



**Unaudited interim condensed consolidated
report for the
12 months ended 31 December 2021**

AS Tallinna Sadam

AS TALLINNA SADAM**UNAUDITED INTERIM CONDENSED CONSOLIDATED REPORT
FOR THE 12 MONTHS ENDED 31 DECEMBER 2021**

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MANAGEMENT REPORT

Due to the impact of the ongoing global COVID-19 crisis, the number of passengers¹ passing through the Group's harbours in 2021 remained low, decreasing by 18% to EUR 3.5 million. Cargo volume, on the other hand, grew by 5%, reaching the past six years' highest level of 22.4 million tonnes. Revenue increased in the Ferry segment and the segment Other. Supported by all segments, the Group's revenue grew by EUR 2.7 million (+2.5%) to EUR 110.1 million. However, expenses related to operating activities grew by EUR 7.2 million (+9.7%), outstripping revenue growth, and net profit decreased by EUR 2.9 million (–10%) to EUR 25.6 million.

In the fourth quarter of 2021, the number of passengers grew significantly year on year (+93%), primarily due to the easing of travel restrictions, while cargo volume dropped by 19%. Growth in passenger traffic and ferry calls increased revenue in the Passenger harbours segment, which made the biggest contribution to the improvement in the Group's financial performance. However, profitability indicators improved less than revenue because surging energy prices and some major maintenance and repair works, performed at longer intervals but scheduled for 2021, pushed up expenses. The Group's revenue grew by EUR 3.2 million to EUR 28.5 million (+13%) while profit increased by EUR 0.8 million to EUR 6.5 million (+14%).

KEY PERFORMANCE INDICATORS OF THE GROUP

Indicator	Unit	12 months	12 months	Difference	Change %	Q4 2021	Q4 2020	Difference	Change %
		2021	2020						
Revenue	EUR '000	110,051	107,358	2,693	2.5%	28,540	25,303	3,237	12.8%
Operating profit	EUR '000	29,758	35,562	–5,804	–16.3%	6,649	6,257	392	6.3%
Adjusted EBITDA ²	EUR '000	54,046	58,423	–4,377	–7.5%	12,813	12,121	692	5.7%
Depreciation, amortisation and impairment	EUR '000	–24,761	–24,094	–667	2.8%	–6,259	–6,199	–60	1.0%
Income tax	EUR '000	–3,275	–4,913	1,638	–33.3%	0	0	0	–
Profit for the period	EUR '000	25,612	28,518	–2,906	–10.2%	6,534	5,723	811	14.2%
Investment	EUR '000	14,718	37,138	–22,420	–60.4%	4,502	8,212	–3,710	–45.2%
Number of employees (average)		469	465	4	0.9%	461	479	–18	–3.8%
Cargo volume	t '000	22,397	21,327	1,070	5.0%	4,688	5,790	–1,102	–19.0%
Number of passengers	'000	3,542	4,333	–791	–18.3%	1,215	630	585	92.9%
Number of vessel calls		7,333	7,088	245	3.5%	1,809	1,768	41	2.3%
Total assets at period-end	EUR '000	629,538	628,093	1,445	0.2%	629,538	628,093	1,445	0.2%
Net debt ³ at period-end	EUR '000	168,474	184,901	–16,427	–8.9%	168,474	184,901	–16,427	–8.9%
Equity at period-end	EUR '000	380,895	375,432	5,463	1.5%	380,895	375,432	5,463	1.5%
Number of shares at period-end	'000	263,000	263,000	0	0.0%	263,000	263,000	0	0.0%
Operating profit/revenue		27.0%	33.1%			23.3%	24.7%		
Adjusted EBITDA/revenue		49.1%	54.4%			44.9%	47.9%		
Profit for the period/ revenue		23.3%	26.6%			22.9%	22.6%		
EPS: Profit for the period/ weighted average number of shares	EUR	0.10	0.11	–0.01	–10.2%	0.02	0.02	0.00	14.2%
Equity/number of shares	EUR	1.45	1.43	0.02	1.5%	1.45	1.43	0.02	1.5%

¹ The number of passengers does not include passengers of the Ferry segment that travelled between Estonia's mainland and two biggest islands.

² Adjusted EBITDA = profit before depreciation, amortisation and impairment losses, finance income and costs (net) and income tax expense, adjusted for amortisation of government grants

³ Net debt = loans and borrowings less cash and cash equivalents

OPERATING VOLUMES

In 2021, cargo throughput at the Group's harbours grew by 1.1 million tonnes (+5%) to 22.4 million tonnes, which is the past six years' highest level. In terms of cargo types, growth was driven by ro-ro cargo (+0.9 million tonnes, +17%) and dry bulk cargo (+0.3 million tonnes, +6.3%) and supported by container cargo and general cargo whose positive impact was partly offset by a decrease in liquid bulk cargo (−0.3 million tonnes, −3%).

In the fourth quarter, the Group's harbours handled 4.7 million tonnes of cargo, 1.1 million tonnes (−19%) less than a year earlier. The decline was due to liquid bulk cargo (−1.0 million tonnes, −42%), which also decreased in annual terms. The volume of dry bulk cargo decreased as well (−0.3 million tonnes, −26%) but the volume of ro-ro cargo grew (+0.2 million tonnes, +14%). The volumes of other cargo types did not change significantly.

Passenger traffic showed signs of revival but compared with 2020 still declined by −18% to 3.54 million passengers, mainly due to the first quarter (restrictions were introduced at the end of Q1 2020) and the third quarter. The Tallinn–Stockholm route was reopened in the summer, there were again traditional cruises and travel restrictions were eased towards the end of the year, but recovery has been slower than expected.

In the fourth quarter, the number of passengers grew by 0.6 million (+93%) year on year due to an increase in the number of international ferry passengers, particularly on the Tallinn–Helsinki route.

The ferries operated by OÜ TS Laevad (the Ferry segment) made 21,518 trips between the mainland and the two largest islands in 2021, i.e. 1,400 trips (+7.0%) more than a year earlier because passenger traffic on the routes was suspended from the second half of March to early May 2020 in connection with COVID-19 restrictions and, therefore, the number of trips was reduced. The number of trips made in the fourth quarter was 4,866, which is 162 (+3.4%) more than a year earlier.

The icebreaker Botnica (the segment Other) operated by OÜ TS Shipping had 267 charter days (contractual working days) in 2021 (2020: 249) and its utilisation rate was 73% (2020: 68%). In the fourth quarter, the number of charter days was 61 and the utilisation rate 66% (2020: 46%).

REVENUE, EXPENSES AND PROFIT

Revenue for 2021 was EUR 110.1 million, EUR 2.7 million (+2.5%) up from a year earlier. Most revenue streams showed growth. The increase was the largest in electricity sales, which grew by EUR 1.8 million (+40%) to EUR 6.2 million, mainly due to a sharp rise in the electricity price and the launch of onshore power supply service to ferries in the Passenger harbours segment. Revenue generated by the Cargo harbours segment was depressed as the electricity distribution network at Paljassaare Harbour was sold and provision of the distribution service was discontinued from December. Revenue from the operation of domestic ferry service between Estonia's mainland and biggest islands grew by EUR 0.8 million to EUR 29.8 million, mostly due to the indexation of the contract fee to the fuel price and wage indices and a higher number of trips (+7%). Charter fee revenue from the icebreaker Botnica increased by EUR 0.7 million (+7.4%) to EUR 9.8 million because at the request of the customer the charter period in the summer was longer. Lease revenue grew by EUR 0.4 million (+3.8%) to EUR 12.0 million in 2021 because the Group leased out additional premises and made fewer concessions to the lessees most affected by the COVID-19 restrictions in Old City Harbour. In the Ferry segment, lease revenue from retail premises on board ferries grew mainly in connection with growth in the number of passengers.

Cargo charge revenue grew by EUR 0.4 million (+5.9%) due to growth in cargo volumes. Passenger fee revenue decreased the most, dropping by 1.4 million euros (–19%) to EUR 5.7 million consistent with the decrease in the number of passengers. Revenue from vessel dues decreased by EUR 0.2 million (–0.5%) to EUR 37.4 million. Revenue from tankers and ferries declined but this was partly offset by revenue from cruise ships (none was earned in 2020) and growth in revenue from general cargo and dry bulk carriers due to higher cargo volumes. Revenue from ferries decreased because in 2020 operators arranged special summer voyages to new destinations, which increased the number of ferries visiting the port, whereas in 2021 the activity slowed. Revenue from other services grew by EUR 0.2 million (+11%) due to the recovery of a number services whose sales in 2020 were affected by the pandemic, including the sale of water to cruise ships and the sale of advertising space in passenger terminals.

Revenue for the fourth quarter of 2021 grew by EUR 3.2 million (+13%) to EUR 28.5 million. Revenue growth was mainly attributable to a rise in the number of passengers and ferry calls, which increased passenger fee and vessel due revenues in the Passenger harbours segment (by EUR 0.95 million and EUR 1.06 million, i.e. +94% and +28%, respectively), and growth in the charter fee revenue from the icebreaker Botnica (EUR +0.7 million, +44%) whose charter period was longer than in 2020 at the request of the Canadian customer. In the Cargo harbours segment, vessel due revenue decreased (EUR –0.9 million, –17%).

Other income declined by EUR 1.2 million to EUR 1.8 million in 2021. The figure for 2020 included gain on the disposal of assets used in the harbour operations of Paljassaare Harbour and the sale of land in the Industrial Park of Muuga Harbour with a view to expanding the operations of a hinterland logistics terminal, which was larger than the gain on the sale of the assets of Paljassaare Harbour in 2021. Revenue from government grants increased by EUR 0.2 million (+34%) due to foreign aid received in 2021 as investment support. Other income for the fourth quarter of 2021 grew by EUR 0.5 million (+133%) year on year, mainly through gain on the sale of the assets of Paljassaare Harbour.

Operating expenses grew by EUR 5.1 million (+17%) due to an increase in various expense items. Fuel and energy costs grew the most (EUR +3.2 million, +37%), primarily due to soaring energy prices, which increased the costs of harbour and ferry operations as well as the cost of electricity purchased for sale, which concurrently increased revenue earned. A rise in the price of ferry fuel increased the trip fee component of contract revenue through the corresponding price index. Non-current asset repair costs grew by EUR 1.9 million (+36%) against the backdrop of an unusually low level in 2020, when cost control measures were applied in the COVID-19 crisis and planned maintenance and repairs in harbour operations were cut back and postponed. In the Ferry segment, large-scale maintenance was carried out on the vessels' main engines (planned works conducted at longer intervals).

Expenses on services purchased for ships grew by EUR 1.1 million (+25%), mainly because expenses on the acceptance of ship-generated waste increased. The rise was attributable to growth in the price of the service as well as the volume of waste, particularly waste generated by cruise ships, as in 2020 the cruise season was cancelled due to the COVID-19 restrictions. A rise in port dues increased relevant expenses in ferry service, which is provided under a public contract, but the state (the customer) raised the fee paid for the service accordingly.

Expenses on mooring services also grew, but this was mainly due to the reversal of an expense allowance in 2020 which lowered prior period expenses. In other operating expenses, expenses on the allowance for expected credit losses had a decreasing effect (expense EUR –0.4 million, decrease in expenses EUR 1.3 million) because some receivables for which an allowance had been recognised were collected and for some receivables a settlement schedule was agreed. Expenses on the acquisition of assets of insignificant value also decreased (EUR –0.4 million, –22%) because prior period expenses were higher than usual in connection with the reconstruction and refurbishment of Terminal D at Old City Harbour.

Operating expenses for the fourth quarter increased by EUR 2.9 million (+39%), mainly through growth in fuel and energy costs and non-current asset repair costs by EUR 1.7 million and EUR 1.0 million, respectively.

Personnel expenses grew by EUR 1.4 million (+7.3%) in 2021, mostly due to the effect of a temporary reduction in salaries in the prior period and partial raising of salaries in the reporting period. Personnel expenses for the fourth quarter increased by EUR 0.4 million (+7.0%).

Depreciation, amortisation and impairment expenses grew by EUR 0.7 million (+2.8%), mainly through growth in depreciation and amortisation in the Passenger harbours segment where non-current assets increased at Old City Harbour partly already in 2020 in connection with the reconstruction of Terminal D, the construction of onshore electricity supply systems for ships and the completion of a multi-storey parking structure. Impairment losses on non-current assets decreased by EUR 0.18 million. Depreciation, amortisation and impairment expenses for the fourth quarter grew by EUR 0.06 million (+1.0%).

Operating profit for 2021 was EUR 29.8 million. The figure decreased by EUR 5.8 million (–16%), because growth in expenses exceeded revenue growth and other income decreased. Due to the decrease in operating profit, operating margin, which reflects the Group's operating efficiency, dropped from 33.1% to 27.0%. Operating profit for the fourth quarter grew by EUR 0.4 million (+6.3%) year on year.

Adjusted EBITDA dropped by EUR 4.4 million (–7.5%) to EUR 54.0 million due to a decrease in the Cargo harbours, Passenger harbours and Ferry segments. Adjusted EBITDA margin declined from 54.4% to 49.1%. Adjusted EBITDA for the fourth quarter grew by EUR 0.7 million (+5.7%) year on year.

Finance costs (net) decreased by EUR 0.4 million (–23%) in 2021, mainly through the effect of lower interest rates. Net finance costs for the fourth quarter decreased by EUR 0.14 million.

Profit before tax was EUR 28.9 million, EUR 4.5 million lower than a year earlier (–14%). Income tax expense decreased by EUR 1.6 million due to a smaller dividend distribution: in 2021 the Group paid a dividend of EUR 20.3 million (2020: EUR 30.2 million). The Group's net profit for 2021 amounted to EUR 25.6 million, which is EUR 2.9 million (–10%) less than a year earlier. Net profit for the fourth quarter was EUR 6.5 million compared with EUR 5.7 million for the same period in 2020.

INVESTMENTS

The Group's capital investments in 2021 totalled EUR 14.7 million, which is EUR 22.4 million (60%) less than in the prior year and the past five years' lowest level because most major works carried out in recent years were completed in 2020. The main capital investments in 2021 were again made at Old City Harbour, where the largest completed projects included the construction of a cruise terminal with a promenade and a movable footbridge across the canal of the Admiralty Basin. The Group started to reconstruct the outdoor area surrounding Terminal D. The largest works at Muuga Harbour were related to developing the conditions of ro-ro traffic and improving traffic conditions in the harbour area. In the Ferry segment, the largest works included scheduled dry-dock maintenance of ferries and development of electronic interfaces for customer service. The investment in the sixth ferry, which was planned a year earlier, was not made, as the state decided to order the vessel not through OÜ TS Laevad, but through the Transport Administration. On the icebreaker Botnica, the machinery control system was renewed and other technical systems were upgraded.

Fourth quarter capital investments amounted to EUR 4.5 million, which is EUR 3.7 million less than in the fourth quarter of 2020.

SEGMENT REPORTING

In thousands of euros	12 months 2021					12 months 2020				
	Passenger harbours	Cargo harbours	Ferry	Other	Total	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	28,800	40,678	30,676	9,897	110,051	28,770	39,683	29,705	9,200	107,358
Adjusted EBITDA	13,665	22,294	12,523	5,564	54,046	15,140	25,377	14,101	3,805	58,423
Operating profit	6,725	13,575	6,555	2,903	29,758	8,665	16,685	8,209	2,003	35,562
Adjusted EBITDA margin	47.4%	54.8%	40.8%	56.2%	49.1%	52.6%	63.9%	47.5%	41.4%	54.4%

In thousands of euros	Change for 12 months				
	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	30	995	971	697	2,693
Adjusted EBITDA	-1,475	-3,083	-1,578	1,759	-4,377
Operating profit	-1,940	-3,110	-1,654	900	-5,804
Adjusted EBITDA margin	-5.2%	-9.1%	-6.6%	14.9%	-5.3%

In thousands of euros	Q4 2021					Q4 2020				
	Passenger harbours	Cargo harbours	Ferry	Other	Total	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	8,442	10,416	7,412	2,270	28,540	6,188	10,598	6,947	1,570	25,303
Adjusted EBITDA	4,017	5,364	2,369	1,062	12,811	2,482	6,359	3,105	175	12,121
Operating profit	2,158	3,276	889	326	6,649	835	4,063	1,613	-254	6,257
Adjusted EBITDA margin	47.6%	51.5%	32.0%	46.8%	44.9%	40.1%	60.0%	44.7%	11.2%	47.9%

In thousands of euros	Change for Q4				
	Passenger harbours	Cargo harbours	Ferry	Other	Total
Revenue	2,254	-182	465	700	3,237
Adjusted EBITDA	1,534	-995	-736	886	690
Operating profit	1,323	-787	-724	580	392
Adjusted EBITDA margin	7.5%	-8.5%	-12.7%	35.6%	-3.0%

In segment terms, all segments increased their revenue in 2021 to a certain extent: the Cargo harbours segment by EUR 1.0 million (+2.5%), the Ferry segment by EUR 0.97 million (+3.3%), the segment Other by EUR 0.70 million (+7.6%) and the Passenger harbours segment by a minor EUR 0.03 million (+0.1%).

Revenue of the **Passenger harbours segment** remained stable year on year. Passenger fee revenue decreased by EUR 1.4 million due to a decline in the number of passengers due to the COVID-19 restrictions. This was offset by growth in revenue from vessel dues on cruise ship calls (there were no cruise ship calls in 2020). The latter also covered the decrease in revenue from ferry calls which was caused, among other things, by the fact that from mid-March to the end of June 2020 the ferries operating on the Muuga–Vuosaari route (Cargo harbours segment) were temporarily rerouted to Old City Harbour in connection with border controls in place at the time. Revenue from the sale of electricity grew due to a sharp rise in the electricity price and higher consumption resulting from the newly launched onshore power supply service to ferries. Lease income grew because the concessions made to lessees were smaller than in the previous year. The fourth quarter revenue of the Passenger harbours segment grew by EUR 2.3 million (+36%) to EUR 8.4 million.

Revenue of the **Cargo harbours segment** increased mainly through the effect of revenue from the sale of electricity, which grew due to a sharp rise in the electricity price. Cargo charge revenue increased in connection with growth in cargo volumes. Revenue from vessel dues decreased, particularly due to lower volumes of liquid bulk cargo and stiff competition that lowered margins. The decline was partly offset by growth in revenue from general cargo and dry bulk carriers and the temporary rerouting of the ferries operating on the Muuga–Vuosaari route to Old City Harbour (Passenger harbours segment) in 2020. The fourth quarter revenue of the Cargo harbours segment decreased by EUR 0.2 million (–1.7%) to EUR 10.4 million.

Revenue of the **Ferry segment** grew mostly through the effect of the indexation of the contractual fee rates to the price indices and a higher number of trips made (in spring 2020 the number of trips was reduced due to the COVID-19 restrictions). The fourth quarter revenue grew by EUR 0.5 million (+6.7%) to EUR 7.4 million.

Revenue of the **segment Other** grew because at the request of the Canadian customer the summer charter of the icebreaker Botnica was extended. Revenue growth was supported by the indexation of the icebreaking and summer charter fee rates to the inflation index. The fourth quarter revenue grew by EUR 0.7 million (+45%) to EUR 2.3 million because at the request of the Canadian customer Botnica's charter period was extended.

In segment terms, adjusted EBITDA for 2021 decreased by EUR 3.1 million (–12%) in the Cargo harbours segment, by EUR 1.6 million (–11%) in the Ferry segment and by EUR 1.5 million (–9.7%) in the Passenger harbours segment. The main factor was growth in expenses, which exceeded revenue growth. Expenses grew mainly due to a lower-than-usual cost base in 2020 (cost-cutting measures), increases in the prices of energy and various services, and the costs of some major maintenance and repairs (the Ferry segment) scheduled for 2021. The Cargo harbours segment had also one-off gains on asset sales (mostly at Paljassaare Harbour), which were EUR 1.5 million higher in 2020. However, the adjusted EBITDA of the segment Other grew by EUR 1.8 million (+7.6%), supported by revenue growth as well as the profit of the equity-accounted associate Green Marine.

Adjusted EBITDA for the fourth quarter grew in the Passenger harbours segment (EUR +1.5 million) and the segment Other (EUR +0.9 million), but decreased in the Cargo harbours segment (EUR –1.0 million) and the Ferry segment (EUR –0.7 million). The figure for the Passenger harbours increased because its revenue grew more than expenses; in other segments expenses grew more quickly than revenue. The result of the segment Other was supported by growth in the profit of the Group's equity-accounted associate Green Marine.

Adjusted EBITDA margin declined from 54.4% to 49.1% due to a decrease in the three largest segments. In the fourth quarter, margins decreased in all segments except Passenger harbours.

IMPACTS OF THE COVID-19 PANDEMIC

The protective measures imposed by countries due to the COVID-19 pandemic began to affect the Group from the second half of March 2020. As the protective measures in place are aimed at minimising contacts between people and cross-border movement, they have the greatest impact on the tourism sector and passenger traffic, which in turn mainly affect the performance of the Group's Passenger harbours segment.

In connection with a rise in the infection rate, Finland re-imposed restrictions on arrivals from Estonia from 28 September 2020 and only people travelling for work, in transit, or with other compelling reasons could enter Finland without the quarantine requirement. Starting from 27 January 2021 Finland also imposed a ban on labour migration, which lasted until 7 June 2021. From 21 June all people including tourists can enter Finland without restrictions if they are fully vaccinated or have recovered from COVID-19 in the past six months. People arriving in Estonia from other countries are subject to various measures and restrictions depending on their vaccination and the current rate of infection in their country of departure. Due to a fall in demand resulting from the restrictions, international ferry operators have made adjustments to their timetables and the ferries serving the routes. The Tallinn–Stockholm and Tallinn–St Petersburg routes were closed from mid-March 2020. The Tallinn–Stockholm route was reopened on 9 July 2021 but with reduced timetables. There were no cruise ship calls during the 2020 cruise season but since July 2021 cruise ships have been calling at Tallinn again.

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

Domestic ferry service on the routes between mainland Estonia and the islands of Saaremaa and Hiiumaa that are operated by OÜ TS Laevad, a subsidiary of AS Tallinna Sadam, has continued as usual and in strict compliance with protective measures. The number of passengers and vehicles carried continues to increase year on year. The changes resulting from the restrictions have not had a significant impact on the financial results of the Ferry segment because a major share of ferry service revenue is made up of a fixed fee that does not depend on the number of trips or passengers.

The multifunctional icebreaker Botnica, which is operated by OÜ TS Shipping, a subsidiary of AS Tallinna Sadam, has continued its normal operations and its revenue (the segment Other) has not been significantly affected by the COVID-19 pandemic. Botnica's number of charter days and utilisation rate have even improved year on year.

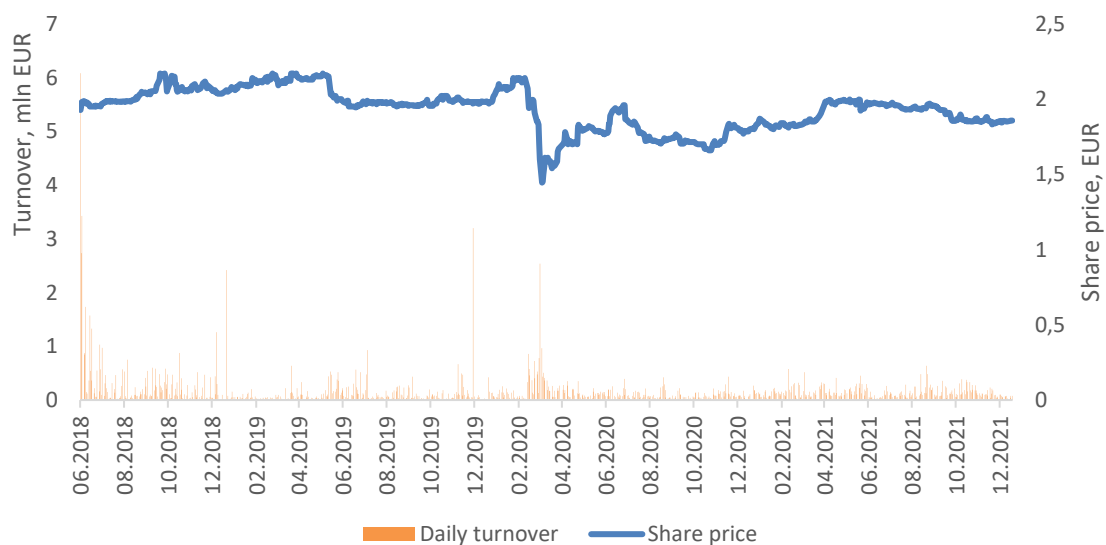
The Group applies all necessary measures and cooperates closely with the authorities to prevent the spread of the virus and to protect people's lives and health. The Group has made vaccination against COVID-19 available to all staff that have requested it and uses rapid COVID-19 tests to test shift workers before they start their work. Over 90% of the staff of AS Tallinna Sadam was vaccinated against COVID-19 by the end of 2021. All passengers arriving in Estonia by ferry can get tested for COVID-19 in the passenger terminals of Old City Harbour in order to reduce the period of self-isolation and to return to work more quickly. The Group has also participated in vaccination campaigns – in July and August AS Tallink Grupp and AS Tallinna Sadam distributed free travel vouchers to passengers who were vaccinated on board Tallink's ferries.

Due to a large share of fixed costs it is inevitable that when revenue declines in the Passenger harbours segment the Group's profitability decreases. The Group will continue with planned investments and management believes that the impacts of COVID-19 will not affect the Group's ability to continue as a going concern.

SHARE AND SHAREHOLDERS

AS Tallinna Sadam was listed in the Baltic Main List of the Nasdaq Tallinn Stock Exchange on 13 June 2018. The ticker symbol of the share is TSM1T and the ISIN code is EE3100021635. The company has 263,000,000 ordinary shares of which 176,295,032 (67.03%) are held by the Republic of Estonia. The par value of a share is EUR 1. Each share carries one vote at the general meeting of the shareholders.

The dynamics of the closing price of the AS Tallinna Sadam share and the volume of shares traded from listing on the Nasdaq Tallinn Stock Exchange on 13 June 2018 to 31 December 2021 is presented in the following graph:



The opening price of the share at the beginning of the fourth quarter was EUR 1.904. The closing price of the share at 31 December 2021 was EUR 1.858, having decreased in the fourth quarter by 2.4%. The company's market capitalisation at 31 December 2021 was EUR 488.7 million (31 December 2020: EUR 473.4 million).

The dynamics of the price of the AS Tallinna Sadam share compared with the OMX Baltic Benchmark GI index is presented in the following graph:



Source: nasdaqbaltic.com

In the fourth quarter of 2021, there were 16,671 transactions with the AS Tallinna Sadam share (Q3 2021: 11,747 transactions) in which 4.6 million shares (Q3 2021: 3.3 million shares) changed hands. The total turnover of the transactions was EUR 8.5 million (Q3 2021: EUR 5.7 million).

In 2021, there were a total of 60,889 transactions with the Tallinna Sadam share (2020: 47,555 transactions) in which 19.3 million shares (2020: 20.4 million shares) changed hands. The total turnover of the transactions was EUR 36.7 million (2020: EUR 36.1 million). The number of transactions and turnover grew compared with a year earlier in connection with an increase in the number of shareholders and a rise in the trading activity of retail investors, attributable to the lowering of the banks' transaction fees in 2021.

At 31 December 2021, the company had 19,946 shareholders (31 December 2020: 15,433 shareholders) but only the Republic of Estonia (through the Ministry of Economic Affairs and Communications) had an ownership interest exceeding 5%. The five largest shareholders at 31 December 2021 were:

Name of shareholder	Number of shares	Interest, %
Ministry of Economic Affairs and Communications	176,295,032	67.0%
European Bank for Reconstruction and Development (EBRD)	9,350,000	3.6%
SEB Progressiivne Pensionifond	6,484,365	2.5%
State Street Bank and Trust Omnibus (USA)	5,752,125	2.2%
LHV Pensionifond L	5,536,570	2.1%

The shareholder structure has changed somewhat compared with the end of 2020. The share of international investors has decreased from 12% to 10% (–4.8 million shares), the share of Estonian retail investors has increased from 12% to 13% (+4.7 million shares), and the share of Estonian and other Baltic investment and pension funds has grown slightly at the expense of international investors.

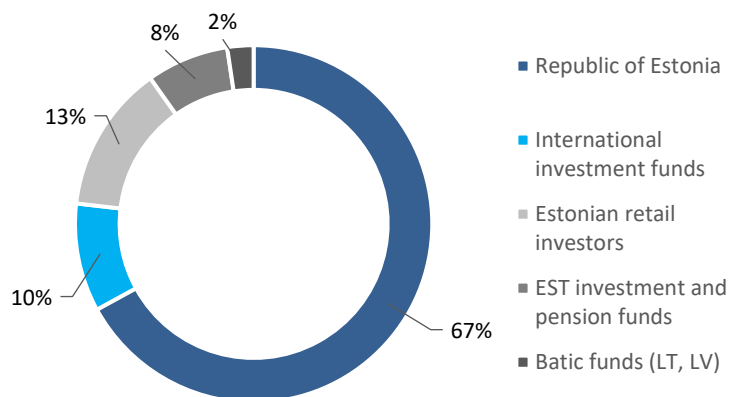
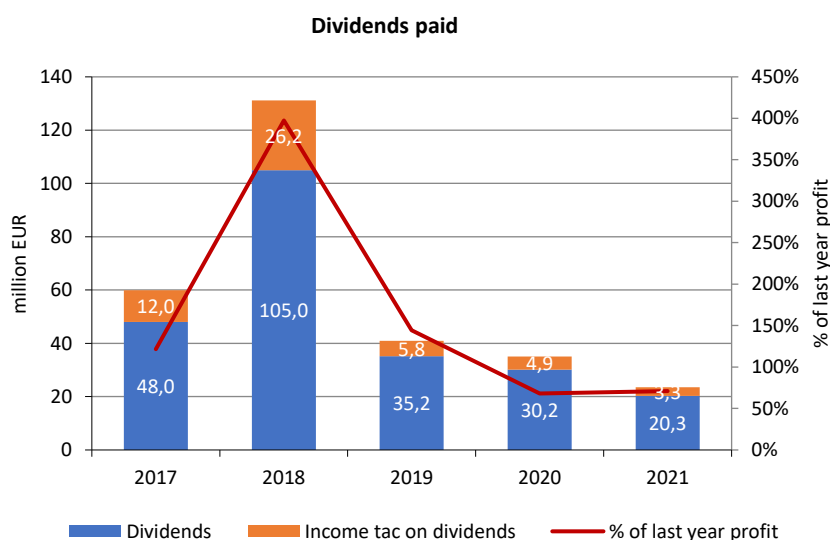


Chart: Shareholder structure at 31 December 2021.

DIVIDENDS

In 2021, we distributed shareholders a dividend of EUR 0.077 per share and EUR 20.3 million in total (2020: EUR 0.115 per share and EUR 30.2 million in total), which accounted for 71% of profit for the previous year, on which we paid income tax of EUR 3.3 million. After income tax withheld on distributions to individuals, the net dividend distribution was EUR 20.1 million.



The dividend policy of AS Tallinna Sadam sets the target to pay regular post-tax dividends, which from 2021 should amount to at least 70% of profit for the previous year, subject to market conditions, the company's growth and development plans, while taking into account the need to maintain a reasonable level of liquidity and

excluding the impact of non-recurring transactions. The target for the period 2019–2020 was to distribute a dividend of at least EUR 30 million per year, which was met.

CORPORATE GOVERNANCE

At 31 December 2021, AS Tallinna Sadam had two wholly-held subsidiaries, OÜ TS Shipping and OÜ TS Laevad, and a 51% interest in an associate, AS Green Marine.

The supervisory board is responsible for the strategic planning of the company's activities and supervising the activities of the management board. According to the articles of association of AS Tallinna Sadam, the supervisory board has six to eight members. At 31 December 2021, the supervisory board had eight members: Aare Tark (chairman), Ahti Kuningas, Maarika Honkonen, Raigo Uukkivi, Urmas Kaarlep, Üllar Jaaksoo, Riho Unt and Veiko Sepp, of whom six members are independent. Under the supervisory board, there is a four-member audit committee, which consists of members of the supervisory board and provides advice in supervisory matters, and a four-member remuneration committee.

The composition of the supervisory board and the audit committee did not change in the fourth quarter. In October 2021, the company set up a remuneration committee consisting of the members of the supervisory board Aare Tark, Ahti Kuningas, Üllar Jaaksoo and Veiko Sepp.

The management board is responsible for the day-to-day management of the company in accordance with the law and the articles of association. According to the articles of association, the management board may have two to five members. At 31 December 2021, the management board had two members: Valdo Kalm (chairman and CEO) and Margus Vihman (CCO). Member of the management board and CFO Marko Raid resigned as of 16 October 2021 and a public competition was announced to fill the vacancy. Based on the results of the competition, Andrus Ait was appointed as the new CFO and member of the management board, effective from 21 February 2022.

Further information about the company's corporate governance and members of the management and supervisory boards is presented on the Group's website and in its annual report for 2020.

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

SIGNIFICANT EVENTS IN THE FOURTH QUARTER OF 2021

- 1. Establishment of a remuneration committee.** The supervisory board of AS Tallinna Sadam established a remuneration committee which has the following main tasks: determining the need for the competencies of the management board based on the strategy of the company; developing, updating and monitoring compliance with the remuneration principles of the members of the management board, and submitting proposals to the supervisory board for the election and remuneration of members of the management board. The members of the remuneration committee are Aare Tark, Ahti Kuningas, Üllar Jaaksoo and Veiko Sepp.

- 2. Worldwide Caro Establishment's appeal denied.** Tallinn Circuit Court of Appeal denied the appeal filed by Worldwide Caro Establishment (WCE). The statement of claim filed by WCE on 20 May 2018 concerned the reduction of the minimum cargo volume set out in the cooperation agreement retroactively from 2015 and the return of the contractual penalties paid for the years 2015 to 2017 in the total amount of EUR 0.45 million plus the accrued interest on arrears.
- 3. Change in the supervisory board of OÜ TS Laevad, a subsidiary of AS Tallinna Sadam.** The general meeting of OÜ TS Laevad appointed Rene Pärt as a new member of the supervisory board on 15 October 2021 for a term of 5 years effective from 15 October 2021.
- 4. Court dispute over port dues with AS Tallink Grupp.** By the order of Harju District Court of 22 December 2021, the court accepted an additional claim of AS Tallink Grupp against AS Tallinna Sadam in the amount of EUR 5.5 million (plus interest on arrears) for partial return of the port dues paid in 2016 or, alternatively, compensation for the damage caused, and the claims were joined with civil case 2-21-3181. After the joinder, the main claims in the court case amounted to EUR 20.9 million (plus interest on arrears). On 11 February 2022, the parties reached a compromise agreement on terminating the court dispute. According to the compromise agreement, AS Tallink Grupp waived all claims submitted in the case and AS Tallinna Sadam undertook to reduce the port dues charged from passenger ferries operating regular routes to and from Old City Harbour. As a result of the compromise agreement, AS Tallinna Sadam will reduce the tonnage charge and passenger fee by 10% and will increase the discount offered to vessels based on the Environmental Ship Index (ESI) for regular route passenger ferries visiting Old City Harbour. Starting from 2025, AS Tallinna Sadam may index the charges and fees covered by the agreement to the consumer price index to the extent of 2%. The revised rates will apply to all ferry operators operating regular routes from 1 March 2022 and the agreement will apply for 10 years. Further information is available in the [stock exchange announcement](#) published on 11 February 2022.
- 5. Admiral Bridge is Structure of the Year 2021.** The Admiral Bridge of Tallinna Sadam was recognised as Construction Project (Structure) of the Year at the construction sector's virtual annual conference "Construction 2022+: E-horizon". The chief designer of the bridge was EstKonsult OÜ, architecture was by Plein06 architects, the basic project was prepared by SIA Witteveen+Bos Latvia. Admiral Bridge was built by KMG Inseneriehituse AS.
- 6. Auto-mooring equipment.** From the fourth quarter, ferries arriving and departing from Old City Harbour on the Tallinn–Helsinki route are served by auto-mooring equipment, which helps reduce the time spent on mooring and save the environment.

MANAGEMENT'S CONFIRMATION AND SIGNATURES

By authorising the unaudited interim condensed consolidated report as at and for the period ended 31 December 2021 for issue, the management board confirms that the information about AS Tallinna Sadam and the companies related to it, as set out on pages 17 to 33, is correct and complete and that:

1. the unaudited interim condensed consolidated financial statements have been prepared in accordance with the Estonian Accounting Act and International Financial Reporting Standards as adopted by the European Union (IFRS EU);
2. the unaudited interim condensed consolidated financial statements give a true and fair view of the financial position, cash flows and financial performance of the Group;
3. all significant events that occurred until the date on which the interim financial report was authorised for issue (25 February 2022) have been properly recognised and disclosed in the unaudited interim condensed consolidated financial statements;
4. AS Tallinna Sadam and its subsidiaries are going concerns.

25 February 2022

Valdo Kalm
Chairman of the
Management Board

Andrus Ait
Member of the
Management Board

Margus Vihman
Member of the
Management Board

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

In thousands of euros

As at	Note	31 December 2021	31 December 2020
ASSETS			
Current assets			
Cash and cash equivalents		34,840	26,679
Trade and other receivables	4	14,151	10,183
Inventories		399	360
<i>Total other current assets</i>		<i>49,390</i>	<i>37,222</i>
Non-current assets held for sale		0	114
Total current assets		49,390	37,336
Non-current assets			
Investments in an associate	5	1,559	1,147
Other long-term receivables	4	896	0
Property, plant and equipment	6	575,563	587,506
Intangible assets		2,130	2,104
Total non-current assets		580,148	590,757
Total assets		629,538	628,093
LIABILITIES			
Current liabilities			
Loans and borrowings	8	15,916	17,266
Derivative financial instruments		0	102
Provisions		1,572	1,289
Government grants		1,223	1,919
Taxes payable		890	744
Trade and other payables	7	10,348	9,149
Total current liabilities		29,949	30,469
Non-current liabilities			
Loans and borrowings	8	187,398	194,314
Government grants		29,835	26,145
Other payables	7	1,461	1,733
Total non-current liabilities		218,694	222,192
Total liabilities		248,643	252,661
EQUITY			
Share capital		263,000	263,000
Share premium		44,478	44,478
Statutory capital reserve		21,271	20,262
Hedge reserve		0	-102
Retained earnings (prior periods)		26,534	19,276
Profit for the period		25,612	28,518
Total equity	9	380,895	375,432
Total liabilities and equity		629,538	628,093

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

for the 12 months ended 31 December

Consolidated statement of profit or loss

In thousands of euros	Note	Q4 2021	Q4 2020	2021	2020
Revenue	10	28,540	25,303	110,051	107,358
Other income		742	223	1,779	3,015
Operating expenses	11	-10,508	-7,576	-35,962	-30,858
Personnel expenses		-5,807	-5,426	-20,920	-19,491
Depreciation, amortisation and impairment	3	-6,258	-6,199	-24,761	-24,094
Other expenses		-60	-68	-429	-368
Operating profit		6,649	6,257	29,758	35,562
Finance income and costs					
Finance income		35	7	95	36
Finance costs		-296	-410	-1,378	-1,705
Finance costs – net		-261	-403	-1,283	-1,669
Share of profit(+)/loss(-) of an associate accounted for under the equity method		146	-130	412	-462
Profit before income tax		6,534	5,724	28,887	33,431
Income tax expense		0	0	-3,275	-4,913
Profit for the period		6,534	5,724	25,612	28,518
Attributable to:					
Owners of the Parent		6,534	5,724	25,612	28,518
Basic earnings and diluted earnings per share (in euros)					
		0.02	0.02	0.10	0.11
Basic earnings and diluted earnings per share – continuing operations (in euros)					
		0.02	0.02	0.10	0.11

Consolidated statement of other comprehensive income

In thousands of euros	Q4 2021	Q4 2020	2021	2020
Profit for the period	6,534	5,724	25,612	28,518
Other comprehensive income				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Net fair value gain on hedging instruments in cash flow hedges	0	37	102	141
Total other comprehensive income	0	37	102	141
Total comprehensive income for the period	6,534	5,761	25,714	28,659
Attributable to:				
Owners of the Parent	6,534	5,761	25,714	28,659

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the 12 months ended 31 December

In thousands of euros	Note	2021	2020
Cash receipts from sale of goods and services		117,001	114,378
Cash receipts related to other income		144	94
Payments to suppliers		-44,427	-41,354
Payments to and on behalf of employees		-18,665	-15,713
Payments for other expenses		-451	-376
Other payments		0	-2,600
Income tax paid on dividends		-3,440	-4,913
Cash from operating activities		50,162	49,516
Purchases of property, plant and equipment		-14,535	-35,811
Purchases of intangible assets		-641	-661
Proceeds from sale of property, plant and equipment		2,573	2,863
Government grants received		409	3,561
Interest received		3	15
Cash used in investing activities		-12,191	-30,033
Redemption of debt securities		0	-9,000
Proceeds from loans received		0	20,000
Repayments of loans received	8	-8,266	-7,266
Dividends paid		-20,085	-30,008
Interest paid		-1,458	-1,694
Other payments related to financing activities		-1	-19
Cash used in financing activities		-29,810	-27,987
NET CASH FLOW		8,161	-8,504
Cash and cash equivalents at beginning of period		26,679	35,183
Change in cash and cash equivalents		8,161	-8,504
Cash and cash equivalents at end of period		34,840	26,679

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 12 months ended 31 December

	Share capital	Share premium	Statutory capital reserve	Hedge reserve	Retained earnings	Total equity attributable to owners of the Parent
In thousands of euros						
Equity at 31 December 2019	263,000	44,478	18,520	-243	51,263	377,018
Profit for the period	0	0	0	0	28,518	28,518
Other comprehensive income for the period	0	0	0	141	0	141
<i>Total comprehensive income for the period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>141</i>	<i>28,518</i>	28,659
Dividend declared	0	0	0	0	-30,245	-30,245
<i>Total transactions with owners</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-30,245</i>	-30,245
Increase of capital reserve	0	0	1,742	0	-1,742	0
Equity at 31 December 2020	263,000	44,478	20,262	-102	47,794	375,432
Profit for the period	0	0	0	0	25,612	25,612
Other comprehensive income for the period	0	0	0	102	0	102
<i>Total comprehensive income for the period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>102</i>	<i>25,612</i>	25,714
Dividend declared	0	0	0	0	-20,251	-20,251
<i>Total transactions with owners</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-20,251</i>	-20,251
Increase of capital reserve	0	0	1,009	0	-1,009	0
Equity at 31 December 2021	263,000	44,478	21,271	0	52,146	380,895

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. REPORTING ENTITY

AS Tallinna Sadam (also referred to as the 'Parent' or the 'Company') is a company incorporated and registered in the Republic of Estonia on 5 November 1996. The interim condensed consolidated financial statements of AS Tallinna Sadam as at and for the 12 months ended 31 December 2021 comprise the Parent and its subsidiaries (together referred to as the 'Group'). The Group's core business lines are rendering of port services in the capacity of a landlord port, organising ferry service between Estonia's mainland and biggest islands and operating the multifunctional icebreaker Botnica.

The Group owns four harbours: Old City, Saaremaa, Muuga and Paldiski South. Old City Harbour in the centre of Tallinn and Saaremaa Harbour designed for receiving cruise ships provide mainly passenger harbour services. Muuga Harbour, which is Estonia's largest cargo harbour, and Paldiski South Harbour provide mainly cargo harbour services. In addition, the Group provides the services set out in the port rules in Paljassaare Harbour on the basis of a relevant service contract.

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

Subsidiary	Domicile	Ownership interest (%)	Core business line
OÜ TS Shipping	Republic of Estonia	100	Rendering icebreaking and other offshore support services with the multifunctional icebreaker Botnica
OÜ TS Laevad	Republic of Estonia	100	Rendering domestic ferry service between Estonia's mainland and biggest islands

In addition, the Group has a 51% interest in the associate AS Green Marine but it does not have control over the entity's decision-making. In the Group's financial statements, the interest in the associate is accounted for using the equity method.

The address of the Parent's registered office is Sadama 25, Tallinn 15051, the Republic of Estonia.

The ultimate controlling party of AS Tallinna Sadam is the Republic of Estonia (ownership interest of 67.03% through the Ministry of Economic Affairs and Communications).

2. ACCOUNTING POLICIES

These interim condensed consolidated financial statements for the 12 months ended 31 December 2021 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes and explanations included in the Group's annual report for the year ended 31 December 2020. See note 2 to the consolidated financial statements in the annual report for 2020 for additional information about significant accounting policies.

The interim condensed consolidated financial statements have been prepared using the same accounting policies as those applied on the preparation of the Group's consolidated financial statements for 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The interim condensed consolidated financial statements are presented in thousands of euros.

3. OPERATING SEGMENTS

In thousands of euros	For the 12 months ended 31 December 2021				
	Passenger harbours	Cargo harbours	Ferry	Other	Total
Vessel dues	18,134	19,275	0	0	37,409
Cargo charges	1,497	5,701	0	0	7,198
Passenger fees	5,472	201	0	0	5,673
Sale of electricity	1,111	5,126	0	0	6,237
Sale of ferry services – ticket sales	0	0	11,963	0	11,963
Sale of other services	769	1,007	91	93	1,960
Operating lease income	1,817	9,368	823	0	12,008
Charter fees	0	0	0	9,804	9,804
Sale of ferry services – government support	0	0	17,799	0	17,799
Total segment revenue* (note 10)	28,800	40,678	30,676	9,897	110,051
Adjusted segment EBITDA	13,665	22,294	12,523	5,564	54,046
Depreciation and amortisation	-7,209	-9,098	-5,968	-2,249	-24,524
Impairment losses	-5	-232	0	0	-237
Amortisation of government grants received	274	611	0	0	885
Share of profit of an associate accounted for under the equity method	0	0	0	-412	-412
Segment operating profit	6,725	13,575	6,555	2,903	29,758
Finance income and costs, net					-1,283
Share of profit of an associate accounted for under the equity method					412
Income tax expense					-3,275
Profit for the period					25,612

* Total segment revenue represents revenue from external customers and excludes inter-segment revenue of EUR 176 thousand and EUR 11 thousand for the Passenger harbours and Cargo harbours segments, respectively, which was eliminated during consolidation.

Note 3 continued

	For the 12 months ended 31 December 2020				
In thousands of euros	Passenger harbours	Cargo harbours	Ferry	Other	Total
Vessel dues	17,614	19,990	0	0	37,604
Cargo charges	1,439	5,358	0	0	6,797
Passenger fees	6,883	156	0	0	7,039
Sale of electricity	584	3,882	0	0	4,466
Sale of ferry services – ticket sales	0	0	10,479	0	10,479
Sale of other services	654	994	51	69	1,768
Operating lease income	1,596	9,303	674	0	11,573
Charter fees	0	0	0	9,131	9,131
Sale of ferry services – government support	0	0	18,501	0	18,501
Total segment revenue* (note 10)	28,770	39,683	29,705	9,200	107,358
Adjusted segment EBITDA	15,140	25,377	14,101	3,805	58,423
Depreciation and amortisation	–6,604	–8,913	–5,892	–2,264	–23,673
Impairment losses	–69	–352	0	0	–421
Amortisation of government grants received	198	573	0	0	771
Share of loss of an associate accounted for under the equity method	0	0	0	462	462
Segment operating profit	8,665	16,685	8,209	2,003	35,562
Finance income and costs, net					–1,669
Share of loss of an associate accounted for under the equity method					–462
Income tax expense					–4,913
Profit for the period					28,518

* Total segment revenue represents revenue from external customers and excludes inter-segment revenue of EUR 82 thousand and EUR 114 thousand for the Passenger harbours and Cargo harbours segments, respectively, which was eliminated during consolidation.

4. TRADE AND OTHER RECEIVABLES

In thousands of euros

At 31 December	2021	2020
Financial assets		
Trade receivables	6,544	7,820
Allowance for credit losses	-445	-1,693
Government grants receivable	6,017	2,487
Receivables from an associate (note 15)	8	15
Other receivables	1,331	278
Total financial assets	13,455	8,907
Non-financial assets		
Prepaid taxes	1,013	744
Other prepayments	552	487
Other receivables	27	45
Total non-financial assets	1,592	1,276
Total trade and other receivables	15,047	10,183
Of which current receivables	14,151	10,183
non-current receivables	896	0

Trade receivables – expected credit loss matrix

In thousands of euros

At 31 December 2021	Not past due	Days past due				Total
		0–30	31–60	61–90	>90	
Expected credit loss rate	6.40%	1.5%	3.0%	80.0%	100.0%	
Total trade receivables	6,238	164	99	10	33	6,544
Lifetime expected credit loss (ECL)	-399	-2	-3	-8	-33	-445
						6,099
At 31 December 2020						
Expected credit loss rate	0.8%	1.5%	3.0%	80.0%	100.0%	
Total trade receivables	5,713	460	6	6	1,636	7,820
Lifetime expected credit loss (ECL)	-46	-7	0	-4	-1,636	-1,693
						6,127

5. INVESTMENTS IN AN ASSOCIATE

In thousands of euros

For the 12 months ended 31 December	2021	2020
Income	5,410	3,055
Expenses	4,539	3,870
Net profit or loss	835	-856

In thousands of euros

At 31 December	2021	2020
Net assets of the associate	3,056	2,249
The Group's ownership interest in the associate, %	51%	51%
Carrying amount of the Group's investment in the associate in the Group's statement of financial position	1,559	1,147

6. PROPERTY, PLANT AND EQUIPMENT

In thousands of euros	Land and buildings	Plant and equipment	Other items of property, plant and equipment	Assets under construction	Prepayments	Total
At 31 December 2020						
Cost	627,291	246,929	8,614	25,554	0	908,388
Accumulated depreciation and impairment losses	-227,225	-88,092	-5,565	0	0	-320,882
Carrying amount at 31 December 2020	400,066	158,837	3,049	25,554	0	587,506
<i>Movements in 2021</i>						
Acquisition and reconstruction	99	657	211	13,089	16	14,072
Sales at carrying amount	-643	-1,232	0	0	0	-1,875
Depreciation charge	-12,005	-11,117	-781	0	0	-23,903
Impairment	-236	0	-1	0	0	-237
Reclassification at carrying amount	24,045	10,699	109	-34,853	0	0
At 31 December 2021						
Cost	648,873	254,742	8,634	3,790	16	916,055
Accumulated depreciation and impairment losses	-237,547	-96,898	-6,047	0	0	-340,492
Carrying amount at 31 December 2021	411,326	157,844	2,587	3,790	16	575,563

7. TRADE AND OTHER PAYABLES

In thousands of euros

At 31 December	2021	2020
Financial liabilities		
Trade payables	6,739	5,764
Interest payable	299	388
Payables to an associate (note 15)	153	78
Other payables	533	676
Total financial liabilities	7,724	6,906
Non-financial liabilities		
Payables to employees	1,337	1,233
Accrued taxes payable on remuneration	654	621
Payables related to contracts with customers	866	925
Advances for goods and services	645	414
Other payables	583	783
Total non-financial liabilities	4,085	3,976
Total trade and other payables	11,809	10,882
Of which current liabilities	10,348	9,149
non-current liabilities	1,461	1,733

8. LOANS AND BORROWINGS

In thousands of euros

At 31 December	2021	2020
Current portion		
Loans and borrowings	8,266	8,266
Debt securities	7,650	9,000
Total current portion	15,916	17,266
Non-current portion		
Loans and borrowings	45,798	54,064
Debt securities	141,600	140,250
Total non-current portion	187,398	194,314
Total loans and borrowings	203,314	211,580

Note 8 continued**Debt securities**

All debt securities have been issued in euros and have floating interest rates (base rate of 3-month or 6-month Euribor plus a fixed risk margin). At 31 December 2021, AS Tallinna Sadam had two debt security issues with final maturities in 2026 and 2027. According to payment schedules, in the 12-month period ended 31 December 2021 the Group had to make principal payments on the debt securities of EUR 9,000 thousand but, consistent with the amendment of the agreement on the terms and conditions of the debt securities, no principal payments were made in the said 12-month period (12 months 2020: EUR 9,000 thousand was paid). At 31 December 2021, the weighted average interest rate of the debt securities was 0.49% (31 December 2020: 0.54%). The interest rate risk of debt securities issued has not been hedged with interest rate swaps.

Loans

All loan agreements are denominated in euros and have floating interest rates (the base rate is 6-month Euribor). The final maturities of outstanding loan liabilities fall in the period 2024 to 2030. Principal repayments made in the 12-month period ended 31 December 2021 amounted to EUR 8,266 thousand (12-month period ended 31 December 2020: EUR 7,266 thousand).

At 31 December 2021, the weighted average interest rate of drawn loans was 0.77% (31 December 2020: 0.89%). The interest rate risk of loans taken has not been hedged with interest rate swaps.

Contractual maturities of loans and borrowings

In thousands of euros

At 31 December	2021	2020
< 6 months	3,383	3,383
6 – 12 months	12,533	13,883
1 – 5 years	114,898	78,064
> 5 years	72,500	116,250
Total loans and borrowings	203,314	211,580

Fair value

The fair value of loans and borrowings was calculated using the discounted cash flow method. The expected future cash flows were estimated based on future interest rates (extrapolated from observable corporate bond yield curves and 3-month and 6-month Euribor swap rates at the end of the reporting period) and contractual interest rates, which were discounted at a rate reflecting the Group's credit risk.

Note 8 continued

As at 31 December 2021, the fair value of financial liabilities calculated using the discounted cash flow method was 0.7% higher than their carrying amount (31 December 2020: 2.2% lower).

All loan and debt securities agreements currently in force are unsecured, i.e. no assets have been pledged to cover the liabilities. The debt securities are not listed.

The Group's loan agreements and terms and conditions of debt securities include covenants that set certain limits for the Group's consolidated financial indicators. At 31 December 2021 and 31 December 2020, the Group was in compliance with all covenants that set requirements to its financial indicators.

9. EQUITY**Share capital and share premium**

At 31 December 2021, AS Tallinna Sadam had 263,000,000 registered ordinary shares (31 December 2020: 263,000,000 shares), of which 67.03% were held by the Republic of Estonia (through the Ministry of Economic Affairs and Communications) and 32.97% were held by Estonian and international investment funds, banks, pension funds and retail investors. The par value of a share is EUR 1.

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

	Q4 2021	Q4 2020	2021	2020
Weighted average number of shares outstanding	263,000,000	263,000,000	263,000,000	263,000,000
Consolidated net profit for the period (in thousands of euros)	6,534	5,724	25,612	28,518
Basic and diluted earnings per share (in euros)	0.02	0.02	0.10	0.11

Earnings per share

According to the resolution of the annual general meeting of 24 May 2021, the Group paid a dividend of EUR 0.077 per share, that is EUR 20,251 thousand in total, for the year 2020.

10. REVENUE

In thousands of euros	2021	2020
Revenue from contracts with customers		
Vessel dues	37,409	37,604
Cargo charges	7,198	6,797
Passenger fees	5,673	7,039
Sale of electricity	6,237	4,466
Sale of ferry services – ticket sales	11,963	10,479
Sale of other services	1,960	1,768
Total revenue from contracts with customers	70,440	68,153
Revenue from other sources		
Operating lease income	12,008	11,573
Charter fees	9,804	9,131
Sale of ferry services – government support	17,799	18,501
Total revenue from other sources	39,611	39,205
Total revenue (note 3)	110,051	107,358

* Incl. network service compensation of EUR 509 thousand (2020: no compensation).

In 2021, revenue from services provided in Estonia and Canada amounted to EUR 105,058 thousand and EUR 4,993 thousand (including charter fees of EUR 4,900 thousand), respectively. In 2020, revenue from services provided in Estonia and Canada amounted to EUR 103,095 thousand and EUR 4,263 thousand (including charter fees of EUR 4,194 thousand), respectively.

Vessel dues include the tonnage charge, which is calculated on the basis of the gross tonnage of a vessel for each port call. For vessels visiting the port based on a pre-agreed schedule that have a prospective volume discount during the year, the transaction price is allocated between the tonnage services and the option for discounted tonnage services based on the estimated total number of port calls by that vessel during the calendar year. Revenue from tonnage charges is recognised based on the yearly average (estimated) rates and the actual volumes (the number of port calls) for the period.

The agreements signed with cargo operators generally set out a minimum annual cargo volume. If the cargo operator handles less than the minimum, the Group has the right to charge the customer at the end of the calendar year based on the minimum annual cargo volume.

When connecting to the electricity network, customers pay a connection fee based on the expenses incurred in connecting to the network. The connection service does not represent a separate performance obligation as the customer does not benefit from this service separately from the consumption of electricity. Therefore, connection fees form part of the consideration for electricity and are recognised as revenue over the period during which customers consume electricity. Amounts received for connection fees not yet included in revenue are recognised in the statement of financial position as contract liabilities. At 31 December 2021, such liabilities amounted to EUR 809 thousand (31 December 2020: EUR 892 thousand).

Note 10 continued

Revenue from ticket sales is recognised over the time during which the ferry transports the passengers and/or vehicles from the port of departure to the port of destination, which happens in a single day, or at the point in time when the ticket expires. Consideration received from tickets sold for trips not yet performed is deferred and recognised in the statement of financial position as a contract liability. At 31 December 2021, such liabilities amounted to EUR 57 thousand (31 December 2020: EUR 33 thousand).

11. OPERATING EXPENSES

In thousands of euros	2021	2020
Fuel, oil and energy costs	11,590	8,440
Technical maintenance and repair of non-current assets	6,995	5,142
Services purchased for infrastructure	3,015	2,875
Tax expenses	2,671	2,738
Consultation and development expenses	711	647
Services purchased	5,521	4,410
Acquisition and maintenance of assets of insignificant value	1,352	1,733
Advertising expenses	250	229
Lease expenses	674	562
Expenses on short-term leases	13	12
Insurance expenses	781	767
Other operating expenses	2,389	3,303
Total operating expenses	35,962	30,858

12. COMMITMENTS

At 31 December 2021, the Group's contractual commitments related to the acquisition of property, plant and equipment, repairs, and research and development expenditures totalled EUR 11,058 thousand (31 December 2020: EUR 9,448 thousand).

13. CONTINGENT LIABILITIES

In June 2019, the court accepted a statement of claim for damages of EUR 23.8 million in total filed against Group companies OÜ TS Laevad and OÜ TS Shipping in relation to alleged unjustified use of confidential information in a public tender to provide public passenger transport service on the Saaremaa and Hiiumaa routes. The statement of claim is identical to the one filed by the same plaintiffs in a previous civil case which was dismissed by Harju County Court on 8 March 2019 because the plaintiffs did not provide security of EUR 14,000 in total ordered by the court for covering the estimated costs of the proceedings.

The Group did not admit guilt and is defending itself in the action. The management board believes that the claim is not substantiated and legal advice indicates that it is not probable that a liability will arise. Thus, the management board has not considered it necessary to recognise a provision for the claim.

Note 13 continued

Due to a significant decrease in cargo volumes handled, one of the Group's long-term customers has lodged a claim to void select conditions in a long-term cooperation contract concluded between the Group and the customer retrospectively as from 1 January 2015. The conditions set out the minimum cargo volume that the customer is required to handle each calendar year as well as the customer's minimum annual cargo charge obligation, which are related to the contractual penalty charged for failure to meet the minimum cargo charge obligation. The customer's contractual penalties for failure to meet the minimum cargo charge obligation in the years 2015–2017 amount to EUR 0.45 million. The customer's minimum annual cargo charge obligation is EUR 0.31 million. Harju County Court decided on 19 January 2021 and Tallinn Circuit Court decided on 22 October 2021 that the statement of claim is to be denied and procedural expenses are to be borne by the customer. At the date these financial statements are authorised for issue, the customer has filed an appeal in cassation but the appeal has not yet been accepted.

At the end of 2019, the customer filed an application to the Competition Authority, requesting the initiation of supervision proceedings in connection with the same claim to establish whether the Group has violated the Competition Act. On 19 January 2022, the Competition Authority decided to suspend the supervision proceedings until the enforcement of the court decision. The management board believes that the claim is not substantiated and legal advice indicates that it is not probable that a liability will arise. Thus, the management board has not considered it necessary to recognise a provision for the claim.

14. INVESTIGATIONS CONCERNING THE GROUP

On 26 August 2015, the Estonian Internal Security Service detained Ain Kaljurand and Allan Kiil, long-term members of the management board of the Group's Parent, AS Tallinna Sadam, as they are suspected of large-scale bribery during several prior years. After long-term investigation, on 31 July 2017 the Group filed a civil action lawsuit against Ain Kaljurand, Allan Kiil and other private and legal persons involved in the episodes under investigation. By the order of Harju County Court dated 19 November 2018, the civil action was included in the criminal proceedings against the above persons.

On 28 October 2020, Harju County Court issued an order terminating criminal proceedings concerning Allan Kiil in connection with his terminal illness. At the same time, Tallinn Circuit Court issued an order requiring Allan Kiil to be involved in the criminal proceedings as a civil defendant. Allan Kiil passed away on 15 June 2021 and on 23 September 2021 Marika Kiil was involved in the proceedings as a civil defendant and a third party in place of Allan Kiil.

At the date these financial statements are authorised for issue, court hearings in the criminal matter were under way and legal proceedings against other persons that have been charged continued. Based on information available at the date these financial statements are authorised for issue, the management board believes that the above events will not have a material adverse impact on the Group's financial performance or financial position. However, they may continue to cause significant damage to the Group's reputation.

15. RELATED PARTY TRANSACTIONS

The Republic of Estonia (through the Ministry of Economic Affairs and Communications) holds 67.03% of the shares in AS Tallinna Sadam.

In thousands of euros	2021	2020
Transactions with the associate		
Revenue	169	164
Operating expenses	1,479	1,004
Transactions with companies in which members of supervisory and management boards of group companies have significant influence		
Revenue	1	0
Operating expenses	10	9
Other expenses	18	22
Transactions with government agencies and companies in which the state has control		
Revenue	23,822	24,110
Other income	30	66
Operating expenses	9,666	6,772
Other expenses	57	57
Acquisition of property, plant and equipment	8	64
In thousands of euros		
At 31 December	2021	2020
Trade receivables from and payables to the associate		
Receivables (note 4)	8	15
Payables (note 7)	153	78
Trade receivables from and payables to companies in which members of supervisory and management boards of group companies have significant influence		
Receivables	0	2
Payables	1	1
Trade receivables from and payables to government agencies and companies in which the state has control		
Receivables	352	245
Payables	2,446	1,331

All purchases and sales of services were transactions conducted in the ordinary course of business on an arm's length basis.

Revenue and operating expenses from transactions with related parties comprise revenue and expenses from sales and purchases of business-related services.

Information presented about companies in which members of the supervisory and management boards of group companies have significant influence is based on the information provided by related parties.

16. EVENTS AFTER THE REPORTING PERIOD

On 11 February 2022, AS Tallink Grupp and AS Tallinna Sadam reached a compromise agreement, which ends the court dispute between the two parties over the port dues charged from passenger ferries for the port services provided in Old City Harbour. According to the compromise agreement, AS Tallink Grupp will waive all claims submitted against AS Tallinna Sadam in the court dispute and AS Tallinna Sadam will change the port dues charged from passenger ferries operating regular routes to and from Old City Harbour. The new port dues will apply to all ferry operators operating regular routes.

As a result of the compromise agreement, AS Tallinna Sadam will reduce the tonnage charge and passenger fee by 10% and will increase the discount offered to vessels based on the Environmental Ship Index (ESI) for regular route passenger ferries in Old City Harbour.

The revised rates will apply from 1 March 2022 and the agreement will apply for 10 years. Based on the passenger traffic volumes for 2021, AS Tallinna Sadam estimates that the projected negative impact of the transaction on the company's financial results for 2022 will be nearly EUR 2 million. The economic impact of the compromise on the results of subsequent financial years is difficult to quantify due to the ongoing pandemic.