ANNUAL REPORT
2019/2020

STENA METALL

THE YEAR IN BRIEF

- Stena Metall Group report an EBITDA of SEK 1,561 million. Excluding the effect of IFRS 16, EBITDA was SEK 1,352 million, which can be compared with the previous year's EBITDA of SEK 1,607 million.
- The Business Area Recycling reported a strong year with an EBITDA of SEK 1,305 million including IFRS 16 (previous year SEK 1,321 million).
- Stena Oil had a very good year with an all time high EBITDA of SEK 196 million including IFRS 16 (previous year SEK 39 million).
- Stena Metall Group has strengthened the liquidity during the year by issuing bond loans of SEK 1,800 million. In addition to this, the group has concluded an agreement with Handelsbanken and DNB regarding a new, green, revolving credit facility of SEK 300 million.

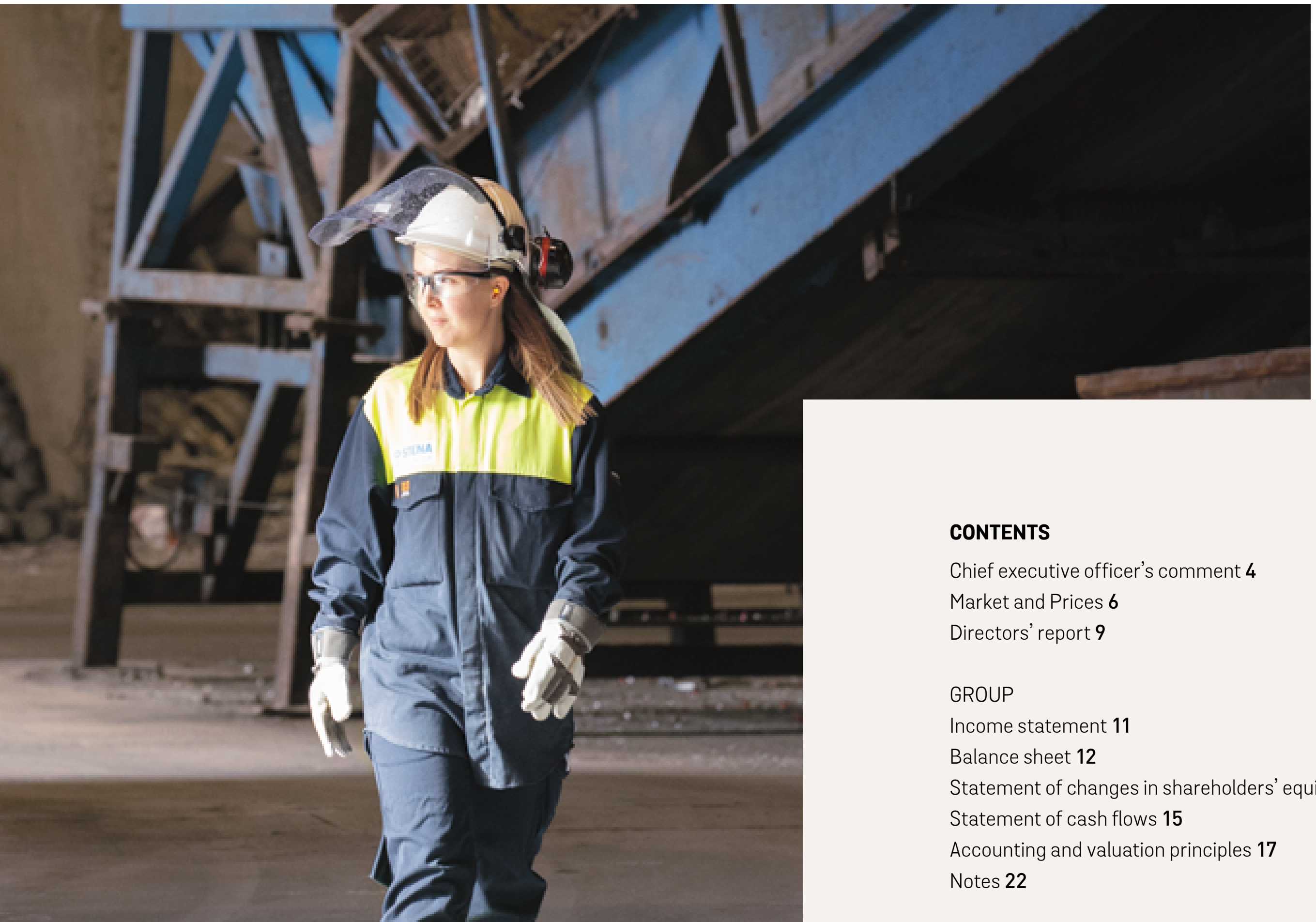
698

OPERATING PROFIT, SEK MILLION

KEY FIGURES

SEK million	**2019/2020**	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015
Net sales	**23,658**	27,391	26,681	22,354	16,404	19,733
EBITDA[1]	**1,561**	1,607	1,657	1,382	987	1,174
Operating profit	**698**	920	932	758	472	658
Shareholders' equity	**6,825**	6,524	5,737	5,135	4,750	4,585
Equity ratio, %[2]	**43.0**	44.3	39.0	37.5	39.2	36.5
Average number of employees	**3,506**	3,497	3,756	3,365	3,152	3,224

1) Result before financial income and expenses, taxes and depreciation.
2) Shareholders' equity as a percentage of total assets.



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CHIEF EXECUTIVE OFFICER'S COMMENT

The financial year 2019/2020 was, in many respects, a strange and extremely challenging year. In a short-term market characterized by high volatility and a great deal of uncertainty, the Stena Metall Group strengthened its position as the Nordic region's leading recycling company. Profit before tax was SEK 559 million.

The year was dominated by the coronavirus pandemic and its effects on the world around us. Looking back, it is important to remember that at the beginning of the financial year, last autumn, market conditions were rather severe, with falling scrap prices and weaker business volumes overall. In most cases for Stena Recycling this was financially a worse period than the "corona period", in terms of result. During the second quarter, the market outlook improved and, as we prepared for the second half of February, we were quite optimistic, in terms of both volumes and prices. Then came the coronavirus, the world shut down and we quickly had to adjust to a different situation. We rapidly entered a state of readiness, with a focus on health and safety and, above all, on securing our business.

I think we have succeeded very well in "rallying the troops" (companies), instilling courage and energy, while focusing on the areas that we are able to affect. Within Stena Recycling, we have ensured full production throughout the crisis and have generally seen good demand for all our product types. We have stayed close to our customers and partners. We have generated a great deal of new business during this period. Our collective business acumen has really shown its strength in these challenging and extraordinary circumstances.

The coronavirus pandemic has had a significant effect on most of our operations. Our everyday lives have changed and we have been forced to adapt to new and different demands that affect us all, in our private lives as well as in our work. I'm very impressed by the commitment and business acumen shown during the year and by how the majority of employees in the Stena Metall Group have handled these changes. It is proof that giving clearly delegated mandates to the right people with the right skills can create success, even in these challenging times. For example, in Italy, which was hit so hard by the virus, Stena Recycling kept its business going throughout this difficult period and continued to produce positive results.

As the Nordic region's leading recycling company, Stena Recycling has advanced its positions further. Through a combination of acquisitions and in-house development, we continue to find new solutions that further increase the degree of refinement in recycling. At the same time, collaboration with customers and partners in developing sustainable, circular solutions is growing rapidly. Our large network of branches, close to our customers, forms a solid foundation for good growth. There is exciting potential for our customers, as well as for ourselves, in a recycling system with around 175 branches, linked via increasingly efficient logistics with regional, as well as more central, production units.

The Stena Nordic Recycling Center (SNRC) is a hub for the Group's industrial material recycling infrastructure. SNRC continues to contribute to significantly increasing recycling rates and higher quality output. We are continuously investing in new productivity-enhancing solutions at SNRC. For example, this year saw the introduction of three completely new recycling processes. In parallel, we are expanding our production and process capacity in Poland, where Stena Recycling initiated two new recycling processes during the year.

The coronavirus pandemic meant that market conditions remained difficult for Stena Aluminium during the year. However, with new management and new customer segments, we are now seeing clear potential for improvement.

The steel market was also weak during the year and put pressure on the profitability at Stena Stål. The company has ceased its Steel Service Center operations and implemented focused cost adjustments, while strengthening its market position in the wholesale steel market.

During the year, Stena Oil took a market-leading position in Scandinavia as a supplier of the new, low-sulfur bunker oil. At the same time as producing very good results, the company continues to invest in improved logistics that further strengthen its position as the market's leading supplier of quality-assured bunker oil.

Despite very volatile market conditions, Stena Metall Finans has delivered a strong result. It has proactively collaborated with other Group companies, in terms of cash flow and credit risks, and continuously contributed to the maintenance of good financial discipline within the Group.

In order to increase financial freedom, Stena Metall Finans issued bond loans of SEK 1,800 million during the year, with maturities of four and five years. At the same time, a new green syndicated, revolving credit facility of SEK 300 million, with a term of up to five years, has also been established.

In times of greater uncertainty than normal, it feels very satisfying to state that the Stena Metall Group's financial position is strong.

The Group's focus on collaboration with other companies has proved to be a successful part of our quest to develop new, innovative solutions. We work on projects with both large, established technology suppliers and small start-ups. Above all, we collaborate with our customers, our customers' customers and their subcontractors in order to make the entire value chain work.

The Stena Recycling Lab (located at the Stena Nordic Recycling Center in Halmstad) makes an important contribution to increasing collaborative work by inviting others to help us develop solutions at the heart of our business. One collaboration, between ABB, Combitech and Stena Recycling, is focused on circulating more material from complex metal scrap – one of society's most difficult waste streams. Another collaboration, with Electrolux, is working to create vacuum cleaners made solely made from recycled plastic, which are also completely recyclable.

In parallel, an increasingly constructive collaboration is underway with several of our customers and partners in developing new, sustainable circular business.

Exciting solutions are being created by these focused, value-creating projects, which benefit all the parties involved. Other projects include a partnership with ABB, focused on electric motors, and a collaboration with ABB and Hitachi concerning transformers.

The well-known Swedish brand KappAhl places sustainability high on its agenda. In the spring, KappAhl and Stena Recycling began a strategic, long-term collaboration to develop KappAhl's sustainability work, with special focus on their distribution center in Mölndal. In an industry experiencing high demand for sustainability, KappAhl's decision was induced by its need for a strategic, long-term partner, which Stena Recycling met with its material knowledge and ability to create circular solutions.

This year, the Weland Group, one of Sweden's leading manufacturers of stairs, walkways, lattice floors and sheet metal processing, chose to sign a 3-year extended agreement with Stena Recycling. The parties were already collaborating at two of Weland's facilities, but this expanded agreement extends the sustainability collaboration to three more. Vital to Weland's decision was Stena Recycling's capability as a circular partner with efficient, nationwide recycling solutions and its professional service. Abilities that Stena Recycling in Värnamo delivered in its previous collaboration with Weland and which, together with the broad and deep competence of the entire customer team, were decisive for Weland's decision to expand the collaboration.

Stena Recycling's subsidiary BatteryLoop, developed technical solutions and implemented full-scale energy storage this year, using recycled batteries from the automotive industry – solutions that move energy in time and space. It also made a global agreement with Volvo Bussar for the reuse and recycling of their batteries.

A collaboration was initated between BatteryLoop, Stena Line and Stena Teknik to develop energy storage at ports for charging both vehicles and ships.

Together with Stena Recycling, BatteryLoop sees great potential in creating sustainable solutions and taking a market-leading position in the collection, reuse and recycling of vehicle batteries throughout Europe.

Our digitalization journey continues. For example, by the end of the financial year, 44% of repeat orders from Stena Recycling Sweden's customers were placed digitally. A new digital service was launched, during the year, that makes our customers compliant with new legislation regarding the traceability of hazardous waste.

"The Sustain-Ability Hub" was launched, during the year, for both existing and potential customers. This knowledge bank aims to share expertise in sustainability and circularity and, thereby, strengthen our position as a knowledge leader in the industry.

Articles and presentations from our sustainability experts are gathered here from four perspectives; sustainable business, sustainable production, product design and industrial waste, with the aim of using our expertise to increase business.

We are seeing greater economic activity around us at the moment. Both the commodity and financial markets have been relatively stable for a longer period. The economy is recovering and most of our customers are fairing much better again. This is, of course, positive for us but, at the same time, the global spread of the coronavirus continues and there is much to suggest that we will be forced to deal with its effects for a long time to come. There is reason to fear that anxiety and uncertainty surrounding the pandemic will increase again and that the resulting short-termism will mean we are facing a rather volatile period.

However, major price fluctuations and periods of increased market volatility are recurring challenges that we must address. Our financial position is strong. By maintaining financial discipline, we are well equipped to handle the situation in the best possible way.

Gothenburg, October 2020

Anders Jansson

MARKET AND PRICES

Market development during the 19/20 financial year was characterized by turbulence and uncertainty, mainly as a result of the Coronavirus pandemic, but also the effects of the trade war between the USA and China as well as Brexit. The turmoil in the markets during the year has created turbulence in relation to commodity prices, where large price falls were noted in the spring when the Coronavirus pandemic hit hard around the world. Later in the year, the prices of many raw materials recovered.

NON-FERROUS

The first quarter of our financial year was dominated by the trade conflict between the USA and China, a weak demand for metals and falling metal prices. The USA and China concluded the Phase One Trade Deal in December, and the economic sentiment generally improved.

Prices and demand rose considerably in December and January before the Coronavirus pandemic made the markets fall sharply. Lockdowns in India and Southeast Asia also gave rise to major disruptions as container deliveries were blocked.

LME prices started to rise again already in April and by July they had recovered fully. In August, at the end of the financial year, the prices were 5-10% higher than before the pandemic. Simultaneously, the USD fell sharply during the same period, leading to unchanged, somewhat weaker SEK prices.

The aluminium scrap market is strongly exposed to the automotive industry and was weak even before the pandemic broke out. During the spring, like the automotive industry, it came to a virtual standstill. The copper scrap market was not hit as hard. The market for stainless steel scrap has been unstable, with a weak demand in Europe, but better in India.

Overall, the markets for metal scrap have recovered surprisingly strongly after the sharp slowdown due to the Coronavirus pandemic. We are seeing a continued good demand into the new financial year.

FERROUS SCRAP

During the financial year we have experienced a threat of recession in the autumn, an escalating trade war between the USA and China, Brexit and a historic pandemic. The second half of 2019, when the trade war was at its height and global growth slowed, was a difficult period for scrap iron, which nevertheless recovered when business resumed.

In the wake of the Coronavirus pandemic, when industries closed down and factories were put on pause, in many places demand for raw materials disappeared. As a result, prices plunged. At the same time, much of the raw material supply disappeared, so once business resumed partially, asset prices also recovered quickly.

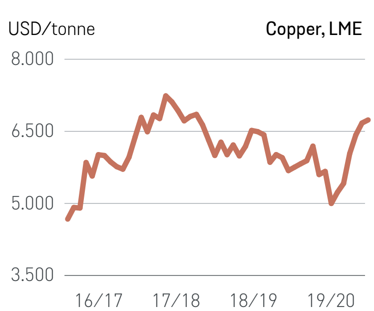
China, which stimulated the economy at an early stage, acted as a locomotive during the spring and summer as it imported large quantities of semi-finished products and pig iron. China's declining exports and increased imports have contributed to strengthening the rest of the world's steel industries.

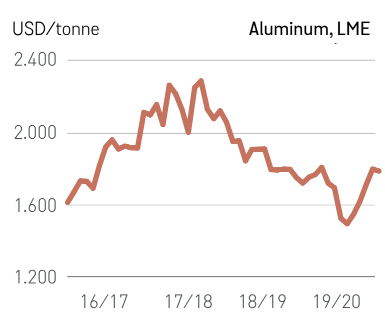
One month into the pandemic, prices had recovered most of the fall in the wake of the falling US dollar. Subsequently, the industries have gradually picked up and scrap has remained relatively strong for the remainder of the financial year.

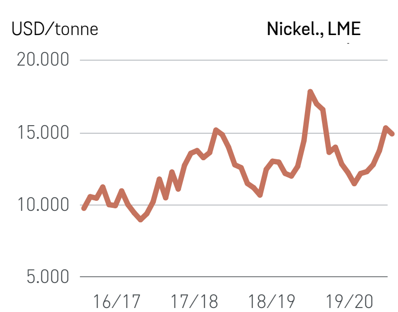
RECOVERED PAPER

In relation to mixed paper and collected corrugated cardboard, we are leaving an unusual and jerky year of operation behind us. During the autumn and winter, the market continued to decline in the same way as it has for the past two years, but this was followed in the spring by a strong and sudden rise in prices as a result of the Coronavirus pandemic. The main reason was concerns about declining collection.

During the summer, the market weakened, only to show a tendency to rise again in August due to concerns about a second wave







in the Coronavirus pandemic. During the spring and summer, collection decreased by about 10 percent.

In the graphic segment, the market has been under pressure during large parts of the financial year. The newsprint mills have experienced a difficult period, with reduced demand and pressure on product prices. Most newsprint mills have therefore reduced production capacity. In the coming financial year, we can expect a continued weak market for graphic qualities, especially for newspapers.

The tissue mills had a stable production during the year, and increased demand during the spring as a result of the Coronavirus pandemic.

PLASTICS

During the year, the European market for recycled plastic raw materials was characterised by low demand and falling prices. The second half of the financial year was exceptional in several ways as a result of the Coronavirus pandemic.

Already during the autumn, prices began to point downwards as demand decreased, among others in the automotive industry. When the manufacturing indstry came to a standstill due to the pandemic and the prices of oil and virgin materials fell to new bottom levels, the plastics industry was strongly affected.

The weakening economic growth in several parts of the world combined with trade conflicts contributed to reduced demand as recyclers in large markets such as Germany and China reduced purchasing of recycled plastic. Exports to countries in Southeast Asia were also limited, contributing to increased supply of materials in Europe and facilities with full warehouses.

To balance supply and demand, several recycling facilities were closed or produced with reduced capacity during the spring. Even though a slow recovery and a certain increase in demand are now beginning to be seen, we expect a continued weak market during the autumn.

ALTERNATIVE RAW MATERIALS

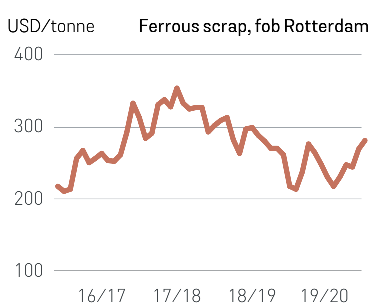
During the year, there was a continued large supply of combustible material on the market, both domestic and imported. Trading in emission rights, high calorific value of materials and the incineration tax (SEK 75/tonne from April 1) has driven and will continue to drive the pricing of combustible materials upwards.

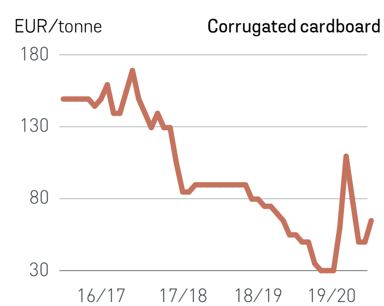
Recycled wood (RT) was mainly imported during the year from Norway and Germany. The Coronavirus pandemic has affected the market and led to lower inflows of RT from industry and trade, while inflows to recycling facilities were higher than the previous year. The price level of return wood next fuel season is on a par with the previous season. The Swedish Tax Agency has announced an exemption from tax liability on sorted chipped wood waste.

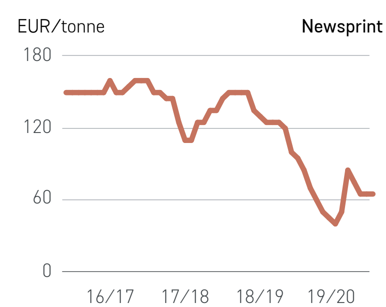
In relation to food waste, there is generally a great deal of interest among recipients such as biogas plants, whose capacity is now expanded in the country. This may affect pricing going forward. This may also result in a shortage of materials in certain geographical areas. The pandemic has not significantly affected the organic waste streams.

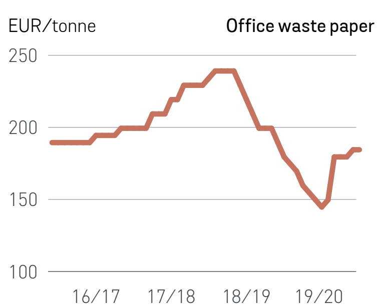
STEEL

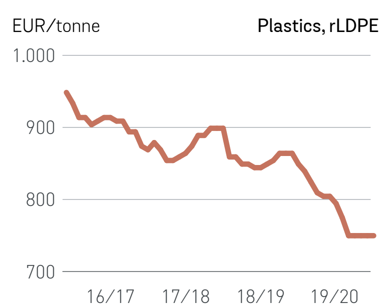
Demand for steel during the past financial year was affected by two events, a general weakening of the economy and the Coronavirus pandemic.











As a result of the weakening economy, demand for steel from the mechanical industry dropped in the autumn of 2019. During the same period, demand for steel from the construction industry was stable, but lower than the previous year.

As a result of the Coronavirus pandemic, declining demand began to be felt in March, and hit with full force in April. The mechanical industry took the biggest hit when many large steel-consuming industries such as the automotive industry shut down completely. It remains in a recovery phase.

In the construction sector, demand decreased at the beginning of the pandemic but recovered relatively quickly and in the summer it was up at the same pace as before the Coronavirus pandemic.

As a consequence of the reduced demand, prices dropped during the year. From 1 September 2019 to 31 August 2020 commercial steel decreased by 5%, reinforcement by 9%, special steel by 12%, sheet metal by 17% and stainless steel by 19%.

We expect a recovery in demand and rising prices during autumn 2020 whilst appreciating that new Coronavirus outbreaks may affect the picture.

FREIGHT

During the year, the freight market switched to new regulations regarding sulfur emissions. IMO 2020 is the largest change in emission requirements for the fleet ever made. At the end of 2019, shipowners gladly took long transports to be able to consume stocks of old bunker oil. The supply of transport capacity was good. At year end, the supply was more limited with consequently higher shipping prices.

When the Coronavirus pandemic struck with full force in the spring, freight fell sharply as demand declined very rapidly. In step with reduced restrictions and restarts as well as stimulus measures worldwide, the freight market recovered by the end of the financial year. Container traffic suffered greatly from China's shutdowns in early 2020 when no containers were shipped from China, but things eased up again in the spring.

OIL

April 20 was a historic day, as the US crude oil price, WTI, crashed to minus USD 40/barrel in the wake of the Coronavirus pandemic. A sharp drop in demand was a strong contributing factor to the fall in prices.

As a result of the oil market crash, a strong Contango arose, which means that the prices of future delivery are higher than prices of immediate delivery (spot price). Since April, the price has recovered and Brent oil stabilized at around USD 45/barrel following production cuts of around 30% down to around 70 million barrels/day in order to balance the very weak global demand.

At the turn of the year, shipping introduced the new sulfur directives IMO-2020 as high-sulfur heavy oil may no longer be used unless the vessels have installed a scrubber. Despite an abundance of heavy oil, prices did not drop as expected. This is mainly due to increased logistics costs to handle the low volumes.

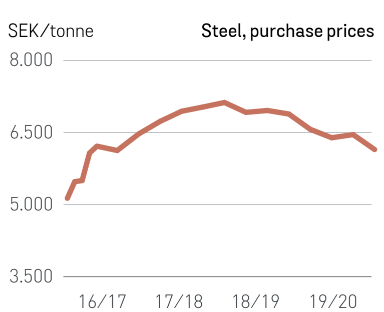
US shale oil producers hope to regain volumes and profitability in line with rising oil prices based on rising global demand.

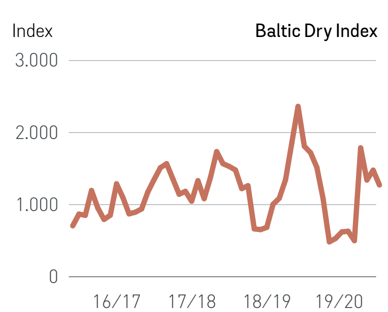
HAZARDOUS WASTE

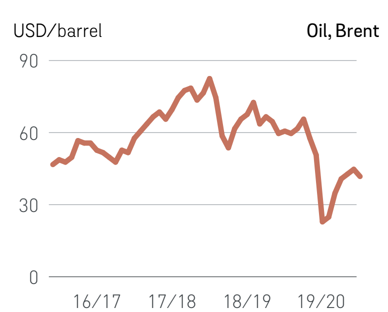
The financial year for hazardous waste (FA), like all other waste streams, has been strongly marked by the Coronavirus pandemic. Lockdowns in the industry led to reduced volumes. However, this was offset by increased volumes from cleaning work in connection with shutdowns and an increased volume from private individuals who cleaned and renovated their homes in connection with short-term work.

Given that we had a situation with full treatment facilities, there was a concern that there would be an extremely high demand for treatment of hospital-related FA as a result of the Coronavirus pandemic and that we would find it difficult to prioritize our capacity. However, the increased demand lasted only for a very short period of time and then even decreased as large parts of other healthcare were cancelled.

It has been a volatile time in the oil market where the major oil producers' conflict over production restrictions has also affected the pricelevels for our recycled oil. Demand for oil also declined during the pandemic as large stocks of cheap virgin oil were built, reducing demand for recycled oil.







All graphs refer to prices during the period September 1, 2016 to and including September 17, 2020. All graphs indicate monthly figures.
Source: MBR and Stena Metall.

DIRECTORS' REPORT

The Board of Directors and the President of Stena Metall Aktiebolag, corporate identity no. 556138-8371, with its registered address in Gothenburg, Sweden, herewith present the report for the financial year September 1, 2019 to August 31, 2020.

ABOUT STENA METALL

The Stena Metall Group conducts operations in seven business areas in more than 200 locations in ten countries. The recycling business is a leader with highly advanced logistical solutions, industrial processing and a growing range of services related to waste management and recycling.

The Group also includes production of recycled aluminium, supply of steel products and precision-cut industrial components, financial operations and international trading in ferrous and non-ferrous metals and oil. At the end of the financial year 2019/2020 the Group had operations in Sweden, Norway, Denmark, Finland, Poland, Switzerland, Germany, Italy and the U.S.

Although the first half of the financial year was characterized by a turbulent market with relatively high price volatility, we also felt an expectation of a stronger market with, above all, higher demand and thus increased volumes. When China began to shut down in February/March, unrest in global markets gradually increased. It took a while, but gradually the world began to understand the extent of the virus pandemic which then, basically, closed down the world. With the start of the stock market crash on February 20, an almost shocking development began in the world's financial markets.

With the lessons the Group learned from the financial crisis of 2008/2009, we knew which variables affected us the most and were able to act on that basis. The Group went more or less into emergency mode.

We have now been living with the effects of the Coronavirus pandemic for almost seven months, and this situation, which is very strange and challenging for all of us, is gradually becoming the "new normal". The outside world is still extremely uncertain and even if countries and companies gradually reopen, the restart seems fragile. The general business situation is characterized by great uncertainty and short-term action. The Stena Metall Group has followed (and is following) the guidelines that apply to our operations and we have so far managed to avoid the worst health effects of Covid-19 on our staff. With a focus on the business and aspects that we are able to influence, we have sought to increase the intensity of relationships with our customers, business partners and/or prospects through all our operations and throughout this period. Activity has been high and although we have of course been dramatically affected by reduced business volumes due to all the closedowns, we are seeing improved margins in many places while we have continued to generate a lot of new, creative business in most of our operations.

MARKET

Recycling

Stena Recycling has recycling operations in Sweden, Norway, Denmark, Finland, Poland, Germany and Italy.

Despite a slightly lower operating profit, mainly due to a weak first quarter and Covid-19, Stena Recycling has consolidated its position as the Nordic region's leading recycling company. During the financial year, we carried on our continuous investments made in new production solutions to further improve the degree of refinement in recycling.

Sales in the business area amounted to SEK 14,675 million (17,257) with operating profit of SEK 655 million (787).

Aluminum

Stena Aluminium is the leading producer of recycled aluminium in the Nordic region. Stena Aluminium continues to invest in productivity- and quality-improving process development as part of its quality-oriented improvement work.

The operating result amounted to SEK –38 million (29). Sales amounted to SEK 854 million (1,176).

Steel

Stena Stål operates in Sweden and Norway and offers a wide range of steel products. With structured improvements and stronger business acumen, market shares have improved.

The business area's sales and operating profit/loss amounted to SEK 2,209 million (2.340) and SEK 1 million (45) respectively.

Components

Stena Components manufactures flame-cut and CNC-processed steel products for industry. During the year, Stena Components has intensified its improvement work, which has led to improved productivity and margins despite the lower volumes resulting from Covid-19.

Sales and operating profit amounted to SEK 127 million (194) and SEK -11 million (-18) respectively.

Oil

Stena Oil is Scandinavia's leading supplier of bunker oil and marine waste solutions for ships in Skagerak, Kattegatt and the North Sea region.

In a growing bunker market, mainly due to IMO 2020 - the new sulfur directive, Stena Oil has shown that the combination of good business acumen and quality-assured deliveries creates good value for the business and customers.

Sales and operating profit amounted to SEK 5,788 million (6,417) and SEK 124 million (36) respectively.

FINANCE OPERATIONS

Stena Metall Finans manages investment operations and internal banking for the Group from Gothenburg and Zug, Switzerland. During the financial year, Stena Metall Finans once again managed to create good results despite a very volatile market.

Operating profit amounted to SEK 37 million (124).

CHANGES IN THE GROUP'S COMPOSITION

Two minor acquisitions were completed. Sikkerhetsmakulering AS in Norway, which works with collection, transport and destruction of sensitive documents and other storage units, and Gladökvarns Invest AB, which owns a property in Huddinge.

ENVIRONMENTAL INFORMATION

The majority of the Group's operations – 200 facilities – is subject to environmental notification or permit requirements according to the Environmental Code.

The biggest environmental impacts from these operations are noise and soil, air and water emissions from handling and processing incoming material. All companies have appointed individuals with responsibility for safety and environmental work. Employees continuously receive environmental, fire safety and other safety training in accordance with company-specific training plans and programs.

SUSTAINABILITY REPORT

In accordance with chapter 6, section 11 of the Annual Accounts Act, Stena Metall has chosen to prepare a sustainability report separately from the annual report. The sustainability report can be found in the Annual Review and Sustainability Report 2019/2020 and on the company's website, www.stenametall.com.

PERSONNEL

Motivated and committed employees are the basis of Stena Metall Group's operations. The average number of employees during the financial year was 3,506 (3,497). All companies in the Group continue to work actively to ensure a modern and positive organizational development. Supporting the employees' professional development and wellbeing is an essential part of the company's basic values. This is done, among other things, through continued investment in leadership and employee development. A large part of our financial year has been affected by the Covid 19 pandemic, partly in how we have been able to pursue various development initiatives while it has also significantly increased the demand for digitisation of HR in our business.

RESEARCH AND DEVELOPMENT

The Group conducts a number of environmental technology projects, some on its own and others in cooperation with customers, institutes of technology, universities, public authorities, organizations and other businesses. During the year a total of around SEK 49 million (48) was invested in research and development.

ACCOUNTING PRINCIPLES

From the financial year onwards, the Group applies IFRS 16 Leasing. In other respects, the same accounting principles and methods of computation have been used as in the previous year's annual report. The Group's accounting principles can be found on pages 17–21.

In its operations, the Group is exposed to a number of financial risks: market risk, price risk, counterparty risk and liquidity risk. The Group's risk exposure and management of these risks are explained in Note 26.

MATERIAL RISKS AND UNCERTAINTIES

The Stena Metall Group is exposed to a number of risk factors outside its control, wholly or in part, but which can affect the Group's profit and working capital. Demand for and purchase of the company's products is controlled by activities in the steel works, paper mill, construction industry, transport sector, manufacturing, private market etc. The company follows up trends in the market on a regular basis to adapt to the prevailing conditions.

SALES AND PROFIT

The Group sales amounted to SEK 23,658 million (27,391) a decrease by 13.6 percent compared to the previouus financial year. The Parent Company's sales were SEK 205 million (245), of which intra-Group transactions accounted for SEK 201 million (240).

The Group's profit for the year and comprehensive income amounted to SEK 449 million (843) and SEK 411 million (866) respectively. The Parent Company's profit for the year, which is equal to its comprehensive income, was SEK 12 million (84).

FUTURE OUTLOOK

In a currently turbulent market characterized by short-termism, our general business environment is clearly more challenging. With a continued focus on internal improvements and steady financial discipline, the Stena Metall Group is well prepared to address this situation in the best way.

PARENT COMPANY

The Parent Company's operations primarily consist of leasing properties to Group companies and supplying certain Group-wide functions.

PROPOSED DISTRIBUTION OF EARNINGS

The Board of Directors proposes that the unappropriated earnings in the Parent Company, amounting to SEK 2,830,212,474, be distributed as follows:

- Dividend to shareholders of SEK 110,000,000.
- remaining to be carried forward, SEK 2,720,212,474.

GROUP

INCOME STATEMENT

September 1 to August 31, SEK millions	Note	2019/2020	2018/2019
Net sales	2	23,658	27,391
Cost of goods sold	4, 27	–21,677	–25,348
GROSS PROFIT		**1,981**	**2,043**
Sales expenses	4, 27	–397	–435
Administrative expenses	3, 4, 27	–1,053	–1,061
Other operating income	5	167	373
OPERATING PROFIT	2	**698**	**920**
Income from investments in associated companies	6	4	3
Net interest income	6	–154	–148
Other financial income and expenses	6	11	229
PROFIT BEFORE TAX		**559**	**1,004**
Taxes	7	–110	–161
PROFIT FOR THE YEAR		**449**	**843**
OTHER COMPREHENSIVE INCOME			
Items that can later be reclassified to profit or loss:			
Change in value of hedging reserve		–8	15
Translation differences		–53	3
Revaluation hedge of net investment		24	6
Items that will not be reclassified to profit or loss:			
Translation of provision for pensions and similar obligations		–1	–1
TOTAL COMPREHENSIVE INCOME		**411**	**866**
Profit/loss for the year is attributable to:			
Parent Company's shareholders		449	843
Non-controlling interests		—	—
PROFIT FOR THE YEAR		**449**	**843**
Total comprehensive income attributable to:			
Parent Company's shareholders		411	866
Non-controlling interests		—	—
TOTAL COMPREHENSIVE INCOME		**411**	**866**

GROUP

BALANCE SHEET

ASSETS

August 31, SEK millions	Note	2020	2019
Fixed assets			
Intangible fixed assets			
Goodwill	8	565	595
Trademarks and customer relationships	8	242	295
Other intangible fixed assets	8	120	68
TOTAL INTANGIBLE FIXED ASSETS		**927**	**958**
Tangible fixed assets			
Buildings	9	1,803	1,171
Land and other real estate	9	833	870
Plant and machinery	9, 23	2,675	2,644
Equipment	9, 23	56	34
Construction in progress	9	146	241
TOTAL TANGIBLE FIXED ASSETS		**5,513**	**4,960**
Financial fixed assets			
Shares and participations in associated companies	10	9	8
Other long-term securities	11	1,053	780
Deferred tax assets	18	179	260
Other long-term receivables	12	74	66
TOTAL FINANCIAL FIXED ASSETS		**1,315**	**1,114**
TOTAL FIXED ASSETS		**7,755**	**7,032**
Current assets			
Inventories	13	1,290	1,681
Short-term receivables			
Accounts receivable	14	2,103	2,458
Current tax assets		79	44
Other receivables	14	313	434
Prepaid expenses and accrued income	14	547	691
TOTAL SHORT-TERM RECEIVABLES		**3,042**	**3,627**
Short-term investments		1,201	1,028
Cash and bank	15	2,578	1,347
TOTAL CURRENT ASSETS		**8,111**	**7,683**
TOTAL ASSETS		**15,866**	**14,715**

SHAREHOLDERS' EQUITY AND LIABILITIES

August 31, SEK millions	Note	2020	2019
Shareholders' equity			
Share capital		13	13
Reserves	16	63	100
Retained earnings		6,298	5,566
Profit for the year		449	843
Non-controlling interests	16	2	2
TOTAL SHAREHOLDERS' EQUITY		**6,825**	**6,524**
Long-term liabilities			
Pensions and similar obligations	17	11	13
Deferred tax liabilities	18	348	320
Other provisions	19	626	626
Bond loans	20	3,400	3,000
Interest-bearing liabilities	21	629	142
Other liabilities	21	2	4
TOTAL LONG-TERM LIABILITIES		**5,016**	**4,105**
Current liabilities			
Bond loans	20	868	600
Interest-bearing liabilities	22	276	90
Accounts payable		1,297	1,709
Current tax liabilities		15	16
Other liabilities	22	256	291
Accrued expenses and prepaid income	22	1,313	1,380
TOTAL CURRENT LIABILITIES		**4,025**	**4,086**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**15,866**	**14,715**

GROUP

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Attributable to Parent Company's shareholders					
	Share capital	Reserves	Retained earnings including profit for the year	Total	Non-controlling interests	Total share-holders' equity
OPENING BALANCE EQUITY SEPTEMBER 1, 2018	13	165	5,557	5,735	2	5,737
PROFIT FOR THE YEAR			843	843	—	843
Change in hedging reserve for the year		15		15		15
Change in translation reserve for the year		3		3		3
Change in hedge of net investment for the year		6		6		6
Recalculation of provisions for pensions			–1	–1		–1
OTHER COMPREHENSIVE INCOME FOR THE YEAR		24	–1	23		23
Change in fair value reserve for the year due to changed accounting principle in the transition to IFRS 9		–89	89			—
Share dividend			–79	–79		–79
CLOSING BALANCE EQUITY AUGUST 31, 2019	**13**	**100**	**6,409**	**6,522**	**2**	**6,524**
PROFIT FOR THE YEAR			449	449		449
Change in hedging reserve for the year		–8		–8		–8
Change in translation reserve for the year		–53		–53		–53
Change in hedge of net investment for the year		24		24		24
Recalculation of provisions for pensions			–1	–1		–1
OTHER COMPREHENSIVE INCOME FOR THE YEAR		–37	–1	–38		–38
Share dividend			–110	–110		–110
CLOSING BALANCE EQUITY AUGUST 31, 2020	**13**	**63**	**6,747**	**6,823**	**2**	**6,825**

GROUP

STATEMENT OF CASH FLOWS

September 1 to August 31, SEK millions	Note	2019/2020	2018/2019
Operating activities			
Profit before tax		559	1,004
Adjustments for non-cash items		975	409
		1,534	1,413
Taxes paid		−45	−30
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**1,489**	**1,383**
Cash flow from changes in working capital			
Increase(−)/Decrease(+) in inventories		364	82
Increase(−)/Decrease(+) in short-term receivables		565	151
Increase(+)/Decrease(−) in current liabilities		−446	−25
CASH FLOW FROM OPERATING ACTIVITIES		**1,972**	**1,591**
Investing activities			
Acquisition of subsidiaries		−12	—
Sale of subsidiaries		16	727
Acquisition of intangible fixed assets		−69	−32
Acquisition of tangible fixed assets		−523	−771
Sale of tangible fixed assets		38	99
Acquisition of financial assets		−460	−335
Sale of financial assets		—	299
CASH FLOW FROM INVESTING ACTIVITIES		**−1,010**	**−13**
CASH FLOW AFTER INVESTMENTS		**962**	**1,578**
Financing activities			
Loan proceeds		1,800	—
Amortization of loan liabilities		−1,227	−405
Amortization of leasing liabilities		−188	—
Share dividend		−110	−79
CASH FLOW FROM FINANCING ACTIVITIES		**275**	**−484**
CASH FLOW FOR THE YEAR		**1,237**	**1,094**
Cash and bank at the beginning of the year		1,347	253
Translation difference in cash and bank		−6	—
CASH AND BANK AT THE END OF THE YEAR	25	**2,578**	**1,347**
Supplemental disclosure to statement of cash flows			
Adjustments for non-cash items			
Income from investments in associated companies		4	3
Depreciation and impairment of assets		675	688
Depreciation of rights of use assets		188	—
Unrealized translation differences		111	17
Capital gain/loss on sale of tangible fixed assets		−14	−43
Capital gain/loss on sale of subsidiaries		−16	−229
Change in provisions		6	−40
Other non-cash items		21	13
TOTAL		**975**	**409**

ACCOUNTING AND VALUATION PRINCIPLES

Stena Metall AB (the Parent Company) and its subsidiaries (together the Stena Metall Group) is a recycling company that collects, processes and recycles all types of waste. The Group also includes production of recycled aluminium, supply of steel products, financial operations and international trading in ferrous and non-ferrous metals and oil.

The Parent Company is a Swedish limited liability company with its registered address in Gothenburg. The address of the head office is Stena Metall AB, Box 4088, SE-400 40 Gothenburg, Sweden.

On December 2, 2020, this annual report and the consolidated financial statements were approved by the Board of Directors for publication. The annual report is prepared in millions of Swedish kronor (SEK million), unless indicated otherwise. Figures in parentheses refer to the previous year.

BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the Stena Metall Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the EU, recommendation RFR1 Supplementary Accounting Regulations for Groups and the Annual Accounts Act.

Fixed assets, long-term liabilities and provisions essentially consist of only the amounts that are expected to be recovered or paid more than twelve months after the balance sheet date. Current assets and liabilities essentially consist of only the amounts that are expected to be recovered or paid within twelve months of the balance sheet date.

The Parent Company's financial statements are prepared according to the same accounting principles as for the Group with the exceptions described in the section "The Parent Company's accounting principles."

Preparation of financial statements in accordance with IFRS requires the application of a number of significant estimates for accounting purposes. Moreover, management is required to make certain assessments in the application of the Group's accounting principles; see Note 1.

REVISIONS TO THE ACCOUNTING PRINCIPLES AND DISCLOSURES

LEASING

IFRS 16 replaces IAS 17 Leasing Agreements and associated interpretations. IFRS 16 Leasing Agreements constitutes a comprehensive change in terms of accounting for leasing agreements. The standard provides an overall model for identifying leasing agreements and how they should be handled in accounting and reporting. The Stena Metall Group applies IFRS 16 since September 1, 2019.

The application of IFRS 16 mainly affects the lessee's accounting of the leasing agreements that in accordance with IAS 17 were classified and reported as so-called operational leasing agreements. In accordance with IFRS 16 a majority of these leasing agreements must be reported in the balance sheet. On the other hand, a lessor's accounts are essentially unchanged in accordance with IFRS 16.

CONSOLIDATED FINANCIAL STATEMENTS

The Group's financial accounts comprise the Parent Company, Stena Metall AB, and all companies in which the Parent Company at the end of the financial year directly or indirectly owns more than 50% of the voting rights or otherwise exercises control. Companies acquired during the year have been included in the consolidated financial statements as of the date when control transferred to the Group. Companies divested during the year are excluded from the consolidated financial statements as of the date when control ceases. Intra-Group receivables and liabilities as well as transactions between Group companies such as unrealized gains and losses on transactions between Group companies are eliminated on consolidation.

Business combinations and goodwill

The acquisition method is used for recognition of the Group's business combinations. The purchase price of the acquisition of a subsidiary consists of transferred assets, liabilities and contingent liabilities at fair value on the acquisition date. The purchase price also includes the fair value on the acquisition date of contingent consideration. Subsequent changes in the fair value of contingent consideration are recognized in accordance with IAS 9 in the income statement.

If the purchase price exceeds the market value of identified assets, liabilities and contingent liabilities, the difference is recognized as goodwill. If the purchase price is less than the fair value of the acquired company's net assets, the difference is recognized directly through profit or loss. Acquisition-related costs are expensed when they arise.

Changes in the ownership of a subsidiary without a change in control

Transactions with shareholders without control that do not lead to a loss of control are recognized as equity transactions. This type of acquisition is reported as a share of the acquired net assets, i.e., the difference between the fair value of the purchase price paid and the actual acquired share of the carrying amount of the subsidiary's net assets, in shareholders' equity. As a result, no goodwill arises from this type of transaction.

ASSOCIATED COMPANIES

Associated companies are companies in which the Group exercises significant influence but not control, which generally applies to shareholdings with between 20% and 50% of the votes. Holdings in associated companies are accounted for using the equity method. When applying the equity method, the investment is initially valued at acquisition value and the carrying amount is increased or reduced subsequently by the Group's share of the profits or losses in the associated company after the date of acquisition. The carrying amount includes goodwill identified at the time of acquisition. When the Group's share of the associated company losses is equal to or exceeds the holding in the associated company, the Group does not report any further losses unless the Group has assumed legal or constructive obligations or made payments on behalf of the associated company.

The shares are reported in the consolidated balance sheet as "Shares and participations in associated companies", see note 10. The consolidated income statement shows the Group's share of the associated company's profit or loss in the line "Income from investments in associated companies" in net financial items, see Note 6.

TRANSLATION OF FOREIGN CURRENCY

Translation of foreign operations

The functional currency of the parent company, as well as the reporting currency, and the Group's reporting currency is Swedish krona. All foreign subsidiaries report in their functional currency, which is the currency used in the company's economic environment. At the time of consolidation, all the balance sheet items are translated into Swedish krona at the rates on the balance sheet date. Income statement items are translated at the average rates. All translation differences that arise are posted directly in Group equity and are included in other comprehensive income.

Transactions in foreign currencies

Transactions in foreign currency are translated at the exchange rate applicable on the day of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rate on the balance sheet date. Exchange gains and losses arising at the time of translation are reported in the income statement. The exception is when the transactions are hedges that satisfy the conditions for hedge accounting of the net investments, when profits/losses are reported in other comprehensive income. Holdings in associated companies are recognized at historic acquisition values translated at the exchange rate at the date of the transaction.

Exchange rate gains and losses attributable to loans and liquid assets are reported in the income statement as financial income or expenses. Other exchange rate gains and losses are reported in the operating results.

SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting submitted to the top executive decision-maker. The top executive decision-maker is the function responsible for allocating resources and assessing the operating segments results. In the Group, this function has also been identified as Stena Metall AB's Board of Directors, which makes strategic decisions.

The Group's segments, its business areas, follow the internal control and reporting. This is the basis for identifying the main risks and varying returns in the business and is based on the different business models for the Group's end customers. The segments are responsible for operating profit and the assets used in their business operations.

Sales between segments are made at arm's-length principle and at market prices. The Stena Metall Group's business areas and segments are:

- Recycling
- Aluminium
- Oil
- Steel
- Components
- Finance

INTANGIBLE FIXED ASSETS

Goodwill

Goodwill arises in the acquisition of subsidiaries and refers to the amount by which the purchase price exceeds Stena Metall's share of the acquired subsidiary's identifiable net assets at the date of the acquisition. Goodwill is tested for impairment annually or more often if events or changes in conditions indicate the possibility of diminished value. Any impairment is immediately expensed. In any impairment testing, goodwill is allocated to it's cash-generating unit. The allocation applies to the cash-generating units that are expected to benefit from synergies from the acquisition. Every unit that goodwill has been allocated to corresponds to the lowest level in the Group at which the goodwill in question is assessed through the internal control system. Goodwill is assessed by cash-generating unit.

IT investments

Acquired software is capitalized on the basis of acquisition and implementation expenses. The expense is amortized on a straight-line basis over the useful life, which is estimated to be 5–10 years. The useful life is re-evaluated annually.

TANGIBLE FIXED ASSETS

Tangible fixed assets are recognized as assets in the balance sheet when it is likely that future economic benefits associated with the holding will be passed on to the Group and the cost of the asset can be reliably estimated. Tangible fixed assets are recognized at cost less depreciation and impairment.
Cost includes expenditures directly attributable to the acquisition of the asset.

Incremental expenses are added to the carrying amount or recognized as a separate asset, depending on which is most suitable. The carrying amount of a replaced portion is eliminated from the balance sheet. All other forms of repairs and maintenance are expensed in the period in which they arise.

The branch network is considered part of production and its costs are included in their entirety in cost of goods sold. As a result, all depreciation of fixed assets in the branch network is recognized as cost of goods sold. Other equipment relates collectively to Group sales or administrative expenses.

The cost of construction in progress is estimated on the same basis as acquired assets. An asset is reclassified once it can be put to use.

Each part of a tangible fixed asset whose cost is significant in relation to the asset's aggregate cost is depreciated separately. Land is not depreciated. Other assets are depreciated according to plan on a straight-line basis over there estimated useful life as follows:

Plant, machinery and equipment are depreciated over 5–20 years, buildings over 15–80 years and land improvements over 5–30 years.

The assets' residual values and useful lives are tested at the end of each reporting period and adjusted as needed. An asset's carrying amount is immediately written down to its net realizable value if the asset's carrying amount exceeds its estimated recoverable amount.

Gains and losses on the disposal of a tangible fixed asset consist of the difference between the sales proceeds and carrying amount and are recognized in other operating income and other operating expenses in the income statement.

IMPAIRMENT OF NON-FINANCIAL FIXED ASSETS

Intangible assets with an indefinite useful life (goodwill) are not amortized and instead are tested annually for impairment. Amortized assets are tested for impairment whenever events or changes in conditions indicate that the carrying amount perhaps is not recoverable. The impairment corresponds to the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less sales expenses and its estimated value in use.

For goodwill testing purposes, assets are grouped at the lowest levels where there are essentially independent cash flows (cash-generating units). For assets (other than goodwill) that have previously been impaired, a test is conducted on each balance sheet date to determine whether a reversal is needed.

NON-FINANCIAL FIXED ASSETS HELD FOR SALE

Fixed assets are classified as assets held for sale when their carrying amounts will primarily be recovered through a sales transaction and a sale is considered highly likely. They are recognized at the lower of their carrying amount and fair value less selling expenses.

FINANCIAL INSTRUMENTS

Classification

The Group classifies its financial assets and liabilities in the following categories: Financial assets are valued at fair value through profit and loss and financial assets and liabilities at accrued acquisition value.

Financial assets at fair value through profit or loss

Financial assets belonging to this category are appraised and recognized on a continuous basis at fair value through profit or loss. This category includes other short-term investments, cash and bank balances, long-term securities holdings and derivative instruments. The Group's derivative instruments have been acquired to financially mitigate risks such as currency exposure to which the Group is exposed. Stena Metall does not apply hedge accounting for these assets, which means that changes in the fair value of derivatives are recognized directly in the income statement for the period in which they arise. Changes in the fair values of derivatives are reported net in cost of goods sold.

Financial assets valued at accrued acquisition value

Loans and receivables are non-derivative financial assets with fixed payments that are not listed on an active market. These assets are measured at the accrued acquisition cost. Assets held for the purpose of collecting contractual cash flows and where these cash flows are only capital amounts and interest are valued at accrued acquisition value. Assets in this category are initially recognized at fair value including transaction costs. After the acquisition date, they are recorded at accrued acquisition cost using the effective interest method. The carrying amount of those assets is adjusted for any expected credit losses reported. Interest income from these financial assets are reported using the effective interest method and are included in the financial income. Assets in this category consist of accounts receivable and other current receivables. They are included in current assets with the exception of items maturing more than 12 months after the balance sheet date, which are classified as fixed assets.

Financial instruments valued at fair value via other comprehensive income

The Group's exposure when translating foreign subsidiaries' net assets into the parent company's functional currency has been hedged with liabilities in foreign currency. Gains and losses in hedging instruments that meet the requirements for hedging net investments are reported in the translation reserve in equity via other comprehensive income. The gain or loss attributable to the ineffective portion is reported in the income statement. In the Parent Company, these liabilities constitute hedging instruments in a fair value hedge regarding currency for shares in subsidiaries.

Financial liabilities valued at accrued acquisition value

Bond loans, interest-bearing liabilities and other liabilities, such as accounts payable are included in this category. Liabilities are valued at the accrued acquisition cost. Interest-bearing liabilities and bond loans are reported initially at their nominal amount. Funding is subsequently recognized at amortized cost and any difference between the amount received and the repayment amount is recognized in the income statement distributed over the loan period. Funding is classified as a current liability unless the Group has an unconditional right to postpone payment of the liability for at least 12 months after the conclusion of the reporting period.

Recognition and measurement

Purchases and sales of financial assets are recognized on the transaction date, i.e., the date when the Group commits to buying or selling the asset. Financial instruments are initially recognized at fair value plus transaction costs for all financial instruments not measured at fair value through profit or loss. For financial assets at fair value through profit or loss, transaction costs are recognized through profit or loss. Financial assets are derecognized from the balance sheet when the right to retain cash flows from the instrument has expired or been transferred and the Group has transferred essentially all risks and benefits associated with ownership. Financial liabilities are derecognized from the balance sheet when the contractual obligation has been fulfilled or otherwise discharged.

Financial assets and liabilities are offset only when there is a legal right to set off the recognized amounts and an intention to settle them with a net amount or to simultaneously realize the asset and settle the liability.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in the income statement on the lines other operating income or operating expenses.

Impairment of financial instruments

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of financial assets, a significant or prolonged decline in the fair value of an instrument to a level below its acquisition value is considered as evidence of impairment.

Derivatives and hedges

Derivatives are financial instruments recognized in the balance sheet on the transaction date and measured at fair value, both initially and in subsequent revaluations. The Group uses several different derivatives to minimize currency risks from financial flows as well as assets and liabilities. Moreover, various fixed income instruments are used to ensure an appropriate interest rate level. The gain or loss that arises from the revaluation of fixed income instruments is recognized in the income statement in net financial income/expense. The results for other derivatives are included in cost of goods sold.

The fair value of a derivative is classified as a financial fixed asset or long-term liability when the remaining maturity of the hedged item is longer than 12 months and as a current asset or short-term liability when the remaining maturity of the hedged item is less than 12 months. Exchange rate differences from the revaluation of foreign currency funding designed to hedge foreign assets are posted directly to the other comprehensive income and offset against the translation differences in such foreign net assets.

For a description of the Group's financial risks, see Note 26 to the consolidated financial statements.

INVENTORIES

Inventories have been measured at the lower of cost and net realisable value on the balance sheet date. Net realizable value refers to the estimated selling price of the goods less sales expenses. The selected valuation method means that obsolescence in inventories is taken into account. The measurement is made in accordance with the FIFO principle or using weighted average prices.

PROVISIONS

A provision is recognized in the balance sheet when there is a formal or informal obligation resulting from an event that has occurred and it is likely that an outflow of resources will be needed to settle the obligation and a reliable estimate of the amount can be made. Provisions are based on the best estimate of the amount required to settle the existing obligation on the balance sheet date.

CURRENT AND DEFERRED TAX

The tax expense for the period consists of current tax and deferred tax. The current tax expense is calculated on the basis of the tax regulations that on the balance sheet date have been enacted or substantively enacted in the countries where the Parent Company and its subsidiaries operate and generate taxable revenue.

Deferred tax is recognized according to the balance sheet method on temporary differences that arise between the tax value of assets and liabilities and their carrying amount in the consolidated financial statements. Deferred tax is calculated applying the tax rates that have been enacted or announced as of the balance sheet date and which are expected to apply when the deferred tax asset in question is realized or the deferred tax liability is settled. Deferred tax assets on tax loss carryforwards are recognized to the extent it is likely that future taxable profits will be available to offset the carryforwards.

EMPLOYEE BENEFITS

Post-employment compensation such as pensions is dispersed in large part through periodic payments to independent authorities or institutions, which thereby assume the obligations to employees, i.e., through defined contribution plans. The Group's result is charged with expenses as benefits are vested. Certain pension entitlements are secured through company-owned endowment insurance.

The remainder is fulfilled through defined benefit plans, where the obligations are retained by the Stena Metall Group. Defined benefit plans are used in Norway and Poland. For defined benefit plans, the company's costs and the value of outstanding obligations as of the balance sheet date are estimated with the help of actuarial calculations designed to determine the present value of outstanding obligations. See also Note 17.

The Group also has defined benefit pension obligations through insurance with Alecta. This pension plan is reported as a defined contribution pension plan.

BORROWING COSTS

Borrowing costs attributable to so-called qualified assets are capitalized as part of the asset's acquisition cost. A qualified asset is an asset that by definition takes considerable time to finish. Borrowing costs are capitalized on loans that are specific to the qualified asset.

All other borrowing costs are expensed when they arise.

REVENUE RECOGNITION

Revenue comprises the fair value of what has been or will be received for goods and services sold in the Group's operations. Revenue is recognized exclusive of value-added tax, returns and discounts and after eliminating intra-Group sales.

The Group reports revenue when the control is transferred to the customer, which takes place within the framework of all business areas upon delivery or receipt of the goods in accordance with agreed delivery terms. Revenue cannot be reliably measured until all obligations connected with the sale have been met or expired. The Group bases its estimates on historical outcomes and takes into consideration the type of customer, type of transaction and special circumstances in each case.

The Group's revenue from the recycling, aluminum, steel, component, and oil businesses is attributable to the sale of goods and services as well as the lease of equipment such as containers. Sales of goods are recognized upon delivery to the customer, in accordance with the delivery terms. Revenue from service assignments is recognized when the services are rendered.

Capital gains and losses from financing activities are recognized net as other operating income/operating expenses.

Interest income is recognized over its maturity applying the effective interest method.

Dividends are recognized when the right to the proceeds is obtained reported in the financial net income.

LEASING

Leasing in accordance wth IAS 17, to and including August 31, 2019

A leasing agreement where the economic risks and benefits associated with ownership essentially are transferred to the lessee is defined as a finance lease. Assets leased according to a finance lease are recognized as fixed assets in the consolidated balance sheet. The obligation to pay future lease fees is recognized as other long- and short-term borrowing. Assets are depreciated according to plan while lease payments are recognized as interest and amortization of the liabilities. Other leasing agreements are reported as operational leasing agreements, which means that the leasing fee is expensed over the term based on utilization.

Leasing in accordance with IFRS 16, as of September 1, 2019

The Stena Metall Group has applied IFRS 16 since September 1, 2019, which means that the majority of leasing agreements are recognized in the balance sheet, at the commencement date, as a usufruct asset and a leasing liability. An agreement is or contains a leasing agreement if the agreement assigns a right to the Group for a certain period to decide on the use of an identified asset in exchange for compensation. The Stena Metall Group is a lessee of assets such as ships, buildings and machinery. When applying IFRS 16, the total value of reported assets and liabilities as a result of usufruct rights and leasing liabilities being reported in the balance sheet increases. Leasing fees, which during the previous year have been reported in their entirety as operating expenses, have been replaced by a depreciation of the right of use and an interest expense on the leasing liability. Stena Metall has chosen to apply the voluntary exemption that allows short-term agreements and agreements regarding low value to be exempted from the accounts in the balance sheet. Stena Metall applies the simplified transition method as of September 1, 2019. In accordance with the standard, the comparative figures have not been recalculated. The choice of method means that the value of the assets will correspond to the respective reported liabilities for the same contract. The marginal loan interest rate as of the transition date is used for valuation of both the rights of use and the leasing liabilities. See Note 23 for further information on the effect on the Stena Metall Group's financial reports.

CONTINGENT LIABILITIES

When an obligation does not meet the criteria for recognition in the balance sheet, it can be considered a contingent liability. A contingent liability is recognized when a potential obligation arises due to events that have occurred or whose occurrence is confirmed only by one or more uncertain future events or where there is an obligation where an outflow of resources is unlikely or an adequate temporary estimate of the amount cannot be made.

PARENT COMPANY'S ACCOUNTING PRINCIPLES

The Parent Company applies the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Reporting by Legal Entities. The Parent Company primarily applies the principles for consolidated financial statements described above. Deviations between the Parent Company's and the Group's principles are the result of limits on opportunities to apply IFRS in the Parent Company due to the Annual Accounts Act. The most significant differences between the Group's and the Parent Company's accounting principles are indicated below.

Shares and subsidiaries are recognized at acquisition cost less any impairment.

The Parent Company classifies shareholders' equity in accordance with the rules of the Annual Accounts Act, divided between restricted and unrestricted shareholders' equity.

GROUP

NOTES

1 | ESTIMATES AND ASSESSMENTS IN THE FINANCIAL STATEMENTS

Estimates and assessments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under current conditions. The Group makes estimates and assumptions about the future. The estimates for accounting purposes that result will, by definition, rarely correspond to actual results. Estimates and assumptions that entail a significant risk of material adjustment in the carrying amounts of assets and liabilities in the financial year are summarized below.

GOODWILL IMPAIRMENT TESTING

Each year the Group tests goodwill for impairment, in accordance with the Group's accounting principles. Recoverable amounts for cash-generating units are determined by calculating value in use. For these calculations certain estimates must be made. See Note 8.

VALUATION OF LOSS CARRYFORWARDS

Each year the Group tests deferred assets from tax loss carryforwards for impairment. In addition, the Group evaluates whether it is appropriate to capitalize new deferred tax assets from the year's tax loss carryforwards. Deferred tax assets are recognized only for tax loss carryforwards that are likely to be offset against future taxable profits and against taxable temporary differences. Stena Metall has recognized deferred tax assets for the tax loss carryforwards in Sweden, since it is considered likely that these tax loss carryforwards can be offset against future profits.

Tax loss carryforwards for companies outside Sweden for which a deferred tax asset has not been booked amount to SEK 317 million (319 million) as of August 31, 2020.

PROVISIONS

In general, a provision is recognized when an obligation has arisen as a result of a past event, where it is likely that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made. Provisions are based on the best estimate of the amount required to settle the existing obligation on the balance sheet date. Since there is uncertainty in estimates of future events beyond the Group's control, actual outcomes may deviate significantly.

When an obligation does not meet the criteria to be recognized in the balance sheet, it can be considered a contingent liability and disclosed. These obligations stem from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not completely within the Group's control. Contingent liabilities also include existing obligations where an outflow of resources is not likely or a sufficiently reliable estimate of the amount cannot be made.

2 | SEGMENT REPORTING

NET SALES

Per area of operations	2019/2020	2018/2019
Recycling	14,675	17,257
Aluminum	854	1,176
Oil	5,788	6,417
Steel	2,209	2,340
Components	127	194
Other	5	7
TOTAL	**23,658**	**27,391**

By geographic market		
Sweden	9,230	10,465
Europe excluding Sweden	9,616	11,280
Rest of world	4,812	5,646
TOTAL	**23,658**	**27,391**

By significant revenue source		
Goods	20,537	24,459
Services	3,121	2,932
TOTAL	**23,658**	**27,391**

Excise duties of 1 (2) are included in sales.

OPERATING PROFIT

Per area of operations	2019/2020	2018/2019
Recycling	655	787
Aluminum	–38	29
Oil	124	36
Steel	1	45
Components	–11	–18
Finance	37	124
Other	–70	–83
TOTAL	**698**	**920**

By geographic market		
Europe	700	922
Rest of world	–2	–2
TOTAL	**698**	**920**

Net exchange rate differences recognized in operating profit amount to -29 (27).

3 | AUDITORS' FEES

PwC	2019/2020	2018/2019
Audit assignment	9	9
Audit work in excess of audit assignment	—	1
Tax advice	4	3
Other assignments	1	1
TOTAL	**14**	**14**

Audit assignments refer to the review of the annual report and accounts and the administration by the Board of Directors and the President. Also included are other duties that are the responsibility of the company's auditors as well as consulting or other assistance resulting from observations during such reviews or the implementation of such other duties. All other work is considered to be other services.

4 | DEPRECIATION AND IMPAIRMENTS

Depreciation/amortization and impairment losses according to plan by item	2019/2020	2018/2019
Cost of goods sold	–818	–667
Sales expenses	—	–1
Administrative expenses	–45	–20
TOTAL	**–863**	**–688**

Depreciation/amortization and impairment losses according to plan by asset		
Goodwill	—	—
Customer relations	–57	–58
Other intangible fixed assets	–13	–14
Buildings	–187	–70
Land improvements	–20	–19
Plant and machinery	–575	–515
Equipment	–11	–12
TOTAL	**–863**	**–688**

5 | OTHER OPERATING INCOME AND OPERATING EXPENSES

	2019/2020	2018/2019
Area of operations Finance	60	213
Lease income from vessels, net	64	93
Result on sale of tangible fixed assets, net	14	43
Grants received	2	3
Rental income	23	20
Other	4	1
TOTAL	**167**	**373**

Business area Finance refers to the net of the finance operations' trading in financial instruments.

Grants received relate to a number of R&D projects, of which EU Horizon 2020 and the Life-project are the single largest. Last year's amounts relate partially to EU grants for R&D projects, and partially grants from the Energy Authority to create a physical space in Halmstad for small and medium-sized enterprises where, in cooperation with Stena Metall and the academy, they can create a competition-neutral test arena for recycling technologies of the future.

6 | NET FINANCIAL INCOME

INCOME FROM INVESTMENTS IN ASSOCIATED COMPANIES	2019/2020	2018/2019
Returpapperscentralen i Uppsala HB	3	2
Other	1	1
TOTAL	**4**	**3**

NET INTEREST INCOME		
Interest income	14	13
Interest expenses	–155	–151
Borrowing costs	–13	–10
TOTAL	**–154**	**–148**

Interest expenses for the year include -21 attributable to leasing liabilities in accordance with IFRS 16.

OTHER FINANCIAL INCOME AND EXPENSES		
Capital gains/losses	16	228
Exchange rate differences	–4	1
Other	–1	—
TOTAL	**11**	**229**

Refers to capital gains on the sale of the companies Fastighets AB B:staden 15:1, 8 and Fastighets AB Betongen 9 & 11, 8. Last year's capital gains/losses relate to the consolidated profit on the sale of Juteskären AB, 265, loss on the sale of Stena Components Molkom AB, -33 and loss from the liquidation of Stena Technoworld International GmbH in Austria, -4.

7 | TAXES

	2019/2020	2018/2019
Current tax	–9	–30
Deferred tax	–101	–131
TOTAL	**–110**	**–161**

Current tax		
Current tax for the period	–9	–30
TOTAL	**–9**	**–30**

Deferred tax		
Related to temporary differences	–9	–20
Related to tax loss carryforwards	–92	–111
TOTAL	**–101**	**–131**

Deferred tax related to temporary differences primarily refers to accelerated depreciation of tangible fixed assets. See Note 18.

Reconciliation of reported tax charge	2019/2020	2018/2019
Profit before tax	559	1,004
Tax according to Parent Company's current tax rate 21.4% (22.0%)	–120	–221
Effect of other tax rates for foreign subsidiaries	1	18
Effect of changed tax rate	—	6
Non-deductible expenses	–19	–20
Tax-exempt revenue	21	75
Utilized tax loss carryforwards	12	3
Unrecognized tax assets on net loss for the year	–8	–12
Deferred tax	6	—
Tax attributable to previous years	—	–1
Other	–3	–9
REPORTED TAX CHARGE	**–110**	**–161**

8 | INTANGIBLE FIXED ASSETS

ACQUISITION COST	Goodwill	Trademarks and customer relationships	Other intangible fixed assets	Total
Opening balance Sep. 1, 2018	1,395	430	94	1,919
Acquisitions for the year	—	7	25	32
Correction of acquisition analysis purchased company	–4	—	—	–4
Scrapping of fully-depreciated assets	—	–2	–20	–22
Translation differences	8	—	—	8
CLOSING BALANCE AUGUST 31, 2019	**1,399**	**435**	**99**	**1,933**
Acquisitions for the year	—	4	65	69
Translation differences	–61	—	—	–61
CLOSING BALANCE AUGUST 31, 2020	**1,338**	**439**	**164**	**1,941**

ACCUMULATED DEPRECIATION AND IMPAIRMENTS	Goodwill	Trademarks and customer relationships	Other intangible fixed assets	Total
Opening balance Sep. 1, 2018	–797	–84	–37	–918
Depreciation for the year	—	–58	–14	–72
Scrapping of fully-depreciated assets	—	2	20	22
Translation differences	–7	—	—	–7
CLOSING BALANCE AUGUST 31, 2019	**–804**	**–140**	**–31**	**–975**
Depreciation for the year	—	–57	–13	–70
Translation differences	31	—	—	31
CLOSING BALANCE AUGUST 31, 2020	**–773**	**–197**	**–44**	**–1,014**
NET CARRYING VALUE AUG. 31, 2019	**595**	**295**	**68**	**958**
NET CARRYING VALUE AUG. 31, 2020	**565**	**242**	**120**	**927**

GOODWILL IMPAIRMENT TESTING

Goodwill is tested annually for impairment rather than amortized on an annual basis. Amortization of other intangible assets and fixed assets is based on their estimated useful lives. But these assets are also tested for impairment beyond their scheduled amortization. Estimated impairment losses are based on management's expectations with regard to future profits and cash flow.

Impairment losses are recognized in the income statement. Goodwill impairment is never reversed.

Estimated recoverable values for cash generating units are based on management's five-year projections of free cash flow, which in turn are the result of projected sales, operating profit after amortization, changes in working capital and reinvestments.

Each cash generating unit issues specific five-year projections based on management's best estimates and knowledge of various market conditions. Calculation of so-called terminal value is based on perpetuity growth – estimated individually for each cash generating unit – of 1.5–3.0% and is calculated in accordance with Gordon's growth model.

In calculating the recoverable value of the cash generating units and assets in 2019/2020, a discount factor (WACC – weighed average cost of capital) of 5.0%–6.2% after tax and 6.2%–8.0% before tax has been used.

These estimates showed no impairment need for the cash generating units.

9 | TANGIBLE FIXED ASSETS

	Buildings	Land and other real estate	Plant and machinery	Equipment	Construction in progress	Total
ACQUISITION COST						
Opening balance Sep. 1, 2018	2,279	1,084	8,751	211	238	12,563
Divested companies	—	—	–874	–2	–37	–913
Acquisitions for the year	8	20	454	12	277	771
Reclassification	116	9	99	3	–227	—
Sales and disposals	–45	–17	–342	–5	–1	–410
Translation differences	8	–1	18	5	–9	21
CLOSING BALANCE AUGUST 31, 2019	**2,366**	**1,095**	**8,106**	**224**	**241**	**12,032**
Effect of the implementation of IFRS 16	850	—	133	—	—	983
Acquired companies	—	10	11	—	—	21
Acquisitions for the year	13	13	313	4	180	523
Reclassification	21	3	212	30	–266	—
Sales and disposals	–55	–14	–270	–1	—	–340
Translation differences	–71	–33	–167	–5	–9	–285
CLOSING BALANCE AUGUST 31, 2020	**3,124**	**1,074**	**8,338**	**252**	**146**	**12,934**
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
Opening balance Sep. 1, 2018	–1,146	–210	–5,539	–181		–7,076
Divested companies	—	—	294	2		296
Sales and disposals	26	3	321	5		355
Depreciation for the year	–70	–19	–515	–12		–616
Translation differences	–5	1	–23	–4		–31
CLOSING BALANCE AUGUST 31, 2019	**–1,195**	**–225**	**–5,462**	**–190**		**–7,072**
Reclassification	4	–4	—	—		—
Sales and disposals	20	—	244	1		265
Depreciation for the year	–186	–20	–574	–11		–791
Impairment losses for the year	–1	—	–1	—		–2
Translation differences	37	8	130	4		179
CLOSING BALANCE AUGUST 31, 2020	**–1,321**	**–241**	**–5,663**	**–196**		**–7,421**
NET CARRYING VALUE AUG. 31, 2019	**1,171**	**870**	**2,644**	**34**	**241**	**4,960**
NET CARRYING VALUE AUG. 31, 2020	**1,803**	**833**	**2,675**	**56**	**146**	**5,513**

10 | SHARES AND PARTICIPATIONS IN ASSOCIATED COMPANIES

Indirectly owned	Shareholders' equity/ Votes, %	Aug. 31, 2020	Aug. 31, 2019
Returpapperscentralen i Uppsala HB, 916513-9313, Uppsala	50.0	1	1
Jern og Metallomsetning AS, Norge	50.0	5	5
Mørlandsmoen Bilopphugging AS, Norge	33.3	3	2
BioImpakt AB, 559004-5018, Örebro	20.0	—	—
TOTAL		**9**	**8**

Accumulated acquisition cost		
Net carrying value, opening balance	8	7
Share of profit for the year	4	3
Distribution/withdrawal from partnerships	–3	–2
Translation difference	—	—
NET CARRYING VALUE, CLOSING BALANCE	**9**	**8**

11 | OTHER LONG-TERM SECURITIES HOLDINGS

	Aug. 31, 2020	Aug. 31, 2019
Private equity funds	1,047	774
Other	6	6
TOTAL	**1,053**	**780**

For a specification of the year's change, see Note 26 on page 41.

12 | OTHER LONG-TERM RECEIVABLES

	Aug. 31, 2020	Aug. 31, 2019
Interest-bearing receivables	5	9
Other	69	57
TOTAL	**74**	**66**
Net carrying value, opening balance	66	56
Additional receivables	12	37
Settled receivables	—	–21
Transferred to short-term receivables	–4	–6
NET CARRYING VALUE, CLOSING BALANCE	**74**	**66**

Receivables related to endowment insurance have been offset against corresponding long-term liabilities.

13 | INVENTORIES

	Aug. 31, 2020	Aug. 31, 2019
Raw materials	847	1,109
Finished goods	443	572
TOTAL	**1,290**	**1,681**

Obsolescence of 4 was expensed during the year. At year-end the obsolescence reserve amounted to 7 (11).

14 | SHORT-TERM RECEIVABLES

ACCOUNTS RECEIVABLE	Aug. 31, 2020	Aug. 31, 2019
Not overdue	1,956	2,307
Overdue up to 30 days	121	118
Overdue more than 30 days	26	33
TOTAL	**2,103**	**2,458**

OTHER SHORT-TERM RECEIVABLES		
Value-added tax	202	284
Derivatives	22	45
Tax account	17	8
Interest-bearing receivables	4	6
Other	68	91
TOTAL	**313**	**434**

PREPAID EXPENSES AND ACCRUED INCOME		
Prepaid overhead	122	132
Goods delivered not invoiced	350	470
Other accrued income	75	89
TOTAL	**547**	**691**

The book value of the receivable is equal to the actual value. Accounts receivable include a credit risk reserve for expected credit losses of 10 (15). Agreement assets for the Group consist of receivables for delivered but not yet invoiced goods and other accrued income.

15 | CASH AND BANK

	Aug. 31, 2020	Aug. 31, 2019
Cash and bank	2,572	1,345
Bank deposits	6	2
TOTAL	**2,578**	**1,347**

16 | SHAREHOLDERS' EQUITY

Specification of reserves	Fair value-reserve	Hedging reserve	Translation reserve	Revaluation reserve	Total
Ingående balans reserver Sept. 1, 2018	**89**	—	**23**	**53**	**165**
Change in fair value reserve for the year	–89	—	—	—	–89
Change in hedging reserve for the year	—	15	—	—	15
Change in translation reserve for the year	—	—	3	—	3
Change in hedge of net investment for the year	—	—	—	6	6
RESERVES, CLOSING BALANCE AUGUST 31, 2019	**—**	**15**	**26**	**59**	**100**
Change in hedging reserve for the year	—	–8	—	—	–8
Change in translation reserve for the year	—	—	–53	—	–53
Change in hedge of net investment for the year	—	—	—	24	24
RESERVES, CLOSING BALANCE AUGUST 31, 2020	**—**	**7**	**–27**	**83**	**63**

CONT. NOTE **16** SHAREHOLDERS' EQUITY

HEDGING RESERVE

The reserve relates to the change in fair value change of derivative instruments which hedge a binding commitment in foreign currency.

TRANSLATION RESERVE

Exchange rate differences attributable to the translation of the Group's foreign subsidiaries' functional currencies to SEK are accumulated in the translation reserve.

RSERVE FOR HEDGING OF NET INVESTMENT

The reserve comprises the revaluation of loans raised to hedge net investments in subsidiaries.

NON-CONTROLLING INTERESTS

Refers to the minority interests in Repur AB (0.5%) -2 (-1), Bilretur ABC AB (49%) 1 (1), BatteryLoop Technologies AB (6.25%) 0 (0) and Tred Carpi spa (4%) 2 (2).

17 | PENSIONS AND SIMILAR OBLIGATIONS

	Aug. 31, 2020	Aug. 31, 2019
Net carrying value, opening balance	13	14
Actuarial gain/loss	1	1
Utilized during the period	–2	–2
Translation differences, etc.	–1	—
NET CARRYING VALUE, CLOSING BALANCE	**11**	**13**

DEFINED BENEFIT PENSION PLANS

Defined benefit pension plans primarily comprise retirement pensions where the employer has an obligation to pay a lifelong pension corresponding to a certain guaranteed percentage of salary or a specific annual amount. Retirement pensions are vested based on number of years of employment. The employee must be a member of the plan for a certain number of years to be entitled to a full retirement pension. Defined benefit plans are primarily used in Norway. These plans relate in their entirety to former employees, because of which no new contributions have been made. The pension liability for defined benefit plans amounts to 11 (13). For actuarial calculations in Norway a discount rate of 1.5% (1.8%) has been applied and salary increases have been estimated at 2.0% (2.25%).

DEFINED CONTRIBUTION PENSION PLANS

The plans primarily comprise retirement pension, disability pension and survivor's pension. The premiums are paid over the course of the year by each Group company to various insurance companies. The size of the premiums is based on the salary. Pension costs for the period are included in the income statement in the amount of 182 (178).

A majority of Swedish Group companies meet their retirement and disability pension obligations for salaried employees through insurance from Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 3, this is a multi-employer defined benefit plan. For the financial year the Group has not had access to sufficient information to allow it to report these plans as defined benefit, since Alecta currently cannot provide specific defined benefit amounts for those included in the plan. Pension plans backed by insurance from Alecta are therefore reported as a defined contribution plan. The annual fees for pension insurance obtained from Alecta amount to 79 (76).

18 | DEFERRED TAXES

DEFERRED TAX ASSETS	Aug. 31, 2020	Aug. 31, 2019
Net carrying value, opening balance	260	375
Additional receivables	16	14
Settled receivables	–93	–131
Translation differences	–4	2
NET CARRYING VALUE, CLOSING BALANCE	**179**	**260**

Deferred tax assets related to tax loss carryforwards that have not been recognized in the income statement and balance sheet amount to 317 (319). Finland has time limits on the use of tax loss carryforwards.

DEFERRED TAX LIABILITIES	Aug. 31, 2020	Aug. 31, 2019
Net carrying value, opening balance	320	393
Provisions during the period	37	24
Divested companies	—	–93
Utilized during the period	–9	–4
NET CARRYING VALUE, CLOSING BALANCE	**348**	**320**

DEFERRED TAX ASSETS/TAX LIABILITIES BY BALANCE SHEET ITEM	Aug. 31, 2020	Aug. 31, 2019
Tangible assets	–263	–238
Inventories	15	6
Receivables	6	—
Other provisions	74	78
Liabilities	–23	–19
Tax loss carryforwards	22	113
TOTAL	**–169**	**–60**

19 | OTHER PROVISIONS

The large part of other provisions consists of future remediation costs for contaminated soil, 472 (448).
Unsecured pension obligations (endowment insurance) have been offset against corresponding long-term receivables.

	Aug. 31, 2020	Aug. 31, 2019
Net carrying value, opening balance	626	664
Provisions during the period	50	93
Utilized during the period	–44	–132
Translation differences	–6	1
NET CARRYING VALUE, CLOSING BALANCE	**626**	**626**

The provisions are primarily expected to be paid after more than 12 months. Certain Group companies conduct operations on land which has or may have been contaminated. Through environmental insurance, the Stena Metall Group has transferred the risk to remediate contaminated soil to an insurance company. The insurance company's obligation applies as long as the insurance premium is paid. Since the insurance company reinsures part of the risk with an insurance company owned by the Group, the estimated liability for all companies in the Group is recognized in the consolidated financial statements. The insurance covers estimated remediation costs, assuming the most likely outcome, for all the Group's operating locations. The premium is paid annually and reported under the heading Cost of goods sold.

20 | BOND LOANS

The loans are issued by AB Stena Metall Finans (publ) and guaranteed by the Parent Company. The loans carry variable rates of interest. All bond loans use the 3-month NIBOR or STIBOR as a base rate.

Bond loans	Remaining term	Margin	Aug. 31, 2020	Aug. 31, 2019
NO0010736895 2015–2019	—	2.85	—	500
SE0007158373 2015–2020	—	3.00	—	100
SE0008373831 2016–2021	—	4.05	—	400
NO0010752710 2015–2020	1 year	3.50	868	1,000
NO0010764095 2016–2022	2 years	4.35	600	600
NO0010766157 2016–2022	2 years	4.35	200	200
NO0010823362 2018–2023	3 years	2.15	800	800
SE0014402285 2020–2024	4 years	2.75	800	—
SE0013774916 2020–2025	5 years	2.06	200	—
SE0014402293 2020–2025	5 years	2.90	800	—
TOTAL			**4,268**	**3,600**

21 | LONG-TERM LIABILITIES

INTEREST-BEARINGLONG-TERM LIABILITIES	Aug. 31, 2020	Aug. 31, 2019
Balanced leasing commitments	570	5
Other liabilities	59	137
TOTAL	**629**	**142**

The Group has credit commitments of 1,300 (1,000), of which 1,300 (1,000) has not been utilized. The agreements contain financial covenants.

OTHER LONG-TERM LIABILITIES		
Other liabilities	2	4
TOTAL	**2**	**4**

22 | SHORT-TERM LIABILITIES

INTEREST-BEARINGSHORT-TERM LIABILITIES	Aug. 31, 2020	Aug. 31, 2019
Balanced leasing commitments	198	12
Other liabilities	78	78
TOTAL	**276**	**90**

The Group has credit commitments of 650 (650), of which 650 (650) has not been utilized. The agreements contain financial covenants.

OTHER SHORT-TERM LIABILITIES		
Employee salaries and withholding taxes	131	103
Value-added tax	46	47
Derivatives	32	69
Advance payments from customers	9	14
Excise taxes	6	5
Property tax	2	4
Other	30	49
TOTAL	**256**	**291**

ACCRUED EXPENSES AND PREPAID INCOME		
Accrued cost of goods sold	383	553
Accrued salary and payroll expenses	420	405
Incineration and sludge reserve	163	137
Waste disposal costs	19	19
Interest	11	12
Other accrued expenses	303	209
Prepaid income	14	45
TOTAL	**1,313**	**1,380**

Advance payments from customers and prepaid income refer to agreement liabilities for the Group. Opening agreement debt has been fully expensed during the year.

23 | LEASING

GROUP AS LESSEE

The Stena Metall Group applies the new accounting standard IFRS 16 since September 1, 2019. The effects of the new standard on the balance sheet are described below. The Group's leasing agreements pertain to the lease of premises, charters of vessels and machinery. There are no subleases. The right of use asset is amortized on a straight-line basis over the term of the leasing agreement, which varies from 1 year to a contract without a term. Payments for short-term leasing and leasing agreements with low value are expensed on an ongoing basis in the income statement.

Transition effect on capitalized leasing commitments September 1, 2019	September 1, 2019
Commitments operating leases August 31, 2019	1 330
Discounted value	–154
Financial leasing agreements August 31, 2019	20
Less: short-term leasing and leasing agreements with low value	–213
TOTAL	**983**

Impact on tangible fixed assets September 1, 2019	September 1, 2019
Property	830
Vessels	99
Machines	34
TOTAL	**963**

When applying IFRS 16 for the first time, the Group used the following practical assumptions:
- The marginal loan interest rate has been used as a discount factor for leases. The discount rate depends on the currency of the contract and varies between 2.75%–4.88%.
- Lease agreements with a remaining lease period shorter than 12 months and agreements with a low value as of September 1, 2019 have been classified as short-term agreements.

CONT. NOTE 23 LEASING

REPORTED AMOUNTS IN THE GROUP BALANCE SHEET AUGUST 31, 2020	Aug. 31, 2020
Rights of use	
Buildings	711
Vessels	35
Machines	22
TOTAL	**768**
Balanced leasing commitments	
Long-term	570
Short-term	198
TOTAL	**768**

REPORTED AMOUNTS IN THE GROUP BALANCE SHEET AUGUST 31, 2020	Aug. 31, 2020
Depreciation	
Buildings	–113
Vessels	–64
Machines	–11
TOTAL	**–188**
Interest expenses	–21

GROUP AS LESSOR

Revenues for the year for operating leasing contracts amounted to 64 (96) and mainly relate to charter income from a vessel. One of the vessels was disposed of during the financial year, which explains the reduced income compared to the previous year.

Future minimum lease income as of the balance sheet date amounted to:	Aug. 31, 2020	Aug. 31, 2019
Within one year	64	65
Between 1 and 5 years	34	99
More than five years	—	1
TOTAL MINIMUM LEASING INCOME	**98**	**165**

24 | COLLATERAL AND CONTINGENT LIABILITIES

	Aug. 31, 2020	Aug. 31, 2019
Assets pledged to credit institutions		
Vessels	137	215
Tangible fixed assets, lease financing	—	18
TOTAL	**137**	**233**
Assets pledged for other liabilities		
Liquid assets	18	1
TOTAL	**18**	**1**
TOTAL COLLATERAL	**155**	**234**
Contingent liabilities		
Sureties	101	100
Guarantees and other contingent liabilities	385	368
Remaining commitments private equity funds	590	412
Obligations for partnerships	19	17
TOTAL CONTINGENT LIABILITIES	**1,095**	**897**

25 | CASH FLOW AND ACQUISITIONS

In the statement of cash flows the effects of acquired and divested subsidiaries and business units have been excluded from other changes in the balance sheet. The sum of payments for these acquisitions/divestments after deducting liquid assets in the acquired/divested units is recognized on a separate line in the statement of cash flows. The effect of changes in exchange rates on the translation of foreign Group companies is also excluded, since it does not affect the cash flow.

Cash and bank consist of cash, bank balances and other money market instruments with an original term of less than three months.

Interest paid amounted to -127 (-127) and interest received to 5 (10). Dividends received amounted to 21 (13).

The following changes occurred in the Group's composition during the year: Sikkerhetsmakulering AS in Norway was acquired. The company works with collection, transport and destruction of sensitive documents and other storage units. Gladökvarns Invest AB, owner of a property in Huddinge, was acquired. Stena Fragmentering AB was merged with Stena Recycling AB and four dormant companies were liquidated.

The change in the Group's interest-bearing liability is analyzed in the following table.

	September 1, 2019	Effect on IB by IFRS 16	Affecting cash flow	Reclassifications	Other not affecting cash flow	Aug. 31, 2020
Long-term bond loans	3,000	—	1,400	–1,000	—	3,400
Long-term balanced leasing commitments	—	785	–188	—	–27	570
Other long-term loans	142	—	–5	–78	—	59
Short-term bond loans	600	—	–732	1,000	—	868
Short-term balanced leasing commitments	—	198	—	—	—	198
Other short-term loans	90	—	–90	78	—	78
TOTAL INTEREST-BEARING LIABILITIES	**3,832**	**983**	**385**	**—**	**–27**	**5,173**

26 | FINANCIAL INSTRUMENTS/RISKS

The note below describes the Group's financial instruments and the financial risk management in the Stena Metall Group. The accounting principles for financial instruments are described in "Accounting and Valuation Principles" on pages 17–21 and financial risk management later in this note. Other notes that include information used in Note 26 are Note 5 Other operating income and operating expenses, Note 11 Other long-term securities holdings, Note 12 Other long-term receivables, Note 20 Bond loans, Note 21 Long-term liabilities and Note 22 Short-term liabilities.

Financial instruments in the Stena Metall Group consists of bank loans, derivatives, leasing contracts, accounts payable, accounts receivable, bonds, stocks and shares, and cash and short-term investments. The primary risk arising from trade with financial instruments is the market risk which includes interest rate risk, currency risk, price risk, credit risk and liquidity risk. All these risks are managed by complying with the policies established for risk management as set out by the Board of Directors.

FINANCIAL INSTRUMENTS BY CATEGORY

August 31, 2020	Financial instruments at fair value through profit or loss [1]	Amortized cost	Total book value	Total fair value [2]
Assets				
Other long-term securities	1,053		1,053	1,053
Other long-term receivables		74	74	74
Accounts receivable		2,103	2,103	2,103
Derivatives included in other receivables	22		22	22
Short-term investments	1,201		1,201	1,201
TOTAL ASSETS	**2,276**	**2,177**	**4,453**	**4,453**
Liabilities				
Bond loans		4,268	4,268	4,268
Interest-bearing liabilities		905	905	905
Accounts payable		1,297	1,297	1,297
Derivatives included in other liabilities	32		32	32
TOTAL LIABILITIES	**32**	**6,470**	**6,502**	**6,502**

CONT. NOTE **26** FINANCIAL INSTRUMENTS/RISKS

August 31, 2019	Financial instruments at fair value through profit or loss [1]	Amortized cost	Total book value	Total fair value
Assets				
Other long-term securities	780		780	780
Other long-term receivables		66	66	66
Accounts receivable		2,458	2,458	2,458
Derivatives included in other receivables	45		45	45
Short-terminvestments	1,028		1,028	1,028
TOTAL ASSETS	**1,853**	**2,524**	**4,377**	**4,377**
Liabilities				
Bond loans		3,600	3,600	3,694
Interest-bearingLiabilities		232	232	232
Accounts payable		1,709	1,709	1,709
Derivatives included in other liabilities	69		69	69
TOTAL LIABILITIES	**69**	**5,541**	**5,610**	**5,704**

1) Financial instruments at fair value through profit or loss includes derivatives held for hedging purposes, but not included in hedge accounting among other liabilities/ receivables, -10 (-24).

2) Of the Group's outstanding bond loans of SEK 4,268 million, 2,668 are private placement. The remaining SEK 1,600 million is listed on a regulated exchange and with short maturities. The market valuations are simplified and based on listed bonds, overall the market value is judged to be the same as the book value.

FINANCIAL RISK FACTORS

In its operations, the Group is exposed to a number of financial risks. The Group's policies are focused on the unpredictability of financial markets and strive to minimize potentially unfavorable impacts on the Group's financial results. The Group uses derivatives to hedge certain risk exposures. Risk management is handled by a central finance department, "Finance", in accordance with the policies adopted by the Board of Directors. Finance identifies, evaluates and hedges financial risks in close collaboration with the Group's operating units. The Board of Directors prepares written policies for overarching risk management as well as for specific areas such as currency risk, interest rate risk, credit risk, price risk, use of derivatives and non-derivative financial instruments and investment of surplus liquidity. The Group makes use of financial instruments in order to reduce the risk of major impacts on earnings from price changes in exchange rates, interest rates and the oil markets. As a general principle, fixed assets are financed through long-term borrowing in the form of bond loans, bank loans and leasing. The assets of each subsidiary are financed in local currency and if assets and liabilities in the respective currency cannot be matched, the net position is adjusted using financial instruments. In order to achieve a desired mix of currencies and interest binding profile, different types of interest instruments are used such as fixed-rate swaps, with combined exchange and interest lock-in periods or interest options that fix the level of interest within certain ranges. Currency risks arise both for the conversion of results and balance sheet items in foreign currency to Swedish kronor and also the conversion of cash flows in foreign currency. These currency risks are reduced by hedging of exchange rates with futures contracts or loans in local currency. Price fluctuations of bunker oil are handled by hedging in financial instruments relating to the price of crude oil. The financial risks mentioned above are predominantly managed by the finance department in Sweden in accordance with the limits of authority specified in the Group Finance Policy.

MARKET RISK

Interest rate risk relating to cash flow and fair values

Since the Group does not hold any significant interest-bearing assets, the consolidated revenues and cash flow from operating activities are essentially independent of changes in market interest rates. The Group's interest rate risk arises from long-term borrowing. Borrowing made with floating interest rates exposes the Group to interest rate risk relating to cash flow, which is partly neutralized by cash reserves with a floating interest rate. Borrowing made with a fixed interest rate exposes the Group to interest rate risk relating to fair value.

The Group usually takes on long-term loans with floating interest rates. The Group partly manages interest rate risks relating to cash flow both by using interest-rate swaps with the economic substance of converting borrowing from moving to fixed interest rates.

Interest rate swaps mean that the Group will agree with other parties to exchange, at specific intervals (usually quarterly), the difference between interest amounts according to a fixed contractual interest rate and the variable interest amount, calculated at the agreed nominal amount. The Group has chosen not to apply hedge accounting on the interest rate swaps, so the revaluation effect of these is recorded in the financial items in the income statement. With regard to the interest rate swaps held, 0 (0) of the Group's interest-bearing liabilities relate to fixed interest rate and 5,173 (3,832) to variable interest rate. The most important variable interest rate is STIBOR-based.

If the interest rate were to change by +/-1%, the Group would be charged at 52 (38) higher/lower interest costs, with all other variables constant.

CONT. NOTE **26** FINANCIAL INSTRUMENTS/RISKS

Currency risk
The Group operates internationally and is subject to currency risks from various currency exposures. Currency risk arises from future business transactions, recognized assets and liabilities and net investments in foreign operations.

Translation differences from net investments:
Translation differences from the exposure of net assets in foreign subsidiaries are transferred directly to the consolidated equity.

The book value of the net assets in foreign currency in the Group's subsidiaries amounted to 297 (451) on August 31, 2020. A change of 1% in the value of SEK against foreign currencies as of August 31, 2020 would affect shareholders' equity by 3 (5).

See also the section "Hedging of net investment in the foreign operations" further down in this note.

Hedging of net investment in foreign operations
Through the Group's financial company, the Parent Company has borrowings in NOK of 330 million (NOK 330 million) which are identified as hedging of the net investment in a Group subsidiary in Norway. The exchange rate gain on the translation of the funding to SEK amounts to 31 (7) for the year and is recognized in other comprehensive income.

Translation differences from balance sheet exposure:
Group management has implemented a policy that requires Group companies to manage their currency risk against their functional currencies. To manage the currency risk arising from the recognized assets and liabilities, Group companies use forward contracts entered into by the Group's finance company.

Monetary assets and liabilities in foreign currency arising as a result of company activities are revalued at the balance sheet date rates. Derivative instruments relating to financial hedging of the value of these balance sheet items such as currency swaps, forward foreign exchange contracts or currency option contracts are measured at fair value, which includes revaluations to the balance sheet date rates, and the change in fair value is recognized as exchange rate differences in the consolidated income statement, where the translation of assets and liabilities in foreign currency is also recognized.

The Group has exposure in the external borrowing as some of this is in a currency other than the functional currency. Since the Group's finance company has investments in financial instruments denominated in currencies other than the functional currency, these are hedged through currency forward contracts. The Board of Directors has given the company the possibility to make investments without currency hedging. On August 31, 2020, the entire external borrowings made in a currency other than the functional currency and the majority of investments in financial instruments denominated in foreign currency were hedged by fx derivatives. Translation exposure in other financial receivables and liabilities is deemed to be minor as these items are essentially denominated in the individual Group companies' functional currencies.

Translation differences from transaction exposure:
Group management has implemented a policy that requires Group companies to manage their currency risk against their functional currencies. To manage the currency risk arising from future business transactions, Group companies use forward currency contracts concluded by the Group's finance company.

The Group does not normally choose to apply hedge accounting on the forward currency contracts it has entered into and the market value of these contracts is recognized in the income statement on an ongoing basis. As of August 31, 2020, however, there are the following effects of hedge accounting regarding the hedging of currency risks.

Currency hedging	2020
Fair value	–16
Nominal value	–110
Maturity structure	September 2020
Hedging relationship	1:1
Change in value, outstanding hedging instruments since September 1, 2019	–16
Change in value, hedged object used to determine the hedging effectiveness	16

The following table shows the Group's forward contracts as at the balance sheet date.

Forward contracts, nominal amounts, SEK million	Bought	Sold
DKK	118	
EUR	6	
NOK	9	
PLN	4	
SEK	325	
USD		462

PRICE RISK
The Group maintains an inventory of processed and unprocessed material. The processed material is sold on the market at the current market price. The throughput time from the purchase of the material until it is processed and sold varies. During this time the market price of the material may change, because of which the Group has a price risk in inventory. The price of certain products can be hedged using derivatives while others cannot be hedged. Ferrous is one such product that cannot be hedged.

On August 31, 2020, the Group had a ferrous stock of SEK 413 million (547). Of this, SEK 259 million (410) was sold but not delivered. If the market price of the ferrous had risen/fallen by 10% in relation to current market prices as of August 31, 2020, all other variables being constant, the market value of the ferrous stock as of August 31, 2020 would have been 15 (14) higher/lower, adjusted for the portions of the stock that had already been sold. This change would affect the margin on the sale of these products correspondingly.

The Group's finance operations trade financial instruments that are overwhelmingly traded on active markets and where valuations are based on quoted market prices. The types of holdings the Group had on August 31, 2020 can be divided into four portfolios: private equity, hedge funds, strategic equity portfolios and trading portfolios. The Group's strategy is that the various portfolios behave differently under different market conditions and thereby contribute to diversification, whereby the stock market correlation is lower than with a pure stock market exposure. Put simply, we cut off the tops and bottoms compared with the equity markets.

On August 31, 2020, the Group had 1,201 (1,028) in short-term securities and 1,053 (780) in long-term securities. If the market in general had been strengthened/weakened by 10% on August 31, with all other variables constant, the profit for the year would have been 225 (181) higher/lower when all securities are valued at the market price.

CONT. NOTE **26** FINANCIAL INSTRUMENTS/RISKS

COUNTERPARTY RISK

Credit risks arise in the Group's operating activities in the form of accounts receivable and advance payments to suppliers. The Group has a credit policy adopted by the Board of Directors, in addition to which each company has a credit instruction. The basic principle is that all counterparties must be highly solvent. Customers can be divided into three different categories: those that can be credit insured, those who can provide satisfactory collateral in the form of advance payments, and those who, after an analysis, can be granted an open line of credit.

Counterparty risk also arises through liquid assets, derivatives and balances with banks and financial institutions. All financial instruments and liquidity are traded with counterparties that are considered to be creditworthy and where the terms and settlement routines are well documented. Normally, no collateral is pledged by either party.

Financial derivatives that are included in ISDA/framework agreements and subject to netting are shown in the table below.

The maximum exposure for credit risk at the end of the reporting period is the fair value of the derivatives recognized as assets in the balance sheet.

August 31, 2020	Financial assets/ liabilities gross	Netted balances	Amount recognized- balance sheet	Financial instruments covered by netting agreements not recognized net	Financial netamounts
Derivativesfinancial assets	22		22	6	16
Derivatives finanscial liabilities	–32		–32	–6	–26
TOTAL	**–10**	—	**–10**	—	**–10**

LIQUIDITY RISK

Cash flow projections are prepared by the Group's operating companies and aggregated by the Group. The Group's finance company carefully monitors rolling projections of the Group's liquidity reserve to ensure that the Group has sufficient cash reserves to meet its operating needs at the same time that it continuously maintains sufficient untapped credit facilities, so that the Group does not exceed the lending limits or terms of any of its loan facilities. The terms (covenants) that the Group has with its credit facility counterparties are that net debt in relation to EBITDA may not exceed 3.8 and that EBITDA in relation to net interest expense may not fall short of 3.4.

All liquidity in the Group is managed by the Group's finance company. The finance company places surplus liquidity in interest-bearing clearing accounts, fixed term deposits, money market instruments and marketable securities, depending on which instrument has a suitable maturity or sufficient liquidity as determined by the above-mentioned projections.

On the balance sheet date, the Group had liquid assets of 2,578 (1,347) and unused credit facilities of 1,950 (1,650).

The table below analyses the Group's financial liabilities by the remaining time on the balance sheet date until their contractual maturity. The amounts shown in the table are contractual, undiscounted cash flows. Interest has been calculated based on the current floating market rate.

August 31, 2020	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Bond loans	981	898	2,734	
Balanced leasing commitments	162	121	275	377
Other interest-bearing liabilities	80	59		
Accounts payable	1,297			
Derivatives	32			
TOTAL	**2,552**	**1,078**	**3,009**	**377**

August 31, 2019	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Bond loans	710	1,474	1,663	
Interest-bearing liabilities	93	86	60	
Accounts payable	1,709			
Derivatives	69			
TOTAL	**2,581**	**1,560**	**1,723**	

CONT. NOTE 26 FINANCIAL INSTRUMENTS/RISKS

FINANCIAL INSTRUMENTS AT FAIR VALUE

For a comparison between the book value and fair value of the Group's financial instruments, refer to the first table in this note. That table includes the Group's financial liabilities at amortized cost in the balance sheet as of August 31, 2020 where fair value disclosure is required, as well as financial assets and liabilities at fair value in the balance sheet.

The table below shows financial instruments at fair value based on classification in the fair value hierarchy.

August 31, 2020	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
- Derivatives		22		22
- Short-term investments	847	354		1,201
- Other long-term securities			1,053	1,053
TOTAL ASSETS	**847**	**376**	**1,053**	**2,276**
Financial liabilities at fair value through profit or loss:				
- Derivatives		–32		–32
TOTAL LIABILITIES		**–32**		**–32**

August 31, 2019	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss:				
- Derivatives		45		45
- Short-term investments	611	417		1,028
Available-for-sale financial assets			780	780
TOTAL ASSETS	**611**	**462**	**780**	**1,853**
Financial liabilities at fair value through profit or loss:				
- Derivatives		–69		–69
TOTAL LIABILITIES		**–69**		**–69**

THE VARIOUS LEVELS ARE DEFINED AS FOLLOWS:

Financial instruments on level 1

The fair value of financial instruments traded on an active market is based on quoted market prices on the balance sheet date.
A market is considered active if quoted prices from an exchange, broker, industry group, price setting service or regulatory agency are readily and regularly accessible, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for the Group's financial assets is the current buy rate. These instruments are included on level 1.

Financial instruments on level 2

The fair value of financial instruments not traded on an active market (e.g., OTC derivatives) is determined with the help of valuation techniques. Available market information is used as far as possible, whereas company-specific information is used as little as possible. If all the significant inputs required for a fair value measurement of an instrument are observable, the instrument is included on level 2. Short-term securities on level 2 refer to holdings in equity funds where the fair value measurement is based on quoted prices on markets that are not considered active.

Specific valuation techniques used to measure financial instruments include

- Fair value of interest rate swaps is estimated as the present value of projected future cash flows based on observable yield curves.
- Fair value of forward exchange contracts is determined using forward rates on the balance sheet date, where the resulting value is discounted to present value.

Note that all fair values determined with the help of valuation techniques are classified on level 2. There were no transfers between level 1 and level 2 during the year.

Financial instruments on level 3

In cases where one or more significant inputs in the fair value measurement are not based on observable market information. There were no transfers of existing financial instruments to or from level 3 during the year.

The table below shows the changes in instruments on level 3:

Specification of financial instruments on level 3	Aug. 31, 2020	Aug. 31, 2019
Opening balance	780	629
Total unrealized gain/loss		
– Currency effects recognized through profit or loss	–50	27
-Recognized in the income statement	32	84
Purchase proceeds	365	148
Sales proceeds	–152	–159
Management fee	15	14
Realized results recognized through profit or loss	63	37
CLOSING BALANCE	**1,053**	**780**

The components on level 3 of the fair value hierarchy consist of investments in unquoted private equity funds. Fair value is determined based on the net asset value of the fund, which is measured by each fund manager in accordance with generally accepted practice, the International Private Equity and Venture Capital Guidelines (IPEV).

The table below summarizes the contractual net values of the Group's forward exchange and swap contracts. Nominal amounts are gross amounts.

Assets	Nominal amount 2020	Fair value 2020	Nominal amount 2019	Fair value 2019
Currency risk management				
Currency swap contracts				
positive position				
negative position	3,577	4	3,447	–18
Forward exchange contracts				
positive position	949	16	461	43
negative position	279	–18	1,560	–50
Oil risk management				
Oil futures				
positive position	84	4	44	2
negative position	255	–16	17	
Metal risk management				
Metal futures				
positive position			14	1
negative position	8		6	–1
Share price risk management				
Options/futures				
positive position		1	1	
negative position		–1		

27 | PERSONNEL

Average number of employees	2019/2020 Total	2019/2020 Of which men	2018/2019 Total	2018/2019 Of which men
Parent Company				
Sweden	8	5	27	13
Subsidiaries				
Sweden	2,017	1,549	1,957	1,516
Denmark	352	278	233	195
Norway	247	206	354	278
Finland	118	82	125	86
Germany	71	60	86	70
Switzerland	—	—	1	1
Italy	135	115	144	124
Poland	556	362	568	374
USA	2	2	2	2
GROUP TOTAL	**3,506**	**2,659**	**3,497**	**2,659**

The average number of employees has been calculated based on the company's paid working hours during the year in relation to the normal number of annual working hours in the company.
The Board consists of two women and five men in both the Group and the Parent Company. All of Stena Metall's senior executives are men.

Salaries, remuneration and social insurance contributions	2019/2020 Salaries and other remuneration	2019/2020 Social insurance contributions (of which pensions)	2018/2019 Salaries and other remuneration	2018/2019 Social insurance contributions (of which pensions)
Parent Company	33	29 (9)	51	29 (12)
Subsidiaries	1,751	571 (183)	1,738	568 (178)
GROUP TOTAL	**1,784**	**600 (192)**	**1,789**	**597 (190)**

Salaries and other remuneration	Parent company	Subsidiaries	Parent company	Subsidiaries
Board and President				
Salaries	11	44	13	41
Bonuses	6	10	5	19
Other employees				
Salaries	12	1,640	27	1,597
Bonuses	4	57	6	81
GROUP TOTAL	**33**	**1,751**	**51**	**1,738**

Pension costs for the Parent Company's President and Board of Directors amount to 4 (4), while outstanding pension obligations total 108 (97).
An agreement has been reached with the President entitling him to 24 months' severance pay.
The Stena Metall Group is covered by the collectively negotiated ITP plan (a Swedish pension plan), including an alternative ITP pension for salaried employees with salaries exceeding ten times the price base amount.
The alternative ITP applies the alternative Alecta premium, with the exception of senior executives in Executive Management positions, where the premium is 30 percent of pensionable salary.

28 | RELATED PARTY DISCLOSURES

Transactions between Stena Metall AB and its subsidiaries, which are related parties to Stena Metall AB, have been eliminated in the Group and are not recognized in this note.

STENA AB

Stena Metall's subsidiary Stena Oil AB sells bunker oil for ships to the Stena AB Group. The value of these sales during the financial year amounted to 1.857 (2.472).

During the year, Stena Metall acquired shares in Northvolt AB for 200 från Stena AB.

Stena Rederi AB has been paid 0 (9) for the Stena Metall Group's portion of shared IT costs and Stena Fastigheter AB has been paid 10 (9) for rents and property management.

Stena Metall owns a ship which is chartered to Stena Line. The rent amounted to 64 (93).

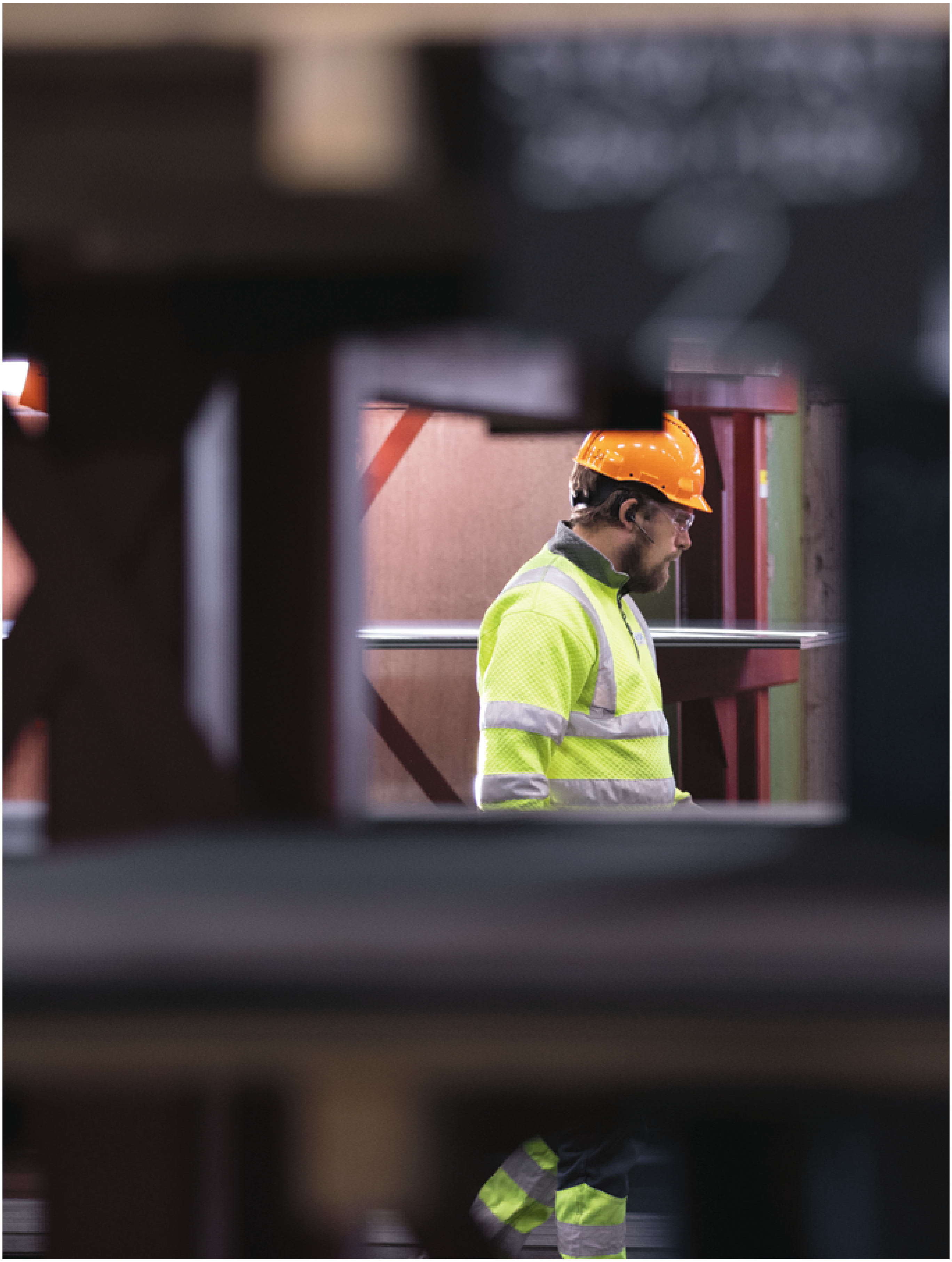
OLSSON FAMILY

Stena Metall rents offices from the Olsson family. Rents paid amounted to 20 (18).

All transactions with related parties are carried out on market terms.

29 | EVENTS AFTER THE END OF THE FINANCIAL YEAR

No significant events have occurred after the end of the financial year.



PARENT COMPANY

INCOME STATEMENT

September 1 to August 31, SEK millions	Note	2019/2020	2018/2019
Net sales	3	205	245
Cost of goods sold	5	–52	–84
GROSS PROFIT		**153**	**161**
Sales expenses		–2	–18
Administrative expenses	4, 5, 16, 19	–190	–211
Other operating income and operating expenses		1	—
OPERATING PROFIT		**–38**	**–68**
Income from investments in Group companies	6	46	95
Interest income and similar items	6	1	5
Interest income and similar items	6	–26	–27
PROFIT AFTER FINANCIAL ITEMS		**–17**	**5**
Appropriations	7	25	77
PROFIT BEFORE TAX		**8**	**82**
Taxes	8	4	2
PROFIT FOR THE YEAR		**12**	**84**

Since the Parent Company has no items recognized as other comprehensive income, total comprehensive income is equal to profit for the year.

PARENT COMPANY

BALANCE SHEET

ASSETS

August 31, SEK millions	Note	2020	2019
Fixed assets			
Tangible fixed assets			
Buildings	9	429	439
Land and other real estate	9	358	364
Plant and machinery	9	7	7
Equipment	9	4	4
Construction in progress	9	4	5
TOTAL TANGIBLE FIXED ASSETS		**802**	**819**
Financial fixed assets			
Receivables from Group companies		418	441
Shares and participations in Group companies	10	1,379	1,373
Other long-term securities		3	3
Deferred tax assets	11	39	35
TOTAL FINANCIAL FIXED ASSETS		**1,839**	**1,852**
TOTAL FIXED ASSETS		**2,641**	**2,671**
Current assets			
Short-term receivables			
Accounts receivable		1	1
Receivables from Group companies		270	752
Current tax receivables		9	4
Other receivables		2	4
Prepaid expenses and accrued income	12	30	31
TOTAL SHORT-TERM RECEIVABLES		**312**	**792**
Cash and bank		—	—
TOTAL CURRENT ASSETS		**312**	**792**
TOTAL ASSETS		**2,953**	**3,463**

SHAREHOLDERS' EQUITY AND LIABILITIES

August 31, SEK millions	Note	2020	2019
Shareholders' equity			
Restricted shareholders' equity			
Share capital		13	13
Restricted reserves		3	3
TOTAL RESTRICTED SHAREHOLDERS' EQUITY		**16**	**16**
Unrestricted shareholders' equity			
Unrestricted reserves		2,818	2,844
Profit for the year		12	84
TOTAL UNRESTRICTED SHAREHOLDERS' EQUITY		**2,830**	**2,928**
TOTAL SHAREHOLDERS' EQUITY		**2,846**	**2,944**
UNTAXED RESERVES	13	**7**	**7**
Provisions			
Provisions for deferred taxes		—	1
Other provisions	14	37	27
TOTAL PROVISIONS		**37**	**28**
Current liabilities			
Accounts payable		3	24
Loans from Group companies		—	412
Other liabilities		8	3
Accrued expenses and prepaid income	15	52	45
TOTAL CURRENT LIABILITIES		**63**	**484**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2,953**	**3,463**

PARENT COMPANY

STATEMENT OF CASH FLOWS

September 1 to August 31, SEK millions	Note	2019/2020	2018/2019
Operating activities			
Profit after financial items		–17	5
Adjustments for non-cash items		22	83
		5	**88**
Taxes paid		—	—
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL		**5**	**88**
Cash flow from changes in working capital			
Increase(–)/Decrease(+) in short-term receivables		–171	204
Increase(+)/Decrease(–) in current liabilities		–421	275
CASH FLOW FROM OPERATING ACTIVITIES		**–587**	**567**
Investing activities			
Acquisition/sale of Group companies		–8	—
Dividend from Group companies		650	125
Shareholder contribution paid		–3	–650
Acquisition of tangible fixed assets		–35	–92
Sale of tangible fixed assets		16	30
Loans to Group companies		—	51
Acquisition of financial assets		—	–3
CASH FLOW FROM INVESTING ACTIVITIES		**620**	**–539**
Financing activities			
Group contributions received		77	51
Share dividend		–110	–79
CASH FLOW FROM FINANCING ACTIVITIES		**–33**	**–28**
CASH FLOW AFTER INVESTMENTS		**33**	**28**
Cash flow for the year		—	—
Cash and bank at the beginning of the year		—	—
CASH AND BANK AT THE END OF THE YEAR		—	—
Supplemental disclosure to statement of cash flows	18		
Adjustments for non-cash items			
Anticipated dividend		–50	–650
Depreciation and impairment of assets		34	713
Capital gain/loss on sale of tangible fixed assets		–1	—
Capital gain/loss on sale of financial fixed assets		4	—
Change in provisions		9	5
Reclassifications		4	7
Currency effect conversion of loans		22	7
Other non-cash items		—	1
TOTAL		**22**	**83**

PARENT COMPANY

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Share capital	Restrictere-serves	Unrestricted reserves	Net income	Totalequity
Opening balance September 1, 2018	13	3	2,813	110	2,939
Transfer of previous year's profit			110	–110	—
Dividend			–79		–79
Profit for the year				84	84
CLOSING BALANCE AUGUST 31, 2019	13	3	2,844	84	2,944
Transfer of previous year's profit			84	–84	—
Dividend			–110		–110
Profit for the year				12	12
CLOSING BALANCE AUGUST 31, 2020	13	3	2,818	12	2,846

The number of shares in Stena Metall AB is 130,000.

PARENT COMPANY

NOTES

1 | ESTIMATES AND ASSESSMENTS IN THE FINANCIAL STATEMENTS

Estimates and assessments are evaluated on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are considered reasonable under current conditions. The description in the accounting and valuation principles on pages 17–21 with respect to the fair value of derivatives or other financial instruments and with respect to the impairment of financial instruments at fair value through profit or loss is also applicable to the Parent Company.

2 | FINANCIAL RISK MANAGEMENT

The Group applies uniform risk management to all its units. Consequently, the description in the Group's Note 26 is in all material respects applicable to the Parent Company.

3 | NET SALES

Net sales primarily refer to rental income from properties leased to subsidiaries, which is attributable in its entirety to Sweden, as well as the provision of certain shared Group services. 4 (5) refers to income from properties leased to outside tenants.

4 | AUDITORS' FEES

	2019/2020	2018/2019
PwC		
Audit assignment	3	3
Tax advice	3	3
TOTAL	6	6

Audit assignments refer to the review of the annual report and accounts and the administration by the Board of Directors and the President. Also included are other duties that are the responsibility of the company's auditors as well as consulting or other assistance resulting from observations during such reviews or the implementation of such other duties. All other work is considered to be other services.

5 | DEPRECIATION AND IMPAIRMENTS

	2019/2020	2018/2019
Depreciation according to plan by function		
Cost of goods sold	–33	–32
Administrative expenses	–1	–1
TOTAL	**–34**	**–33**
Depreciation according to plan by asset		
Buildings	–24	–23
Land improvements	–9	–8
Plant and machinery	—	–1
Equipment	–1	–1
TOTAL	**–34**	**–33**

6 | NET FINANCIAL INCOME

INCOME FROM INVESTMENTS IN GROUP COMPANIES	2019/2020	2018/2019
Dividends from Group companies	50	775
Liquidation of Group companies	–4	—
Impairment of shares in Group companies	—	–680
TOTAL	**46**	**95**

INTEREST INCOME AND SIMILAR ITEMS		
Exchange rate gains	1	5
TOTAL	**1**	**5**

INTEREST EXPENSES AND SIMILAR ITEMS		
Interest expenses, Group companies	–26	–27
TOTAL	**–26**	**–27**

7 | APPROPRIATIONS

	2019/2020	2018/2019
Group contributions	26	78
Provision for/Reversal of accumulated accelerated depreciation	–1	–1
TOTAL	**25**	**77**

8 | TAXES

	2019/2020	2018/2019
Current tax	—	—
Deferred tax	4	2
TOTAL	4	2
Reconciliation of reported tax charge/tax claim		
Profit before tax	8	82
Tax according to current tax rate 21.4% (22,0%)	–2	–18
Non-deductible expenses	–10	–153
Tax-exempt revenue	12	171
Change in deferred tax	4	2
REPORTED TAX REVENUE	**4**	**2**

9 | TANGIBLE FIXED ASSETS

	Buildings	Land and other real estate	Plant and machinery	Equipment	Construction in progress	Total
Acquisition cost, opening balance September 1, 2019	730	426	28	51	5	1,240
Acquisitions for the year	8	8	—	—	28	44
Reclassification	15	1	—	1	–16	1
Sales and disposals	–27	–6	—	—	–13	–46
ACQUISITION COST, CLOSING BALANCE AUGUST 31, 2020	**726**	**429**	**28**	**–52**	**4**	**1,239**
Accumulated depreciation opening balance September 1, 2019	–291	–62	–21	–47		–421
Sales and disposals	18	—	—	—		18
Depreciation for the year	–24	–9	—	–1		–35
ACCUMULATED DEPRECIATION CLOSING BALANCE AUGUST 31, 2020	**–297**	**–71**	**–21**	**–48**		**–438**
NET CARRYING VALUE, AUGUST 31, 2020	**429**	**358**	**7**	**4**	**4**	**802**

CONT. NOTE **9** TANGIBLE FIXED ASSETS

	Buildings	Land and other real estate	Plant and machinery	Equipment	Construction in progress	Total
Acquisition cost, opening balance September 1, 2018	669	428	28	48	28	1,201
Acquisitions for the year	1	6	—	3	85	95
Reclassification	87	5	—	—	–92	—
Sales and disposals	–27	–13	—	—	–16	–56
ACQUISITION COST, CLOSING BALANCE AUGUST 31, 2019	**730**	**426**	**28**	**51**	**5**	**1,240**
Accumulated depreciation opening balance September 1, 2018	–282	–55	–20	–46		–403
Sales and disposals	14	1	—	—		15
Depreciation for the year	–23	–8	–1	–1		–33
ACCUMULATED DEPRECIATION CLOSING BALANCE AUGUST 31, 2019	**–291**	**–62**	**–21**	**–47**		**–421**
NET CARRYING VALUE AUGUST 31, 2019	**439**	**364**	**7**	**4**	**5**	**819**

10 | SHARES AND PARTICIPATIONS IN GROUP COMPANIES

The holdings of shares and participations of the Parent Company and the Group are specified on pages 54–55.

11 | DEFERRED TAX ASSETS

	Aug. 31, 2020	Aug. 31, 2019
Net carrying value, opening balance	35	33
Provisions during the period	4	2
NET CARRYING VALUE, CLOSING BALANCE	**39**	**35**

12 | PREPAID EXPENSES AND ACCRUED INCOME

	Aug. 31, 2020	Aug. 31, 2019
Prepaid rents	2	2
Prepaid insurance premiums	24	25
Other prepaid expenses and accrued income	4	4
TOTAL	**30**	**31**

13 | UNTAXED RESERVES

	Aug. 31, 2020	19-08-31
Accelerated depreciation		
Net carrying value, opening balance	7	6
Provision/reversal for the year	—	1
NET CARRYING VALUE, CLOSING BALANCE	**7**	**7**

Of the untaxed reserves, 1 (1) refers to deferred tax.

14 | OTHER PROVISIONS

Unsecured pension obligations (endowment insurance) have been offset against corresponding long-term receivables. Other provisions subsequently consist of provisions for payroll taxes on the endowment insurance liability.

15 | ACCRUED EXPENSES AND PREPAID INCOME

	Aug. 31, 2020	Aug. 31, 2019
Accrued salaries	21	21
Accrued social insurance contributions	6	10
Other	25	14
TOTAL	**52**	**45**

16 | LEASING

The year's leasing expense for rents amounts 124 (110).

Future minimum lease income as of the balance sheet date amounted to:	Aug. 31, 2020	Aug. 31, 2019
Within one year	128	112
Between 1 and 5 years	517	478
More than five years	130	121
TOTAL	**775**	**711**

The year's leasing expense for assets held via operating leases, including leases on premises, amounts to 20 (18).

Future minimum lease fees as of the balance sheet date amounted to:	Aug. 31, 2020	Aug. 31, 2019
Within one year	20	19
Between 1 and 5 years	82	80
More than five years	21	21
TOTAL	**123**	**120**

17 | CONTINGENT LIABILITIES

	Aug. 31, 2020	Aug. 31, 2019
Sureties for subsidiaries	7,534	6,617
Other sureties	101	99
TOTAL	**7,635**	**6,716**

18 | CASH FLOW

Received and paid external interest amounted to - (-). Interest paid to Group companies amounted to -26 (-27).

19 | PERSONNEL

For information on the average number of employees, salaries, other compensation and social insurance contributions for employees, see Note 27 to the consolidated financial statements.

20 | PROPOSED DISTRIBUTION OF EARNINGS

The Board of Directors' proposed distribution of the Parent Company's earnings is found on page 56.

SHARES AND PARTICIPATIONS IN GROUP COMPANIES

Shares in Group companies	Corp. ID number	Headquarters	Holding %	Net carrying value SEK, thousands Aug. 31, 2020	Net carrying value SEK, thousands Aug. 31, 2019
Stena Recycling Holding AB	556732-2887	GOTHENBURG	100	1,135,380	100
Stena Trade & Industry AB	559069-9210	GOTHENBURG	100	94,300	50
Stena Technoworld AB	556443-2184	GOTHENBURG	100	90,005	90,005
Stena Miljöteknik AB	556139-0922	GOTHENBURG	100	12,200	12,200
Gladökvarns Invest AB	559232-2704	GOTHENBURG	100	10,502	—
Stena Recycling International AB	556732-2903	GOTHENBURG	100	12,600	10,100
Fastighets AB B:staden 15:1	559049-5247	GOTHENBURG	100	9,928	9,928
Stena New Ventures AB, formerly Adactum AB	556628-8246	GOTHENBURG	100	5,000	5,000
Stenungsund Kärr 1:11 AB	559035-4543	GOTHENBURG	100	3,908	3,858
Fastighets AB Stilleryd 8:12	559119-9400	GOTHENBURG	100	3,740	3,390
AB Stena Metall Finans (publ)	556008-2561	GOTHENBURG	100	1,200	1,200
Dannholmen AB	556867-2918	GOTHENBURG	100	100	—
Stena Nera AB	556719-5465	GOTHENBURG	100	100	—
Stena Fragmentering AB	556012-5691	GOTHENBURG		—	250,528
Stena Aluminium AB	556039-3075	ÄLMHULT		—	71,400
Stena Recycling AB	556132-1752	GOTHENBURG		—	45,325
Stena Stål AB	556077-5925	GOTHENBURG		—	20,500
Förmasten AB	556308-1396	GOTHENBURG		—	7,570
Stena Metal International AB	556732-2895	GOTHENBURG		—	5,000
Stena Oil AB	556236-0288	GOTHENBURG		—	2,350
Stena Regalia AB	556236-0841	GOTHENBURG		—	197
Stena Recycling AS		NORWAY		—	782,660
Stena Recycling Oy		FINLAND		—	41,452
Stena Metal Inc.		USA		—	10,315
TOTAL				**1,378,963**	**1,373,128**

Group companies' holdings of shares and participations	Corp. ID number	Headquarters	Holding %
Stena Recycling Holding AB			
Stena Recycling AB	556132-1752	GOTHENBURG	100
Stena Metal International AB	556732-2895	GOTHENBURG	100
BatteryLoop Technologies AB	559119-9434	GOTHENBURG	100
Stena Recycling AS		NORWAY	100
Stena Recycling Oy		FINLAND	100
Stena Metal Inc		USA	100
Stena Recycling AB			
Rossholmen AB	556554-8269	GOTHENBURG	100
Bilretur AB	556814-7457	GOTHENBURG	51
Stena Recycling A/S		DENMARK	100
Stena Recycling Sp. z o.o.		POLAND	100

Group companies’ holdings of shares and participations	Corp. ID number	Headquarters	Holding %
Stena Recycling AS			
Sikkerhetsmakulering AS		NORWAY	100
Stena Recycling Decom AS		NORWAY	100
Stena Trade & Industry AB			
Stena Aluminium AB	556039-3075	ÄLMHULT	100
Stena Stål AB	556077-5925	GOTHENBURG	100
Stena Components Nybro AB	556179-4628	NYBRO	100
Stena Oil AB	556236-0288	GOTHENBURG	100
HaloSep AB	559197-5478	GOTHENBURG	100
Stena Stål AB			
Stena Stål Moss AS		NORWAY	100
Stena Oil AB			
Stena Oil Terminal A/S		DENMARK	100
Stena New Ventures AB			
Repur AB	556732-2911	GOTHENBURG	93.75
AB Stena Metall Finans (publ)			
Stena Metall Finans Invest AB	559089-0116	GOTHENBURG	100
Havgalleskären AB	559054-3285	GOTHENBURG	100
Vingaren Rederi AB, formerly Stena Oil shipping AB	559103-9630	GOTHENBURG	100
Stena Metall AG		SWITZERLAND	100
Sten Met Insurance AG		SWITZERLAND	100
Stena Technoworld AB			
Stena Metall Holding GmbH		GERMANY	100
Stena Metall Holding S.r.l.		ITALY	100
Stena Metall Holding GmbH			
Stena Recycling GmbH		GERMANY	100
Stena Metall Holding S.r.l			
Stena Recycling S.r.l.		ITALY	100
Stena Recycling S.r.l.			
Tred Carpi spa		ITALY	96

PROPOSED DISTRIBUTION OF EARNINGS

The Board of Directors proposes that the unappropriated earnings in the Parent Company at the disposal of the Annual General Meeting:

Retained earnings	2,818,226,287
Profit for the year	11,986,187
UNRESTRICTED SHAREHOLDERS' EQUITY	**2,830,212,474**

be distributed as follows:	
To the shareholders	110,000,000
To be carried forward	2,720,212,474
TOTAL	**2,830,212,474**

The proposed dividend reduces the company's equity/assets ratio to 96.2 percent. The equity/assets ratio is adequate given that the company continues to operate profitably. Liquidity in the company is similarly considered adequate.

In the opinion of the Board of Directors, the proposed dividend does not prevent the company from fulfilling its obligations in either the short or long term or from making the necessary investments. Consequently, the proposed dividend can be defended given the stipulations of the Swedish Companies Act, chapter 17, section 3, paragraphs 2–3 (the prudence rule).

Gothenburg, December 2, 2020

Dan Sten Olsson
Chairman of the Board of Directors

Marie Eriksson

Mårten Hulterström

William Olsson

Lena Olving

Joakim Rosengren

Jan Svensson

Anders Jansson
President and CEO

Fabrice Angelini
Employee representative

My auditor's report was submitted on December 2, 2020

Johan Rippe
Authorized Public Accountant

AUDITOR'S REPORT

TO THE ANNUAL GENERAL MEETING OF STENA METALL AB,
CORPORATE REGISTRATION NO. 556138-8371

REPORT ON THE ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

Opinions

I have audited the annual accounts and consolidated financial statements of Stena Metall AB for the financial year September 1, 2019 – August 31, 2020. The Company's annual accounts and consolidated financial statements are included on pages 9–56 in this documents.

In my opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of August 31, 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of August 31, 2020 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated financial statements.

I therefore recommend that the general meeting of shareholders adopt the income statement and balance sheet for the Parent Company and the Group.

Basis for opinions

I conducted our audit in accordance with the International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. My responsibilities under those standards are further described in the Auditor's Responsibilities section. I am independent of the Parent Company and the Group in accordance with professional ethics for auditors in Sweden and have otherwise fulfilled my ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Other information than the annual accounts and consolidated financial statements

This document also contains information other than the annual accounts and consolidated financial statements, set out on pages 1–8. The Board of Directors and the President are responsible for this other information.

My opinion on the annual accounts and consolidated financial statements does not cover this other information and I am not making any corroborative statement regarding this other information.

In connection with my audit of the annual accounts and consolidated financial statements, my responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated financial statements. In this procedure I also take into account my knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If, based on the work performed concerning this information, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of the Board of Directors and the President

The Board of Directors and the President are responsible for the preparation of the annual accounts and consolidated financial statements and that they give a fair presentation in accordance with the Annual Accounts Act and, with respect to the consolidated financial statements, in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The Board of Directors and the President are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated financial statements, the Board of Directors and the President are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the President intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

My objectives are to obtain reasonable assurance about whether the annual accounts and consolidated 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 opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden 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 annual accounts and consolidated financial statements.

A further description of our responsibility for auditing the administration can be found on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to my audit of the annual accounts and consolidated financial statements, I have audited the administration of the Board of Directors and the President of Stena Metall AB for the financial year September 1, 2019 – August 31, 2020 and the proposed appropriations of the company's profit or loss.

I recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the President be discharged from liability for the financial year.

Basis for opinions

I conducted the audit in accordance with generally accepted auditing standards in Sweden. My responsibilities under those standards are further described in the Auditor's Responsibilities section. I am independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled my ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Responsibilities of the Board of Directors and the President

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. When a dividend is proposed, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the Group's type of operations, size and risks place on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and financial position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the Group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The President shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to satisfy the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

My objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the President in any material respect:

- has undertaken any action or been guilty of any omission which could give rise to liability to the company, or
- in any other way has acted in violation of the Companies Act, the Annual Accounts Act or the Articles of Association.

My objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for auditing the administration can be found on the Swedish Inspectorate of Auditors' website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Gothenburg, December 2, 2020

Johan Rippe
Authorized Public Accountant

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Read more about Stena Metall's operations and sustainability work in The Annual Review and Sustainability Report. PDF is available at stenametall.com. A printed version can be ordered at info@stenametall.se.