



STENA AB (PUBL.)

INTERIM REPORT FOR THE THREE-MONTH PERIOD

1 JANUARY – 31 MARCH 2021



- **THE RESULT BEFORE TAXES** amounted to SEK –1,129 (–2,101) million for the three-month period ended 31 March 2021.
- **CONSOLIDATED EBITDA** for the three-month period ended 31 March 2021 amounted to SEK 1,054 (1,028) million.
- **CONSOLIDATED EBITDA**, excluding net gain on sale of assets and change in fair value of investment properties, for the three-month period ended 31 March 2021 amounted to SEK 845 (761) million.
- **LIQUIDITY** Ensuring a strong available liquidity position has always been the company's strategy. Available liquidity was further strengthened during first quarter 2021 by the MidMAX arbitration award and sale of investment properties and amounted to SEK 23.0 billion as of 31st of March 2021.

FERRY OPERATION

EBITDA increased compared to last year despite only half a month of negative Covid-19 impact last year. Passenger and car volumes are still under pressure but are compensated by strong freight volumes and cost reductions.

DRILLING

Slightly increased EBITDA compared to last year. Contracts with Exxon for *Stena Carron* and *Stena DrillMAX* extended and two new contracts signed.

SHIPPING

Increased EBITDA within LNG operations offset by decreased EBITDA within the tanker segments compared to last year. The first delivered RoPax newbuilding in Q3 2020 has commenced its 10-year charter contract which contributes to a stable EBITDA for RoRo operations.

PROPERTY

Continued strong and stable performance with an average occupancy rate of around 98%. EBITDA decreased slightly compared to last year due to the sale of the international properties in mid March 2021. The fair value of investment properties has been adjusted positively by SEK 248 million, i.e. 0.7 % of the total property portfolio.

NEW BUSINESSES

Continued strong performance and positive development by all portfolio companies and particularly by the consumer-focused holdings such as Blomsterlandet and Ballingslöv, which had a record year in 2020 and still continues to grow.

Göteborg, 27 May 2021

Annika Hult

Deputy CEO and Principal Financial Officer





CONTENT

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

- 4 Condensed Consolidated Income Statements
- 5 Consolidated Statements of Comprehensive Income
- 6 Condensed Consolidated Balance Sheet
- 8 Condensed Consolidated Statements of Changes in Equity
- 9 Condensed Consolidated Statements of Cash Flows
- 10 Notes to Condensed Consolidated Financial Statements
- 13 Operating and financial review
- 18 Other financial information – Restricted group

FORWARD-LOOKING STATEMENTS

This Interim Report includes statements that are, or may be deemed to be, forward-looking statements and can be identified as “forward-looking statements” by terms and phrases such as “anticipate,” “should,” “likely,” “foresee,” “believe,” “estimate,” “expect,” “intend,” “continue,” “could,” “may,” “project,” “plan,” “predict,” “will” and other similar expressions. These forward-looking statements include all matters that are not historical facts.

We do not intend, and undertake no obligation, to revise the forward-looking statements included in this report to reflect any future events or circumstances. Our actual results, performance or achievements could differ materially from the results expressed or implied by these forward-looking statements.

CONDENSED CONSOLIDATED INCOME STATEMENTS (UNAUDITED)

(SEK in million)	Three-month period ended 31 March	
	2021	2020
Revenue		
Ferry Operations	2,312	2,803
Offshore Drilling	401	491
Shipping	2,189	2,917
Property	662	680
New Businesses	1,823	1,599
Other	13	13
Total revenue	7,400	8,503
Change in fair value of investment properties	248	247
Net gain/loss on sale of non-current assets	-39	20
Total other income	209	267
Direct operating expenses		
Ferry Operations	-1,742	-2,282
Ferry Operations -redundancy costs		-265
Offshore Drilling	-533	-564
Shipping	-1,608	-1,893
Property	-234	-231
New Businesses	-1,399	-1,241
Other	-7	5
Total direct operating expenses	-5,523	-6,471
Selling and administrative expenses	-1,032	-1,271
Profit/loss from investments in operating associates	-24	-6
Depreciation, amortisation and impairment	-1,658	-1,868
Total operating expenses	-8,237	-9,616
Operating profit/loss	-628	-846
Profit/loss from investments in strategic associates	15	26
Dividends received	39	31
Gains/losses on sale of securities	120	-516
Interest income	47	52
Interest expenses	-655	-788
Exchange gains/losses	6	-8
Other finance income/costs	-73	-52
Financial net	-501	-1,255
Profit/loss before tax	-1,129	-2,101
Income taxes	16	92
Profit/loss for the period	-1,113	-2,009
Profit/loss for the period attributable to:		
Shareholders of the Parent company	-1,119	-2,011
Non-controlling interests	6	2
Profit/loss for the period	-1,113	-2,009

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

(SEK in million)	Three-month period ended 31 March	
	2021	2020
Profit/loss for the period	-1,113	-2,009
Other comprehensive income		
<i>Items that may subsequently be reclassified to profit or loss</i>		
Change in fair value reserve, net of tax	62	-172
Change in net investment hedge, net of tax	902	-1,385
Change in translation reserve	424	785
Share of other comprehensive income of associates	-6	
<i>Items that will not be reclassified to profit or loss</i>		
Change in fair value reserve, net of tax	-20	-16
Change in revaluation reserve, net of tax	236	26
Remeasurements of post-employment benefit obligations	15	-21
Share of other comprehensive income of associates	-1	
Other comprehensive income for the period	1,612	-783
Total comprehensive income for the period	499	-2,792
Total comprehensive income attributable to:		
Shareholders of the Parent company	497	-2,793
Non-controlling interests	2	1
Total comprehensive income for the period, net of tax	499	-2,792

The accompanying notes form an integral part of these Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)

(SEK in million)	31 March 2021	31 December 2020
Assets		
Non-current assets		
Intangible assets	4,754	4,731
Property, plant and equipment		
Vessels	36,538	36,012
Construction in progress	2,369	1,869
Equipment	2,835	2,797
Land and buildings	2,434	2,414
Ports	4,670	4,497
Total property, plant and equipment	48,846	47,589
Investment properties	38,379	40,902
Financial assets		
Investments reported according to the equity method	3,581	3,556
Marketable securities	4,239	3,363
Surplus in funded pension plans	1,275	1,195
Other non-current assets	5,918	5,348
Total financial assets	15,013	13,462
Total non-current assets	106,992	106,684
Current assets		
Inventories	1,284	1,080
Trade receivables	3,616	2,867
Other current receivables	3,263	5,591
Prepayments and accrued income	1,750	1,487
Short-term investments	1,739	1,752
Cash and cash equivalents	1,746	1,814
Assets held for sale	670	658
Total current assets	14,068	15,249
Total assets	121,060	121,933

(SEK in million)	31 March 2021	31 December 2020
Equity and liabilities		
Equity	43,424	42,925
Non-current liabilities		
Deferred tax liabilities	4,905	4,820
Pension liabilities	788	748
Other provisions	109	64
Long-term debt	38,239	40,539
Senior Notes	13,937	13,260
Capitalised lease obligations	2,768	2,826
Other non-current liabilities	2,710	3,431
Total non-current liabilities	63,456	65,688
Current liabilities		
Short-term debt	3,542	3,533
Capitalised lease obligations	820	778
Trade payables	2,281	1,944
Tax liabilities	89	109
Other liabilities	2,757	2,086
Accruals and deferred income	4,691	4,870
Total current liabilities	14,180	13,320
Total equity and liabilities	121,060	121,933

The accompanying notes form an integral part of these Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

(SEK in million)	Equity attributable to shareholders of the Parent company					
	Share capital	Reserves	Retained earnings incl. Profit for the period	Total	Non-controlling interests	Total equity
Closing balance, 31 December 2019	5	4,483	43,403	47,891	159	48,050
Change in fair value reserve		-328	140	-188		-188
Change in net investment hedge		-1,385		-1,385		-1,385
Change in revaluation reserve		3	23	26		26
Change in translation reserve		786		786	-1	785
Remeasurement of post-employment benefit obligation			-21	-21		-21
Other comprehensive income		-924	142	-782	-1	-783
Profit for the period			-2,011	-2,011	2	-2,009
Total comprehensive income		-924	-1,869	-2,793	1	-2,792
Changes in non-controlling interest					35	35
Closing balance, 31 March 2020	5	3,559	41,534	45,098	195	45,293
Closing balance, 31 December 2020	5	6,935	35,766	42,706	219	42,925
Change in fair value reserve		28	14	42		42
Change in net investment hedge		902		902		902
Change in revaluation reserve		215	21	236		236
Change in translation reserve		428		428	-4	424
Change in associates			-7	-7		-7
Remeasurement of post-employment benefit obligation			15	15		15
Other comprehensive income		1,573	43	1,616	-4	1,612
Profit for the period			-1,119	-1,119	6	-1,113
Total comprehensive income		1,573	-1,076	497	2	499
Changes in non-controlling interest					0	0
Closing balance, 31 March 2021	5	8,508	34,690	43,202	221	43,424

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(SEK in million)	Three-month period ended 31 March	
	2021	2020
Cash flow from operating activities		
Profit/loss for the period	-1,113	-2,009
Adjustments to reconcile profit for the year to net cash provided by operating activities:		
Depreciation, amortisation and impairment	1,658	1,868
Change in fair value of investment properties	-248	-247
Gain on sale of non-current assets	39	-20
Gains/losses on sale of securities net	-120	516
Share of strategic associates result	-15	-26
Deferred income taxes	10	-22
Exchange differences, unrealised	136	-630
Other non-cash items	148	210
Pensions	39	-14
Dividend from operational associates and joint ventures	10	46
Net cash flow from trading securities	-6	573
Trade and other receivables	1,717	-395
Prepayments and accrued income	-392	-490
Inventories	-190	-53
Trade payables	298	413
Accruals and deferred income	-60	357
Income tax payable	-116	36
Other current liabilities	140	216
Cash flow from operating activities	1,935	329
Cash flow from investing activities		
Purchase of intangible assets	-25	-60
Sale of property, plant and equipment	190	62
Capital expenditure on property, plant and equipment	-2,026	-1,720
Purchase and sale of operations, net of cash	2,324	-182
Investments and disposals in strategic associates and joint ventures	0	-140
Sale of securities	420	1,171
Purchase of securities	-1,041	-507
Other investing activities	-120	322
Cash flow from investing activities	-278	-1,054
Cash flow from financing activities		
Proceeds from issuance of short and long-term debt	927	10,603
Principal payments on short and long-term debt	-573	-9,833
Net change in borrowings on line-of-credit agreements	-1,930	175
New leases	2	0
Principal payments on capitalised lease obligations	-242	-289
Net change in restricted cash accounts	150	304
Other financing activities	-101	-120
Cash flow from financing activities	-1,767	840
Effect of exchange rate changes on cash and cash equivalents	42	95
Net change in cash and cash equivalents	-68	210
Cash and cash equivalents at beginning of period	1,814	3,366
Cash and cash equivalents at end of period	1,746	3,576

The accompanying notes form an integral part of these Condensed Consolidated Financial Statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1. BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements present the financial position and result of operations of Stena AB (publ) and its subsidiaries (Stena) and have been prepared in accordance with IAS 34, "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended on 31 December 2020, which have been prepared in accordance with IFRS.

The interim financial information included in the condensed consolidated financial statements has not been audited, and reflects all adjustments (consisting only of normal recurring adjustments) that are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented. Interim results for the three months ended on 31 March 2021 are not necessarily an indication of the results to be expected for the full year.

NOTE 2. ACCOUNTING POLICIES

Except for as noted below the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2020, as described in the annual financial statements.

Taxes on income during the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Stena's Annual Report 2020 describes the content of the new accounting principles that are regarded as material for the Stena AB Group (see link [https:// www.stena.com/news-finance/investor-relations/reports/](https://www.stena.com/news-finance/investor-relations/reports/)).

Change in application of capitalised lease obligations

As stated in Note 19 of the Stena AB's annual report 2020, sale and lease back contracts with a repurchase agreement clause were included in capitalised lease obligations. From 1 January 2021 these liabilities have been reclassified to long- and short term debt in the balance sheet with the corresponding amounts of SEK 9,615 million and SEK 957 million respectively as per 31 December 2020.

New or amended accounting policies applied after 2021

There are no new accounting policies applicable from 2021 that significantly affects the Stena AB Group.

NOTE 3. SEGMENT INFORMATION

Revenue

Three-month period ended 31 March

(SEK in million)	Lease income		Products		Service		Construction Contracts		Other		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Ferry operations			80	134	2,215	2,668			17	1	2,312	2,803
Offshore Drilling	209	276			192	211				4	401	491
Shipping:												
Roll-on/Roll-off vessel	116	75			17	23			1	1	134	99
Tanker	628	1,078			404	707			7		1,039	1,785
Other Shipping			72	84	943	949			1		1,016	1,033
Total Shipping	744	1,153	72	84	1,364	1,679			9	1	2,189	2,917
Property	640	657			22	23					662	680
New Businesses			1,512	1,277		2	309	317	2	3	1,823	1,599
Other					12	13			1		13	13
Total	1,593	2,086	1,664	1,495	3,805	4,596	309	317	29	9	7,400	8,503

(SEK in million)	Three-month period ended 31 March	
	2021	2020
Operating profit/loss		
Ferry Operations:		
Redundancy costs		-265
Total Ferry Operations	-299	-648
Offshore Drilling	-858	-1,053
Shipping: Roll-on/Roll-off vessels	31	37
Tanker	-92	292
Other shipping	11	-10
Total Shipping	-50	319
Property:		
Net gain on sale of properties		11
Net gain/loss on sale of operations	-27	
Change in fair value of investment properties	248	247
Total Property	590	649
New Businesses	80	-9
Other	-91	-104
Total Operating profit/loss	-628	-846

(SEK in million)	Three-month period ended 31 March	
	2021	2020
Depreciation, amortisation and impairment		
Ferry Operations	615	594
Offshore Drilling	629	809
Shipping: Roll-on/Roll-off vessels	42	33
Tanker	268	338
Other shipping	28	18
Total Shipping	338	389
Property	3	3
New Businesses	65	64
Other	8	9
Total	1,658	1,868

(SEK in million)	Three-month period ended 31 March	
	2021	2020
Profit/loss from investments in operating associates		
Shipping: Tanker	-25	1
Other shipping	-2	-14
Total Shipping	-27	-13
Property	3	7
Total	-24	-6

(SEK in million)	Three-month period ended 31 March	
	2021	2020
EBITDA		
Ferry Operations	317	211
Redundancy costs		-265
Total Ferry Operations	317	-54
Offshore Drilling	-229	-243
Shipping: Roll-on/Roll-off vessels	73	70
Tanker	200	630
Other shipping	41	20
Total Shipping	314	720
Property	369	387
Net gain on sale of properties		11
Net gain/loss on sale of operations	-27	
Change in fair value of investment properties	248	247
Total Property	590	645
New Businesses	145	54
Other	-83	-94
Total EBITDA	1,054	1,028

(SEK in million)	Three-month period ended 31 March	
	2021	2020
Capital expenditures		
Ferry Operations	201	833
Offshore Drilling	64	69
Shipping: Roll-on/Roll-off vessels	225	208
Tanker	39	73
Other shipping	122	37
Total Shipping	386	318
Property	1,318	426
New Businesses	52	52
Other	5	22
Total	2,026	1,720

OPERATING AND FINANCIAL REVIEW

Stena generates revenue primarily from ferry operations, chartering out its owned, chartered-in and leased Roll-on/Roll-off vessels, tankers and drilling rigs, managing tankers, sales of vessels, income from Investments, New Businesses and real estate rents. The period from June through September is the peak travel season for passengers of the ferry operations. Chartering activities are not generally significantly affected by seasonal fluctuations, but variations over the year may occur as a consequence of, among other things, vessel utilisation rates, dry-docking and charter rates. Any sale or acquisition of vessels, drilling rigs and real estate may also have an impact on the results of each period.

Significant events of the first three-month period of 2021

As per 1 January 2021 the United Kingdom left the EU, which has not had a significant impact on the Stena AB Group operation.

In February 2021 Stena Fastigheter acquired two commercial properties Göteborg.

In March 2021, Stena Realty acquired one commercial property in Poland.

On 5 March 2021, a London Arbitration Tribunal determined certain issues in dispute between Stena Atlantic Limited ("Stena") and Samsung Heavy Industries Co, Ltd ("SHI") over the construction of a harsh environment semi-submersible drilling unit, formerly known as "Stena MidMAX". The Contract for the unit was signed on 26 June 2013 with delivery of the unit to be made by 20 March 2016. The Contract was terminated by Stena on 1 June 2017 due to excessive delay. SHI disputed the termination and referred the dispute to London Arbitration. The Tribunal determined that Stena's termination of the Contract was valid and in doing so dismissed all claims by SHI against Stena. The Tribunal also ordered payment by SHI to Stena of the minimum sum of USD 411 million by way of refundment of Stena's pre-delivery payments plus further amounts in respect of interest and project costs. Based on the value of the receivable recognized in the Stena accounts, the award from the tribunal did not have any significant impact on the profit and loss statement of the Stena AB Group.

In January 2021 Stena signed an agreement to sell major part of its international properties as part of a restructuring of the international real estate portfolio. On March 11, 2021 the transaction was completed, which generated a positive cash flow of SEK 2,3 billion.

In March 2021 *Stena Concert* was sold, but not yet delivered, to a non-disclosed party.

In March 2021 the vessel *Stena Nova* was sold and delivered to her new owners.

Subsequent events

In April 2021, 15% of the total outstanding shares in Stena Renewable AB was sold to Alecta. After the transaction, Stena Adactum holds 20% of the shares in Stena Renewable.

In April, the term of the contracts with Exxon for *Stena Carron* and *Stena DrillMAX* in Guyana were extended to 31 December 2021.

In April, a contract was signed for *Stena Don* with Hurricane Energy PLC for 15 days commencing in June 2021.

A contract for *Stena IceMAX* has been signed with an undisclosed operator for a one well campaign (30 days) commencing in Q4 2021.

In May, the ropax vessel *COTE D'OPALE* was delivered by the Chinese shipyard China Merchants Jinling Shipyard (Weihai). *COTE D'OPALE* was simultaneously delivered to the Danish ferry operator DFDS.

Currency Effects

Our revenues and expenses, reported in Swedish kronor, are significantly affected by fluctuations in currency exchange rates, primarily relative to the U.S. dollar, the British pound and the Euro. We seek to mitigate the impact of potential adverse foreign currency exchange fluctuations by matching, to a possible extent, revenues and expenses in the same currency. In addition, we enter into certain derivative financial instruments. In the three-month period that ended on 31 March 2021, approximately 20% of our total revenues were generated in USD, approximately 21% were generated in EUR, approximately 13% were generated in GBP and approximately 29% were generated in SEK

In the three-month period ended 31 March 2021, approximately 24% of our total expenses were incurred in USD, approximately 18% were incurred in EUR, approximately 18% were incurred in GBP and approximately 23% were incurred in SEK. The reported gross revenues and expenses were affected by changes in the currency rates. The exchange rates used for consolidation purposes are as follows:

	Jan – Mar	Jan – Mar	
Average rates:	2021	2020	Change
US \$	8.3995	9.6692	–13%
British pound	11.5855	12.3685	–6%
Euro	10.1176	10.6647	–5%

	As of 31 March	As of 31 Dec	
Closing rates:	2021	2020	Change
US \$	8.7301	8.2273	6%
British pound	12.0327	11.2467	7%
Euro	10.2404	10.0505	2%

SUMMARY FOR THE THREE-MONTH PERIOD 1 JANUARY - 31 MARCH 2021

Revenues

Total revenues decreased by SEK 1,103 million to SEK 7,400 (8,503) million in the three months ended 31 March 2021. The decreased revenues mainly relates to Tanker-, Ferry - and Drilling operations offset by increased revenues within the New Businesses segment.

Direct Operating Expenses

Total direct operating expenses decreased by SEK 948 million to SEK 5,523 (6,471) million in the three months that ended on 31 March 2021. The decreased operating expenses mainly relates to Ferry-, Tanker-, and Drilling operations due to reduced businesses and cost savings offset partially by increased operating expenses within the New Business segment.

Selling and Administrative Expenses

Selling and administrative expenses decreased by SEK 239 million to SEK 1,032 (1,271) million in the three months that ended 31 March 2021.

Depreciation, Amortisation and Impairment

Depreciation and amortisation charges decreased by SEK 210 million to SEK 1,658 (1,868) million in the three months ended 31 March 2021.

EBITDA

The EBITDA for the consolidated Stena AB Group increased by SEK 26 million to SEK 1,054 (1,028) million in the three-month period that ended on 31 March 2021.

Ferry Operations

Ferry revenues are generated from ticket sales, freight haulage and onboard sales. Direct operating expenses consist principally of personnel costs, costs of goods sold onboard the vessels, bunker fuel costs, vessel charter costs, commissions, package tour costs and other related costs. A significant portion of these costs do not vary on account of changes in our seasonal requirements.

EBITDA increased by SEK 371 million to SEK 317 (-54) million in the three months ended 31 March 2021. Redundancy costs for closing routes affected the EBITDA with SEK 265 million in the corresponding period last year. Freight volumes increased 2% compared to last year, car volumes decreased 51% compared to last year and passenger volumes decreased 50% compared to last year due to Cov-

id-19 restrictions on travel. January-February 2020 was not affected by Covid-19. Stena Line has taken steps to mitigate the financial impact of the Covid-19 situation. This includes closure of routes, reducing costs and number of employees.

Offshore Drilling

Drilling revenues consist of charter hires for our drilling rigs. The direct operating expenses for drilling consist primarily of personnel costs, insurance, maintenance and catering costs.

EBITDA increased by SEK 14 million to SEK -229 (-243) million in the three-month period 2021. Contracts for *Stena Carron* and *Stena DrillMAX* extended and two new contracts signed.

Shipping

Shipping revenues primarily represent charter hires for our owned and chartered in vessels and management fees for vessels managed by Stena. Direct operating expenses for shipping consist primarily of vessel charter costs, fuel costs, personnel costs, insurance and other related vessel costs.

Tankers

EBITDA decreased by SEK 430 million to SEK 200 (630) million in the three-month period ended 31 March 2021, due to lower tanker rates and weaker demand for oil- and crude products offset by higher result for LNG-vessels.

RoRo Operations

EBITDA from chartering out Roll-on/Roll-off vessels increased by SEK 3 million to SEK 73 (70) million in the three-month period ended 31 March 2021. The increase is mainly due to the delivery of *Galicia* in the third quarter 2020 offset by lower charter rates compared to last year.

Property

Property revenues consists of rents for properties owned and management fees for properties managed by Stena. Property expenses consists primarily of maintenance, heating and personnel costs.

EBITDA decreased by SEK 55 million to SEK 590 (645) million for the three months ended 31 March 2021, mainly due to the sale of the international properties except properties in USA and Poland. The change in fair value of investment properties amounts to SEK 248 (247) million for the three months ended 2021. Occupancy rates for Swedish properties were approximately 98%.

New Businesses

The EBITDA for New Businesses increased by SEK 91 million to SEK 145 (54) million in the three-month period ended 31 March 2021.

Ballingslöv: EBITDA increased by SEK 60 million for the three months ended 31 March 2021 to SEK 160 (100) million. Sales were higher than last year, especially in the Netherlands, Norway and Sweden.

Blomsterlandet: EBITDA increased by SEK 10 million for the three months ended 31 March 2021 to SEK 2 (–8) million due to increased sales.

Envac: EBITDA increased by SEK 14 million for the three months ended 31 March 2021 to SEK 7 (–7) million. Strong order intake, +64%, compared to last year as well as higher gross margin.

Captum: EBITDA for the three months ended 31 March 2021 was SEK –1 (–1) million.

Other Income

Net valuation on investment property

As a result of the revaluation to fair value according to IAS 40 "Investment properties", Stena recognized net gains of SEK 248 (247) million for the three months ended 31 March 2021.

Net gain/loss on sale of vessels

In the three months ended 31 March 2021 the net gain/loss on sale of vessels was SEK –12 million. In the corresponding period 2020 there were no sales of vessels.

Net gain on sale of properties

In the three months ended 31 March 2021 there were no sales of properties, compared to a net gain of SEK 11 million in the corresponding period 2020.

Net gain/loss on sale of operations

In the three months ended 31 March 2021 the net gain/loss on sales of operations amounted to SEK –27 (9) million.

Financial Net

Total finance net increased by SEK 754 million to SEK –501 (–1,255) million in the three months ended 31 March 2021. The increase is mainly related to the positive development in the financial portfolios compared to last year.

Income Taxes

Income taxes for the three months ended 31 March 2021 were SEK 16 (92) million, consisting of current taxes of SEK 26 (70) million and deferred taxes of SEK –10 (22) million.

LIQUIDITY AND CAPITAL RESOURCES

Our liquidity requirements principally relate to servicing of debt, financing the purchase of vessels and other assets and funding of working capital. We meet our liquidity requirements by cash on hand, cash flows from operations, borrowings under various credit facilities and other financing and refinancing arrangements.

As of 31 March 2021, total cash and marketable securities including short-term investments amounted to SEK 7,724 million as compared to SEK 6,929 million as of 31 December 2020.

For the three-month period ended 31 March 2021, cash flows provided by operating activities amounted to SEK 1,935 (329) million. For the three-month period ended 31 March 2021, cash flows used in investing activities amounted to SEK -278 (-1,054) million, including SEK -2,026 (-1,720) million related to capital expenditures. Cash flows from financing activities for the three-month period ended 31 March 2021 amounted to SEK -1,767 (840) million.

As of 31 March 2021, the total construction in progress was SEK 2,369 (3,244) million. The remaining capital expenditure commitment for newbuildings on order as of 31 March 2021 was SEK 3,042 million, of which SEK 1,317 million is due during 2021, SEK 1,123 million is due in 2022 and SEK 602 million is due in 2023 and after. Stena intends to finance the remainder of this unpaid balance, together with additional expenses and financing costs, with cash from operations, existing revolving credit facilities, new capital lease agreements, new bank loans and other financing arrangements.

As of 31 March 2021, total interest-bearing debt was SEK 59,306 million as compared to SEK 60,936 million as of 31 December 2020.

As of 31 March 2021, the SEK 10,7 billion EKN revolving credit facility was unutilised.

As of 31 March 2021, USD 290 million was utilised under the USD 725 million revolving credit facility of which USD 3 million was used for issuing bank guarantees and letters of credit. As of 31 December 2020, USD 531 million was utilized, including USD 3 million used for issuing bank guarantees and letters of credit.

As of 31 March 2021, USD 130 million was utilised under the USD 300 million revolving credit facility entered into by Stena Investment Luxembourg S.à.r.l. compared to USD 68 million as of 31 December 2020.

As of 31 March 2021, SEK 800 million was utilised under the SEK 1,300 million revolving credit facility in Adactum, compared to SEK 750 million as of 31 December 2020.

We believe that, based on current levels of operating performance and anticipated market conditions, cash flow from operations, together with other available sources of funds, including refinancing, will be adequate to make required payments of principal and interest on outstanding debt, to make proposed capital expenditures, including new buildings and other vessel acquisitions, and to fund anticipated working capital requirements.

OTHER FINANCIAL INFORMATION – RESTRICTED GROUP

For the three-month period ended 31 March 2021, Restricted Group Data represents the selected consolidated financial information excluding (i) the property business segment, (ii) the business segment of New Businesses, whose activities consist primarily of investing in companies outside our traditional lines of business, and (iii) our subsidiaries Stena Investment Luxembourg S.à.r.l., Stena Investment Cyprus Ltd and Mondaldi Ltd. Our real estate operations and the business of New Businesses are conducted through various subsidiaries. For purposes of the indentures under which our Senior Notes were issued, real estate business, New Businesses, together with our subsidiaries Stena Investment Luxembourg S.à.r.l., Stena Investment Cyprus Ltd and Mondaldi Ltd, are designated as unrestricted subsidiaries and, as a result, are not bound by the restrictive provisions of the bond indentures.

As of 31 March 2021, Stena had outstanding USD 527 million principal amounts of Senior Notes due 2024. Stena also had outstanding USD 350 million principal amounts of Senior Secured Notes due 2024, USD 350 million principal amounts of Senior Notes due 2025 and EUR 315 million principal amounts of Senior Notes due 2025.

Stena Holland BV has received a dividend from Stena Realty BV amounting to EUR 189 million.

Significant events of the first three-month period of 2021 specific to the restricted group

As per 1 January 2021 the United Kingdom left the EU, which has not had a significant impact on the Stena AB Group operation.

On 5 March 2021, a London Arbitration Tribunal determined certain issues in dispute between Stena Atlantic Limited ("Stena") and Samsung Heavy Industries Co, Ltd ("SHI") over the construction of a harsh environment semi-submersible drilling unit, formerly known as "*Stena MidMAX*". The Contract for the unit was signed on 26 June 2013 with delivery of the unit to be made by 20 March 2016. The Contract was terminated by Stena on 1 June 2017 due to excessive delay. SHI disputed the termination and referred the dispute to London Arbitration. The Tribunal determined that Stena's termination of the Contract was valid and in doing so dismissed all claims by SHI against Stena. The Tribunal also ordered payment by SHI to Stena of the minimum sum of USD 411 million by way of refundment of Stena's pre-delivery payments plus further amounts in respect of interest and project costs. Based on the value of the receivable recognized in the Stena accounts, the award from the tribunal did not have any significant impact on the profit and loss statement of the Stena AB Group.

In March 2021 *Stena Concert* was sold, but not yet delivered, to an non-disclosed party.

In March 2021 the vessel *Stena Nova* was sold and delivered to her new owners.

Subsequent events for the restricted group

In April, the term of the contracts with Exxon for *Stena Carron* and *Stena DrillMAX* in Guyana were extended to 31 December 2021.

In April, a contract was signed for *Stena Don* with Hurricane Energy PLC for 15 days commencing in June 2021.

A contract for *Stena IceMAX* has been signed with an undisclosed operator for a one well campaign (30 days) commencing in Q4 2021.

In May, the ropax vessel *COTE D'OPALE* was delivered by the Chinese shipyard China Merchants Jinling Shipyard (Weihai). *COTE D'OPALE* was simultaneously delivered to the Danish ferry operator DFDS.

GROUP CONSOLIDATED INCOME STATEMENTS – RESTRICTED GROUP (UNAUDITED)

(SEK in million)	Three-month period ended 31 March	
	2021	2020
Revenue		
Ferry Operations	2,312	2,803
Offshore Drilling	401	491
Shipping	2,189	2,917
Other	13	13
Total revenue	4,915	6,224
Net gain on sale of non-current assets	11	9
Total other income	11	9
Direct operating expenses		
Ferry Operations	-1,742	-2,282
Ferry Operations - redundancy costs		-265
Offshore Drilling	-533	-564
Shipping	-1,608	-1,893
Other	-11	5
Total direct operating expenses	-3,894	-4,999
Selling and administrative expenses	-692	-906
Profit/loss from investments in operating associates	-26	-13
Depreciation, amortisation and impairment	-1,591	-1,801
Total operating expenses	-6,203	-7,719
Operating profit/loss	-1,277	-1,486
Dividends received	1,927	6
Gains/loss on securities, net	30	-154
Interest income	52	72
Interest expense	-445	-658
Foreign exchange gains/loss, net	26	18
Other financial income/expense, net	-75	-49
Financial net	1,515	-765
Profit/loss after financial net	238	-2,251
Non-controlling interest	-7	-3
Group contribution		5
Profit/loss before tax	231	-2,249
Income taxes	189	210
Profit for the period	420	-2,039

CONDENSED CONSOLIDATED BALANCE SHEETS - RESTRICTED GROUP (UNAUDITED)

(SEK in million)	31 March 2021	31 December 2020
Assets		
Non-current assets		
Intangible assets	2,294	2,303
Property, plant and equipment		
Vessels	36,538	36,012
Construction in progress	2,209	1,752
Equipment	2,439	2,398
Land and buildings	1,296	1,275
Ports	4,670	4,497
Total property, plant and equipment	47,152	45,934
Financial assets		
Marketable securities	325	258
Intercompany accounts, non-current	1,194	1,048
Other non-current assets	17,098	16,676
Total financial assets	18,617	17,982
Total non-current assets	68,063	66,219
Current assets		
Inventories	354	349
Trade receivables	2,749	2,176
Other current receivables	2,710	5,352
Prepayments and accrued income	1,153	999
Short-term investments	1,691	1,629
Intercompany accounts, current	2,265	1,855
Cash and cash equivalents	1,236	1,259
Assets held for sale	670	658
Total current assets	12,828	14,277
Total assets	80,891	80,496

(SEK in million)	31 March 2021	31 December 2020
Equity and liabilities		
Equity		
Share capital	5	5
Reserves	28,957	27,348
Equity attributable to shareholders of the Parent company	28,962	27,353
Non-controlling interests	208	206
Total equity	29,170	27,559
Non-current liabilities		
Deferred tax liabilities	1,065	972
Pension liabilities	606	587
Other provisions	2	1
Long-term debt	19,748	21,897
Senior Notes	13,937	13,260
Capitalised lease obligations	1,675	1,722
Intercompany accounts, non-current	1,200	1,904
Other non-current liabilities	1,601	1,953
Total non-current liabilities	39,834	42,296
Current liabilities		
Short-term debt	3,367	3,337
Capitalised lease obligations	627	586
Trade payables	1,116	1,029
Tax liabilities	36	51
Other liabilities	2,119	1,483
Intercompany liabilities, current	1,193	683
Accruals and deferred income	3,429	3,472
Total current liabilities	11,887	10,641
Total equity and liabilities	80,891	80,496

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW – RESTRICTED GROUP (UNAUDITED)

(SEK in million)	Three-month period ended 31 March	
	2021	2020
Cash flow from operating activities		
Profit/loss for the period	420	-2,039
Adjustments to reconcile profit to net cash provided by operating activities:		
Depreciation, amortisation and impairment	1,591	1,801
Gain on sale of non-current assets	-11	-9
Gains/losses on securities, net	-30	154
Deferred income taxes	-132	-61
Exchange differences, unrealised	178	-521
Other non-cash items	116	199
Pensions	35	-17
Net cash flow from trading securities	-6	573
Dividend from Unrestricted group	-1,908	
Dividend from operational associates and joint ventures	10	46
Changes in working capital	1,866	9
Cash flow from operating activities	2,129	135
Cash flow from investing activities		
Capital expenditure of intangible assets	-16	-51
Sale of property, plant and equipment	184	1
Capital expenditure on property, plant and equipment	-656	-1,243
Purchase and sale of operations, net of cash		-182
Sale of securities	3	43
Purchase of securities	-96	-10
Other investing activities	-99	-222
Cash flow from investing activities	-680	-1,664
Cash flow from financing activities		
Proceeds from issuance of short and long-term debt	174	10,003
Principal payments on short and long-term debt	-562	-9,712
Net change in borrowings on line-of-credit agreements	-2,490	759
New leases	2	0
Principal payments on capitalised lease obligations	-226	-264
Net change in restricted cash accounts	72	248
Intercompany accounts	-301	761
Dividend from Unrestricted group	1,908	
Other financing activities	-86	-117
Cash flow from financing activities	-1,509	1,678
Effect of exchange rate changes on cash and cash equivalents	37	83
Net change in cash and cash equivalents	-23	232
Cash and cash equivalents at beginning of period	1,259	2,348
Cash and cash equivalents at end of period	1,236	2,580