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# ***Stena Rederi A/S***

Tuborg Boulevard 12, DK-2900 Hellerup

## **Annual Report for 1 January - 31 December 2020**

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CVR No 33 26 00 59

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
30/6 2021

Morten Rich  
Chairman of the General  
Meeting



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Stena Rederi A/S for the financial year 1 January - 31 December 2020.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hellerup, 30 June 2021

## Executive Board

Sindo Dominic Fernandez-Ares  
CEO

## Board of Directors

Mats Anders Carlsson  
Chairman

Astrid Margaretha Jensen  
Dickson

Bengt Ambjörn Fröjd

Sindo Dominic Fernandez-Ares

# Independent Auditor's Report

To the Shareholder of Stena Rederi A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Stena Rederi A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Management's responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the

# Independent Auditor's Report

audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information re-

# Independent Auditor's Report

quired under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Hellerup, 30 June 2021

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

René Otto Poulsen

statsautoriseret revisor

mne26718

## **Company Information**

### **The Company**

Stena Rederi A/S  
Tuborg Boulevard 12  
DK-2900 Hellerup

CVR No: 33 26 00 59  
Financial period: 1 January - 31 December  
Municipality of reg. office: Gentofte

### **Board of Directors**

Mats Anders Carlsson, Chairman  
Astrid Margaretha Jensen Dickson  
Bengt Ambjörn Fröjd  
Sindo Dominic Fernandez-Ares

### **Executive Board**

Sindo Dominic Fernandez-Ares

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Strandvejen 44  
DK-2900 Hellerup

## Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2020 TEUR	2019 TEUR	2018 TEUR	2017 TEUR	2016 TEUR
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	86.928	101.674	98.124	93.063	70.967
Gross profit/loss	20.548	33.276	18.269	17.176	20.555
Profit/loss before financial income and expenses	4.274	18.163	12.160	9.931	13.795
Net financials	-1.427	-360	-11.156	-267	0
Net profit/loss for the year	2.885	17.879	1.002	9.656	13.773
<b>Balance sheet</b>					
Balance sheet total	108.793	87.598	64.859	68.871	28.188
Equity	51.178	48.292	59.420	63.348	22.408
Investment in property, plant and equipment	0	56.376	-266	-1.825	27.791
Number of employees	275	328	205	218	218
<b>Ratios</b>					
Gross margin	23,6%	32,7%	18,6%	18,5%	29,0%
Profit margin	4,9%	17,9%	12,4%	10,7%	19,4%
Return on assets	3,9%	20,7%	18,7%	14,4%	48,9%
Solvency ratio	47,0%	55,1%	91,6%	92,0%	79,5%
Return on equity	5,8%	33,2%	1,6%	22,5%	64,1%

In connection with merger under the pooling-of-interests method, the comparative figures from 2016 have not been restated.



# Management's Review

## Key activities

The Company's main activity consists of operation of Ro-Pax vessels on the Baltic market, including the services Nynashamn (Sweden) - Ventspils (Latvia) and Travemünde (Germany) - Liepaja (Latvia), as well as operation of RoRo vessels.

## Development in the year

The income statement of the Company for 2020 shows a profit of EUR 2,885,204, and at 31 December 2020 the balance sheet of the Company shows equity of EUR 51,177,736.

## The past year and follow-up on development expectations from last year

The profit for the year is negative affected by the COVID-19 pandemic with restriction on travel, however freight volumes in the Liner activities have kept us at decent levels. The Roro activities are heavily affected by the COVID-19 situation where there has been little appetite in the market resulting in lower TC-rates and early redeliveries of vessels. Management considers the overall positive result satisfactory given the COVID-19 pandemic.

### Corona virus

The consequences of outbreak of Covid-19 on Stena AB is at this stage still evolving. Stena has taken steps to ensure the health and safety of its employees and in parallel is focused on minimizing any negative impact on the business. The situation is still developing, and the assessment is that the outbreak of the corona virus will still have a negative financial impact during 2021 for our Business Areas.

### Ferry Lines

The outbreak of Covid-19 has changed the possibility of movement for individuals which has had a severe negative effect on passenger volumes in Stena Line. The freight volumes are also at a lower level but have been maintained at better levels than expected.

### Shipping

The restrictions in travel has negatively affected the possibility to change crew according to schedules. Congestions in ports due to restrictions slows down loading and unloading. Decline in demand of RoRo and RoPax ships has increased number of laid up vessels. Planned visits to shipyards in some cases postponed.

# Management's Review

## **Capital resources**

Cash flows from operating activities are still good.

The Company's cash and cash equivalents have increased from TEUR 14,070 to TEUR 42,134 at the end of the year.

## ***Operating risks***

The Company has entered into long term agreements concerning the chartering of vessels. Together with the Company's own vessels, these vessels are the most important resource of the Company in relation to ensuring stable operations. Moreover, the Company owns four vessels, of which two are hired out and two are operated in our Liner activities.

## ***Market risks***

Due to the significant price fluctuations on the market, the Company's use of bunker oil for the operation of vessels involves a special risk as price increases may only to a relatively limited extent be recognized in the transportation price.

Due to spot market volatility, the Company's activity of entering into bareboat charter agreements for vessels and subsequently hiring out the vessels on a time charter basis involves a special risk and may therefore result in significant fluctuations in earnings.

## ***Foreign exchange risks***

The Company's results, both income and expenses, are largely denominated in EUR. Therefore, the foreign exchange risk relating to EUR is limited.

Purchases of bunker oil are transacted in USD. As regards decisions to hedge USD, the Company is advised by the finance department of AB Stena Finans.

## ***Interest rate risks***

The Company is not affected by any significant interest rate risks.

# Management's Review

## Strategy and objectives

### Strategy

Stena Rederi A/S's strategy is to offer competitive transportation solutions in connection with transports by sea to customers in the Baltic Sea area. The Company's most important customer markets are the Baltics, Russia, Sweden and Germany.

It is part of the strategy to increase the market share in a growing market. This strategy requires Stena Rederi A/S to be able to adjust its tonnage to market needs in a flexible way.

Based on this strategy, it is Stena Rederi A/S's objective to generate a profit for the Company's shareholders which exceeds the shareholders' required return on their investment. Furthermore, it is the Company's strategy to distribute dividend on excess capital resources that are not going to be used for developing the business.

### Targets and expectations for the year ahead

The company's expectations for the future are still affected by the Covid-19 outbreak and the measures taken by governments in most of the world to mitigate the effects of the outbreak.

The Company's operations are expected to generate a negative liquidity due to large investments in growing capacity on the Liner routes and a lingering COVID-19 marked. Loss for the year 2021 is also expected to amount to approximately TEUR 11,000 due to the expansion and growing of our Liner activities.

The market growth of the services run by Stena Rederi A/S is still positive. The passenger market is expected to recuperate in end 2021 and the freight marked is expected to grow further in 2021 and onwards in 2022.

To meet the growing demand on Nynäshamn – Ventspils and Travemünde – Liepaja and in order to further strengthen our market position, we continue developing and enhancing our freight based routes in BR Baltic Sea North.

### Intellectual capital resources

The Company's primary activity is transport by ship. Thus, the Company's most important intellectual capital resource is naval officers who are able to operate the ships. Through contact with other companies in the Stena Group, including Northern Marine Management, there are good possibilities of ensuring access to these important resources.

# Management's Review

## **Statement of corporate social responsibility**

The Stena Group has an overall policy of recruiting the best suited employees for any given position, irrespective of gender. To ensure the broadest possible recruitment basis, continuous efforts are made to create working conditions and a corporate culture that attract and retain qualified employees across gender, nationality and other criteria without importance to the performance. The Stena Group tries to optimize the use of its employee resources by giving everybody equal opportunities of developing professionally and career wise at all levels.

[https://www.stena.com/app/uploads/2021/04/StenaAB\\_Annual\\_Review\\_2020\\_ENG.pdf](https://www.stena.com/app/uploads/2021/04/StenaAB_Annual_Review_2020_ENG.pdf)

## **Statement on gender composition**

The Stena Group has an overall policy of recruiting the best suited employees for any given position, irrespective of gender. In order to ensure the broadest possible recruitment basis, continuous efforts are made to create working conditions and a corporate culture that attract and retain qualified employees across gender, nationality and other criteria without importance to the performance. The Stena Group tries to optimize the use of its employee resources by giving everybody equal opportunities of developing professionally and career wise at all levels.

## ***Top management***

It is the Company's objective that the underrepresented gender should constitute at least 25% of the Company's Board of Directors and other management levels by 2020 at the latest. The target was set in 2017.

Following the replacement in the Company's top management, the Board of Directors and the Executive Board now consist of five members, one of whom is a woman.

In view of the above objective, it is, however, at all times the Company's and the owners' policy to employ the most qualified people for the positions, which may mean that, in some years, there may be a significant overweight of one gender in Company Management.

## ***Other management levels***

Stena Rederi follows the Stena Group's overall gender equality objectives that recruitment, skills development and other forms of educational activities should be gender neutral, and discrimination must never occur.

All courses that are of a general or horizontal nature, such as introductory courses for new employees or continuing education courses, contain sections on Stena's gender equality work.

Employees in Stena have the opportunity of developing various skills such as different forms of education and individual development plans in relation to their individual goals.

## **Management's Review**

Within Stena, the individual is expected to submit proposals for education and courses that he or she wishes to implement or want to participate in in order to further develop in his or her work and contribute to the continued development of the business.

Diversity and gender equality should be encouraged through external as well as internal recruitment, skills development, promotion and at workgroup assemblies within Stena. A priority objective is that the underrepresented gender should always be involved in the recruitment processes, when possible.

Each department will be associated with recruitment and promotion efforts to achieve and maintain as even distribution as possible between women and men in all types of work and in different categories of workers.

In 2020, we have continued to strengthen our focus on recruitment of the underrepresented gender. In recruiting where Stena hires external recruitment support in the form of crew, headhunters or equivalent for recruitment, we have in 2020 maintained focus on Stena's responsibility to take into account gender equality.

The gender distribution in Stena Rederi A/S is currently maintained at the same level for the offshore personnel and has with the demerger and new setup in 2020 obtained equality on the shore based personnel management levels.

### **Uncertainty relating to recognition and measurement**

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

### **Unusual events**

The financial position at 31 December 2020 of the Company and the results of the activities of the Company for the financial year for 2020 have not been affected by any unusual events.

## Income Statement 1 January - 31 December

	Note	2020 EUR	2019 EUR
<b>Revenue</b>	1	<b>86.927.914</b>	<b>101.674.498</b>
Other operating income		-9.483	0
Expenses for raw materials and consumables		-18.210.249	-23.553.305
Other external expenses		-48.159.915	-44.845.030
<b>Gross profit/loss</b>		<b>20.548.267</b>	<b>33.276.163</b>
Staff expenses	2	-7.881.949	-8.020.210
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-8.392.780	-7.093.339
<b>Profit/loss before financial income and expenses</b>		<b>4.273.538</b>	<b>18.162.614</b>
Income from investments in subsidiaries		-123.022	125.108
Financial income	3	324.391	360.680
Financial expenses	4	-1.628.601	-845.828
<b>Profit/loss before tax</b>		<b>2.846.306</b>	<b>17.802.574</b>
Tax on profit/loss for the year	5	38.898	76.703
<b>Net profit/loss for the year</b>		<b>2.885.204</b>	<b>17.879.277</b>

# Balance Sheet 31 December

## Assets

	Note	2020 EUR	2019 EUR
Acquired rights		0	460.000
<b>Intangible assets</b>	6	<b>0</b>	<b>460.000</b>
Other fixtures and fittings, tools and equipment		462.790	582.619
Vessels		46.244.965	52.828.021
Property, plant and equipment in progress		286.744	55.053
<b>Property, plant and equipment</b>	7	<b>46.994.499</b>	<b>53.465.693</b>
Investments in subsidiaries	8	1.058.470	1.181.492
Deposits		23.774	23.774
<b>Fixed asset investments</b>		<b>1.082.244</b>	<b>1.205.266</b>
<b>Fixed assets</b>		<b>48.076.743</b>	<b>55.130.959</b>
<b>Inventories</b>		<b>919.864</b>	<b>1.197.515</b>
Trade receivables		1.041.481	565.814
Receivables from group enterprises		11.622.507	12.610.820
Other receivables		1.348.562	1.250.076
Corporation tax receivable from group enterprises		42.703	131.987
Prepayments	9	3.606.371	2.640.400
<b>Receivables</b>		<b>17.661.624</b>	<b>17.199.097</b>
<b>Cash at bank and in hand</b>		<b>42.134.414</b>	<b>14.070.327</b>
<b>Currents assets</b>		<b>60.715.902</b>	<b>32.466.939</b>
<b>Assets</b>		<b>108.792.645</b>	<b>87.597.898</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2020 EUR	2019 EUR
Share capital	10	941.703	941.703
Reserve for net revaluation under the equity method		894.539	1.017.561
Retained earnings		49.341.494	46.332.643
<b>Equity</b>		<b>51.177.736</b>	<b>48.291.907</b>
Payables to group enterprises		38.000.000	22.000.000
<b>Long-term debt</b>	12	<b>38.000.000</b>	<b>22.000.000</b>
Trade payables		2.590.353	2.689.860
Payables to group enterprises	12	13.878.154	9.506.895
Corporation tax		0	1.065.709
Other payables		3.139.894	3.449.955
Deferred income		6.508	593.572
<b>Short-term debt</b>		<b>19.614.909</b>	<b>17.305.991</b>
<b>Debt</b>		<b>57.614.909</b>	<b>39.305.991</b>
<b>Liabilities and equity</b>		<b>108.792.645</b>	<b>87.597.898</b>
Distribution of profit	11		
Contingent assets, liabilities and other financial obligations	13		
Related parties	14		
Subsequent events	15		
Accounting Policies	16		



## Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	EUR	EUR	EUR	EUR
Equity at 1 January	941.703	1.017.561	46.332.643	48.291.907
Adjustment regarding previous year	0	0	625	625
Net profit/loss for the year	0	-123.022	3.008.226	2.885.204
<b>Equity at 31 December</b>	<b>941.703</b>	<b>894.539</b>	<b>49.341.494</b>	<b>51.177.736</b>

# Notes to the Financial Statements

	2020	2019
	EUR	EUR
<b>1 Revenue</b>		
<b>Geographical segments</b>		
Revenue, Denmark	3.896.932	7.194.848
Revenue, exports	83.030.982	94.479.650
	<b>86.927.914</b>	<b>101.674.498</b>
<b>Business segments</b>		
Freight	75.511.438	86.472.363
Charter	9.425.189	12.212.258
Other	1.991.287	2.989.877
	<b>86.927.914</b>	<b>101.674.498</b>
<b>2 Staff expenses</b>		
Wages and salaries	7.192.122	7.333.388
Pensions	492.236	465.956
Other social security expenses	169.363	171.271
Other staff expenses	28.228	49.595
	<b>7.881.949</b>	<b>8.020.210</b>
<b>Average number of employees</b>	<b>275</b>	<b>328</b>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

The company hires ship personnel from it's subsidiary and therefore the company indirectly has all the obligations attached. Consequently the average number of employees stated above includes personnel hired from it's subsidiary. These employees are not included in the average number of employees stated in the subsidiary's Financial Statements. The cost for hired staff is included in Other External Expenses.

## Notes to the Financial Statements

	2020 <u>EUR</u>	2019 <u>EUR</u>
<b>3 Financial income</b>		
Interest received from group enterprises	170.303	107.872
Other financial income	154.088	47.786
Exchange adjustments	0	205.022
	<u><b>324.391</b></u>	<u><b>360.680</b></u>
<b>4 Financial expenses</b>		
Interest paid to group enterprises	1.515.909	689.321
Other financial expenses	28.862	142.216
Exchange adjustments, expenses	83.830	14.291
	<u><b>1.628.601</b></u>	<u><b>845.828</b></u>
<b>5 Tax on profit/loss for the year</b>		
Current tax for the year	-77.467	-21.371
Adjustment of tax concerning previous years	38.569	-55.332
	<u><b>-38.898</b></u>	<u><b>-76.703</b></u>
<b>6 Intangible assets</b>		<u>Acquired rights</u> EUR
Cost at 1 January		2.300.000
Cost at 31 December		<u>2.300.000</u>
Impairment losses and amortisation at 1 January		1.840.000
Amortisation for the year		460.000
Impairment losses and amortisation at 31 December		<u>2.300.000</u>
<b>Carrying amount at 31 December</b>		<u><b>0</b></u>
Amortised over		<u>5 years</u>

## Notes to the Financial Statements

### 7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Vessels	Property, plant and equipment in progress	Total
	EUR	EUR	EUR	EUR
Cost at 1 January	1.082.274	83.543.316	55.053	84.680.643
Additions for the year	36.915	1.032.280	431.040	1.500.235
Disposals for the year	-2.151	-36.498	0	-38.649
Transfers for the year	45.023	154.326	-199.349	0
Cost at 31 December	<u>1.162.061</u>	<u>84.693.424</u>	<u>286.744</u>	<u>86.142.229</u>
Impairment losses and depreciation at 1 January	499.655	30.715.295	0	31.214.950
Depreciation for the year	199.616	7.733.164	0	7.932.780
Impairment losses and depreciation at 31 December	<u>699.271</u>	<u>38.448.459</u>	<u>0</u>	<u>39.147.730</u>
<b>Carrying amount at 31 December</b>	<b><u>462.790</u></b>	<b><u>46.244.965</u></b>	<b><u>286.744</u></b>	<b><u>46.994.499</u></b>

## Notes to the Financial Statements

	2020 EUR	2019 EUR
<b>8 Investments in subsidiaries</b>		
Cost at 1 January	163.931	43.711.924
Disposals for the year	0	-43.547.993
Cost at 31 December	<u>163.931</u>	<u>163.931</u>
Value adjustments at 1 January	1.017.561	-13.648.333
Net profit/loss for the year	-123.022	125.108
Reversals of revaluations in previous years	0	14.540.786
Value adjustments at 31 December	<u>894.539</u>	<u>1.017.561</u>
<b>Carrying amount at 31 December</b>	<b><u>1.058.470</u></b>	<b><u>1.181.492</u></b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
SIA Stena Line	Riga, Latvia	EUR 100,000	100%	481.933	58.119
Stena Marine Management	Hellerup, Denmark	EUR 13,400	100%	576.537	-181.141

All foreign subsidiaries are recognised and measured as separate entities.

## 9 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions etc.

# Notes to the Financial Statements

## 10 Equity

The share capital consists of 7,001 shares of a nominal value of EUR 1,000. No shares carry any special rights.

The share capital has developed as follows:

	2020	2019	2018	2017	2016
	EUR	EUR	EUR	EUR	EUR
Share capital at 1 January	941.703	941.703	941.703	941.569	941.569
Capital increase	0	0	0	134	0
Capital decrease	0	0	0	0	0
<b>Share capital at 31 December</b>	<b>941.703</b>	<b>941.703</b>	<b>941.703</b>	<b>941.703</b>	<b>941.569</b>

## 11 Distribution of profit

	2020	2019
	EUR	EUR
Reserve for net revaluation under the equity method	-123.022	1.017.561
Retained earnings	3.008.226	16.861.716
	<b>2.885.204</b>	<b>17.879.277</b>

## 12 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2020	2019
	EUR	EUR
<b>Payables to group enterprises</b>		
After 5 years	6.000.000	6.000.000
Between 1 and 5 years	32.000.000	16.000.000
Long-term part	<b>38.000.000</b>	<b>22.000.000</b>
Within 1 year	8.000.000	4.000.000
Other short-term debt to group enterprises	5.878.154	5.506.895
Short-term part	<b>13.878.154</b>	<b>9.506.895</b>
	<b>51.878.154</b>	<b>31.506.895</b>

## Notes to the Financial Statements

	2020 EUR	2019 EUR
<b>13 Contingent assets, liabilities and other financial obligations</b>		
<b>Contingent liabilities</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	13.782.306	2.850.867
Between 1 and 5 years	35.419.637	1.212.622
After 5 years	17.534.529	0
	<b>66.736.472</b>	<b>4.063.489</b>
<b>Specification of contingent liabilities</b>		
TC hire commitment	66.095.852	2.520.000
Rental obligation	640.619	1.543.489

There are unrecognized tax liabilities for any subsequent withdrawal of the tonnage tax scheme or for the sale of ferries without reinvestments. The company does not intend to withdraw from the scheme.

The Company is subject to Danish joint taxation with group enterprises. According to the Danish Corporation Tax Act, the Company is therefore jointly and severally liable to the Danish tax authorities for corporation taxes as well as withholding taxes on dividend and interest of the jointly taxed enterprises.

For employees under civil servants, the Company has a liable for a termination of 873 TEUR (2019: 913 TEUR) upon dismissal.

# Notes to the Financial Statements

## 14 Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
Stena AB	Ultimate parent company

### Consolidated Financial Statements

The Company is included in the consolidated report for Stena AB.

<u>Name</u>	<u>Place of registered office</u>
Stena AB	Göteborg, Sweden

The Group Annual report of Stena AB may be obtained at the following address:

Stena AB  
Masthuggskajen 19  
405-19 Göteborg  
Sweden

## 15 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.



# Notes to the Financial Statements

## 16 Accounting Policies

The Annual Report of Stena Rederi A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020 are presented in EUR.

### ***Fee to auditors***

With reference to section 96(3) of the Danish Financial Statements Act the fee to the auditors appointed at the general meeting has not been disclosed.

### **Consolidated financial statements**

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of Stena AB, Sverige, the Company has not prepared consolidated financial statements.

### **Cash flow statement**

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Stena AB, the Company has not prepared a cash flow statement.

### **Recognition and measurement**

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

### Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

### Revenue

Information on business segments and geographical segments based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### Income Statement

#### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

#### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

#### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

#### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

#### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

#### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

### Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance Sheet

### Intangible assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5 years.

### Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

Production buildings	11-25 years
Other buildings	2-5 years
Vessels	10-20 years
Other fixtures and fittings, tools and equipment	2-3 years
Docking	2-5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at EUR 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

### Other fixed asset investments

Other fixed asset investments consist of deposits.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### **Inventories**

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

### **Receivables**

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

### **Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### **Equity**

#### ***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

# Notes to the Financial Statements

## 16 Accounting Policies (continued)

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

## Financial Highlights

### Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials} \times 100}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$