
Stena Rederi A/S

Tuborg Boulevard 12, DK-2900 Hellerup

Annual Report for 2023

CVR No. 33 26 00 59

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 19/6 2024

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 2023.

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 2023 of the Company and of the results of the Company operations for 2023.

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, 19 June 2024

Executive Board

Dhananjay Chandrakant Swadi
CEO

Board of Directors

Mats Anders Carlsson
Chairman

Bengt Ambjörn Fröjd

Dhananjay Chandrakant Swadi

Ian James Hampton

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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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 2023, 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 Financial 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 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.

Independent Auditor's report

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 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, 19 June 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

René Otto Poulsen

State Authorised Public Accountant

mne26718

Company information

The Company	Stena Rederi A/S Tuborg Boulevard 12 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 Bengt Ambjörn Fröjd Dhananjay Chandrakant Swadi Ian James Hampton
Executive Board	Dhananjay Chandrakant Swadi
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023	2022	2021	2020	2019
	TEUR	TEUR	TEUR	TEUR	TEUR
Key figures					
Profit/loss					
Revenue	219,408	177,451	106,797	87,017	101,674
Gross profit	54,338	17,329	17,547	20,435	33,276
Profit/loss of primary operations	-9,837	-13,131	-1,778	4,219	18,163
Profit/loss of financial income and expenses	-3,229	-1,012	-702	-1,372	-360
Net profit/loss for the year	-10,942	-14,021	-2,238	2,885	17,879
Balance sheet					
Balance sheet total	122,700	84,583	103,605	102,154	87,598
Investment in property, plant and equipment	49,305	10,930	7,456	1,500	56,378
Equity	63,975	34,918	48,941	51,178	48,292
Number of employees	1,045	852	450	275	328
Ratios					
Gross margin	24.8%	9.8%	16.4%	23.5%	32.7%
Profit margin	-4.5%	-7.4%	-1.7%	4.8%	17.9%
Return on assets	-8.0%	-15.5%	-1.7%	4.1%	20.7%
Solvency ratio	52.1%	41.3%	47.2%	50.1%	55.1%
Return on equity	-22.1%	-33.4%	-4.5%	5.8%	33.2%

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 route services Nynashamn (Sweden) - Ventspils (Latvia) and Travemünde (Germany) - Liepaja (Latvia). The Company have closed the route between Nynashamn (Sweden) – Hanko (Finland) during 2023. In addition to those the company also have technical management of RoRo and RoPax vessels on international trades.

Development in the year

The income statement of the Company for 2023 shows a loss of TEUR 10,942, and at 31 December 2023 the balance sheet of the Company shows positive equity of TEUR 64,975.

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

Last year management expected a profit for the year of TEUR 4.000 due to the expansion and growing of our Liner activities. The actual loss for the year is TEUR 10,942, which was heavily affected both by the Russian sanction and the high inflation experienced during 2022 and 2023, as well as many operational challenges affecting vessel capacity and trips. The growth expected in the Swedish building sector did not materialize and thus Freight volumes have heavily affected compared to budget expectation. In April 2023 TT-Line opened a new route in the area going into a head-to-head competition with DFDS. This has resulted in a price war which during the year has spread to the entire area in order to retain volumes. The Roro activities have continued its positive trend and general shortage of available tonnage has resulted in growing TC-rates.

Management considers the overall negative result disappointing but accepts and adjusts to the given marked conditions finds the operational outlook satisfying in the long perspective, if however, 2024 look to be yet another disappointing year. The RoPax activities are and will remain heavily affected by the price war, the general inflation and lower freight volumes over the next year.

The past years have in general been affected by the war in Ukraine and the ensuing sanctions. Management evaluates the situation in the environment on an ongoing basis and has no significant doubts about the Group's continued operations and the overall business is therefore expected to continue in the same direction and to about the same extent as in 2023, save for the close of the route between Nynashamn (Sweden) – Hanko (Finland).

Capital resources

Cash flows from operating activities are affected by the low volumes and price war. In 2023 the company received a contribution from group of TEUR 40.000.

The Company bought the vessel Stena Forwarder in 2023 which will be mortgaged with a loan during 2024 improving the capital resources.

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 five vessels, of which three are hired out for the full year and two have been hire out or have been 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.

The implementation of CII rating system and EU Emission Trading Scheme (ETS) will affect the Company's vessels however the Company is investing in making the vessels more efficient to reduce carbon emissions and thus it is expected that the negative impact will be limited.

Due to the impact of increased inflation and the continued shortage of qualified crew from Europe it is expected that crew costs will increase impacting revenue.

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.

Strategy and objectives

Strategy

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

Management's review

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 inflation seen during 2023. The current conflict between Russia and Ukraine is affecting the expectations for our Line activities but given the uncertainties and the price war expectation are for keeping the freight level from last year by regaining volumes and thereby a revenue is expected on same level as 2023.

The Company's operations are expected to generate a negative cashflow and a negative result due to the price war, freight volumes and lack of growth in the Swedish building sector. Loss for the year 2023 is also expected to amount to approximately TEUR 10,000.

The market growth of the services run by Stena Rederi A/S is still positive. The passenger market has growth more than expected in 2023 and the general freight market is now expected to increase end of 2024 and onwards in 2025, from the decrease levels that we experienced during 2023 as a result from the high inflation and that is expected to linger throughout first half 2024. The price war and efforts to regain the lower freight volumes is expected to affect all of 2024 and into start 2025.

To meet the long-term general expected 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.

Research and development

The Company benefits from the investment in R&D activities at a Group level.

External environment

The Company's primary focus is on maintaining the high level of attention on quality, safety and environmental protection as important elements in the operation of the vessels.

New stricter rules relating to the construction of vessels, inspection and age limits as well as updated rules relating to security, safety and environment require continuous focus on operating the fleet in accordance with national and international conventions and regulations and on implementing new measures and requirements in good time.

Increasing focus on regulations for lowering vessel emissions (e.g., CII, ETS etc.) has potential to impact commercial operations, the Company is well positioned to manage this change.

Management's review

As a minimum, all vessels are equipped and certified according to the recommendations of classification companies and the flag states. Daily operations include verification that the chartered tonnage complies with current rules and requirements.

Intellectual capital resources

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

Statement of corporate social responsibility

Please refer to the Group's CSR report prepared by Stena AB, Sweden, which can be found via the following link : <https://stena.com/app/uploads/2024/05/stena-ab-annual-review-2023.pdf>

PEOPLE

For Stena Rederi A/S to be relevant in the future we want everyone working within Stena Rederi A/S to feel welcome and included, have the opportunity to grow and develop as well as take responsibility and be able to perform their best. Diversity and inclusion are a matter of equal treatment and possibilities as well as a condition for a successful business. We foster a culture of care and inclusion to attract and retain diversity of perspective.

As part of our commitment to foster an inclusive work environment, this management review will delve into Stena Rederi A/S' diversity initiatives and the reporting of management levels by gender.

Diversity in Management

The Stena Group has an overall policy on 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 attracts 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 Level Management

Stena Rederi A/S has in the annual report for 2022 set a target of 25% the underrepresented gender within the board of directors (top management level) to be reached by 2024. During the management review for year 2023, challenges with reaching the previous set target has been identified and the management team proposes extending the target timeline to by a year.

Board members are chosen at the general assembly on an annual basis. It is expected that Stena Rederi A/S will reach the annual target of 25% female managers in top management within year 2025. The members of the board consist solely of four males and two alternates who are female. We do not consider alternates as a headcount for top management level, and we have therefore no representation of the underrepresented at that level. The representation of females in board alternate positions does however bring confident in reaching the target.

Management's review

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.

Other Management Levels

Stena Rederi A/S have likewise set goals for equal gender composition within other management levels.

The target is 33% female leaders within other management levels by 2025. At this point in time, the composition of gender in other management levels, consists of four males and two females. Stena Rederi A/S has achieved gender equality among other management levels.

Several initiatives have been carried out this year, to increase the percentage of females in leadership positions. The initiatives are elaborated below as well as the politic for reaching the percentage of the underrepresented gender on other management levels.

Five-year overview of target figures

We regularly collect and analyze data on the gender composition of our management levels to assess the representation of women in leadership positions. This data allows us to identify areas for improvement and track progress towards gender parity goals. The annual report for 2023 will be the first year Stena Rederi A/S have set a formal target for gender diversity within "other management levels".

Management Level	Metric	2023
Top Management Level (Board)	Total number of members	4
	Underrepresented in percentage	0%
	Target in percentage	25%
	Year for meeting of target	2025
Other Management Level at shore	Total number of members	6
	Underrepresented in percentage	33%
	Target in percentage	33%
	Year for retaining of target	2024

Despite progress, certain challenges persist, including the underrepresentation of women in top management and in leadership positions at sea. Addressing these challenges requires ongoing commitment and targeted strategies to ensure equal opportunities for career advancement.

Stena Rederi A/S' politic for reaching gender diversity on other management levels.

Diversity is a part of our People policy stating that it is everyone's responsibility to act inclusively to allow diversity in the workplace. The approach is that diversity and inclusion are a matter of equal treatment and possibilities as well as a condition for successful business. We foster a culture of care and inclusion to attract and retain diversity of perspective.

The Managing Director of Stena Rederi A/S is a board member of Stena AB's Group Diversity Board which is emphasizing the importance of the topic.

Management's review

Stena Rederi A/S follows the Stena Group's overall gender equality objectives and have implemented various diversity initiatives aimed at promoting inclusivity and equality across all levels. These initiatives include diversity training programs, network opportunities for underrepresented groups, and gender neutral recruitment and promotion processes. Stena Rederi A/S is also a member of the DEI network group at Danish Shipping.

Throughout 2023 Stena Rederi have worked with several initiatives to promote equality and diversity in other management levels and top management levels. As the top management is constituted by employees from other Group companies the general initiatives used by the group and Stena Rederi also applies to the top management. Stena Rederi A/S makes sure to promote female talent to the Stena Leadership Training programs. Female managers and specialists are participating in workshops, lectures and discussions from the Stena AB Global Female Leaders' Network. The network is one of Stena's efforts towards achieving gender equality.

Stena Rederi A/S has implemented equal rights for parental leave. Mother and father/co-parent has the right to take an equal parental leave, giving the employees the opportunity to plan leave that corresponds with their work- and family life.

Stena Rederi A/S will continue to support for diversity initiatives and investing in programs that promote gender equality and inclusion at all levels of the organization. The year 2024 started positively with Stena Rederi A/S as co-creator of an event together with WIS (Women in Shipping) and Stena Bulk A/S with more than 100 participants from the industry.

In conclusion, fostering diversity and gender equality is not only a moral imperative but also a strategic advantage for Stena Rederi A/S. Building a more diverse work group along with our initiatives should over time result in a more diverse management group and eventually also in the top management. By embracing diversity and promoting inclusivity, we not only enriching our workplace culture but also driving innovation and business success. Through continued commitment and action, we can create a more equitable and prosperous future for all employees.

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 and AI policy. 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 2023 of the Company and the results of the activities of the Company for the financial year for 2023 have not been affected by any unusual events.

Income statement 1 January - 31 December

	Note	2023	2022
		TEUR	TEUR
Revenue	1	219,408	177,451
Other operating income		28	-26
Expenses for raw materials and consumables		-160,821	-152,384
Other external expenses		-4,277	-7,712
Gross profit		54,338	17,329
Staff expenses	2	-52,160	-20,957
Depreciation and impairment losses of property, plant and equipment	3	-12,015	-9,503
Profit/loss before financial income and expenses		-9,837	-13,131
Income from investments in subsidiaries		163	-207
Financial income	4	653	425
Financial expenses	5	-4,045	-1,230
Profit/loss before tax		-13,066	-14,143
Tax on profit/loss for the year	6	2,124	122
Net profit/loss for the year	7	-10,942	-14,021

Balance sheet 31 December

Assets

	Note	2023	2022
		TEUR	TEUR
Acquired other similar rights		0	0
Intangible assets	8	0	0
Other fixtures and fittings, tools and equipment		7,013	2,276
Vessels		72,408	41,231
Property, plant and equipment in progress		6,433	5,056
Property, plant and equipment	9	85,854	48,563
Investments in subsidiaries	10	769	1,175
Deposits		4,476	8
Fixed asset investments		5,245	1,183
Fixed assets		91,099	49,746
Bunker and goods for resale		3,516	3,370
Inventories		3,516	3,370
Trade receivables		2,567	4,403
Receivables from group enterprises		18,684	13,287
Other receivables		2,096	608
Corporation tax receivable from group enterprises		42	43
Prepayments	11	4,490	13,068
Receivables		27,879	31,409
Cash at bank and in hand		206	58
Current assets		31,601	34,837
Assets		122,700	84,583

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		TEUR	TEUR
Share capital	12	942	942
Reserve for net revaluation under the equity method		605	1,011
Retained earnings		62,428	32,965
Equity		63,975	34,918
Payables to group enterprises		14,190	22,000
Long-term debt	13	14,190	22,000
Trade payables		4,858	9,266
Payables to group enterprises	13	28,878	9,312
Corporation tax		27	0
Other payables		10,408	8,886
Deferred income		364	201
Short-term debt		44,535	27,665
Debt		58,725	49,665
Liabilities and equity		122,700	84,583
Contingent assets, liabilities and other financial obligations	14		
Related parties	15		
Subsequent events	16		
Accounting Policies	17		

Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	TEUR	TEUR	TEUR	TEUR
Equity at 1 January	942	1,011	32,964	34,917
Net effect from merger and acquisition under the uniting of interests method	0	-569	569	0
Adjusted equity at 1 January	942	442	33,533	34,917
Contribution from group	0	0	40,000	40,000
Net profit/loss for the year	0	163	-11,105	-10,942
Equity at 31 December	942	605	62,428	63,975

Notes to the Financial Statements

	2023	2022
	TEUR	TEUR
1. Revenue		
Geographical segments		
Revenue, Denmark	4,267	2,747
Revenue, exports	215,141	174,704
	219,408	177,451
Business segments		
Freight	128,046	137,032
Charter	81,337	30,144
Other	10,025	10,275
	219,408	177,451

	2023	2022
	TEUR	TEUR
2. Staff Expenses		
Wages and salaries	42,846	19,106
Pensions	1,296	761
Other social security expenses	1,199	566
Other staff expenses	6,819	524
	52,160	20,957

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

Average number of employees	1,045	852
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Last year the company hired part of the ship personel from the subsidiary Stena Marine Management ApS and the expense was included as expenses for raw materials and consumables. As per 1 January 2023, Stena Marine Management ApS and Stena Rederi A/S was merged. After the merger the ship personel is directly employed by Stena Rederi A/S and thus their wages and salaries included as staff expenses.

Notes to the Financial Statements

	2023	2022
	TEUR	TEUR
3. Depreciation and impairment losses of property, plant and equipment		
Depreciation of property, plant and equipment	12,015	9,503
	12,015	9,503
	2023	2022
	TEUR	TEUR
4. Financial income		
Interest received from group enterprises	615	201
Other financial income	0	107
Exchange adjustments	38	117
	653	425
	2023	2022
	TEUR	TEUR
5. Financial expenses		
Interest paid to group enterprises	3,640	943
Other financial expenses	191	89
Exchange adjustments, expenses	200	161
Exchange loss	14	37
	4,045	1,230
	2023	2022
	TEUR	TEUR
6. Income tax expense		
Current tax for the year	-1,451	-122
Adjustment of tax concerning previous years	-673	0
	-2,124	-122

Notes to the Financial Statements

	2023	2022
	TEUR	TEUR
7. Profit allocation		
Reserve for net revaluation under the equity method	163	-207
Retained earnings	-11,105	-13,814
	<u>-10,942</u>	<u>-14,021</u>

8. Intangible fixed assets

	Acquired other similar rights
	TEUR
Cost at 1 January	2,300
Cost at 31 December	<u>2,300</u>
Impairment losses and amortisation at 1 January	2,300
Impairment losses and amortisation at 31 December	<u>2,300</u>
Carrying amount at 31 December	<u>0</u>

9. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Vessels	Property, plant and equipment in progress
	TEUR	TEUR	TEUR
Cost at 1 January	9,101	85,642	5,056
Additions for the year	7,159	40,767	1,380
Cost at 31 December	<u>16,260</u>	<u>126,409</u>	<u>6,436</u>
Impairment losses and depreciation at 1 January	6,825	44,411	0
Depreciation for the year	2,422	9,590	3
Impairment losses and depreciation at 31 December	<u>9,247</u>	<u>54,001</u>	<u>3</u>
Carrying amount at 31 December	<u>7,013</u>	<u>72,408</u>	<u>6,433</u>

Notes to the Financial Statements

	2023	2022
	TEUR	TEUR
10. Investments in subsidiaries		
Cost at 1 January	164	164
Disposals for the year	-14	0
Cost at 31 December	<u>150</u>	<u>164</u>
Value adjustments at 1 January	1,011	1,218
Net effect from merger and acquisition	-555	0
Net profit/loss for the year	163	-207
Value adjustments at 31 December	<u>619</u>	<u>1,011</u>
Carrying amount at 31 December	<u>769</u>	<u>1,175</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Owner-ship	Equity	Net profit/loss for the year
SIA Stena Line	Riga, Latvia	EUR 100,000	100%	769,103	162,911

As of 1 January 2023, Stena Rederi A/S and Stena Marine Management ApS have merged.

All foreign subsidiaries are recognised and measured as separate entities.

11. Prepayments

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

12. Share capital

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

Notes to the Financial Statements

<u>2023</u>	<u>2022</u>
TEUR	TEUR

13. 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:

Payables to group enterprises

After 5 years	0	0
Between 1 and 5 years	14,190	22,000
Long-term part	14,190	22,000
Within 1 year	8,000	8,000
Other short-term debt to group enterprises	20,878	1,312
	<u>43,068</u>	<u>31,312</u>

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	TEUR	TEUR
14. Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	48,474	55,677
Between 1 and 5 years	112,616	183,365
After 5 years	0	9,344
	<u>161,090</u>	<u>248,386</u>

Specification of contingent liabilities

TC hire commitment	160,918	233,884
Rental obligation	172	151

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 161 TEUR (2022: 590 TEUR) upon dismissal.

Notes to the Financial Statements

15. Related parties and disclosure of consolidated financial statements

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

The Group Annual Report of may be obtained at the following address:

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

Stena AB
Masthuggskajen 19
405-19 Göteborg
Sweden

16. Subsequent events

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

Notes to the Financial Statements

17. Accounting policies

The Annual Report of Stena Rederi A/S for 2023 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 2023 are presented in TEUR.

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.

Lack of comparability

As per 1 January 2023, Stena Rederi A/S has merged with its 100% owned subsidiary Stena Marine Management ApS. The takeover method was applied in connection with the merge with the booked value being taken over by Stena Rederi A/S. Therefore, no corrections have been made to the comparative figures.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2023 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, Sverige, 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.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Notes to the Financial Statements

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 transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

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 the fair value reserve 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

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

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.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation and impairment of 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 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 comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

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

Notes to the Financial Statements

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with . The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

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:

Vessels	10-20 years
Other fixtures and fittings, tools and equipment	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 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.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

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

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.

Bunker and goods for resale equal landed cost.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

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.

Dividend

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

Equity

Treasury shares

Purchase and sales prices for treasury shares are recognised directly in retained earnings under equity. A reduction of capital by cancellation of treasury shares reduces the share capital by an amount equal to the nominal value of the shares and increases retained earnings. Dividend on treasury shares is recognised directly in equity under retained earnings.

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.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

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

Notes to the Financial Statements

Deferred income

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

Financial Highlights

Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$