

# Q3 2020

## TALLINK GRUPP AS





Beginning of the financial year	1 January 2020
End of the financial year	31 December 2020
Interim reporting period	1 July 2020 – 30 September 2020

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## MANAGEMENT REPORT

In the third quarter (1 July – 30 September) of the 2020 financial year, Tallink Grupp AS and its subsidiaries (the Group) carried 1.3 million passengers, which is 55.8% less than in the third quarter last year. The number of cargo units transported decreased by 1.9% in the same comparison. The Group's unaudited consolidated revenue decreased by 50.0% or EUR 144.0 million to a total of EUR 143.7 million. Unaudited EBITDA was EUR 5.7 million (EUR 83.2 million in Q3 2019) and unaudited net loss was EUR 23.9 million (net profit of EUR 54.6 million in Q3 2019).

In the third quarter, the Group's revenue and operating results were impacted by the following operational factors:

- Covid-19 and related travel restrictions.
- 7% less trips due to changes in operating schedules.
- Restrictions on maximum capacity on all cruise vessels.

### Impact of Covid-19 and travel restrictions

Operations in the third quarter were strongly influenced by the Covid-19 situation, restrictions on international travel and communications advising against travelling by state authorities. While the restrictions remained limited in most markets until mid-September, the restrictions were in force effectively the entire quarter for international passenger traffic to and from Sweden.

Several operational changes were effective in the third quarter:

- Daily operations of the Tallinn-Stockholm route with vessels Victoria I and Baltic Queen have been suspended since 15 March.
- Daily operations of the Riga-Stockholm route with vessels Romantika and Isabelle have been suspended since 16 March.
- Operations of the Helsinki-Stockholm route with vessels Silja Serenade and Silja Symphony have been suspended since 19 March.
- Tallink City Hotel has remained closed since 18 March and is undergoing a full-scale renovation from September.

Throughout the quarter our vessels were flexibly rerouted to other routes:

- The cruise ferry Victoria I was rerouted to the Tallinn-Helsinki route. It also operated one special cruise from Helsinki to Saaremaa, from Tallinn to Mariehamn and to Riga as well as four special return trips on the Riga-Stockholm route. The cruise ferry Baltic Queen operated eight special cruises from Tallinn to Mariehamn and 15 special cruises from Tallinn to Turku. In addition to that,

Number of passengers  
carried by the Group's  
ships in Q3

**1.3** million

The Group's unaudited  
consolidated Q3  
revenue

**EUR 143.7**  
million



the cruise ferry also operated two special return trips on the Tallinn-Stockholm route and four special cruises on the Helsinki-Riga route.

- The cruise ferry Romantika operated four special cruises from Riga to Mariehamn and five from Riga to Helsinki. It also operated eight special return trips on the Riga-Stockholm route in order to secure transport of cargo. The cruise ferry Isabelle operated on the Paldiski-Kapellskär route.
- The cruise ferry Silja Serenade operated on the Helsinki-Riga route. The cruise ferry Silja Symphony operated 16 special cruises from Stockholm to Visby and six special cruises from Stockholm to Härnösand.

The Estonia-Finland routes shuttle vessels Megastar and Star, cargo vessel Seawind, the Paldiski-Kapellskär route cargo vessel Regal Star and the Turku-Stockholm route cruise ferries Baltic Princess and Galaxy continued operating on their regular routes. From July 2020, cargo vessel Sailor started operating on Paldiski-Kapellskär route in addition to cargo vessel Regal Star.

### Changes concerning personnel

Due to the Covid-19 situation the following changes relating to personnel were in force in the third quarter of 2020:

- Most of the Finnish personnel were temporarily laid off, except the staff on duty.
- The workload of Swedish personnel was reduced to varying extent.

Given the different labour regulations in our home markets most efficient response to the changes in the environment was possible on the Finnish flagged vessels. The situation is the most difficult in Estonia and Latvia where the rigid legislation does not enable to combine unpaid leave with other salary support measures to the employee. Therefore, lengthy redundancies processes are necessary in Estonia and Latvia which are expected to start yielding positive financial impact in early 2021.

During the reporting period, a previously initiated collective redundancies process was carried out. An additional collective redundancies process was initiated in the third quarter, which potentially affects a further maximum of 1 500 employees by the end of the fourth quarter. As of the reporting date, the redundancies have affected more than 900 employees.

The average number of employees during the quarter and the number of employees at the end of the quarter were, respectively, 18.8% and 19.9% lower compared to the same period last year.

### Support measures

During the quarter the Group received a total of EUR 3.8 million in direct financial support from the temporary salary compensation measure offered by the state of Sweden.

In the second quarter of 2020, the Estonian Parliament approved the change in legislation granting exemption from ships' fairway dues for twelve months starting from April 2020. The effect of the exemption amounted to EUR 1.1 million in the third quarter of 2020.

### Activities to improve liquidity

On 30 July 2020, the shareholders' annual general meeting decided not to pay dividends from net profit for 2019.

In order to relieve the liquidity issues caused by the Covid-19 situation, the Group's companies were allowed to postpone the tax payments. At the end of the third quarter, the postponed tax liability amounted to EUR 9.5 million and will be paid by autumn 2021.

As an additional measure, the Group extended payment deadlines of its supplier invoices.

## Sales and segments

In the third quarter of 2020, the Group's total revenue decreased by EUR 144.0 million to EUR 143.7 million. Total revenue in the third quarter of 2019 and 2018 was EUR 287.8 million and EUR 283.6 million, respectively.

Revenue from route operations (core business) decreased by EUR 136.2 million to EUR 132.2 million. The passenger operations and segment results on all routes were significantly affected by the continuing Covid-19 situation and imposed travel restrictions.

The number of passengers carried on the **Estonia-Finland** routes decreased by 39.3% compared to last year, while the number of transported cargo units increased by 7.4%. Estonia-Finland routes' revenue decreased by EUR 32.0 million to EUR 70.2 million. The segment result decreased by EUR 29.7 million to EUR 3.3 million. The Estonia-Finland routes' results include also the operations of the Tallinn-Turku and the Tallinn-Mariehamn routes.

The number of passengers carried on the **Finland-Sweden** routes decreased by 61.0% and the number of transported cargo units decreased by 10.4%. The route's revenue decreased by EUR 52.1 million to EUR 54.3 million and the segment result decreased by EUR 30.7 million to EUR -10.1 million. The Finland-Sweden routes' results include also the operations of the Helsinki-Riga route and the special cruises from Stockholm to Visby and to Hårnösand.

On the **Estonia-Sweden** routes the number of passengers carried decreased by 95.7%, while the number of transported cargo units decreased only by 6.8%. The segment revenue decreased by EUR 31.0 million to EUR 5.0 million and the segment result decreased by EUR 10.6 million to EUR -3.5 million. The Estonia-Sweden routes' results reflect the operations of the Paldiski-Kapellskär route and the limited operations of the Tallinn-Stockholm route in September.

There were no daily operations on the **Latvia-Sweden** route during the quarter. The number of transported passengers and cargo units decreased by 90.0% and 84.7%, respectively, reflecting limited operations on the route. The route's revenue decreased by EUR 21.1 million compared to last year and amounted to EUR 2.7 million. The segment result decreased by EUR 8.8 million to EUR -3.5 million. The Latvia-Sweden route's results include the limited operations of the Riga-Stockholm route as well as the special cruises from Riga to Helsinki and to Mariehamn operated by the cruise ferry Romantika.

Revenue from the segment **other** decreased by a total of EUR 9.9 million and amounted to EUR 12.6 million. The decrease was mainly driven by significantly lower accommodation sales and lower revenue from services provided at the hotels. The segment revenue was positively impacted by an increase in online shop sales, opening of Burger King restaurants and revenue from providing mooring services at the Tallinn Old City Harbour.

## Earnings

In the third quarter of 2020, the Group's gross profit decreased by EUR 89.7 million compared to the same period last year, amounting to EUR -3.0 million. EBITDA decreased by EUR 77.5 million and amounted to EUR 5.7 million.

The Group's third quarter financial result was impacted by the following factors:

- Significant decrease in operating expenses.
- Negative impact from one-off costs related to redundancies process in the amount of EUR 3.1 million.
- Positive impact from support measures, including the temporary salary compensation measure in Sweden and exemption from ships' fairway dues in Estonia.

Amortisation and depreciation expense increased by EUR 1.6 million to EUR 25.4 million compared to last year. Net finance costs decreased by EUR 0.6 million compared to the third quarter last year.

The Group's unaudited net loss for the third quarter of 2020 was EUR 23.9 million or EUR 0.036 per share compared to a net profit of EUR 54.6 million or EUR 0.082 per share in 2019 and net profit of EUR 46.1 million or EUR 0.069 per share in 2018.

## Results of the first 9 months of 2020

In the first 9 months (1 January – 30 September) of the 2020 financial year the Group carried 3.3 million passengers, which is 56.3% less compared to the same period last year. The Group's unaudited revenue for the period decreased by 49.7% and amounted to EUR 363.6 million. Unaudited EBITDA for the 9 months was EUR 6.9 million (EUR 137.7 million, 9 months 2019) and unaudited net loss was EUR 81.5 million (EUR 44.2 million, 9 months 2019 net profit).

The financial result of the 9 months of 2020 was impacted by following factors:

- Changes in operations of vessels and hotels due to the Covid-19 situation and the travel restrictions.
- Dockings of six ships totalling 79 days (total of 124 docking and service days in the first 9 months of 2019).
- Negative impact from one-off costs related to redundancies process in the amount of EUR 5.1 million.
- Various direct financial support.



## Investments

The Group's investments in the third quarter of 2020 amounted to EUR 53.8 million of which the majority, EUR 49.4 million, related to the construction of the shuttle vessel MyStar.

Investments were also made in the development of the online booking and sales systems as well as other administrative systems and in relation to the opening of Burger King restaurants.



## Dividends

Due to a deteriorated operating environment and considering the Company's long-term interests, the shareholders' annual general meeting decided not to pay dividends from net profit for 2019.

## Financial position

In the third quarter, the Group's net debt increased by EUR 46.7 million to EUR 640.5 million and the net debt to EBITDA ratio was 15.9 at the reporting date.

At the end of the third quarter, total liquidity buffer (cash, cash equivalents and unused overdraft facilities) amounted to EUR 115.0 million (EUR 108.1 million at 30 September 2019).

At 30 September 2020, the Group's cash and cash equivalents amounted to EUR 30.7 million (EUR 38.2 million at 30 September 2019) and the Group had EUR 84.3 million in unused overdraft facilities (EUR 69.8 million at 30 September 2019).

## Key figures

<b>For the period</b>	<b>Q3 2020</b>	<b>Q3 2019</b>	<b>Change %</b>
Revenue (million euros)	143.7	287.8	-50.0%
Gross loss/profit (million euros)	-3.0	86.7	-103.5%
EBITDA <sup>1</sup> (million euros)	5.7	83.2	-93.2%
EBIT <sup>1</sup> (million euros)	-19.7	59.4	-133.1%
Net loss/profit for the period (million euros)	-23.9	54.6	-143.7%
Depreciation and amortisation (million euros)	25.4	23.8	6.6%
Capital expenditures <sup>1 2</sup> (million euros)	53.8	7.1	653.7%
Weighted average number of ordinary shares outstanding	669 882 040	669 882 040	0.0%
Earnings per share <sup>1</sup>	-0.036	0.082	-143.7%
Number of passengers	1 314 301	2 974 790	-55.8%
Number of cargo units	91 578	93 329	-1.9%
Average number of employees	6 031	7 425	-18.8%
<b>As at</b>	<b>30/09/2020</b>	<b>30/06/2020</b>	<b>Change %</b>
Total assets (million euros)	1 542.9	1 505.9	2.5%
Total liabilities (million euros)	801.4	740.5	8.2%
Interest-bearing liabilities (million euros)	671.2	615.7	9.0%
Net debt <sup>1</sup> (million euros)	640.5	593.8	7.9%
Net debt to EBITDA <sup>1</sup>	15.9	5.0	215.3%
Total equity (million euros)	741.5	765.3	-3.1%
Equity ratio <sup>1</sup> (%)	48%	51%	
Number of ordinary shares outstanding	669 882 040	669 882 040	0.0%
Equity per share <sup>1</sup>	1.11	1.14	-3.1%
<b>Ratios<sup>1</sup></b>	<b>Q3 2020</b>	<b>Q3 2019</b>	
Gross margin (%)	-2.1%	30.1%	
EBITDA margin (%)	4.0%	28.9%	
EBIT margin (%)	-13.7%	20.6%	
Net loss/profit margin (%)	-16.6%	19.0%	
ROA (%)	-3.9%	4.5%	
ROE (%)	-9.6%	5.1%	
ROCE (%)	-4.6%	5.4%	

<sup>1</sup> Alternative performance measures based on ESMA guidelines are disclosed in the Alternative Performance Measures section of this Interim Report.

<sup>2</sup> Does not include additions to right-of-use assets.

## Sales & results by segments

The following tables provide an overview of the quarterly sales and result development by geographical segments.

		Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q3 Change
Estonia - Finland	Passengers (thousands)	1 534	1 200	848	323	932	-39.3%
	Cargo units (thousands)	60	58	65	60	64	7.4%
	Revenue (million euros)	102.2	86.5	59.2	33.6	70.2	-31.3%
	Segment result <sup>1</sup> (million euros)	33.0	18.9	3.3	-2.4	3.3	-89.9%
Finland - Sweden	Passengers (thousands)	882	676	470	54	344	-61.0%
	Cargo units (thousands)	19	20	21	18	17	-10.4%
	Revenue (million euros)	106.4	80.5	57.2	16.2	54.3	-49.0%
	Segment result <sup>1</sup> (million euros)	20.6	2.0	-8.2	-18.4	-10.1	-149.1%
Estonia - Sweden	Passengers (thousands)	302	224	141	8	13	-95.7%
	Cargo units (thousands)	11	11	11	9	10	-6.8%
	Revenue (million euros)	36.0	26.4	17.2	5.2	5.0	-86.2%
	Segment result <sup>1</sup> (million euros)	7.1	-0.1	-4.7	-4.9	-3.5	-149.2%
Latvia - Sweden	Passengers (thousands)	257	181	109	3	26	-90.0%
	Cargo units (thousands)	4	4	3	0	1	-84.7%
	Revenue (million euros)	23.8	16.1	10.1	1.3	2.7	-88.6%
	Segment result <sup>1</sup> (million euros)	5.3	-0.9	-5.3	-4.2	-3.5	-167.1%
Other	Revenue (million euros)	22.4	18.5	12.5	8.7	12.6	-44.0%
	Segment result <sup>1</sup> (million euros)	5.6	2.8	0.8	0.6	1.5	-73.3%
	Intersegment revenue (million euros)	-3.0	-1.6	-1.3	-0.1	-1.0	66.4%
	Total revenue (million euros)	287.8	226.4	154.9	65.0	143.7	-50.0%
	EBITDA (million euros)	83.2	33.4	-1.3	2.4	5.7	-93.2%
	Total segment result <sup>1</sup> (million euros)	71.6	22.7	-14.1	-29.2	-12.3	-117.2%
	Net profit/loss	54.6	5.5	-30.2	-27.4	-23.9	-143.7%

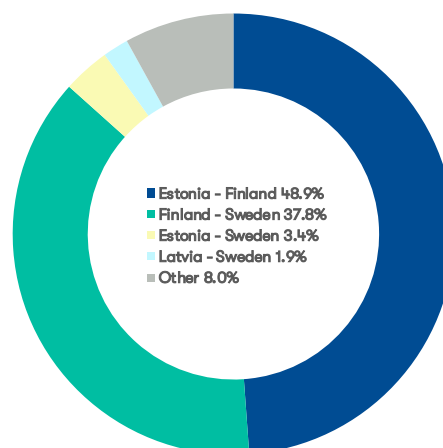
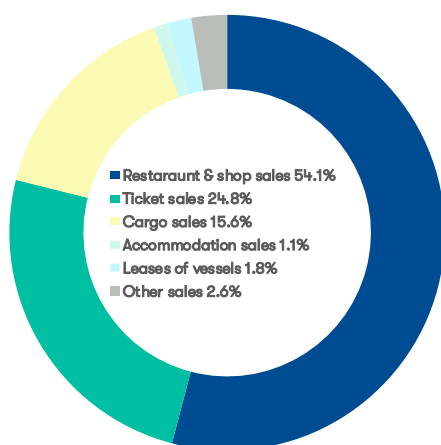
<sup>1</sup> Segment result is the result before administrative expenses, finance costs and taxes.



The following tables provide an overview of the quarterly sales development by operating segments:

Revenue (million euros)	Q3 2019	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q3 Change
Restaurant and shop sales on-board and onshore	157.4	133.8	86.9	26.2	77.7	-50.6%
Ticket sales	86.3	51.0	31.6	12.9	35.7	-58.6%
Sales of cargo transportation	28.7	29.1	28.1	22.4	22.5	-21.5%
Accommodation sales	5.7	3.2	2.1	0.2	1.5	-73.2%
Income from charter of vessels	2.0	2.3	2.5	2.5	2.5	25.0%
Other sales	7.8	7.0	3.7	0.7	3.8	-51.1%
<b>Total revenue</b>	<b>287.8</b>	<b>226.4</b>	<b>154.9</b>	<b>65.0</b>	<b>143.7</b>	<b>-50.0%</b>

The following charts provide an overview of the Group's third quarter sales by operational and geographical segments.



## Market developments

The following table provides an overview of the passengers, cargo units and passenger vehicles transported during the third quarter of 2020 and 2019.

<b>Passengers</b>	<b>Q3 2020</b>	<b>Q3 2019</b>	<b>Change</b>	<b>Jan-Sep 2020</b>	<b>Jan-Sep 2019</b>	<b>Change</b>
Estonia - Finland	931 507	1 533 573	-39.3%	2 101 915	3 915 663	-46.3%
Finland - Sweden	344 004	881 948	-61.0%	867 595	2 218 844	-60.9%
Estonia - Sweden	13 040	302 147	-95.7%	161 921	729 070	-77.8%
Latvia - Sweden	25 750	257 122	-90.0%	137 812	618 828	-77.7%
<b>Total</b>	<b>1 314 301</b>	<b>2 974 790</b>	<b>-55.8%</b>	<b>3 269 243</b>	<b>7 482 405</b>	<b>-56.3%</b>

<b>Cargo units</b>	<b>Q3 2020</b>	<b>Q3 2019</b>	<b>Change</b>	<b>Jan-Sep 2020</b>	<b>Jan-Sep 2019</b>	<b>Change</b>
Estonia - Finland	64 387	59 958	7.4%	188 706	183 719	2.7%
Finland - Sweden	16 745	18 679	-10.4%	55 416	58 154	-4.7%
Estonia - Sweden	9 809	10 527	-6.8%	29 518	31 687	-6.8%
Latvia - Sweden	637	4 165	-84.7%	4 310	12 429	-65.3%
<b>Total</b>	<b>91 578</b>	<b>93 329</b>	<b>-1.9%</b>	<b>277 950</b>	<b>285 989</b>	<b>-2.8%</b>

<b>Passenger vehicles</b>	<b>Q3 2020</b>	<b>Q3 2019</b>	<b>Change</b>	<b>Jan-Sep 2020</b>	<b>Jan-Sep 2019</b>	<b>Change</b>
Estonia - Finland	233 640	243 276	-4.0%	479 559	638 272	-24.9%
Finland - Sweden	38 092	68 249	-44.2%	65 029	130 780	-50.3%
Estonia - Sweden	966	22 564	-95.7%	10 025	49 832	-79.9%
Latvia - Sweden	3 037	19 636	-84.5%	13 893	48 405	-71.3%
<b>Total</b>	<b>275 735</b>	<b>353 725</b>	<b>-22.0%</b>	<b>568 506</b>	<b>867 289</b>	<b>-34.5%</b>

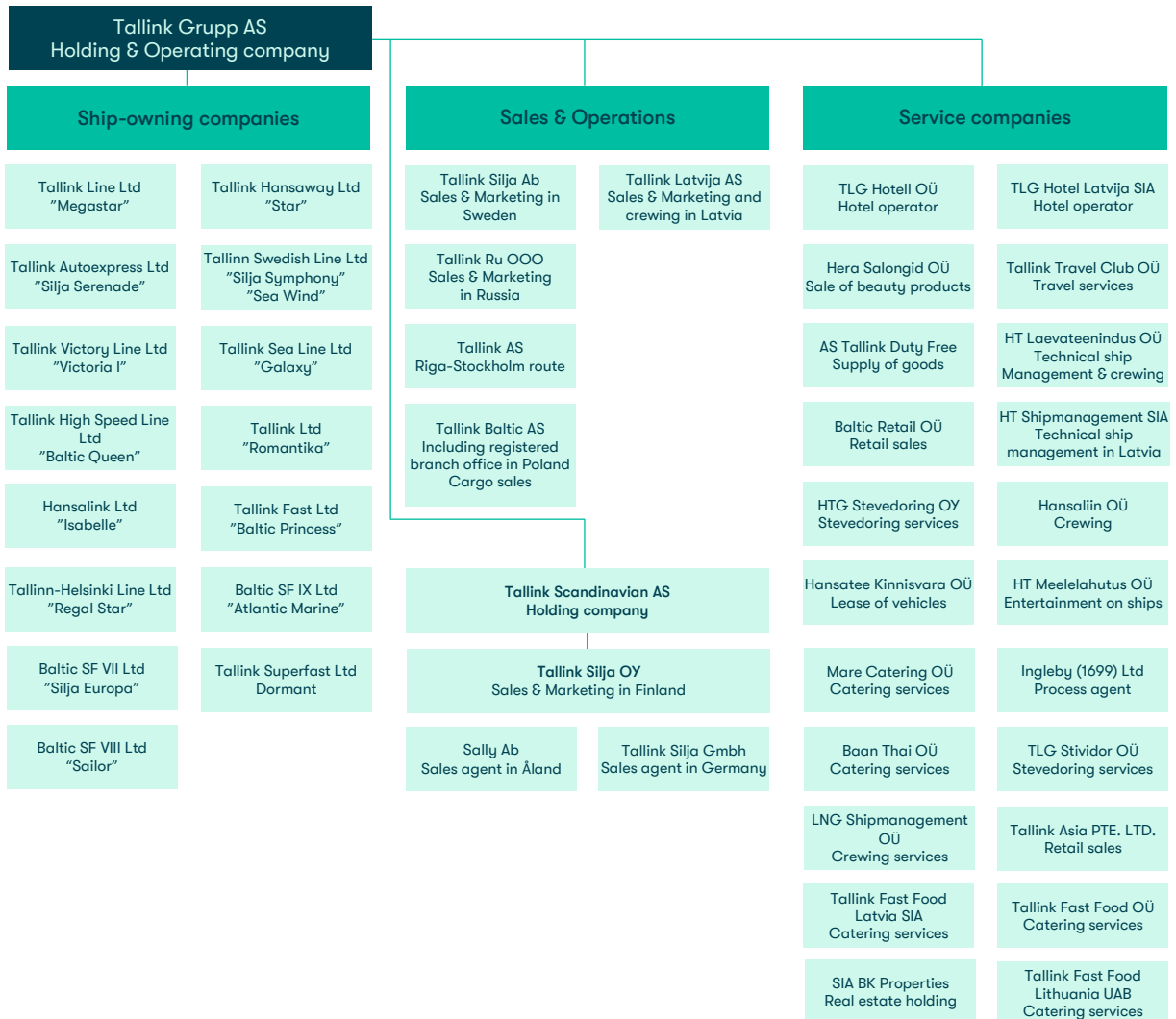
The Group's market shares on the routes operated during the 12-month period ended 30 September 2020 were as follows:

- the Group carried approximately 58% of the passengers and 60% of the ro-ro cargo on the route between Tallinn and Helsinki;
- the Group carried approximately 55% of the passengers and 28% of the ro-ro cargo on the routes between Finland and Sweden;
- the Group was the only provider of daily passenger transportation between Estonia and Sweden\*;
- the Group was the only provider of daily passenger and ro-ro cargo transportation between Riga and Stockholm\*.

\* Daily operations suspended since mid-March 2020.

## Group structure

At the reporting date, the Group consisted of 47 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.



## Personnel

As at 30 September 2020, the Group had 5 726 employees (7 146 at 30 September 2019). The following table provides a more detailed overview of the Group's personnel.

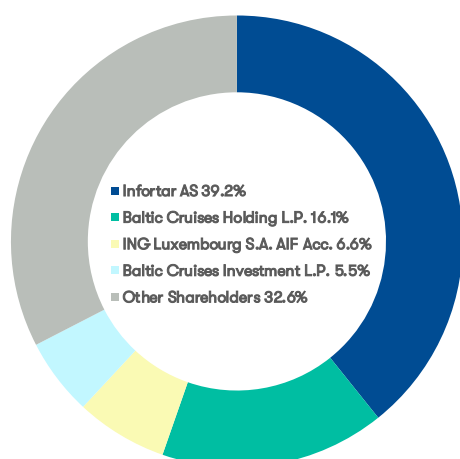
	Average of Q3			Average of Jan-Sep			End of Q3		
	2020	2019	Change	2020	2019	Change	2020	2019	Change
Onshore total	1 603	1 655	-3.1%	1 596	1 657	-3.7%	1 581	1 613	-2.0%
Estonia <sup>1</sup>	992	974	1.8%	982	972	1.0%	977	968	0.9%
Finland	407	448	-9.2%	414	447	-7.4%	405	416	-2.6%
Sweden	126	146	-13.7%	118	152	-22.4%	121	143	-15.4%
Latvia	60	70	-14.3%	63	68	-7.4%	60	69	-13.0%
Russia	12	11	9.1%	13	12	8.3%	12	11	9.1%
Germany	6	6	0.0%	6	6	0.0%	6	6	0.0%
Onboard	4 093	5 239	-21.9%	4 543	5 120	-11.3%	3 840	5 032	-23.7%
Hotel <sup>2</sup>	335	531	-36.9%	404	519	-22.2%	305	501	-39.1%
Total	6 031	7 425	-18.8%	6 543	7 296	-10.3%	5 726	7 146	-19.9%

<sup>1</sup> 2020 onshore Estonia personnel numbers include employees of Burger King restaurants, 127 as at the end of the third quarter of 2020.

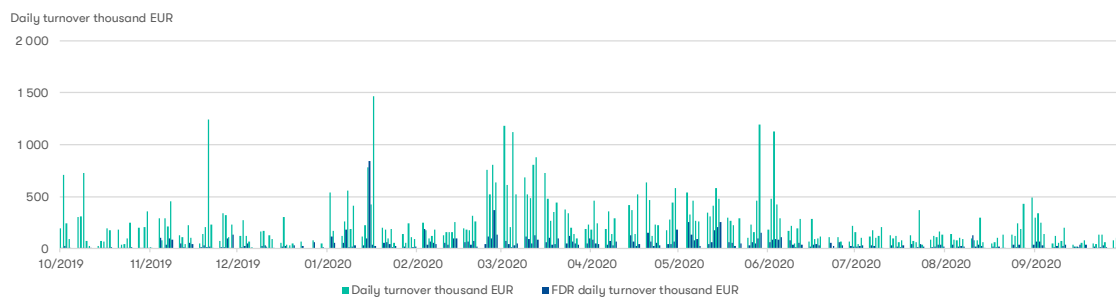
<sup>2</sup> The number of hotel personnel is not included in the total number of onshore personnel.

## Shareholders & share price development

As at 30 September 2020 Tallink Grupp AS had combined 21 667 shareholders and holders of Finnish Depository Receipts. The following chart displays the shareholder structure of Tallink Grupp AS as at 30 September 2020.



The shares of Tallink Grupp AS have been listed on the Nasdaq Tallinn stock exchange since 9 December 2005, where the shares are traded under the ticker symbol TAL1T. Starting from 3 December 2018, the shares of Tallink Grupp AS are listed as Finnish Depository Receipts (FDRs) also on Nasdaq Helsinki stock exchange, where the FDRs are traded under the ticker symbol TALLINK. At the reporting date the closing share price on Nasdaq Baltic was EUR 0.63 and the closing price of the FDR on Nasdaq Helsinki was EUR 0.64. The following charts give an overview of the share and FDR price and turnover developments in the past twelve months.



## Key Management Personnel

### Supervisory Board

The Supervisory Board of Tallink Grupp AS consists of seven members and includes:

- Mr Enn Pant, Chairman
- Mr Toivo Ninnas
- Ms Eve Pant
- Mr Ain Hanschmidt
- Mr Colin Douglas Clark
- Mr Kalev Järvelill
- Mr Raino Paron

### Management Board

The Management Board of Tallink Grupp AS operates with five members and includes:

- Mr Paavo Nõgene, Chairman
- Mr Lembit Kitter
- Mrs Kadri Land
- Mr Harri Hanschmidt
- Mrs Piret Mürk-Dubout

## Economic Environment

The Group considers Finland, Sweden, Estonia and Latvia its home markets with the most exposure to the economic developments in Finland. The Group has also high exposure to the economic developments in Estonia and Sweden.

In the third quarter of 2020, the Group's economic environment was dominated by the Covid-19 situation and the restrictions as well as discouraging communication related to travelling by the governments. By the beginning of the quarter, the Covid-19 situation had improved and the majority of the restrictions had been lifted on all our other home markets, except for Sweden. The passenger operations were again hampered by new restrictions imposed in mid-September.

While more flexible regulations have allowed for employees in Sweden and Finland to be on temporary lay-offs, extensive redundancy processes have been carried out in the Group's Estonian and Latvian subsidiaries, similarly to many other firms. Such differences on the markets reflected also in the consumer confidence during the quarter, which according to the OECD data, recovered decently in Sweden and Finland while remaining continuously on a low level, both in Estonia and in Latvia.

For the Group, the slight recovery in consumer confidence in Sweden and Finland materialised in high demand for special cruises operated during the summer. However, the overall demand in passenger traffic remained low mainly due to hindrances in travelling. The international travel restrictions and reduced air traffic also effectively meant the absence of demand from the customers from outside our home markets and the state-level travelling and border-crossing restrictions effectively allowed to offer only international cargo operations to and from Sweden.

In the third quarter, the cargo market fared better relative to the passenger business, supported by the recovered business confidence on most home markets, except for Finland. However, the changed operating schedule and tight competition in pricing resulted in a decline both in the number of cargo units and in the average revenue per unit.

Measured in euros the global fuel prices declined, on average, by 40% in the third quarter of 2020 compared to last year. The Group's overall fuel cost declined by 36% compared to the same period last year. In addition to the decrease in the fuel market price, the cost was affected by the changes



in the operating schedule as well as an existing fuel price agreement with the price fixed above the market level.

For the foreseeable future, the key risk has to do with global and regional developments with the Covid-19 situation and related restrictions on travel and other economic activities, its economic damage and its impact on local and international trade.

## Events in Q3

### Prepayment for the new shuttle vessel MyStar

Prepayment instalments for the new shuttle vessel MyStar in the total amount of EUR 37.1 million were made in the third quarter of 2020.

### Dividends

On 30 July 2020, the shareholders' general meeting decided not to pay dividend from net profit for 2019.

### Increase of overdraft limit

In the third quarter, the Group extended its existing overdraft facility with SEB Pank AS by EUR 20.0 million. The increase of the overdraft facilities helps to improve the Group's liquidity.

### Extensive reorganisation

In September 2020, the Group commenced further collective redundancies processes in different Group subsidiaries. The collective redundancies processes were initiated in Estonia and in Latvia.

### Renovation of Tallink City Hotel

Tallink City Hotel in Tallinn is undergoing a full-scale renovation from September 2020. The renovation works are estimated to be finalised by the end of May 2021 and the hotel reopened in June next year.

### Opening of Burger King restaurants

The Group continued preparations for opening Burger King restaurants. During the quarter one restaurant was opened in Tartu. The Group has secured the locations of its first Burger King restaurants in Latvia and Lithuania, to be opened in the fourth quarter of 2020.

## Events after the reporting period and outlook

### Prepayment for the new shuttle vessel MyStar

The last prepayment instalment for the new shuttle vessel MyStar in the total amount of EUR 12.4 million will be made in the fourth quarter of 2020.

### Cooperation negotiations with trade unions

In October 2020, the Group's Finnish and Swedish subsidiaries initiated cooperation negotiations with the employee representatives which may lead to changes in the organisational structure, redundancies, reduction in working hours and temporary lay-offs.

### Suspended operations of Tallink Hotel Riga

The operations of Tallink Hotel Riga were suspended from 18 October 2020. The hotel will be closed until spring 2021 unless the operating environment does not improve sooner.

### 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). In the opinion of the Management Board the Group will not earn profits in 2020 financial year.

Due to the ongoing Covid-19 situation the earnings outlook has become uncertain and continues to be largely subject to external factors such as the states' decisions regarding the timing of lifting of the travel restrictions, allowing passenger traffic as well as the duration of the recovery period.

### Research and development projects

Tallink Grupp AS does not have any substantial ongoing research and development projects. The Group is continuously seeking opportunities for expanding 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 project, in collaboration with ports in the Baltic Sea area and supported by the Connecting Europe Facility (CEF) fund, involves making preparations for the use of high-voltage shore connection during the vessels' port stays. Another ongoing collaboration project with Tallinn University of Technology (TalTech) involves the development of smart car deck solutions.

In addition, the Group is participating in a programme, funded by the European Space Agency, with a goal to develop techniques for autonomous navigation for ships, using a combination of different sensors, machine learning and artificial intelligence.

### 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.

- Covid-19 situation and developments
- Governmental restrictions on business activities
- Accidents, disasters
- Macroeconomic 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

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We confirm that to the best of our knowledge, the management report of Tallink Grupp AS for the third quarter of 2020 presents a true and fair view of the Group's development, results and financial position and includes an overview of the main risks and uncertainties.



**Paavo Nõgene**  
Chairman of the Management Board



**Lembit Kitter**  
Member 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



Tallinn, 5 November 2020



# UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## Consolidated statement of profit or loss and other comprehensive income

Unaudited, in thousands of EUR	Q3 2020	Q3 2019	Jan-Sep 2020	Jan-Sep 2019
Revenue (Note 3)	143 747	287 771	363 639	722 744
Cost of sales	-146 771	-201 089	-388 730	-564 929
Gross loss/profit	-3 024	86 682	-25 091	157 815
Sales and marketing expenses	-9 260	-15 108	-30 528	-51 362
Administrative expenses	-12 061	-12 897	-35 090	-42 408
Other operating income	4 695	713	22 365	1 876
Other operating expenses	-14	2	-93	-23
Result from operating activities	-19 664	59 392	-68 437	65 898
Finance income (Note 4)	0	-104	1	991
Finance costs (Note 4)	-4 160	-4 609	-12 860	-14 446
Loss/profit before income tax	-23 824	54 679	-81 296	52 443
Income tax	-64	-70	-161	-8 199
Net loss/profit for the period	-23 888	54 609	-81 457	44 244
Net loss/profit for the period attributable to equity holders of the Parent	-23 888	54 609	-81 457	44 244
Other comprehensive income				
<i>Items that may be reclassified to profit or loss</i>				
Exchange differences on translating foreign operations	46	34	127	456
Other comprehensive income for the period	46	34	127	456
Total comprehensive loss/profit for the period	-23 842	54 643	-81 330	44 700
Total comprehensive loss/profit for the period attributable to equity holders of the Parent	-23 842	54 643	-81 330	44 700
Earnings per share (in EUR, Note 5)	-0.036	0.082	-0.122	0.066

## Consolidated statement of financial position

Unaudited, in thousands of EUR	30.09.2020	30.09.2019	31.12.2019
<b>ASSETS</b>			
Cash and cash equivalents	30 671	38 237	38 877
Trade and other receivables	25 690	48 271	37 606
Prepayments	10 664	12 775	6 805
Prepaid income tax	22	44	67
Inventories	32 506	40 440	37 255
<b>Current assets</b>	<b>99 553</b>	<b>139 767</b>	<b>120 610</b>
Investments in equity-accounted investees	403	407	403
Other financial assets and prepayments	2 228	326	1 619
Deferred income tax assets	18 674	17 934	18 674
Investment property	300	300	300
Property, plant and equipment (Note 6)	1 380 154	1 360 619	1 347 093
Intangible assets (Note 7)	41 620	44 844	44 264
<b>Non-current assets</b>	<b>1 443 379</b>	<b>1 424 430</b>	<b>1 412 353</b>
<b>TOTAL ASSETS</b>	<b>1 542 932</b>	<b>1 564 197</b>	<b>1 532 963</b>
<b>LIABILITIES AND EQUITY</b>			
Interest-bearing loans and borrowings (Note 8)	145 547	94 421	89 198
Trade and other payables	102 923	99 107	98 926
Payables to owners	6	46 876	6
Income tax liability	30	0	0
Deferred income	27 314	35 735	33 314
<b>Current liabilities</b>	<b>275 820</b>	<b>276 139</b>	<b>221 444</b>
Interest-bearing loans and borrowings (Note 8)	525 605	470 400	488 682
<b>Non-current liabilities</b>	<b>525 605</b>	<b>470 400</b>	<b>488 682</b>
<b>Total liabilities</b>	<b>801 425</b>	<b>746 539</b>	<b>710 126</b>
Share capital (Note 9)	314 844	314 844	314 844
Share premium	663	663	663
Reserves	70 685	70 415	69 608
Retained earnings	355 315	431 736	437 722
<b>Equity attributable to equity holders of the Parent</b>	<b>741 507</b>	<b>817 658</b>	<b>822 837</b>
<b>Total equity</b>	<b>741 507</b>	<b>817 658</b>	<b>822 837</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1 542 932</b>	<b>1 564 197</b>	<b>1 532 963</b>

## Consolidated statement of cash flows

Unaudited, in thousands of EUR	Q3 2020	Q3 2019	Jan-Sep 2020	Jan-Sep 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Net loss/profit for the period	-23 888	54 609	-81 457	44 244
Adjustments	29 646	28 455	88 117	93 832
Changes in:				
Receivables and prepayments related to operating activities	-3 422	5 153	7 872	-10 368
Inventories	4 529	-1 114	4 749	-4 699
Liabilities related to operating activities	-6 419	-18 535	-13 964	3 169
Changes in assets and liabilities	-5 312	-14 496	-1 343	-11 898
Cash generated from operating activities	446	68 568	5 317	126 178
Income tax paid	-66	-70	-86	-288
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>380</b>	<b>68 498</b>	<b>5 231</b>	<b>125 890</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of property, plant, equipment and intangible assets (Notes 6, 7)	-41 447	-7 138	-82 861	-50 856
Proceeds from disposals of property, plant, equipment	31	70	78	212
Interest received	0	0	1	1
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>-41 416</b>	<b>-7 068</b>	<b>-82 782</b>	<b>-50 643</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Proceeds from loans received (Note 8)	40 000	0	55 000	0
Repayment of loans received (Note 8)	0	-25 041	-14 667	-56 375
Change in overdraft (Note 8)	18 668	-13 852	50 673	5 157
Payments for settlement of derivatives	0	0	0	-1 029
Payment of lease liabilities (Note 8)	-3 947	-3 800	-8 861	-10 934
Interest paid	-4 479	-5 214	-12 168	-13 648
Payment of transaction costs related to loans	-427	-795	-632	-795
Dividends paid (Note 10)	0	-33 458	0	-33 458
Income tax on dividends paid	0	-8 103	0	-8 103
<b>NET CASH FROM/USED IN FINANCING ACTIVITIES</b>	<b>49 815</b>	<b>-90 263</b>	<b>69 345</b>	<b>-119 185</b>
<b>TOTAL NET CASH FLOW</b>	<b>8 779</b>	<b>-28 833</b>	<b>-8 206</b>	<b>-43 938</b>
Cash and cash equivalents at the beginning of period	21 892	67 070	38 877	82 175
Change in cash and cash equivalents	8 779	-28 833	-8 206	-43 938
Cash and cash equivalents at the end of period	30 671	38 237	30 671	38 237

## Consolidated statement of changes in equity

Unaudited, in thousands of EUR	Share capital	Share premium	Translation reserve	Ships re-valuation reserve	Mandatory legal reserve	Reserve for treasury shares	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	0	437 722	822 837	822 837
Net loss for the period	0	0	0	0	0	0	-81 457	-81 457	-81 457
Other comprehensive income for the period	0	0	127	0	0	0	0	127	127
Total comprehensive loss for the period	0	0	127	0	0	0	-81 457	-81 330	-81 330
Transactions with owners of the Company recognised directly in equity									
Transfer from profit for 2019	0	0	0	0	2 486	0	-2 486	0	0
Transfer from revaluation reserve	0	0	0	-1 536	0	0	1 536	0	0
Transactions with owners of the Company recognised directly in equity	0	0	0	-1 536	2 486	0	-950	0	0
As at 30 September 2020	314 844	663	557	37 969	32 159	0	355 315	741 507	741 507
As at 31 December 2018	361 736	662	269	41 552	27 670	-17	425 044	856 916	856 916
Initial application of IFRS 16	0	0	0	0	0	0	-3 590	-3 590	-3 590
Adjusted balance as at 1 January 2019	361 736	662	269	41 552	27 670	-17	421 454	853 326	853 326
Net profit for the period	0	0	0	0	0	0	44 244	44 244	44 244
Other comprehensive income for the period	0	0	456	0	0	0	0	456	456
Total comprehensive income for the period	0	0	456	0	0	0	44 244	44 700	44 700
Transactions with owners of the Company recognised directly in equity									
Transfer from profit for 2018	0	0	0	0	2 003	0	-2 003	0	0
Transfer from revaluation reserve	0	0	0	-1 535	0	0	1 535	0	0
Dividends	0	0	0	0	0	0	-33 494	-33 494	-33 494
Share-based payment transactions	0	1	0	0	0	17	0	18	18
Reduction of share capital	-46 892	0	0	0	0	0	0	-46 892	-46 892
Transactions with owners of the Company recognised directly in equity	-46 892	1	0	-1 535	2 003	17	-33 962	-80 368	-80 368
As at 30 September 2019	314 844	663	725	40 017	29 673	0	431 736	817 658	817 658

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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## Note 1 Corporate information

The consolidated interim financial statements of Tallink Grupp AS (the “Parent”) and its subsidiaries (together referred to as the “Group”) for the third quarter of 2020 were authorised for issue by the Management Board on 5 November 2020.

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. Starting from 3 December 2018 the shares of Tallink Grupp AS are also listed as Finnish Depository Receipts (FDRs) on the Nasdaq Helsinki Stock Exchange.

The principal activities of the Group are related to marine transportation in the Baltic Sea (passenger and cargo transportation). As at 30 September 2020, the Group employed 5 726 people (7 146 as at 30 September 2019).

## Note 2 Basis of preparation

These interim consolidated financial statements of Tallink Grupp AS have been prepared in a condensed form in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting”.

These interim consolidated financial statements have been prepared using the same accounting policies and measurement bases that were applied in the preparation of the consolidated financial statements of Tallink Grupp AS for the financial year ended on 31 December 2019. The Group prepares its consolidated annual financial statements in accordance with IFRS as adopted by the EU.

### Recognition of deferred income tax on investments in subsidiaries, associates and joint ventures (IAS 12)

In accordance with paragraph 39 of IAS 12, an enterprise recognizes a deferred tax liability for all investments in subsidiaries, associates, joint ventures and branches that give rise to temporary taxable differences, unless: (a) the entity is able to control the timing of the reversal of the temporary difference; and (b) it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is not recognized if the investment meets both criteria (a) and (b) above.

The Group's Management analysed the investments made in the subsidiaries and found that in those subsidiaries where there is a temporary taxable difference in the investment, both exclusion criteria a) and b) are met at the same time and there is no need to recognize deferred income tax.

The interim consolidated financial statements are presented in thousand euros (EUR).



### Note 3 Segment information

The Group's operations are organized and managed separately according to the nature of the different markets. Different routes represent different business segments.

The following tables present the Group's revenue and profit by reportable segments for the reporting and the comparative period.

## Geographical segments – by the location of assets

For the period 1 January - 30 September, in thousands of EUR	Estonia-Finland routes	Estonia-Sweden routes	Latvia-Sweden route	Finland-Sweden routes	Other	Intersegment elimination	Total
<b>2020</b>							
Sales to external customers	163 037	27 368	14 162	127 735	31 337	0	363 639
Intersegment sales	0	0	0	0	2 375	-2 375	0
Revenue	163 037	27 368	14 162	127 735	33 712	-2 375	363 639
Segment result	4 239	-13 104	-13 002	-36 617	2 865	0	-55 619
Unallocated expenses							-12 818
Net financial items (Note 4)							-12 859
Loss before income tax							-81 296

For the period 1 January - 30 September, in thousands of EUR	Estonia-Finland routes	Estonia-Sweden routes	Latvia-Sweden route	Finland-Sweden routes	Other	Intersegment elimination	Total
<b>2019</b>							
Sales to external customers	267 526	85 855	56 401	263 932	49 030	0	722 744
Intersegment sales	0	0	0	0	6 225	-6 225	0
Revenue	267 526	85 855	56 401	263 932	55 255	-6 225	722 744
Segment result	61 487	4 802	1 554	24 791	13 819	0	106 453
Unallocated expenses							-40 555
Net financial items (Note 4)							-13 455
Profit before income tax							52 443

## Revenue by service

In thousands of EUR	Q3 2020	Q3 2019	Jan-Sep 2020	Jan-Sep 2019
Restaurant and shop sales on-board and onshore	77 738	157 365	190 913	402 785
Ticket sales	35 675	86 266	80 170	189 702
Sales of cargo transport	22 484	28 659	73 022	89 997
Sales of accommodation	1 522	5 687	3 777	12 850
Income from charter of vessels	2 530	2 024	7 530	6 006
Other	3 798	7 770	8 227	21 404
<b>Total revenue of the Group</b>	<b>143 747</b>	<b>287 771</b>	<b>363 639</b>	<b>722 744</b>

## Note 4 Financial items

In thousands of EUR	Q3 2020	Q3 2019	Jan-Sep 2020	Jan-Sep 2019
Net foreign exchange gain	0	-104	0	72
Income on interest rate swaps	0	0	0	918
Income from other financial assets	0	0	1	1
<b>Total finance income</b>	<b>0</b>	<b>-104</b>	<b>1</b>	<b>991</b>
Net foreign exchange loss	55	0	-231	0
Interest expense on financial liabilities measured at amortised cost	-3 647	-4 011	-10 903	-11 662
Expenses on interest rate swaps	0	0	0	-1 029
Interest expense on right-of-use asset lease liabilities	-568	-598	-1 726	-1 755
<b>Total finance costs</b>	<b>-4 160</b>	<b>-4 609</b>	<b>-12 860</b>	<b>-14 446</b>
<b>Net finance costs</b>	<b>-4 160</b>	<b>-4 713</b>	<b>-12 859</b>	<b>-13 455</b>

## Note 5 Earnings per share

Earnings per share (EPS) are calculated by dividing the net profit/loss for the period attributable to ordinary shareholders of the Parent by the weighted average number of ordinary shares outstanding during the period.

At the end of the period, in thousands	Q3 2020	Q3 2019	Jan-Sep 2020	Jan-Sep 2019
Shares issued	669 882	669 882	669 882	669 882
Shares outstanding	669 882	669 882	669 882	669 882
For the period, in thousands of EUR	Q3 2020	Q3 2019	Jan-Sep 2020	Jan-Sep 2019
Weighted average number of ordinary shares outstanding (in thousands)	669 882	669 882	669 882	669 881
Net loss/profit attributable to equity holders of the Parent	-23 888	54 609	-81 457	44 244
<b>Earnings per share</b>	<b>-0.036</b>	<b>0.082</b>	<b>-0.122</b>	<b>0.066</b>

## Note 6 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 2019	1 870	1 173 534	56 985	97 723	16 981	1 347 093
Additions	13	8 500	3 009	10 828	80 872	103 222
Reclassification	0	9 445	8 503	0	-17 948	0
Disposals	0	0	-79	-331	0	-410
Depreciation for the period	-318	-45 092	-12 187	-12 154	0	-69 751
Book value as at 30 September 2020	1 565	1 146 387	56 231	96 066	79 905	1 380 154
As at 30 September 2020						
Gross carrying amount	8 277	1 664 314	110 348	122 860	79 905	1 985 704
Accumulated depreciation	-6 712	-517 927	-54 117	-26 794	0	-605 550
Book value as at 31 December 2018	2 324	1 215 295	43 658	0	6 651	1 267 928
Initial application of IFRS 16	0	0	0	100 770	0	100 770
Adjusted book value as at 1 January 2019	2 324	1 215 295	43 658	100 770	6 651	1 368 698
Additions	0	0	10 142	11 911	37 080	59 133
Reclassification	0	16 948	10 565	0	-27 513	0
Disposals	0	0	-191	-204	0	-395
Depreciation for the period	-390	-45 138	-10 170	-11 119	0	-66 817
Book value as at 30 September 2019	1 934	1 187 105	54 004	101 358	16 218	1 360 619
As at 30 September 2019						
Gross carrying amount	8 226	1 646 815	94 863	112 414	16 218	1 878 536
Accumulated depreciation	-6 292	-459 710	-40 859	-11 056	0	-517 917

## Right-of-use assets

In thousands of EUR	Buildings and premises	Plant and equipment	Total right-of-use assets
Book value as at 31 December 2019	97 142	581	97 723
Additions	10 121	707	10 828
Disposals	-90	-241	-331
Depreciation for the period	-11 844	-310	-12 154
Book value as at 30 September 2020	95 329	737	96 066
As at 30 September 2020			
Gross carrying amount	121 574	1 286	122 860
Accumulated depreciation	-26 245	-549	-26 794
Book value as at 31 December 2018			
	0	0	0
Initial application of IFRS 16	99 701	1 069	100 770
Adjusted book value as at 1 January 2019	99 701	1 069	100 770
Additions	11 867	44	11 911
Disposals	-204	0	-204
Depreciation for the period	-10 725	-394	-11 119
Book value as at 30 September 2019	100 639	719	101 358
As at 30 September 2019			
Gross carrying amount	111 325	1 089	112 414
Accumulated depreciation	-10 686	-370	-11 056

## Note 7 Intangible assets

In thousands of EUR	Goodwill	Trademark	Other	Assets under construction	Total
Book value as at 31 December 2019	11 066	18 922	13 055	1 221	44 264
Additions	0	0	348	2 548	2 896
Reclassification	0	0	930	-930	0
Amortisation for the period	0	-2 187	-3 353	0	-5 540
Book value as at 30 September 2020	11 066	16 735	10 980	2 839	41 620
As at 30 September 2020					
Cost	11 066	58 288	37 895	2 839	110 088
Accumulated amortisation	0	-41 553	-26 915	0	-68 468
Book value as at 31 December 2018					
	11 066	21 838	12 000	1 260	46 164
Additions	0	0	497	3 154	3 651
Reclassification	0	0	1 371	-1 371	0
Amortisation for the period	0	-2 187	-2 784	0	-4 971
Book value as at 30 September 2019	11 066	19 651	11 084	3 043	44 844
As at 30 September 2019					
Cost	11 066	58 288	33 856	3 043	106 253
Accumulated amortisation	0	-38 637	-22 772	0	-61 409



## Note 8 Interest-bearing loans and borrowings

In thousands of EUR	31/12/2019	Addition	Repayments	Exchange differences	Other changes <sup>1</sup>	30/09/2020
Lease liabilities	304	79	-69	-3	-42	269
Right-of-use assets lease liabilities	101 577	10 828	-8 792	-30	-347	103 236
Overdrafts	0	50 673	0	0	0	50 673
Long-term bank loans	475 999	55 000	-14 667	0	642	516 974
<b>Total borrowings</b>	<b>577 880</b>	<b>116 580</b>	<b>-23 528</b>	<b>-33</b>	<b>253</b>	<b>671 152</b>
Current portion	89 198					145 547
Non-current portion	488 682					525 605
<b>Total borrowings</b>	<b>577 880</b>					<b>671 152</b>

In thousands of EUR	31/12/2018	Addition	Repayments	Exchange differences	Other changes <sup>1</sup>	30/09/2019
Lease liabilities	428	17	-78	-15	-31	321
Right-of-use assets lease liabilities	0	116 282	-10 856	-82	-224	105 120
Overdrafts	0	5 157	0	0	0	5 157
Long-term bank loans	509 707	0	-56 375	0	891	454 223
<b>Total borrowings</b>	<b>510 135</b>	<b>121 456</b>	<b>-67 309</b>	<b>-97</b>	<b>636</b>	<b>564 821</b>
Current portion	78 658					94 421
Non-current portion	431 477					470 400
<b>Total borrowings</b>	<b>510 135</b>					<b>564 821</b>

<sup>1</sup> Capitalisation and amortisation of transaction costs and the termination of lease agreements.

Bank overdrafts are secured with commercial pledges (in the total amount of EUR 20 204 thousand) and ship mortgages. Tallink Grupp AS has given guarantees to Nordea Bank Plc and Danske Bank A/S for loans of EUR 154 866 thousand granted to its ship-owning subsidiaries. Ship-owning subsidiaries have given guarantees to Nordea Bank Finland Plc, Swedbank AS and SA KredEx for loans of EUR 362 108 thousand granted to Tallink Grupp AS. The primary securities for these loans are pledges of the shares in the ship-owning subsidiaries and mortgages on the ships belonging to the aforementioned subsidiaries.

EUR 40 000 thousand has been drawn from the 100 000 thousand working capital loan limit signed between Tallink Grupp AS and SA KredEx.

## Note 9 Share capital

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.

Tallink Grupp AS has 669 882 040 registered shares without nominal value and the notional value of each share is EUR 0.47.

## Note 10 Dividends

In October 2018, the Management Board of Tallink Grupp AS decided to supplement the Company's dividend policy, according to which if the economic performance enables it, dividends would be paid in the minimum amount of EUR 0.05 per share.

Due to a deteriorated operating environment and considering the Company's long-term interests, on 30 July 2020, the shareholders' general meeting decided not to pay dividend from net profit for 2019.

## Note 11 Related party disclosures

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

For the period ended 30 September 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	520	16 910	70	5 542
Associated companies	4	118	0	10
<b>Total</b>	<b>524</b>	<b>17 028</b>	<b>70</b>	<b>5 552</b>

For the period ended 30 September 2019, 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	728	17 902	234	2 390
Associated companies	1	127	0	9
<b>Total</b>	<b>729</b>	<b>18 029</b>	<b>234</b>	<b>2 399</b>

## STATEMENT BY THE MANAGEMENT BOARD

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Hereby we acknowledge our responsibility for the Tallink Grupp AS Unaudited Condensed Consolidated Interim Financial Statements for the third quarter 2020 and confirm that these financial statements have been prepared in accordance with IAS 34 and give a true and fair view of the Group's financial position, financial performance and cash flows.

Based on today's knowledge and giving also consideration to the successfully concluded negotiations regarding financing the Management Board is of opinion that Tallink Grupp AS and its subsidiaries are able to continue as going concerns for a period of at least one year after the date of approval of these interim financial statements.



**Paavo Nõgene**  
Chairman of the Management Board



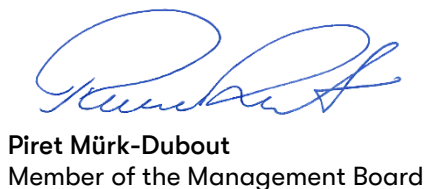
**Lembit Kitter**  
Member of the Management Board



**Kadri Land**  
Member of the Management Board



**Harri Hanschmidt**  
Member of the Management Board



**Piret Mürk-Dubout**  
Member of the Management Board



Tallinn, 5 November 2020

## ALTERNATIVE PERFORMANCE MEASURES

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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 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 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 of equity-accounted investees, taxes, depreciation and amortization

**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 / 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 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

## Reconciliations of certain alternative performance measures

In thousands of EUR	Q3 2020	Q3 2019
Depreciation	23 534	22 060
Amortisation	1 823	1 728
Depreciation and amortisation	25 357	23 788
Result from operating activities	-19 664	59 392
Depreciation and amortisation	25 357	23 788
EBITDA	5 693	83 180
EBITDA	5 693	83 180
IFRS 16 adoption effect	-4 699	-4 466
EBITDA adjusted	994	78 714
Additions to property, plant and equipment	53 252	6 206
Additions to intangible assets	545	932
Capital expenditures	53 797	7 138
Net loss/profit for the period	-23 888	54 609
Weighted average number of shares outstanding	669 882 040	669 882 040
Earnings per share (EUR)	-0.036	0.082
Lease liabilities	269	321
Lease liabilities related to right-of-use assets	103 236	105 120
Overdraft	50 673	5 157
Long-term bank loans	516 974	454 223
Interest-bearing liabilities	671 152	564 821
Gross loss/profit	-3 024	86 682
Net sales	143 747	287 771
Gross margin	-2.1%	30.1%
EBITDA	5 693	83 180
Net sales	143 747	287 771
EBITDA margin	4.0%	28.9%
EBITDA adjusted	994	78 714
Net sales	143 747	287 771
EBITDA margin adjusted	0.7%	27.4%
EBIT	-19 664	59 392
Net sales	143 747	287 771
EBIT margin	-13.7%	20.6%
Net loss/profit	-23 888	54 609
Net sales	143 747	287 771
Net loss/profit margin	-16.6%	19.0%
Result from operating activities 12-months trailing	-59 467	69 569
Total assets 30 September (previous year)	1 564 197	1 534 787
Total assets 31 December	1 532 963	1 500 904
Total assets 31 March	1 517 773	1 572 259
Total assets 30 June	1 505 876	1 609 873
Total assets 30 September	1 542 932	1 564 197
Average assets	1 532 748	1 556 404
ROA	-3.9%	4.5%



In thousands of EUR	Q3 2020	Q3 2019
Net loss/profit 12-months trailing	-75 983	42 484
Total equity 30 September (previous year)	817 658	858 705
Total equity 31 December	822 837	856 916
Total equity 31 March	793 224	828 255
Total equity 30 June	765 349	809 907
Total equity 30 September	741 507	817 658
Average equity	788 115	834 288
ROE	-9.6%	5.1%
Result from operating activities 12-months trailing	-59 467	69 569
Total assets 30 September (previous year)	1 564 197	1 534 787
Total assets 31 December	1 532 963	1 500 904
Total assets 31 March	1 517 773	1 572 259
Total assets 30 June	1 505 876	1 609 873
Total assets 30 September	1 542 932	1 564 197
Current liabilities 30 September (previous year)	276 139	322 785
Current liabilities 31 December	221 444	212 489
Current liabilities 31 March	234 336	240 074
Current liabilities 30 June	254 934	303 996
Current liabilities 30 September	275 820	276 139
Total assets - current liabilities 30 September (previous year)	1 288 058	1 212 002
Total assets - current liabilities 31 December	1 311 519	1 288 415
Total assets - current liabilities 31 March	1 283 437	1 332 185
Total assets - current liabilities 30 June	1 250 942	1 305 877
Total assets - current liabilities 30 September	1 267 112	1 288 058
Average assets - current liabilities	1 280 214	1 285 307
ROCE	-4.6%	5.4%
In thousands of EUR	30/09/2020	30/06/2020
Interest-bearing liabilities	671 152	615 659
Cash and cash equivalents	30 671	21 892
Net debt	640 481	593 767
Total equity	741 507	765 349
Total assets	1 542 932	1 505 876
Equity ratio	48.1%	50.8%
Equity attributable to equity holders of the Parent	741 507	765 349
Number of ordinary shares outstanding	669 882 040	669 882 040
Shareholders' equity per share (EUR per share)	1.11	1.14
Net debt	640 481	593 767
12-months trailing		
Depreciation	92 290	90 816
Amortisation	7 462	7 367
Depreciation and amortisation	99 752	98 183
EBITDA	40 285	117 772
Net debt to EBITDA	15.9	5.0

## CONTACT INFORMATION

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Fax	+372 6 409 810
Website	<a href="http://www.tallink.com">www.tallink.com</a>
Main activity	maritime transport (passenger & cargo transport)