
Stena Rederi A/S

Tuborg Boulevard 12, DK-2900 Hellerup

Annual Report for 1 January - 31 December 2021

CVR No 33 26 00 59

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
30/6 2022

Morten Rich
Chairman of the General
Meeting



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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 2021.

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 2021 of the Company and of the results of the Company operations for 2021.

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, 29 June 2022

Executive Board

Dhananjay Chandrakant Swadi
CEO

Board of Directors

Mats Anders Carlsson
Chairman

Astrid Margaretha Jensen
Dickson

Bengt Ambjörn Fröjd

Dhananjay Chandrakant Swadi

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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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 2021, 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 required 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.

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 misstate-

Independent Auditor's Report

ment, 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 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

Independent Auditor's Report

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.

Hellerup, 29 June 2022

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
Dhananjay Chandrakant Swadi

Executive Board

Dhananjay Chandrakant Swadi

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:

	2021 TEUR	2020 TEUR	2019 TEUR	2018 TEUR	2017 TEUR
Key figures					
Profit/loss					
Revenue	106.792	86.928	101.674	98.124	93.063
Gross profit/loss	17.700	20.548	33.276	18.269	17.176
Profit/loss before financial income and expenses	-1.779	4.274	18.163	12.160	9.931
Net financials	-702	-1.427	-360	-11.156	-267
Net profit/loss for the year	-2.238	2.885	17.879	1.002	9.656
Balance sheet					
Balance sheet total	103.603	108.793	87.598	64.859	68.871
Equity	48.940	51.178	48.292	59.420	63.348
Investment in property, plant and equipment	7.456	1.500	56.378	266	1.825
Number of employees	450	275	328	205	218
Ratios					
Gross margin	16,6%	23,6%	32,7%	18,6%	18,5%
Profit margin	-1,7%	4,9%	17,9%	12,4%	10,7%
Return on assets	-1,7%	3,9%	20,7%	18,7%	14,4%
Solvency ratio	47,2%	47,0%	55,1%	91,6%	92,0%
Return on equity	-4,5%	5,8%	33,2%	1,6%	22,5%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

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 2021 shows a loss of EUR 2,238,216, and at 31 December 2021 the balance sheet of the Company shows equity of EUR 48,939,520.

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

Last year management expected a net loss for the year of TEUR 11.000. The actual loss for the year is TEUR 2.238 and thus the result exceeds the expectation. The result for the year is negatively 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 still affected by the COVID-19 situation where there has been little appetite in the market resulting in still low TC-rates. Management considers the overall negative result satisfactory given the COVID-19 pandemic.

The situation is still developing, and the assessment is that the outbreak of the corona virus will most likely not have a negative financial impact during 2022 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.

Capital resources

Cash flows from operating activities are still good.

The Company's cash and cash equivalents have increased from TEUR 107 to TEUR 116 at the end of the year.

Management's Review

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.

The current conflict between Russia and Ukraine is affecting the expectations for our Line activities, but given the uncertainties expectation are still for keeping the freight level from last year and thereby a revenue on same level as 2021.

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 market. Loss for the year 2022 is also expected to amount to approximately TEUR 3,000 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 continue to recuperate in 2022 and the freight market is expected to grow further in 2022 and onwards in 2023.

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

In February 2022 a new route was opened on the Baltic Sea from Nynäshamn in Sweden to Hangö in Finland. It is operated by the vessel Urd in the starting phase and planned to be joined by the vessel Stena Gothica as of May 2022.

Management's Review

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.

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://stena.com/app/uploads/2022/05/StenaAB_Annual_Review_2021_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 2021 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.

Management's Review

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.

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 2021, 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 2021 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 obtained equality on the shore based personnel management levels.

Statement on data ethics

Stena Rederi A/S does not use advanced technologies such as artificial intelligence or machine learning. The Company handles general data in the form of customer data and employee data. Data is processed in accordance with the GDPR and our privacy and information security policies. With the limited processing of data, it is the Company's assessment that there is no need for a policy on data ethics. The company will continuously assess whether a policy is necessary.

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 2021 of the Company and the results of the activities of the Company for the financial year for 2021 have not been affected by any unusual events.

Income Statement 1 January - 31 December

	Note	2021 EUR	2020 EUR
Revenue	1	106.792.179	86.927.914
Other operating expenses		0	-9.483
Expenses for raw materials and consumables		-25.630.548	-18.210.249
Other external expenses		-63.461.244	-48.159.915
Gross profit/loss		17.700.387	20.548.267
Staff expenses	2	-10.715.469	-7.881.949
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-8.764.121	-8.392.780
Profit/loss before financial income and expenses		-1.779.203	4.273.538
Income from investments in subsidiaries		323.940	-123.022
Financial income	4	331.069	324.391
Financial expenses	5	-1.356.512	-1.628.601
Profit/loss before tax		-2.480.706	2.846.306
Tax on profit/loss for the year	6	242.490	38.898
Net profit/loss for the year		-2.238.216	2.885.204

Balance Sheet 31 December

Assets

	Note	2021 EUR	2020 EUR
Other fixtures and fittings, tools and equipment		674.634	462.790
Vessels		44.608.847	46.244.965
Property, plant and equipment in progress		103.750	286.744
Property, plant and equipment	7	45.387.231	46.994.499
Investments in subsidiaries	8	1.382.410	1.058.470
Deposits		7.661	23.774
Fixed asset investments		1.390.071	1.082.244
Fixed assets		46.777.302	48.076.743
Inventories		2.191.553	919.864
Trade receivables		385.826	1.041.481
Receivables from group enterprises		50.614.575	53.650.385
Other receivables		732.188	1.348.562
Corporation tax receivable from group enterprises		42.703	42.703
Prepayments	9	2.743.225	3.606.371
Receivables		54.518.517	59.689.502
Cash at bank and in hand		116.124	106.536
Currents assets		56.826.194	60.715.902
Assets		103.603.496	108.792.645

Balance Sheet 31 December

Liabilities and equity

	Note	2021 EUR	2020 EUR
Share capital	10	941.703	941.703
Reserve for net revaluation under the equity method		1.218.479	894.539
Retained earnings		46.779.338	49.341.494
Equity		48.939.520	51.177.736
Payables to group enterprises		30.000.000	38.000.000
Long-term debt	12	30.000.000	38.000.000
Trade payables		4.760.369	2.590.353
Payables to group enterprises	12	12.621.214	13.878.154
Other payables		6.990.539	3.139.894
Deferred income		291.854	6.508
Short-term debt		24.663.976	19.614.909
Debt		54.663.976	57.614.909
Liabilities and equity		103.603.496	108.792.645
Distribution of profit	11		
Contingent assets, liabilities and other financial obligations	13		
Related parties	14		
Subsequent events	15		
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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	894.539	49.341.494	51.177.736
Net profit/loss for the year	0	323.940	-2.562.156	-2.238.216
Equity at 31 December	941.703	1.218.479	46.779.338	48.939.520

Notes to the Financial Statements

	2021	2020
	EUR	EUR
1 Revenue		
Geographical segments		
Revenue, Denmark	6.267.656	3.896.932
Revenue, exports	100.524.523	83.030.982
	106.792.179	86.927.914
Business segments		
Freight	94.501.672	75.511.438
Charter	9.187.148	9.425.189
Other	3.103.359	1.991.287
	106.792.179	86.927.914
2 Staff expenses		
Wages and salaries	9.784.848	7.192.122
Pensions	582.624	492.236
Other social security expenses	300.994	169.363
Other staff expenses	47.003	28.228
	10.715.469	7.881.949
Average number of employees	450	275

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 its subsidiary and therefore the company indirectly has all the obligations attached. Consequently the average number of employees stated above includes personnel hired from its 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 with TEUR 4.874 (2020: TEUR 3.231).

Notes to the Financial Statements

	2021 EUR	2020 EUR
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Amortisation of intangible assets	0	460.000
Depreciation of property, plant and equipment	8.764.121	7.932.780
	8.764.121	8.392.780
	2021 EUR	2020 EUR
4 Financial income		
Interest received from group enterprises	196.494	170.303
Other financial income	134.575	154.088
	331.069	324.391
5 Financial expenses		
Interest paid to group enterprises	1.202.423	1.515.909
Other financial expenses	19.906	28.862
Exchange adjustments, expenses	134.183	83.830
	1.356.512	1.628.601
6 Tax on profit/loss for the year		
Current tax for the year	-86.073	-77.467
Adjustment of tax concerning previous years	-156.417	38.569
	-242.490	-38.898

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	1.162.061	84.693.424	286.744	86.142.229
Additions for the year	16.584	6.867.801	571.846	7.456.231
Disposals for the year	0	-4.729.722	0	-4.729.722
Transfers for the year	413.354	341.486	-754.840	0
Cost at 31 December	<u>1.591.999</u>	<u>87.172.989</u>	<u>103.750</u>	<u>88.868.738</u>
Impairment losses and depreciation at 1 January	699.271	38.448.459	0	39.147.730
Depreciation for the year	218.094	8.546.027	0	8.764.121
Reversal of impairment and depreciation of sold assets	0	-2.607.746	0	-2.607.746
Reversal for the year of previous years' impairment losses	<u>0</u>	<u>-1.822.598</u>	<u>0</u>	<u>-1.822.598</u>
Impairment losses and depreciation at 31 December	<u>917.365</u>	<u>42.564.142</u>	<u>0</u>	<u>43.481.507</u>
Carrying amount at 31 December	<u>674.634</u>	<u>44.608.847</u>	<u>103.750</u>	<u>45.387.231</u>

Notes to the Financial Statements

	2021 EUR	2020 EUR
8 Investments in subsidiaries		
Cost at 1 January	163.931	163.931
Cost at 31 December	163.931	163.931
Value adjustments at 1 January	894.539	1.017.561
Net profit/loss for the year	323.940	-123.022
Value adjustments at 31 December	1.218.479	894.539
Carrying amount at 31 December	1.382.410	1.058.470

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%	542.983	61.050
Stena Marine Management	Hellerup, Denmark	EUR 13,400	100%	839.427	262.890

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:

	2021	2020	2019	2018	2017
	EUR	EUR	EUR	EUR	EUR
Share capital at 1 January	941.703	941.703	941.703	941.703	941.569
Capital increase	0	0	0	0	134
Capital decrease	0	0	0	0	0
Share capital at 31 December	941.703	941.703	941.703	941.703	941.703

11 Distribution of profit

	2021	2020
	EUR	EUR
Reserve for net revaluation under the equity method	323.940	-123.022
Retained earnings	-2.562.156	3.008.226
	-2.238.216	2.885.204

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:

	2021	2020
	EUR	EUR
Payables to group enterprises		
After 5 years	0	6.000.000
Between 1 and 5 years	30.000.000	32.000.000
Long-term part	<u>30.000.000</u>	<u>38.000.000</u>
Within 1 year	8.000.000	8.000.000
Other short-term debt to group enterprises	4.621.214	5.878.154
Short-term part	<u>12.621.214</u>	<u>13.878.154</u>
	42.621.214	51.878.154

Notes to the Financial Statements

	2021	2020
	EUR	EUR
13 Contingent assets, liabilities and other financial obligations		
Contingent liabilities		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	18.835.003	13.782.306
Between 1 and 5 years	74.269.991	35.419.637
After 5 years	27.823.624	17.534.529
	120.928.618	66.736.472
Specification of contingent liabilities		
TC hire commitment	120.569.038	66.095.852
Rental obligation	359.580	640.619

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 877 TEUR (2020: 873 TEUR) upon dismissal.

Notes to the Financial Statements

14 Related parties

	<u>Basis</u>
Controlling interest	
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 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Financial Statements for 2021 are presented in EUR.

The accounting policies applied remain unchanged from last year, except below mentioned.

Changes in accounting policies

Management has in the current financial year reassessed the classification of the cash pool account that has been classified as cash or as loan to the bank in the previous years. The Company participates in a cash pooling arrangement with the bank and other members of the Stena Group of companies. As a result of such arrangements, the bank grants the Company the ability to deposit and withdraw funds from the bank account resulting in either a positive or negative cash balance (overdraft), subject to all members including the Company granting the bank a right of set-off. The Company does not remain liable to the bank for any overdraft as the primary obligor is the Parent Company and the bank has the right to set-off against the deposits of a related party that is a member to the agreement. Based on above it is Management's assessment that the bank balances should be classified as either Receivables from or payables to group enterprises. Consequently, the comparatives have been amended accordingly, which led to reclassification of TEUR 42.028 from Cash at bank and in hand to Receivables from group enterprises.

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.

Notes to the Financial Statements

16 Accounting Policies (continued)

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.

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

Notes to the Financial Statements

16 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

16 Accounting Policies (continued)

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 expenses, 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.

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.

Notes to the Financial Statements

16 Accounting Policies (continued)

Balance Sheet

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:

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

Notes to the Financial Statements

16 Accounting Policies (continued)

“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.

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

Notes to the Financial Statements

16 Accounting Policies (continued)

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.

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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$