group does not expect the amendments to have a material impact on its financial statements when initially applied.

Amendments to IAS 1 Presentation of Financial Statements

Effective for annual periods beginning on or after 1 January 2023, to be applied retrospectively. Early application is permitted. These amendments are not yet endorsed by the EU.

The amendments clarify that the classification of liabilities as current or non-current is based solely on the entity's right to defer settlement at the end of the reporting period. The entity's right to defer settlement for at least 12 months from the reporting date need not be unconditional but must have substance. The classification is not affected by management's intentions or expectations about whether and when the entity will exercise its right. The amendments also clarify the situations that are considered settlement of a liability.

The Group does not expect the amendments to have a material impact on its financial statements when initially applied.

Amendments to IFRS 3 Business Combinations

Effective for annual periods beginning on or after 1 January 2022. Early application is permitted. These amendments are not yet endorsed by the EU.

The amendments to IFRS 3 update a reference in IFRS 3 to the 2018 Conceptual Framework for Financial Reporting instead of the 1989 Framework. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

The Group does not expect the amendments to have a material impact on its financial statements when initially applied.

Amendments to IAS 16 Property, Plant and Equipment

Effective for annual periods beginning on or after 1 January 2022; to be applied retrospectively. Early application is permitted. These amendments are not yet endorsed by the EU.

The amendments to IAS 16 require that the proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended must be recognised, together with the cost of those items, in profit or loss and that the entity must measure the cost of those items applying the measurement requirements of IAS 2.

The amendments must be applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented (if necessary).

The Group does not expect the amendments to have a material impact on its financial statements when initially applied.

Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets

Effective for annual periods beginning on or after 1 January 2022, to be applied retrospectively. Early application is permitted. These amendments are not yet endorsed by the EU.

In determining the costs of fulfilling a contract, the amendments require an entity to include all costs that relate directly to a contract. The amendments clarify that the cost of fulfilling a contract comprises both:

- the incremental costs of fulfilling that contract and
- an allocation of other costs that relate directly to fulfilling contracts.

An entity must apply those amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). The entity will not restate comparative information. Instead, the entity will recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The Group does not expect the amendments to have a material impact on its financial statements when initially applied, because in determining the costs of fulfilling a contract the Group takes into account both incremental costs and other costs that relate directly to fulfilling contracts.

Annual improvements to IFRS standards 2018-2020

Effective for annual periods beginning on or after 1 January 2022. Early application is permitted. These amendments are not yet endorsed by the EU.

Improvements to IFRS (2018-2020) include three amendments to the standards:

- the amendments to IFRS 9 Financial Instruments clarify that, when assessing whether an exchange of debt instruments between an existing borrower and lender is on terms that are substantially different, the fees to include together with the discounted present value of the cash flows under the new terms include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.
- the amendments to IFRS 16 Leases remove illustrative example 13 accompanying IFRS 16, which in practice creates confusion in accounting for leasehold improvements for both the lessee and lessor. The purpose of the amendment is to remove the illustrative example that creates confusion.
- the amendments to IAS 41 Agriculture remove the requirement to use pre-tax cash flows to measure the fair value of agriculture assets. Previously, IAS 41 had required an entity to use pre-tax cash flows when measuring fair value but did not require the use of a pre-tax discount rate to discount those cash flows.

The Group does not expect the amendments to have a material impact on its financial statements when initially applied.

Other changes

Other new standards, amendments to standards and interpretations that are not yet effective are not expected to have a significant impact on the Group’s financial statements.

2.4. Functional and presentation currency

The figures reported in the financial statements are presented in euros, which is the Parent’s functional currency. All financial information presented in euros has been rounded to the nearest thousand unless otherwise indicated.

2.5. Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS (EU) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Lease term

Judgement to determine whether the Group is reasonably certain to exercise extension options.

As at 31 December 2021, the Group had entered into lease agreements for 4 hotel buildings, 4 office buildings, 1 warehouse building, 16 restaurant buildings and 5 shops (31 December 2020: 4 hotel buildings, 4 office buildings, 1 warehouse building, 10 restaurant buildings and 16 shops). See Note 20 for more detailed information on the minimum lease payments of the lease agreements.

Assumptions and estimation uncertainty

The following assumptions and estimation uncertainties have a risk of resulting in a material adjustment in the next financial year:

Fair value of ships

For the purpose of revaluation, the Group determined the fair value of its ships as at 31 December 2021. The fair value of ships depends on many factors, including the year of construction, several technical parameters as well as how the ships have been maintained (i.e. how much the owner has invested in maintenance).

In order to assess the fair value of ships, the Group's management used independent appraisers. Revaluation depends upon changes in the fair values of the ships. When the fair value of a ship differs materially from its carrying amount, a revaluation is required. Management is of the opinion that as at 31 December 2021 the carrying value of ships as a group did not materially differ from their fair value. Therefore, no revaluation was performed as at 31 December 2021. Further details are given in Note 3.4 and Note 14.

Assessment of impairment of right-of-use buildings and premises

At each reporting date, the Group assesses whether any indications exist of possible impairment of right-of-use buildings. If such indications exist, an impairment test is performed. For estimation of the value, the items' value in use is determined. For determining the value in use, the discounted cash flow method is used. Further details are given in Note 14.

Determination of the useful lives of property, plant and equipment and intangible assets

Management has estimated the useful lives and residual values of property, plant and equipment and intangible assets, taking into consideration the volumes of business activities, historical experience in this area and future outlook.

Management's estimates of the useful lives of the Group's property, plant and equipment and the Group's intangible assets are disclosed in Notes 3.4 and 3.5, respectively.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated. Estimating value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at 31 December 2021 amounted to EUR 11 066 thousand (31 December 2020: EUR 11 066 thousand). Further details are given in Note 15.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities which intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously.

A deferred tax asset is recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits. Further details are provided in Note 6.

Customer loyalty programme

Customer loyalty programme (Club One) applies to sales transactions in which the entities grant their customers award credits that, subject to meeting further qualifying conditions, the customers can redeem in the future for free or discounted goods or services.

The Group recognises the credits that it awards to customers as a separate performance obligation, which is deferred at the date of the initial sale. The credits are recognised based on the relative stand-alone selling price allocation method. See also Note 19.

Note 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

3.1. Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

For acquisitions the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed or has rights to variable returns from its involvements with the investee and it has the ability to affect those returns through its power over the investee and there is a link between power and returns. In assessing control, potential voting rights that currently are exercisable are taken into account.

The consolidated financial statements comprise the financial statements of Tallink Grupp AS and its subsidiaries. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared as at the same reporting date. If a subsidiary uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Investments in equity-accounted investees

Equity-accounted investees are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Equity-accounted investees are accounted for using the equity method (equity-accounted investees) and are initially recognised at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income and equity movements of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest (including any long-term investment) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2. Foreign currency

Foreign currency transactions

The Parent's functional currency and presentation currency is the euro. Each entity in the Group determines its own functional currency and the items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to euros at exchange rates at the reporting date.

The income and expenses of foreign operations are translated to euros at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (FCTR) in equity. When a foreign operation is disposed of such that control or significant influence is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

3.3. Financial instruments

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at:

- amortised cost
- FVOCI – debt investment
- FVOCI – equity investment or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

All financial assets not classified as measured at amortised cost as described above or FVOCI are measured at FVTPL. This includes all derivative financial assets.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost. These assets are subsequently measured at amortised cost using the effective interest method.

The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

The Group also enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

3.4. Property, plant and equipment

Recognition and measurement

Property, plant and equipment, except ships, are measured at cost, less accumulated depreciation and any impairment.

Cost includes expenditure that is directly attributable to the acquisition of the asset, including borrowing costs (see 3.8). The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the assets to a working condition for their intended use.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Ships are measured at revalued amounts (i.e. fair value less depreciation charged subsequent to the date of the revaluation). Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

At the revaluation date, the carrying amount of ships is replaced with their fair value at the date of revaluation and accumulated depreciation is eliminated. Any revaluation surplus is recognised in other comprehensive income and presented in the revaluation reserve in equity. A revaluation deficit is recognised in loss, except that a deficit offsetting a previous surplus on the same asset, previously recognised in other comprehensive income, is offset against the surplus in the 'revaluation of ships'.

An annual transfer from the revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and the depreciation based on the assets' original cost. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Subsequent costs

Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised (e.g. replacements of parts of some items, dry-dockings with intervals of two or five years) is added to the carrying amount of the asset, if the recognition criteria are met, i.e. (a) it is probable that future economic benefits associated with the item will flow to the Group, and (b) the cost of the item can be measured reliably. The replaced items are derecognised. All other expenditures are recognised as an expense in the period in which they are incurred.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. Depreciation is discontinued when the carrying value of an asset equals its residual value. The residual value of ships is based on their estimated realisable value at the end of their useful life.

Depreciation is calculated on a straight-line basis over the estimated useful life of assets as follows:

- buildings 5 to 50 years
- plant and equipment 3 to 10 years
- ships 17 to 40 years
- other equipment 2 to 5 years

Land is not depreciated.

Depreciation is calculated separately for two components of a ship: the vessel itself and dry-docking expenses as a separate component. This is based on the industry accounting practice.

The depreciation charge is calculated for each part of a ship on a straight-line basis over the estimated useful life as follows:

- ships 17 to 40 years
- capitalised dry-docking expenses 2 to 5 years

The residual values, depreciation methods and useful lives of items of property, plant and equipment are reviewed at least at each financial year-end and, if an expectation differs from previous estimates, the change is accounted for as a change in an accounting estimate.

The residual value is calculated as a percentage of the gross carrying amount of the ship.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of an asset is included in profit or loss (in 'other operating income' or 'other operating expenses') in the financial year the asset is derecognised.

3.5. Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

Research and development costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is capitalised only when the Group can demonstrate (1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) its intention to complete and its ability to use or sell the asset; (3) how the asset will generate future economic benefits; (4) the availability of resources to complete the asset; and (5) the ability to measure reliably the expenditure attributable to the asset during development.

Following the initial recognition of development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and any accumulated impairment losses. Any expenditure capitalised is amortised over the period of expected future sales from the related project. Amortisation of the asset begins when development is completed and the asset is available for use.

Trademark

The cost of a trademark acquired as part of the acquisition of a business is its fair value as at the date of acquisition. Following initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets

Other intangible assets (the licences and development costs of IT programs, acquired customer contracts) are initially recognised at cost.

Following initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is expensed in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful economic life on a straight-line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite life are reviewed at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category according to the function of the intangible asset.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated on a straight-line basis over the estimated useful life of an intangible asset as follows:

- trademarks 20 years
- other intangible assets 5 to 10 years

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

3.6. Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, rather than for sale in the ordinary course of business, use in the supply of goods or services, or for administrative purposes. Investment property is measured at fair value with any change therein recognised in profit or loss.

When the use of a property changes such that it is reclassified to property, plant and equipment, its fair value at the date of reclassification becomes its deemed cost for subsequent accounting.

3.7. Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

The costs of inventories, consisting mostly of fuel, and merchandise purchased for resale are assigned by using the weighted average cost method and include expenditure incurred in acquiring the inventories, conversion costs and other costs incurred in bringing the inventories to their existing location and condition.

3.8. Borrowing costs

Borrowing costs are recognised as an expense when incurred, except those, which are directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale (e.g. new ships). Borrowing costs related to the building of new ships are capitalised as part of the cost of related assets up to the delivery date.

3.9. Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

At initial recognition of each accounts receivable balance and throughout its life, a lifetime credit loss is recognised in order to arrive at the appropriate impairment under IFRS 9. In order to calculate a lifetime expected credit loss the provision matrix method is used.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of its estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognised in profit or loss and reflected in an allowance account. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than ships, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit).

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to the cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of a cash-generating unit are allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10. Employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under a short-term cash bonus plan if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

3.11. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. The expense relating to a provision is presented in profit or loss net of any reimbursement. Where discounting is used, the increase in the provision due to the passage of time is recognised in 'finance costs'.

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

3.12. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

The Group as a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

In 2020 and 2021 the Group negotiated rent concessions with the landlords for the leases of its hotels and retail premises because of the severe impact of the COVID-19 pandemic during the year. The Group applied the practical expedient for COVID-19 related rent concessions consistently to all eligible rent concessions relating to the leases of its hotels and retail premises.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group as a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other revenue'.

3.13. Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer. The following provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods – restaurant and shop sales on-board and onshore

Revenue is recognised when the goods are delivered and have been accepted by customers at their locations, i.e. at the retail stores, bars and restaurants, generally for cash or by card payment.

Ticket sale and sale of cargo transport

Revenue from tickets and cargo transport is recognised as the services are rendered. At financial year-end, a revenue deferral is recorded for the part of revenue that has not yet been earned in relation to prepaid tickets and cargo shipments.

Sales of hotel accommodation

Revenue from sales of hotel accommodation is recognised when the rooms have been used by the clients. At financial year-end, a revenue deferral is recorded for the part of revenue that has not yet been earned in relation to prepaid room days.

Revenue from travel packages

The Group sells travel packages, which consist of a ship ticket, accommodation in a hotel not operated by the Group and tours in different cities not provided by the Group. The Group recognises the sales of travel packages in its revenue in full instead of recognising only the commission fee for accommodation, tours and entertainment events, as the Group is able to determine the price of the content of the package and has discretion in selecting the suppliers for the service. Revenue from sales of travel packages is recognised when the package is used by the client. Revenue from travel packages is part of ticket sales revenue.

Charter income

Charter income arising from operating charters of ships is accounted for on a straight-line basis over the charter terms.

In these financial statements the term 'charter' refers to 'lease' as defined in IFRS 16.

Customer loyalty programme

The Group allocates a portion of the consideration received to Club One loyalty points. This allocation is based on the relative stand-alone selling price method. The amount allocated to the loyalty programme is deferred, and is recognised as revenue when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points becomes remote. The deferred revenue is included in contract liabilities. See also Note 4 and Note 18.

3.14. Government grants and assistance

Government grants are initially recognised as deferred income where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants related to an expense item are recognised as a reduction of the expense over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Grants that compensate the Group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

Government assistance is action by government designed to provide an economic benefit specific to an entity or range of entities qualifying under certain criteria. Government assistance is recognised in profit or loss on the date that the Group's right to receive payment is established.

3.15. Finance income and finance costs

Finance income comprises interest income on funds invested (including equity instruments), dividend income, gains on the disposal of equity instruments, and gains on derivative instruments that are recognised in profit or loss.

Finance costs comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets and losses on derivative instruments that are recognised in profit or loss.

Borrowing costs not directly attributable to the acquisition or construction of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

Interest income and expenses are recognised as they accrue in profit or loss, using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. The calculation of effective interest rate includes all transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

3.16. Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or expense, in which case income tax is also recognised in other comprehensive income or expense.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the distribution of dividends. See below, Group companies in Estonia.

Deferred tax is recognised, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available, against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available, against which they can be used.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and the deferred tax assets and liabilities relate to income taxes levied by the same tax authority on the same taxable entity, or on different taxable entities, but they intend either to settle current tax liabilities and assets on a net basis or to realise the assets and settle the liabilities simultaneously.

Group companies in Estonia

According to the Estonian Income Tax Act, for Group companies registered in Estonia, including the Parent, net profit is not subject to income tax, but dividends paid are subject to income tax of 14% or 20% (calculated as 14/86 or 20/80 of the net dividends to be paid in 2020). The potential tax liability from the distribution of the entire retained earnings as dividends is not recorded in the statement of financial position for Estonian Group companies. The amount of the potential tax liability from the distribution of dividends depends on the time, amount and sources of the dividend distribution.

There is a dividend taxation regime in Estonia including a lower income tax rate of 14% (14/86 of the net amount of the distribution) for regular profit distributions. The lower tax rate may be applied if the amount of the distribution does not exceed the Group's last three years' average profit distributions subject to taxation in Estonia. The portion of the distribution exceeding this threshold remains taxable at 20%.

In practice, a lower tax rate can be applied to dividends distributed in annual periods beginning on or after 2019. However, as dividends paid to individuals will be subject to an additional 7% income tax withholding, the change does not lighten the tax burden of shareholders who are individuals.

Income tax from the payment of dividends is recorded as income tax expense in the period in which the dividends are declared. The maximum income tax liability that could arise on the distribution of dividends is disclosed in Note 21.

Group companies in Cyprus

According to the income tax law of Cyprus, the net profit of shipping companies registered in Cyprus and operating with ships registered in the Cyprus ship register or/and having their business outside

Cyprus, and the dividends paid by these companies, are not subject to income tax. Thus, there are no temporary differences between the tax bases and carrying values of assets and liabilities that may cause deferred income tax.

Other foreign Group companies and permanent establishments

In accordance with the income tax laws of other jurisdictions, a company's net profit and the profit from permanent establishments, adjusted for temporary and permanent differences as determined by the local income tax legislation, is subject to current income tax in the countries in which the Group's companies and permanent establishments have been registered (see Note 6).

Tax to be paid is reported under current liabilities and deferred tax positions are reported under non-current assets or liabilities.

According to tax law changes that came into force from 1 January 2018, in Latvia the profits of companies derived in 2018 and subsequent periods are taxed similarly to Estonia at the moment of distribution with corporate income tax at a rate of 20% (at 20/80 of the net amount).

3.17. Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Parent by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees, if any.

3.18. Segment reporting

The Group determines and presents operating segments based on the information that is provided internally to the Group's Management Board that is the Group's chief operating decision maker. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Management Board to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

A segment is a distinguishable component of the Group that is engaged either in providing products or services within a particular economic environment (geographical segment), or in providing related products or services (operating segment), and which is subject to risks and returns that are different from those of other segments.

Segment information is presented in respect of the Group's geographical segments (by routes).

Inter-segment pricing is determined on an arm's length basis.

Segment expense is expense resulting from the operating activities of a segment that is directly attributable to the segment and the relevant portion of expenses that can be allocated to the segment on a reasonable basis, including expenses relating to sales to external customers and expenses relating to transactions with other segments of the Group. Segment expense does not include administrative expenses, interest expense, income tax expense and other expenses that arise at the Group level and are related to the Group as a whole. Expenses incurred at the Group level on behalf of a segment are allocated to the segment on a reasonable basis, if these expenses relate to the segment's operating activities and can be directly attributed or allocated to the segment.

Segment results that are reported to the Management Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment assets are those operating assets that are employed by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets do not include assets used for general Group or head office purposes or which cannot be allocated directly to the segment. Segment assets include operating assets shared by two or more segments if a reasonable basis for allocation exists.

Segment liabilities are those liabilities that are incurred by a segment in its operating activities and that either are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Expenses, assets and liabilities which are not directly related to a segment or cannot be allocated to a segment are presented as unallocated expenses, assets and liabilities of the Group.

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, and intangible assets other than goodwill.

3.19. Determination of fair values

A number of the Group's accounting policies and disclosures require determination of fair value for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to the asset or liability.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Ships (Level 3)

The market value of ships is the estimated amount for which the property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The Group uses independent appraisers to determine the fair value of the ships. The fair value is calculated using the weighted average of the appraisers valuations and stress-sale valuations. When the calculated fair value exceeds +/- 10% tolerance, a revaluation will be carried out. The frequency of revaluation depends upon changes in the fair values of the ships. When the fair value of a ship differs materially from its carrying amount, a revaluation is required.

Intangible assets (Level 3)

The fair value of patents and trademarks acquired in a business combination is determined using the relief from royalty method. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Non-derivative financial liabilities (Levels 1 and 2)

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

3.20. Separate financial statements of the Parent

In accordance with the Estonian Accounting Act, the notes to the consolidated financial statements have to include the separate primary financial statements (i.e. statement of comprehensive income, statement of financial position, statement of cash flows and statement of changes in equity, collectively referred to as primary financial statements) of the Parent. The separate primary financial statements of Tallink Grupp AS are disclosed in Note 28 Primary Financial Statements of the Parent. These statements have been prepared using the same accounting policies and measurement bases that were used on the preparation of the consolidated financial statements, except for investments in subsidiaries which are stated at cost in the separate primary financial statements of the Parent.

Note 4 Segment information

The Group's operations are organised and managed separately according to the nature of the different markets. As at 31 December 2021 the Group operated in the following business segments:

- Estonia-Finland routes: 4 ships (31 December 2020: 4 ships)
- Estonia-Sweden routes: 4 ships (31 December 2020: 4 ships)
- Latvia-Sweden route: 1 ship (31 December 2020: 2 ships)
- Finland-Sweden routes: 4 ships (31 December 2020: 4 ships)
- Other segment
  - Ships chartered out by the Group: 1 ship (31 December 2020: 1 ship)
  - Ships chartered out by the Group in the future (in 2022): 1 ship (31 December 2020: 0)
  - Hotels in Estonia: 3 hotels (31 December 2020: 3 hotels)
  - Hotels in Latvia : 1 hotel, operations suspended (31 December 2020: 1 hotel)
  - Shops in Estonia: 5 shops (31 December 2020: 16 shops)
  - Online shop: 1 shop (31 December 2020: 1 shop)
  - Restaurants in Estonia: 8 restaurants (31 December 2020: 8 restaurants)
  - Restaurants in Latvia: 3 restaurants (31 December 2020: 1 restaurant)
  - Restaurants in Lithuania: 5 restaurants (31 December 2020: 1 restaurant)

The following tables present the Group's revenue and profit as well as certain asset and liability information regarding reportable segments for the years ended 31 December 2021 and 31 December 2020.

Geographical segments – by the location of assets

For the year ended 31 December, in thousands of EUR	Estonia-Finland routes	Estonia-Sweden routes	Latvia-Sweden route	Finland-Sweden routes	Other	Intersegment elimination	Total
2021							
Sales to external customers	184 529	49 065	280	158 697	84 366	0	476 937
Intersegment sales	0	0	0	0	874	-874	0
Revenue	184 529	49 065	280	158 697	85 240	-874	476 937
Segment result	11 962	-7 025	-12 543	-15 587	15 586	0	-7 607
Unallocated expenses							-29 424
Net financial items							-21 887
Share of profit/loss of equity-accounted investees							-80
Profit/loss before income tax							-58 998
Income tax							2 422
Net profit/loss for the period							-56 576
Segment's assets	401 055	252 227	14 226	445 329	243 245	-125	1 355 957
Unallocated assets							229 958
Assets							1 585 915
Segment's liabilities	29 809	8 298	3 768	61 865	108 561	-125	212 176
Unallocated liabilities							681 223
Liabilities							893 399
Capital expenditures							
Segment's property, plant and equipment	2 890	519	203	6 362	6 157	0	16 131
Unallocated property, plant and equipment							1 278
Segment's intangible assets	0	12	0	23	773	0	808
Unallocated intangible assets							1 975
Depreciation	18 322	11 127	6 814	22 884	23 575	0	82 722
Unallocated depreciation							5 668
Amortisation	692	264	52	388	279	0	1 675
Unallocated amortisation							5 248

For the year ended 31 December, in thousands of EUR	Estonia-Finland routes	Estonia-Sweden routes	Latvia-Sweden route	Finland-Sweden routes	Other	Intersegment elimination	Total
2020							
Sales to external customers	200 439	34 858	15 390	149 485	42 762	0	442 934
Intersegment sales	0	0	0	0	2 434	-2 434	0
Revenue	200 439	34 858	15 390	149 485	45 196	-2 434	442 934
Segment result	3 461	-17 921	-17 519	-53 937	4 645	0	-81 271
Unallocated expenses							-11 350
Net financial items							-17 842
Share of profit/loss of equity-accounted investees							-158
Profit/loss before income tax							-110 621
Income tax							2 313
Net profit/loss for the period							-108 308
Segment's assets	406 793	264 552	108 667	455 998	146 738	-4	1 382 744
Unallocated assets							133 457
Assets							1 516 201
Segment's liabilities	23 843	9 315	3 683	50 985	82 707	-4	170 529
Unallocated liabilities							631 336
Liabilities							801 865
Capital expenditures							
Segment’s property, plant and equipment	9 119	10 740	3 796	5 619	6 481	0	35 755
Unallocated property, plant and equipment							60 731
Segment’s intangible assets	13	7	0	23	448	0	491
Unallocated intangible assets							3 047
Depreciation	22 062	9 383	8 013	29 315	17 829	0	86 602
Unallocated depreciation							6 704
Amortisation	846	172	55	621	416	0	2 110
Unallocated amortisation							5 244

Revenue by type of services and goods sold

For the year ended 31 December, in thousands of EUR	Routes 2021	Other 2021	Total 2021	Routes 2020	Other 2020	Total 2020
Revenue from contracts with customers						
Restaurant and shop sales on-board and onshore	189 041	44 335	233 376	203 345	25 142	228 487
Ticket sales	99 094	0	99 094	95 629	0	95 629
Sales of cargo transport	94 763	0	94 763	93 959	0	93 959
Sales of accommodation	0	3 367	3 367	0	4 022	4 022
Other	5 235	6 386	11 621	3 315	3 631	6 946
Total revenue from contracts with customers	388 133	54 088	442 221	396 248	32 795	429 043
Revenue from other sources						
Income from charter of vessels	0	30 278	30 278	0	9 967	9 967
Other	4 438	0	4 438	3 924	0	3 924
Total revenue from other sources	4 438	30 278	34 716	3 924	9 967	13 891
Total revenue of the Group	392 571	84 366	476 937	400 172	42 762	442 934

Contract balances

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers.

In thousands of EUR	31 December 2021	31 December 2020
Trade and other receivables	29 298	25 463
Contract liabilities		
Club One points	6 360	9 855
Prepaid revenue	15 374	13 398
Total contract liabilities	21 734	23 253

The contract liabilities relate to the advance consideration received from customers and to the unredeemed customer loyalty points. Loyalty points are recognised as revenue when the points are redeemed by customers, which is expected to occur over the next two years.

Note 5 Operating expenses and financial items

Cost of sales

For the year ended 31 December, in thousands of EUR	2021	2020
Cost of goods sold	-110 451	-116 624
Port & stevedoring costs	-62 998	-68 122
Fuel costs	-72 234	-56 341
Staff costs	-86 101	-116 818
Ships' operating expenses	-34 363	-37 048
Depreciation and amortisation (Notes 14, 15)	-82 394	-86 249
Cost of travel package sales	-1 529	-2 201
Other costs	-5 212	-2 985
Total cost of sales	-455 282	-486 388

Sales and marketing expenses

For the year ended 31 December, in thousands of EUR	2021	2020
Advertising expenses	-8 320	-11 152
Staff costs	-16 770	-21 653
Depreciation and amortisation (Notes 14, 15)	-2 003	-2 463
Other costs	-2 169	-2 549
Total sales and marketing expenses	-29 262	-37 817

Administrative expenses

For the year ended 31 December, in thousands of EUR	2021	2020
Staff costs	-21 175	-23 253
Depreciation and amortisation (Notes 14, 15)	-10 916	-11 948
Other costs	-13 542	-13 062
Total administrative expenses	-45 633	-48 263

Specification of staff costs included in the cost of sales, sales and marketing expenses and administrative expenses

For the year ended 31 December, in thousands of EUR	2021	2020
Wages and salaries	-114 661	-139 328
Government grants	27 130	23 306
Social security costs	-34 072	-42 972
Staff training costs	-608	-728
Other staff costs	-1 835	-2 002
Total staff costs	-124 046	-161 724

During the reporting period EUR 26 719 thousand was deducted from the cost of sales in connection with government grants related to seamen's salaries in Estonia, Finland and Sweden (2020: EUR 23 306 thousand). The grants are received according to law. During the reporting period EUR 411 thousand (2020: 0) was received in connection with COVID-19 related aid.

Further EUR 5 980 thousand (2020: EUR 10 537 thousand) COVID-19 related aid was paid directly to the employees by the Estonian Unemployment Insurance Fund, see also Note 22.

Government grants receivable are disclosed in Note 9.

The average number of the Group's employees according to their employment relationship is presented in the table below.

For the year ended 31 December	2021	2020
Employees under employment contract	3 749	5 825
Employees under service contract	605	274
Members of the Management Board	6	5
Total average number of employees	4 360	6 104

Finance income and finance costs recognised in profit or loss

For the year ended 31 December, in thousands of EUR	2021	2020
Net foreign exchange gain	31	0
Income from other financial assets	3	1
Total finance income	34	1
Net foreign exchange loss	0	-569
Expenses from other financial assets	-75	0
Interest expense on financial liabilities measured at amortised cost	-19 424	-14 989
Interest expense on lease liabilities related to right-of-use assets	-2 422	-2 285
Total finance costs	-21 921	-17 843
Net finance costs	-21 887	-17 842

Note 6 Income tax

Income tax contains current income tax and deferred income tax.

Swedish, Finnish, German, Russian and Singaporean subsidiaries and Polish branch office

In accordance with the Swedish, Finnish, German, Russian, Singaporean and Polish tax laws, a company's net profit, adjusted for temporary and permanent differences as determined by the local income tax legislation, is subject to income tax in Finland, Sweden, Germany, Russia, Poland and Singapore. As at 31 December 2021, the tax rate was 20% in Finland, 20.6% in Sweden, 15% in Germany, 20% in Russia, 19% in Poland and 17% in Singapore (as at 31 December 2020, 20% in Finland, 21.4% in Sweden, 15% in Germany, 20% in Russia, 19% in Poland and 17% in Singapore).

Income tax expense

Major components of the Group's income tax expense for the year ended 31 December:

For the year ended 31 December, in thousands of EUR	2021	2020
Latvian subsidiaries	-3	0
Finnish subsidiaries	-190	-147
German subsidiary	0	-10
Russian subsidiary	-5	0
Estonian subsidiaries and Parent company	1 050	874
Current period tax expense	852	717
Swedish subsidiaries	225	-35
Finnish subsidiaries	1 345	1 631
Deferred tax expense	1 570	1 596
Total tax expense	2 422	2 313

Reconciliation of the effective tax rate

For the year ended 31 December, in thousands of EUR	2021	%	2020	%
Profit/loss before tax	-58 998		-110 621	
Current income tax expense in foreign jurisdictions	852	-1.44%	717	-0.65%
Change in recognised tax losses	987	-1.67%	1 013	-0.92%
Change in temporary differences	583	-0.99%	583	-0.53%
Income tax expense	2 422	-4.10%	2 313	-2.10%

Deferred tax assets and liabilities

According to Russian, German, Finnish, Swedish, Polish and Singaporean legislation it is permissible to use higher depreciation and amortisation rates for taxation purposes and thereby defer tax payments. These deferrals are shown as deferred tax liabilities. The Finnish and Swedish subsidiaries have also carry-forwards of tax losses, which are considered in the calculation of deferred tax assets.

Deferred tax assets and liabilities are attributable to the following

As at 31 December, in thousands of EUR	Assets 2021	Liabilities 2021	Assets 2020	Liabilities 2020
Tax loss carry-forward[1]	24 458	0	23 471	0
Intangible assets	0	-2 618	0	-3 201
Tax assets / liabilities	24 458	-2 618	23 471	-3 201
Offset of assets and liabilities	-2 618	2 618	-3 201	3 201
Tax assets	21 840	0	20 270	0

[1] Deferred tax assets of EUR 23 029 thousand (2020: EUR 22 267 thousand) in Finland and of 1 429 thousand (2020: EUR 1 204 thousand) in Sweden have been recognised in respect of losses carried forward. The recognised Finnish tax losses will expire from 2027 to 2031 (2020: 2025-2030) and the Swedish tax losses have no expiration date. The tax losses of the Finnish subsidiary that will expire before 2027 have not been recognised due to estimation uncertainty. Such unrecognised tax losses amounted to EUR 192 598 thousand as at 31 December 2021 (EUR 166 685 thousand as at 31 December 2020).

The Group has recognised deferred tax assets to the extent that the losses carried forward will be offset against projected future taxable profits. The estimations are based on the business plan of the Finnish operations for the year 2022 and beyond. The revenue growth rate of the Finnish operations for the years 2023-2031 used in the calculations was 1-9% and the growth rate used for the cost increase was 0.6-5.5% (as at 31 December 2020, the revenue growth rate of the Finnish operations for the years 2022-2030 used in the calculations was 2-2.5% and the growth rate used for the cost increase was 0.5-2%).

The sensitivity of the value of recognised deferred tax assets to the main assumptions of the projected future taxable profits is as follows: 1) +/- 1 percentage point change in the average revenue growth rate for the years 2022-2031 would change the value of recognised tax assets by EUR +3 013 thousand / EUR -281 thousand, respectively; 2) +/- 1 percentage point change in average operating cost growth rate relative to revenues for the years 2022-2031 would change the value of recognised tax assets by EUR -3 947 thousand / EUR +6 514 thousand, respectively.

Movements in deferred tax balances

As at 31 December, in thousands of EUR	Balance as at 31 December 2021	Recognised in profit in 2021	Balance as at 31 December 2020
Tax loss carry-forward	24 458	987	23 471
Intangible assets	-2 618	583	-3 201
Net deferred tax asset	21 840	1 570	20 270

Note 7 Earnings per share (EPS)

EPS are calculated by dividing the net profit or loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

As at 31 December, in thousands	2021	2020
Shares issued	743 569	669 882
Shares outstanding	743 569	669 882

For the year ended 31 December, in thousands of EUR	2021	2020
Weighted average number of ordinary shares outstanding (in thousands)	694 444	669 882
Net loss attributable to equity holders of the Parent	-56 576	-108 308
EPS (EUR)	-0.081	-0.162

Note 8 Cash and cash equivalents

As at 31 December, in thousands of EUR	2021	2020
Cash at bank and in hand	127 380	27 832
Cash in transit	176	2
Total cash and cash equivalents	127 556	27 834

Cash at bank earns interest at floating rates based on daily bank deposit rates (in both 2021 and 2020 the rates were in the range of 0.00-0.01%).

The Group's exposure to currency risk is disclosed in Note 25.

Note 9 Trade and other receivables

As at 31 December, in thousands of EUR	2021	2020
Trade receivables	15 763	12 571
Allowance for doubtful receivables	-468	-539
Government grants receivable	9 806	7 810
Receivables from related parties	69	59
Other receivables	4 128	5 562
Total trade and other receivables	29 298	25 463

During the reporting period EUR 99 thousand of trade receivables was expensed as doubtful and uncollectible (2020: EUR 128 thousand).

The Group's exposure to the credit and currency risks of receivables (excluding government grants receivable) is disclosed in Note 25. Additional information about government grants is disclosed in Note 5.

Note 10 Prepayments

As at 31 December in thousands of EUR	2021	2020
Prepaid expenses	7 606	4 287
Tax prepayments	4 318	2 929
Total prepayments	11 924	7 216

As at 31 December in thousands of EUR	2021	2020
Tax prepayments		
VAT	1 504	1 640
Other prepayments	2 814	1 289
Total tax prepayments	4 318	2 929

The balance of prepaid expenses includes mostly prepayments for insurance.

Note 11 Inventories

As at 31 December, in thousands of EUR	2021	2020
Raw materials (mostly fuel)	4 707	4 506
Goods for sale	29 924	24 201
Total inventories	34 631	28 707

In 2021 the write-down of inventories to net realisable value amounted to EUR 537 thousand (2020: EUR 584 thousand). The write-downs are included in the cost of sales.

Fuel price risk

The Group is exposed to fuel price risk as part of the fuel used for ship operations is purchased at market prices. At 31 December 2021 (as well as at 31 December 2020) there were no derivative contracts for fuel outstanding. For more information, see Note 25.

Note 12 Investments in equity-accounted investees

At 31 December 2021 the Group had a 34% interest in the equity-accounted investee Tallink Takso AS, incorporated in Estonia (as at 31 December 2020: 34%).

In thousands of EUR	2021	2020
Investments at the beginning of financial year	245	403
Share of loss of equity-accounted investee	-80	-158
Investments at the end of financial year	165	245

The key figures of the equity-accounted investee Tallink Takso AS are below. The figures as at and for the year ended 31 December 2021 are preliminary. The figures reflect 100% of the assets, liabilities and result of the associate.

In thousands of EUR	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
As at 31 December 2021	419	341	760	221	55	276
As at 31 December 2020	616	430	1 046	255	71	326

In thousands of EUR	Revenues	Expenses	Loss	Equity
For the year ended 31 December 2021	2 173	2 352	-179	484
For the year ended 31 December 2020	2 534	2 998	-464	720

Note 13 Other long-term financial assets and prepayments

As at 31 December, in thousands of EUR	2021	2020
Equity securities	177	177
Other receivables	378	331
Prepaid expenses	0	1 725
Total other financial assets	555	2 233

Note 14 Property, plant and equipment

In thousands of EUR	Land and buildings	Ships	Plant and equipment	Right-of-use assets	Assets under construction	Total
Book value as at 31 December 2020	1 477	1 134 564	54 483	94 738	78 223	1 363 485
Additions	259	-398	6 334	35 372	11 239	52 806
Reclassification	140	3 443	5 924	0	-9 507	0
Disposals	0	0	-509	-4 054	0	-4 563
Depreciation for the period	-294	-55 074	-15 760	-17 247	0	-88 375
Book value as at 31 December 2021	1 582	1 082 535	50 472	108 809	79 955	1 323 353
As at 31 December 2021						
Gross carrying amount	8 677	1 653 461	119 577	151 997	79 955	2 013 667
Accumulated depreciation	-7 095	-570 926	-69 105	-43 188	0	-690 314
Book value as at 31 December 2019	1 870	1 173 534	56 985	97 723	16 981	1 347 093
Additions	13	8 500	3 187	13 747	84 865	110 312
Reclassification	0	12 580	11 043	0	-23 623	0
Disposals	0	0	-283	-331	0	-614
Depreciation for the period	-406	-60 050	-16 449	-16 401	0	-93 306
Book value as at 31 December 2020	1 477	1 134 564	54 483	94 738	78 223	1 363 485
As at 31 December 2020						
Gross carrying amount	8 278	1 653 005	112 447	125 779	78 223	1 977 732
Accumulated depreciation	-6 801	-518 441	-57 964	-31 041	0	-614 247

Right-of-use assets by classes of property, plant and equipment

In thousands of EUR	Buildings and premises	Plant and equipment	Total right-of-use assets
Book value as at 31 December 2020	94 102	636	94 738
Additions	35 159	213	35 372
Disposals	-4 019	-35	-4 054
Depreciation for the period	-16 902	-345	-17 247
Book value as at 31 December 2021	108 340	469	108 809
As at 31 December 2021			
Gross carrying amount	150 576	1 421	151 997
Accumulated depreciation	-42 236	-952	-43 188
Book value as at 31 December 2019	97 142	581	97 723
Additions	13 038	709	13 747
Disposals	-90	-241	-331
Depreciation for the period	-15 988	-413	-16 401
Book value as at 31 December 2020	94 102	636	94 738
As at 31 December 2020			
Gross carrying amount	124 491	1 288	125 779
Accumulated depreciation	-30 389	-652	-31 041

Testing right-of-use assets for impairment

The Group's right-of-use assets are measured at cost, less accumulated depreciation and any impairment. At the end of the reporting period the Group assesses whether there is any indication of impairment.

As at 31 December 2021, the recoverable amount of operational hotels right-of-use lease assets was tested for impairment (book value EUR 53 207 thousand) using the discounted cash flow method. For testing purposes the Group used a detailed budget for the year 2022, assuming a fast recovery after end of the COVID-19 pandemic, and a strategic forecast for the years 2023-2031, which included revenues, expenses and investing activities (2020: a detailed 5-year budget for 2021-2025 and a strategic forecast for 2026-2030). The combined revenue growth rate of the tested hotels used in the calculations for the years 2023-2031 was 3.0-22.4% and the combined rate used for growth in operating expenses was 1.7-8.5% (2020: 2022-2030 revenue growth rate 4.9%-16.7% and operating expense growth rate 2.0-14.1%). A weighted average cost of capital of 10.0% was used for the years 2022-2023 and 6.31% for 2024-2031 (2020: 4.0% for 2021-2030).

An impairment loss is recognised if the carrying amount of an assets exceeds its recoverable amount. Management is of the opinion that as at 31 December 2021 there were no material differences between the carrying amounts and fair values (as well as at 31 December 2020).

Revaluation of ships

The Group's vessels are measured at revalued amounts, which are determined using fair value at the end of the reporting period.

The Group used the valuations of three independent appraisers to determine the fair value of ships. Fair value was determined by reference to market-based inputs, which are mainly unobservable (level 3 under the fair value hierarchy). The Group's management also take into consideration the expected cash flows of chartered ships if needed. The following table shows the valuation techniques used in measuring the ships' fair values, as well as the significant unobservable inputs used.

Valuation technique	Significant unobservable inputs
Market comparison technique, cost approach: independent appraisers consider both approaches. They scan the market and look at second-hand sales of similar ships and analyse general demand for the particular ship in various parts of the world. Also, they look at the construction cost of the ship less reasonable depreciation and the construction prices of similar new ships today.	Sales prices of similar ships Level of demand for particular ships Construction prices of ships Maintenance and repair programme of ships

The frequency of revaluations depends on changes in fair values which are assessed at each year-end. When fair value differs materially from the carrying amount, further revaluation is performed. Management is of the opinion that as at 31 December 2021 there were no material differences between the carrying amounts and fair values (as well as at 31 December 2020).

Due to the current pandemic the market is very illiquid with very few transactions made in this segment of tonnage. Therefore, the valuations are to be deemed uncertain. Depending on how the situation develops and when passenger traffic resumes to its full extent the values are subject to adjustment in the short term. Management is of the opinion that buyers of this type of asset normally have a long-term view and a planning horizon stretching to 20-30 years and therefore possible market fluctuations are to be regarded as temporary.

If the ships were measured using the cost model, the carrying amounts would be as follows:

As at 31 December 2021	**In thousands of EUR**
Cost	1 778 543
Accumulated depreciation	-731 419
Net carrying amount	1 047 124

As at 31 December 2020	**In thousands of EUR**
Cost	1 778 087
Accumulated depreciation	-680 981
Net carrying amount	1 097 106

Due to the annual transfer from the revaluation reserve to retained earnings (the difference between depreciation based on the revalued carrying amount of the assets and the depreciation based on the assets' original cost) the revaluation reserve was decreased as at 31 December 2021 by EUR 2 047 thousand (2020: EUR 2 047 thousand) and retained earnings were increased by the same amount.

As at 31 December 2021 the Group's ships with a book value of EUR 1 060 950 thousand (2020: EUR 1 111 561 thousand) were encumbered with first or second ranking mortgages to secure the Group's bank loans (see also Note 16).

Contractual commitments

As at 31 December 2021 the Group had a contractual commitment for a new vessel, MyStar, of EUR 172 900 thousand (2020: EUR 172 900 thousand).

The Group did not have any other substantial contractual commitments related to property, plant and equipment.

Note 15 Intangible assets

In thousands of EUR	Goodwill[1]	Trademark[2]	Other[3]	Assets under construction	Total
Book value as at 31 December 2020	11 066	16 006	12 829	547	40 448
Additions	0	0	725	2 058	2 783
Reclassification	0	0	1 894	-1 894	0
Amortisation for the period	0	-2 916	-4 022	0	-6 938
Book value as at 31 December 2021	11 066	13 090	11 426	711	36 293
As at 31 December 2021					
Cost	11 066	58 288	41 699	711	111 764
Accumulated amortisation	0	-45 198	-30 273	0	-75 471
Book value as at 31 December 2019	11 066	18 922	13 055	1 221	44 264
Additions	0	0	394	3 144	3 538
Reclassification	0	0	3 818	-3 818	0
Amortisation for the period	0	-2 916	-4 438	0	-7 354
Book value as at 31 December 2020	11 066	16 006	12 829	547	40 448
As at 31 December 2020					
Cost	11 066	58 288	40 357	547	110 258
Accumulated amortisation	0	-42 282	-27 528	0	-69 810

Intangible asset classes

[1] Goodwill in the amount of EUR 11 066 thousand is related to the Estonia-Finland routes segment. In the impairment test of goodwill related to the Estonia-Finland routes, the recoverable amount was identified based on value in use. Management calculated value in use based on five-year cash flow perpetuity and using a discount rate of 6.54% (2020: 4.4%). Five-year cash flow to perpetuity value was used. There was no need to recognise an impairment loss.

[2] A trademark of EUR 58 288 thousand was recognised in connection with the acquisition of Silja OY Ab in 2006. The fair value of the trademark at the acquisition date was determined using the relief from royalty method. As at 31 December 2021 the remaining amortisation period of the trademark was 4.5 years.

As at 31 December 2021, the book value of the trademark was tested for impairment. For testing purposes revenue was modelled in a short-term recovery stage and long-term stable growth stage. Following recovery the average annual revenue growth rate of 1.5% (2020: 2.5%), a royalty rate of 2.25% (2020: 2.25%) and an equity discount rate of 9.0% (2020: 4.4% weighted average cost of capital) were used. There was no need to recognise an impairment loss.

[3] Other intangible assets include mostly the licences and the development costs of IT software. The licenses have finite lives and are amortised over 5 to 10 years. Amortisation of intangible assets is recorded in profit or loss under cost of sales, sales and marketing expenses and administrative expenses.

Note 16 Interest-bearing loans and borrowings

As at 31 December 2021, in thousands of EUR	Maturity	Interest rate	Current portion	Non-current portion	Total borrowings
Lease liabilities	2022-2023	5.67%	73	43	116
Lease liabilities related to right-of-use assets[1]	2022-2033	2.18-2.25%	16 488	99 915	116 403
Overdraft		EURIBOR+2.91%	180	0	180
Long-term bank loans[2]	2022-2029	EURIBOR+2.47%	227 695	435 531	663 226
Total borrowings			244 436	535 489	779 925

As at 31 December 2020, in thousands of EUR	Maturity	Interest rate	Current portion	Non-current portion	Total borrowings
Lease liabilities	2021-2022	5.96%	75	183	258
Lease liabilities related to right-of-use assets[1]	2021-2030	2.18-2.23%	14 559	87 950	102 509
Overdraft		EURIBOR+2.31%	15 736	0	15 736
Long-term bank loans[2]	2021-2029	EURIBOR+2.10%	81 231	505 385	586 616
Total borrowings			111 601	593 518	705 119

[1] Lease liabilities related to the adoption of IFRS 16.

[2] Long-term bank loans include a loan from the financial institution SA Kredex of EUR 100 000 thousand.

As at 31 December 2021 the Group had the right to use bank overdrafts of up to EUR 135 000 thousand (2020: EUR 135 000 thousand). Bank overdrafts are secured with a commercial pledge of EUR 20 204 thousand (2020: EUR 20 204 thousand) and mortgages on ships (see Note 14). In the year ended 31 December 2021 the average effective interest rate of bank overdrafts was EURIBOR + 2.91% (2020: EURIBOR + 2.31%). As at 31 December 2021 the balance of overdrafts in use was EUR 180 thousand (2020: EUR 15 736 thousand). At 31 December 2020 the Group also had the undrawn part of EUR 90 000 thousand of a EUR 100 000 thousand loan from the Nordic Investment Bank. In the year ended 31 December 2021 the weighted average interest rate of the Group's variable rate bank loans was EURIBOR + 2.47% (2020: EURIBOR + 2.10%).

As at 31 December 2021 Tallink Grupp AS had given guarantees to Nordea Bank Plc, Danske Bank A/S and the Nordic Investment Bank for loans of EUR 247 159 thousand (2020: EUR 164 370 thousand) granted to its ship-owning subsidiaries and Tallink Silja OY by the abovementioned banks. Ship-owning subsidiaries have given guarantees to Nordea Bank Finland Plc, Swedbank AS and SA KredEx for the loans granted to Tallink Grupp AS. As at 31 December 2021 the book value of the loan was EUR 416 067 thousand (31 December 2020: EUR 422 246 thousand). Primary securities for the loans are the ships belonging to the overseas subsidiaries and a pledge of the shares in these subsidiaries.

The Group has issued counter guarantees to the commercial banks that have issued guarantees to several governmental authorities in favour of Group entities required to perform the Group's daily operations. As at 31 December 2021 the total amount of the guarantees was EUR 5 763 thousand (2020: EUR 6 202 thousand). The guarantees issued are not recognised in the statement of financial position as, according to historical experience and management's estimations, none of them is expected to turn into an actual liability.

In the loan agreements signed with banks, the Group has agreed to comply with financial covenants related to ensuring certain equity, liquidity and other ratios.

Reconciliation of liabilities arising from financing activities

In thousands of EUR	Bank overdrafts	Long-term bank loans	Lease liabilities	Right-of-use assets' liabilities	Share capital	Reserves	Retained earnings	Total
Balance as at 31 December 2020	15 736	586 616	258	102 509	314 844	69 854	328 975	1 418 792
Changes from financing cash flows								
Proceeds from loans	0	90 000	0	0	0	0	0	90 000
Repayment of loans	0	-14 667	0	0	0	0	0	-14 667
Change in overdraft	-15 556	0	0	0	0	0	0	-15 556
Payment of lease liabilities	0	0	-57	-14 846	0	0	0	-14 903
Interest paid	0	0	0	0	0	0	-19 296	-19 296
Payment of transaction costs related to loans	0	-495	0	0	0	0	0	-495
Increase of share capital	0	0	0	0	34 633	0	0	34 633
Total changes from financing cash flows	-15 556	74 838	-57	-14 846	34 633	0	-19 296	59 716
The effect of changes in foreign exchange rates	0	0	-4	-1	0	123	0	118
Liability-related changes								
New leases	0	0	25	35 372	0	0	0	35 397
Transfer from revaluation reserve	0	0	0	0	0	-2 047	2 047	0
Termination of old leases	0	0	-106	-6 631	0	0	0	-6 737
Amortisation of capitalised borrowing costs	0	1 277	0	0	0	0	0	1 277
Capitalised borrowing costs	0	495	0	0	0	0	0	495
Interest paid	0	0	0	0	0	0	19 296	19 296
Total liability-related changes	0	1 772	-81	28 741	0	-2 047	21 343	49 728
Total equity-related changes	0	0	0	0	0	0	-56 576	-56 576
Balance as at 31 December 2021	180	663 226	116	116 403	349 477	67 930	274 446	1 471 778

In thousands of EUR	Bank overdrafts	Long-term bank loans	Lease liabilities	Right-of-use assets' liabilities	Share capital	Reserves	Retained earnings	Total
Balance as at 31 December 2019	0	475 999	304	101 577	314 844	69 608	437 722	1 400 054
Changes from financing cash flows								
Proceeds from loans	0	125 000	0	0	0	0	0	125 000
Repayment of loans	0	-14 667	0	0	0	0	0	-14 667
Change in overdraft	15 736	0	0	0	0	0	0	15 736
Payment of lease liabilities	0	0	-95	-12 470	0	0	0	-12 565
Interest paid	0	0	0	0	0	0	-16 290	-16 290
Payment of transaction costs related to loans	0	-1 302	0	0	0	0	0	-1 302
Total changes from financing cash flows	15 736	109 031	-95	-12 470	0	0	-16 290	95 912
The effect of changes in foreign exchange rates	0	0	12	2	0	-193	0	-179
Liability-related changes								
New leases	0	0	79	13 747	0	0	0	13 826
Transfer from retained earnings	0	0	0	0	0	2 486	-2 486	0
Transfer from revaluation reserve	0	0	0	0	0	-2 047	2 047	0
Termination of old leases	0	0	-42	-347	0	0	0	-389
Amortisation of capitalised borrowing costs	0	1 162	0	0	0	0	0	1 162
Capitalised borrowing costs	0	424	0	0	0	0	0	424
Interest paid	0	0	0	0	0	0	16 290	16 290
Total liability-related changes	0	1 586	37	13 400	0	439	15 851	31 313
Total equity-related changes	0	0	0	0	0	0	-108 308	-108 308
Balance as at 31 December 2020	15 736	586 616	258	102 509	314 844	69 854	328 975	1 418 792

Note 17 Leases

The Group as the lessee

The Group leases hotel and office buildings, warehouse, restaurant and shop premises. The leases typically run for a fixed period, with the Group's option to renew the lease further. Some lease payments are increased every year and some leases provide for additional lease payments that are based on the result of operations.

Right-of-use assets

Right-of-use assets are presented as property, plant and equipment.

In thousands of EUR	Buildings and premises	Plant and equipment	Total right-of-use assets
Book value as at 31 December 2020	94 102	636	94 738
Additions	35 159	213	35 372
Disposals	-4 019	-35	-4 054
Depreciation for the period	-16 902	-345	-17 247
Book value as at 31 December 2021	108 340	469	108 809
Book value as at 31 December 2019	97 142	581	97 723
Additions	13 038	709	13 747
Disposals	-90	-241	-331
Depreciation for the period	-15 988	-413	-16 401
Book value as at 31 December 2020	94 102	636	94 738

Amounts recognised in profit or loss

For the year ended 31 December 2021	In thousands of EUR
Depreciation for the period	-17 247
Interest expense on lease liabilities related to right-of-use assets	-2 422
COVID-19 related lease discounts[1]	2 083
Expenses on short-term and low-value leases	-1 034
Lease expenses under IFRS 16	-18 620

For the year ended 31 December 2020	In thousands of EUR
Depreciation for the period	-16 401
Interest expense on lease liabilities related to right-of-use assets	-2 285
COVID-19 related lease discounts[1]	2 435
Expenses on short-term and low-value leases	-1 242
Lease expenses under IFRS 16	-17 493

[1]The Group negotiated rent concessions with the landlords for the leases of its hotels and retail premises because of the severe impact of the COVID-19 pandemic during the year. The Group applied the practical expedient for COVID-19 related rent concessions consistently to eligible rent concessions relating to the leases of its hotels and retail premises.

The Group as the lessor

The Group's charter income for 2021 was EUR 30 278 thousand (2020: EUR 9 967 thousand).

Minimum non-cancellable charter payments are as follows:

As at 31 December, in thousands of EUR	2021	2020
< 1 year	18 281	9 425
Year 2	12 045	8 904
Year 3	12 078	0
Year 4	2 640	0
Total minimum charter payments	45 044	18 329

All charter agreements used by the Group are based on BIMCO Standard Bareboat Charter and BIMCO Time Charter Agreement.

Note 18 Trade and other payables

As at 31 December, in thousands of EUR	2021	2020
Trade payables	42 174	24 002
Other payables	2 247	1 516
Payables to employees	19 997	19 129
Interest payable	3 269	1 996
Tax liabilities	17 166	19 861
Other accruals	6 834	6 973
Total trade and other payables	91 687	73 477

The Group's exposure to currency and liquidity risks (excluding tax liabilities and other accruals) is disclosed in Note 25. Additional information about tax liabilities is disclosed below.

As at 31 December, in thousands of EUR	2021	2020
Salary-related taxes	14 429	15 042
Excise duties	1 331	1 001
VAT	1 406	3 818
Total tax liabilities	17 166	19 861

Note 19 Deferred income

The Group measures the liability for outstanding Club One points in combination with the value of its services and the averages of the Club One points used to redeem the services, taking into account the pattern of use of the points by the customers and the expiry rates of the points. The calculations are performed for each segment and the deferred income is recognised based on the relative stand-alone selling price allocation method.

As at 31 December, in thousands of EUR	2021	2020
Club One points	6 360	9 855
Prepaid revenue	15 374	13 398
Total deferred income	21 734	23 253

Note 20 Share capital and reserves

As at 31 December, in thousands	2021	2020
The number of shares issued and fully paid	743 569	669 882
Total number of shares	743 569	669 882

As at 31 December, in thousands of EUR	2021	2020
Share capital (authorised and registered)	349 477	314 844
Total share capital	349 477	314 844
Share premium	663	663
Total share premium	663	663

According to the articles of association of the Parent, the maximum number of ordinary shares is 2 400 000 000. Each share grants one vote at the shareholders' general meeting. Shares acquired by the transfer of ownership are eligible for participating in and voting at a general meeting only if the ownership change is recorded in the Estonian Central Registry of Securities at the time used to determine the list of shareholders for the given shareholders' general meeting.

Ordinary shares grant their holders all the rights provided for under the Estonian Commercial Code – the right to participate in the general meeting, the distribution of profits, and the distribution of residual assets upon the dissolution of the Company; the right to receive information from the Management Board about the activities of the Company; a pre-emptive right to subscribe for new shares in proportion to the sum of the par values of the shares already held when share capital is increased, etc.

During 18 August – 01 September 2021 the Parent held a public offering of new shares. The issue price per one share was EUR 0.47. As a result of the offering a total of 73 687 024 new shares of the Parent were allocated to the investors. Share capital was increased by EUR 34 633 thousand.

Tallink Grupp AS has 743 569 064 registered shares (31 December 2020: 669 882 040) without nominal value and the notional value of each share is EUR 0.47 (31 December 2020: EUR 0.47).

Reserves

As at 31 December, in thousands of EUR	2021	2020
Translation reserve	360	237
Ships' revaluation reserve	35 411	37 458
Legal reserve	32 159	32 159
Total reserves	67 930	69 854

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Ships' revaluation reserve

The revaluation reserve is related to the revaluation of ships. The ships' revaluation reserve may be transferred directly to retained earnings when the ship is disposed of. However, some of the revaluation surplus may be transferred when the ship is used by the Group. In such a case, the amount of surplus transferred is the difference between depreciation based on the revalued carrying amount of the ship and depreciation based on the original cost of the ship. The Group uses the latter alternative.

Legal reserve

The legal reserve has been formed in accordance with the Estonian Commercial Code. The legal reserve is formed by means of yearly net profit transfers. At least 1/20 of net profit must be transferred to the legal reserve, until the reserve amounts to 1/10 of share capital. The legal reserve may be used to cover losses and to increase share capital but it may not be used to make distributions to owners.

Dividends

Due to a deteriorated operating environment and considering the Company's long-term interests, on 15 June 2021 the shareholders' general meeting decided not to pay dividends in 2021. There was also no dividend payment in 2020.

Note 21 Contingencies and commitments

Key Management Personnel's termination benefits

The members of the Management Board are entitled to termination benefits if their service agreement is terminated by the Group's Supervisory Board. At 31 December 2021 the maximum amount of such benefits was EUR 1 461 thousand (EUR 882 thousand in 2020) (see Note 21).

Income tax on dividends

The Group's retained earnings as at 31 December 2021 were EUR 274 446 thousand (2020: EUR 328 975 thousand). As at 31 December 2021, the maximum income tax liability which would arise if retained earnings were fully distributed is EUR 54 889 thousand (2020: EUR 65 795 thousand). The maximum income tax liability has been calculated using the income tax rate effective for dividends on the assumption that the dividend and the related income tax expense cannot exceed the amount of retained earnings as at 31 December 2021 (2020: 31 December 2020).

Note 22 Government assistance

In 2021 EUR 12 771 thousand (2020: 36 642 thousand) was received by Group entities as COVID-19 related government assistance from the governments of Estonia, Finland, Sweden and Germany. The assistance has been recognised in other operating income as stated in the table below.

Other operating income

For the year ended 31 December, in thousands of EUR	2021	2020
Government assistance		
Estonia	1 174	15 121
Finland	5 127	9 797
Sweden	5 896	11 660
Germany	74	64
Latvia	500	0
Total government assistance	12 771	36 642
Total other income	3 565	697
Total other income	3 565	697

Further EUR 5 980 thousand (2020: 10 537 thousand) of COVID-19 related aid was paid directly to employees by the Estonian Unemployment Insurance Fund.

In 2021 the Group received COVID-19-related aid of EUR 411 thousand (2020: 0) and other aid of EUR 26 719 thousand (2020: 23 306 thousand), which were deducted directly from the cost of sales (see Note 5).

In the second quarter of 2020, the Estonian parliament approved a change in legislation granting exemption from ships' fairway dues for 12 months starting from April 2020 and 50% reduction of the ships' fairway dues for 12 months starting from April 2021. The effect of the exemption and reduction amounted to EUR 2 800 thousand in 2021 (EUR 3 418 thousand in 2020).

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, which amounted to EUR 1 825 thousand (2020: EUR 5 410 thousand) at the year-end, will be settled by spring 2023.

Note 23 Related party disclosures

For the purpose of these financial statements, parties are related if one controls the other or has significant influence on the other's financing and operating decisions. In determining possible related party relationships, attention must be paid to the substance of the relationship and not merely the legal form.

A related party is a person or a company that is related to the Group to such an extent that transactions between them may be conducted on terms not equivalent to those that prevail in arm's length transactions.

A person or a close member of that person's family (i.e. a family member who may be associated with significant influence such as the spouse or the domestic partner or a child) is a related party for the company if that person:

- is a member of the management of the company or its parent company (i.e. a person having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly) or
- has control of or significant influence over the company (e.g. through an ownership interest)

Another company is a related party for the company if any of the following conditions apply:

- the other company and the company are under common control (i.e. they are members of the same group or controlled by the same person (or a close family member of that person))
- one is under the control of a third party (that may be a company or a person) and the other is under the significant influence of that third party (if the third party is a person, then that person or a close family member of that person)
- the other company has control of or significant influence over the company
- the other company is under the control or significant influence of the company
- a member of the management of the company's parent company (or a close family member of the member of the management) has control or significant influence over the other company
- the other company's management (or their close family members) include persons that have control of or significant influence over the company

The Group has conducted transactions with related parties and has outstanding balances with related parties.

For the year ended 31 December 2021, in thousands of EUR	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Companies controlled by the Key Management Personnel	2 117	24 205	68	100 137
Associated companies	1	128	1	11
Total	2 118	24 333	69	100 148

For the year ended 31 December 2020, in thousands of EUR	Sales to related parties	Purchases from related parties	Receivables from related parties	Payables to related parties
Companies controlled by the Key Management Personnel	716	18 287	59	89 166
Associated companies	4	157	0	11
Total	720	18 444	59	89 177

The following goods and services were purchased from related parties:

For the year ended 31 December, in thousands of EUR	2021	2020
Leases	13 153	12 172
Fuel and electricity	8 818	4 871
Other goods and services	2 362	1 401
Total goods and services	24 333	18 444

Key Management Personnel's compensation

Tallink Grupp AS's members of the Management Board and members of the Supervisory Board are defined as the Key Management Personnel. In 2021, the Key Management Personnel's compensation was EUR 2 441 thousand (2020: EUR 1 172 thousand).

The members of the Management Board are entitled to termination benefits if their service agreement is terminated by the Group's Supervisory Board. At 31 December 2021 the maximum amount of such benefits was EUR 1 461 thousand (EUR 882 thousand in 2020).

The Key Management personnel's benefits are presented without social security tax.

Note 24 Group entities

Group entities	Interest as at 31 December 2021	Interest as at 31 December 2020	Country of incorporation	Parent company
Baan Thai OÜ	100%	100%	Estonia	Tallink Grupp AS
Baltic Retail OÜ[1]	-	100%	Estonia	Tallink Grupp AS
Hansaliin OÜ	100%	100%	Estonia	Tallink Grupp AS
Hansatee Kinnisvara OÜ	100%	100%	Estonia	Tallink Grupp AS
Hera Salongid OÜ	100%	100%	Estonia	TLG Hotell OÜ
HT Laevateenindus OÜ	100%	100%	Estonia	Tallink Grupp AS
HT Meelelahutus OÜ	100%	100%	Estonia	Tallink Grupp AS
LNG Shipmanagement OÜ	100%	100%	Estonia	Tallink Grupp AS
Mare Catering OÜ	100%	100%	Estonia	Tallink Grupp AS
Tallink AS	100%	100%	Estonia	Tallink Grupp AS
Tallink Baltic AS	100%	100%	Estonia	Tallink Grupp AS
Tallink Duty Free AS	100%	100%	Estonia	Tallink Grupp AS
Tallink Fast Food OÜ	100%	100%	Estonia	Tallink Grupp AS
Tallink Scandinavian AS	100%	100%	Estonia	Tallink Grupp AS
Tallink Travel Club OÜ	100%	100%	Estonia	Tallink Grupp AS
TLG Hotell OÜ	100%	100%	Estonia	Tallink Grupp AS
TLG Stividor OÜ	100%	100%	Estonia	Tallink Grupp AS
Baltic SF VII Ltd	100%	100%	Cyprus	Tallink Grupp AS
Baltic SF VIII Ltd	100%	100%	Cyprus	Tallink Grupp AS
Baltic SF IX Ltd	100%	100%	Cyprus	Tallink Grupp AS
Hansalink Ltd	100%	100%	Cyprus	Tallink Grupp AS
Tallink Autoexpress Ltd	100%	100%	Cyprus	Tallink Grupp AS
Tallink Fast Ltd	100%	100%	Cyprus	Tallink Grupp AS
Tallink Hansaway Ltd	100%	100%	Cyprus	Tallink Grupp AS
Tallink High Speed Line Ltd	100%	100%	Cyprus	Tallink Grupp AS
Tallink Line Ltd	100%	100%	Cyprus	Tallink Grupp AS
Tallink Ltd	100%	100%	Cyprus	Tallink Grupp AS
Tallink Sea Line Ltd	100%	100%	Cyprus	Tallink Grupp AS
Tallink Superfast Ltd	100%	100%	Cyprus	Tallink Grupp AS
Tallink Victory Line Ltd	100%	100%	Cyprus	Tallink Grupp AS
Tallinn - Helsinki Line Ltd	100%	100%	Cyprus	Tallink Grupp AS
Tallinn Swedish Line Ltd	100%	100%	Cyprus	Tallink Grupp AS
HTG Stevedoring OY	100%	100%	Finland	Tallink Grupp AS
Tallink Silja OY	100%	100%	Finland	Tallink Scandinavian AS
Sally AB	100%	100%	Finland	Tallink Silja OY
Tallink Silja GMBH	100%	100%	Germany	Tallink Silja OY
Tallink Latvija AS	100%	100%	Latvia	Tallink Grupp AS
BK Properties SIA	100%	-	Latvia	Tallink Latvija AS
HT Shipmanagement SIA	100%	100%	Latvia	HT Laevateenindus OÜ
TLG Hotell Latvija SIA	100%	100%	Latvia	TLG Hotell OÜ
Tallink Fast Food Latvia SIA	100%	100%	Latvia	Tallink Fast Food OÜ
Tallink Fast Food Lithuania UAB	100%	100%	Lithuania	Tallink Fast Food OÜ
Tallink-Ru OOO	100%	100%	Russia	Tallink Grupp AS
Tallink Asia Pte. Ltd	100%	100%	Singapore	Tallink Grupp AS
Tallink Silja AB	100%	100%	Sweden	Tallink Grupp AS
Ingleby (1699) Ltd.	100%	100%	UK	Tallink Grupp AS

[1]In August 2021, Baltic Retail OÜ, a wholly-owned subsidiary of Tallink Grupp AS, was sold to Talwest Grupp OÜ. The sale of Baltic Retail OÜ had no significant effect on the Group's annual result.

Note 25 Financial risk management

Overview

Through the use of financial instruments the Group is exposed to the following risks:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's capital management.

The Management Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's financial department is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

Credit risk

Credit risk is the risk of financial loss that the Group would suffer if the counterparty failed to perform its financial obligations, and arises principally from the Group's receivables from customers and cash and cash equivalents. The credit risk concentration related to accounts receivable is not material due to the extensive number of customers.

Maximum credit risk was as follows:

As at 31 December, in thousands of EUR	2021	2020
Cash and cash equivalents (Note 8)	127 556	27 834
Trade and other receivables (Notes 9, 13)	19 870	17 984
Total	147 426	45 818

The Group's credit risk exposure from trade receivables is mainly influenced by the characteristics of each customer. In monitoring credit risk, customers are grouped according to their credit characteristics, including whether they are individuals or legal entities, whether they are travel agents or customers with credit limits, and considering their geographic location, receivable aging profile, and existence of previous financial difficulties. Trade receivables relate mainly to travel agents and customers with credit facilities. The credit risk concentration related to trade receivables is reduced by the high number of customers.

The Group's management has established a credit policy under which each new customer with a credit request is analysed individually for creditworthiness before the Group's payment terms and conditions are offered. Some customers are obliged to present a bank guarantee to meet the credit sale criteria. Customers are assigned credit limits, which represent the maximum exposure that does not require approval from the Group's management. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group on a prepayment basis only. Charterers hiring the Group's vessels have to provide bank guarantees to cover their payment risk.

In accordance with IFRS 9 the Group measures an allowance for impairment of receivables at an amount of lifetime expected credit loss. Lifetime expected credit loss is calculated as a product of total trade receivables in the aging bucket and the respective credit loss ratio. The expected credit loss ratio is recalculated once a quarter based on actual write-offs during the last 12 quarters.

In thousands of EUR	2021	2020
Balance at 1 January	539	594
Amounts written off	-171	-179
Impairment loss recognised	99	128
Reversal of prior period impairment loss	1	-4
Balance at 31 December	468	539

The aging of the receivables at the reporting date was:

As at 31 December 2021, in thousands of EUR	Gross	Impairment	Net
Not past due	18 568	-128	18 440
Past due 0-30 days	1 422	-26	1 396
Past due 31-90 days	2	-2	0
Past due 91 days - one year	82	-48	34
Past due over one year	264	-264	0
Total	20 338	-468	19 870

As at 31 December 2020, in thousands of EUR	Gross	Impairment	Net
Not past due	16 418	-94	16 324
Past due 0-30 days	1 179	-22	1 157
Past due 31-90 days	590	-86	504
Past due 91 days - one year	179	-181	-2
Past due over one year	157	-156	1
Total	18 523	-539	17 984

The Group holds cash and cash equivalents with banking groups that have investment grade credit ratings (BBB or higher issued by internationally recognised credit rating agencies).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Group's low current ratio represents the normal course of business. The majority of sales are conducted by prepayment, bank card or cash payment, therefore the cash conversion cycle is negative and in general the Group receives cash from sales before it has to pay to its vendors.

The Group's objective is to maintain a balance between the continuity and flexibility of funding through the use of bank overdrafts, bank loans and bonds. The Group has established Group account systems (the Group's cash pools) in Estonia and Finland to manage the cash flows in the Group as efficiently as possible. Excess liquidity is invested in short-term money market instruments. Tallink Grupp AS maintains four committed bank overdraft facilities to minimise the Group's liquidity risk (see Note 16 for details).

At 31 December 2021, the Group's cash and cash equivalents totalled EUR 127 556 thousand (EUR 27 834 thousand at 31 December 2020). In addition, the Group had available unused overdraft credit lines of EUR 134 820 thousand (EUR 119 264 thousand and the undrawn part of EUR 90 000 thousand of a EUR 100 000 thousand loan from the Nordic Investment Bank in 2020).

In the loan agreements signed with banks, the Group has agreed to comply with financial covenants related to ensuring certain equity, liquidity and other ratios.

In management's opinion, the Group has sufficient liquidity to support its operations. Tallink Grupp AS and its subsidiaries are able to continue as going concerns for at least one year after the date of approval of these consolidated financial statements.

The following tables illustrate liquidity risk by periods when financial liabilities as at 31 December will fall due or may fall due based on contractual cash flows.

In thousands of EUR, 2021	**< 1 year**	**1-2 years**	**2-5 years**	**>5 years**	**Total**
Non-derivative financial liabilities					
Lease liabilities	-73	-43	0	0	-116
Lease liabilities related to right-of-use assets	-16 488	-16 751	-44 475	-38 689	-116 403
Trade and other payables	-67 687	0	0	0	-67 687
Secured bank loan repayments	-228 667	-194 083	-181 500	-61 333	-665 583
Interest payments[1]	-16 657	-9 523	-9 962	-3 288	-39 430
Total	-329 572	-220 400	-235 937	-103 310	-889 219

In thousands of EUR, 2020	**< 1 year**	**1-2 years**	**2-5 years**	**>5 years**	**Total**
Non-derivative financial liabilities					
Lease liabilities	-75	-183	0	0	-258
Lease liabilities related to right-of-use assets	-14 559	-13 832	-34 556	-39 561	-102 509
Trade and other payables	-46 643	0	0	0	-46 643
Secured bank loan repayments	-82 083	-184 708	-262 125	-61 333	-590 250
Interest payments[1]	-12 789	-11 162	-12 585	-3 151	-39 687
Total	-156 150	-209 886	-309 266	-104 045	-779 347

[1] Expected, based on the interest rates and interest rate forward curves

Guarantees issued are not recognised in the statement of financial position as, according to historical experience and management's estimations, none of them has turned into an actual liability.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of financial instruments held. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk.

Foreign exchange rate risk

The Group is exposed to exchange rate risk arising from revenues, operating expenses and liabilities in foreign currencies, mainly in the US dollar (USD) and the Swedish krona (SEK). Exposure to USD results from the purchase of ship fuel and insurance and exposure to SEK arises from the fact that it is the operational currency on some routes.

The Group seeks to minimise currency risk by matching foreign currency inflows with outflows.

The following tables present the Group's financial instruments by currency denomination:

In thousands of EUR, 2021	**EUR**	**USD**	**SEK**	**Other**	**Total**
Cash and cash equivalents	118 040	32	9 421	63	127 556
Trade receivables, net of allowance	15 140	0	199	25	15 364
Other financial assets	2 834	0	1 662	10	4 506
Total	136 014	32	11 282	98	147 426
Current portion of borrowings	-243 481	0	-949	-6	-244 436
Trade payables	-39 255	-284	-4 512	-347	-44 398
Other current payables	-22 449	0	-7 678	-2	-30 129
Non-current portion of borrowings and other liabilities	-534 310	0	-1 162	-17	-535 489
Total	-839 495	-284	-14 301	-372	-854 452
Net, EUR	-703 481	-252	-3 019	-274	-707 026

In thousands of EUR, 2020	**EUR**	**USD**	**SEK**	**Other**	**Total**
Cash and cash equivalents	18 286	6	9 539	3	27 834
Trade receivables, net of allowance	11 976	0	110	5	12 091
Other financial assets	3 024	0	2 859	10	5 893
Total	33 286	6	12 508	18	45 818
Current portion of borrowings	-111 277	0	-320	-4	-111 601
Trade payables	-22 598	-106	-2 715	-59	-25 478
Other current payables	-19 236	0	-8 906	-2	-28 144
Non-current portion of borrowings and other liabilities	-593 050	0	-468	0	-593 518
Total	-746 161	-106	-12 409	-65	-758 741
Net, EUR	-712 875	-100	99	-47	-712 923

A 10% strengthening of the euro against the following currencies at the end of the financial year would have increased (decreased) profit or loss and equity by the amounts shown below. This sensitivity analysis assumes that all other variables remain constant. The analysis was performed on the same basis for 2020.

As at 31 December, in thousands of EUR	**2021 Profit or loss**	**2020 Profit or loss**
USD	25	10
SEK	302	-10
NOK	0	1
Other	27	4

Interest rate risk

The Group is exposed to interest rate risk through funding and cash management activities. The interest rate risk – the possibility that the future cash flows from a financial instrument (cash flow risk) will change due to movements in market interest rates – results mainly from bank loans. There are no material interest rate risks related to the assets of the Group.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

As at 31 December, in thousands of EUR	2021	2020
Fixed rate financial liabilities	129 628	137 308
Variable rate financial liabilities	533 714	449 566
Total	663 342	586 874

A change of 10 basis points in the interest rates of interest-bearing financial instruments at the reporting date would have increased (decreased) profit and equity by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis was performed on the same basis for 2020.

In thousands of EUR	2021	2020
10 basis point increase	-534	-450
10 basis point decrease	534	450

Fair values of financial instruments

All financial assets and liabilities are measured at amortised cost excluding derivatives, which are measured at fair value.

According to the assessment of the Group's management, as at 31 December 2021 and 31 December 2020 the fair values of assets and liabilities measured at amortised cost did not differ materially from their carrying amounts.

Capital management

The Group considers total shareholders' equity as capital. As at 31 December 2021 the shareholders' equity was EUR 692 516 thousand (2020: EUR 714 336 thousand). The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and sustain future development of the business.

The Group has made significant investments in recent years where strong shareholders' equity has been a major supporting factor for the investments. The Group seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position.

At the annual general meeting held on 8 February 2011, management introduced the strategic target of reaching the optimal debt level which would allow the Group to start paying dividends. In management's opinion, a comfortable level for the Group's equity ratio is between 40% and 50% and for the net debt to EBITDA ratio an indicator below 5. As at 31 December 2021 the Group's equity ratio was 43.7% and the net debt to EBITDA ratio was 11.2 (2020: 47.1% and 84.2, respectively). See also Note 24.

Due to a complicated operating environment and considering the Company's long-term interests, management will propose to the shareholders' general meeting not to pay a dividend in 2022 for the results for 2021 (2021: not to pay a dividend from net profit for 2020).

The Group may purchase its own shares from the market; the timing of these purchases may depend on market prices, the Group's liquidity position and business outlook. Additionally, legal factors may limit the timing of such decisions. Repurchased shares are intended to be cancelled. Currently the Group does not have a defined share buyback plan.

Note 26 Going concern

Due to the continuation of the extensive outbreak of COVID-19 and the restrictions imposed by the authorities in the Group's home markets, in 2021 the financial performance continued to be negatively affected by the deteriorated operating environment. In the second half of the year the economic environment clearly improved as a result of large-scale immunization of the population. In 2022 the results will be negatively impacted by the geopolitical and military conflict in Europe.

To ensure the sustainability of the business operations both in 2021 and going forward we took several actions, including:

- Reducing operating and capital expenses
- Chartering out vessels for additional revenue streams
- Applying for government assistance measures
- Rescheduling of the loan principal repayments
- Drawing a new bank loan
- Carrying out a public offering of new shares

At 31 December 2021, the Group's cash and cash equivalents totalled EUR 127 556 thousand (EUR 27 834 thousand at 31 December 2020). In addition, the Group had available unused overdraft credit lines of EUR 134 820 thousand (EUR 119 264 thousand and the undrawn part of EUR 90 000 thousand of a EUR 100 000 thousand working capital loan from the Nordic Investment Bank in 2020).

As 31 December 2021 current liabilities exceeded current assets by EUR 154 501 thousand (EUR 119 127 thousand at 31 December 2020). Current liabilities exceed current assets due to a bullet payment of a bank loan maturing in the fourth quarter of 2022. As in previous years the Group plans to refinance the maturing bank loan and has started preparations for the refinancing process.

The Management Board is of the opinion that the Group is able to continue as a going concern. These consolidated financial statements have been prepared on a going concern basis as according to the assessment of the Management Board the Group can continue its operations and meet its obligations for the foreseeable future, i.e. for at least 12 months from the date these financial statements are authorised for issue. Should the economic environment worsen significantly, the Group may have to review its business plan in order to ensure its ability to continue as a going concern. Liquidity can also be strengthened through a shareholder contribution or the sale of assets, if needed.

Note 27 Subsequent events

Legal action against the Port of Tallinn

With its 14 February 2022 resolution Harju County Court approved the settlement between AS Tallink Grupp and AS Tallinna Sadam and terminated the court dispute between the parties.

Geopolitical and military conflict in Europe

The geopolitical and military conflict in Europe that started at the end of February is expected to have a negative impact on the demand of certain customer groups, mainly customers from countries directly participating in the conflict and from Asian countries, together with the risk of an increase in some input prices, mainly fuel and raw materials. The management assesses the impact of the conflict on ongoing basis, the exact magnitude and duration of the potential effects from the conflict remains difficult to assess.

Note 28 Primary financial statements of the Parent

Statement of profit or loss and other comprehensive income

For the year ended 31 December, in thousands of EUR	2021	2020
Revenue	243 846	238 619
Cost of sales	-233 324	-251 534
Gross profit/loss	10 522	-12 915
Sales and marketing expenses	-18 271	-21 439
Administrative expenses	-25 789	-24 550
Impairment loss on receivables	-95	-95
Other operating income	2 411	15 066
Other operating expenses	-1 025	-24
Result from operating activities	-32 247	-43 957
Finance income	20 703	20 936
Finance costs	-23 631	-20 069
Share of profit of subsidiaries	29 190	140 000
Share of profit/loss of equity-accounted investees	-80	-158
Profit/loss before income tax	-6 065	96 752
Income tax	1 051	876
Net profit/loss for the year	-5 014	97 628

Statement of financial position

As at 31 December, in thousands of EUR	2021	2020
ASSETS		
Cash and cash equivalents	2 792	940
Receivables from subsidiaries	86 450	115 240
Receivables and prepayments	20 442	16 852
Inventories	8 985	9 059
Current assets	118 669	142 091
Investments in subsidiaries	715 677	608 679
Receivables from subsidiaries	569 580	614 955
Investments in equity-accounted investees	165	245
Other financial assets and prepayments	65	68
Property, plant and equipment	482 558	401 167
Intangible assets	10 580	12 389
Non-current assets	1 778 625	1 637 503
TOTAL ASSETS	1 897 294	1 779 594
LIABILITIES AND EQUITY		
Interest-bearing loans and borrowings	300 291	133 470
Payables and deferred income	70 041	68 055
Dividends payable to shareholders	6	6
Tax liabilities	4 148	4 571
Current liabilities	374 486	206 102
Interest-bearing loans and borrowings	602 169	682 472
Non-current liabilities	602 169	682 472
Total liabilities	976 655	888 574
Share capital	349 477	314 844
Share premium	663	663
Reserves	32 159	32 159
Retained earnings	538 340	543 354
Equity	920 639	891 020
TOTAL LIABILITIES AND EQUITY	1 897 294	1 779 594

Statement of cash flows

For the year ended 31 December, in thousands of EUR	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit/loss for the period	-5 014	97 628
Adjustment for:		
Depreciation and amortisation	57 395	57 665
Net gain/loss on disposals of property, plant and equipment and intangible assets	0	-3
Net interest expense	2 890	-865
Income from subsidiaries	-29 190	-140 000
Income tax	-1 051	-876
Other adjustments	1 080	158
Adjustments	31 124	-83 921
Changes in:		
Receivables and prepayments related to operating activities	-3 008	260
Inventories	74	967
Liabilities related to operating activities	33 118	3 709
Changes in assets and liabilities	30 184	4 936
Cash generated from operating activities	56 294	18 643
NET CASH FROM OPERATING ACTIVITIES	56 294	18 643
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant, equipment and intangible assets	-6 355	-66 558
Proceeds from disposals of property, plant and equipment	892	0
Increase in share capital of subsidiaries	-108 000	-67 000
Loans granted to subsidiaries	-53 220	-37 829
Repayments of loans granted	118 640	88 310
Dividends received from subsidiaries	8 500	0
Interest received	19 017	17 833
NET CASH USED IN INVESTING ACTIVITIES	-20 526	-65 244
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans	0	115 000
Proceeds from loans from subsidiaries	3 400	15 475
Repayment of loans	-7 000	-7 000
Repayment of loans to subsidiaries	-4 500	-11 900
Change in overdraft	8 838	1 562
Payment of lease liabilities	-46 763	-48 232
Interest paid	-22 524	-19 340
Payment of transaction costs related to loans	0	-284
Issue of shares	34 633	0
NET CASH USED IN/FROM FINANCING ACTIVITIES	-33 916	45 281
NET CASH FLOW	1 852	-1 320
Cash and cash equivalents at the beginning of period	940	2 260
Change	1 852	-1 320
Cash and cash equivalents at the end of period	2 792	940

Statement of changes in equity

In thousands of EUR	Share capital	Share premium	Mandatory legal reserve	Retained earnings	Total equity
As at 31 December 2020	314 844	663	32 159	543 354	891 020
Net profit/loss for 2021	0	0	0	-5 014	-5 014
Issue of shares	34 633	0	0	0	34 633
Total transactions with owners of the Company recognised directly in equity	34 633	0	0	0	34 633
As at 31 December 2021	349 477	663	32 159	538 340	920 639
As at 31 December 2019	314 844	663	29 673	448 212	793 392
Net profit/loss for 2020	0	0	0	97 628	97 628
Transfer from profit for 2019	0	0	2 486	-2 486	0
As at 31 December 2020	314 844	663	32 159	543 354	891 020

In thousands of EUR	2021	2020
Unconsolidated equity at 31 December	920 639	891 020
Interests under control and significant influence:		
Carrying amount	-715 842	-608 924
Value under the equity method	487 719	432 240
Adjusted unconsolidated equity at 31 December	692 516	714 336

STATEMENT BY THE MANAGEMENT BOARD

We hereby take responsibility for the preparation of the consolidated financial statements of Tallink Grupp AS (in the consolidated financial statements referred to as “the Parent”) and its subsidiaries (together referred to as “the Group").

The Management Board confirms that:

- The consolidated financial statements are in compliance with International Financial Reporting Standards (IFRS) as adopted by the European Union.
- The consolidated financial statements give a true and fair view of the financial position, financial performance and cash flows of the Group and the Parent.
- Tallink Grupp AS and its subsidiaries are able to continue as going concerns for at least one year after the date of approval of these consolidated financial statements.

Paavo Nõgene
Chairman of the Management Board

Kadri Land
Member of the Management Board

Harri Hanschmidt
Member of the Management Board

Piret Mürk-Dubout
Member of the Management Board

Margus Schults
Member of the Management Board

31 March 2022

This audited annual report has been signed digitally.

Independent auditors' report

To the Shareholders of Tallink Grupp AS

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Tallink Grupp AS and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (Estonia) (including International Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Fair value of ships	
Refer to notes 14 to the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
The Group's property, plant and equipment include ships, which are measured at revalued amounts (i.e. fair value less depreciation charged subsequent to the date of the revaluation). The carrying value of the Group's ships as at 31 December 2021 was EUR 1 082 535 thousand. The fair value of ships depends on many factors, including changes in the fleet composition, current and forecast market values and technical factors which may affect	Our audit procedures in this area included, among others: • assessing the methodologies used by the external appraisers to estimate the fair values of the ships; • evaluating the independent external appraisers' competence, capabilities and objectivity; • evaluating the historical accuracy of the Group's assessment of the fair values of the ships by comparing them to transaction prices in prior years;

This version of our auditors' report is a copy from the original, which was prepared in xhtml format and presented to Nasdaq Tallinn together with the original version of the consolidated financial statements. All possible care has been taken to ensure that the copy is an accurate representation of the original, excluding xbrl tagging. However, in all matters of interpretation of information, views or opinions, the original version of our report takes precedence over this copy.

the useful life expectancy of the assets and therefore could have a material impact on any impairment charges or the depreciation charge for the year. In order to assess the fair value of the ships, the Group's management used independent appraisers. We have identified the carrying value of ships as a key audit matter because of its significance to the consolidated financial statements and because applying the Group's accounting policies in this area involves a significant degree of judgement by management in considering the nature, timing and likelihood of changes to the factors noted above which may affect both the carrying value of the Group's ships as well the depreciation charge for the current year and future years.	• testing the adequacy of the capitalized expenditures of the ships; • analysing the estimates of useful lives and residual values and comparing them to published estimates of other international ship operators; and • assessing the adequacy of the consolidated financial statement disclosures.

Recognition of deferred tax assets

Refer to Notes 6 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
As at 31 December 2021 the Group has recognised deferred tax assets of EUR 24 458 thousand for deductible temporary differences and unused tax losses that it believes are recoverable. The recoverability of recognised deferred tax assets is in part dependent on the Group's ability to generate future taxable profits sufficient to utilise deductible temporary differences and tax losses (before the latter expire). We have determined this to be a key audit matter, due to the inherent uncertainty of forecasting the amount and timing of future taxable profits and the reversal of temporary differences.	Our audit procedures in this area included, among others: • evaluating the Group's process to prepare the deferred tax calculation, including the Group's budgeting procedures upon which the forecasts are based; • using our own tax specialists to evaluate the tax strategies the Group expects will enable the successful recovery of the recognised deferred tax assets; • assessing the accuracy of forecast future taxable profits by evaluating the historical forecasting accuracy and comparing the assumptions, such as projected growth rates, with our own expectations of those assumptions derived from our knowledge of the industry and our understanding obtained during our audit, including where applicable their consistency with business plans; and • evaluating the adequacy of the consolidated financial statement disclosures, including disclosures of key assumptions, judgements and sensitivities.

Impairment assessment of right of use assets

Refer to Notes 14 to the consolidated financial statements.

The key audit matter	How the matter was addressed in our audit
The Group's property, plant and equipment include right-of-use assets related to hotels located in Estonia (buildings and premises), which at 31 December 2021 amounted to EUR 53 207 thousand and which management has assessed for impairment. The recoverable amounts of the assets were found using the discounted cash flow method.	Our audit procedures in this area included, among others: • reviewing the significant assumptions applied by management in forecasting cash flows, such as projected revenues and expenses; • comparing the inputs used in impairment testing with the approved business plan and detailed budgets;

The Group carries out impairment testing on the basis of budgets and forecasts prepared for the lease term. The impairment tests performed did not indicate a need to recognise an impairment loss. We determined the impairment assessment of right-of-use assets to be a key audit matter because it requires management to make significant judgements about the assumptions applied in estimating the recoverable amounts of right-of-use assets.	• evaluating the reasonability of the discount rate applied in the impairment assessment; and • assessing the adequacy of the consolidated financial statement disclosures.

Other Information

Management is responsible for the other information. The other information comprises the information included in the management report, the letter to shareholders, the corporate governance report and the remuneration report, but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, our responsibility is to state whether the information presented in the management report has been prepared in accordance with the applicable legal and regulatory requirements. With respect to the remuneration report, our responsibility also includes considering whether the remuneration report has been prepared in accordance with the requirements of Article 135^3 of the Securities Market Act.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard and we state that the information presented in the management report is materially consistent with the consolidated financial statements and in accordance with the applicable legal and regulatory requirements.

In our opinion, the remuneration report has been prepared in accordance with the requirements of Article 135^3 of the Securities Market Act.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (Estonia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with the Requirements for iXBRL tagging of Consolidated Financial Statements included within the European Single Electronic Format Regulatory Technical Standard (ESEF RTS)

We have undertaken a reasonable assurance engagement on the iXBRL tagging of the consolidated financial statements included in the digital files Tallink Grupp AR 2021 EST.zip prepared by Tallink Grupp AS.

Responsibilities of Management for the Digital Files Prepared in Compliance with the ESEF RTS

Management is responsible for preparing digital files that comply with the ESEF RTS. This responsibility includes:

- the selection and application of appropriate iXBRL tags using judgement where necessary;
- ensuring consistency between digitised information and the consolidated financial statements presented in human-readable format; and
- the design, implementation and maintenance of internal control relevant to the application of the ESEF RTS.

Auditors' Responsibilities

Our responsibility is to express an opinion on whether the electronic tagging of the consolidated financial statements complies in all material respects with the ESEF RTS based on the evidence we have obtained.

We apply the provisions of the International Standard on Quality Control (Estonia) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (Estonia) (including International Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about compliance with the ESEF RTS. The nature, timing and extent of procedures selected depend on the practitioner's judgment, including the assessment of the risks of material departures from the requirements set out in the ESEF RTS, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the tagging and the ESEF RTS, including of internal control over the tagging process relevant to the engagement;
- reconciling the tagged data with the audited consolidated financial statements of the Group dated 31 December 2021;
- evaluating the completeness of the tagging of the consolidated financial statements;
- evaluating the appropriateness of the Group's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- evaluating the use of anchoring in relation to the extension elements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements included in the annual report of Tallink Grupp AS identified as Tallink Grupp AR 2021 EST.zip for the year ended 31 December 2021 are tagged, in all material respects, in compliance with the ESEF RTS.

Other Requirements of the Auditors' Report in Accordance with Regulation (EU) No 537/2014 of the European Parliament and of the Council

We were appointed by those charged with governance on July 30, 2020 to audit the consolidated financial statements of Tallink Grupp AS for the year ended 31 December 2020-31 December 2022. Our total uninterrupted period of engagement is 15 years, covering the periods ending 31 August 2007 to 31 December 2021.

We confirm that:

– our audit opinion is consistent with the additional report presented to the Audit Committee of the Group;

– we have not provided to the Group the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014. We also remained independent of the audited entity in conducting the audit.

Tallinn, March 31 2022

/signed electronically/

Andris Jegers

Certified Public Accountant
Licence No 171

/signed electronically/

Lembi Uett

Certified Public Accountant,
Licence No 566

KPMG Baltics OÜ
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ALTERNATIVE PERFORMANCE MEASURES

Tallink Grupp AS presents certain performance measures as key figures, which in accordance with the “Alternative Performance Measures” guidance by the European Securities and Markets Authority (ESMA) are not accounting measures of historical financial performance, financial position and cash flows, defined or specified in IFRS, but which are instead non-financial measures and alternative performance measures (APMs).

The non-financial measures and APMs provide the management, investors, securities analysts and other parties with significant additional information related to the Group’s results of operations, financial position or cash flows and are often used by analysts, investors and other parties.

The non-financial measures and APMs should not be considered in isolation or as a substitute to the measures under IFRS. The APMs are unaudited.

Calculation formulas of alternative performance measures

EBITDA: result from operating activities before net financial items, share of profit or loss of equity-accounted investees, taxes, depreciation and amortisation

EBIT: result from operating activities

Earnings per share: net profit or loss / weighted average number of shares outstanding

Equity ratio: total equity / total assets

Shareholder’s equity per share: shareholder’s equity / number of shares outstanding

Gross margin: gross profit or loss / net sales

EBITDA margin: EBITDA / net sales

EBIT margin: EBIT / net sales

Net profit margin: net profit or loss / net sales

Capital expenditure: additions to property, plant and equipment – additions to right-of-use assets + additions to intangible assets

ROA: earnings before net financial items, taxes 12 months trailing / average total assets

ROE: net profit or loss 12 months trailing / average shareholders’ equity

ROCE: earnings before net financial items, taxes 12 months trailing / (total assets – current liabilities (average for the period))

Net debt: interest-bearing liabilities less cash and cash equivalents

Net debt to EBITDA: net debt / EBITDA 12 months trailing

Current ratio: current assets / current liabilities

Reconciliations of certain alternative performance measures

In thousands of EUR	2021	2020	2019
Depreciation	88 375	93 306	89 356
Amortisation	6 938	7 354	6 893
Depreciation and amortisation	95 313	100 660	96 249
Result from operating activities	-37 031	-92 621	74 868
Depreciation and amortisation	95 313	100 660	96 249
EBITDA	58 282	8 039	171 117
EBITDA	58 282	8 039	171 117
IFRS 16 adoption effect	-19 669	-18 686	-17 378
Adjusted EBITDA	38 613	-10 647	153 739
Additions to property, plant and equipment	17 434	96 565	55 911
Additions to intangible assets	2 783	3 538	4 993
Capital expenditures	20 217	100 103	60 904
Net profit/loss	-56 576	-108 308	49 718
Weighted average number of shares outstanding	694 444 381	669 882 040	669 881 045
Earnings/loss per share (EUR)	-0.081	-0.162	0.074
Liabilities under finance lease	116	258	304
Lease liabilities related to right-of-use assets	116 403	102 509	101 577
Overdraft	180	15 736	0
Long-term bank loans	663 226	586 616	475 999
Interest-bearing liabilities	779 925	705 119	577 880
Total equity	692 516	714 336	822 837
Total assets	1 585 915	1 516 201	1 532 963
Equity ratio	43.7%	47.1%	53.7%
Equity attributable to equity holders of the Parent	692 516	714 336	822 837
Number of ordinary shares outstanding	743 569 064	669 882 040	669 882 040
Shareholders' equity per share (EUR)	0.93	1.07	1.23
Gross profit/loss	21 655	-43 454	196 885
Net sales	476 937	442 934	949 119
Gross margin (%)	4.5%	-9.8%	20.7%
EBITDA	58 282	8 039	171 117
Net sales	476 937	442 934	949 119
EBITDA margin	12.2%	1.8%	18.0%
Adjusted EBITDA	38 613	-10 647	153 739
Net sales	476 937	442 934	949 119
Adjusted EBITDA margin	8.1%	-2.4%	16.2%
EBIT	-37 031	-92 621	74 868
Net sales	476 937	442 934	949 119
EBIT margin	-7.8%	-20.9%	7.9%
Net profit/loss	-56 576	-108 308	49 718
Net sales	476 937	442 934	949 119
Net profit/loss margin	-11.9%	-24.5%	5.2%

In thousands of EUR	**2021**	**2020**	**2019**
Result from operating activities 12-months trailing	-37 031	-92 621	74 868
Total assets 31 March	1 492 507	1 517 773	1 572 259
Total assets 30 June	1 524 741	1 505 876	1 609 873
Total assets 30 September	1 616 656	1 542 932	1 564 197
Total assets 31 December	1 585 915	1 516 201	1 532 963
Average assets	1 547 204	1 523 149	1 556 039
ROA	-2.4%	-6.1%	4.8%
Net profit/loss 12-months trailing	-56 576	-108 308	49 718
Total equity 31 December (previous year)	714 336	822 837	856 916
Total equity 31 March	680 079	793 224	828 255
Total equity 30 June	655 682	765 349	809 907
Total equity 30 September	695 867	741 507	817 658
Total equity 31 December	692 516	714 336	822 837
Average equity	687 696	767 451	827 115
ROE	-8.2%	-14.1%	6.0%
Result from operating activities 12-months trailing	-37 031	-92 621	74 868
Total assets 31 December (previous year)	1 516 201	1 532 963	1 500 904
Total assets 31 March	1 492 507	1 517 773	1 572 259
Total assets 30 June	1 524 741	1 505 876	1 609 873
Total assets 30 September	1 616 656	1 542 932	1 564 197
Total assets 31 December	1 585 915	1 516 201	1 532 963
Current liabilities 31 December (previous year)	208 347	221 444	212 489
Current liabilities 31 March	233 651	234 336	240 074
Current liabilities 30 June	218 923	254 934	303 996
Current liabilities 30 September	207 183	275 820	276 139
Current liabilities 31 December	357 910	208 347	221 444
Total assets - current liabilities 31 December (previous year)	1 307 854	1 311 519	1 288 415
Total assets - current liabilities 31 March	1 258 856	1 283 437	1 332 185
Total assets - current liabilities 30 June	1 305 818	1 250 942	1 305 877
Total assets - current liabilities 30 September	1 409 473	1 267 112	1 288 058
Total assets - current liabilities 31 December	1 228 005	1 307 854	1 311 519
Average assets - current liabilities	1 302 001	1 284 173	1 305 211
ROCE	-2.8%	-7.2%	5.7%
Interest-bearing liabilities	779 925	705 119	577 880
Cash and cash equivalents	127 556	27 834	38 877
Net debt	652 369	677 285	539 003
Net debt	652 369	677 285	539 003
Depreciation	88 375	93 306	89 356
Amortisation	6 938	7 354	6 893
Depreciation and amortisation	95 313	100 660	96 249
EBITDA	58 282	8 039	171 117
Net debt to EBITDA	11.2	84.2	3.1
Current assets	203 409	89 220	120 610
Current liabilities	357 910	208 347	221 444
Current ratio	0.6	0.4	0.5

CONTACT INFORMATION

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