

# STENA METALL



# THE YEAR IN BRIEF

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- Stena Metall reported an EBITDA of SEK 2,530 million (SEK 3,644 million) and an EBT of SEK 1,118 million (SEK 2,470 million).
- Business area Recycling delivered a robust financial result despite challenges in connection to increased costs and signs of reduced industrial activity.
- Stena Oil continues to deliver strong earnings in highly competitive market environments.
- Stena Recycling Group has received approval from the Science Based Targets initiative on its greenhouse gas reduction targets.
- After the end of the fiscal year, Stena Recycling Italy acquired the Italian aluminium recycler, Pyreco S.r.l. The acquisition broadens Stena Recycling Italy's service offerings on the Italian market.

KEY RATIOS	Fourth quarter 2022/2023	Fourth quarter 2021/2022	Full year 2022/2023	Full year 2021/2022
Net sales	10,098	11,063	44,334	43,509
EBITDA	478	401	2,530	3,644
EBITDA margin	4.7%	3.6%	5.7%	8.4%
Operating profit	128	138	1,364	2,597
Equity ratio	46.8%	45.1%	46.8%	45.1%
Net debt	2,002	610	2,002	610
Cash flow after investments	-163	-29	-596	472
Average number of employees			4,365	3,842

The key ratios are defined on page 10.

The report is prepared in millions of Swedish kronor (SEK million) unless indicated otherwise.

# CHIEF EXECUTIVE OFFICER'S COMMENT

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The financial year 2022/2023 has been challenging with geopolitical uncertainties, inflation, rising interest rates, and signs of reduced industrial activity. Despite this, the year has been successful for Stena Metall. We have continued to develop our business in line with our strategy to be at the forefront of the transition to the circular economy and contribute to a sustainable future. We have invested in new facilities and continued to improve our recycling technologies and competencies, all to strengthen our position in the market and increase our competitiveness.

Like previous quarters, the cost situation is challenging, mainly driven by costs in production. Signs that inflation has peaked are evident in many of our markets. Despite this, focus on cost efficiency is prioritized to reduce the margin effects.

In the fast-moving environment where Stena Metall operates, the year has been characterized by volatile price movements, although the rapid changes seen in the aftermath of the war in Ukraine, have stabilized. The operating business model, with delegated business acumen, is still proven valid. The ability to adapt to changed conditions and always meet our customers' needs has been successful.



Gothenburg, October 2023

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Kristofer Sundsgård

Despite the challenges that lies ahead, Stena Metall is confident that with retained financial discipline and continued investments in technology and employees our position in the market will remain strong and competitive.

The Stena Metall Group EBITDA for the financial year 2022/2023 ended at SEK 2,530 million (SEK 3,644 million) and EBT at SEK 1,118 million (SEK 2,470 million).

## BUSINESS AREA COMMENTS

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### Recycling

Despite 2022/2023 being a challenging year, Stena Recycling has delivered a robust financial result.

In 2022/2023 market prices and volatility stabilized moderately compared to the preceding year, 2021/2022, which was highly influenced by the war caused by Russia's invasion of Ukraine. Nevertheless, the challenges of inflation and reduced industrial activity in specific regions and industries put pressure on margins.

As the global business landscape remains dynamic, and new challenges continue to emerge, Stena Recycling proves its resilience in its operating business model based on delegated business acumen, trust in its employees, and decisions made close to the customers. All of Stena Recycling's units have worked hard to mitigate

the impact of cost inflation and margin pressure. In Denmark, facilities are consolidated to utilize economy of scale, and in Finland, the company is integrating Encore into Stena Recycling, taking advantage of synergy effects. Continuous investments in the sorting facilities will enable the operation to refine the materials further, adding more value to the products.

During the year, Stena Recycling made major investments in new facilities that will provide for larger volumes, as well as qualities. In Halmstad, Sweden, the new battery recycling facility was inaugurated, representing an investment of a quarter of a billion SEK. Together with local battery centers, this will position Stena Recycling as a circular partner in an electrified future. Major investments were also made in industrial

## BUSINESS AREA COMMENTS, CONT.

recycling of plastic and electronics. In Italy, after the end of the fiscal year, the aluminium recycler Pyreco S.r.l. was acquired.

Stena Recycling wants to contribute to a more sustainable future. In alignment with the goals of the Paris Climate Agreement, Stena Recycling Group has received approval from the Science Based Target's initiative on its greenhouse gas reduction targets. This is also a fundamental component in Stena Recycling's ambition to develop consulting services related to sustainable and circular business models through Stena Circular Consulting. These consulting services have gained strong interest from clients, and Stena Circular Consulting has conducted several projects during the year. Stena Recycling ended the fiscal year with an accumulated EBITDA of SEK 1,971 million (SEK 2,362 million).

### Aluminium

For Stena Aluminium the financial year has been characterized by uncertainty in the market, but demand has remained at good levels. Alloy prices are quite stable, but with tighter margins due to the high scrap/raw material costs. During the financial year, a reorganization in production has been carried out. This has resulted in increased productivity with a positive trend from last fall. An agreement has been signed with electric car manufacturer Polestar for their "Polestar 0" project, aiming to create a greenhouse gas-free aluminium alloy.

Stena Aluminium has also committed to set climate targets in line with the Science Based Targets initiative. During the coming year, they will continue to develop the targets and set the path to reduce emissions in line with the Paris agreement.

Stena Aluminium ended the fiscal year with an accumulated EBITDA of SEK 68 million (SEK 97 million).

### Oil

The marine fuel market is still competitive and over supplied but Stena Oil continues to operate the business well in volatile conditions. The terminal construction in Frederikshavn, Denmark is ongoing and progressing with a preliminary plan to be operational by the end of 2023. The new terminal will facilitate efficient fuel delivery with proximity to the market and allow Stena Oil to keep developing and optimizing operations. In addition, a

new bunker tanker that is currently being built together with shipping partner OljOla Shipping, is expected to be delivered in the beginning of the calendar year 2024. This will be a multipurpose tanker that is methanol ready to meet new biofuel demands. The new vessel will support Stena Oil's transition into offering lower carbon liquid fuels.

Stena Oil ended the fiscal year with an accumulated EBITDA of SEK 332 million (SEK 357 million).

### Steel

After a pilot project initiated in 2022, Stena Stål is the first company in Sweden to offer customers with a sustainable alternative for load-bearing structures in constructions. The reused beams offer a significant reduction in climate impact. The carbon footprint of recycled steel is 35 kg CO<sub>2</sub> per ton, compared to 3,000 kg CO<sub>2</sub> per ton for steel from ore-based production.

The manufacturing industry is maintaining its production, but with tendency to slow down. In the construction sector, it looks weaker with a reduced willingness to invest, especially connected to housing construction projects.

Stena Stål's focus to improve delivery performance continues and the largest investment to date has been put into operation at the warehouse in Västerås, Sweden, with enhanced processing capabilities.

Stena Stål ended the fiscal year with an accumulated EBITDA of SEK 92 million (SEK 300 million).

### Finance

During the quarter, central banks continued to struggle with persistent inflation, which resulted in renewed hawkish signals and tightened credit conditions. All major central banks raised their policy rates. It became clear to most investors that interest rates will remain higher for much longer than expected. Business surveys and credit data indicated an economic slowdown, and that the purchasing power of consumers has declined.

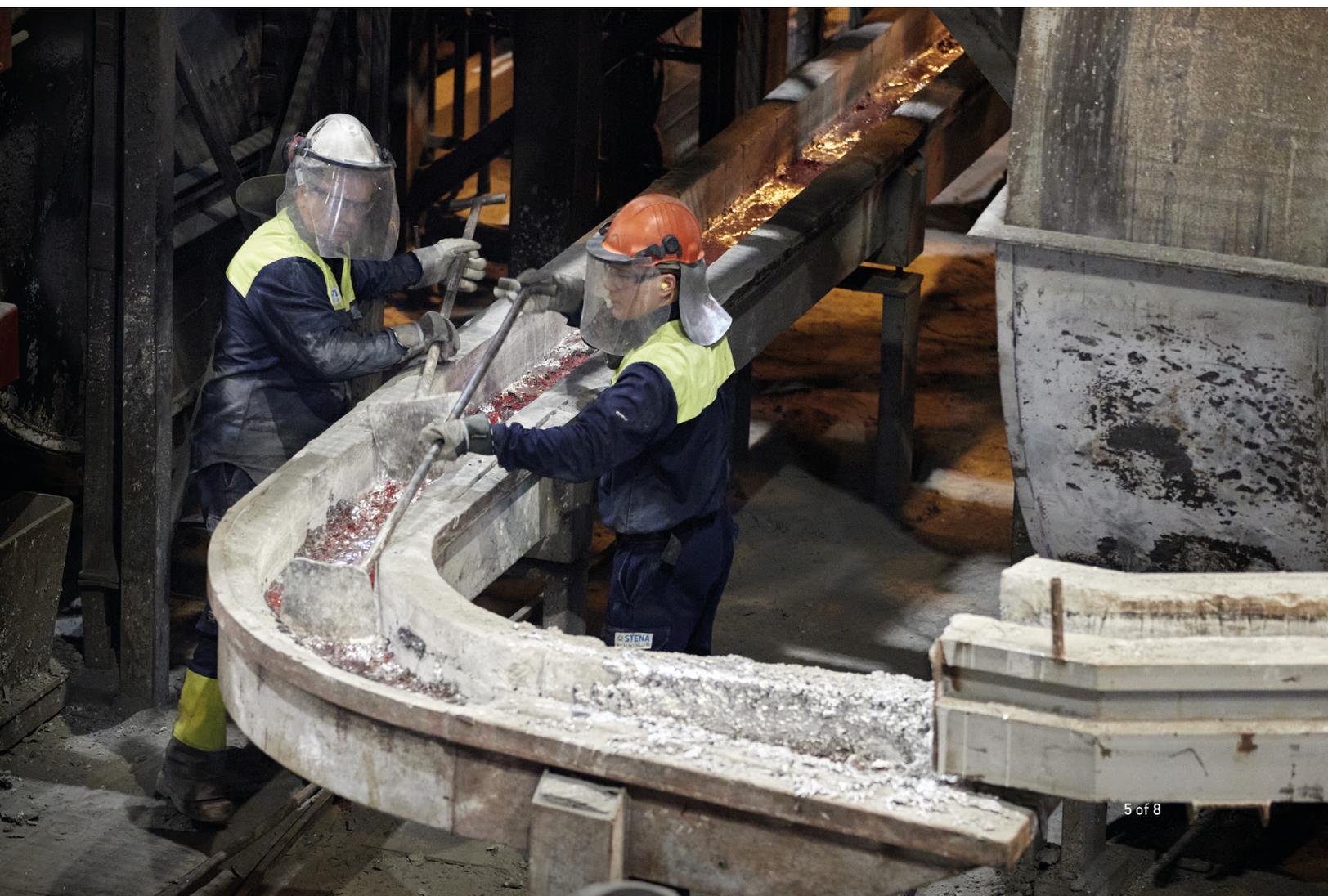
Overall, the year has been calmer in equity markets than in bond markets, which were characterized by both falling prices and high volatility.

Stena Metall Finans ended the fiscal year with an accumulated EBITDA of SEK -17 million (SEK 154 million).

*Note: Figures in parentheses refer to the same period the previous year.*

## EBITDA

SEK million	Fourth quarter 2022/2023	Fourth quarter 2021/2022	Full year 2022/2023	Full year 2021/2022
Recycling	369	272	1,971	2,362
Aluminium	-13	-2	68	97
Oil	114	73	332	357
Steel	-1	-21	92	300
Finance	-6	-70	-17	154
Other	15	149	84	374
<b>TOTAL</b>	<b>478</b>	<b>401</b>	<b>2,530</b>	<b>3,644</b>



# INCOME STATEMENT

SEK million	Fourth quarter 2022/2023	Fourth quarter 2021/2022	Full year 2022/2023	Full year 2021/2022
Net sales	10,098	11,063	44,334	43,509
Cost of goods sold	-9,469	-10,432	-40,979	-39,603
<b>GROSS PROFIT</b>	<b>629</b>	<b>631</b>	<b>3,355</b>	<b>3,906</b>
Sales expenses	-131	-141	-628	-544
Administrative expenses	-408	-313	-1,571	-1,344
Other operating income & expenses	38	-39	208	579
<b>OPERATING PROFIT</b>	<b>128</b>	<b>138</b>	<b>1,364</b>	<b>2,597</b>
Income from investments in associated companies	10	2	10	2
Interest net	-90	-41	-280	-144
Other financial income & expenses	4	2	24	15
<b>PROFIT BEFORE TAX</b>	<b>52</b>	<b>101</b>	<b>1,118</b>	<b>2,470</b>
Taxes	-60	-66	-280	-425
<b>PROFIT FOR THE PERIOD</b>	<b>-8</b>	<b>35</b>	<b>838</b>	<b>2,045</b>
Other comprehensive income	60	46	135	139
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>52</b>	<b>81</b>	<b>973</b>	<b>2,184</b>
Total comprehensive income for the period is attributable to:				
Parent company's shareholders	52	81	973	2,184
Non-controlling interests	-	-	-	-
Total comprehensive income	52	81	973	2,184

# BALANCE SHEET

SEK million	2023-08-31	2022-08-31
<b>ASSETS</b>		
<b>Fixed assets</b>		
Intangible fixed assets	1,560	1,180
Tangible fixed assets	8,636	7,383
Financial fixed assets	2,368	2,195
<b>TOTAL FIXED ASSETS</b>	<b>12,564</b>	<b>10,758</b>
<b>Current assets</b>		
Inventories	2,616	2,976
<b>Short-term receivables</b>		
Accounts receivable	3,283	3,918
Other receivables	2,168	1,414
<b>TOTAL SHORT-TERM RECEIVABLES</b>	<b>5,451</b>	<b>5,332</b>
<b>Short-term securities</b>	1,728	1,696
Cash and cash equivalents	305	1,579
<b>TOTAL CURRENT ASSETS</b>	<b>10,100</b>	<b>11,583</b>
<b>TOTAL ASSETS</b>	<b>22,664</b>	<b>22,341</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>SHAREHOLDERS' EQUITY</b>	<b>10,607</b>	<b>10,084</b>
<b>Long-term liabilities</b>		
Provisions	1,267	1,116
Interest-bearing long-term liabilities	4,776	4,521
Other long-term liabilities	10	10
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>6,053</b>	<b>5,647</b>
<b>Current liabilities</b>		
Interest-bearing short-term liabilities	1,265	1,256
Accounts payable	2,073	2,525
Other liabilities	2,666	2,829
<b>TOTAL CURRENT LIABILITIES</b>	<b>6,004</b>	<b>6,610</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>22,664</b>	<b>22,341</b>

# STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

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SEK million	Full year 2022/2023	Full year 2021/2022
Opening balance, September 1	10,084	8,349
Net profit for the period	838	2,045
Other comprehensive income	135	139
Dividend	-450	-450
Change in non-controlling interests	0	1
<b>CLOSING BALANCE</b>	<b>10,607</b>	<b>10,084</b>



# STATEMENT OF CASH FLOWS

SEK million	Fourth quarter 2022/2023	Fourth quarter 2021/2022	Full year 2022/2023	Full year 2021/2022
<b>Operating activities</b>				
Profit before tax	52	101	1,118	2,470
Reversal of amortization/depreciation fixed assets	350	264	1,166	1,048
Adjustments for other non-cash items	39	18	-127	-312
Taxes paid	-60	-137	-488	-267
Changes in working capital	51	389	-25	-1,090
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>432</b>	<b>635</b>	<b>1,644</b>	<b>1,849</b>
<b>Investing activities</b>				
Acquisition and sale of subsidiaries/business units	-11	-1	-304	288
Acquisition of intangible fixed assets	-50	-55	-243	-152
Acquisition of tangible fixed assets	-541	-533	-1,535	-1,190
Acquisition and sale of securities	-15	-58	-198	-329
Other changes from investing activities	22	-17	40	6
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-595</b>	<b>-664</b>	<b>-2,240</b>	<b>-1,377</b>
<b>CASH FLOW AFTER INVESTMENTS</b>	<b>-163</b>	<b>-29</b>	<b>-596</b>	<b>472</b>
<b>Financing activities</b>				
Changes in loans from credit institutions	-697	-324	-251	409
Share dividend	0	0	-450	-450
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-697</b>	<b>-324</b>	<b>-701</b>	<b>-41</b>
<b>CASH FLOW FOR THE PERIOD</b>	<b>-860</b>	<b>-353</b>	<b>-1,297</b>	<b>431</b>
Cash and cash equivalents beginning of period	1,164	1,932	1,579	1,140
Translation difference in cash and cash equivalents	1	0	23	8
<b>CASH AND CASH EQUIVALENTS END OF PERIOD</b>	<b>305</b>	<b>1,579</b>	<b>305</b>	<b>1,579</b>

# DEFINITIONS

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<b>Net sales</b>	Fair value of what has been or will be received for goods and services sold in the Group's operations
<b>EBITDA</b>	Profit before financial income and expenses, taxes, depreciation and amortization
<b>EBITDA margin</b>	EBITDA expressed as a percentage of net sales
<b>Operating profit</b>	Profit before financial income and expenses and taxes (EBIT)
<b>Equity ratio</b>	Shareholders' equity expressed as a percentage of total assets
<b>Net debt</b>	Interest bearing liabilities including IFRS 16 leases and provision for pension minus cash and cash equivalents, short-term securities and long-term securities
<b>Average number of employees</b>	The Group's paid hours in relation to the normal number of working hours for the period



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